



Non-Owned Aviation Liability Insurance Coverage



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Non-Owned Aircraft Hull and Liability Insurance

Corporate Non-Owned Aircraft Liability Insurance provides coverage to companies or individuals that use aircraft that they do not own and that are operated by third parties such as chartered aircraft or permissive use. These exposures are primarily contingent liabilities where the user does not employ the crew and is not directly involved with the operation and maintenance of the aircraft.

Non-Owned Hull and Liability for Corporate Aircraft

-) Non-owned aircraft third party legal liability with limits of \$100,000,000 or higher
-) Non-owned aircraft hull physical damage

Non-Owned Hull and Liability for Special Uses

-) Film and Production
-) Power-line Patrol
-) Pipe-line Patrol
-) Aerial Photo and Survey
-) Air Ambulance

Who needs Non-Owned Aircraft Liability Protection?

You do, if you or your organization uses an aircraft that you or your organizations do not own, even if you are only a passenger.

What are some examples of non-owned aircraft exposures?

-) A person or organization that charters an aircraft (pilot furnished by the aircraft owner), whether for personal or for business use.
-) A person who is a passenger in an aircraft that they do not own when a loss occurs, even if accompanied by the aircraft owner/pilot.
-) An independent professional contract pilot operating an owner's aircraft.
-) A person or organization with an employee pilot who owns or rents an aircraft for use on company business.
-) A person or organization that borrows or uses an aircraft, even though an approved user.
-) A person or organization that employs professional flight personnel that may operate other owners aircraft regardless of whether part of their primary employment.

How likely is it that there will be protection under the owner's insurance policy for a "non-owner" user, passenger or charter customer?

It depends on your connection to the aircraft owner, whether there are adequate limits, what the owner's policy says about protecting you, the use of the aircraft, etc. Are you a passenger or organization responsible for chartering the flight? If you are in the aircraft in any capacity as someone responsible for arranging or operating the flight, you most likely do NOT have protection.

Why wouldn't the aircraft owner's aviation insurance policy protect me?

As stated above it may. Most policies extend protection under the liability coverage (bodily injury and property damage) to permissive users, and to others in the aircraft, or to entities responsible for the aircraft use. Such extensions generally do not apply to damages to the aircraft itself but only to bodily injury and other property damage.

Protection, however, is not generally extended to persons or business entities in the "aviation" business therefore any charter broker, pilot service or travel department would not be protected under most owners' individual aircraft insurance policies.

How can I know if I am protected under the aircraft owner's insurance policy?

You can't know for sure unless you read and understand the owner's policy. Some policyholders may not be sure about who is and who is not protected in their own policy. Some have confused being a permissive user, customer or an approved pilot with being included for liability insurance protection. Such may not be the case, especially for persons working in commercial aviation or the business of arranging charter flights on behalf of others.

Can I buy my own insurance to apply when I use an aircraft I do not own?

Yes, if you qualify. Coverage is generally available for non-commercial uses:

-) For Corporations - Corporate Non-Owned Aircraft Liability Insurance
-) For individual licensed renter pilots - Personal Non-Owned Aircraft Liability Insurance

Corporate Non-Owned Aircraft Liability and Film Production Insurance policies can be broader in the types aircraft covered provided they are only operated by pilots furnished by the aircraft owner such as chartered aircraft. With chartered aircraft the exposures are mainly contingent liabilities since the charter customer is not directly involved with the operation and maintenance of the aircraft. If the pilot is an employee of the corporation being insured, coverage may still be available, but would be rated in accordance with the pilot's experience and may be limited to certain aircraft types or models.

Personal Non-Owned Aircraft Liability Insurance is usually limited to single engine, fixed wing, non-pressurized, piston, land aircraft having a seating capacity not exceeding seven total seats and a maximum engine horsepower rating of 450 hp, with a Standard Airworthiness Certificate. Coverage can also be provided for student pilots. Multiengine and other aircraft not included in the above description would require special consideration by underwriters for Personal Non-Owned Aircraft Liability Insurance and may not be readily available at a comparable cost (see premium indications below).

What if I own an aircraft, have insurance for it, but occasionally use someone else's aircraft?

Most aircraft insurance policies have provisions that could apply to the named insured's use of a non-owned aircraft. The coverage is usually set forth in a section called "Use of Other Aircraft." Under it, liability coverage is extended to apply when the named insured is operating another aircraft. It should be noted that this provision usually applies ONLY if the named insured is one individual (may include spouse) and not if the named insured is a corporation or more than just one individual (such as co-owner named insureds). Approved non-owned aircraft may be limited to aircraft of the same type as the insured aircraft. This protection would apply as excess over any other valid and collectible insurance available to the named insured (e.g., coverage may be available under the owners insurance).

It should also be noted that the "Use of Other Aircraft" provision may not extend to cover damage to the aircraft being operated. Further, coverage would not apply to any aircraft that the named insured owns, in whole or in part, or that is rented or leased for more than a short period, seven to 30 days.

Corporate named insureds can usually have the insurance on their owned aircraft endorsed to include the corporate use of non-owned aircraft, although this feature is not always part of a corporate aircraft policy. An endorsement can be added to include property damage liability resulting from damage to the non-owned aircraft.

Most aircraft insurance policies have a provision for extending liability coverage to apply to a temporary substitute aircraft. This coverage applies when the insured aircraft is down and out of service because of breakdown, repair, servicing, loss or destruction and another aircraft is used as a substitute.

What is "Non-Owned Hull" insurance?

