

On Approach

Avemco® Policyholder News

Summer/Fall 2017



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HOMEBUILTS — AFTER THE ACCIDENT

*By Michael Adams, Senior Vice President,
Avemco Insurance Company*

There you are on short final and everything is dialed in for a perfect landing, then after the dust settles, you know it wasn't that good of a landing after all. For the rest of this story let us assume the following: a) no one was hurt; b) your plane was damaged; c) you purchased insurance that covers damage to your plane and d) all of the conditions of your insurance policy were met. What happens now? And what unique conditions must you consider as a homebuilder? Before we go further, please note that it's important to discuss these conditions and provisions with your insurance company before you take out a policy on your airplane.

Your policy will usually have a provision spelling out your duties after an accident or loss, such as telling you that you need to take reasonable steps to protect your plane from further damage. This may include theft and vandalism. You also have a duty to promptly notify your insurance

company of the damage. This notification should include the date, time, location, circumstances of the accident/incident/event. If there are any witnesses you should also include their names and contact information. Hopefully you are carrying your insurance policy ID card in your wallet or in

the plane with the contact information for your insurance company's claim department. That card will most likely also include a list of what to do after an accident. If you don't have an ID card, contact your insurance company and request one ASAP.

In fulfilling your duties after the loss, the best protection for your damaged aircraft may involve leaving the plane right where it is. If that is the case, it is a good idea to remove all portable equipment and also pull out the removable avionics and instruments from the panel.

You really don't want a landing accident claim to also become a theft claim, which then involves filing a police report. Even if your plane is safely moved to a secure area, you should take all portable items and removable avionics. Make sure you notify the facility that is storing your plane

and your insurance company what items you took with you. Keep them safe, since your insurance adjuster will want to inspect them. Depending on the definitions in your policy, those items may need to be returned as part of the plane in the event of a total loss. Most policies will pay for or reimburse you for reasonable costs incurred in protecting your plane after the accident.

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If your plane needs to be moved to clear a runway or taxiway, or you are ordered to move your plane by a local authority (airport manager), you can move the aircraft to a safe area. It is best if there is someone with the proper equipment and experience to move the plane without causing further damage. There have been times when the initial accident resulted in a plane that was repairable, only to have the aircraft become unrepairable because of additional damage caused while moving it.

For insurance purposes, an airplane is a total loss when it is not economically feasible to repair it

and return it to the condition it was in prior to the loss. The insurance policy typically has a definition of what counts as a total loss. Two common methods are used to determine a total loss. First, if the cost to repair the plane, plus the estimated salvage value of whatever is left of the plane is equal to or greater than the insured value of the plane, it's a total loss. For example if the aircraft is insured for \$80,000, the cost of repair is \$50,000 and the salvage value is \$30,000, the insurance company will consider that a total loss. The second possibility is when the policy states that a percent of the insured value is the tipping point of the plane being a total loss. Usually the percentage is about 70% of the insured value.

Homebuilders often look for a third alternative if the figures are close; i.e., negotiate a settlement that will allow them to keep the salvage. This is where it becomes crucial to know the conditions of your policy before you purchase insurance. Occasionally a policy will give you the first rights to buy the salvage, so check the policy wording and don't make an assumption. Even if you do have the first rights to buy the salvage, *it is the insurance company who will set the value of the salvage* based on their experience with your type of plane or similar aircraft. Your choice is to accept their offer, negotiate a different offer, if possible, or decline their offer and take your chances bidding against other potential salvage buyers. If you are interested in retaining the salvage it is good idea to let the insurance company know as soon as possible.

Now let's go back to the landing and look at the claim as if the aircraft were repairable.

Most aircraft policies are written on a stated value basis, meaning in the event of a total loss the insurance company will pay you the value that you and they agreed on for hull (physical damage) coverage when you took out the policy. You'll need to read your policy since the handling of deductibles and unpaid premiums are spelled out in the policy. Same goes for the things they will pay if the airplane can be repaired vs. the things they won't. For example, if you haven't painted your plane yet, the insurance company is not going to paint it as part of the repair.

Even though you provided information about yourself and your plane when applying for insurance, the adjuster will need to verify the information. To help the claim settlement process along, have the documentation on the aircraft and yourself as the pilot available for the adjuster to inspect. In olden days the adjuster would ask to have your original certificates and log books so they could make a copy. Now the adjuster will photograph the certificates and pertinent pilot log book pages (recent flight time, last dual received, current flight review, valid medical document). If the FAA or NTSB asks for your aircraft certificates and pilot log books, make a copy for the adjuster or if possible delay sending your documents to the FAA or NTSB until after the adjuster has recorded the information needed for the claim file.

