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## Disappointing 2010 for Airline Safety

By KAVERI NITHTHYANANTHAN

LONDON—The number of airline accidents and passenger fatalities increased in 2010, while insurance claims have exceeded premiums, according to aviation consultants Ascend Worldwide.

The fatal accident rate worsened in 2010 to one per 1.3 million flights from one per 1.5 million flights in 2009, which was considered the safest year ever. Apart from 2009, only 2007 and 2006 produced better accident rates. There were 28 fatal accidents in 2010, compared with 23 in 2009.

"Despite the relatively poor performance in 2010, we believe that air safety is still improving and this has resulted in 100 fewer fatal accidents during the last decade than in the 1990s—on average, 10 fewer fatal accidents a year," said Paul Hayes, director of safety at Ascend..

As the number of fatal accidents increased, so did the number of passengers and crew killed in those accidents. The number of deaths rose 13% in 2010 to 828 people compared, with 731 people in 2009. This year was 4% worse than the past decade average but was a 27% improvement on the 1990s average of 1,128 deaths. The estimated passenger fatality rate for 2010 was one per 3.8 million passengers carried compared with one per 4.5 million passengers carried in 2009.

The worst accidents in 2010 were the Air India Express Boeing 737-800 crash in May that killed 152 passengers and six crew when it overran on landing at Mangalore in India; the Airblue Airbus A321 accident in July that occurred when attempting to land at Islamabad in Pakistan and killed 146 passengers and six crew; the Afriqiyah A330 that crashed in May while attempting to land at Tripoli in Libya, killing all but one of the 93 passengers and 11 crew on board; and Ethiopian Airlines Boeing 737-800, which crashed into the sea shortly after take-off from Beirut, Lebanon, killing all 82 passengers and eight crew on board.

"These four accidents account for a total of 472 passenger fatalities, 65% of the total number of passenger fatalities on revenue passenger flights during the year," Mr. Hayes said.

2010 was a "disappointing year from the point of view of both safety and insurance," said Mr. Hayes, director of safety at Ascend. He estimates that incurred aircraft hull and legal-liability losses for 2010 were about \$2.15 billion, some \$370 million less than 2009. However, those losses still exceeded the \$2.1 billion of written premiums during the calendar year.

Mr. Hayes said there tends to be about nine years between two troughs in the cycle in terms of premium income. After the Sept. 11, 2001, terror attacks, he said, the market "hardened" and written premiums hit \$3.6 billion for the year. This was followed by a number of relatively benign claims years, Mr. Hayes said, which led to annual premium income rapidly eroding to just \$1.8 billion in 2007 at the bottom of the cycle.

Mr. Hayes said that since 2007, estimated premium income has increased by about a third. "However, more than half of this increase came in 2009 following the loss of the Air France Airbus A330 in the South Atlantic

that summer." Airbus is a unit of European Aeronautic Defence & Space Co. EADS N.V.

Ascend estimates that written premiums have probably only increased about 7% in 2010, and increases in the coming year are unlikely to exceed this level given the high levels of capacity available in the market, and provided there is no catastrophic loss that could push prices for insurance coverage higher. Between 2007 and 2010, total written premiums hit about \$7.3 billion, while incurred losses stand at \$8.2 billion, Ascend said.

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