

MICROSEC
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Aviation Insurance



Aviation Facts

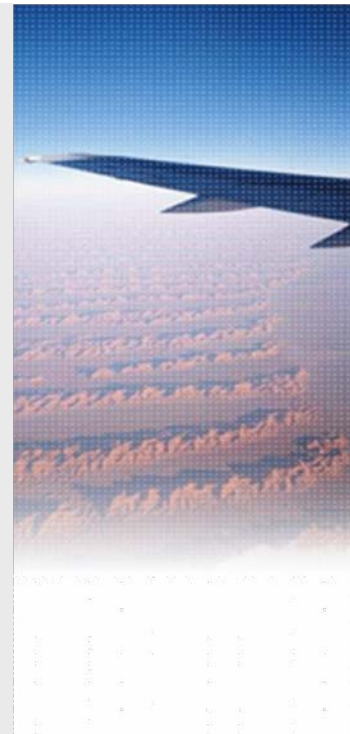
- On 17th of December, 1903 Orville Wright flew an airplane for 12 seconds covering a distance of 120 feet
- In 1932 Aviation division of Tata Sons Limited was set up with mail service. In 1938 the Airline had carried a few hundred passengers too
- JRD Tata was the pioneer of aviation in India
- In 1946, Tata Sons Ltd., was converted into Air India Limited

Aviation Insurance

Aviation Insurance was first introduced in the early years of the 20th Century. It is typically sold as a package policy comprised of physical damage (hull), personal injury and liability coverage. The policy also protects the insured from the risks associated with owning and operating an aircraft.

Basic Covers

- Hull “All Risks”
- Hull “War Risks”
- Spares “All Risks” / “War Risks”
- Aircraft Liabilities – Third Party; Passenger; Baggage; and Cargo and Mail
- Excess Liability - Third Party War Risks
- Hull Deductible
- Aerospace Manufacturers Products & Grounding Liability
- Airport Owners & Operators Liability
- Product Liability



Understanding of Coverage

Hull “All Risks” Insurance

- ❑ It is suitable for Small Aircraft Operators, which covers all physical loss or damage sustained by the insured aircraft including total loss and disappearance. All losses are paid subject to deductible.

Spares “All Risk” Insurance

- ❑ It covers loss or damage to spares, tools, equipments and supplies owned by the insured or the property for which the insured is responsible whilst on ground or in transit by land, sea, air including in own aircraft or whilst on the premises of others for storage only

Hull/Spares “War Risk”

- ❑ Indemnity is provided to the aircraft as well as spares caused by war, invasion, acts of foreign enemies, hostilities, civil war, rebellion, revolution, resurrection, martial law, strikes, riots, civil commotion, malicious acts and sabotage

Understanding of Coverage

Hull Deductible

- ❑ Airlines at times have to bear a proportion of loss due to application of a deductible under All Risk Policy, which may impose considerable financial difficulty on the insured. Therefore the operators insure part of their deductibles under this kind of insurance

Aviation Personal Accident

- ❑ It covers the insured person against injury, disablement or death arising as result of an accident that is generally granted on annual basis. The cover operates while mounting or dismounting from and whilst traveling an aircraft while the aircraft is being used within the geographical scope as per its permitted usage.

Loss of License

- ❑ It is mandatory for every operating crews of the aircraft to have valid license. License is liable to be suspended either temporarily or permanently on medical grounds. It covers in respect of incapacity causing permanent or temporary total disablement due to bodily injury or illness.

Aviation

Coverage

- Covers all risks of loss of or damage to aircraft unless otherwise excluded
- Covers flight and ground risks
- Coverage includes ingestion / Foreign Object Damage (F.O.D.) caused by a single recorded incident



Exclusions

- Mechanical Breakdown / Wear and Tear
- War, Hi-jacking and Other Perils Exclusion Clause AVN 48B
- Nuclear Risks Exclusion Clause AVN 38B
- Items detached from aircraft and held as spare parts
- Loss of Use

Aviation

Coverage

- Covers loss of or damage to aircraft by War and Allied Perils as excluded from All Risks policy such as War / Civil War etc. Act of Terrorist, Strike / Riot, Civil Commotion, Confiscation etc., Hijacking
- Standard market wording - LSW 555B / LSW 555C



Exclusions

- Hostile detonation of nuclear weapon.
- War between UK, USA, France, Russian Federation, China
- Confiscation etc. by government of registration
- Confiscation etc. for financial reasons.
- Repossession by title holder
- Delay, loss of use, consequential loss

Aviation

Coverage

- Covers all risks of loss or damage to spare aircraft engines, parts or equipment owned by the Assured or for which they are responsible
- Covers whilst in storage or in transit
- Covers Ground Equipments and Engines



Exclusions

- Mechanical / electrical breakdown, wear and tear.
- War, Hi-jacking and Other Perils Exclusion Clause (AVN 48B) (may buy-back cover normally in conjunction with hull war)
- Nuclear Risks Exclusion Clause AVN38B and Inventory losses
- Loss arising under process and directly resulting there from and Any spare whilst fitted to an aircraft

Aviation

Coverage

- Will indemnify against legal liability for bodily injury or property damage suffered by third parties (including passengers baggage and cargo) arising from the aviation operations of the airline and caused by an occurrence
- Relates mainly to
 - Operation of aircraft
 - Injury to passengers
 - Damage to cargo / baggage
 - Operations at airports and other aviation premises
 - Services to other airlines
 - Can include war and allied perils “Writeback” per AVN 52D

Aviation

Exclusions

- Non-Aviation" risks e.g. Employers Liability / Motor liability
- Damage to property owned, leased or rented by the assured
- Nuclear risks (AVN38B)
- Noise, pollution, contamination, electrical interference (AVN46B).
- Hostile detonation of nuclear weapon (Article (b) of AVN48B).
- Other exclusions per AVS.104B

Aviation

- Airworthiness / comply with DGCA regulations
- Issuance of tickets / waybills
- Advice of material alterations
- Cancellation clause
- Individual contracts to be agreed by insurers
- Claims notification / No admission of liability

Coverage

- Third Party Excess AV52 coverage

Aviation

- Engine Mechanical Breakdown
- Profit Commission Insurance
- Passenger Voluntary Settlement
- Personal Accident / Loss of License
- Hull “Total Loss Only”
- Technical Records
- Financial “Balance Sheet” Protection Products
 - Loss of Use
 - Loss of Profits / Extra Expenses
 - Grounding



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