

Aircraft liability insurance

Contributed by Bill Beard

Insurance policies cover much more than just damage to your own aircraft. Bill Beard from Avsure explains the issues.

IT IS IMPORTANT for every aircraft owner and pilot to have a basic understanding of the principles of liability and the way it relates to their aviation insurance policy. The most common form

of aviation policies are divided into three main sections as follows.

SECTION 1: Loss of or accidental damage to the aircraft hull.

SECTION 2: Legal Liability to third party property and bodily injury or death other than for passengers.

SECTION 3: Legal Liability to passengers when entering, on board or alighting from the aircraft.

In general terms however all incidents resulting in death or injury to persons in New Zealand are covered under the ACC Legislation and as such there is no provision in NZ for anyone including

aircraft passengers to issue proceedings in New Zealand courts seeking compensation for death or personal injury. The Law however does not prevent claims for mental shock, distress or trauma so you still need passenger liability cover.

The main liability risk for New Zealand aircraft owners therefore are claims for accidental damage to third party property and the associated legal fees.

The main events likely to result in a third party property claim are as follows.

- Taxiing into another aircraft (biggest risk in the vicinity of fuel pumps or in tight manoeuvring areas).
- Damage to other peoples property as a result of a forced landing.
- Loss of direction on take-off or landing and running into other aircraft, fences, hangars or whatever. There was a close call at Ardmore not long ago when a landing aircraft lost directional control and crossed the adjacent taxiway at high speed just missing a highly valued brand new aircraft backtracking on the taxiway (it could have been a corporate jet!).
- Simple ground handling incidents such as pushing your aircraft into another aircraft or worse – a helicopter.
- The worst scenario – a mid-air collision where you may be found at fault.

If you damage another aircraft resulting in the owner of that aircraft having to make an insurance claim, it is the third party insurance company which will look around to see who was responsible for the damage and they'll be on your case in a flash to recover their repair costs. You need to ensure the aircraft liability coverage or limit of liability is adequate to cover you for any negligent acts. Half a million dollars is not nearly enough in today's world. The absolute minimum industry standard would be NZ\$1M but with the price of aircraft and associated equipment on today's market, most operators are insuring for at least \$2M to \$5M.

In aviation circles the amounts awarded can be quite large, therefore it's important to carefully consider purchasing higher limits in order to have an adequate limit of liability to cover all possibilities.

All policies should include the "Pilot Indemnity Clause" which extends the policy to cover the pilot as if they were the insured. This gives the same protection to the pilot as to the policy holder but does not increase the liability of the insurers beyond the declared indemnity.

To discuss this topic or any other aviation insurance questions, contact Bill Beard at Avsure on 0800 322 206.

Accident and Incident Reports

are provided courtesy of



Type: Yakovlev Yak-52 KGB
Location: Pauanui **POB:** n/s
Operation: Private Other **Injuries:** Nil
Date: 8 February 2011
Report: The aircraft made a wheels up landing after an undercarriage gear lock failure on a main leg.

Type: Cresco 08-600 TMM
Location: Taumarunui **POB:** 1
Operation: Agricultural **Injuries:** Nil
Date: 17 February 2011
Report: As the pilot applied power to initiate takeoff, the aircraft's tail plane contacted the loader vehicle.

Type: Bombardier DHC-8-311 NEQ
Location: Woodbourne **POB:** 42
Operation: Transport Pax **Injuries:** Nil
Date: 9 February 2011
Report: When its nose gear failed to extend, the aircraft was diverted to Woodbourne, for an emergency landing.

Type: Taylor Monoplane CRS
Location: Kaikoura **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 5 February 2011
Report: During the takeoff roll, the pilot lost directional control of the aircraft which then departed off the runway damaging the undercarriage and propeller.

Type: Cessna 180 BDD
Location: Fairfield Downs **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 1 February 2011
Report: During takeoff, a gust moved the aircraft's tail wheel towards the hill on the left. As the pilot tried to correct this, another gust came from the opposite direction. Pilot shut the engine down and tried to stop the aircraft which pulled up in time (off the runway), but the tail hung over a slope and the aircraft rolled into a fence.

Type: Pipistrel Sinus GIM
Location: Tauranga **POB:** n/s
Operation: Private Other **Injuries:** Nil
Date: 14 February 2011
Report: The powered glider was caught by a gust of wind shortly after takeoff. The aircraft struck the ground causing the landing gear to collapse.

Please note: Reports are selected from www.caa.govt.nz and are provided for information only. Accuracy is not guaranteed.



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