

A Pilot's Checklist for Lower Insurance Premiums

The old adage “there is no free lunch” certainly applies to buying aircraft insurance. But if you play your cards right, you can still come out ahead.

Your insurance rates, and the corresponding premium, are a signal on the inherent “riskiness” for you to fly your plane. Logically, anything you can do to lower your insurance rates is a signal that you’re taking steps to make flying safer.



By Mark Gassen, CIC Insurance Broker

Most anything you do with your plane to become a better pilot and lower your insurance rates is offset by your time and money. In the short run, these costs may dwarf a mere five to 10% rate

reduction. If one considers the more subjective long range costs, the argument is more compelling:

Additional insurance premiums due to an accident	\$500 to \$2,000 + (for at least three years)
Medical insurance deductible due to injury	\$0 to \$20,000 + (depending on your medical plan)
Lost time from work dealing with a damaged plane	Hundreds to thousands of dollars
Lost time from work due to rehab or disability	Many thousands more
The cost of your untimely demise, and your family's bereavement	Infinite

Looking at it this way, one comes back to what common sense and the FAA accident statistics tell us: more training makes sense.

There are several other low-cost, even free, things you can do to improve your insurability and make the insurance buying process easier. This especially applies to plane owners that don't get the lowest insurance rates, for whatever reason, or to plane & pilot situations that may be changing over the next year: aircraft laid-up for maintenance, aircraft modifications, pilots to be added to policy, etc.

Improve Your “Pilot Resume”

Many of our clients are professional ATP pilots that fly for major airlines, living “the aviator’s dream.” With tens of thousands of logged pilot hours, every major pilot certification, and endless recurrent training, their resumes and credentials make the agent’s job of getting them coverage for their personal aircraft a slam-dunk.

The employed professional, who flies as time and money allow, is not always so fortunate. Their career & life’s work lie elsewhere, and their professional resumes are probably every bit as impressive as the ATP pilot’s accomplishments. Unbeknownst to them, their part-time aviation activities are also thought of as a sort of career, reflected on a different kind of resume, their application for aircraft insurance.

How does your own “Pilot Resume” appear to your insurance carrier? If you ask your insurance broker for their input, they’ll be pleasantly surprised to see you’re getting proactive on

improving your credentials. Even highly qualified pilots will benefit from the following measures.

Join a Pilot's Association

Many insurance companies offer discounts for AOPA membership, often 5% off your insurance premium. At least one carrier removes deductibles and offers free higher limits for membership in the EAA (Experimental Aircraft Association). The premium discount alone pays for the cost of membership, making any association perks and benefits after that a bonus. It's hard to argue with "free"!

Other aircraft-specific associations that we've seen carriers consider include:

- Cessna Pilot's Association
- American Bonanza Society
- Mooney Aircraft Pilot's Association
- Piper Owner Society

Many other profession-oriented pilots associations exist, such as the Flying Doctors of America, International Flying Farmers, even one for funeral directors! Be sure to ask your aviation insurance agent if you qualify.

Student Pilots: don't wait too long to get your Certificate

Many first-time pilots want to be absolutely sure they know what they're doing before that first fateful solo flight, and who can blame them. Other times, normal life intervenes and the journey to your Private Pilot License gets interrupted.

I'm not advising student pilots to move too quickly, but be aware that insurance carriers take note of a student pilot's logged hours. The industry term for having too many training hours is a "High-time Student", and insurance carriers will start increasing their rates in this situation. Some carriers refuse to cover high-time students at all.

An insurance underwriter's thinking is that some personal deficiency may be holding the student back, or personal distractions are keeping them from getting their wings. In this instance, too much training can work against you. Figure out what you need to earn your PPL, get your certificate, and stop paying student insurance rates.

Recurrent Training

Many insurance companies reduce rates for pilots in a recurrent training program. Sometimes these discounts are explicitly stated by our carriers. When they aren't, we always send a note to our underwriters to let them know a client is taking steps to be safer than the average pilot. If your flying record is less than perfect, recurrent training goes a long way towards softening a rate increase.

Most carriers offer a discount for AOPA members. The insurance savings alone will offset your dues.

Your Biennial Flight review and concurrency requirements required by the FAA should be thought of as the bare minimum required to keep you a safe pilot. Insurance rates reflect this: you don't get any special credit for passing your BFR, and if you fail to pass it coverage is usually suspended until you do.