The adjuster will also get a statement from you about the accident. It may be a written statement or a recorded conversation or telephone call. The adjuster may also take statements from any witnesses.

So, now all of the documentation has been

provided by you, reviewed by the insurance company (their claims department) and coverage has been confirmed. The next step is to get a bid for repairs. Preferably, several bids from different shops. Here is where the challenge comes in for a homebuilder. Depending on the damage, there may not be many, or any, shops interested in doing the repairs on a plane you built yourself. If you want to do the work, you may still have to submit a bid to repair your own plane. Your policy may have language that puts some parameters on the hourly rate for your labor. If it is not addressed, then any labor expense you bid will need to be negotiated with the insurance company. Remember, if you do include labor in your bid it is part of the equation in determining if your plane is repairable or will be considered a total loss. You and the insurance company will come to an agreement as to the cash value of the damage (parts and labor). At that point, you can work (or not work) on the plane as your interest or time permits. You should also know that if the insurance company continues to insure your plane, the insured value will be decreased by the amount of the settlement. Typically, you can add back value to the plane as the repairs are completed.

What could complicate accident repairs to a homebuilt plane? Transportation for repairs is calculated into the equation in determining if your plane is repairable or a total loss. If there is only one shop that will take on the job and it is on the other side of the continent from you the transportation costs may move your plane from the repairable column to the total loss column. The engine may also be a factor that limits who

will work on your plane (who has experience on a converted Wankel rotary engine?). What customized features have you built into your plane? You built the plane the way you did because you enjoyed the building process and you wanted to incorporate specific items (multi-function motorcycle throttle on the stick?) into the plane. A shop may look at repairing your plane as a combination of discovery, reverse engineering and unconventional re-assembly. None of which is bad, it is just different than repairing a certificated plane.

No one plans to have an accident, but knowing your options for repairs when you decide what plane you want to build, or purchase, may prevent

unpleasant surprises later on. Be prepared so that regardless of the chain of events, your joy of flying your homebuilt will never be diminished.

Mike Adams, Senior Vice President of Underwriting is an instrument-rated pilot, and a former President of the Oregon Pilots Association. Mike holds a property/casualty insurance license in all 50 states. His more than 30 years of combined experience with general aviation and the aviation insurance industry helps pilots to understand why many of Avemco's coverages and underwriting decisions are designed to help keep them safe.

Added Customer Benefit



Avemco now offers an additional discount to customers who are members of aviation organizations and type clubs*

Call (800) 638 8440, M-F 9:00 am to 6:00 pm Eastern for further details.

**Premium credits are subject to policy terms and underwriting guidelines. Including Avemco-recognized training and memberships.*



ALL THOSE OLDER PLANES – CHALLENGES AND OPPORTUNITIES

By Jason Blair, ATP, CFI-I, MEI-I, FAA Designated Pilot Examiner

Our general aviation (GA) fleet of aircraft by and large isn't getting any younger. With a few exceptions, new aircraft aren't coming out of factories at the rate they used to, which means many of us are flying older airplanes that keep getting even older. Before the major reduction of GA aircraft production in the mid-1980s, it was more common to find pilots flying aircraft that were less than a decade old. Now, at many airports, the number of airplanes that are less than one, two, or even three decades old is a small percentage of the total number on the field.

As owners and pilots of older aircraft, we are faced with some unique and new challenges, opportunities, and in my opinion, some level of industry stewardship at the same time. Let's begin by addressing some of the challenges.

PARTS AVAILABILITY The older an aircraft is, the harder it can become to get parts. When we are lucky, old parts' stocks or scavenged parts from wrecked airplanes can be sourced. When we aren't, it may mean making modifications and upgrades to a plane when a part breaks, replacing older parts with new compatible substitutes, and sometimes at the greatest difficulty and expense, fabricating replacement parts from scratch.

In the most extreme situations, buying extras of some parts can be an option for the most financially capable of owners. I am not saying this is mandatory, but if you have a Whiz Bang 37-C, and yours is the only one left flying and you happen to find a second one at a salvage yard cheap, it may be worth owning it for the extra parts.

MECHANIC AVAILABILITY As our airplanes get older, so do the mechanics that are familiar with them. In fact, many have retired and passed away well ahead of the aircraft themselves. This can make finding an experienced and qualified mechanic difficult. The good news is that many of the older aircraft are relatively simply built, so a good mechanic who is not necessarily familiar with the particular make and model may be able to quickly learn the intricacies of some of the older aircraft.

It also can mean that an owner needs to become very familiar with their own aircraft and sometimes serve as the resource for the mechanic who is working on it. This does not mean that owners have to do their own work, but knowing about resources for the aircraft (parts, manuals, service guides, etc.) can expedite the work of the A&P or IA that is working on the plane. In fact, I strongly encourage any aircraft owner to have either printed or digital copies of parts and service manuals for an aircraft they plan on keeping for any length of time.

