

Maintenance Shop Insurance

Have you ever wondered who is responsible if something happens to your aircraft while it is undergoing maintenance? Does your insurance pay or does the maintenance provider's insurer's pay – presuming of course that they are insured! Bill Beard from Avsure explains as follows:

HAVING PURCHASED Aircraft Hull Coverage, you rightly assume your maintenance shop has what the industry calls "Aviation Hangarkeepers and Products

Liability Insurance". Often have I heard the comment "I don't need hull cover yet as it will be covered by my engineer's insurance when it's in his hangar".

The facts are this is not the case. Hangarkeepers Insurance only covers the negligence and legal liability of the hangar owner with regard to aircraft held in their care and custody. If your engineering organisation denies they are responsible or the circumstances of the loss won't stand up in court, then you can't expect any compensation from their insurers. It is very important then, that you maintain your own insurance even for a construction project or

lengthy refurbishment programme.

Having clarified that, let's consider a couple of scenarios that might occur totally beyond your control ie, the hangar burns down, the aircraft (or parts) are stolen or during an engine run the apprentice taxis into something requiring a replacement prop and bulk strip (even worse if your engine is running on condition and you have to overhaul the engine).

If you have your own hull insurance, you may be reluctant to claim under your own policy as there is the policy deductible to consider, loss of No Claims Bonus, a possible premium increase next renewal and a claim that you could be accountable for, for years to come. If the shop readily admits liability and their insurers step up to the mark then it could be convenient to let them get on and rectify the damage.

However, even if there is no dispute with the shop or their insurers denying liability it's always best to lodge a claim under your own policy and let your own insurers appoint a Loss Adjuster to sort out the mess. They will do the negotiations, pay any legal fees that arise and isolate you from the nitty gritty negotiations. By assigning the claim to your insurance company you will have an adjuster that will be on your side and like you will want your aircraft repaired quickly and properly. In addition, your insurance company will have every expectation of recovering all the costs from the negligent party.

Even though the loss will be a claim under your policy, a loss due to someone else's negligence will not generally be considered adversely in future renewal evaluations. Your insurance adjuster will take charge and if necessary redirect repairs to an alternative repairer (only with your approval) who may be able to get the job done quicker. Your insurers will in turn pursue the negligent party and their insurers for full reimbursement and also assist in the recovery of the deductible and any other relevant expenses. Your insurance company assumes your Rights of Recovery when they pay the repair costs – this is called Subrogation.

Things naturally take an entirely different course if you or your repair shop are not insured. My best advice therefore is to firstly ascertain your maintenance provider has the necessary Hangarkeepers/ Products Liability Cover and their level of coverage is enough to cover the full value of your aircraft.

Low cost maintenance is a bad option when it comes at the cost of no insurance back-up.

Recent Accident and Incident Reports *provided courtesy of Avsure*

Type: Piper PA32-260 CNS
Location: Great Barrier Is. **POB:** 6
Operation: Transport Pax A-B
Date: 29 Sept 2009 **Injuries:** 1
Report: After takeoff, aircraft failed to achieve normal climb and crashed into swampy area approx .5nm just off to left of centreline of RWY 28 at Claris aerodrome.

Type: Robinson R44 HXI
Location: Te Aroha **POB:** 4
Operation: Ferry / Positioning
Date: 29 Sept 2009 **Injuries:** Nil
Report: The main rotor blades contacted a tree causing damage to the blades just as the helicopter was landing.

Type: Sonex NAF
Location: Masterton **POB:** 2
Operation: Ferry / Positioning
Date: 29 Sept 2009 **Injuries:** Nil
Report: The aircraft lost power on takeoff and ran into a fence on the airport boundary. Neither occupant was hurt.

Type: Rans S6S CER
Location: Omaka **POB:** 1
Operation: Private Other **Injuries:** Nil
Date: 1 October 2009
Report: Undercarriage collapse on landing.

Type: Schweizer HID
Location: Apiti **POB:** 1
Operation: Agricultural **Injuries:** Nil
Date: 23 August 2009
Report: The helicopter struck an electric fence causing damage to one of the main rotor blades, tail rotor cap, spray boom and vertical fin. Aircraft landed on next ridge.

Type: Grumman AA-5A TMR
Location: Gisborne **POB:** 2
Operation: Training dual **Injuries:** Nil
Date: 7 July 2009
Report: The crew were carrying out forced landing practice when the aircraft had a heavy landing. The undercarriage buckled and a prop strike occurred.

Type: Piper PA38-112 EYC
Location: West Melton **POB:** 1
Operation: Training solo **Injuries:** Nil
Date: 22 Sept 2009
Report: The pilot was carrying out solo circuit consolidation but on his last approach was very low and he reacted too late to prevent a main wheel from striking a marker board. Damage was limited to the main wheel and strut area.

Note: Accidents and Incidents are selected from the CAA website and are provided for information only. Accuracy is not guaranteed. Please refer to CAA website for full briefs.



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