One of the easiest and lowest-cost options is the FAA Wings program. The Basic level comprises three credits of self-guided course work, and three hours of in flight training. Much of the self-guided study can be done for free, the topics are incredibly varied, and you can tailor your program to what you want to learn. The in-flight activity requires a CFI to sign off, but it doesn't cost much more than completing your BFR, and once you've completed the Basic phase you qualify as having passed your flight review. You have to complete this Basic phase every 12 months, rather than every 24 months for your BFR, but remember the intent is that the FAA Wings is a continuous program that maintains your pilot skills at a higher level.

Though more expensive, an even better option is recurrent training through an owners association or professional training center, specific to your aircraft make & model. Due to the more focused nature of these programs, insurance carriers are much more likely to take them into consideration for rate reduction.

Owners association training programs run the whole gamut of convenience and pricing. Some, such as the Beech Pilot Proficiency Program (BPPP) and Mooney Aircraft Pilots Association (MAPA) offer regional fly-in clinics spaced throughout the year, with reasonable pricing. The Cessna Owners Association has its own program for advanced aircraft, and relies on programs through RTC (Recurrent Training Center) for other Cessna aircraft.

Professional training centers, such as Simcom, are also a great option. The larger national programs are universally recognized by insurance carriers for their benefits. Less commonly known training programs can be approved by your insurance company on a case-by-case basis. Be sure to check with your insurance broker before enrolling.

Most of these programs give you credit for completing your BFR. When you add this to the potential \$100 to \$500 yearly insurance savings, and a reduced chance of catastrophic personal costs due to an accident, the case for recurrent training becomes clear. I honestly wish more of our clients were doing it! If you're interested, online resources can be found at the end of this article.

Fly More

It goes without saying that pilots with more time in the cockpit get lower insurance rates. Logging an additional 100 hours of flight time if you already have decent experience, for a five or 10% rate decrease doesn't make sense. But if you're a low-time pilot (less than 100 total logged hours, or less than 100 hours in your make and model), this may be a viable option to long term insurance savings.

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Pilots with low hours are typically charged large rate penalties, due to their relative inexperience. It can also make it more difficult to find the amount of coverage you want, and some carriers will decline to offer coverage outright. Ask your insurance broker if you think your rates would benefit from more time in the cockpit.

Make Sure the Insurance Companies Know the Full Story

Aviation insurance can be challenging for insurance companies because they are so far removed from the actual pilot and plane being covered. They get most of your information second-hand from your insurance broker, and there's a lot of data for them to calculate into your rate. Hence, the lengthy applications you have to complete and sign when you buy coverage.

But what if your situation is different from the average pilot, or your flying record is less than perfect? What if your plane has additional equipment that could get you a lower rate, or has a non-standard layout?

A check box, or one-line statement on your insurance application, can't account for all, or even most, situations. Your broker might be a great salesman and know how to present your situation to the carriers, but you must first give them something to work with.



A good agent will fight to get you a better insurance rate. You can help, by giving them the documentation they need.

Keep some documentation of your own and send it to your broker. They'll be able to get you a better rate, ensure that your story is being told properly, and avoid serious hassles down the line.

Make a List of Your Plane's After-Market Equipment and Modifications

If your plane has anything other than a factory original configuration or equipment layout, you have to tell your insurance broker. On the one hand, you may deserve a break on your insurance premium. On the other, failure to disclose important modifications may lead to a severely undervalued aircraft, or void coverage all together.

Many insurance companies will reduce your rate for upgraded avionics and safety equipment. Of particular note are IFR approved GPS units, radar or traffic avoidance, and fancy all glass PFD/MFD's like the G1000. Make a list and send it to your insurance broker.

Has your plane's seat layout been changed from the factory setup? Then you need to let your insurance broker know beforehand. Fewer seats means fewer passengers, and a lower liability payout for the company if there's an accident. This may result in a lower premium. Some carriers also feel there may be weight and balance issues with seating changes in some aircraft, so it's an important item to disclose.

Most important are structural changes to the aircraft, a non-factory original engine, or conversion to a different landing gear. These are changes that definitely change whether a carrier offers or denies coverage, or at what price.

It goes without saying that all of the above mods can increase the value of your aircraft. If your plane's value is way above Blue Book, the carrier may need a list of installed items to account for it. Perhaps as you're listing everything out, you realize your plane's value has gone up. Then it's

time to ask your insurance broker for a higher insured hull value.

So make a list of installed equipment and modifications, and keep it with your other paperwork for the next time you renew your insurance or install an upgrade.

Low Pilot Hours? Create a Training Plan

If you're transitioning to a new plane, or otherwise have low (or no) hours in that make & model, let your insurance broker and carrier know how you plan on getting out of the low-time "danger zone." If you have a CFI you plan on using consistently, get their qualifications so your broker can ensure they'll be covered under your policy. Nothing fancy is required, just a few sentences are needed, but it will help paint you in a better light.

