

Insurers to pay up to RM1.5 billion for MH370 loss, says expert
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Insurers will likely have to pay out between US\$250 million (about RM816 million) and US\$450 million (RM1.5 billion) following the disappearance of Malaysia Airlines flight MH370.

Standard & Poor's (S&P), an American financial services company, said the final total would depend on whether faulty mechanics were to blame, reported South China Morning Post (SCMP).

S&P credit analyst Dennis Sugrue estimated the losses associated with the value of the plane itself to be about US\$100 million, with most payouts going to relatives of those on board.

"The amount paid for each passenger could vary widely based on the jurisdiction in which the claim is filed and the nationality of the passenger, among other factors," S&P told the daily.

The Wall Street Journal (WSJ) had reported that the insurers of Malaysia Airlines flight MH370 have agreed to share the US\$100 million cost of the lost plane as it is unclear how the plane went down.

The agreement, the paper had said, was only for the cost of the plane and does not cover passengers' individual life insurance policies or compensation from the airline.

It had reported that the reinsurance is divided between insurers covering hull and liability – an all risk comprehensive policy which covers loss of passengers and plane, and another policy that covers the plane against a malicious act, known as Hull War and Allied Perils.

"When the cause of loss is unknown, we both put up 50% of the value of the aircraft," a person familiar with the issue had been quoted as saying by WSJ.

The agreement, however, does not mean that the reinsurers have accepted full liability, and the division of the payment will be negotiated among themselves as the airline is paid in full.

German insurer Allianz Global Corporate & Specialty was reported as saying that it was the lead insurer for the MAS plane for the hull and liability policy.

Lloyd of London's unit, Atrium, is the lead insurer against malicious acts, such as terrorism and suicide. It had offered to pay half of the value of the plane.

While Allianz had declined to comment, Lloyd had said it has "a record of paying all valid claims and has already begun to pay claims arising from this tragedy".

Personal insurers, it was reported, had already started making payments to the victims of MH370 following the declaration by Malaysian authorities that the plane, with 239 people on board, had crashed in the southern Indian Ocean with no possibility of survivors.

"We have taken the necessary steps to make initial contact with the families of our policyholders aboard the plane," said AIA Bhd, one of the insurers.

Insurers for the Chinese passengers on board the plane had also started making payments to the families.

A total of 1,110 personnel from seven nations are scouring the Indian Ocean to try to uncover evidence of what happened to the Boeing 777, which vanished enroute from Kuala Lumpur to Beijing on March 8, reported the SCMP.

Among the vessels due to join the search is Australia's Ocean Shield, which has been fitted with a sophisticated US black box locator and an underwater drone.

However, the locator would only be used if "conclusive visual evidence" of debris was found, US Navy spokesman Commander William Marks told CBS's Face the Nation program yesterday. – April 1, 2014.

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