



On Approach

Avemco Policyholder News



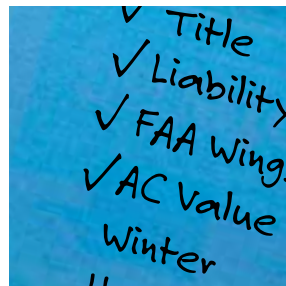
WINTER 2011



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SIMULATION COMES OF AGE REFORMING THE WAY WE TRAIN

By Jim Lauerman, President | Avemco Insurance Company

One of the few advantages of aging (or becoming “seasoned,” as my wife calls it), is gaining better perspective of our lives and careers. For me, a constant over the past 40 years has been watching the tragic consistency of the rate and reasons for General Aviation aircraft accidents.

On a personal level, I’ve lost too many friends in such accidents. As an insurance professional, I’ve watched GA become crippled by rising insurance costs, particularly for product liability. And now, if the experts are correct, we could be facing another “hard” property and casualty insurance market making that challenge much worse.

And how do we measure the public relations hit that GA takes every time there is a well-publicized

accident? How many expensive new (and often counter-productive) regulations have been implemented to try to stop those accidents? How many people didn’t start flying because they became convinced it was too dangerous? We can all criticize the media’s sensationalizing of our accidents, but that reality is not likely to change.

Fortunately, in recent years I have observed an honest introspection in our community about our accident rate and how we can reform our flight training to stem the bloody tide. The number of people in the “see no evil, hear no evil, speak no evil” camp is dwindling. More leaders are addressing the critical need to transform the way we conduct flight training. Core to that



transformation is the concept of “educating aviators” rather than “training pilots.”

The technological development that promises to significantly improve our risk management education is the advent of simple and relatively inexpensive flight simulators.

Having analyzed aircraft accidents for 40 years, I’ve concluded that most are the result of a failure at both ends of the training spectrum. On one end, our fundamentals are weak. Tens of millions of dollars are wasted each year paying for aircraft damage caused by a pilot’s failure to properly maneuver the aircraft around its three axes, especially at slow speeds near the runway.

In my experience, these cases of failure at fundamentals are often because the flight instructor rushed through them too quickly, partly because he or she was bored with them and partly because of a desire to save the trainee money.

At the other end of the training spectrum, weak “higher order” risk management skills are also common and often fatal. In my opinion, the main reason for this is that instructors are largely unaware of the thought processes and external pressures that cause poor risk management. Even those who do understand the risky scenarios have a very hard time recreating those experiences in flight training in any realistic way. Instead, we create black and white scenarios that require no judgment on the part of the trainee. But it’s never that cut and dried in the real world.

A great example is the way we teach instrument approaches. Too often we take a trainee whose fundamentals are already weak and fly them in good weather with a view restricting device. The “hood” allows shadows and other indications of the aircraft’s attitude to leak in. Then, at the missed approach point, we have them take off the hood where they get the impression that finding the airport is always done

with great visibility. Anyone who has flown a lot of approaches to minimums knows this is rarely the case.

The use of flight simulators can economically and effectively address both ends of the training spectrum. After the initial capital cost, an effective flight instructor can inexpensively use a flight simulator to introduce concepts, master fundamentals, and introduce scenarios that evidence shows are risky.

Despite the potential of simulators to reduce losses and save trainees money, there’s still resistance to their full implementation for training. The two big obstacles are FARs that give little log-able credit for training in simulators, coupled with the desire of flight instructors to log flight time for future career opportunities. Both of these obstacles can be overcome, but will require courage and commitment.

As far as logging simulator time, the question a flight school should ask is, “What is your goal here, logging hours or becoming an excellent airman? If it’s the

former, maybe our school isn’t for you. If it’s the latter, welcome, you’ll be glad you made that choice.” Of course, the long-term solution is for the FAA to change their regulatory approach in order to encourage schools to stop “teaching the test” and checking off training boxes and to start focusing on real airmanship.

The instructor issue is where the courage comes in. The owners and managers of simulator-centric schools will have to make sure the emphasis is on educating the customer. Those instructors who do that well need to be rewarded for that emphasis. They may still go on to other flying jobs, but while they’re teaching they will be educators, not nurse maids.

We have an enormous opportunity in front of us in GA. Never in my 40 years in this industry have I seen such an opportunity for systemic improvement in the way we do business.

