



What is AERO?

Organization focused on informing, educating, sharing and providing a forum for emergency response professionals from all aspects of the aviation industry worldwide

- Non-profit
- Includes current and former airline personnel, insurers, brokers, airports, government personnel and third party providers
- We foster making network connections



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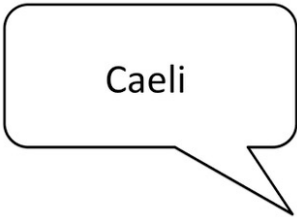
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Today's Webinar Topics

- Effects of COVID-19 to the Aviation Insurance Industry
 - Brian Glod/MARSH
- Planning for a VIRTUAL Aviation Accident Response
 - Pamela Pullen/UPS Airlines
- Legal consideration regarding COVID-19 issues
 - Mark Dombroff/Fox Rothschild, Partner
- Challenges to consider after COVID-19
 - John McDonald/Caeli

Aviation Emergency Response Organization Impact of COVID-19 on Aviation Insurance

May 12, 2020



Brian Glod
U.S. Aviation Leader

Aviation Insurance 101

- Global premiums for all aviation risks written in 2019 were estimate @ \$5.4Bil

Who are the Buyers?

AIRLINES



- Approx. 500 airlines worldwide (all buying insurance)
- Coverage for major accident to a lost bag and everything in between
- Policy premiums generally adjustable based on RPM's, passengers, departures, and fleet value

Premium @ \$1.7Bil

AVIATION MANUFACTURERS



- Every part or component attached to an aircraft needs Aviation Products Liability insurance coverage (APL)
- Policy premiums are generally not adjustable
- Premiums are typically rated on annual sales and criticality of the products

Premium @ \$900Mil

SPACE / SATELLITE / LAUNCH



- Launch and in-orbit liability insurance
- Low volume of annual policies – largely dependent on number of commercial launches
- Highly technical policies written by engineers

Premium @ \$500Mil

GENERAL AVIATION



- Recreational aircraft, corp. fleets, charter operators, helicopters, airports, drones, lessors, FBO's, ground handlers, caterers, and everything else.
- Most policies are written by a single insurer

Premium @ \$2.3Bil

Aviation Insurance 101

- Global premiums for all aviation risks written in 2019 were estimate @ \$5.4Bil

Who are the Insurers?

- **40+ insurers worldwide** (examples below)
- **Large Global Insurers** – AIG, Allianz, AXA XL, Munich Re, Swiss Re, CV Starr, Chubb
Tokio Marine Kiln, Sompo
- **Regional and Other Insurers** – QBE, Old Republic, HDI, SCOR, Partner Re, Axis
- **Specialty Aviation Insurers** – Global Aerospace, USAIG, LaReunion Aerienne

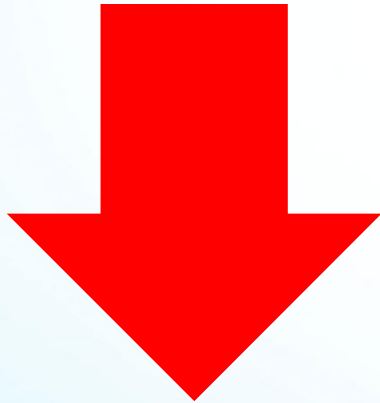
Insurance Companies always make money – Right?

***Law of large numbers + Spread of risk = Insurance
Company Profits***

Premiums from ALL pay for losses of a FEW.

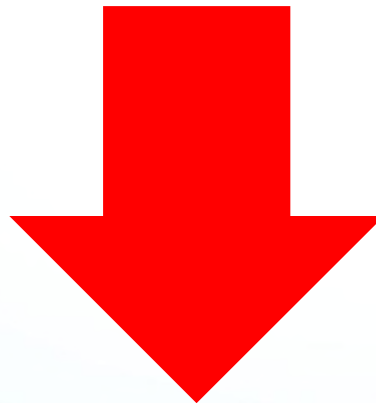
How is it Going for Insurers?

