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Insurance Brokers and Risk Advisors.



# AVIATION Insurance

## & RISK MANAGEMENT NEWSLETTER



Lamb's Field Fly-In, September 2011

## Aviation Insurance

### YOU HAVE AN "ALL RISK POLICY," BUT THE CLAIM WAS DENIED?

Why do you buy insurance? Do you buy insurance to protect your assets? Absolutely. People or companies who own or operate aircraft buy insurance to protect two things; damage to their aircraft, and legal liability that may arise in an event where people are hurt or property is damaged as a result of owning, operating, or maintaining the aircraft.

We manage approximately 1,800 policies for clients each year. Each policy is put in place with the intention that the named insured is going to use it. This mindset is a result of the many claims we have managed over the years. We always have an open claim that is being worked at Aviation Solutions. Our brokers want to make sure when you call, we say "don't worry, you have coverage."



The majority of our clients have never had a claim. However, our clients that have experienced a claim with us look at their policy the same way we do, "it isn't a matter of if we use this policy, it is a matter of when." I've had countless conversations with aviators that start off with "In all my years in aviation I've never had an accident, incident, or insurance claim." I clearly remember having that conversation while on a business trip in southern California. I was working with a client on their insurance renewal and that comment was made to the underwriter during premium

negotiations. Two months later, he called to tell me he was being sued for seven figures! Another comment we hear from the owner operator is, "I won't be around when the lawsuits happen anyway, so I want the least amount of liability insurance I can get." Our response is simple; the majority of the claims we have, it is the PIC calling in to file the claim. Odds are, you will be around and you will want to defend yourself.

Where am I going with all of this? *Buy insurance with the intention of using it, because most likely you will be the one filing the claim!*

There is nothing worse than having paid for an insurance policy only to find out you don't have coverage in the event of a claim. Some people are scared of insurance companies and think they

continued



# Insurance Brokers (877) 353-1047

## Aviation Insurance

### CONTINUED

always try to deny claims. As a consumer of aviation insurance myself, I'm here to tell you this is not the case at all. There have been a few claims where the carrier, in my opinion, went out of their way to find coverage for our clients. Even during the repair of the aircraft, we have had some success (although not all the time) getting "betterment" charges waived.

#### *An insurance policy is a contract.*

The contract says the insurance company will pay to fix your airplane and for cost of legal defense (among many other things) so long as you, for example, keep your airplane in an airworthy condition and only let pilots who meet your pilot warranty operate the aircraft. Like any contract, if you don't do what you agreed to do per the contract, then the contract is void. Easy ways to not void your policy:

- Tell your broker ALL about your experience, do not exaggerate times or training (Your broker works for you and represents your best interests, so be open & honest)
- Notify your broker if your aircraft is out of annual or mandatory inspections/ phase checks
- Make sure you meet your pilot warranty; are medical & training requirements met?
- If something changes during the policy year, notify your broker in writing of the changes

Case study I: The owner/operator of a single engine aircraft had their claim denied. The claim was filed after the pilot took off from a private grass strip and the engine failed. The pilot landed in a rough field, but

substantially damaged the aircraft. First off, the owner/pilot was the one who called in the claim. *Why was this simple claim denied?*

*"We received copies of the aircraft logbook pages belonging to Nxxxxx and your pilot information. The aircraft logbooks indicated that the airplane has not undergone an annual inspection since xx/xx/xxxx and you have not completed a Bi-annual Flight Review since xx/xx/xxxx. It is for these reasons, but not limited to, we are unable to find coverage for this loss." -Acme Insurance Company*

For the skeptics, this is actual language used in a letter to an insured last year from an insurance company. Also, while the "N" number and dates are not published here, I can tell you the annual inspection and flight review were out of date by years, not days.

These two reasons for denial are of the most common. It is imperative that you operate an airworthy airplane by an airman who is current in the eyes of the FAA.

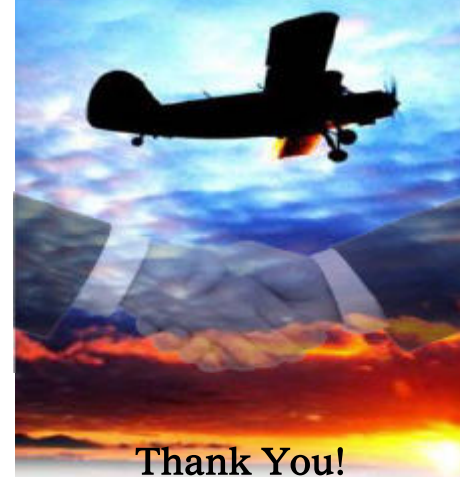
Case study II: Catastrophic engine failure in flight, dead stick landing in which one person was killed, all crew and passengers were uninjured. Again, the owner/ pilot was the one who called in the claim to us. When the engine failed, oil covered the windshield preventing forward visibility. The pilot chose a clear area to land. When the pilot came in for the emergency landing he was as silent as a bird (no engine noise). A person on the ground was struck and killed.

