RÉUNION
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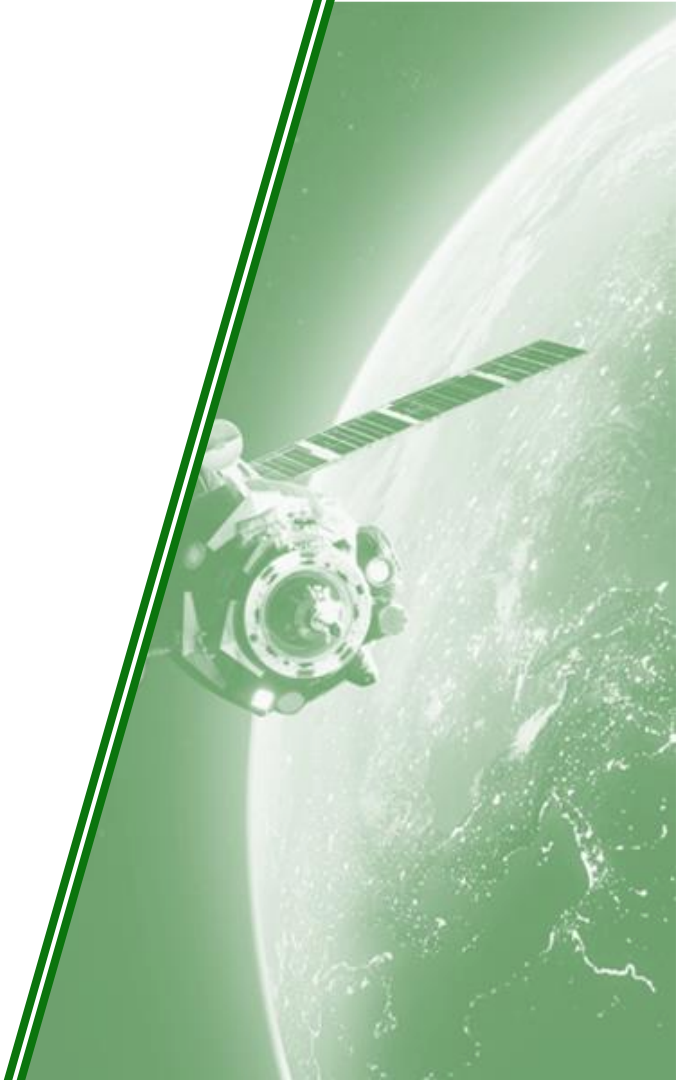

# Aviation insurance market players

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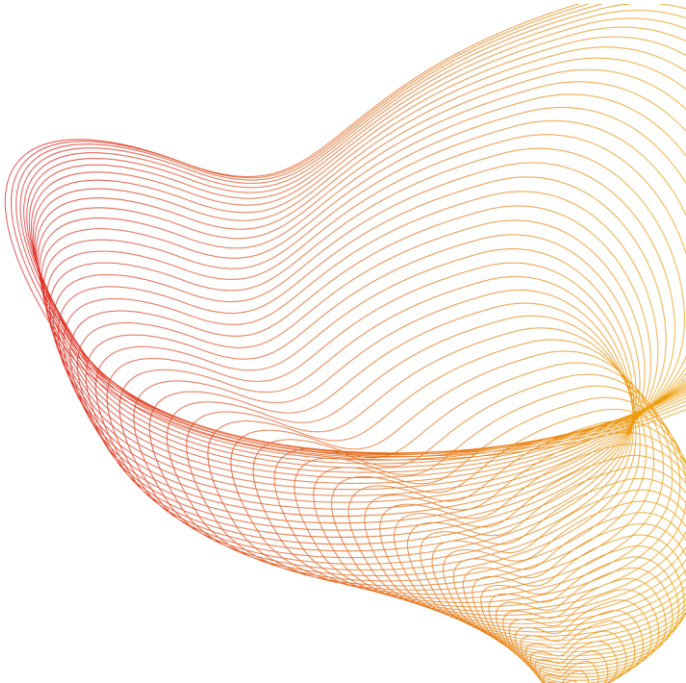
- Clients
  - Operators
  - Manufacturers
  - Service providers
- Brokers
  - Direct – local / international
  - Reinsurance
- Risks carriers
  - Fronting insurers
  - Underwritting agencies (« MGAs »)
  - Licensed insurers
  - Reinsurers