Have Documentation to Explain Past FAA Incidents or Insurance Claims

For an incident where the FAA was involved, keep any official correspondence you receive. An insurance company may want to see it at some point.

For an insurance claim, keep correspondence from the claims adjuster, along with the final statement from the carrier showing the total amount paid-out. Your insurance broker is supposed to keep this in your file, but things can get lost in the shuffle, or you might use a different broker someday.

Furthermore, it's critical that you show you're taking steps to avoid similar incidents in the future. Enrolling in some of the above mentioned training is especially helpful here. Even for incidents where you weren't at fault, show that you're being proactive.

Often times, an email or short personal letter describing the incident, and measures you've taken to avoid it in the future, is a fabulous

It pays to be proactive when explaining your situation to an insurance company. A short letter can work wonders.

resource for your broker. When they explain your situation to the insurance company, it's their job to present you in the best light. Give them some ammo, so they can better fight on your behalf! Insurance carriers require an individual underwriter to closely scrutinize any submission for coverage if the pilot has prior FAA incidents or accidents. All documentation, including personal statements from the pilot, is forwarded directly to underwriters to show you're sincere about avoiding future problems. A good underwriter will keep everything you send them, and hopefully use it to lower your rate and justify their decision to the higher-ups. I've been an insurance company underwriter, so I know first-hand!

Aviation underwriters are under pressure to make money for the company, but they still want your business. If your agent has the proper documentation, including something in writing to show you're still a good bet as a pilot and an insured, you'll get **much** better treatment from insurance companies.

Have a clear idea on what you plan to do with your plane for the next year, its airworthiness status, and who will be flying it

Not all situations are cut & dried. Your plane gets laid-up for extended periods due to overhaul or repairs, and then you decide to add some new avionics while you're at it. Or suppose work or illness increasingly interferes with your love of flying, and you start thinking it's time to sell your plane.

If you're partly confused about what you'll be doing with your plane for the next year, I can guarantee your insurance broker and carrier will be even more confused! Get at least a short term idea for what you want to do, talk to your broker about contingency planning, then decide what kind of coverage you need to buy today.

Ultimately, only you can decide the best course of action. Decisiveness on your part will make the insurance buying process much quicker, and make it one less hassle you have to deal with.

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Additional Resources:

Recurrent Training

FAA Wings Program: www.faasafety.gov/WINGS
Beech Pilot Proficiency Program: www.BPPP.org
Cessna Advanced Aircraft Recurrent Training Program: <http://caart.aero/>
Mooney Aircraft Pilots Association – Safety Foundation: www.mooneypilots.com
The Flight Academy Recurrent Training (Cirrus): <http://theflightacademy.com>
RTC - Recurrent Training Center: www.rtcpilot.com
Simcom: www.simulator.com

Pilots Associations (alphabetical):

Air Line Pilot's Association
Aircraft Owners and Pilots Association
American Academy of Physician Assistants
American Bonanza Society
Cessna Pilots Association
Experimental Aircraft Association
Flying Chiropractors Association
Flying Dentists Association
Flying Doctors of America
Flying Funeral Directors of America
Flying Judges Association
Flying Physicians Association
Flying Veterinarians Association
Helicopter Association International
International Aerobatics Club
International Flying Farmers
International Flying Nurses Association, Inc.
Malibu/Mirage Owners and Pilots
Mooney Aircraft Pilots Association
National Association of Flight Instructors
National Business Aviation Association
The Ninety-Nines
Organization of Flying Adjusters
Piper Owner Society
Soaring Society of America
Whirly-Girls

About the Author

Mark Gassen is a licensed insurance agent and Surplus Lines broker. He has eight years of

experience in the insurance industry, having worked as an underwriter and broker providing General Liability, Professional Liability, Commercial Property and Pollution Coverages.

Professional qualifications:

- Member of AIA, Aviation Insurance Association
- Certified Insurance Counselor (CIC), National Alliance for Insurance Education and Research
- Construction Risk and Insurance Specialist (CRIS), International Risk Management Institute, Inc.
- Licensed Insurance Producer, CA License #0F47293
- Licensed Surplus Lines Broker, CA License #0F47293

About Chaparral Insurance Services

For over 30 years, Chaparral Insurance Services has serviced the insurance needs of the aviation industry. We've handled everything from private pilots and plane owners, to airports, charter operations, and FBO's.

Chaparral's specialization allows us to place your aviation coverage quickly, affordably, and professionally. Our experience and industry relationships allow us to troubleshoot complex insurance situations, when coverage is difficult or impossible to find.

More information available at www.chaparralins.com.

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