



The Federal Senate
Praça dos Três Poderes s/n
DF
70165-900
Brazil

30 March 2020

Dear Honourable Members of the Brazilian Senator's House

Parliamentary Commission of Inquiry to investigate the situation of the victims and the relatives of the victims of the crash of the plane that transported Chapecoense to Colombia on 28 November 2016

The undersigned is authorised to write this letter to you on behalf of Aon UK Limited (“**Aon UK**”) and Aon Benfield Limited (“**ABL**”).

As per our email of 13 March 2020, Aon UK acknowledges receipt of an invitation from the Brazilian Federal Senate inviting it to appoint a representative to participate in a hearing on 31 March 2020. Aon UK has also received, forwarded by Marcelo Homburger of Aon Brazil, an email from the Federal Senate requiring the attendance of representatives of Aon UK and Aon Benfield Limited on 17 March 2020.

Aon UK and ABL are parties to a public class action in Santa Catarina, Brazil. There are also related lawsuits pending in other jurisdictions. The fact of and circumstances surrounding these proceedings, not least the issues of confidentiality which exist under the laws of various countries (including Brazil, the United Kingdom, Bolivia and the United States), mean that Aon UK and ABL have been advised by their lawyers from multiple jurisdictions to respectfully decline the invitation of the Honourable Senators to attend the Federal Senate hearing as requested.

Notwithstanding the above, we intend to contribute to the valuable work that the Parliamentary Commission of Inquiry (“**CPI**”) is undertaking to the greatest extent that different applicable laws permit. Therefore, Aon UK and ABL send this letter in the spirit of co-operation and in support of the valuable work that the Honourable Senators and the CPI are undertaking into the tragic events of the LaMia crash on 28 November 2016 (“**the Accident**”).

We hope that the contents of this letter will assist the Senate in its important deliberations which Aon UK and ABL recognise as highly important to all parties involved in the Accident and the Brazilian authorities. We also take this opportunity to repeat the expression of our deepest sympathies to the victims of the Accident, their families, as well as to the Brazilian people.

1. PURPOSE OF THIS LETTER

- 1.1 The purpose of this letter is to provide clarification to the Honourable Senators about Aon UK's role in the reinsurance placement of the risk assumed by Bisa Seguros y Reaseguros S.A. ("**Bisa**") in LaMia's insurance policy.
- 1.2 This letter is sent to assist the CPI. Aon UK would consider responding in writing to any additional requests that the Honourable Senators have. Given that Aon UK is already a party to various lawsuits it has been advised by its lawyers to reserve all of its rights in this letter, and hereby does so. The purpose of this reservation of rights is to ensure no prejudice is caused to Aon UK in those lawsuits by anything Aon UK states in this letter. In this letter and its schedules, we seek to explain how the Insurance and Reinsurance markets work and also to address some concerns that we understand have been raised on the documents that are in front of the CPI. The reinsurance placement that Aon UK undertook was complex and was set in the context of the way the London Market works to reinsure international aviation risks. Our assistance is given in this context. Aon UK considers that there is no legal relationship between Aon UK as reinsurance broker and LaMia as Insured. Moreover, Aon UK is not responsible for the failure of the insurance to provide coverage for the Accident.
- 1.3 Aon UK attaches four schedules to this letter. These schedules are an integral part of, and important to the understanding of, this letter. They should be read in conjunction with this letter. These schedules are:

Schedule 1: London insurance and reinsurance market practice;

Schedule 2: Insurance diagram;

Schedule 3: Reinsurance diagram; and

Schedule 4: Various documents referred to in this letter.

2. THE ROLES OF AON UK AND ABL

- 2.1 Aon UK is a United Kingdom based company. Its role was limited to being a broker of a reinsurance policy of Bisa. Bisa underwrote the insurance policy of LaMia. The relationships are set out in Schedule 3. Aon UK undertook all its work in relation to the reinsurance in the UK.

