

ARTICLES

The Impact of Russian Aircraft Losses on the Aviation and Insurance Industries

By Sophie Fairclough – November 19, 2025

One of the most significant losses to hit the aviation industry occurred when Russia invaded Ukraine in 2022. Approximately 500 aircraft with an estimated value of \$13 billion were trapped in the country as a result of the invasion, leading to catastrophic losses for airlines and aircraft lessors. These entities claimed on their respective insurance policies, which has led to disputes in multiple jurisdictions over the type of loss and the correct responsive policies.

The majority of claims were made under two distinct groups of policies:

1. Operator Policies (OP) taken out by airlines as required by their aircraft leases. Often, the lessors are additional insureds, and the policies are reinsured in international markets, with “cut-through” clauses.
2. Lessor Contingent and Possessed Policies (LP) taken out by the lessors as a “fall-back” measure for circumstances where the OP Policy does not fully indemnify them; or they, as opposed to the lessee, are in control of the aircraft.

Both of these types of policies have All Risks and War Risks sections of cover insured by different groups of insurers.

The biggest decision in the English courts to date is that of Mr. Justice Butcher in [*AerCap Ireland Limited v AIG Europe S.A. & Others \(CL-2022-000294\)*](#). AerCap is the world's largest lessor of aircraft. Its Russian fleet was subject to Western sanctions, which banned the leasing of aircraft in Russia. AerCap therefore terminated their Russian leases, but the Russian airlines refused to return the relevant aircraft. This resulted in the loss of 116 aircraft and 23 engines. AerCap's claim was made under its LP policy and was case managed with six other LP claims. In summary, Mr. Justice Butcher held that:

1. Neither E.U. nor U.S. sanctions prevented the claim from being paid.
2. All of AerCap's losses fell under the Contingent cover (as opposed to the Possessed cover). All that was required to trigger the Contingent cover was that a claim had been made under the OP policy and it had not been paid.
3. The relevant test for loss was whether the permanent deprivation of the asset can be established on the balance of probabilities, not whether there was no real prospect of recovering the aircraft within their commercial lifetime.

4. On the evidence, by March 10, 2022 (i.e. the date of a Russian legal resolution banning exportation), on the balance of probabilities, the aircraft were permanently gone. They were therefore “lost” on that date. Restraint had occurred at earlier dates but had not been permanent at that stage.
5. The loss was a War Risks loss and not an All Risks loss. The All Risks exclusions of restraint or detention were broad provisions and applied.
6. The aircraft were in the “grip of the peril” from first restraint. Review/Cancellation Notices from February 28 onwards and effective from March 8 onwards were therefore not effective because the aircraft were already in the “grip of the peril”, even though the loss was not permanent at that point.

All of the lessors succeeded against their War Risk Insurers. AerCap received a judgment for \$1.035 billion, which was the remaining portion of its War Risks limit.

Mr. Justice Butcher has refused permission to appeal, so the insurers have applied to the English Court of Appeal for permission. That application is yet to be determined.

A number of other similar claims have also been brought in England and other jurisdictions:

- OP claims brought in England (which had been subject to an unsuccessful jurisdiction challenge). Trial is listed for October 2026.
- LP claims brought in a “mega-trial” in Ireland, although settlement has now been reached so the trial was vacated and no judgment will be handed down.
- Other Irish proceedings – Merx and Carlyle (case managed together) and GTLK.
- LP claims in the United States: Zephyrus in Florida; Aviation Capital Group in California; Wings Capital Partners in California; Voyager Aviation Holdings in Connecticut.
- Summary judgments have already been handed down in U.S. claims: *Castlelake LP v. Lancashire*, Case No. 27-CV-22-17450 (Hennepin County, Minnesota, Summary Judgment Order dated 9/30/2024; *BBAM US LP et al. v. KLN 510 Tokio Marine Kiln et al*, Case No. CGC-603451, San Francisco County Superior Courts, [Summary Judgment Order](#) dated 12/5/2024; *Carlyle Aviation Partners LLC et al. v. American International Group UK Ltd et al*, Case No. 2022-020857-CA-01, Eleventh Judicial Circuit Court for Miami-Dade County, Summary Judgment Order 5/2/2025.

When these underlying claims have eventually been resolved, it is also likely that they will be followed by corresponding reinsurance disputes. It is therefore clear that the Russian invasion of Ukraine will continue to affect the aviation and insurance industries for many years to come.