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*****I** **REPORT**

on the proposal for a European Parliament and Council regulation on insurance requirements for air carriers and aircraft operators
(COM(2002) 521 – C5-0455/2002 – 2002/0234(COD))

Committee on Regional Policy, Transport and Tourism

Rapporteur: James Nicholson

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 25 September 2002 the Commission submitted to Parliament, pursuant to Article 251(2) and Article 80(2) of the EC Treaty, the proposal for a European Parliament and Council regulation on insurance requirements for air carriers and aircraft operators (COM(2002) 521 – 2002/0234 (COD)).

At the sitting of 9 October 2002 the President of Parliament announced that he had referred this proposal to the Committee on Regional Policy, Transport and Tourism as the committee responsible and the Committee on Legal Affairs and the Internal Market for its opinion (C5-0455/2002).

The Committee on Regional Policy, Transport and Tourism appointed James Nicholson rapporteur at its meeting of 5 November 2002.

It considered the Commission proposal and draft report at its meetings of 21 January 2003, 18 February 2003 and 23/24 April 2003.

At the latter meeting it adopted the draft legislative resolution by 37 votes to 4.

The following were present for the vote: Rijk van Dam, vice-chairman and acting chairman; Helmuth Markov, vice-chairman; James Nicholson, rapporteur; Emmanouil Bakopoulos, Philip Charles Bradbourn, Felipe Camisón Asensio, Christine de Veyrac, Jan Dhaene, Den Dover (for Dana Rosemary Scallon), Garrelt Duin, Alain Esclopé, Giovanni Claudio Fava, Jacqueline Foster, Jean-Claude Fruteau (for Danielle Darras), Mathieu J.H. Grosch, Catherine Guy-Quint (for Ewa Hedkvist Petersen), Konstantinos Hatzidakis, Georg Jarzembowski, Elisabeth Jeggle (for Rolf Berend), Karsten Knolle (for Margie Sudre), Dieter-Lebrecht Koch, Giorgio Lisi, Sérgio Marques, Emmanouil Mastorakis, Rosa Miguélez Ramos, Bill Miller (for Gilles Savary), Josu Ortuondo Larrea, Karla M.H. Peijs, Wilhelm Ernst Piecyk, Samuli Pohjamo, Bernard Poignant, José Javier Pomés Ruiz, Alonso José Puerta, Reinhard Rack, Carlos Ripoll y Martínez de Bedoya, Ingo Schmitt, Brian Simpson, Renate Sommer, Dirk Sterckx, Ulrich Stockmann, Herman Vermeer and Mark Francis Watts.

The opinion of the Committee on Legal Affairs and the Internal Market is attached.

The report was tabled on 25 April 2003.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the proposal for a European Parliament and Council regulation on insurance requirements for air carriers and aircraft operators (COM(2002) 521 – C5-0455/2002 – 2002/0234(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2002) 521¹),
 - having regard to Article 251(2) and Article 80(2) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C5-0455/2002),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Policy, Transport and Tourism and the opinion of the Committee on Legal Affairs and the Internal Market (A5-0129/2003),
1. Approves the Commission proposal as amended;
 2. Asks to the matter to be referred to it again, should the Commission intend to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1 Recital 10

(10) It is necessary to require air carriers to provide evidence on request that they respect at all times the minimum insurance requirements to cover liability as provided for in the present Regulation;

(10) It is necessary to require air carriers to provide evidence on request that they respect at all times the minimum insurance requirements to cover liability as provided for in the present Regulation. ***Depositing evidence of insurance in one Member State is sufficient for all Member States;***

¹ OJ C 20 E, 28.1.2003, p.193.

Justification

Depositing the evidence in one Member State with recognition by all the others ought to be possible within the internal market.

Amendment 2
Article 1

The objective of this Regulation is to define minimum insurance requirements in respect of insurance regarding passengers, baggage, mail, cargo and third parties, that air carriers and aircraft operators have to respect to be allowed to operate services within, into or out of the Community or to fly over the territory of Member States to which the Treaty applies.

The objective of this Regulation is to define minimum insurance requirements in respect of insurance regarding passengers, **others on board**, baggage, mail, cargo and third parties, that air carriers and aircraft operators have to respect to be allowed to operate services within, into or out of the Community or to fly over the territory of Member States to which the Treaty applies.

