

1.1 Purpose

The purpose of this manual is to provide a comprehensive set of procedures for administration of the Carriers' Liability Insurance (CLI) scheme, including the issue of Certificates of Compliance to domestic and foreign air carriers who have obligations under Part IVA of the *Civil Aviation (Carriers' Liability) Act 1959* (Cth) and/or complementary legislation in Australian States.

1.2 Audience

This manual is a reference document for staff of Carriers' Liability Insurance (CLI) Unit, Enforcement & Investigations Section, Office of Legal Counsel (OLC), who are responsible for the administration of the CLI scheme.

It is delivered on CASA's website so that it can be accessed by the aviation industry and the general public.

1.3 Scope of the Manual

This manual sets out:

- Procedures for performing all key CLI administrative tasks
- Procedures for maintaining data on CLIC computer system
- Responsibilities of CLI staff
- Legal framework for the CLI scheme
- Obligations of domestic and international air carriers under the legislation
- Surveillance and enforcement procedures.

1.4 Background to the Introduction of the CLI Scheme

On 20 January 1996, the Australian government introduced laws requiring interstate, intra-territory and international commercial air carriers to have specific non-voidable insurance in place to indemnify carriers against liabilities arising from death or injury to air passengers.

Australian States, with the exception of Western Australia, introduced complementary legislation on 1 December 1996. Western Australia introduced its complementary legislation in September 1998. The State legislation has force in relation to intrastate flights.

The introduction of the CLI laws was prompted by an accident involving an aircraft of Monarch Airlines near the town of Young, New South Wales in June 1993, which resulted in the deaths of all passengers and crew.

Although Monarch Airlines held insurance to cover personal injury liabilities, the carrier's insurer was able to avoid payment of compensation to the families of those killed on the basis of certain general exclusion(s) contained in its insurance policies.

The new CLI legislation sets certain prescribed requirements for insurance contracts, a significant feature being that contracts must be **non-voidable**—that is, contracts must not allow insurers to escape liability on the grounds that a carrier (i.e. the insured) was operating in breach of aviation safety regulations at the time of an accident.