



AOPA INSURANCE AGENCY

## SHOULD FLYING CLUB MEMBERS PURCHASE ADDITIONAL AVIATION LIABILITY INSURANCE IN ADDITION TO WHAT THE CLUB PROVIDES?

**The short answer is, “Likely yes, but it all depends.”** It depends on the club’s structure, the club’s insurance policy and the member’s personal situation. There are probably as many permutations of aviation insurance as there are different structures of flying clubs. This particular insurance issue can be very complex, which is why it’s always best to consult with an experienced aviation insurance agent. The agents at the AOPA Insurance Agency have a lot of experience with flying clubs, and they can explain the technical insurance issues to help you decide what kind of additional coverage, if any, you might need as a club member. Having said that, let’s take a look at some specific club scenarios to illustrate some of the issues raised by this question.

### **Let’s first think about the whole point of taking club insurance:**

1. Protect against damage or loss of the club’s assets (aircraft, hangar, equipment)
2. Protect the club and its members (as a whole) against liability claims from third parties

In order for a club policy to cover all members, the insurance company will require a roster of members – be sure to keep this updated as per the requirements specified in the policy.

A typical club insurance policy will provide liability coverage to the club and its members for bodily injury and property damage for which the club and its members are legally liable. However, the club policy will not provide coverage if the member is individually named in a lawsuit. *If the club’s policy also provides hull coverage for the club’s aircraft, the policy will also cover damage suffered by the club aircraft due to accident, weather, theft, etc., but there will typically be a deductible on the hull coverage that could be the member’s responsibility.*

**So, back to the question – if a club provides insurance to its members, is there any need for members to take extra protection?** Once again, the answer is, “It all depends on the situation.” Be sure to take a detailed look at your club’s rules and insurance policy as some clubs may not extend any coverage to members, while others may require additional insurance as part of their operational rules. You also need to know if the club policy provides cross liability coverage (which covers a member if sued by another member).

**Let’s look at a few cases where the answer is a definite “maybe”.**

## CASE 1 ▶

**THE CLUB POLICY COVERS DAMAGE TO THE CLUB AIRCRAFT, BUT THE POLICY DEDUCTIBLE IS HIGH, AND THE CLUB RULES CLEARLY STATE THAT A MEMBER WHO DAMAGES THE CLUB AIRCRAFT WILL BE RESPONSIBLE FOR PAYING THE DEDUCTIBLE.**

**In this case, a member may be able to purchase** an individual “non-owned” or “renters” liability insurance policy that covers the member for damage they cause to the club aircraft including the club deductible. In addition to the deductible coverage, this type of policy would also provide the member with additional liability coverage on top of the bodily injury and property damage liability provided by the club’s policy. It would also cover the member while flying non-club aircraft they rent or borrow from others, such as a rental from the local flight school. An important caveat here has to do with whether the club is an equity or non-equity club. In an equity club, each member is actually a partial owner of the club aircraft. Most “non-owner/renters” policies exclude coverage for any aircraft in which the policyholder has more than a 20% ownership interest. So, a member of an equity flying club who has more than a 20% equity share would not be able to purchase a non-owner policy that would cover them while flying a club plane. This is not an issue in a non-equity club since the member does not have an ownership interest in the aircraft. Once again, this scenario illustrates why it is important to talk to a professional aviation insurance agent who understands these issues.

Some clubs may require members to pay some part of their fees or dues toward a “deductible fund,” whereby the fund would cover any deductible payments. In this case, a member would not have a risk of having to pay a deductible out of their own pocket and would not need the deductible protection afforded by a non-owners policy. But again, if the member was individually named in a lawsuit as a result of damage or personal injury, the club policy would not protect them, so getting an individual “renters/non-owner” policy would be a good idea.

## CASE 2 ▶

**A MEMBER HAS HIGH PERSONAL WEALTH THAT MAY BE PUT AT RISK IN A CASE OF A LIABILITY CLAIM.**

**Even if a club’s policy provides liability coverage to** a club member, the club policy’s liability limits may not be high enough to fully cover the member’s potential liability for an accident. Accident liability can easily exceed a million dollars, and most flying club policies provide a maximum of a million dollars of liability coverage. Therefore, a club member with significant assets to protect needs to be fully aware of the club’s liability coverage limits and should consider a stacking policy where the limits are for all practical purposes added to one another. They should talk to a professional aviation insurance agent who can help them determine if they should obtain the additional coverage of a non-owner policy.

## CASE 3 ▶

**YOU ARE A CFI WHO GIVES INSTRUCTION IN THE CLUB AIRCRAFT.**

**A club insurance policy typically covers CFIs with respect** to damage to the club plane or club liability, while flying club aircraft, but the policy almost always requires that the CFI be specifically listed and named on the policy. It’s important to know that club policies typically do not provide the CFI with professional liability coverage, and the policy liability limits may be lower than what the CFI really needs. Once again, a CFI would be wise to talk with an experienced aviation insurance agent. AOPA Insurance Agency offers an affordable CFI liability policy that provides bodily injury and property damage liability coverage while using club and other non-owned aircraft and it includes professional liability coverage. Additionally, AOPA’s non-owned CFI policies include legal defense at no additional cost.

As pilots-in-command, we are required to plan our flight thoroughly before we take to the air. A big part of a good pre-flight is planning for emergencies. As is often said, “Expect the best, but plan for the worst.” That’s also a good way to think about insurance. Having the proper type and amount of insurance in place is simply planning for an emergency. Just as you rely on Flight Service to get a good flight briefing, you should rely on an aviation insurance professional to get a solid insurance briefing. The team at the AOPA Insurance Agency is standing by to help you with your flying club insurance briefing.