Justification

The minimum insurance requirements ought to be extended to include others on board an aircraft, these being persons or staff on board who are neither passengers nor crew members.

Amendment 3
Article 2, point a)

a) to all air carriers flying to or from an airport situated in the Community **as well as** flying over the territory of a Member State operating a scheduled or non-scheduled flight;

a) to all air carriers flying to or from an airport situated in the Community **and/or** flying over the territory of a Member State operating a scheduled or non-scheduled flight;

Amendment 4
Article 2, point b)

b) to all aircraft operators flying to or from an airport situated in the Community **as well as** flying over the territory of a Member State carrying passengers and their baggage, mail and/or cargo without

b) to all aircraft operators flying to or from an airport situated in the Community **or** flying over the territory of a Member State carrying passengers and their baggage, mail and/or cargo **with or** without

remuneration or hire;

remuneration or hire, ***whether or not they are required to hold an operating licence;***

Justification

It is important that these provisions apply whether or not the aircraft operator holds an operating licence.

Amendment 5
Article 2, point c)

c) to carriage by air of passengers and their baggage, mail or cargo performed by a state aircraft of a Member State or any other country. ***deleted***

Justification

Mandatory insurance of state aircraft is not required on objective grounds since the state itself assumes liability as a solvent debtor. Furthermore, the Montreal Convention, to which several references are made in this regulation, can be suspended in respect of state aircraft by making an appropriate declaration at the time of depositing the ratification document.

Amendment 6

Article 2, final subparagraph

This Regulation shall not apply to carriage by air of passengers, mail and/or cargo, performed by non-power driven aircraft and/or ultra-light power driven aircraft, ***nor to local flights not involving carriage between different airports.*** In respect of these operations, national law concerning insurance requirements in the event of accidents shall apply.

This Regulation shall not apply to carriage by air of passengers, mail and/or cargo, performed by non-power driven aircraft and/or ultra-light power driven aircraft. In respect of these operations, national law concerning insurance requirements in the event of accidents shall apply.

Justification

There is no reason to exclude aircraft flying from and landing at the same airport.

Amendment 7
Article 3, point (k)

(k) ‘MTOW’ shall mean the Maximum Take Off Weight, which corresponds to a certified amount specific to **all** aircraft **types** as stated in the certificate of airworthiness of the aircraft.

(k) ‘MTOW’ shall mean the Maximum Take Off Weight, which corresponds to a certified amount specific to **each** aircraft **type** as stated in the certificate of airworthiness of the aircraft.

Amendment 8
Article 4, paragraph 1

1. 1. Community air carriers **registered** in the Community and aircraft operators operating aircraft registered in the Community, as well as other air carriers and aircraft operators operating air services into the Community and/or flying over Community territory, shall be insured in respect to their liability for damage sustained on the territory of a Member State and for which a right to compensation exists.

1. Community air carriers **accredited** in the Community and aircraft operators operating aircraft registered in the Community, as well as other air carriers and aircraft operators operating air services into the Community and/or flying over Community territory, shall be insured in respect to their liability for damage sustained on the territory of a Member State and for which a right to compensation exists.

Justification

This amendment affects the Spanish version alone. In Spanish aviation vocabulary the correct term is ‘accreditation’; the term ‘registration’ is not applied to aircraft.

Amendment 9
Article 5, paragraph 2, introductory sentence

2. Air carriers and aircraft operators registered in a third country, **shall** provide alternatively to the insurance requirements referred to in paragraph 1, any of the following securities:

2. Air carriers and aircraft operators registered in a third country, **may** provide alternatively to the insurance requirements referred to in paragraph 1, any of the following securities:

– A cash deposit in a depository maintained in the country having granted a valid operating licence to the air carrier concerned, or having delivered the air operator's certificate to the aircraft operator concerned;

– A guarantee issued by a bank authorised to do so by the country of registration of the aircraft and whose financial responsibility has been verified by that country;

– A guarantee issued by a bank authorised to do so by the country of registration of the aircraft, if that country undertakes that it will not claim immunity from suit in respect of that guarantee.

