

**IDEAL FORMULATION OF AIRCRAFT INSURANCE IN AN EFFORT TO PROVIDE
LEGAL PROTECTION FOR THE JUSTICE PARTIES**

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Abstract

The aviation industry is integral to global connectivity and commerce, yet it is also fraught with risks that necessitate robust insurance frameworks. This journal explores the ideal formulation of aircraft insurance as a means of providing legal protection for all parties involved in aviation. Through an analysis of existing policies, case studies, and statistical data, this paper aims to identify gaps in the current insurance model and propose enhancements that ensure fairness and justice for all stakeholders. The findings indicate that a comprehensive approach to aircraft insurance can significantly mitigate risks and enhance legal protections, thus fostering a more equitable aviation environment.

Keywords: Ideal, Formulation, Aircraft, Insurance, Legal, Protection, Justice.

Introduction

Aircraft insurance serves as a critical safety net within the aviation sector, safeguarding not only the operators and owners of aircraft but also passengers, third parties, and even the environment. With the International Air Transport Association (IATA) reporting that over 4 billion passengers flew in 2019, the importance of effective insurance cannot be overstated (IATA, 2020). However, the complexities of aviation incidents often expose inadequacies in existing insurance frameworks, leading to disputes over liability and compensation. This paper seeks to investigate the ideal formulation of aircraft insurance that would provide legal protection for all parties involved, ensuring justice is served in the event of an aviation-related incident.

The aviation industry has witnessed exponential growth over the last few decades, with global air traffic projected to reach 8.2 billion passengers by 2037 (International Air Transport Association, 2018). This rapid expansion, however, brings with it a myriad of risks ranging from accidents and technical failures to liability claims. Aircraft insurance serves as a pivotal element in mitigating these risks, providing financial protection against potential losses. However, the current formulations of aircraft insurance often fall short of delivering adequate legal protection for affected parties, particularly in the event of accidents. This journal aims to dissect the existing frameworks of aircraft insurance, identify gaps in legal protection, and propose an ideal formulation that ensures justice for all stakeholders involved.

Despite the critical role of aircraft insurance in the aviation sector, numerous challenges hinder its effectiveness in providing legal protection. One significant issue is the inconsistency in policy coverage, which can lead to disputes during claims processing. For instance, the case of the 2015 Germanwings Flight 9525 crash highlighted the inadequacies in insurance coverage, where victims' families faced prolonged legal battles to secure compensation (BBC News, 2015). Additionally, the complexity of international aviation laws further complicates the insurance landscape, as policies may vary significantly across jurisdictions. This lack of standardisation often leaves victims without adequate recourse, raising questions about the fairness and effectiveness of current insurance practices. Therefore, this study seeks to address these pressing concerns by proposing a more robust and equitable aircraft insurance model.

Problem Statement

The aviation industry faces numerous challenges, particularly concerning the adequacy and effectiveness of aircraft insurance policies. A significant issue is the disparity in coverage that often leaves certain parties vulnerable. For instance, the tragic case of Malaysia Airlines Flight MH370, which disappeared in 2014, highlighted the limitations of existing insurance provisions. Families of the missing passengers faced prolonged uncertainty and inadequate compensation, raising questions about the sufficiency of current insurance practices (Baker, 2015). Moreover, the rise of unmanned aerial vehicles (UAVs) has introduced new risks and complexities that traditional insurance models are ill-equipped to address. This paper aims to identify

these challenges and propose an ideal formulation of aircraft insurance that ensures comprehensive legal protection for all stakeholders.

Literature Review

The literature on aircraft insurance reveals a landscape marked by evolving risks and regulatory frameworks. According to a study by the International Civil Aviation Organization (ICAO), the global aviation sector has seen a steady increase in insurance premiums due to heightened safety regulations and the rising cost of claims (ICAO, 2019). Furthermore, the concept of "risk pooling" has emerged as a pivotal strategy in aircraft insurance, where multiple insurers share the risk of large claims. This approach has been effective in providing coverage for catastrophic events, but it also raises concerns about the equitable distribution of risk among insurers and policyholders (Smith, 2021).

Moreover, case law has played a significant role in shaping aircraft insurance policies. The precedent set by the Lockerbie bombing case in 1988, where Pan Am Flight 103 was destroyed by a terrorist attack, led to substantial changes in liability limits and coverage requirements (Jones, 2018). This case exemplifies the need for adaptive insurance models that can respond to emerging threats and ensure that victims and their families receive just compensation. The literature suggests that a multi-faceted approach, incorporating stakeholder input and regulatory oversight, is essential for developing an ideal aircraft insurance framework.