# INSURANCE MARKET PERSPECTIVE

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- SPECIALTIES
  - AIRLINES + WAR RISKS
  - MANUFACTURERS & AIRPORTS + MROs
  - GENERAL AVIATION
  - SPACE
- VOLATILITY
  - Traditionnal actuarial tools are not fitted
  - BALANCING CHALLENGE : EXPOSURES vs NET INCOME / ATTRITION
  - RESERVING, CLAIMS EVOLUTION, TRIANGULATIONS
- PERFORMANCE CRITERIA
  - LOSS RATIO
  - COMBINED RATIO



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# Aviation Insurance Market Premium 2024 (mUSD)

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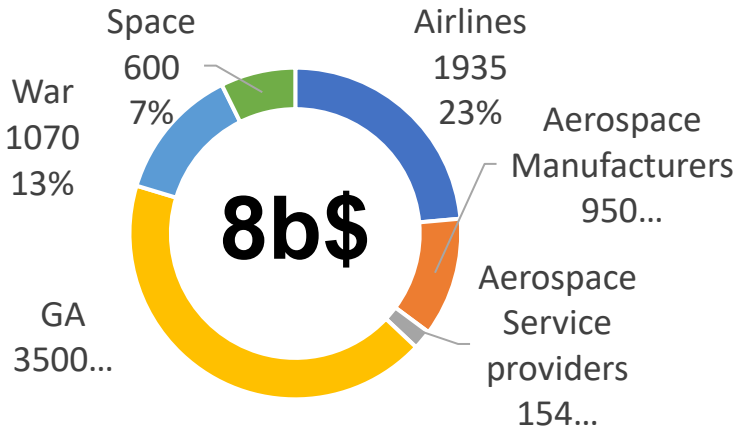


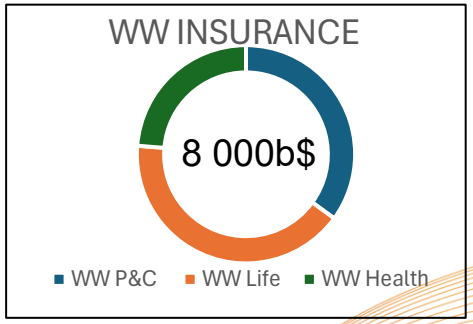


| Brokers | Airlines | Aerospace | Global Market share |
|---|---|---|---|
| WTW | **35%** | 9% | 24% |
| MARSH | 22% | **48%** | **33%** |
| AJG | 24% | 7% | 17% |
| AON | 4% | 6% | 5% |
| Others | 15% | 30% | 22% |

- 400 clients
- 20 000 aircrafts
- 4billons Passengers
- Wholsale distribution

- Airbus & Boeing 40% of ww Prem
- 20 largest clients for 30% of ww Prem
- 1000 SME clients for 30% of ww Prem
- Wholesale and retail for SME

- 300 000 aircraft
- USA : 60% of ww
- Retails

- Launch 80% of ww Prem
- 20 lauches / year
- In orbit 20% of ww Prem

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# Pricing assessment, how much worth the risk?

- **Expected claims**
  - ✓ Attritional – frequency
  - ✓ Large – 1/5 year 1/10 year
- **Insurer expenses:**
  - ✓ Acquisition cost
  - ✓ Operational cost
- **Reinsurance Cost (Volatility Cost)**
  - ✓ Cost of reinsurance, often termed as volatility cost, is factored into premium calculations to protect against catastrophic events

- **Capital Cost**
  - ✓ cost of maintaining the financial strength and solvency of an insurance company.
- **Expected Return on Capital**

**Combined Ratio**

$$\frac{\text{Claims + Expenses}}{\text{Premium}} \quad <90\%$$