The lesson here is to buy a policy that does not sub-limit bodily injury coverage for non passengers. If you buy an aircraft hull and liability policy that has sub-limits on the liability (for example; \$1,000,000

of liability coverage sub-limited to \$100,000 per passenger), be certain that the policy is sub-limited by "per passenger," and not by "per person." The difference in this situation is \$900,000 in coverage. I don't know about you, but I think even \$1,000,000 of coverage isn't enough when an innocent, healthy, middle aged man with a wife and young kids, is killed by your aircraft. You may be surprised at how affordable a no sub-limit (or higher sub-limits) policy is.

Read your policy, have a conversation with your broker, make sure you have the coverage you want, and that it will be there when you need it. All of our brokers issue policies with the worst in mind; that YOU will call them the next day needing to have your aircraft fixed and to provide you with legal defense.

## Aviation Solutions Referral Based, Client Centered!



### Thank You!

The greatest honor in this business is when your clients trust referring their family and friends to you. We are proud to say that our largest amount of new clients come from referrals.



### HIGH TECH AVIONICS & VFR OPERATIONS

I was en route from LXT to ICT when a military helicopter was approaching my flight path from left to right at my altitude. I was level at 2,500 MSL and fiddling with my GPS, not even thinking about the outside world. My passenger was the one enjoying the scenery outside the cockpit. The traffic was close enough that I reduced the power and lowered the nose. As I passed just underneath and behind the

helicopter it dawned on me, "I wonder what the rotor blade wash turbulence is going to be like."

Advanced avionics are designed to be used in advanced environments while easing the workload for the pilot(s). They require the pilot to punch buttons and monitor systems and screens. Operators of crew flown aircraft have been learning to manage the new technology to

benefit safety for quite awhile now. I feel it is more difficult for a single pilot operation to manage this technology safely than a crew operation. A crew is constantly keeping each other out of tunnel vision or task fixation, while a lone pilot is more susceptible to falling victim to either of these.

As a flight instructor I repeat to my students what I was taught: aviate, navigate, and communicate, in that order. Meaning, flying the airplane is first and foremost the most important task, once you know the airplane is upright and within the safe envelope of operation, the pilot should figure out situational awareness, and then effective communication should be put to good use with the outside world. I'm sure many, if not all of you, have heard this before.

## Market Update

### ANOTHER CARRIER ENTERS THE US GA MARKET

# Swiss Re



"On October 11, 2011, Jeff Burger of AIN Online, announced that Swiss Re Corporate Solutions setup shop in NYC to expand into the general aviation market place."  
([www.ainonline.com](http://www.ainonline.com))

However, this was not news to Aviation Solutions. We are dedicated to staying on top of the aviation insurance industry so our clients can rest assure we are offering them the latest and most comprehensive insurance products available in the marketplace. By the time this was announced we had already held underwriter/client meetings with

senior underwriters of Swiss Re and a client in the UAV industry.

"Swiss Re has been active in the US GA market for a number of years through their team in London. Swiss Re Corporate Solutions offers a full suite of GA products to the market including, Aircraft Hull & Liability, Aviation CGL, Products, Airport Liability and General Liability." (Kenneth Roberts, Assistant Vice President, Swiss Re)

Swiss Re is not new to aviation. As an independent underwriting and policy issuing institution they are seeking clients who have an aircraft valued at least \$10,000,000 or needing at least \$25,000,000 of liability coverage.

Aviation Solutions is committed to enhancing our General Aviation services and tailored product offerings. If you would like further information about Swiss Re, please contact us.

My challenge to you is this: remember the external environment in which you are operating your aircraft and then adjust your CRM (cockpit resource management) tactics to that environment. VMC (visual meteorological conditions) and uncontrolled operations require less use of TAA (technically advanced avionics) and more looking outside for things your aircraft can't fly through.

My lesson was learned; time spent looking in the cockpit should be determined by the external environment in which you are operating. If I was on an IFR flight plan or talking to ATC, I'm confident this traffic would have been pointed out to me before my passenger said "hey, look at that cool helicopter." Coming home I took advantage of VFR flight following and a 30kt tailwind at 5,500MSL. ATC pointed traffic out to me on several occasions!



## WHO WE ARE...

### INSURANCE BROKERS & RISK ADVISORS

We are Insurance Brokers and Risk Advisors. We don't sell insurance, we listen to what aviators do, advise them where their insurable exposures lie, and provide them with protection. Each policy that leaves our office has our confidence that when an insurable event happens our clients have the best coverage and claims experience possible. Call one of our associates today!

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## Come See Us

### At These Upcoming Events

- ▶ FAA WINGS SEMINAR & AVIATION INSURANCE 101  
JANUARY 18, 2012  
COASTAL FLIGHT TRAINING  
SAN DIEGO, CA

To learn more about upcoming events that Aviation Solutions will be a part of, please visit our web site or contact one of our Brokers: [www.aviationsolutions.aero/events.htm](http://www.aviationsolutions.aero/events.htm)



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