



National Business Aviation Association, Inc,

## Aircraft Insurance Checklist

In today's litigious society, it is important for owners of sophisticated turbine aircraft to carry adequate insurance coverage, not only to protect their corporations, but also their personal assets as well. Interpretations by today's courts, the FAA and IRS concerning aircraft ownership and shelter corporations etc. are changing, necessitating proper coverages and limits.

### Available Coverage

- Hull Coverage -- motion and non-motion
- Liability -- single event, passengers and property damage Medical payments
- Lienholders Interest Endorsement
- Guest Voluntary Settlement Payments
- War Risk
- Foreign operations
- Broad Form Expansion
- Hangering of Aircraft

### Essential Issues

- What are the deductibles for each coverage category?
- What is actually covered by the liability portion of the policy and what are the respective limits of those coverages?
- Are loaner engines/accessories covered? Under what circumstances?
- Who may fly the aircraft?
- Will depreciation due to hull damage be considered for hull damage claims?
- Will we be covered for loss of use/extra expense for substitute aircraft?
- What additional insured should I be aware of?
- Does my company have salvage rights to the aircraft in case of total loss?
- Do we need a Lienholders Interest Endorsement ("Breach of Warranty")?
- Does my corporate umbrella policy cover aircraft liability claims?
- What are my coverages outside the U.S.?
- How does my/my landlord's hangar keepers insurance affect my aircraft insurance?
- Will the insurance reimburse my company for legal defense in case of a related lawsuit?
- Any exclusions due to inadvertent FAR violations?
- What are my obligations under the terms of the policy?
- What is not covered by the policy?

### General

- Read your policy *thoroughly* - the details are very important.
- Have legal counsel and risk management review the policy.
- Ensure all members of the flight department know essential provisions of the policy.
- Meet with your corporate risk manager and insurance broker annually to discuss adequacy of coverage and existing and planned changes to the aircraft operation.
- Report even minor incidents promptly to your insurance company.