Joining a type club can give you access to invaluable experience and resources from other members who frequently know your type of airplane inside and out. Don't be afraid to travel a little for maintenance to seek out

specific mechanics who are familiar with your make and model and that can keep it serviceable.

INSURANCE Getting insurance on some older aircraft can also be a little more challenging. Most are still very affordable to insure because as hull values decrease, generally premiums do, too. But, in some cases aircraft of extreme ages are getting even more challenging to insure. The reality for an insurer is that if the aircraft is damaged, the cost of fixing it is climbing due to lack of availability of parts. The chance that it will need to be “totaled” may increase. Work with your insurer to figure out the best options for your aircraft.

While these challenges may make some rethink owning an older aircraft, there are some definite benefits and opportunities in acquiring and preserving an older aircraft. I want to highlight some of the opportunities these birds afford. Many of these older aircraft are truly classics and can even be flying pieces of history.

Keeping these airplanes flying has a strong and long heritage. So, consider that next time you think about swapping out your 1960's V-Tail for a new aircraft.

AFFORDABILITY Many older aircraft offer similar performance characteristics when it comes to weight and balance, speed, and endurance as opposed to newer aircraft, and at a much lower acquisition cost. When upgraded avionics are installed, they can allow an owner to do most missions just as easily as a more modern aircraft. This makes ownership of these older aircraft affordable for more pilots, and as a result, more people stay active as pilots.

UPGRADES CAN MAKE THEM “MODERN” When it really comes down to it, a new engine, upgraded avionics, or a new interior can make many older aircraft just as comfortable and capable as new production aircraft and many times at a much lower cost. Putting a new engine and a new GPS into a 1960s Cessna 206 is less expensive than buying a new

from-the-factory Cessna 206, and it probably goes faster.

An older aircraft doesn't have to keep all of its old parts. We have a growing opportunity to upgrade older aircraft with modern avionics that allow the old bodies to be filled with modern “guts”. The wings and fuselage can be the vessel of new equipment and interiors that turn some of the most historic of aircraft into beautifully refurbished and upgraded modern versions of their former selves while still retaining their historic exteriors.

KEEPING HISTORY ALIVE My family owns a unique example of an older aircraft, a 1941 Meyers OTW bi-plane. From what we can tell, of the 102 that were built, there are less than 20 still flying, even fewer with the original Warner (a radial) engine. Having this plane in the family means we are now caretakers of one of the last examples of this aircraft. We are essentially living history managers with ownership and flying privileges of the aircraft, and with that we may be helping to keep it alive for another generation.

Becoming involved with some of these aircraft will change what happens to you when you arrive at a new airport. People will come to check out the plane you are flying as a unique example of our aviation history, not just another Cessna 172 that looks just like the last 15 of the exact same thing that flew into the airport in the same day. *I mean no offense, I fly 172s too.*

Keeping these airplanes flying has a strong and long heritage. So, consider that next time you think about swapping out your 1960's V-Tail for a new aircraft. If you don't keep it flying, will anyone else?

As our aircraft fleet in general aviation gets older, we are faced with challenges, and opportunities to consider. It's hard to keep an older aircraft flying, to be sure, but at the same time, it's potentially, a rewarding way to keep a part of our aviation history alive.

Jason Blair is an active single- and multi-engine instructor and an FAA Designated Pilot Examiner with over 5,000 hours total time and over 3,000 hours instruction given, and has flown over 90 different makes and models of general aviation aircraft. In his role as Examiner, over 1,000 pilot certificates have been issued. He currently works for, and in the past, for multiple aviation associations that promote training and general aviation. He also consults on aviation training and regulatory efforts for the general aviation industry. Jason Blair has published works in many aviation publications, a full listing of which can be found at www.jasonblair.net.



Readback is your chance to tell us what you think about everything we have to say and do – including our PIREPs, articles, emails and previous issues of the *On Approach* newsletter.

I get tons of email from companies I buy services from or have purchased goods from. The general theme from the majority is that somehow by sending regular communications that essentially say nothing, I'll hold them in better regard.

I find your PIREP series to be the shining happy exception - I make it a point to read them all because they are always relevant and valuable. Please continue as it can only make us better pilots. Thanks to the authors and editors!

Happy & Safe Aviating,

--Will Richmond

RESPONSES TO MICHAEL KERWIN'S ["TAXI LOSSES"](#)

As a flight instructor, I see this on a regular basis when giving a flight review. It can be corrected, just ask the question, will the task still be able to be accomplished when the person gets to where he or she is taxiing.