- A cash deposit in a depository **account** maintained in the country having granted a valid operating licence to the air carrier concerned, or having delivered the air operator's certificate to the aircraft operator concerned;

- Evidence of a continuing state guarantee;

- A guarantee issued by a bank authorised to do so by the country of registration of the aircraft **or the country having granted a valid operating licence to the air carrier concerned, or having delivered the air operator's certificate to the aircraft operator concerned** and whose financial responsibility has been verified by that country;

deleted

Justification

The possibility of third-country air carriers being insured according to paragraph 1 should not be excluded. Some third countries offer state guarantees to their airlines. Such guarantees should also be recognised as complying with the insurance requirements under Article 5(2) of the draft regulation. There is a need for consistency with the first alternative under Article 5(2).

Amendment 10

Article 5, paragraph 3, first subparagraph

3. Air carriers and aircraft operators shall deposit an insurance certificate issued in accordance with paragraph 1 or any of the securities provided for in paragraph 2 with the competent authorities of Member State(s) concerned **at** the beginning of each scheduling period.

Air carriers and aircraft operators shall deposit an insurance certificate issued in accordance with paragraph 1 or any of the securities provided for in paragraph 2 with the competent authorities of Member State(s) concerned **before** the beginning of each scheduling period. **Depositing evidence**

of insurance in one Member State shall suffice for all Member States.

Justification

On grounds of legal certainty it is absolutely essential to ensure before the beginning of the scheduling period that insurance has been taken out. Depositing the evidence in one Member State with recognition by all the others ought to be possible within the internal market.

Amendment 11

Article 5, paragraph 3, third subparagraph

Member States overflown **may** also require that air carriers and aircraft operators produce evidence that insurance has been effected in accordance with the present regulation.

Member States overflown **shall** also require that air carriers and aircraft operators produce evidence that insurance has been effected in accordance with the present regulation.

Amendment 12

Article 5, paragraph 5

5. Where the insurance or the guarantee or the security expires during a flight, air carriers shall ensure that it shall continue to be in force until the next safe landing of the aircraft specified in the flight plan.

5. Where the insurance or the guarantee or the security expires during a flight, air carriers shall ensure **before commencement of the flight** that it shall continue to be in force until the next safe landing of the aircraft specified in the flight plan.

Justification

It must be ensured before the commencement of each flight that the insurance is valid.

Amendment 13

Article 6, paragraph 2

2. In case of aircraft operated under short term lease agreements with or without

2. In case of aircraft operated under short term lease agreements **of not more than**

crew minimum insurance requirements have to be met by the air carrier actually performing the flight.

one year with or without crew minimum insurance requirements have to be met by the air carrier actually performing the flight.

Justification

Clarifies what is meant by short term.

Amendment 14
Article 7, paragraph 2

2. All air carriers shall be insured for damages sustained by third parties in the event of accidents as well as acts of war and acts of terrorism. The minimum insurance requirements shall be understood to cover the following categories of aircraft:

Category 1:
aircraft with a MTOW < 25 000 kg
80 million SDRs

Category 2:
aircraft with a MTOW < 50 000 kg
270 million SDRs

Category 3:

2. All air carriers shall be insured for damages sustained by third parties in the event of accidents as well as acts of war and acts of terrorism. The minimum insurance requirements shall be understood to cover the following categories of aircraft:

Category 1:
aircraft with a MTOW < 2 000 kg
1.5 million SDRs

Category 2:
aircraft with a MTOW < 6 000 kg
4.5 million SDRs

Category 3:
aircraft with a MTOW < 14 000 kg
9 million SDRs

Category 4:
aircraft with a MTOW < 25 000 kg
12 million SDRs

Category 5:
aircraft with a MTOW < 50 000 kg
25 million SDRs

Category 6:
aircraft with a MTOW < 100 000 kg
50 million SDRs

Category 7:

aircraft with a MTOW < 200 000 kg
400 million SDRs

Category 4:

aircraft with a MTOW > 200 000 kg
600 million SDRs

This provision shall apply *mutatis mutandis* to aircraft operators, where the aircraft is registered in the Community.

aircraft with a MTOW < 200 000 kg
90 million SDRs

Category 8:

aircraft with a MTOW > 200 000 kg
250 million SDRs

This provision shall apply *mutatis mutandis* to aircraft operators, where the aircraft is registered in the Community.

Justification

The Commission's category covers a wide spectrum of aircraft. The suggested minimum insurance of 80 million SDRs would constitute an unbearable burden for smaller aircraft operators.