AIRLINES



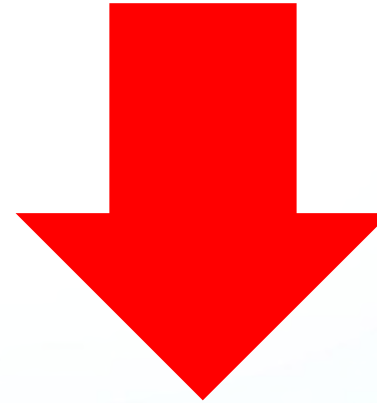
**Losing Money
7 straight Years**

AVIATION MANUFACTURERS



**Losing Money
3 straight Years**

SPACE / SATELLITE / LAUNCH



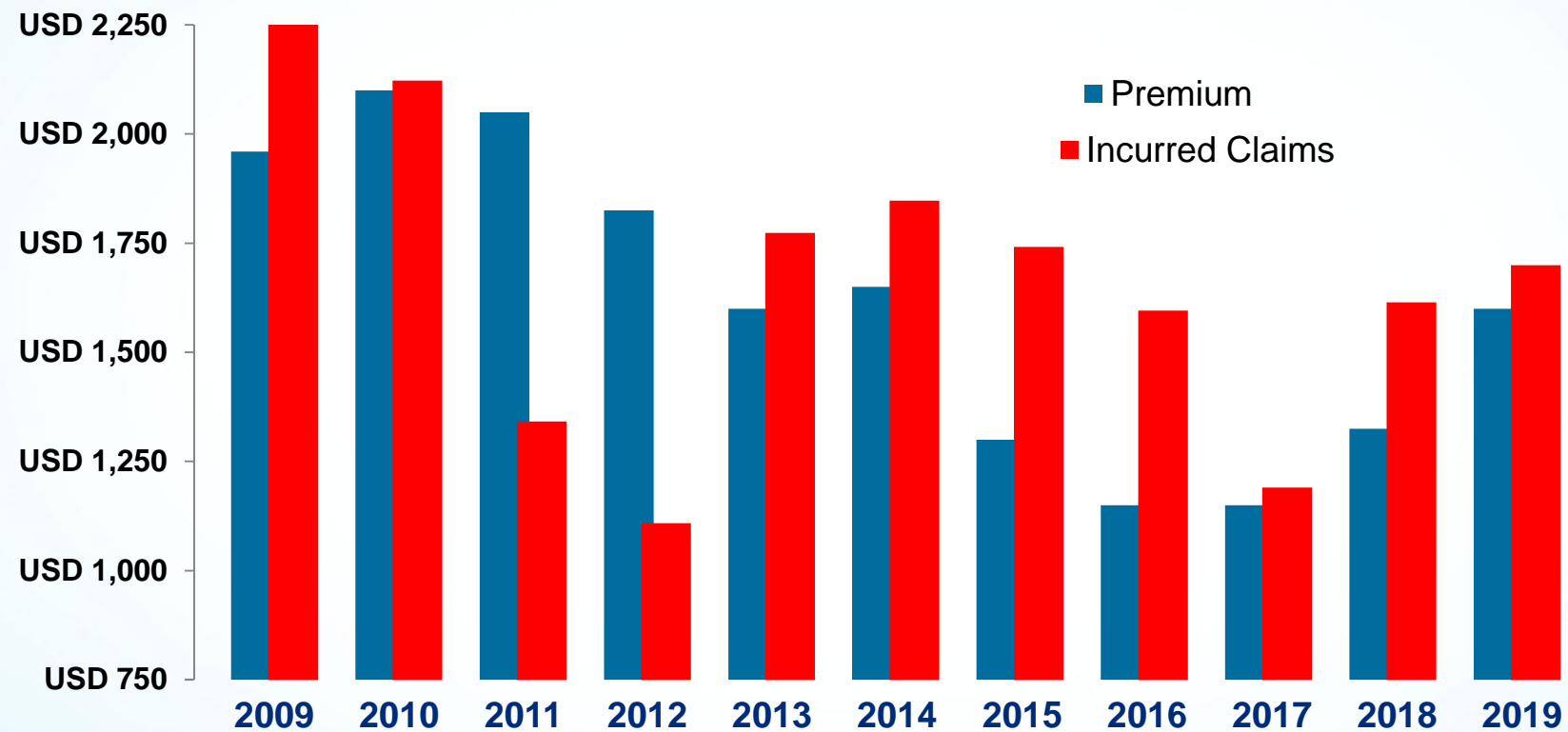
**Losing Money
2 straight Years**

GENERAL AVIATION



**Maybe breaking
even last
several Years, but
now likely losing
money**

Worldwide Airline Premiums / Claims 2009 – 2019 (Pre-Pandemic)

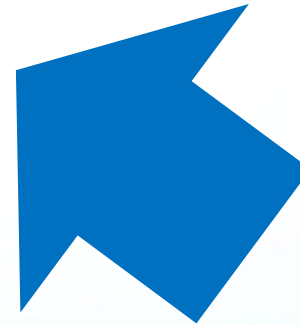


Insurers are Chronically Losing Money in Aviation. What are their options?

