



Are you insuring at correct value?

Contributed by Bill Beard

AIRCRAFT OWNERS should be aware that there are disadvantages in both understating and overstating aircraft values. Generally, aviation policies are written on the basis of "agreed values" but you should check your policy on this point. In the case of an "agreed value" policy the amount of hull coverage you purchase is agreed and accepted by the underwriters at the time of taking out the insurance and that is the amount you will receive (less the deductible) in the case of a total loss.

Be alert that under an aircraft policy, the insurance company at their option may pay for, (possibly replace) or repair accident damage. If you are light on value, the insurers have the option to pay out the total sum insured, less the deductible, and take possession of the aircraft (wreckage) which they can then put up for tender and sell off. As opposed to this, if you over-insure and you have a major accident, the insurers may decide to enter into a long, expensive rebuild and you could lose the use of your aircraft (and the income!) for months. The best idea is to insure your aircraft for its true market value so that in the case of a total or constructive total loss, the sum insured will adequately enable you to replace the aircraft with a similar model in like condition.

Operators of high valued aircraft and helicopters may wish to consider insuring in US dollars. The downside is that the premium must be paid in US dollars and that US dollar premium financing is not available. The reason we highlight this is that the USA is still the main source of used aircraft and the price of replacement aircraft will be affected by any fluctuations of the NZ\$ conversion against the US\$.

It could also be a good time to review the third party liability indemnity you are insured for. The minimum should be NZ\$1m which has become the industry standard but even this won't go far if you taxi into an expensive helicopter or pressurised twin. If you are operating regularly on and around busy airports frequented by high value aircraft or helicopters it would be best if you considered a higher indemnity.

To discuss any of the above or other questions you may have about aircraft insurance, contact Bill Beard at Avsure on 09 298 8206 or email: insure@avsure.co.nz.

Accident and Incident Reports *are provided courtesy of*



Type: Piper PA-23-250 FHO
Location: Napier **POB:** 3
Operation: Training Dual **Injuries:** Nil
Date: 17 May 2010
Report: The aircraft's nose wheel retracted after landing when the pilot inadvertently raised the gear lever rather than the flap lever. The aircraft slid to a stop.

Type: Piper PA-30 DOK
Location: Ardmore **POB:** 2
Operation: Training Dual **Injuries:** Nil
Date: 20 May 2010
Report: Aircraft landed with the landing gear retracted after pilots omitted to lower the undercarriage.

Type: SportCruiser CSC
Location: Waiuku **POB:** 2
Operation: Private Other **Injuries:** Nil
Date: 21 May 2010
Report: Aircraft reported to have lost a wheel on landing, causing it to impact a fence.

Type: Cessna 152 SON
Location: Tauranga **POB:** 1
Operation: Training Solo **Injuries:** Nil
Date: 27 April 2010
Report: Aircraft bounced severely on landing, resulting in the nose gear collapsing.

Type: LET L-13 Blanik GOY
Location: Omaka **POB:** 1
Operation: Training Solo **Injuries:** Nil
Date: 11 May 2010
Report: The glider landed short of the runway, impacting a fence with the nose and canopy.

Type: Titan T-51 Mustang SMF
Location: Matamata **POB:** n/s
Operation: Private Other **Injuries:** Nil
Date: 11 June 2010
Report: The undercarriage collapsed on take-off.

Type: NZ Aerospace FU24-950 JLU
Location: Taranaki **POB:** 1
Operation: Agricultural **Injuries:** Nil
Date: 11 May 2010
Report: The pilot was reported to have lost control on approach, with extensive damage caused by the resulting heavy landing.

Type: Yakovlev Yak-52 YRA
Location: Rangiora **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 11 May 2010
Report: The aircraft landed with the gear retracted due to the pilot being distracted by a helicopter departing on the opposite vector.

Type: Aerospiale AS350B2 IMS
Location: Fiordland **POB:** 0
Operation: Not stated **Injuries:** Nil
Date: 6 May 2010
Report: The helicopter had the engine running when a gust of wind blew it over.

Type: Robinson R22 Beta HDF
Location: Paraparaumu **POB:** 2
Operation: Training Dual **Injuries:** Nil
Date: 7 May 2010
Report: During a simulated engine failure in the hover, the student mistakenly lowered the collective, with the helicopter impacting the ground before the instructor could react.

Type: Micro Aviation
Bantam B22J XAM
Location: Opunake **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 8 June 2010
Report: The aircraft struck rocky ground during an aborted landing at a private strip.

Please note: Accidents and Incidents are selected from the CAA website and are provided for information only. Accuracy is not guaranteed. Refer to www.caa.govt.nz for full briefs.



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