Insurance and Liability Q&A

What is a 'standard mission'?

Standard missions represent very low and well-characterised third-party risks. For licensing purposes, we define a standard mission as a mission involving a single satellite employing an established launcher, a proven satellite platform, and recognised operational practices. Ultimately, we will decide whether or not a particular mission is 'standard', based on information conveyed in the licence application.

A standard mission will likely carry with it a €60 million indemnity limit. We will in most cases require that a standard mission is covered by a €60 million 'any one occurrence' third-party liability insurance policy. We may also allow for an operator to place all satellites that count as 'standard missions' onto a single 'any one occurrence' insurance policy. Please see the TPL insurance section for more information.

What is a 'higher-risk mission'?

Higher-risk missions are licensable missions that: i) are novel in nature or scale; and/or ii) use techniques, technologies and/or systems which are unproven; and/or iii) present a higher risk of higher-value third-party liability claims; and/or iv) present third-party risks that are not well-characterised

It should be noted that novelty in itself will not automatically render a mission 'higher-risk'. As with all licensing decisions, we will take a holistic view when determining whether a proposed mission is 'standard' or 'higher-risk'.

We may require operators of higher-risk missions to hold more third-party liability insurance than the standard € 60 million requirement. Higher-risk missions may also be subject to an indemnity limit that is higher than the standard € 60 million per licensed satellite.

In each case, we will keep prospective operators informed of their likely indemnity limit and insurance requirements.

What kind of factors will the CAA take into account when determining the indemnity limit and the insurance requirements?

In setting its TPL insurance requirements, we will consider, amongst other factors:

- the heritage and reliability of the technology;
- the orbital parameters;
- the contingency plans and redundancy of the planned mission;
- the manouevrability of the satellite and the capacity for it to be tracked;
- the estimated value of satellites in nearby orbits;
- the orbit-raising and de-orbiting plans, including the value of satellites that may be encountered during the procedures;
- the operational practices followed by the operator;

- the performance of similar space systems on orbit

The applicant will be kept closely informed about the likely TPL insurance requirements for their mission.

How does the indemnity limit work for third-party claims brought directly against the operator rather than brought against the UK Government under the Outer Space Act 1986 and Space Industry Act 2018?

The limit to the operator's liability to indemnify set out in the licence applies only for claims brought against the Government, a point that the Outer Space Act 1986 is clear on. Operators take on full liability for any claims brought against them and must consider their TPL insurance cover accordingly.

Further, the indemnity limit is applied to licensed activities only. If damage is caused to a third party through unlicensed activities (i.e. activities not expressly authorised by the CAA's Licensing team), then the operator's liability to indemnify the UK Government for claims brought against the Government is without limit.

For licences issued under the Space Industry Act 2018, all operator licences issued under the Space Industry Act 2018 will contain a limit of operator liability with respect to claims made under both section 34 and section 36 of the Act.

The Space Industry Act 2018 and the Space Industry Regulations 2021 set out the circumstances in which the limit of operator liability will be disapplied.

When will I be informed by the CAA what the insurance requirements are for my mission?

For orbital operators we may provide an early indication of the likely minimum third-party liability insurance requirements as part of the pre-application Traffic Light assessment. However, this will be a guideline only, and may change in light of our assessment of the full licence application. This will be made clear to each prospective applicant.

Once an application is submitted, we will commence its detailed assessments of the mission. If we consider that the indicative third-party liability insurance requirement conveyed at the pre-application stage should change, the operator will be promptly informed to enable sufficient time to finalise the insurance policy and for us to review the policy the policy before granting and issuing the licence. Evidence of engagement with insurers will also need to be provided at application if the insurance policy is not included with the application.

What documentation does the CAA require from operators for the purposes of TPL insurance requirements?

We will need to see evidence that the operator holds insurance that meets the minimum requirements. This means the CAA will need to review the following documents:

- Insurance certificate (unredacted)
- Signed policy wording (unredacted)
- Schedule of security (underwriter list)
- Any amendments or endorsements to the policy

and any other documentation that may impact on the TPL insurance policy. As per current practice, we will seek specialist advice on any of these documents from its retained insurance advisors, on a strict commercial-in-confidence basis.

If a collision involving one of my satellites should occur, would the insurance requirements from the CAA change?

In the case of a collision, we may suspend licensing activities for that operator while we undertook a detailed assessment of the factors that led to the collision, as well as its consequences. We would remain in close dialogue with the operator, and with appropriate national or international entities, to try to better understand the event.

If licensing were to resume, the minimum TPL insurance requirements for missions from that operator would partly depend on the outcome of our assessment into the cause of the collision.