1. QUIT

Or Fix it:

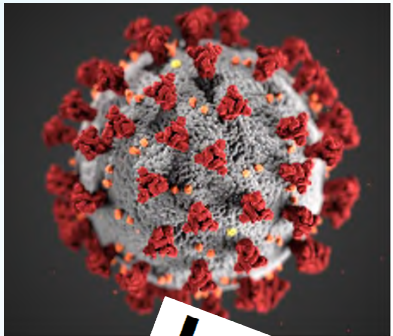
2. Significantly raise rates / premiums
3. Reduce the amount of insurance (or coverage) they're providing in Aviation
4. Buy more reinsurance protection
(doesn't really work)



Insurers proactively tried to do these in 2019 and were reasonably successful

If they didn't get it fixed, their capital providers were withdrawing

Then This Happened...



WORLD • AVIATION

Two-Thirds of the World's Passengers Jets Are Grounded Amid COVID-19 Pandemic. Here's What That Means

FORTUNE

SEARCH SIGN IN

The world's second-oldest airline has gone bankrupt



Lufthansa to Cut 95% of Flights in Survival Mode

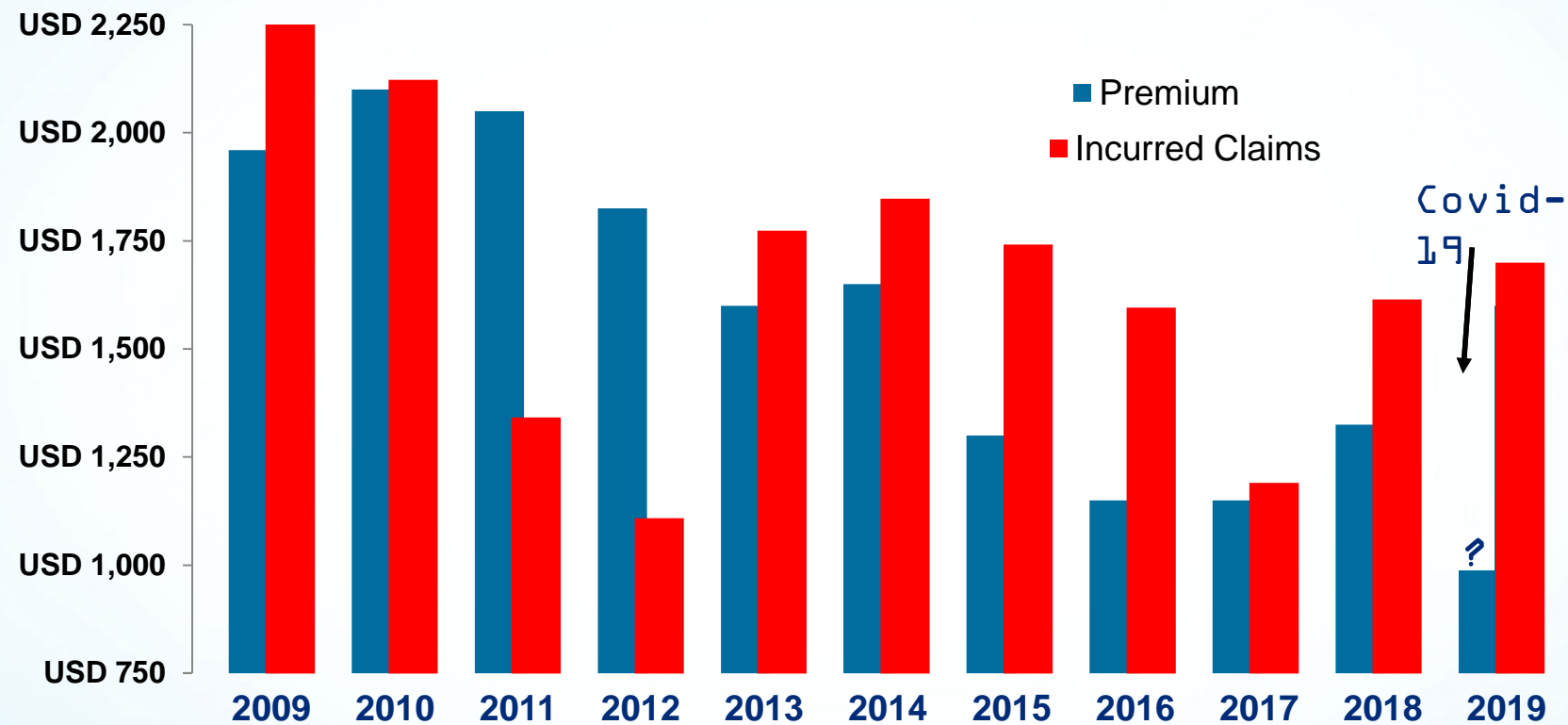


abc NEWS

Airline nosedive: American, United post huge pandemic losses



Worldwide Airline Premiums / Claims 2009 – 2019



What's the best solution for fixing this problem?