- 2.2 ABL is also a United Kingdom based company. However, it is a non-trading company that has no employees. It acts as a holding company for other Aon legal entities. ABL did not undertake any work in the placement of the reinsurance on behalf of Bisa. For that reason, in this letter we make no other statements on behalf of ABL. ABL was not involved in any way in this matter and therefore has no evidence to give.
- 2.3 Aon UK had no connection with Brazil in respect of its role. All of the parties with whom Aon UK had dealings were located in countries outside Brazil.
- 2.4 Aon Benfield Brazil (“**ABB**”), is a Brazilian company and its activities are limited to Brazil due to applicable laws and regulations. ABB was not involved in either of the insurance or reinsurance placements, and therefore played no role in the placement of any policy for or in relation to LaMia or Bisa.
- 2.5 We hope it will assist the CPI for Aon UK to describe in this letter and the schedules its role negotiating the placing of the reinsurance contract on behalf of Bisa. We will also comment on some of the specific issues that we believe are of interest to the CPI.
- 2.6 Throughout this letter and by way of Schedule 1, drawing on our expertise as a reinsurance broker, we will explain some of the London market practice issues that are relevant to the reinsurance placement.
- 2.7 We are aware of the testimony given by Ricardo Albacete at the CPI hearing on 12 March 2020. For reasons set out below, we disagree with many of the allegations he made against Aon UK. We refer below to (and attach in Schedule 4) specific documents from Aon UK’s file. To the extent that we do not specifically comment on the allegations that Mr Albacete has made does not mean that we agree with what he said, and Aon UK’s rights are reserved to provide additional comments if required.
- 2.8 Aon UK confirms that Graham Bailey left the employment of Aon UK on 20 February 2014. Accordingly, he was not involved in the placement of the reinsurance policy that the CPI are interested in, or in any of the issues arising as a result of the Accident.

3. OTHER PARTIES INVOLVED IN THE LAMIA ACCOUNT

- 3.1 By necessity, there were a number of parties involved in the LaMia account.
- 3.2 In accordance with Bolivian law and regulation, the following parties were involved:
- 3.2.1 A retail insurance broker in Bolivia, acting on behalf of LaMia. Estrategica Corredores y Asesores de Seguros y Riesgo (“**Estratégica**”) played this role. LaMia was Estrategica’s client.
- 3.2.2 A Bolivian insurance company to issue insurance to LaMia. This entity was Bisa.

- 3.2.3 A reinsurance broker with a license in Bolivia to act as the reinsurance broker to Bisa. Aon Benfield Argentina (“**ABA**”) played this role.
 - 3.2.4 A wholesale reinsurance broker placing the risk into the London market (Aon UK).
 - 3.2.5 Various Reinsurers underwriting the risk.
- 3.3 In order to illustrate the roles of the parties and to contribute more to the CPI’s valuable scrutiny, we attach as Schedule 2 a diagram setting out the parties involved in the insurance placement and as Schedule 3 a diagram setting out the parties involved in the reinsurance placement.
- 3.4 Aon UK’s direct client relationship was with ABA, whose direct client relationship was with Bisa. Aon UK had no involvement in the placing of the insurance policy for LaMia with Bisa.
- 3.5 In Schedule 1, we set out the role of the reinsurance broker (see for example paragraphs 1.4 and 1.10). Reinsurances like the one placed by Aon UK, which ultimately covered Bisa, are often priced before the underlying insurance is finalised. It is the expertise of the London reinsurance market to price risks this way. The insurance premium takes account of the reinsurance premium, save for the additional “fronting fee” that the Insurer (Bisa) typically charges to act as the Insurer, plus local taxes. See paragraph 1.19.3 of Schedule 1 for additional detail. The insurance policy is a contract between the Insured (LaMia) and the Insurer (Bisa) (see Schedule 2). The reinsurance policy is a contract between the Reinsured (Bisa) and the Reinsurer (TMK and others) (see Schedule 3).

4. THE REINSURANCE PLACEMENT AND THE LIMIT OF USD 25 MILLION

- 4.1 The background to the reinsurance placement for 2016 and Aon UK’s involvement is set out below.
- 4.2 First, we wish to define some common terms used when referring to aviation insurance:
 - 4.2.1 Liability: Liability insurance covers the Insured (in this case, the airline LaMia) in respect of claims made against it by third parties and passengers.
 - 4.2.2 Hull and spares: Hull insurance covers the Insured against physical loss of or damage to the aircraft itself. Spares insurance covers the Insured against loss of or damage to spare parts (such as equipment destined to be fitted to the aircraft).
 - 4.2.3 War, Allied Perils and Terrorism (“**War**”): War insurance covers the Insured for claims caused by, for example, war, terrorism, confiscation, hi-jacking and unlawful seizure of the aircraft.

