

Some Frequently Asked Aviation Insurance Questions

Does my current business liability policy cover any of my aviation risk?

No. Coverage for physical damage or loss to your aircraft or coverage for liability related to any aviation operation is almost universally excluded from a business or homeowner's insurance policy. To obtain this kind of coverage, you must purchase a specific aviation insurance policy.

What is an underwriter?

Underwriters are the actual insurance companies. They create the policy and pay the claims. There are approximately a dozen aviation insurance underwriters based in the United States. These companies differ in their business focus, policy language, pricing and claims support capability.

Why should I use a broker to obtain a policy for my aircraft?

In most cases, underwriters will not deal directly with their policyholders. An aviation insurance broker is your advocate in the aviation insurance relationship. Experienced brokers understand the coverage and have in-depth knowledge of the aviation insurance marketplace. Your broker negotiates your policy price and your coverage. They advise you concerning all issues related to your aviation insurance.

Aren't all brokers more or less the same? Can I use my current business insurance agent to coordinate my aircraft coverage?

There are only a dozen aviation insurance underwriters, but there are thousands of insurance brokers. Most brokers specialize in property and casualty insurance. Some of these brokers will tell you that they have the capability to coordinate aviation coverage, but very few have a specific aviation insurance focus. It is best to work with an aviation insurance specialist.

What kind of coverage do I need?

Your policy should cover physical damage and liability exposure. Simply stated, you should expect to be covered if your aircraft is damaged or if you hurt someone or damage their property as a result of your aviation operation. In addition to the basic coverage, your policy should be broadly expanded to cover

most contingencies. There should be few exclusions. A typical acceptable exclusion is for normal wear and tear. Baggage and cargo should be covered. It is important for you to understand exactly what is covered and what is excluded.

Will the aviation insurance company place any restrictions on my operation?

Underwriters are most concerned about the training and preparation of the pilots who fly your aircraft. They have relatively strict guidelines concerning pilot experience, including requirements for annual training. If you operate a turbine-powered aircraft, the underwriter will typically require annual simulator-based training as well. Underwriters sometimes restrict your coverage to certain geographic regions. All policies provide coverage in the continental United States; if you intend to operate outside the United States, you should ensure the coverage territory is expanded accordingly. If you intend to operate your aircraft for hire, you should make certain that your policy covers your commercial operations.

How much will my policy cost?

Dollar for dollar of coverage, aviation insurance is a good value. Policy price is dependent upon a large number of variables. Aircraft value, aircraft age, aircraft type, pilot experience, operational territory, intended use and liability limit will all be considered when an underwriter sets a price. The total premium is always made up of two primary components: the hull premium and the liability premium. Your broker is a key player in the price negotiation.

If I agree to a large deductible, will the price go down?

Not much. The price advantage is small. It is always best to obtain the lowest deductible offered. This is one example of how aviation insurance differs from auto or homeowner's insurance.

How long does it take to arrange coverage?

Typically, a good broker can develop a set of options in less than a week. But, to obtain the best prices, you should allow for at least two weeks of negotiation and coordination. The faster you respond to your broker's questions, the faster the delivery of options.