CARIBBEAN AVIATION MEETUP DISCOVERIES - AVIATION INSURANCE

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I am sure you can imagine, that 3 day Caribbean Aviation Meetup rased many many questions and a lot of topics were discussed. Insurance in aviation. A very important point. I had the opportunity to discuss what's happening in aviation insurance with Robert J. Peres, the Managing Director of Southeast Insurance Group.

Q. Aircraft insurance market in Caribbean, how important it is for you and what trends can you think about?

A. It has been over 5 years since the Aviation insurers received more premium than was paid out. The Boeing 737 Max claims alone are reserved at well over $1B USD. This has caused many of the insurers to close their Aviation divisions in favor of other types of insurance. In general terms

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the hardening market has caused increases in rates of anywhere from 10-20%. With regards to the Caribbean based Airlines the increases have been even higher with more increases coming in the future. This clearly will eat into their profits.

The routes from Island to Island in the Caribbean are significantly shorter than elsewhere and the cost to the consumer is relatively high when considering the actual miles flown. Much of this is due to the large percentage of taxes and fees added to each ticket. In addition, the aircraft operated in the Caribbean have fewer seats to sell and must have higher load factors to break even. Price elasticity will likely result in fewer passengers in the future.

LIAT one of the larger operators in the Caribbean has 9 ATR aircraft at present and not long ago had 16 aircraft in the fleet. This airline has not been able to come close to break even for many years. They continue to fly with subsidies of about $50M USD each year by the 4 government shareholders. How long will these island nations continue to pay for the staggering losses? That is the million dollar question. Quite recently the Prime Minister of Barbados has threatened to pull the plug on their largest share of LIAT funding which would effectively shut the airline down. This is just one example of inefficient lift in the Caribbean.

Q. Your impressions as participant, already for several years - Caribbean Aviation Meetup - what makes you be back?

A. I have now attended all four of the Caribbean Aviation Meetups. Each year the speakers get better and hit the nail on the head with their topics. However, how do we get these island regulators to not only listen to our ideas but to reconsider their approach?

Each Meetup gives me much food for thought and many new contacts in the region. As the Broker for dozens of commercial operations and hundreds of aircraft in the Caribbean and Bahamas I am able to share my knowledge gained at the Conference and connect clients for mutual benefit. I will continue to return each year and support the concept of making it easier and less costly to navigate around the Caribbean Basin.

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Thank you Robert! Great news for Cdr. Bud Slabbaert, the list of participants of 5th Caribbean Aviation Meetup has already some entries!

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