

INSURANCE INFO / AWARENESS

Aim: To introduce you to and inform you of insurance policies as they apply to our gliding operations.

What is Insurance?

Insurance is a “process” or system by which we as individuals, can pay a relatively small fee into a pool similarly contributed to by other like minded people so that a large pool of money is available to repair / replace our possessions / property that may be damaged or lost. An insurance company collects these payments (premiums) charged as a percentage of the value / sum insured, adds a small fee for their administration and then invests this money to build up substantial reserves to cover any claims that come in.

If we then have a “whoopsie” and damage our lovely glider, we need to get it fixed so we contact the insurer, they get an “assessor” to come and look at the damage and determine whether to repair or “write-off” and replace our glider. The cost of repairs or replacement is borne by the insurer, less the excess specified within the policy. Whatever action is decided, our glider is eventually returned to us in good order. We do of course lose the access / utilisation and this in itself is a good reason why we should do everything we reasonably can to prevent accidents and incidents that stop us flying.

Hull Loss Policies

These are the most common policies and they cover the damage / loss of an aircraft (glider, towplane) and specified equipment in the aircraft. Such equipment usually does not include things like parachutes and in some cases, all instruments and avionics. Be sure to check what equipment is included... don't wait till you have a claim. Keep your insurer updated of any equipment changes and changes in the value you wish to have covered. Most clubs and private owners insure their gliders for a realistic” market value / replacement cost.

In the case of a glider, worth say \$50,000, the insurance base rate will be charged at 4% per annum so it will cost \$2000 to insure it. The actual percentage rate charged does vary, usually as a function of any restrictions placed on the use of the property ... e.g. experience restrictions; and the level of “excess” you accept in the event of a claim... e.g. a lower excess attracts a higher base rate. Usually, there is also a differentiation between a ground incident and a flight incident which has correspondingly different excess values.

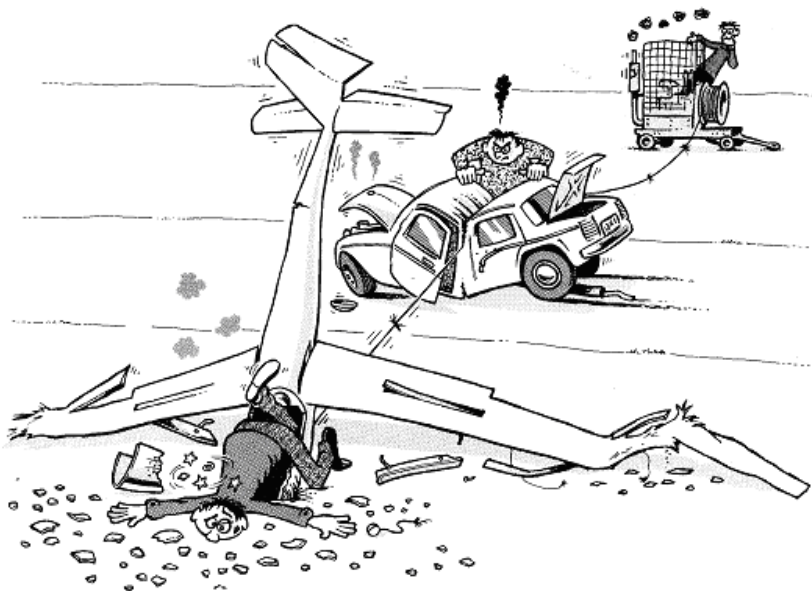
Glider trailers and associated equipment are usually covered by separate specific policies.

Third Party Liability Policies

This insurance cover provides protection against claims generated when club owned property (say... a glider or towplane) damages someone else's property... eg, the glider runs in to a farmer's prize cow and flattens it! The common value of this policy is currently at least \$500,000 and more often \$1,000,000. Remember... its not just the property costs; it can include loss of income / production etc due to damage to property.

Property

Just as you probably insure your home, contents and various other possessions like cars, boats etc, the club holds insurance cover against damage / loss from fire and / or theft of club property... hangars, clubrooms, caravans etc.



Professional Liability

In a world where some will go to great lengths to hold someone else responsible for their errors / mistakes / grievances, club executive, instructors, tow pilots and general members can all become targets of legal pursuit. Defending against any legal action can be both time consuming and expensive at best and outrightly stressful and financially crippling at worst... even when you are in the right! Many clubs hold a Professional Liability Policy that will cover the costs of defending against such actions taken against them.

Vehical Policies

Clubs may hold separate policies to cover the use of vehicles to tow gliders on the airfield and / or in trailers. Standard excesses are in the order of \$400 but most have additional amounts for younger drivers. These are typically around \$1000 extra. Note; any insurance cover would probably be voided if the driver is unlicensed.

Who pays?

The cost of the various insurance policies held by the club is recovered in two ways, depending on the types of policies. The basic glider hull and associated equipment cover is recovered through the charge rate for the gliders. Costs relating to the other polices that cover the non-flying aspects are usually recovered through annual subscriptions.

As an incentive, insurance companies often offer a “No Claims Bonus” whereby the annual premium is reduced by an amount to recognise that no claim has been made. These can increase each year and offer a considerable saving at insurance renewal time. The loss of such reductions are an additional “cost” when you end up having to make a claim.

Personal Insurance Policies

Many individuals hold personal insurance policies that cover them for personal injury and/ or loss of life. Be aware that some policies have some wide ranging exclusions to the cover in the fine print. It is a good idea to inform your insurer that you partake in certain sports and check that any claim arising from this participation is covered by the policy. We are aware that some glider pilots have found some insurers rate gliding as a dangerous / high risk sport and will exclude cover unless convinced otherwise.

Similarly, be aware that some vehicle policies have limitations and exclusions relating to towing trailers. Be sure that your vehicle is certified for towing the size / weight of trailer you tow or you may be risking invalidating your cover. In both cases, don't wait to find out after the accident!

Insurance Excess Schemes

Some clubs run schemes where by members can pay a sum (usually around \$100 per year) in to a pool that can then be called upon to pay the excess, or part there-of, in the event of a claim being required.

Along similar lines, some clubs have a fixed fee that is charged in the event of all wheel-up landings. This can be in the order of \$500 and is used to fund the repairs if required immediately or at a later date as further incidents occur. Damage is often outwardly minimal during a wheel-up landing and less than the excess charged for a single event but damage is cumulative and will eventually require a more comprehensive / expensive repair which may not have all been the consequence of the last incident.

Tips:

- If your club offers an Insurance Excess Scheme... consider joining it as it can add a level of protection against a possible “whoopsie” costing you and limiting your further participation in the sport.
- Check all policies to ensure they meet your requirements. Ask questions if unsure of what is covered...and more importantly, what may not be included / covered in a policy.

Need To Know:

- Where to find info on the club's insurance policies, particularly the excesses that exist.
- Who is responsible for contacting the insurer, when this needs to occur and how the contact is made.
- What the club's policy is on payment of insurance excesses in the event of a claim.

Further Reading:

- Club Rules / SOP's. Take a look at these to be fully aware of your obligations with respect to insurance.