

How the Insurance Market Works

Contributed by Bill Beard

THE AIRCRAFT Insurance Industry is relatively small. While there are many insurance brokers prepared to sell you aircraft insurance (mainly as a sideline to their regular business), there are only four or five recognised Aviation Underwriters writing risks in New Zealand. Aviation insurance is a highly specialised field because of the complex nature and range of the risks involved. As well, with the small statistical base upon which rates are calculated, insurance offers are largely "judgement rated" in accordance with particular company's overall underwriting standards and philosophies. An individual underwriter can sometimes have a broader range of rating latitude on a given class of risk and can be influenced by his or her personal evaluation of the risk.

A broker who is knowledgeable both in aviation and insurance can more often than not, negotiate improved terms with an underwriter by clarifying information or offering additional details. For example, if a pilot has marginal experience on a particular aircraft then analysing experience the pilot may have on similar category aircraft or providing additional details on training and check-out procedures can be very helpful in obtaining better terms.

Often aviation insurers choose to deal with only one broker on a given risk and quote on an exclusive basis. In the case of renewals, the broker presenting or handling the account with a specific insurer remains the exclusive agent to that company. Other brokers will be precluded from obtaining terms from the holding underwriter. Some underwriters reserve this right to stop confusion. For example, in obtaining quotations on a Beech Bonanza or Cessna 210, these being fairly complex single engine aircraft, imagine one broker being aware of the significance of an instrument rating held by the owner/pilot and the other agent not familiar. The instrument rating would be considered a very important factor by underwriters for this type of aircraft and the broker emphasising this stands to get a better quote.

On the other hand, a broker who provides underwriters with full details of

Recent Accident and Incident Reports *provided courtesy of Avsure*

Type: Centrair GYR
Location: West of Taupo **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 22 February 2010
Report: Glider out-landed on an airstrip during competition. During aero tow retrieve glider ground looped into a fence.

Type: PZL-Swidnik GSB
Location: Centennial Park **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 26 February 2010
Report: Out landing in a paddock. Hit a rough piece of ground, causing minor damage to the aircraft.

Type: Schweizer 269C-1 HQO
Location: Ardmore **POB:** 2
Operation: Test flight **Injuries:** Nil
Date: 3 March 2010
Report: During a test flight the engine RPM was unable to be adjusted. After a period of time spent attempting to rectify the problem, RPM began to fluctuate dramatically and the decision was made to land immediately. The landing was being aborted due to high speed when engine RPM dropped suddenly, the helicopter descended rapidly, striking the ground with the rear skid and rolling forward.

Type: Cessna 172N ELH
Location: New Plymouth **POB:** 4
Operation: Not stated **Injuries:** Nil
Date: 1 April 2010
Report: On landing the aircraft flared too early, power was applied and the nose lowered to correct, and the aircraft landed nose wheel first.

Type: Robinson R22 HTD
Location: Reefton **POB:** 2
Operation: Private Other **Injuries:** Nil
Date: 11 March 2010
Report: While operating in the Paparoa Ranges, the helicopter was caught in a downdraft and had insufficient height to avoid impacting the ground.

Type: Bell 206B HBJ
Location: Wairoa **POB:** 1
Operation: Agricultural **Injuries:** Nil
Date: 11 February 2010
Report: At the end fo a spray run the pilot's attention was focused on documents in the cockpit, the helicopter descended, striking its right skid on the rising terrain.

Type: Robinson R22 Beta HVC
Location: Wanaka **POB:** 2
Operation: Private Other **Injuries:** Nil
Date: 16 March 2010
Report: On lifting off, a strop became hooked on the rear of the left skid. The collective was lowered to reposition however this caused the strop to tighten further against the load. The aircraft rolled backwards and cartwheeled down the hill.

Type: Air Tractor PCC
Location: Mt Bruce **POB:** 1
Operation: Agricultural **Injuries:** Nil
Date: 9 April 2010
Report: Aircraft failed to achieve expected performance on takeoff, colliding with rising terrain beyond the strip.

Note: Accidents and Incidents are selected from the CAA website and are provided for information only. Accuracy is not guaranteed. Please refer to CAA website for full briefs.



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previous losses may get a higher quote or even the underwriter may decline to quote - better that, than a broker who fails to recognise the significance of accurate information. Any broker who would omit such critical information stands to have a quote withdrawn or if loss details are not furnished to the underwriter, some serious

problems could arise in the event of a claim. Insurance is all about peace of mind so best choose a broker you know and trust who has good aviation knowledge and specialises in light aircraft insurance.

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