

## Satellite Update May 2019

### *Government's Response to Call for Evidence: Space Industry Act 2018 (SIA)*

*On 28 May 2019, the UK Government issued a response to the call for evidence on the liability, insurance and charging provisions of the SIA summarising their current policy thinking.*

#### **Background**

The call for evidence was made to gather industry views to help the Government further develop the UK space regulatory framework, and included questions on liability, insurance and charging provisions.

The questions relating to liability were relevant to those seeking to engage in launch activities from the UK. The key issue was the impact on launch vehicle operators of holding unlimited liabilities and the use in contracts of cross waivers of liability for injury or damage from spaceflight activities.

The questions relating to insurance were relevant to the new activities to be regulated under the SIA including launching from the UK, the operation of a spaceport and the provision of range control services in the UK. The key issue was the cost and availability of third party liability insurance (TPL) assuming an unlimited liability and the methodology of setting the minimum TPL insurance requirement.

The charging-related questions were relevant to all activities to be regulated under the SIA and those currently regulated under the Outer Space Act 1986 (OSA). The key issues were in relation to the industry's preferred approach to charging, experience of other charging regimes and information about the expected costs of carrying out spaceflight and associated activities.

#### **Liability**

The Government noted the lack of substantive responses to the call for evidence to justify a limit on liabilities for launch activities from the UK.

The Government has therefore commissioned further detailed, robust and independent research to inform a decision as to whether a limit on an operator's liabilities for launch from the UK is justified. This will include assessing:

- the level at which a limit (if considered appropriate) should be set; and
- the methodology for setting the minimum TPL insurance requirement for launch activities from the UK.

Depending on the outcome of the commissioned research, the Government may need to assess any financial, state aid and other legal implications before being able to bring a limit into force in legislation.

#### **Insurance**

The Government's policy will be to continue to require a minimum level of TPL insurance cover for activities regulated under the OSA and to require TPL insurance for the activities regulated under the SIA.

The Government noted that the UK Space Agency, the Department for Transport and the Civil Aviation Authority are currently working with the Government Actuary's Department to develop a methodology for calculating the amount of potential

TPL claims that an operator could incur in a realistically probable scenario.

This methodology will consider factors specific to the UK (such as the way in which compensation claims are dealt with by UK courts) and be used to set the minimum amount of TPL insurance required by those engaging in launch activities from the UK.

The Government noted awareness of the unavailability of TPL insurance to cover an unlimited liability. The Government believes that there is

capacity in the market to provide TPL insurance for a specified amount for the types of launch operations proposed from the UK.

The Government will further consider the responses in relation to insurance (other than TPL) for spaceflight and associated activities as well as the responses on the use of securities.

### **Charging**

The Government noted a clear preference for a fixed fee approach and reduced fees for processes such as licence renewals.

The Government's current proposal is to adopt a charging scheme (under both the SIA and the OSA) that is based on cost recovery and is currently assessing whether a fixed fee approach could be designed to accommodate the range of regulated activities and the types of operation which might be proposed, including requests for repeat licences.

Please contact us if you would like to receive more information.



**Joanne Wheeler MBE**  
Managing Partner  
Tel: +44 (0) 7866 527759  
joanne.wheeler@wearealden.com



**Toby Ward**  
Partner  
Tel: +44 (0) 7392 090141  
toby.ward@wearealden.com



**Alex Monk**  
Partner  
Tel: +44 (0) 20 3709 9695  
alex.monk@wearealden.com



**Vicky Jeong**  
Associate (Admitted in New York)  
Tel: +44 (0) 7823 353469  
vicky.jeong@wearealden.com



**Ashleigh Ooi**  
Associate (Admitted in New Zealand)  
Tel: +44 (0) 20 3709 8905  
ashleigh.ooi@wearealden.com