

AEROSPACE / 



# Owner

## Aircraft Insurance

Protecting Yourself When You Own a Plane



AssuredPartners

## AIRCRAFT INSURANCE 101



AssuredPartners Aerospace looks out for our customers. We support aircraft owners by providing multiple aviation coverage options— and risk education to keep our customers flying safely. That’s why we created this guide to help you be better informed about protecting yourself when you own a plane.

### **MORE PLANES. MORE PILOTS. MORE OPTIONS.**

AssuredPartners Aerospace has you covered.



## LIABILITY LIMITS



## PROPERTY DAMAGE and BODILY INJURY Coverages

**Imagine having to make an emergency landing in your airplane.**

You spy a golf course below with a long fairway where you're able to land the plane. Unfortunately, during the landing a golfer is clipped by a wing, your passenger suffers a neck injury, the fairway is torn to shreds, and your aircraft is damaged.

Now you have to deal with claims for the golfer, your passenger, and the golf course. The aircraft damage will be handled under your hull coverage, but the property damage and bodily injuries fall under your policy's **liability limit**.

With a **smooth limit**, you have the entire limit amount to address all three liability claims. This means if you insured at \$1 million smooth, you have the full \$1 million to cover the claims. Policies with smooth limits are typically more expensive, but as we look at policies with a sublimit, you'll understand why.

With a **per passenger sublimit**, coverage for the passenger is reduced to the limit listed on the policy. For instance, if you insured at \$1 million with a per passenger sublimit of \$100,000, the golfer and the course would be covered under the \$1 million, coverage for the passenger would be limited to \$100,000.

With a **per person sublimit**, your coverage amount would be limited not only for your passenger, but also for the golfer since each is a "person." For instance, if you are insured at \$1 million with a per person sublimit of \$100,000, the course would be covered under the \$1 million, the golfer and the passenger would be limited to a maximum of \$100,000. Because per person sublimits are the most restrictive—and there's almost never a related premium savings—they should be avoided if at all possible. *AssuredPartners Aerospace does not offer a per person sublimit.*

With a **family sublimit**, the amount of coverage provided for injuries or the death of a family member is reduced. This can reduce your coverage for family members to as little as \$12,500, regardless of what amount of liability coverage you purchase. This sublimit would be found in the details of your policy. *Rest assured that any policy you obtain through AssuredPartners Aerospace will not limit your coverage with family sublimits.* However, be aware that policies from a direct writer may include this limitation.



## HULL COVERAGE & MARKET VALUE



## UNDERSTANDING YOUR Aircraft's Value

**Should any physical damage occur to your aircraft—including instruments, radios, autopilots, wings, or other equipment protected in the policy—hull insurance will cover it.**

Unlike most auto and homeowner policies written on an actual cash-value basis (depreciated value), aircraft policies are written on an agreed or stated value basis. This means when the policy is created, you and your insurance company agree on a hull value. That amount, stated in the policy, is the amount you'll be paid in the event of a total loss, minus any applicable deductible.

**The proper insured value** to carry is the amount of money it would take to purchase another aircraft exactly like yours (i.e., similar year, equipment, condition, etc.) in today's market. It's possible, however, to over-insure or under-insure to your detriment, so be sure to choose the value carefully.

**If you over-insure**, in some cases the insurance company is forced to repair the aircraft rather than total it, even when there's major damage—leaving you to deal with significant damage history and no compensation for the loss of value when your aircraft is repaired and returned to service.

**If you under-insure**, in some cases the insurance company will total rather than repair the aircraft. You may not be compensated for the amount needed to replace your aircraft with one of a similar quality. And don't forget to consider repair costs. If you have an aircraft without a ready supply of parts, or face other issues that drive up repair costs, be sure to factor that into your hull value decision, too.

Aircraft valuation services are a great resource for estimating the value of your aircraft. An aircraft dealer familiar with your make/model aircraft can also give you an estimate of your aircraft's current value. Additionally, AssuredPartners Aerospace has resources to assist. But beware—a common trap for new aircraft owners is to set the insured hull value at the original purchase price and then fail to adjust it over the years, even though the aircraft's value has changed.

## MEDICAL PAYMENTS COVERAGES



## COVERAGE CONSIDERATIONS In the Event of an Injury

**Do you know what happens if you or one of your passengers suffers a minor injury? Your liability coverage would typically not cover minor injuries;** “no-fault” medical payments coverage will pay the medical expenses for those injuries, including ambulance, surgical, dental, professional nursing, and the like. It will also cover injuries that occur to anyone entering or leaving your plane.



**Regardless of who’s at fault in the accident,** your policy will pay the set amount (usually between \$1,000 and \$10,000 per passenger)

for those related medical expenses. Because its purpose is to pay for immediate medical treatment, most policies have a time limit on the payment of medical services provided. The good news is that AssuredPartners Aerospace provides this coverage at no extra cost and will include the pilot in the coverage.