Amendment 15
Article 7, paragraph 4

4. In case of aircraft operated under short term lease agreement with or without crew, minimum insurance requirements have to be met by the air carrier ***bearing the operating risk of the flight.***

4. In case of aircraft operated under short term lease agreement ***of not more than one year*** with or without crew, minimum insurance requirements have to be met by the air carrier ***holding the air operator's certificate.***

Justification

Clarifies what is meant by short term.

Amendment 16
Article 7, paragraph 5a (new)

5a. The values referred to in Article 7(2) as applied to Article 7(1)(b) shall be limited in the aggregate to amounts available in the commercial insurance market from time to time.

Justification

The proposal is considering minimum insurance requirements including an increase, for the largest commercial aircraft, to SDR 600 million in liability insurance coverage including

third-party war risk liabilities. However, in the context of third-party war risk minimum liability insurance requirements, no aggregate limit is permitted under the proposed regulation. Currently, there are no third-party war risk liability insurance products available to international airlines that will meet this legislated requirement and none are ever likely to emerge.

Amendment 17

Article 8, paragraph 1, first subparagraph

1. Member States shall perform regular inspections to verify that air carriers using airports in their territory, or Community air carriers to which they have delivered an operating licence, or aircraft operators to which they have issued an aircraft operator's certificate according to Council Regulation (EEC) N° 2407/92 comply with the provisions of the present Regulation.

1. Member States shall perform regular ***and, where appropriate, additional unannounced*** inspections to verify that air carriers using airports in their territory, or Community air carriers to which they have delivered an operating licence, or aircraft operators to which they have issued an aircraft operator's certificate according to Council Regulation (EEC) N° 2407/92 comply with the provisions of the present Regulation.

Justification

In order to guarantee the effectiveness of inspections it must be ensured that they can also be performed unannounced.

Amendment 18

Article 8, paragraph 2

2. Where ***appropriate*** Member States concerned may request additional evidence from the air carrier, the aircraft operator or the insurer concerned.

2. Where ***there are misgivings about effective insurance cover despite production of an insurance certificate,*** Member States concerned may request additional evidence from the air carrier, the aircraft operator or the insurer concerned.

Justification

In cases where an insurance certificate is produced, Member States must have the opportunity to carry out a detailed investigation into the actual existence of insurance cover.

Amendment 19
Article 8, paragraph 3

3. Where Member States concerned are not satisfied that the conditions of the present Regulation are met, they shall refuse the air carrier or aircraft operator access to routes into or within the Community or the right to overfly their territory.

3. Where Member States concerned are not satisfied that the conditions of the present Regulation are met, they shall refuse the air carrier or aircraft operator **from a third country** access to routes into or within the Community or the right to overfly their territory.

Justification

Refusal of access to routes is the appropriate sanction only for foreign air carriers and aircraft operators. Domestic companies should instead forfeit their operating licence.

Amendment 20
Article 8, paragraph 4

4. Where Member States concerned are not satisfied that the conditions of the present Regulation are met after an aircraft has landed at an airport in their territory, they shall not allow the aircraft to take off, before the air carrier or aircraft operator concerned has produced a valid insurance certificate according to the present Regulation.

4. Where Member States concerned are not satisfied that the conditions of the present Regulation are met **before or** after an aircraft has landed at an airport in their territory, they shall not allow the aircraft to take off, before the air carrier or aircraft operator concerned has produced a valid insurance certificate according to the present Regulation.

Justification

The proposal for a regulation does not go far enough. A take-off ban should also be imposed where the supervisory authorities for aviation do not consider the insurance cover to be adequate even before landing.

EXPLANATORY STATEMENT

Introduction

The Commission's draft regulation on insurance requirements for air carriers and air operators is intended to re-establish an equilibrium in the aviation insurance market in Europe following the events of 11 September 2001 in the United States; and the Commission's decision of 31 October 2002 not to grant a further extension for arrangements for state-backed insurance in the European Union.

The Commission's proposals

The proposal's key elements are:

The rules shall bind Community and third country air carriers. They shall be applicable to commercial and non-commercial flights into and out of Community airports as well as to the overflight of Community territory.

The Commission's proposal establishes minimum insurance requirements for liability in respect of passengers, luggage, cargo, mail and third parties. As to passenger, baggage, mail and cargo liability, the proposal is in conformity with the framework provisions of the Montreal and Warsaw Conventions as well as Council Regulation (EC) No 2027/97, as amended most recently by Council Regulation (EC) No 889/2002.