RECOVERY TO NORMALCY

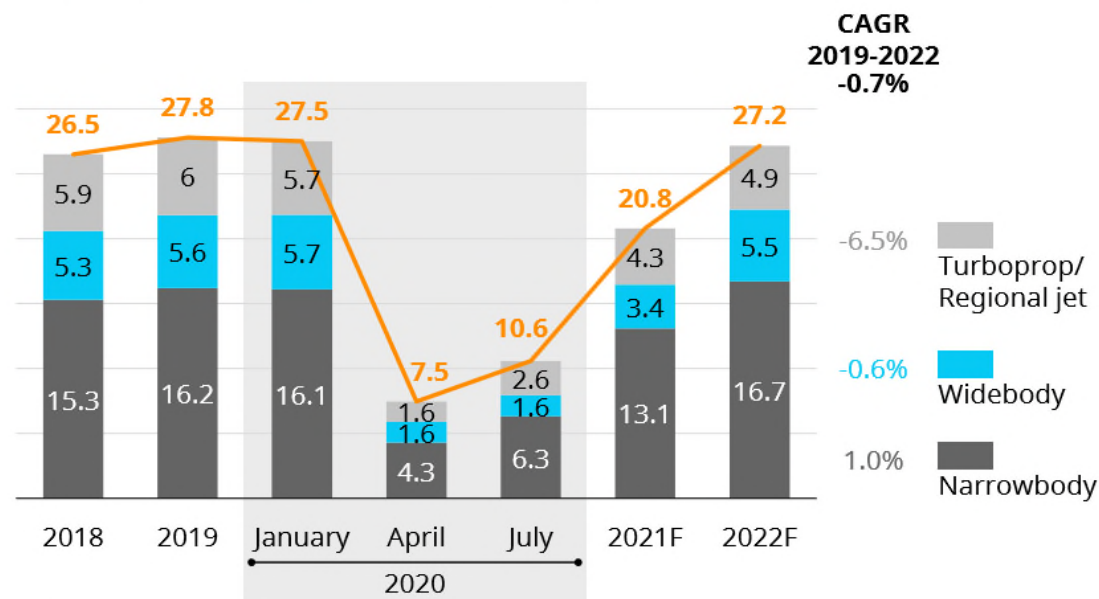
Covid-19 Impact – Long Term Projections

As of May 2020

DUE TO THE DEMAND CRUNCH, THE GLOBAL COMMERCIAL FLEET WILL STAGNATE THROUGH 2022

Forecasted in-service fleet size¹

Number of in-service aircraft (K), 2018-2022F



In-service fleet reduced by 20% in 2020-2021 from extensive fleet groundings.

Overall commercial fleet sees **zero growth through 2022** as airlines recover.

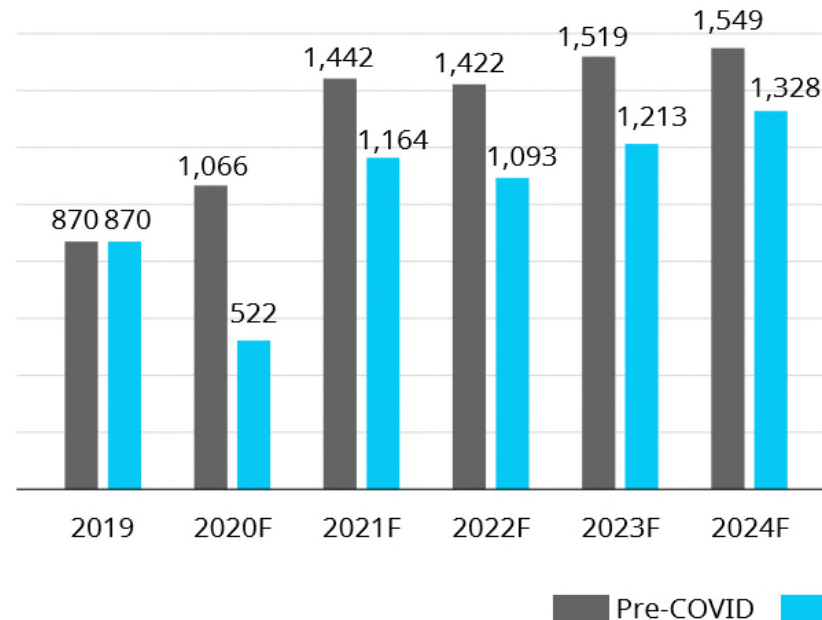
1. As of beginning of year

Source: Oliver Wyman Global Fleet and MRO Market Forecast, 2020-2030, Revised; Oliver Wyman analysis