- 4.2.4 Crew PA: Crew Personal Accident insurance provides for a payment to be made to a member of crew (or their estate in the event of death) if they suffer personal injury, disablement or death as a result of an accident.
- 4.2.5 Ground Risks Only: This is a non-operational coverage that covers the limited risks when an aircraft is, for example, not airworthy or capable of engaging in commercial flights.
- 4.2.6 Full Flight Risks: This is coverage that covers the risks when an aircraft is being utilised for commercial operations and/or carrying passengers.
- 4.3 When an aircraft is not undertaking commercial flights (i.e. it is Grounds Risks Only), the extent to which it is likely to cause harm, or otherwise have a liability, to passengers or third parties is extremely limited. Simply put, as it cannot fly with passengers, it is highly unlikely to cause injury to passengers or third parties. Accordingly, the associated premium to insure an aircraft for Ground Risks Only is substantially cheaper than to insure the same aircraft for Full Flight Risks, because they cover substantially different risks.
- 4.4 As with all insurance policies, it is the Insured and/or Reinsured who ultimately makes the decisions as to whether to buy the policy and, if so, on what terms. The Insured/Reinsured has to comply with the policy terms, which includes payment of the premium. It is the responsibility of the Insured/Reinsured to determine what level of cover it requires; for example, how much cover it requires to ensure compliance with local laws and regulations, and any charter contracts it is carrying out.
- 4.5 For the policy period 10 April 2015 – 10 April 2016 (which was the policy period prior to the relevant year involving the Accident) LaMia had Ground Risks Only cover (“**the 2015 Ground Risks Only Policy**”) for hull and spares, hull deductible, and liability for four aircraft. In other words, under the terms of policy, LaMia was not insured for commercial flights and would not have been covered had it done so and caused loss or damage to passengers. The limit of liability was USD 300 million and the total premium was USD 205,031. [Schedule 4, Document 2 at page 5] The actual sum required to be paid by LaMia to Bisa for the insurance would have been higher as it would include local taxes and Bisa’s fronting fees. Aon UK did not arrange the insurance of LaMia with Bisa and was not involved in determining the premium for the insurance.
- 4.6 The 2015 Ground Risks Only Policy did not in fact run for the full 12 month term. It was cancelled by Bisa with effect from 5 January 2016 for non-payment of premium by LaMia. [Schedule 4, Document 3 at page 11 and Document 4 at page 23]
- 4.7 Very soon after having the 2015 Ground Risks Only Policy cancelled by Bisa, on 15 January 2016, LaMia indicated that it was interested in reengaging its coverage in order to start commercial operations. [Schedule 4, Document 5 at page 32] To undertake

commercial operations would have required Full Flights Risks insurance, not the Ground Risks Only cover that LaMia had in place previously.

- 4.8 On 18 January 2016, Aon UK provided an estimate of the reinsurance premium for Full Flight Risks liability coverage for one aircraft, as well as hull and spares coverage. To convert the 2015/16 Ground Risks Only Policy to Full Flight Risks for one aircraft for the period 10 February 2016 – 10 April 2016 (i.e. 60 days) was an additional USD 30,000. This figure was in addition to the premium set out at paragraph 4.5 above. This was for a policy with a liability limit of USD 300 million. [Schedule 4, Document 5 at page 31 and Document 6 at page 43] (This equates to an annual premium of USD 387,531, being USD 205,031 as per paragraph 4.5, plus USD 500 extra per day (USD 30,000/60 days) to convert one aircraft to Full Flights Risks.) This premium estimate was for reinsurance of Bisa.
- 4.9 This estimate would have given LaMia USD 300 million in cover for Full Flight Risks liability coverage for the period 10 February 2016 – 10 April 2016. However, LaMia did not ultimately proceed on this basis.
- 4.10 Moreover, Reinsurers were not prepared to provide reinsurance for Bisa's cover of LaMia until the outstanding debt of the 2015/16 Ground Risks Only Policy premium had been cleared. LaMia was advised of this on 5 February 2016. [Schedule 4, Document 5 at page 30] Accordingly, no progress was made with this estimate. As stated above, and further explained in paragraph 1.3 of Schedule 1, it is the responsibility of the Insured to pay its premium.
- 4.11 In normal broker correspondence between Aon and Estratégica, on 4 April 2016, Aon UK was informed that LaMia wanted to pay the outstanding premium in order for coverage to be reinstated. LaMia's requirements for the new policy would be hull cover of USD 4.8 million, spares cover of USD 2.5 million and liability cover of USD 25 million. [Schedule 4, Document 5 at page 25] Aon UK was informed that this liability limit of USD 25 million was the same as Ecojet's and is the limit required by "the local authority". Ecojet was an airline operating out of Bolivia which had a similar fleet to LaMia. As noted above, and further explained in paragraphs 1.4 and 1.19.4 of Schedule 1, the Insured airline is responsible for determining what level of cover it requires in order to comply with local laws and regulations.
- 4.12 On 5 April 2016, in further broker correspondence, Aon UK's position was explained that USD 25 million would be a significant reduction in liability limit (from USD 300 million), but that it was LaMia's decision to make. [Schedule 4, Document 5 at page 25]
- 4.13 Around this time, Aon UK was asked for the minimum limits prescribed by the Federal rules of the United States Department of Transportation, which Aon UK responded to on

