



LIPS Annual Members Report 2009



FOREWORD

Despite the continued crisis in volatile world markets, LIPS membership has continued to grow, as have our carefully invested funds.

Membership fees for 2008-2009 have remained unchanged. As we continue into our current financial year we do not foresee any increase in fees in 2010.

We had a small number of members who temporarily lost their GCAA pilot medical. We continue working in order to look after all LIPS member's interests and discussing what can be done to protect a pilot's income in a temporary loss of license situation. It should be clear that under the current Rules a temporary loss of license will not result in a payout. A payout can only occur following what has been deemed by LIPS to be a permanent loss of GCAA license.

Some unjustified "bad press" was circulated by certain pilots regarding LIPS non-payment of benefits. In these cases, either no LIPS claim was submitted, or the pilots involved had not lost their licenses and were still actively flying the line. The LIPS rules state that a claim may be approved if a permanent (not temporary) medically related loss of license decision is issued by GCAA. To put it simply; LIPS pays out when the company insurance scheme payout is approved.

We encourage all our members to continue promoting our product and urge those with questions or doubts to contact the committee via the available channels.

From all of us at LIPS, best wishes and happy, safe flying.

Paulo Pereira



Who's who at LIPS?



Garrie Don



Paulo Pereira



Roger Hall



Andy Bell

Directors:





Administration:

Daniella Williams

LIPS General

The Emirates Pilots Loss of Income Protection Scheme is a mutual fund created to support any member who loses their pilots licence on medical grounds.

Members' contributions are utilized to fund claims. Actuarial analysis calculates that the LIPS fund can withstand 8 times the recognised statistical risk of claims industry wide.

Rather than rely on overpriced and commercially driven insurance companies, LIPS is managed "by Emirates pilots, for Emirates pilots". Membership is exclusive to Emirates, with over 650 pilots participating in the scheme.

The LIPS committee work with the claiming member and their medical records when assessing claims. Our aim is to assist the member while protecting the integrity of the scheme.

LIPS is managed by a committee of four of our colleagues – Captains Garrie Don, Roger Hall, Paulo Pereira and Andy Bell. All volunteer their time to ensure the growth and safety of the fund.

With over 5 million Dirhams in trust, Acuma Wealth Management is used to administer the membership contributions and investment as decided by the LIPS Directors.

For a monthly contribution of only Dh320, claimants can expect to receive a monthly income of Dh25000 incremented at 3% annually to Dh35000 until age 60.

Andy Bell



Membership

Membership of LIPS continues to grow, with 17 pilots joining on average each month.

LIPS membership in 2009 increased by 177 members and at the end of 2009 LIPS membership was 610. At the time of writing this report LIPS membership stands at 651.

Also at the time of writing, LIPS has received one claim from a member. This has been reviewed by the committee and we have processed this successful claim.

Over the period of the 2009 report, LIPS paid AED6,099.00 as a Leaving Service Benefit to four LIPS members.

As an incentive to help LIPS grow, LIPS will continue to credit members with one month **FREE** LIPS membership for every new member they refer, who subsequently joins for an initial period of at least 1 year.

So refer now and start saving and spreading the LIPS benefits! "By Emirates Pilots... For Emirates Pilots"

Garrie Don



Administration

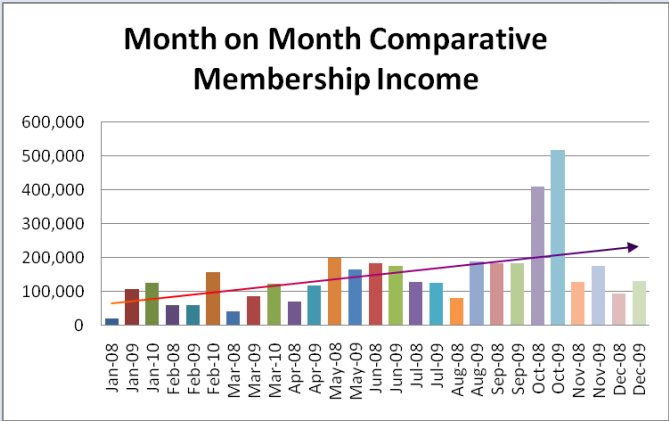
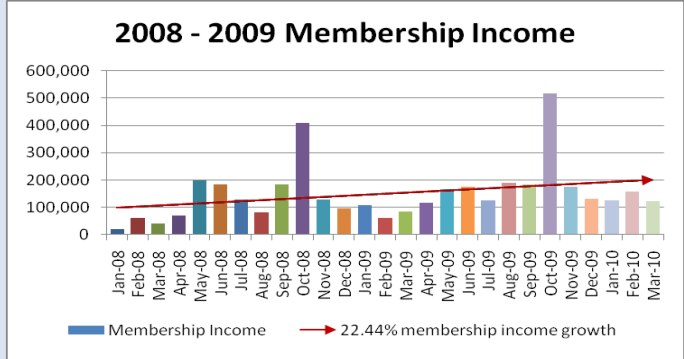
2009 has been another very busy year for the LIPS Administration team. With a surge of pilots joining and pursuing a more aggressive approach to encourage non-members to join the scheme, the LIPS Administration team has succeeded in ensuring that members' needs are met with efficiency, proficiency and overall professionalism. Every effort has been taken to maximise all resources available to provide a better service to LIPS members.