Let’s not blow it.



FROM TOTALED TO TREASURE

When Avemco Insurance Company President Jim Lauerman recently heard about a totaled Cessna 150, he knew exactly what to do with the aircraft. Get it to high school kids.

In fact, since 2005, the Avemco® team has facilitated the donation of more than 15 totaled airplanes' parts to high schools across the United States. It's part of Avemco's passionate participation in a groundbreaking education project called Build A Plane, a 501(c)(3) nonprofit corporation founded in 2003. The program provides students with hands-on experience in the basics of airplane mechanics, avionics and the physics of flight.

According to Build A Plane founder and aviation journalist Lyn Freeman, "The idea behind the project was to tie together the practical and the scientific disciplines of aviation. We wanted to make aviation education affordable for school districts and accessible to the next generation of pilots, engineers and mechanics."

The damaged aircraft Avemco donates to the program are no longer airworthy for a variety of reasons. For example, the first airplane Avemco donated to Build A Plane was a wind-damaged Cessna 150, which found a new home at John Burroughs High School in Burbank, California. Another 12 were donated due to saltwater damage from Hurricanes Katrina, Rita and Wilma. Today, there are donated aircraft at schools throughout the country.

Although these planes will never fly again, they're otherwise in excellent condition for students to study.

"Our mission is to support relevant initiatives that contribute to the growth and improvement of safety in general aviation," says Jim, "and

the Build A Plane program fits perfectly within that mission. As the demands in the aviation industry grow, it will require thousands of additional pilots, maintenance and repair professionals. The investment we make in aviation education today will pay immense dividends in the future."

Aircraft construction projects—like those offered by Build A Plane—provide an exciting opportunity to motivate kids to learn virtually any facet of science, technology, engineering or mathematics applied to the program. And it's a one-of-a-kind opportunity for young people to construct, deconstruct, analyze and build real airplanes. Many students who have participated in Build A Plane programs have gone on to become pilots, aviation technicians and students on aviation or aerospace career paths.

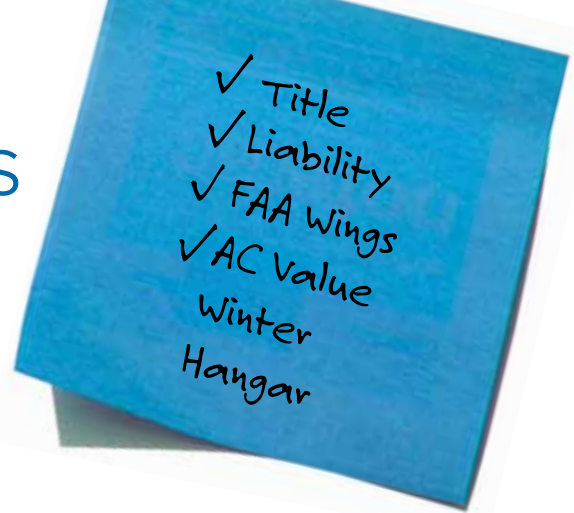
In addition to these donations, Avemco also provides program support by annually donating thousands of dollars worth of marketing and promotional resources to Build A Plane. Avemco employees even volunteer their time and talents to the marketing, administrative, and advisory aspects of the non-profit's endeavors.

"Without Avemco's participation, Build A Plane couldn't have gone as far as fast as we've been able to," adds Mr. Freeman. "Their support has enabled us to realize the dreams of hundreds of kids who want to learn about airplanes and teachers who want to excite that learning with actual hands-on experiences of aeronautical restoration and construction."

For more information about the Build A Plane project, visit www.buildaplane.org.



THE AIRCRAFT OWNER'S INSURANCE CHECKLIST



Now that cool winter winds are starting to rattle the windowpanes, and your airplane is safely holed up in its hangar, you may be tempted to take your mind off aviation for the season. But not so fast!

The quiet winter months are an ideal time to sit down with your aircraft insurance documents to make sure everything is up-to-date and in order. In fact, it may have been a few years since you've really given your insurance the attention it deserves. And things may have changed that could impact your policy.

So here's a handy checklist that'll help ensure your coverage is in tip-top condition*:

Does the name on your aircraft title match the name on your insurance policy? This may seem like a strange question, but some people forget that their aircraft policy was originally written in the name of their company, family trust or other corporate name.

