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FEATURE ARTICLES

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01. LEAD LINES: IN CONVERSATION WITH RACHEL BARRIE

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In this feature, Rachel Barrie answers a series of questions, posed by Gallagher Aerospace, covering a wide-range of topics including some of the most recent trends and challenges facing the aviation insurance market.

You could say your new role begins a new era for Global. What changes, if any, would you like to make?

I am not sure if it is a new era, but it certainly is an incredibly exciting opportunity that I am looking forward to. With any change of leadership there is the chance to take stock of where we are as a company, and where we are going. I am keen to review our

business across all areas, pursue opportunities and see where we can enhance our products and services.

Global's risk appetite will remain relatively unchanged in this current market environment. However, we will be focusing on areas we can grow and develop in a sustainable way. It is important to strategically review our portfolio and, by doing so, we can pivot quickly on emerging products and trends whilst maintaining our core customer focus.

I want Global to be an organisation where people aspire to work. Succession planning and continued hiring and retaining of good talent is foremost on my mind. This will be balanced with further investments in technology, leading to enhanced digitalisation and



product innovation. E-trading is another area that I advocate but where we have yet to see real traction in the marketplace.

Finally, our customers deserve a review of the way we sell our services, providing longer term and more flexible products than we have in the past. Market dynamics and co-insurance placement structures currently limit opportunities for creative thinking in this area and I am keen to develop them.

Whilst no wholesale changes are immediately on the horizon, I am razor focused on continually evolving and running Global in an efficient, sustainable, and effective way to serve the changing needs of our clients. Global is an incredible brand, trusted by clients and their brokers around the world, and my goal is to further enhance our value proposition over the coming years.

Do you feel you are at a disadvantage being a mono line insurer?

Far from it. In fact, I see it as a huge advantage and differentiator. Being a specialist means that we are undistracted by other lines of business and can concentrate on how we serve our client's needs in the best possible way.

We are not a large company, but we are backed by some of the strongest security in the market. What makes us so special is our independence and our ability to make our own decisions allowing us to move quickly on opportunities.

Uniquely, our customers and brokers benefit from direct access to decision makers. To have a CEO with an aviation insurance background means our clients know that the ultimate decision maker understands their business, their concerns, and their key drivers. This extends to both underwriting and claims, as neither function reports outside of aviation, unlike many of our competitors.

The team at Global across our entire network live and breathe aviation. Our team is highly motivated to be the best, continually improving and developing our business. Being a monoline insurer is what makes Global such a unique place to work and gives us the ability to facilitate our client's insurance needs in an efficient, innovative and highly competent manner.

Some recent US liability judgements have been for extraordinarily high amounts, will these have an impact on underwriting strategy?

The level of social inflation we have seen in the US over the past 12 months is staggering, and a concerning development. I am often asked what keeps me up at night and this would top my list as the levels of awards are both unpredictable and seemingly out of control.

The issue for aviation insurers is threefold. Firstly, we give large limits when compared to other sectors. Secondly, plaintiffs can often bring litigation into the US jury system - even if the insured's



domicile is outside of the US. Finally, the legal fees required to defend a claim can be significant, and even a successful defence can lead to high associated costs.

Any large award will make us reflect on our underwriting strategy. The situation with potential awards in the US will mean that we will have to review our portfolio to understand possible exposures and consider coverage, sub-limits, and line size deployment. Where legal liability attaches there should always be fair compensation for plaintiffs and their families, but there are some unsettling trends and we would like to see an informed jury who understand the complexities of proper damages calculations and verdict forms.

This is a highly complicated area and some of these recent 'nuclear verdicts' are for single plaintiff awards. What the total liability settlement for a US wide-bodied aircraft accident would be in this current era is difficult to estimate, but if these single awards are anything to go by, the market would need an immediate reflation. As insurance providers, we need legislative change as, without it, the liability limits available will ultimately need to be capped, to the detriment of our clients. Perhaps a real driver of change would be the aviation industry itself lobbying for Tort reform and limitation on awards, or maybe even a review of the extent and scope of international conventions.

COP26 gave renewed focus to the challenges of decarbonising the aviation sector and goals of net zero CO2 emissions by 2050. What are you doing to support your client's ESG strategies?

Over the last year we have seen the prominence of ESG in our clients overall corporate strategies and their determination to implement meaningful environmental policies. We are enthusiastic to support our clients as they promote their environmental policies, particularly through the development of new technology. Throughout Global's history, we have been at the forefront of supporting new and next generation technology. There is real excitement across Global about the investment in emerging technology to help support a sustainable future for aviation. As a specialist insurer we want to see the industry continually evolve and embrace greener technology. We are actively seeking out opportunities to work with developers of alternative propulsion systems and sustainable fuels, eVTOL manufacturers and other new technologies to provide effective insurance solutions.

In terms of our own environmental initiatives, we are carbon offsetting all our premises and business air travel as a Carbonfree® Annual Partner. In addition, Global has an environmental underwriting policy that supports and advocates the use of green

and next generation technology, with additional checks on aircraft equipped with less efficient engine types. We also review the underlying business of operators and their corporate sustainability policies.

Data analysis seems to be held up as the next big step in underwriting, is this going to be a game changer or is it never going to override classic underwriting and market forces?

Underwriting has always been a mix of art and science. For high volume classes, access to a large client base and consistent data points makes data analysis highly effective and cost efficient. It is easier to use data analytics in more stable and predictable lines of business and there are meaningful cost benefits in doing so. The challenge is being able to put in place efficient data analysis in the aviation sector because of the volatility of the class and restricted data available.

That said, data analysis is a crucial part of what we do, assisting us with proactive risk assessment during the underwriting process. We have made meaningful steps in the application of data analysis through our own in-house developed systems, such as our portals

and claims dashboards. As an example, our claims dashboards are bespoke, customer focused tools that allow our clients to analyse their own claims trends. Technologies such as these bring together new and legacy data in an interactive way that leads to high customer engagement and real partnership.

Is data analysis a 'game changer'? The answer is possibly. It will be critical to supporting and driving our business forward. Market forces will still have a huge influence on pricing and there will always be a strong element of art in such a niche sector of insurance as aviation. Using data more effectively will enable us to recognise opportunities, support emerging businesses and help us deliver a stable, dependable insurance product for our customers.

TO FIND OUT MORE >

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