5 April 2016. In order to comply with the USA requirements, LaMia would need a minimum limit of USD 50 million. However, Aon UK commented that any Insured, including LaMia, should purchase the highest limit they can. [Schedule 4, Document 7 at page 47]

- 4.14 On 5 April 2016, Aon UK provided a rough indication that the annual premium for a Full Flight Risks reinsurance liability policy with a limit of USD 300 million would be USD 360,000. [Schedule 4, Document 8 at page 56] (Again, the actual sum to be paid by LaMia for its insurance would be higher.)
- 4.15 On 6 April 2016, LaMia advised that it did not want to spend more than USD 170,000 on premium for this cover. [Schedule 4, Document 8 at page 55]
- 4.16 As an alternative and as requested, on 6 April 2016 Aon UK obtained a quote for a Full Flight Risks reinsurance policy with a liability limit of USD 50 million as well as coverage for the hull of the aircraft for a value of USD 4.8 million, for USD 333,780. [Schedule 4, Document 8 at page 54]
- 4.17 Again, Aon UK was asked to look at alternatives. It did so, and on 6 April 2016 Aon UK provided a quotation for Full Flight Risks liability only reinsurance (i.e. not including cover for hull and spares, as had previously been included) with a limit of USD 50 million for a premium of USD 120,000. [Schedule 4, Document 8 at page 53 and Document 9 at page 63]
- 4.18 LaMia responded the same day, stating that USD 50 million liability limit is too high. Loredana Albacete of LaMia said that she had spoken *“to aviation folks who handle this issue and they said that South America entirely works well under 25 million limit.”* She asked if the premium could be *“reduced significantly if we go down to the desired 25 million?”* [Schedule 4, Document 8 at page 53]
- 4.19 On 7 April 2016, Aon UK confirmed that they would investigate if there was any significant relief in premium between USD 25 million and USD 50 million so that LaMia could make a decision on what limit to purchase. [Schedule 4, Document 8 at page 52]
- 4.20 Aon UK provided the further quotation on 8 April 2016. It confirmed that a Full Flight Risks liability reinsurance policy with a limit of USD 50 million would cost USD 120,000, as per paragraph 4.17 above. LaMia also requested War coverage, which was an additional 10% premium (USD 12,000). Therefore, the total reinsurance premium for a policy limit of USD 50 million including War coverage was USD 132,000. A similar reinsurance liability policy with a liability limit of USD 25 million, also with War coverage, would cost USD 125,000. Therefore, a saving of USD 7,000 for the lower limit policy. [Schedule 4, Document 10 at page 72]

- 4.21 On 8 April 2016, in two different emails, Aon UK set out its strongly held views that a policy with a liability limit of USD 25 million was a low limit. Aon UK took the unusual step of contacting LaMia directly to inform it of its views. In one of its emails, Aon UK stated:

“whilst it is entirely your decision to purchase a liability limit of USD 25,000,000 we would always recommend that you purchase the highest limit available/possible. We are conscious that for the number of passenger seats on your aircraft this is a relatively low limit. If you wish us to look into pricing options for us to increase the limit we will be happy to do so”. [Schedule 4, Document 8 at page 50 and Document 10 at page 71]

- 4.22 Separately to the liability policy, LaMia purchased personal accident coverage for the crew, pursuant to which a sum would be paid in the event of injury or death to crew members whilst the aircraft is in flight. [Schedule 4, Document 10 at page 71] This policy paid out in full following the Accident.

