Introduction to Aviation Insurance

Aviation insurance policies are not standardized and many insurance companies write their own contracts. Because losses under aviation policies can be substantial and because of the specialized underwriting involved, most insurance companies prefer to __________________________ by purchasing coverage through one of several aviation pools or underwriting groups.

Aviation insurance policies use ________ types of coverage generally. The policy can provide:

• __________________ coverage to cover physical damage to the aircraft itself; and
• _________________ to cover public and passenger liability and property damage liability.

**Aircraft Hull Insurance**

Aviation Hull Insurance (__________________________ coverage) is more often written on an ________________ basis. There are three sub-categories of ________________:

• When the aircraft is parked and________________________;

• When the aircraft is____________ and _______________.

  The most common definition for ________________ is while the aircraft is moving under its own power or momentum generated within the aircraft;

• When the aircraft is ________________ (defined in case law to include the ____________________________).

**Aircraft Hull Coverage**

__________________________________________, known as Hull coverage, covers the complete aircraft, including the:

• _______________;

• Wings;
Aircraft Hull Insuring Agreement

The policy contains three insuring agreements to pay for "any ___________________________" on an open peril basis, including:

• ____________________________;

• Covers the plane when_________________________; but does not include fire or explosion following a crash on the ground;

• Covers the plane while_________________________; but again does not include fire or explosion following a crash.

The insurer has the option to ____________________________, or to ____________________________ and pay the insured the value stated on the policy.
The limit of insurance can be provided on an ____________________________, meaning a value is attributed to the aircraft at the policy's inception, the depreciated value of the aircraft at the time of loss is the value that would be used to settle the claim in the event of a total loss. The loss settlement provision in case of a total loss can be amended to an ____________________________ at the policy inception. All losses are subject to the applicable deductible.

**Aircraft Hull Deductible**

The deductible does not apply to losses from ________, ________________, ________________, ________________, ________________, ________________, ________________, ________________, or _________________.

However, the ______________________ deductible does apply to losses from fire or explosion that occurs as a result of the collision of the aircraft. The deductible applies separately, based on the actual loss to each aircraft insured on the policy. Note that the policy calls for three different deductibles:

- The __________________________Deductible;
- The __________________________Deductible; and
- The __________________________Deductible (typically the largest amount).

The deductible is normally expressed as a ___________________ of the value.

Most aircraft hull policies are ____________________________ which provides that, in the event of a total loss, the company will pay the insured ____________________________, regardless of the aircraft's market value.
value. Some policies are written on an actual cash value or replacement cost basis.

**Aircraft Hull Exclusion**

Exclusions, although none are standard, include:

- ______________ of an aircraft;
- Using an aircraft for purposes other than that described in the policy;
- ______________ and ______________;
- ____________________________________________________________________________________ by someone not named in the policy;
- Operating an aircraft outside __________________________________________________________________;
  and

- Damage or destruction of an aircraft resulting from ______________, ______________, ______________, and ______________,
  ________________________________________________________________________,
  ________________________________________________________________________,
  ________________________________________________________________________ and
  ______________.
The ___________________ includes instruments, radios, autopilots, wings, engines, and other equipment attached to, or carried on the plane, as described in the policy.

**Substitute, Replacement and Newly Acquired Aircraft**

If the insured uses a ________________________________ for an insured aircraft that is ________________________________, the policy provides protection. The insured has liability and medical expense coverage while using the substitute, but the maximum payout for any occurrence cannot exceed what would have been paid if the primary aircraft was in operation. This is a critical consideration if the substitute craft has a significantly higher value than the insured craft.

If the insured purchases a __________________________ to replace a scheduled aircraft, there is automatic coverage provided the insurance company is ________________________________of the purchase and premium payment is made. The coverage is the same as on the scheduled aircraft.

If the insured purchases an _______________________, there is automatic coverage provided the insurance company currently insures all of the insured's owned aircraft. The insured must notify the insurance company within ________
days of the acquisition. The coverage is the same as another aircraft with similar passenger capacity. The physical damage limit is the actual amount the insured paid for the aircraft.

**War Risk Coverage Endorsement**

The ______________ provides coverage for physical loss or damage to the aircraft ______________. This endorsement also provides coverage for confiscation, seizure, arrest and detention.

International travel in a corporate aircraft almost always requires that specific war risk coverage be in effect before an operator travels ______________.