

Boeing claims report pegs Lion Air crash liability reserve at \$330mn

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Boeing's liability insurers are expecting losses from last year's Lion Air disaster to cost in the region of \$330mn, *The Insurance Insider* understands.

Multiple sources said the sum, included in a recent claims report, is a continued source of contention among carriers.

The number is mentioned in a document commissioned by Boeing's product liability insurers and distributed to the market in recent weeks.

Sources speaking on the condition of anonymity said the report was unclear because it did not specify if the number relates to anticipated settlements with the relatives of all 189 people killed.

The document references 51 plaintiffs taking legal action against Boeing. So far the manufacturer faces over 100 lawsuits filed by families relating to both the Lion Air and Ethiopian Airlines disasters.

It is unclear whether the \$330mn figure would also cover any subrogation between Lion Air and Boeing from the \$60.1mn hull cost of the 737 Max jet.

Loss reports are generally commissioned by an airline's lead insurer. However, Boeing's carriers have issued the document amid market expectation that the manufacturer will contribute to a portion of the loss.

Direct settlement negotiations between the victims' families and Boeing are ongoing, ***The Insurance Insider*** understands.

Multiple sources said the aerospace giant's lead liability insurer Global Aerospace was involved in the discussions.

Some aviation specialists canvassed said the fact Boeing is negotiating directly with the families of victims indicated the gravity of the situation for the manufacturer.

"It's an incredible situation that they are settling directly with Boeing.

"Usually passengers tend to go after the airline and then the airline's insurers later subrogate or agree a sharing deal with the manufacturer," one source said.

Boeing's Global Aerospace-led manufacturer's liability programme has a total limit of around \$2.25bn and is brokered by Marsh-JLT.

Details of negotiations were disclosed during two court hearings in Chicago in June addressing more than 100 lawsuits filed against the company, *The Wall Street Journal* reported.

A mediation involving at least 12 Lion Air plaintiffs is set for 28 August and will include representatives from Boeing and Global Aerospace.

Aviation market insiders said the \$330mn indicative reserve figure appeared low and was likely to rise.

Insurers are waiting intently for a final Lion Air quantum because it is likely to affect liability stemming from the crash of Ethiopian Airlines Flight 302 in March.

Speaking to ***The Insurance Insider***, Stephen Hart, a plaintiff attorney representing some of the victims' families, described the loss figure included in the report as "woefully, woefully low".

"They have not been willing to accept the damage that they have done.

"If Boeing and its insurers think they will get out from under these civil suits they are mistaken," he said.

Marsh-JLT declined to comment.

Boeing and Global Aerospace did not respond to a request for comment.

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