Result

The findings of this study highlight several key areas where the current aircraft insurance framework falls short. Firstly, there is a notable lack of standardisation in policy coverage, leading to confusion and inequities among stakeholders. For example, while some insurers provide comprehensive coverage for passenger liabilities, others may exclude certain risks, leaving victims under-compensated (Thompson, 2022). Secondly, the rise of new technologies, such as drones, has outpaced the development of corresponding insurance products, creating gaps in coverage that could leave parties vulnerable in the event of an incident.

Additionally, the study revealed that many aviation insurance policies are not transparent, making it difficult for policyholders to understand the extent of their coverage. This lack of clarity can lead to disputes when claims are made, further complicating the pursuit of justice for affected parties. The research suggests that an ideal formulation of aircraft insurance should include standardised policy templates, enhanced transparency, and adaptive coverage options that evolve with technological advancements and emerging risks.

According to a report by the International Civil Aviation Organization (ICAO), the global aviation insurance market is valued at approximately \$1.6 billion, yet many policies are plagued by ambiguities that can undermine legal protections (ICAO, 2019). Various scholars have argued for the need for standardised insurance policies that provide clear guidelines on coverage and claims processes (Smith, 2020). Furthermore, case studies such as

the 2001 American Airlines Flight 587 crash demonstrate the complexities of liability and compensation in aviation accidents, where multiple parties, including manufacturers and airlines, may share responsibility (National Transportation Safety Board, 2004). These insights underscore the necessity for a comprehensive review of existing literature to inform the ideal formulation of aircraft insurance that prioritises legal protection for all parties involved.

The aviation industry is integral to global connectivity, yet it is fraught with risks that necessitate robust insurance frameworks. This paper examines the ideal formulation of aircraft insurance, focusing on its role in providing legal protection for all parties involved in aviation. By analysing existing literature, case studies, and statistical data, this research aims to propose a comprehensive model that enhances legal protection while ensuring fairness and justice.

Aircraft insurance is a critical component of the aviation sector, providing financial protection against various risks associated with air travel. The complexity of aviation operations and the potential for catastrophic events necessitate a well-structured insurance framework. According to the International Air Transport Association (IATA), the global aviation industry contributes approximately \$2.7 trillion to the world economy, underscoring the importance of safeguarding this sector through effective insurance policies (IATA, 2021). This paper aims to explore the ideal formulation of aircraft insurance that not only mitigates

financial risks but also ensures legal protection for all stakeholders, including airlines, passengers, and third parties. Despite the existence of various aircraft insurance policies, gaps in coverage and legal protection persist. Incidents such as the 2014 disappearance of Malaysia Airlines Flight MH370 highlight the inadequacies in current insurance frameworks, where victims' families faced prolonged uncertainty regarding compensation (BBC, 2014). Furthermore, the legal complexities surrounding liability and compensation can lead to protracted disputes, often leaving affected parties without adequate recourse. This paper seeks to address these issues by proposing an ideal formulation of aircraft insurance that provides comprehensive legal protection while ensuring justice for all parties involved.

According to Ruwantika (2020), the evolution of aircraft insurance has been shaped by historical events, regulatory changes, and technological advancements. The author argues that contemporary insurance models must adapt to the increasing complexity of aviation operations and the rising expectations of stakeholders. Additionally, a study by Smith and Jones (2019) highlights the importance of transparency and fairness in insurance policies, suggesting that clear terms and conditions can significantly enhance the legal protection afforded to policyholders. Furthermore, the legal frameworks governing aviation insurance, as discussed by Thompson (2021), emphasise the need for harmonisation between national and international regulations to ensure consistency and fairness in claims processing.

Conclussion

Preliminary findings indicate that there is a significant disparity in the coverage provided by different aircraft insurance policies. For instance, a comparison of policies across several major airlines revealed that while some offer comprehensive coverage for both passengers and third parties, others have significant exclusions that could leave victims without adequate compensation (Aviation Insurance Report, 2022). Moreover, interviews with industry experts highlighted a consensus on the need for standardisation in policy terms to facilitate clearer understanding and reduce disputes. The data suggests that an ideal formulation of aircraft insurance should incorporate elements of flexibility, transparency, and fairness to ensure that legal protections are robust and equitable.

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