



contributed by Bill Beard

Aviation Insurance Explanation of Terms

Insurance policies have a number of terms and definitions that may not be fully understood by the average aircraft owner. Bill Beard from Avsure explains as follows:

Hull Insurance

This is the main component of an aircraft policy. The hull insurance is intended to provide payment towards the cost of repairing or replacing an aircraft that has been damaged. Most policies protect the aircraft on an "all risk" basis, meaning that the aircraft is covered against any cause of loss unless specifically excluded. Excluded items typically include things like mechanical breakdown, ordinary wear and tear and loss of use. You can buy coverage while the aircraft is on the ground, taxiing and in flight.

Aircraft Liability Coverage

This is the other major element of an Aircraft Hull and Liability Policy. Liability coverage protects those who are covered by the policy against action brought by others who claim that they have suffered injury or that their property has been damaged in relation to the insured aircraft. In New Zealand personal injury and death claims fall under ACC legislation.

Named Insured

This is the actual policyholder(s) specifically named on the policy. Named insureds are responsible for premium payment, and have the authority to cancel or make changes to a policy.

Additional Assureds

Are persons or entities other than the policyholder, who are covered under the provisions of the policy. Additional insureds are given the same protection under the policy that the policyholder is. It should be noted that the 'limit of liability' is the maximum that the insurance company will pay to settle a claim. In other words, say three entities are each 'additional insureds' on the policy in an action, the 'liability limit' of the policy will be split among the individuals.

Private, Pleasure and Business Uses

Private Pleasure and Business aircraft insurance is coverage for non-professional, non-commercial aircraft. In other words, general aviation aircraft, flown by the owner

or authorised pilot, operated for pleasure or non-aviation business use but specifically not for hire, or rental or compensation. This means that you cannot make a charge for the use of your airplane or helicopter.

Open Pilot Warranty

A clause in the insurance policy that lays out the requirements for pilots who fly the aircraft other than those specifically named in the policy and is usually subject to the pilot meeting minimum qualifications and flying experience requirements.

Subrogation

A legal doctrine under which your insurance company attempts, in your name, to recover money it has paid under your policy due to the fault or actions of a third party. In aviation insurance, the most common example of this is physical damage to your aircraft caused by a third party, such as a maintenance provider.

Waiver of Subrogation

A promise, in advance, by you and your insurer not to try to recover damages from a party who causes damage to your aircraft. Waivers of this sort can be found in hangar agreements, and are sometimes requested by Instructors or Professional Pilots who will be providing you with pilot services.

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

Accident and Incident Reports are provided courtesy of



Type: Auster J5F BRA
Location: Te Karaka **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 19 July 2012
Report: Aircraft's engine failed to respond when power was increased for a late go-around. A turn was made to attempt a landing in an adjacent paddock, but the aircraft stalled, landing in the top of a tree.

Type: Aerospatiale AS350BA HKU
Location: Minaret Peak **POB:** 0
Operation: Transport Pax **Injuries:** Nil
Date: 9 August 2012
Report: The pilot had vacated the idling helicopter and had spent 5 minutes unloading and setting up the pick-up point. The rotor blades were seen to begin oscillating, striking the tail boom and the ground beside the helicopter.

Type: Team Hi-Max JBM
Location: Motueka **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 5 August 2012
Report: Aircraft had an engine failure on final and made a forced landing on a paddock clipping some trees on approach.

Type: Piper PA-46-310P MBU
Location: Pauanui Beach **POB:** 2
Operation: Private Other **Injuries:** Nil
Date: 12 August 2012
Report: The nose gear collapsed on takeoff as the aircraft travelled over an area of soft ground.

Please note: These weekly accident reports are sourced from www.caa.govt.nz and contain information as reported to the CAA recently. As such, the accuracy of the information supplied cannot be guaranteed. Refer to www.caa.govt.nz for other details which may be added as more information is received by the Authority.



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