Based at the Acuma Wealth Management offices on Sheikh Zayed Road, Daniella and Czyrine have always been available to meet members who choose to pay in person, answer various queries and assist with additional insurance solutions as required and requested. Members have also been able to email or telephone the office with their queries and the



administration team has made every effort to ensure that these queries are answered in an efficient and timely manner.

We endeavour to maintain current membership details and monitor that fees are fully paid and up to date. This is achieved by sending notification emails for overdue fees and reminder emails for upcoming renewals. As a final resort, Czyrine also attempts to call those members on the verge of losing their membership due to unpaid fees.



This graph represents a month on month comparison of total membership income from January 2008 to December 2009. It highlights the growth in membership contributions between comparative months over the 2 year period.

In 2009, LIPS started the online registration process for new memberships through the website. The LIPS administrators make sure that the approval of new membership applications is completed within 24 hours of submission.

We understand that it is the members that are most important to the scheme's success. Therefore our focus on 100% quality customer service is an integral part of ensuring that the members are always satisfied in all aspects of the administration function.

Daniella Williams and Czyrine Mabini



L.I.P.S. Limited

Statement of Financial Performance

	VTD 31-Dec-09 UAE Dirhams	VTD 31-Dec-08 UAE Dirhams	Total Revenue	2,027,506.99	1,049,765.00
Revenue From Ordinary Activities			Expenses		
Member Contributions	2,013,360.00	1,028,428.00	Contribution refunds	6,099.00	4,992.00
Interest on bank deposits & bills	14,146.99	21,337.00	Administration Expenses	99,503.82	72,254.00
			Marketing Expenses	5,036.00	
			IT & Website Expenses	11,411.18	1,210.00
			Legal Expenses	26,235.00	45,402.00
			Printing & Stationery	8,860.00	7,288.00



Less Net Fair Value Investment Profit	(134,938.00)	52,140.00	Total Assets	5,510,696.92	3,479,847.00
Total Expenditure	22,207.00	183,286.00			
Net Income For The Year	2,005,299.99	866,479.00			
Current Assets					
Cash	1,291,577.92	1,397,587.00			
Investments	4,219,119.00	2,082,260.00			



LIPS Investment Report

"I'm more concerned about the return 'of' my money than the return 'on' my money" - Will Rogers, humorist

The past year has been stable and kind to LIPS member funds.

We are happy to report a solid 6.74 % return for the financial year. This has been achieved by being very careful with the level of equity exposure the fund has.

Despite the recent run-up in stock markets - which market history suggests is unsustainable - most investment funds are



still suffering double-digit losses over the past two-years. For example, the two-year return (LIPS funds were not actively managed before this time) of the S&P 500 index (a broad measure of US stocks) has been a negative 20%.

LIPS fund performance has been very solid in comparison, with a two-year gain of 5.38 %. Thus, we have outperformed the S&P 500 by around 25% over the two-year period.

Our primary investments have been cash and small exposure to gold stocks. This has isolated your LIPS funds from much stock market volatility.

Making a Claim?

What to do....

While many commentators appear to believe we are in a new long-term bull market in stocks, history and technical analysis of charts suggests this is unlikely. There's still a lot of risk in world markets and the LIPS Directors maintain a cautious stance on equity investments.

Currently, LIPS funds are almost 100% in cash, awaiting further market developments. In this way, members may be sure their funds are safe and secure - in what may be another year of unstable markets.

Roger Hall

Contact LIPS via email or telephone as soon as you become aware of a medical condition that may compromise your GCAA medical.



Things to think about before you make a claim:

To claim under the LIPS scheme, you must prove that you have permanently lost your aviation medical certificate and in addition satisfy the claim requirements as per the rules of the scheme. While everyone's situation is unique, you will have to prove that you are not able to return to work as a pilot.

Considerations when making a claim:

1. Tell the LIPS administrators or committee about the event as soon as possible. If this is by telephone you will usually be asked to complete a claim form afterwards. Include as many details as possible of the incident.
2. Be completely frank about the circumstances surrounding your claim, even if they are personally embarrassing. It is better to be honest than to have to change your story later (even for innocent reasons). This could result in an investigation and a delay in payment of your claim, or it being refused.

3. Produce all documents or records LIPS requests to support your claim.
4. Cooperate with the LIPS committee, administrators and the people they liaise with, such as investigators or doctors, to help assess the claim.





What reports do you need to include in your claim?

1. LIPS Claim Form
2. GCAA Medical Board certification of loss of medical.
3. Copies of loss of aviation medical/license notification to all aviation authorities where you hold aviation licenses.
4. Medical records in relation to your disability.
5. Emirates Airline Loss of License Insurance entitlement.
6. Any other documents deemed necessary by the LIPS committee.



Your LIPS claim; what happens next?

After you have submitted a claim to the LIPS committee, the committee must:

1. Acknowledge within 15 business days that they have received your claim.
2. Keep you informed of the progress of your claim.
3. Advise you within a reasonable period whether or not your claim has been accepted or rejected.

Paulo Pereira / Garrie Don