- 4.23 Despite the value of the hull of the aircraft being estimated at USD 4.8 million, LaMia decided not to purchase hull cover for the aircraft. Because LaMia decided not to buy hull coverage, the hull was accordingly uninsured at the time of the Accident. [Schedule 4, Document 10 at page 74]

- 4.24 In summary:

- 4.24.1 Aon UK provided (on request) alternative premium estimates and quotations for Full Flight Risks reinsurance liability limits of USD 300 million, USD 50 million and USD 25 million.
- 4.24.2 LaMia decided, knowing all of the options that were open to it, to purchase a limit of USD 25 million.
- 4.24.3 LaMia took that decision despite knowing Aon UK’s position that USD 25 million was a low limit.
- 4.24.4 It appears from comments made in writing by Loredana Albacete that LaMia’s decision was driven by a desire to keep costs as low as possible.
- 4.24.5 Ricardo Albacete was copied into these emails and therefore should have been aware what decisions LaMia was taking in terms of the limit it elected to buy.
- 4.24.6 It is the Insured’s responsibility to decide on the limit of liability to purchase, that limit being in compliance with local regulations applicable to the Insured’s business and any charter contracts it is carrying out, and to comply with the policy terms and conditions, including the payment of the premium. This

decision as to what limit to purchase is beyond the role or control of the broker. See paragraphs 1.4 and 1.19.4 of Schedule 1.

5. FOOTBALL TEAMS

- 5.1 Aon UK was first informed that LaMia was proposing to fly a football team in July 2015. [Schedule 4, Document 1 at page 2]
- 5.2 LaMia was informed that Reinsurers would need to be aware of this exposure and obtain their agreement prior to flights commencing. The risk to Reinsurers of providing coverage for flights carrying certain high-profile sports teams is greater and they are therefore reluctant to provide this as a standard cover. Aon UK requested details of the particular team, so it could run this past Reinsurers and ensure there were no issues as to coverage. [Schedule 4, Document 1 at page 2] Aon UK did not receive any information and its understanding is that LaMia did not end up carrying out this proposed flight (not least because Full Flight Risks insurance was not in place at this time).
- 5.3 On 15 January 2016, LaMia said that it was proposing to fly a sports team from Paraguay to Venezuela and Ecuador. [Schedule 4, Document 5 at page 32]
- 5.4 On 18 January 2016, Aon UK responded saying *“We would need to approach underwriters to discuss the sports team risk as this can be a sensitive area. It would help us if you can advise the number of passengers expected on the flights and the sports team involved, i.e. is it the football team?”* LaMia replied that it was a *“football team of not too great importance. They would be the Latin equivalent of a college sport team.”* [Schedule 4, Document 5 at page 31] This statement was corrected by Estratégica, who advised that the team was one of the two most popular football teams in Paraguay. Aon UK’s understanding is that LaMia did not end up carrying out this proposed flight.
- 5.5 On 30 March 2016, LaMia reported that it had another opportunity to transport a football team called ‘The Strongest’ from Bolivia to Venezuela and back to Bolivia. Aon UK was provided with a copy of the contract with the football team, so that it could check that the insurance would be appropriate. That particular contract did not provide for a specific limit of liability, other than what the local authorities required. [Schedule 4, Document 11, pages 85 to 88] We understand that Reinsurers were provided with a copy of the contract and that this flight did take place.
- 5.6 On 11 May 2016, Loredana Albacete contacted Estratégica because LaMia proposed to take a football team to Medellín in Colombia. This email correspondence is addressed in more detail below at paragraphs 6.3 – 6.5. For now, we note that Aon UK requested further information, including about sports team exposures. Aon UK did not receive a response to this request.

