

IT'S TIME TO SPRING CLEAN YOUR INSURANCE: UPDATING YOUR COVERAGE'S IS VERY IMPORTANT

BY: DAVE FITZPATRICK

As spring arrives and many of us get back to the skies in full force, we take it for granted that our aircraft need to be inspected and serviced.

Well, your aviation insurance policy is no different. This is a good time to inspect and service your insurance coverage as well.

Too many owners simply assume that what was good enough last year will be good enough this year too. Unfortunately, that isn't always the case, as many have found out the hard way. So join me in a quick spring-cleaning of your policy.

First Some Good News...Then Some Bad News

The good news so far this year is that—on the short term at least—premiums are staying very competitive. That means that it wouldn't hurt for you to get a quote or two from different sources. You just might find yourself a better deal than you have been getting.

The bad news—which you may discover if you take my advice from the previous paragraph—is that there are some companies pushing policies that look and sound good but are severely lacking when it comes to coverage. Very low prices usually go hand-in-hand with long lists of exclusions, restrictions, and limitations. Pay extra close attention to liability limits on passengers and family members; the minimum you should consider (unless you *always* fly alone) is \$1 million with no sub-limits.

As always, make sure you deal with someone you can trust and that you feel comfortable with. If they are trying to push a "one size fits all" policy or don't seem to know much about aviation, you'd be better off dealing with someone else.

Updating the Market Value of Your Aircraft Is Critical

As most of you know, the prices of aircraft have skyrocketed in recent years. A few years ago, a mid-1970's Cessna 172 in good condition could be found for \$25-30,000. In today's market, the same aircraft are listed at \$50-75,000.

This increase has a very important ramification for your insurance coverage. The amount for which you insure your aircraft *has to be the fair market value*. If it isn't, you could be in for a nasty shock should you ever have an accident! As I've explained in this column before, the insurance company considers the amount of coverage to be the full value of the air-

craft. So if you have a claim for that amount (or more), they pay you only that amount—and they take your airplane as salvage. Therefore, if you were only insured for \$30,000 on that \$60,000 Cessna, you would get a cheque for \$30,000 and lose your plane!

That's why you should carefully consider the fair market value of your aircraft on an annual basis and update your insurance policy accordingly.

Territories and Liability Limit

As I mentioned above, liability limits are a very important consideration and an area where insurers try to cut corners. Your insurance spring-cleaning wouldn't be complete without a review of this important area.

The first thing to do is to make sure that you know *exactly* what your coverage is. Are there passenger limits? Family limits? Or any other restrictions on the way the policy will protect you? Are the limits reasonable? Keep in mind that liability awards can reach millions and the courts will not only seize all your assets but garnishee future earnings as well. If the type of flying you do—or the people you fly with—have changed at all, or if you are not comfortable with the limits your policy imposes, make the effort to get some alternate quotes. Most people wouldn't even consider a liability limit as low as \$100,000 on their home or auto insurance, yet a significant percentage of owners do just that on their aircraft policy. You may be surprised that the additional coverage is not as expensive as you thought—while lack of coverage can be very expensive indeed!

The final stop on your spring-cleaning tour is a quick check on territorial limitations in your policy. Most policies restrict certain northern areas and some even prohibit operation into grass strips or unimproved runways. If your flying habits include any of these areas, you should make a point of amending your coverage.

Now that wasn't so painful, was it? No mops, brooms, dusters, tools, or vacuum cleaners required! Just a few minutes to review your policy and maybe a couple of phone calls to a friendly aviation insurance broker or two!

Then it's time to move into the cockpit and enjoy some spring flying.



DAVE FITZPATRICK IS AN AIRCRAFT OWNER, PILOT AND THE PRESIDENT OF AIR 1 INSURANCE. HE OFFERS FREE AVIATION INSURANCE REVIEWS TO THOSE THAT CALL HIM AT 1-888-917-1177.