



contributed by Bill Beard

Insurance Policy Deductibles Explained

All aviation insurance policies contain deductibles of some sort, however the nature and applications of these are not always well understood. Bill Beard from Avsure explains some common terms and how the process of calculating deductibles in the event of an accident is usually applied.

Policy Deductibles

A hull deductible (sometimes referred to as an excess), applies to all aviation policies involving repairs but may on occasions not be applied in the event of a Total or Constructive Total Loss. Hull deductibles are predominately applied as a percentage of the agreed total value. For the majority of fixed wing aircraft, the deductible is usually 1% of the hull value subject to a minimum dollar value (usually \$1000) on lower valued hulls.

For aviation uses involving abnormal hazards such as agriculture and for the majority of helicopters, a hull excess of 5% is usually applied and this is sometimes increased to 10% in the case of inexperienced pilots or extremely hazardous uses.

The important thing to understand is that in the case of repair claims, the hull deductible/excess is calculated on the total hull value – not the amount of repairs.

Third party liability property damage claims however are not usually subject to an excess or deductible.

Pro-Rata/Time-Life

Component Adjustments

Another deduction made from a claim can be a Pro-Rata/Time-Life Component Adjustment. Particularly helicopters (other than total or constructive total loss) are subject to contribution by the policy holder for the proportion of the overhaul or replacement cost of any unit or component in relation to the TBO or "life" of the replaced unit or component. The insurer will deduct the appropriate amount on the application of the following formula: Used Time or Hours Flown divided by Overhaul TBO, multiplied by Overhaul or Replacement Cost.

This can have a major impact on the eventual proceeds of a claim following say a main or tail rotor blade strike on components nearing the end of their TBO.

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 **Avsure**

Type: Robinson R44 HLZ
Location: Hastings **POB:** 1
Operation: Agricultural **Injuries:** Nil
Date: 28 September 2012
Report: During an orchard spraying operation, while the pilot was concentrating on avoiding a line of trees, the tail rotor struck a wire. Tail rotor effectiveness was lost and the main rotor struck some trees. Helicopter rolled over.

Type: Spitfire Mk26 Replica SPT
Location: Wanganui **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 29 September 2012
Report: After take-off, one undercarriage leg would not retract. When the pilot recycled the gear, the retracted gear would not extend. The pilot conducted a wheels up landing on the grass runway.

Type: Robinson R22 Beta HMR
Location: Kaikoura **POB:** 2
Operation: Private Other **Injuries:** Nil
Date: 31 October 2012
Report: On landing, tail wind caused the helicopter to sink unexpectedly and RPM decayed. Applying power did not help recover the RPM. Helicopter continued sinking and impacted the ground.

Type: Aerospatale AS350BA HBI
Location: Pioneer Hut **POB:** 5
Operation: Transport Pax **Injuries:** Nil
Date: 11 November 2012
Report: Helicopter suffered a dynamic rollover while landing at Pioneer Hutt. The four climbers and pilot on board were not injured, and were able to walk approximately 500m to Pioneer Hutt.

Type: NZ Aerospace FU24-950 WLN
Location: Gore **POB:** 1
Operation: Training Solo **Injuries:** Nil
Date: 5 November 2012
Report: Aircraft became too slow on short final, landing on the nose wheel first, causing it to collapse rearwards.

Type: Cessna 172R WAM
Location: Raglan **POB:** 1
Operation: Training Solo **Injuries:** Nil
Date: 6 November 2012
Report: Aircraft had a hard landing, undercarriage collapsed and prop damaged.

Type: Helicycle IBN
Location: Nelson **POB:** 1
Operation: Training Solo **Injuries:** Nil
Date: 5 August 2012
Report: During hover-taxi, the helicopter started to gain altitude to approximately 30ft-50ft. As the pilot lowered the collective, the helicopter made a rapid descent and contacted the ground at speed.

Type: Air Tractor 402B PCC
Location: Birch Hill **POB:** 1
Operation: Agricultural **Injuries:** Nil
Date: 19 October 2012
Report: Left main landing gear leg collapsed on landing. The left wingtip skidded along the ground.

Type: Cessna 162 AMN
Location: Dargaville **POB:** 1
Operation: Not stated **Injuries:** Nil
Date: 17 November 2012
Report: Aircraft door flew open in flight. Aircraft landed at Dargaville but the door was substantially damaged.

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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