It requires insurance cover of not less than 250.000 Special Drawing Rights (SDRs) per passenger as defined by the International Monetary Fund. At current rates of exchange this is approximately 332.000 Euros. Insurance requirements for mail shall be set by the Member States.

The Commission also wants to regulate insurance to cover liability vis-à-vis third parties: minimum insurance is linked to the aircraft's Maximum Take-Off Weight (MTOW), ranging between 80 million SDRs and 600 million SDRs. The introduction of strict liability is not regarded as necessary by the Commission, it suggests liability based on error or negligence.

Your rapporteur's amendments

Having examined the dossier and spoken to stakeholders your rapporteur now proposes a number of amendments to refine the draft legislation without calling into question its underlying objective. Your rapporteur considers that the minimum insurance requirements for air carriers in the event of accidents as well as acts of war and terrorism are not sufficiently delineated and that operators of smaller aircraft will be severely disadvantaged if they had to find cover of 80 million SDRs as proposed by the Commission at Article 7. In fact, if this Article is adopted without amendment the consequences for general aviation and for smaller aircraft operators would be severe. For this reason your rapporteur proposes an amendment which reflects economic reality and is intended to ensure that smaller operators do not go out of business because of overburdensome insurance cover requirements.

Other amendments proposed by your rapporteur leave open the possibility of third country air

carriers being insured on the market (Amendment 3, Article 5, para. 2); make clear that Member States shall require overfliers to meet the requirements of the regulation (Amendment 4, Article 5, para. 3); ensure that operators not required to hold an operating licence are covered by the legislation's provisions (Amendment 1, Article 2, para. b); the inclusion of aircraft taking off and landing from the same airport (Amendment 2, Article 2); and the definition of short-term lease (Amendment 5, Article 6, para. 2 and Amendment 7, Article 7, para. 4).

Your rapporteur takes the view that this legislation is necessary but must be strengthened and clarified in line with the amendments he now submits. He is of course ready to give due consideration to any amendments proposed by other members.

18 March 2003

OPINION OF THE COMMITTEE ON LEGAL AFFAIRS AND THE INTERNAL MARKET

for the Committee on Regional Policy, Transport and Tourism

on the proposal for a European Parliament and Council regulation on insurance requirements for air carriers and aircraft operators
(COM(2002) 521 – C5-0455/2002 – 2002/0234(COD))

Draftsman: Carlos Ripoll y Martínez de Bedoya

PROCEDURE

The Committee on Legal Affairs and the Internal Market appointed Carlos Ripoll y Martínez de Bedoya draftsman at its meeting of 3 December 2002.

It considered the draft opinion at its meetings of 20 February and 18 March 2003.

At the latter meeting it adopted the following amendments unanimously.

The following were present for the vote: Giuseppe Gargani (chairman), Willi Rothley (vice-chairman), Ioannis Koukiadis (vice-chairman), Paolo Bartolozzi, Luis Berenguer Fuster (for Carlos Candal), Ward Beysen, Charlotte Cederschiöld (for Rainer Wieland), Michel J.M. Dary, Bert Doorn, Francesco Fiori, Janelly Fourtou, Evelyne Gebhardt, Fiorella Ghilardotti, José María Gil-Robles Gil-Delgado, Malcolm Harbour, The Lord Inglewood, Hans Karlsson (for Maria Berger), Kurt Lechner, Klaus-Heiner Lehne, Toine Manders, Manuel Medina Ortega, Marcelino Oreja Arburúa (for Joachim Wuermeling), Imelda Mary Read (for Arlene McCarthy), Anne-Marie Schaffner, Marianne L.P. Thyssen, Ieke van den Burg (for François Zimeray pursuant to Rule 153(2)), Diana Wallis, Matti Wuori (for Heidi Anneli Hautala) and Stefano Zappalà.

AMENDMENTS

The Committee on Legal Affairs and the Internal Market calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Article 1

The objective of this Regulation is to define minimum insurance requirements in respect of insurance regarding passengers, baggage, mail, cargo and third parties, that air carriers and aircraft operators have to respect to be allowed to operate services within, into or out of the Community or to fly over the territory of Member States to which the Treaty applies.

The objective of this Regulation is to define minimum insurance requirements in respect of insurance regarding passengers, **others on board**, baggage, mail, cargo and third parties, that air carriers and aircraft operators have to respect to be allowed to operate services within, into or out of the Community or to fly over the territory of Member States to which the Treaty applies.

