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THAILAND

Newsletter

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Amendment to the Insurance Requirements for Applicants for Air Operating Licenses (Aerial Work) in Thailand

Existing Insurance Requirements

Originally, pursuant to the Regulation of the Civil Aviation Board No. 97 re: Granting Licensing to Civil Aviation Business: Commercial Air Transport and Aerial Work, the applicant for each license (commercial air transport with scheduled air services, commercial air transport with non-scheduled air services and aerial work) shall comply with the same insurance requirements, whereby minimum insurance for passengers, baggage, cargo and third parties shall be as follows:

1. Passenger at 128,821 SDRs¹ per person, each time
2. Baggage at 1,288 SDRs per person, each time
3. Cargo at 22 SDRs per kilogram
4. Third parties each time/per one aircraft as follows:

¹ Special Drawing Rights or SDRs is the special unit according to the law on the powers and other procedure regarding the special drawing rights in the International Monetary Fund.

Category	Maximum Take-off Mass as specified in the flight manual (MTOM (kg))	Minimum insurance limit (Million SDR)
1	< 500	0.75
2	< 1,000	1.5
3	< 2,700	3
4	< 6,000	7
5	< 12,000	18
6	< 25,000	80
7	< 50,000	150
8	< 200,000	300
9	< 500,000	500
10	≥ 500,000	700

In case of the combined single limit insurance (CSL), the minimum insurance limit shall be done for each aircraft by calculating from:

1. Passenger at 128,821 SDRs, multiplied by the maximum number of passengers carried on that aircraft, and
2. Baggage at 1,288 SDRs, multiplied by the maximum number of passengers carried on that aircraft, and
3. Cargo at 22 SDRs, multiplied by the weight of cargo carried on that aircraft (kilograms), and
4. Third parties according to the rate specified in the table above.

Amended Insurance Requirements

On 13 July 2023, Regulation of the Civil Aviation Board No. 100 re: Amendment to Granting Licensing to Civil Aviation Business: Commercial Air Transport and Aerial Work (No. 3) (the "**Regulation**") was announced in the Royal Gazette.

The Regulation repeals the minimum insurance requirements for the applicant for an aerial work license and imposes new minimum insurance requirements for the applicant for an aerial work license in respect of insurance for passengers, customers and third parties which shall be as follows:

1. Passenger or customer at 21,600 SDRs per person, each time
2. Third parties each time/per one aircraft as follows:
 - In respect of fixed-wing aircraft and helicopters with Maximum Take-off Mass (MTOM) as specified in the flight manual not exceeding 500 kg shall have a minimum insurance limit of 750,000 SDRs
 - In respect of fixed-wing aircraft and helicopters with Maximum Take-off Mass (MTOM) as specified in the flight manual exceeding 500 kg, the calculation of minimum insurance limit shall be as follows:
 - $(0.0000000000003564 \times \text{MTOM}^3) + (0.000000000447872 \times \text{MTOM}^2) + (0.000941374364562 \times \text{MTOM}) + 0.496656779606996 = \text{minimum insurance limit (million SDRs)}$

- In respect of balloons, regardless of size and weight, minimum insurance limit shall be 220,000 SDRs

In case of the combined single limit insurance (CSL), the minimum insurance limit shall be done for each aircraft by calculating from:

1. Passenger or customer at 21,600 SDRs, multiplied by the maximum number of passengers or customers carried on that aircraft, and
2. Third parties according to the rate specified or calculation methods above.

The Regulation also imposes that the authority shall reconsider the amount of minimum insurance requirements for passengers, customers and third parties at least every five years and shall have power to amend such minimum insurance requirements as it deems fit pursuant to such reconsideration.

It can be inferred that the Regulation aims to distinguish applicants for aerial work licenses from applicants for commercial air transport licenses by removing insurance requirements for baggage and cargo which are not relevant to aerial work, reducing minimum insurance requirements for passengers and customers, and providing detailed calculations for third party insurance.

Impact on Lease Agreements in Relation to Thai Airlines

The aircraft lessors, or any person who will enter into an aircraft lease agreement with an air operating licensee operating aerial work in Thailand, shall take into account the amended minimum insurance requirements in respect of passengers, customers and third parties as specified in the Regulation and shall ensure that the insurance requirements specified in the aircraft lease agreements and relevant agreements must not be lower than the requirements as stipulated in the Regulation.

If you have any questions in relation to the topic raised in this briefing, please contact the authors listed in the left-hand column.

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