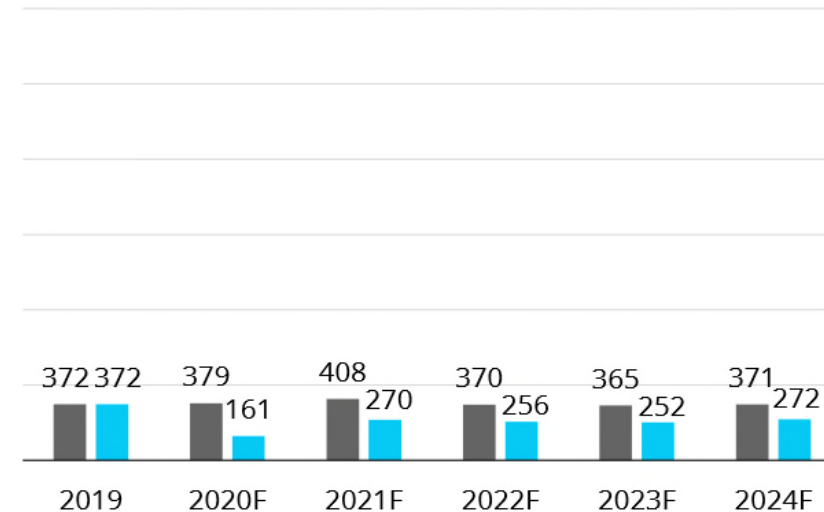
Covid-19 Impact – Long Term Projections As of May 2020

AIRPLANE DELIVERIES WILL DROP DRAMATICALLY IN 2020

Narrowbody deliveries, pre-COVID-19 vs. post-COVID-19
Number of aircraft delivered by end of year



Widebody deliveries, pre-COVID-19 vs. post-COVID-19
Number of aircraft delivered by end of year



Is There Anything Else That Can Make Things Worse?



Three tornadoes have already hit US airports this year causing est. \$170Mil in aircraft damage

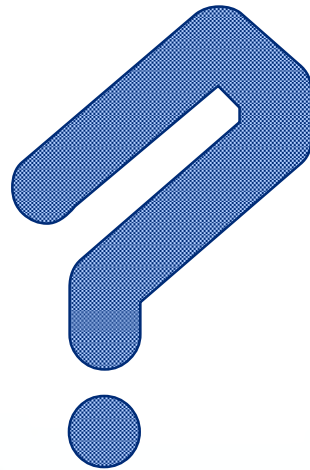
(fortunately all general aviation aircraft)

Tens of BILLIONS of dollars of jetliner aircraft are parked at airports throughout the country

Some airports with more than \$2.0Bil in aircraft parked nose to tail in a condensed area



HOW DOES THIS GET FIXED?



VIRTUAL Aviation Accident Response Planning



Pamela Pullen

Global Aviation Emergency Response Manager
UPS Airlines



Modifications to Emergency Response Plans for COVID-19



NTSB Guidance

- Remote support
- Reduced staffing on-scene
- Virtual JFSOC
- No physical Family Assistance Center requirement
- NTSB will provide two conference bridge providers

Communication

- Establish and communicate method of team interaction
- Secure a conference bridge provider/tool
- Build in security
- Test/drill functionality

Plan Adjustments

- Clarify response team locations
- PPE & social distancing
- Scaled or virtual Emergency Operations Center
- Virtual Family Assistance
- Virtual Family Assistance Center support function
- Scaled-down Go-Team



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Legal Consideration Regarding COVID 19 Issues

Presenter



Mark Dombroff

Partner, Fox Rothschild



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COVID 19 and Crewmembers

- FAA has issued Safety Alerts for Operators (SAFO)
- Follow Center for Disease Control (CDC) guidance
- Face coverings?
- Gloves?
- FAA Exemption 18522 regarding location of flight attendant seating
- Hotels
- Transport to/from hotels



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COVID 19 and Passengers

- No FAA guidance
- Airlines referred to CDC general guidance
- Each airline left to their own regarding passenger boarding, seating, service
- Service and disembarking



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COVID 19 and Legal Liability

- Vaccine and other manufacturers have legal protection
- Congress talking about liability protection for other companies
- Assumption of risk
- SAFETY Act



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COVID 19 Resources for Airlines

For a complete listing of resources for the airline industry, click on www.plane-lyspoken.foxrothschild.com.

- General Information Resources: These links are the top-level entry into the agencies' COVID-19 portals or are pages where an agency provides general information relevant to its area of expertise. These pages also contain announcements of updates to policies and procedures.
- Air Carrier Interaction with Passengers: These links contain information on what actions air carriers may take with regard to denying boarding to ill passengers. They also contain links to actions that should be taken if a passenger is discovered to be sick during flight, including decontamination of aircraft and Federal reporting requirements.
- Air Carrier Cargo Operations: These links provide guidance specific to airline cargo operations.