5.7 In summary:

- 5.7.1 LaMia knew that sports team risks needed to be disclosed to Reinsurers, as this can be a sensitive issue. LaMia was clearly aware of this, as it had made such disclosures on at least three occasions prior to the date of the Accident, including providing a copy of the contract for the team ‘The Strongest’ and notifying other occasions on which it was planning to carry sports teams.
- 5.7.2 LaMia did not notify or seek special approval for the Chapecoense flight. The first time Aon UK became aware of the flight was after the Accident. Aon UK was not informed that this flight would carry the Chapecoense football team, and was not provided with a copy of the contract. Accordingly, Aon UK did not have the opportunity to present this to Reinsurers and seek their specific approval for this flight. Had Aon UK become aware, it would have taken the necessary steps to notify Reinsurers as it had done previously.

6. THE COLOMBIA EXCLUSION

- 6.1 On 7 April 2016 (i.e. prior to inception of the new policy on 10 April 2016), Aon UK highlighted the geographical exclusion clause in the reinsurance (which was replicated in the insurance). [Schedule 4, Document 12 at page 91] Aon UK specifically noted that Colombia and Peru were excluded countries.
- 6.2 The geographical exclusion was imposed by Bisa and Reinsurers and was standard market practice at the time. Colombia, in particular, was considered by Reinsurers to be a heightened risk and Reinsurers were only prepared to accept it if they were told about each time an aircraft planned to fly in or over Colombia. Aon UK stated that it had discussed the geographical exclusion clause with the Reinsurers and that any flights to the destinations listed therein would be subject to Reinsurers’ agreement. [Schedule 4, Document 12 at page 91]
- 6.3 On 11 May 2016, Loredana Albacete contacted Estrategica because LaMia proposed to take a football team to Medellín in Colombia. [Schedule 4, Document 13 at page 95] Loredana Albacete noted that Colombia was an excluded country under the policy, and asked how to proceed.
- 6.4 Estrategica contacted Aon UK on 12 May 2016 informing it of the proposed flight to Colombia and asked whether LaMia would be able to perform this flight. [Schedule 4, Document 14 at page 97]
- 6.5 Aon UK presented that email to TMK on 13 May 2016. In line with the contents of paragraph 6.2 above, TMK agreed to provide cover for that flight only. [Schedule 4, Document 15 at page 100] TMK also requested estimated sports teams exposures.

6.6 In summary:

- 6.6.1 It is clear that LaMia knew that it did not have cover for any loss, damage or expense howsoever occurring within the geographical limits of Colombia as evidenced by it seeking specific approval on at least one occasion prior to the date of the Accident.
- 6.6.2 LaMia knew that it should inform Estrategica about any proposed flights to or over Colombia, so that Estrategica could ask for specific agreement from Bisa on its behalf, and Aon UK could do likewise in respect of TMK. This message – i.e. that Colombia was not covered under the policy and that LaMia had to request specific agreement each and every time it proposed to fly to or over Colombia – was reiterated by Aon UK on several occasions. [For example, see Schedule 4, Document 12 at page 91]
- 6.6.3 As noted above, LaMia did not notify or seek special approval for the Chapecoense flight with respect to the sports team or the Colombia exclusion as described in sections 5 and 6 of this letter. The first time Aon UK became aware of the flight was after the Accident. Aon UK was **not** informed that LaMia proposed to make this flight to Colombia. Accordingly, Aon UK did not have the opportunity to present this to Reinsurers and seek their specific approval for this flight.
- 6.6.4 Ultimately, it is a matter for an Insured to comply with the terms and conditions of its policy. LaMia knew that it did not have insurance cover for flights to and over Colombia unless agreed in advance (which happened on at least one occasion), and it knew that it could request specific agreement if it needed such cover, but it did not do so when it came to the contract with Chapecoense.

7. THE RESPONSE OF REINSURERS IMMEDIATELY AFTER THE ACCIDENT

- 7.1 Following the Accident, Reinsurers appointed Clyde & Co on behalf of themselves and Bisa to handle the liability claims against LaMia. It is standard industry practice for Insurers and Reinsurers to appoint lawyers to protect the interests of the Insured following a loss. On 29 November 2016, Aon UK advised LaMia of this. [Schedule 4, Document 16 at page 102]
- 7.2 Aon UK's email to LaMia advised that the appointment was on a purely "without prejudice" basis and under a complete reservation of rights as to coverage. "Without prejudice" and "reservation of rights" are commonly used terms in claims situations. They are used to indicate that while Reinsurers are prepared to review the claim, to appoint and pay for lawyers to act on the Insured's behalf, and to consider their ultimate position on

the applicability of coverage, they want to reserve all of their rights to take any alternative position up until a final decision is made as to policy coverage. This gives Insurers and Reinsurers complete flexibility to take any steps without damaging any alternative position they later want to take. It is a common practice in the industry and courts typically recognise it gives protection to Insurers and Reinsurers.