Carrying medical payments coverage on your policy is a smart idea because it can sometimes cover the smaller injury claims and prevent a larger lawsuit against your bodily injury liability coverage. It may also pay expenses not covered by personal health insurance.

The good news is that this coverage is often available at little to no extra cost, with rates varying by the number of passenger seats on your airplane and the limit you choose.

# DEDUCTIBLES

## OUT-OF-POCKET EXPENSES from a claim.

**In the event of an accident for which you're filing a claim, the deductible is the amount you'll pay out of your own pocket.**

Deductibles are a way for the insurance company to have you participate in the cost of a claim as an added incentive to be careful and avoid carelessness in the cockpit.

With a standard deductible, you may be required to pay anywhere from \$0 to \$500 toward your airplane's repair cost. If you have an amphibious aircraft, seaplane, rotor craft, or other more specialized equipment, a higher deductible could apply.

With other types of insurance, you generally see the premium drop when you take a higher deductible. Not so for aircraft insurance. Taking higher deductibles won't significantly lower the cost of your airplane insurance, if at all, simply because insurers expect most claims to exceed a higher deductible. Deductibles are set by the insurance company.



# LIENHOLDER COVERAGE



## LIENHOLDER REQUIREMENTS

The lending institution (lienholder) that helped fund your aircraft purchase wants to ensure your loan will be repaid in the event of an accident. The lienholder may require these additional coverages:

**Loss Payee Coverage** assures the lienholder and the owner are both named on the claim payment.

**Breach of Warranty Coverage** provides the lienholder with additional protection should the insurance company deny a claim due to a violation of the policy.

A good question to ask potential lienholders before you sign on the dotted line is whether they're willing to amend your coverage to Ground Not In Motion if your aircraft is laid up for an extended period of time (you'll need their permission to avoid violating your loan agreement).



# INSURANCE DISCOUNTS



## KEEPING YOUR PREMIUMS at a Minimum

**As you might expect, pilots with more experience and fewer accidents get lower rates because they pose less of a risk.**

This experience includes logged flight experience, claims-free experience, aircraft make and model time, possession of an instrument rating, and use of the aircraft. This information is used to calculate your premium. With that in mind, the best thing you can do to improve your insurance rates is something you'll likely be happy to do: fly more. After all, better pilots get better rates.



A good flying record may mean that a 5-10 percent discount is available at your policy renewal. Instrument-rated pilots are often eligible for insurance discounts from many general aviation insurance companies. And taking advanced FAA-sponsored training, completing safety courses, and flying more hours can all result in additional insurance discounts.

Because most of these discounts can be applied as you earn them, it's a great way to improve the deal you're getting on your coverage as time goes on.



AOPA Accident Forgiveness and Deductible Waiver Program is an easy way to improve pilot safety while helping to lower your out-of-pocket expenses in the event of an accident. Completing eligible AOPA Air Safety Institute programs every six months waives all deductible payments and rewards you with zero increase in your renewal rates due to a covered claim during your policy period.



# SELECTING AN INSURANCE COMPANY



## ASSUREDPARTNERS AEROSPACE: The Perfect Partner

Naturally, there's only one reason to buy aircraft insurance: payment of your claims. So look for insurance companies with higher AM Best and S&P financial ratings.

AssuredPartners Aerospace deals with A-rated or better underwriting companies every day on multiple aviation risks and has large books of business with each, giving us more buying power. Plus, we know which underwriter at each insurance company is the most reasonable to deal with for a specific type of aircraft, what a competitive rate should be on a particular account, and what coverages are available at no charge.



### Here are more reasons you should consider AssuredPartners Aerospace:

- ◆ We have a thorough understanding of aviation insurance, the marketplace, policies, and coverages
- ◆ We have strong relationships within the market
- ◆ We understand pilots and flying
- ◆ We're willing and able to handle all of your aviation insurance needs
- ◆ We take the time to explain the process and coverages, as well as how they relate to you

# CONSIDERATIONS FOR INSURING DIRECT



## QUESTIONS TO ASK A Direct Writer

An aviation insurance broker, such as AssuredPartners Aerospace, is an intermediary who shops your policy to various insurance companies to find the right coverage for you. Insurance companies, unless they are a direct writer, will only work with a broker.



An aviation insurance direct writer, on the other hand, is the insurance company. You only work with the underwriter for that insurance company.

With a broker, you get someone who has the freedom to find you the very best deal on the type of aircraft you fly, for the type of flying you do. A broker may offer you multiple quotes from multiple insurance companies for your consideration.

With a direct writer, you talk directly to an underwriter who can evaluate your specific risk and needs, and then determine if they can offer a quote based on their company's guidelines. Unfortunately, they can only offer you a single option—theirs, which may or may not be the best policy for you.