--Michael T Marvin

FYI, I believe this applies to little girls too, with their cell phones while taxiing in their cars, that I paid for. Four times!

...I think I'm going to forward your PIREP to her.

--Mike Pettiway

Editors note: Although we are not an auto insurance company, we are happy that our aviation-safety content perhaps reinforced safe driving habits for a family member!

I thought the statistics were interesting. As an older pilot getting back into flying after a long hiatus, I am a lot more focused on safety than when I was younger. I very much appreciate these reminders to always maintain situational awareness.

--Mark Schoen

Excellent PIREP.

Although the taxi claim I had in my Comanche was caused externally (an uneven surface prop strike), it was time-consuming and expensive to fix.

Take-away: Your airplane doesn't care who was at fault. Be 100% alert for literally anything that could/might cause damage and be proactive to keep it from grounding you.

Keep up the great work. It helps keep claims (and our insurance rates) low.

--Merl Ledford

This PIREP, like all the others, is great learning material. I'm 52, just learning to fly, and constantly amazed by how many things can go wrong while aviating. Or, at least it seems that way from what I read. It sometimes makes me wonder why the hell I'm pursuing this activity. But, I can't escape the desire to finally become a pilot. And, hopefully a safe pilot.

I read as much as I can on general aviation safety. There are many good, quick information resources out there. And yours is one of them. Keep it up. Hope I never have to officially contact your company.

--Ron Cousineau, student pilot

Very timely article. I fly my Cessna 170 on an almost daily basis when weather and time off allow. I have found myself getting complacent while taxiing and have to force myself to concentrate on the physical aspect of taxiing. It's a controlled 8000 ft runway with long taxiways. I have been attempting to keep my focus outside the cockpit while taxiing. I fall into the most complacent group. (12000 hours total time, 250 in type.) The statistics in your article will help.

-- Kevin

I have a conventional aircraft -Cessna 170A. I have to pay attention to keep it moving along the center line of the taxi way. Normally it is easy to do and the plane tracks true. But it is a challenge some days, particularly with winds. But in all events I have to pay attention. With a tricycle, not so much so.

--Henry Ehrlich



First, my thanks for assembling the data and presenting an under-appreciated part of aircraft risk exposure.

One reaction from the audience: my feeling is that “complacency” as a root cause is misused in accident discussions. Complacency is a feeling of “being pleased or self-satisfied with oneself or one’s merits, advantages, situation etc. without awareness of potential dangers or defects.”

How many pilots have you met that exhibited that trait? Like none? Pretty much the same here.

I know new pilots, rusty pilots, current pilots, young pilots, old pilots, professional pilots and the weekend warriors. But exactly zilch that met the dictionary description of “complacent.” All have a healthy respect for the challenge of the job, the complexity of the NAS, and the vagaries of nature that make up the environment in which we operate.

So if it’s not “complacent” that causes us to whack a wingtip into the gas pumps, what is really going on? Your data suggests

a strong correlation with increasing flight hours, and increasing taxi accidents. Instead of complacency, I’d check things like time in type (it takes some practice to figure out where the wingtip really is), unfamiliar airports, fatigue, and type of operation (getting out on an IFR clearance during the evening “rush” is quite different from a Sunday hour of doing circuits in the pattern).

Avemco has an outstanding database to mine for insights into how we can be better pilots. I respectfully urge you to avoid platitudes, like complacency, and instead drill down into the data and uncover the real nuggets of value to the flying community.

--Mark Helmericks

Thanks for the reminder. Having around 4,000 hrs total time and more than 2,500 hours time-in-type makes me a perfect candidate for such complacency/distraction.

A few months ago, I was taxiing at a familiar airport and an extended conversation with a passenger was so distracting that I totally mucked up the taxi instruction. No paint was exchanged but it demonstrated how dangerous distractions can be.

I’ve written the word “FOCUS” in double-large letters on a sticky-tab and will put that in a prominent place on my before-taxi checklist to make sure I get reminded one more time.

--Joe Grimes

COMING TO A HANGAR NEAR YOU!

The most fun we have all year is meeting our customers in person and strengthening our ties within the aviation community.

Avemco currently is a sponsor of the Bonanza & Baron Pilot Training clinics. For a list of upcoming clinics [click here*](#). The courses are custom designed for pilots and owners of Bonanzas, Barons, Travel Airs, Twin Bonanzas and Dukes.

Avemco will be exhibiting at the remaining aviation tradeshow in 2017:

SEPTEMBER 8-9

AOPA Fly In
Norman (KOUN) OK
Booth #53

OCTOBER 6-7

AOPA Fly In
Groton (KGON) CT
Booth #31

OCTOBER 27-28

AOPA Fly In
Tampa (KTPF) FL
Booth #44

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