An interview with Udo Kappes, Head of Property Insurances & Captive at Airbus Group Insurance Risk Management GmbH.

Ariane 5, Eurofighter, Airbus A380 – Airbus is the name behind all the most spectacular flight technology. A large corporate group with such “high-flying” ambitions has particular requirements when it comes to insurance risk management.

Mr. Kappes explains in Solutions #10, the international customer magazine of BELFOR, how the Corporate Airbus IRM handles the challenges.

What concrete risk minimisation measures do you take?
In addition to the general product liability risk, a lot of other risks need to be taken into account in the aerospace sector, such as development risks, supply chain risks and test and trial risks. The risk of high value concentrations should not be underestimated either. For satellites and launch vehicles, we are dealing with very high values and production requirements.

In just one decade, Airbus has developed into the largest European aerospace company. What demands do the company’s size and rapid growth place on Insurance Risk Management?
Firstly, it is important to keep pace with all developments – or ideally, to anticipate them. This starts during planning of new-construction projects or in the due diligence phase for company acquisitions. The IRM is involved at an early stage, in order to assess potential risks and develop minimisation measures. The development of insurance solutions designed to handle the dynamically changing requirements profile of our corporate group represents a further challenge.

Are there also some risks that you bear yourself?
Very soon after it was founded, Airbus decided to opt for high retentions. Before we approach insurance companies, therefore, we consider what risks we can cover ourselves – through our internal reinsurance company – and the thresholds above which we will involve external insurers. That’s where BELFOR comes in.
we have not had any major damage over the past few years. Thanks to the robust IRM process, occurrences of damage and the probability of damage spreading have been reduced throughout the corporate group. In previous years, however, flood damage occurred in south Germany, and BELFOR reacted very quickly and performed very professional work at Eurocopter in France. Our experiences with BELFOR over more than ten years confirm that we made the right decision in opting for closer cooperation with them in 2005.

How will the cooperation between IRM and BELFOR develop in future?

The globalisation of Airbus is set to continue. To keep pace with this, we will strengthen the necessary qualitative and quantitative resources in Insurance Risk Management accordingly. As Airbus grows in size, the role of BELFOR can develop too, so that we can continue to call on the required service worldwide in future too.

Thank you very much, Mr. Kappes

As the largest aerospace and defence company in Europe, the Airbus Group is proud of its European roots and achievements. They make a vital and growing contribution to the economies of their home countries, France, Germany, Spain and the UK, and around 35,500 of their suppliers (or 65% of our total spend) are in their home markets. They also help to preserve European competitiveness on the world stage: since their foundation in 2000, they have created 15,000 new high-tech jobs in Europe alone.

As facing the risk of business interruption is extremely critical for Airbus, they have been working directly with BELFOR worldwide since 2005 and take advantage of the benefits of the RED ALERT® programme.