**When considering a direct writer for your aircraft insurance, be sure to ask them:**

- ◆ Do you offer per person or per passenger liability coverage?
- ◆ What are your family sublimits for bodily injury?
- ◆ Can I transition to another aircraft?

This will help determine if they can give you the level of coverage you really need.

# OBTAINING QUOTES & COVERAGE



## What do know BEFORE YOU GET STARTED

**When requesting quotes, never rely solely on the insurance application to present your information.**

**Be sure to talk with your broker about the following topics:**

- ◆ Who are pilots that'll be flying the aircraft, even if they're not going to start flying until later into the policy year? This is important so you choose an insurer that will cover the additional pilot downstream (such as a student or transitional pilot).
- ◆ Is your use of the aircraft potentially going to change beyond your own personal use? Rental or instruction? Aerial photo work?
- ◆ Are you planning a trip down to Argentina or up to Greenland this year? Make sure you mention details such as international travel so you avoid insurance surprises later on.
- ◆ Will you be refinancing this year? Lienholder's coverage can vary slightly between carriers, so learn the potential impact on you.
- ◆ Are you adding an aircraft or replacing your current one with something different?

**Other tips to consider:**

- ◆ When requesting your hull coverage, be sure you consider the amount of your lien, if applicable. Sometimes this is the key factor in your hull value decision.
- ◆ While liability limits are typically left up to the discretion of the aircraft owner, if you have a hangar lease or other contractual requirement, you need to consider that in addition to your own personal needs.
- ◆ If you'll ever rent your aircraft, another contract to review is the rental agreement. Understand what you've agreed to with the FBO and how your insurance policy may or may not protect you.

Once your insurance broker has shopped the market for you and presents the available options, talk through each one to better understand the differences between the bidding insurance companies. Then, make your decision based on the quality of the insurer, strength of the coverage, and fit for your future needs.

A long-term relationship with one insurer can be a great benefit if you ever experience a gray-area claim. And though price is always a factor, it shouldn't be the main factor.

## An Owner's CHECKLIST

Insuring your aircraft can be an intimidating task. It's an investment, and understanding the ins and outs of the insurance industry is sometimes confusing.

What's more, comparing insurance policies is rarely an apples-to-apples affair. But to make things a bit easier, here are a few items AssuredPartners Aerospace can help you consider.

### COVERAGES

- Is your liability limit smooth or with a sublimit? If with a sublimit, is it per passenger or per person?
- Does your hull coverage include "in motion" and "not in motion" incidents?
- Are medical payments provided under the policy? If yes, do they include the pilot?
- What's the scope of the covered territory and does it meet your needs?
- What's the approved use under the policy and does it cover your flight operations? Can I add my employer as additional insured?

### POLICY DETAILS

- When is my policy effective?
- What deductibles would apply?
- Who can fly the aircraft?
- Can I charge others for the use of my aircraft?
- Is there coverage for me if I rent or borrow an aircraft owned by others?
- Do I need to request coverage for additional parties (lienholder, landlord, etc.)?
- Do I have any pilot or training requirements?

# DRONE & RENTER INSURANCE

## INSURING Your Drone or Rented Aircraft

### Drone Insurance

This rapidly expanding segment of aviation demands the specialized experience and coverage expertise you'll find only at AssuredPartners Aerospace. We understand the unique requirements of drone operations and can provide multiple policy options to fit your specific needs.

We offer protection against third party bodily injury and property damage claims arising out of the ownership, maintenance or use of a drone or Unmanned Aerial Vehicle (UAV) as well as coverage for liability only, hull replacement, or for your accessories.

Coverage available for most operations, including:

- ◆ Photography
- ◆ Aerial Survey
- ◆ Search & Rescue
- ◆ Agricultural
- ◆ Inspections
- ◆ Real Estate
- ◆ And more!

### Renter Insurance

When you rent or borrow an aircraft, you could be personally liable for tens of thousands of dollars in repair costs and legal defense fees should damage occur, because FBO policies rarely provide adequate coverage for pilots. But a renter's policy with AssuredPartners Aerospace provides comprehensive coverage.

# ASSURED PARTNERS AEROSPACE



## WHERE STATE OF MIND Meets Peace of Mind

AssuredPartners Aerospace support pilots like you by offering insurance coverage for a wide range of general aviation aircraft—from small planes to turbines, light sport, rotorcraft, and even amphibian aircraft.

As a full-service aviation insurance brokerage, we protect pilots and their families at all stages of life. We're experts at handling insurance for the entire GA community, including personal aircraft, flight schools, flying clubs, airports, FBOs, drones, maintenance providers, and other general aviation groups.



## LET US PROTECT ALL THAT'S IMPORTANT TO YOU.

Get in touch with us today to get a custom quote. And remember, your insurance agent is your partner. We can answer any questions you might have. Give us a call today!



CALL (800) 622-2672



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