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COVID 19 Resources for Airlines - Continued

- Guidance for Air Carriers and Employees of Air Carriers Regarding Workplace Safety: These links cover requirements and best practices for preventing illness among air carrier employees. Also provided are links to the procedures to follow before an ill employee should be allowed back to work.
- Position Specific Guidance for Air Carrier Workers: These are links to CDC resources on COVID-19 best practices for a number of categories of airline and airline support workers. This includes catering kitchen workers, catering truck drivers, airline customer service representatives and gate agents, aircraft maintenance workers, and airport retail or food service workers.
- General Information for Travelers: Contains links to information about restrictions on passenger air travel and the government's position on the safety of passenger air travel generally.



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Thank You

If you have any questions, please contact us:

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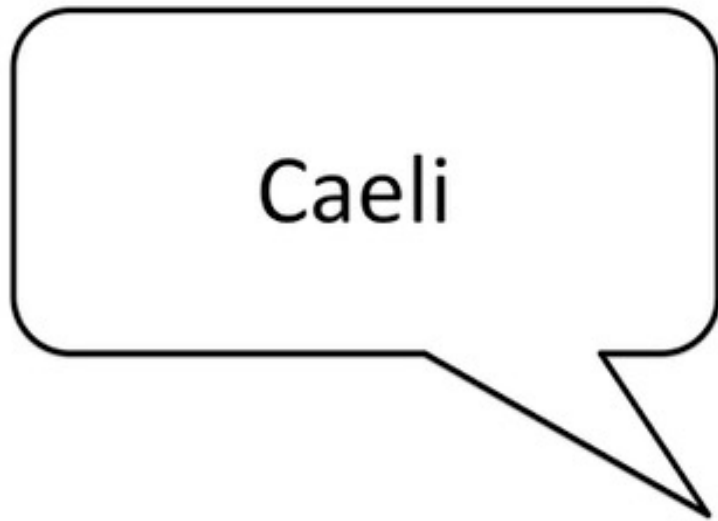
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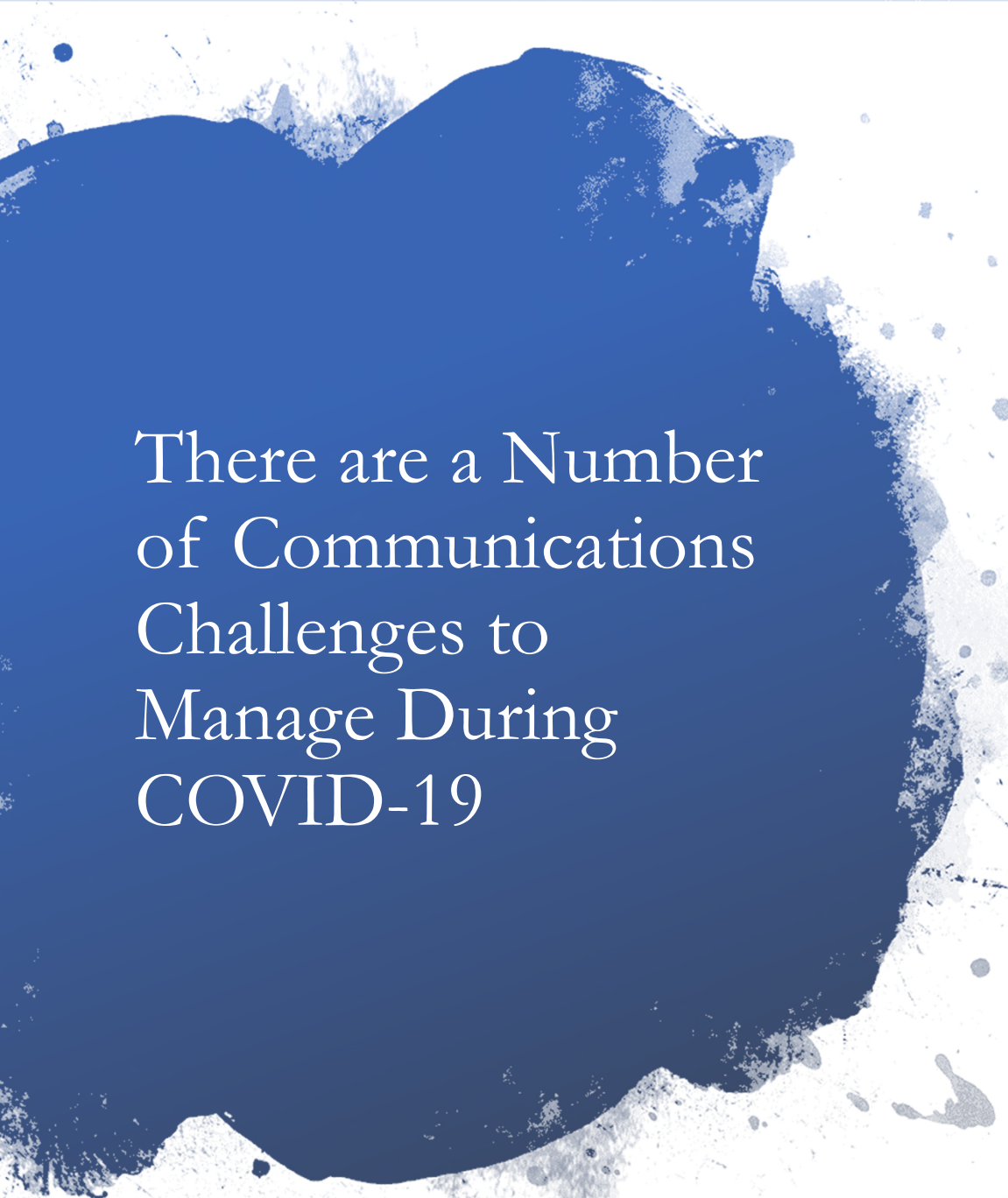
Challenges To Consider During and After the COVID-19 Crisis