- 7.3 On 1 December 2016, at a very early stage in the process, only 3 days after the Accident and before an investigation had been undertaken, Reinsurers agreed to provide coverage to Bisa for liability claims against LaMia. Again, this was expressed to be on a basis that was “without prejudice” to coverage due to the geographical exclusion and material non-disclosure of the sports team risk. Aon UK simply communicated this message in an email to LaMia and Bisa, which is Aon UK’s role as the reinsurance broker. [Schedule 4, Document 17 at page 104]
- 7.4 After Bisa and Reinsurers had an opportunity to investigate the claim fully, they subsequently reached a final position and declined cover for the claim. All coverage decisions were made by Reinsurers and Bisa, and were communicated to Aon UK to that Aon UK in order to be shared with the other interested parties. Aon UK was not involved in making these decisions and acted purely as an intermediary in providing those messages consistent with Aon UK’s role as the reinsurance broker.

8. THE RESPONSE OF BISA TO THE ACCIDENT

- 8.1 Aon UK understands that Bisa and Reinsurers determined that the policy did not provide cover for the Accident for a number of reasons. Aon UK was not involved in any decisions regarding coverage nor would it be as this is not the role of the reinsurance broker.
- 8.2 Irrespective of the absence of coverage, Aon UK understands that Bisa (together with Reinsurers) established the so-called Humanitarian Fund, as has been reported in the press. Again, Aon UK was not involved in any decisions relating to the Humanitarian Fund or in the establishment of the Humanitarian Fund.

9. SUMMARY OF KEY CONCLUSIONS

- 9.1 The following is a summary of the main conclusions from Aon UK’s perspective:
- 9.1.1 In January 2016 (at a time when LaMia was not conducting commercial operations), Bisa cancelled LaMia’s Ground Risks Only Policy (that had a limit of USD 300 million) because of LaMia’s non-payment of premium.
- 9.1.2 In early 2016, Lamia indicated that it wished to convert from a Ground Risks Only Policy to Full Flight Risks, so that it could begin to undertake commercial

operations. This would have involved LaMia paying a substantial premium increase.

- 9.1.3 It is the responsibility of the Insured to determine what level of cover it requires in order to comply with its contractual obligations, as well as local laws and regulations. Deciding what level of cover to buy is beyond the role and control of the broker.
- 9.1.4 Aon UK presented reinsurance premium estimates and quotations for Full Flight Risks liability policies with different limits of liability (USD 300 million, USD 50 million and USD 25 million). Aon UK commented that LaMia should purchase the highest limit available. LaMia nevertheless decided to purchase a policy with a limit of USD 25 million because it was the cheapest policy that met local aviation requirements in Bolivia.
- 9.1.5 LaMia knew that Colombia was excluded and knew that it was required to obtain agreement each and every time it was planning to fly to, from or over Colombia. Nevertheless, LaMia did not give notice of the Chapecoense flight and therefore no agreement was obtained for it.
- 9.1.6 LaMia knew that it would be necessary to disclose sports team risks. Nevertheless, LaMia did not give notice of the Chapecoense flight and therefore no agreement was obtained for it.
- 9.1.7 Because LaMia did not give notice of the Chapecoense flight, Aon UK did not have the opportunity to present the Colombia and sports team risks to Reinsurers to seek their specific approval for this flight.
- 9.1.8 Aon UK understands that Bisa and Reinsurers determined that the policy did not provide cover for the Accident for a number of policy-related reasons.
- 9.1.9 Aon UK was not involved in any decisions relating to the Humanitarian Fund or in the establishment of the Humanitarian Fund.
- 9.2 We hope that this letter assists the Senate in its important deliberations, which Aon UK and ABL recognise as highly important to all parties involved and also to the Brazilian authorities.

Yours sincerely

Aon UK Limited