Have you reviewed your liability limits? Aircraft owners who have been with the same insurance company for many years may wish to consider an update to their liability limits to reflect their current situation and/or position in life. If you think this might be the case for the liability limits on your Avemco policy, give us a call for a quick quote on alternate limits.

Are all the people flying your airplane listed as pilots on your policy, or do they meet the open pilot warranty (if available)? If there are people flying your airplane other than those listed on your policy or those who qualify under the open pilot warranty (if present on your policy), you're putting yourself at risk for a claim denial.

Have you recently completed any FAA WINGS - Pilot Proficiency Program Knowledge courses, including WINGS-approved courses from organizations such as King Schools, ASA, Gleim, Sporty's Pilot Shop, Pilot Workshops or others? How about any flight training? If so, you may be eligible to save up to 10% on your annual Avemco premium thanks to our Safety Rewards program.

Are you sure of the current value of your aircraft? Since hull coverage is based on the stated value of the aircraft, not the "blue book" value, you want to be sure this is up to date. You can call us or go online to the Manage Your Policy section of our website to request an aircraft valuation*.

Not flying your airplane during the winter? You could be saving money on your insurance premium during these

months thanks to Avemco's storage coverage. It reduces your premium while you're not flying.

Are you paying too much for the wrong type of life insurance? Often pilots are because many life insurance agents aren't experienced enough to help you identify which life insurer is right for you based on your aviation experience, health and the type of flying you do. Contact Avemco to learn about a pilot-friendly policy that'll protect your family, even when you fly.**

Do you own your hangar? If so, we can extend the liability on your airplane to the hangar. And we can also offer quotes through the National Hangar Insurance Program** that's specific to aircraft hangars and their contents.

Have you filled out and returned your annual renewal update form? This is critical for getting the best coverage and premium rate possible since we use that information to determine your rate for the upcoming year.

Does your policy have Excluding inflight hull (physical damage) coverage? Since this option doesn't provide coverage for damage to your aircraft occurring while the aircraft is inflight you may want to be sure it meets your current needs. Please see your policy for the definition of "inflight".

Fortunately, many of these tasks can be handled right over the phone with the help of our friendly, knowledgeable aviation underwriters. And for added convenience, our newly upgraded online policyholder services at avemco.com makes managing many of these tasks even easier! New site enhancements allow you to:

- Review your policy status and information on your covered aircraft, policy details and named pilots on the policy.
- Update your aircraft information, contact information and additional pilots on your policy.
- Plus you can handle payments and report claims on this secure online portal.

We hope you'll set aside some time this winter to make sure all of your critical insurance policy information and coverage is current. In the event of an incident, you'll be glad you did!

*Not all coverages or products may be available in all jurisdictions. The description of coverage herein is for information purposes only. Actual coverages will vary based on local law requirements and the terms and conditions of the policy issued. The information described herein does not amend, or otherwise affect, the terms and conditions of any insurance policy issued by Avemco. In the event that a policy is inconsistent with the information described herein, the language of the policy will take precedence. To provide aircraft valuations we subscribe to the services of V-Ref aircraft value reference.
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THE TOP 3 AVEMCO LOSS PREVENTION FORUM QUESTIONS AND OUR ANSWERS...

Accident prevention is a critical component of Avemco Insurance Company's business. As the only direct insurer of light aircraft, we are in the unique position of having a personal relationship with our customers while at the same time having a real understanding of accident causes since we also pay the claims. Therefore we believe we have an obligation to share our unique perspective with the broader general aviation community.

You may already be familiar with our Safety Rewards program and our support and active participation in the Airmanship Education Research Initiative (AERI). But if you haven't recently attended events such as AirVenture Oshkosh or the Sun 'n Fun Fly-In, you may not know that we frequently speak to pilots on issues of aviation safety.

During this past year alone, members of the Avemco® team conducted more than a dozen forums. Each time, we invite questions from the audience. Interestingly, what we've found is that a few questions consistently arise over and over again. So, assuming there are even more pilots out there asking themselves these very same questions, we've decided to share three of the most frequently asked Avemco forum questions — and our answers.

Q: What can I do to become a safer pilot?