Justification

The minimum insurance requirements ought to be extended to include others on board an aircraft, these being persons or staff on board who are neither passengers nor crew members.

Amendment 2 Article 2, first subparagraph, letter c)

c) to carriage by air of passengers and their baggage, mail or cargo performed by a state aircraft of a Member State or any other country.

c) to carriage by air of passengers and their baggage, mail or cargo performed by a state aircraft of a Member State or any other country, **with the exception of military aircraft**.

Justification

The exemption for military aircraft reflects the provisions laid down in international air transport conventions.

¹ OJ C 20 E, 28.1.2003, p. 193.

Amendment 3
Article 2, second subparagraph

This Regulation shall not apply to carriage by air of passengers, mail and/or cargo, performed by non-power driven aircraft and/or ultra-light power driven aircraft, ***nor to local flights not involving carriage between different airports***. In respect of these operations, national law concerning insurance requirements in the event of accidents shall apply.

This Regulation shall not apply to carriage by air of passengers, mail and/or cargo, performed by non-power driven aircraft and/or ultra-light power driven aircraft. In respect of these operations, national law concerning insurance requirements in the event of accidents shall apply.

Justification

There is no justification for granting exemptions from insurance cover to flights of this kind, such as tourist flights over a given area, since they are commercial flights.

Amendment 4
Article 4, paragraph 1

1. Community air carriers ***registered*** in the Community and aircraft operators operating aircraft registered in the Community, as well as other air carriers and aircraft operators operating air services into the Community and/or flying over Community territory, shall be insured in respect to their liability for damage sustained on the territory of a Member State and for which a right to compensation exists.

1. Community air carriers ***accredited*** in the Community and aircraft operators operating aircraft registered in the Community, as well as other air carriers and aircraft operators operating air services into the Community and/or flying over Community territory, shall be insured in respect to their liability for damage sustained on the territory of a Member State and for which a right to compensation exists.

Justification

This amendment affects the Spanish version alone. In Spanish aviation vocabulary the correct term is 'accreditation'; the term 'registration' is not applied to aircraft.

Amendment 5
Article 5, paragraph 2, introductory sentence

2. Air carriers and aircraft operators **registered** in a third country, shall provide alternatively to the insurance requirements referred to in paragraph 1, any of the following securities:

2. Air carriers and aircraft operators **accredited** in a third country, shall provide alternatively to the insurance requirements referred to in paragraph 1, any of the following securities:

Justification

This amendment affects the Spanish version alone. In Spanish aviation vocabulary the correct term is 'accreditation'; the term 'registration' is not applied to aircraft.

Amendment 6
Article 6, paragraph 2

2. In case of aircraft operated under **short term** lease agreements with or without crew minimum insurance requirements have to be met by the **air carrier actually performing the flight**.

2. In case of aircraft operated under **six-month** lease agreements with or without crew minimum insurance requirements have to be met by the **company holding the air operator's certificate**.

Justification

The six-month period is in line with the EC interpretative statement adopted when the 3rd Package legislation on air transport was approved.

Amendment 7
Article 7, paragraph 2, category -1 (new)

**Category -1: aircraft with a MTOW
< 6 000 kg
10 million SDRs**

Justification

Splitting category 1 in two is designed to ensure fair treatment for small air carriers and in particular for aircraft operators lacking the financial backing of large carriers.

Amendment 8
Article 7, paragraph 4

4. In case of aircraft operated under *short-term* lease agreement with or without crew, minimum insurance requirements have to be met by the air carrier ***bearing the operating risk of the flight***.

4. In case of aircraft operated under *short-term* lease agreement with or without crew, minimum insurance requirements have to be met by the air carrier ***holding the air operator's certificate***.

Justification

In the interests of greater legal certainty there ought to be an unambiguous reference to the party that will assume responsibility, an issue that is not always made clear in the case of aircraft rental.

Amendment 9
Article 11

This Regulation shall enter into force ***on the twentieth day following that of*** its publication in the Official Journal of the European Communities.

This Regulation shall enter into force ***3 months after*** its publication in the Official Journal of the European Communities.

Justification

An extension on the deadline for entry into force is warranted because of the administrative complexities involved in amending all insurance policy contracts and the resultant difficulties above all for small and medium-sized businesses; moreover Member States will be entitled to impose stiff penalties on carriers which fail to comply with the terms and conditions of this Regulation.