

Airline Cancellation Cover

Scope of Cover:

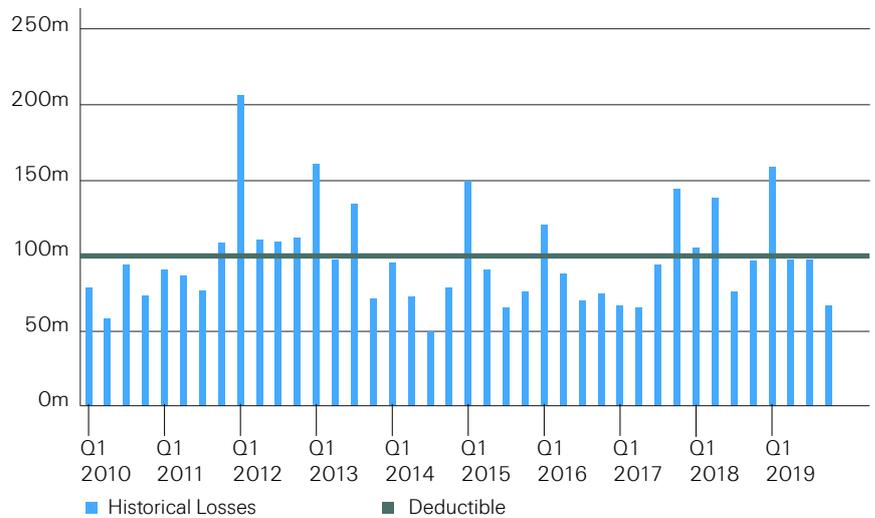
The cover should indemnify the client for financial losses occurred as a direct result of flights of the same insured being cancelled for any reason (with a few exceptions). Payouts are defined per registered cancelled flight and per aircraft type.

Concept:

When an airline suffers more frequent flight cancellations on a regular basis, this has a significant impact on its balance sheet. While companies protect themselves against the impact of fluctuations in fuel prices and currencies, they generally fail to employ any form of hedging to cushion themselves from severe, unexpected and accumulated cancellations that can endanger their quarterly profits.

This product provides a hedging solution for the business risk of flights being cancelled, either on a quarterly or an annual basis. This includes cancellations due to severe weather, flood, earthquake, strike, volcanic eruption, war.

Example Historical Losses



Example:*

- Indemnity: **7 500 USD per flight**
- Yearly flights: **800 000**

If an airline cancelled 10% of its average quarterly flights, in this example a total of 20 000 flights, the payout would be 150m USD that quarter, with 50m USD being self-insured and 100m USD insured by Swiss Re Corporate Solutions including a small retention by the insured.



Required Information:

- Flight data over past 10 years, including
- Scheduled flights
 - Cancelled flights
 - Reason for Cancellation
 - Indemnity per aircraft/cancelled flight
 - Dates of the above events

Exceptions:

- First-party strikes
- Global pandemic events
- Civil insurrection
- Cyber events (if not specified)

*Numbers are illustrative only

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