John McDonald

Founder

Caeli Communications



There are a Number of Communications Challenges to Manage During COVID-19

Unprecedented Challenges: There is No Playbook, Everyone is “Figuring It Out On The Fly”

- Business Continuity Messaging – Managing the Business (Operations)
- External Messaging – (Aligning our actions with the external messaging environment)
- Internal Messaging – (Assisting Employees through the Crisis)



Caeli

Navigating employee communication during the COVID-19 crisis

As the COVID-19 crisis evolves, internal communication will remain essential, but the focus of communication needs to change. To keep employees informed and engaged, you need to make sure you're meeting their needs.

Here are **three key phases** with advice on how to manage internal communication in each phase:

Internal
Comms Ideas

*(Source - Davis
and Company)*

How are employees feeling?

I'm scared about what is happening.

I'm uncertain about the future.

I'm confused about what to do.

What are your communication objectives?



Keep employees informed about how the organization is responding



Acknowledge emotions



Provide reassurance

How can you meet your objectives? (A few ideas.)

- ✓ **Create a crisis hub:** central location for up-to-date, accurate information
- ✓ **Address operational issues:** how to work remotely, methods of communication, who is required to be in the office
- ✓ **Leaders:** frequent updates, visibility, transparent messaging
- ✓ **Managers:** check in regularly with team members

Phase 1: Reacting to the Crisis

(Source - Davis and Company)

How are employees feeling?

I'm feeling anxious about whether or not my job is secure.

I'm trying to adjust to this new way of working.

I am eager to get back into a regular routine.

What are your communication objectives?



Keep employees informed about the crisis



Reinforce company strategy, reprioritize as needed



Foster connections/ community

How can you meet your objectives? (A few ideas.)

- ✓ **Leaders:** communicate strategy, including new priorities
- ✓ **Managers:** clearly lay out expectations for team members
- ✓ **Keep crisis hub** up to date
- ✓ **Leverage collaboration tools:** dedicate space for collaboration, encourage connection through content and events
- ✓ **Use simple measurement techniques** to understand what employees need

Phase 2:
Helping
Everyone
Adjust

*(Source - Davis
and Company)*

How are employees feeling?

I'm so thankful I have a job and a company that cares about me.

I'm excited about the new direction of the organization.

I'm still unsure about how things will work now.

What are your communication objectives?



Ensure employees understand the company strategy and how they contribute



Help employees feel connected to each other



Prepare for the next crisis

How can you meet your objectives? (A few ideas.)

- ✓ **Leaders:** re-emphasize strategy, focus on what's new
- ✓ **Managers:** help team members understand how the team will operate differently
- ✓ **Maintain collaboration tools and tactics:** focus on facilitating dialogue between employees
- ✓ **Prioritize information** shared to focus on key initiatives, including wellness programs
- ✓ **Leverage lessons learned** to develop/update crisis communication plans

For more information about communicating during a crisis, please visit:
<https://www.davisandco.com/change-communication/crisis-communication>

Phase 3: Returning To The New Normal

*(Source – Davis
and Company)*



The Bottom Line -- Communications During COVID-19

- Unprecedented Challenges: There is No Playbook, Everyone is “Figuring It Out On The Fly”
- Focus First on Internal Communications (Assisting Employees through the Crisis)
- Be Transparent and Timely
- Realize that your Operational and External messaging need to align
- There will be a “New Normal”