It is a confusing term that could be misleading. It has been occasionally misunderstood as being physical damage ("Hull") coverage on a non-owned aircraft. It is not. Actually it is provided as an exception to a typical property damage **liability** exclusion. The exclusion eliminates protection under Property Damage Liability insurance for damage to property belonging to others but which is damaged while in the care, custody, or control of the insured. The so called "non-owned hull" insurance sets aside this exclusion and makes coverage available for property damage liability arising out of damages to a non-owned aircraft. This coverage is more properly referred to as "Liability Coverage for Damage to Non-Owned Aircraft." Since the phrase "non-owned hull" is not as wordy, it is often used when discussing this coverage, even by insurance professionals.

Do Non-Owned claims really happen?

Yes. And when they do occur, they tend to be very complex especially when interchange or fractional ownership becomes part of the equation.

A few very high profile non-owned aviation losses involving nearly all of the above can be found at the following links.

[Alberto-Culver Corporation v. AON Corporation](#)

[Judge awards \\$70 million to families of Jenni Rivera's entourage who died in plane crash](#)

[Travis Barker Blames Pilots, Equipment for Plane Crash](#)

Insurance Companies We Work With

Transport Risk Management and Chartasure only work with Admitted Insurers on all Non-owned Aviation Liability Risks.

Transport Risk Management and Chartasure only provide comprehensive "All-Risk" policy forms that assure the broadest coverage available.

Coverage is quoted through aviation insurers that are all A+ rated by A.M. Best or higher. The policies are very broad commercial aviation policies that cover most Non-owned liability exposures of the Non-owned Client. Exposures as outlined in the application are quoted and can be bound upon review and approval. The policies are individually written and placed and not a master excess or contingent program placement.

TYPICAL COVERAGE SUMMARY

SOME COVERAGE MAY BE ADDITIONAL PREMIUM OR NOT AVAILABLE

NAMED INSURED

Named Insured and all affiliated, owned, managed or controlled organizations or entities now in existence or hereafter formed.

INSURED USES

All Uses of the Named Insured - Otherwise Indicated In Policy

COVERAGE TERRITORY

Worldwide – Anywhere In The World

NON-OWNED AIRCRAFT LIABILITY

To pay on behalf of the Insured all sums the Insured should become legally obligated to pay for Bodily Injury or Property Damage (EXCLUDING damage to the non-owned aircraft) arising from the use of any non-owned or non-leased/non-managed, aircraft while being utilized by or on behalf of the Insured in its operations.

NON-OWNED HULL PHYSICAL DAMAGE LIABILITY

To pay on behalf of the Insured all sums the Insured should become legally obligated to pay for damage to non-owned or non-leased/non-managed, aircraft while being utilized by or on behalf of the Insured in its operations.

MEDICAL PAYMENTS

To pay on behalf of the Insured all reasonable medical expense to persons who sustain Bodily Injury caused by an accident arising from a condition of the insured premises or aviation operations of the Insured.

PERSONAL INJURY LIABILITY

To pay on behalf of the Insured all sums the Insured should become legally obligated to pay as damages for injury sustained by any person (excluding employees) or organization relating to the aviation operations of the Insured arising out of false arrest, detention or imprisonment, malicious prosecution, libel or slander, wrongful entry or eviction, or other invasion of the right of private occupancy.

PREMISES LIABILITY

To pay on behalf of the Insured all sums the Insured should become legally obligated to pay for Bodily Injury and Property Damage arising out of the aviation operations of the facility described in the policy and all aviation operations away from the premises which are necessary or incidental to such operations.

CONTRACTUAL LIABILITY COVERAGE

To pay on behalf of the Insured all sums the Insured should become legally obligated to pay by reason of liability assumed by the Insured under a written contract designated by the policy schedule or reported to the Insurance Company within 30 days after its formation and not rejected by the Insurance Company.

WAR RISKS LIABILITY COVERAGE

To insure against liability claims arising from the normally excluded exposures of hi-jacking, war risk and confiscation.

FELLOW EMPLOYEE COVERAGE

To insure for employee suits against another employee for Bodily Injury and Property Damage if an accident occurs in the course and scope of the employment of the claimant.

BAGGAGE COVERAGE

The personal effects and baggage of each passenger are covered while being transported in an aircraft being operated on behalf of the Insured.

HOST LIQUOR LIABILITY

To pay on behalf of the Insured all sums the Insured should become legally obligated to pay for Bodily Injury and Property Damage arising out of the serving of alcoholic beverages at the insured aviation related premises or involved in the aviation operations of the Insured.

FAMILY ASSISTANCE EXPENSE REIMBURSEMENT

To reimburse the Insured reasonable family assistance expenses incurred by the Insured to assist family members of a fatally injured passenger that are incurred within one year of a covered occurrence.

INCIDENTAL MEDICAL MALPRACTICE LIABILITY

To pay on behalf of the Insured all sums the Insured should become legally obligated to pay for Bodily Injury arising out of the rendering or failure to render medical, surgical, dental, x-ray or automatic external defibrillator service or treatment.

TERRORISM REINSURANCE ACT – INCLUDED

Solely while the Terrorism Risk Insurance Act, as amended, is in force, this policy is amended to provide such coverage as is set forth below:

Liability coverage as provided under this policy shall be extended to include any accident, incident, **occurrence**, act or event during the policy period arising out of the following peril:

An "Act of Terrorism" as defined within the United States Terrorism Risk Insurance Act, as amended, with respect to any one or more "Acts of Terrorism." The Company will not pay any amounts for which the Company is not responsible under the terms of the Terrorism Risk Insurance Act, as amended, due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

The limit of the Company's liability for the coverage provided by this endorsement shall be included within and not in addition to the limits of liability provided under this policy.