A: The best way to become a safer pilot isn't necessarily through more training; it's through more effective training. You might be surprised to learn that not counting claims caused by weather to aircraft on the ground, about 25%* of Avemco's claim dollars pay for losses caused by pilots poorly executing the four

WHAT CUSTOMERS ARE SAYING

"I want to take a moment to thank Avemco for the risk management and other safety-related information they provide. As a pilot who's been flying for almost 50 years, with over 10,000 hours under my belt, I'm a strong advocate for examining the variables and potential risks of every flight."

Dr. Paul J. Yocom
Titusville, Florida

TRIVIA

- 1 Can you name the five major manufacturers of civil transport aircraft?
- 2 Can you name the first experimental jet to fly?
- 3 Which WWII aircraft flew as fast as a fighter with the bomb payload of a larger, medium bomber?
- 4 Can you name the world's only production tilt-rotor aircraft?

fundamentals. That's right ... climbs, turns, descents, and straight and level flight.

So one obvious recommendation we have is to master the fundamentals. They aren't exciting, but they'll help keep you safe. As we review the hundreds of claim reports Avemco receives every year, we're convinced that pilots could dramatically decrease the claim count and cost if they would focus more on the fundamentals of flying. These pilots could save money on training, potentially have fewer accidents, and over time perhaps even pay less for their insurance.

Q: How can those of us who regularly seek ways to add a greater level of safety to our flying, instill this commitment to the pilot community as a whole?

A: Improving the culture of aviation is the responsibility of each and every one of us. It's about making safety an expectation of yourself and your fellow pilots. Once this attitude begins to take seed and permeate the culture, it can lead to a tipping point in the same way wearing seatbelts in automobiles has become the expectation instead of the exception.

Over Avemco's 50-year history, the record reveals that it's not so much what pilots know or don't know that determines their risk of accidents — it's what they care about. Therefore, the solution to changing the culture is to start with ourselves by being more careful about what we celebrate and what we denigrate.

It won't be quick and easy, but it can be done. In fact it has been done in activities such as scuba diving and

motorcycle riding. It's about setting an example by holding ourselves to a certain standard, and having the courage to hold our fellow pilots to that same high standard too.

Q: What do you think the FAA should do to address pilot safety?

A: In a phrase: Not much. They can encourage responsible behavior through programs like the FAAST team WINGS initiative, but in the end the answer won't be primarily a regulatory one.

We think that a change in general aviation's safety record can only come from within. And that means each and every one of us must start today to fly more safely for our own good reasons. Experience tells us that what pilots care about is as important as what they know or don't know.

The answer is clear.

Because we believe an educated pilot is a safer pilot, we're proud to be able to share our unique perspective with you and the rest of the aviation community. We're confident that an increase in educational awareness through our forums, our support of the AERI project and our Safety Rewards Program for Avemco policyholders, will help improve general aviation's safety culture. And we hope you'll join us in playing a part as we prepare for even more forums in 2012!

*25% claims dollars information is based on Avemco Insurance Company 2005-2009 submitted aviation claims data analysis

AVEMCO'S PEOPLE

LESLEY POTTS - AVIATION SALES & SERVICE UNDERWRITER SENIOR



Lesley first joined Avemco from 1985-'88. She took a nine-year hiatus to raise two children in her native Frederick, Maryland, returning to Avemco in 1998. And she's been a proud employee ever since. "I love getting people excited about becoming a part of the Avemco family. That's because I feel great about our product and enjoy helping pilots understand the value of our policies. Once I show them the benefits, it just opens their eyes right up." When not helping Avemco customers, Lesley can be found helping out in her church community.

LESLEY

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AVEMCO'S PEOPLE

TOM FRALEY - VICE PRESIDENT, SUPPORT OPERATIONS



Tom started at Avemco in 1997 and has continually watched the complexity of Information Technology become greater and greater. "My favorite part of this job is tackling the challenges associated with ever-evolving technologies and applying them to make Avemco a more efficient company." That can-do attitude has helped Tom successfully manage the complete IT needs of the company along with related general operations tasks. Tom's other interests include spending time with his wife and four children, as well as coaching area baseball and softball teams.

TOM

TRIVIA ANSWERS

Q1 Airbus, Boeing, Bombardier, Embraer, United Aircraft Corporation
Q2 Heinkel He 178 Q3 Mosquito Q4 V-22 Osprey



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