

The Downside of Not Having Your Own Aircraft Renter's Insurance



By: Marci Veronie, Avemco Insurance Company, Senior Vice President of Sales & Marketing

What are the “exposures” pilots face when operating a non-owned aircraft?

The most obvious is damage to the rented or borrowed aircraft itself (Aircraft Damage Liability or ADL). If the borrowing or renting pilot causes that damage, there is a strong likelihood that she or he will be held responsible, if not by the owner of the aircraft, then by the owner's insurer through a process of “subrogation.” The insurer will seek to recover the amount it has paid out to the owner, and the owner will want to recover his or her deductible. If ADL coverage is purchased, it can pay for loss of use when the flight school or FBO loses revenue when it is unable to rent the airplane during the repair process.

Less obvious, but potentially much more serious, is bodily injury to passengers and people outside the aircraft. Another exposure often overlooked is damage to the property of others – including other aircraft, hangars, cars, runway lights, houses, crop fields, etc. The exposure most frequently overlooked, however, is not the injury or damage caused to others, but rather the cost to defend oneself from the litigation that arises out of the accident. It's a scary prospect to face a plaintiff's attorney alone, and an expensive and difficult prospect to find and fund an aviation-savvy attorney out of your own pocket.



So why doesn't everyone buy this coverage? And why do pilots continue to rent or borrow aircraft with no protection from loss?

- Many non-owner pilots think they are covered under the flight school or owner's policy. In a few instances, they may be, but not always. Most flight schools encourage the renter pilot to obtain their own insurance, and in some instances, will require the insurance at time of training, sometimes stating what the ADL limit should be for that policy.
- In addition, the renter pilot doesn't know what coverage, if any, he or she may have under the owner or operator's policy. What if the owner or operator's policy has lapsed or been cancelled at the time a loss occurs?

There is one final person that would benefit from increased renter aircraft insurance – the injured person. When an accident causes bodily injury or property damage, a loss settlement is typically more likely if the responsible renter or borrower has non-owned coverage. As mentioned above, the renter will also have the benefit of coverage for his or her defense costs.

In sum, the major reason for the prevailing unfamiliarity with non-owned aircraft coverage is the lack of understanding regarding the *need* for this coverage.

Avemco makes the difference.

Avemco® has taken an active role in educating the general aviation community about the need for non-owned aircraft insurance. Compared to most costs in general aviation, non-owned aircraft coverage is relatively inexpensive. If you fly rented or borrowed aircraft, make sure you obtain coverage that will help protect your interests. It just doesn't make sense to “go bare” and accept all the risk on your own.

Marci Veronie is the Senior Vice President of Sales and Marketing and has been with Avemco since 1987, serving general aviation aircraft owners and pilots. Marci has extensive knowledge of aviation insurance and the aircraft that Avemco covers. Additionally, she is active in Avemco's loss prevention efforts, developing educational programs and training for her staff. She is a member of the Women in Aviation International's (WAI) Blue Ridge Chapter. In March 2015, Marci was elected to the Women in Aviation International Board of Directors and was elected as Vice-Chair of WAI in 2017. In March of 2018, Marci was elected to serve a 2-year term as Chair of the Board of Directors of WAI and in April 2019 she received the prestigious Good Company Award from Tokio Marine.

Not all Avemco coverages or products may be available in all jurisdictions. The description of coverage in these pages 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. Articles and news items provided by Avemco are not intended to provide technical or legal advice. Content is for general information and discussion only and is not a full analysis of the matters presented. The information provided may not be applicable in all situations, and readers should always seek specific advice from the FAA and/or appropriate technical and legal experts before taking any action with respect to any matters discussed herein.

Avemco Insurance Company | 8490 Progress Drive, Suite 100 | Frederick, Maryland 21701 | (800) 638 8440 | Fax: (800) 756 7815 | avemco.com