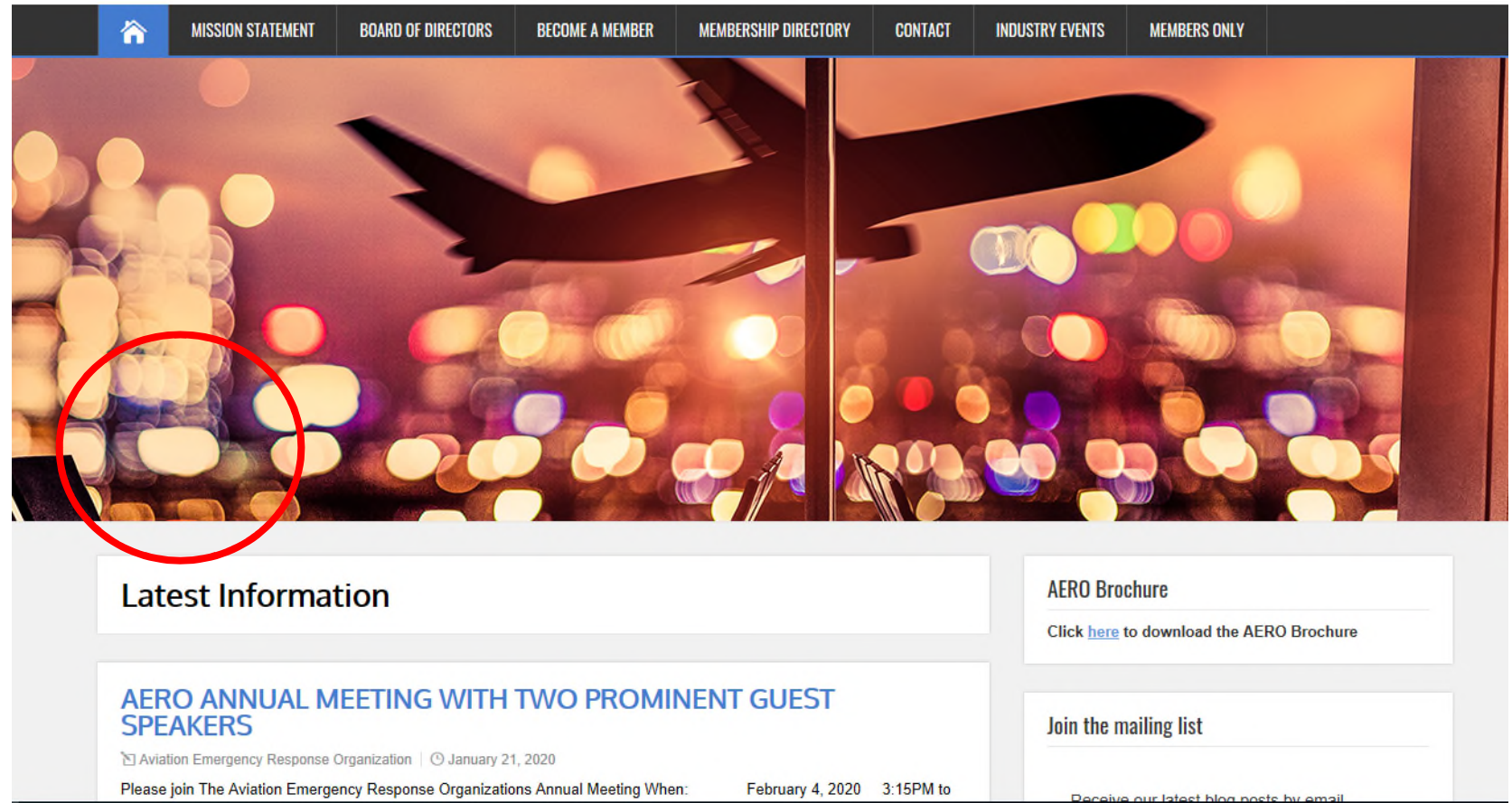


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How To Become A Member

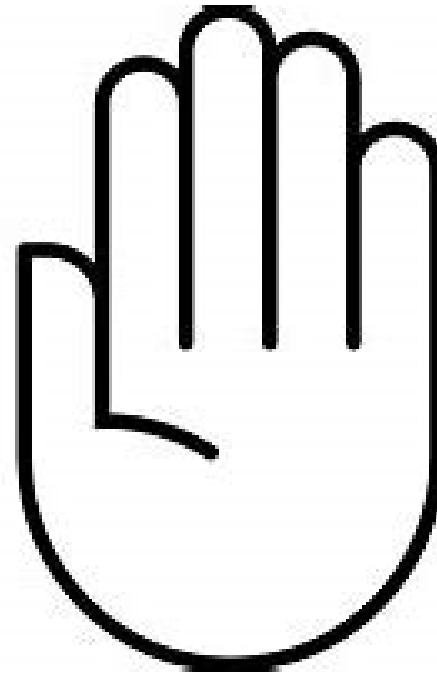
www.aviationemergency.org



Questions?



Raise Your Hand





Thank You For Being With Us Today!