

Aircraft Insurance Terms & Abbreviations

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Act of God Perils: Natural events outside human control, such as floods, storms, or earthquakes.

Accident: An unexpected, unintended event causing loss or injury.

Aircraft: The airframe, power plants, propellers, rotors, and appliances forming part of the aircraft at the inception of coverage, including parts detached and not replaced by other similar parts.

Aleatory Contract: A contract where the performance of at least one party is contingent on the occurrence of an uncertain event.

Assignment: The transfer of rights or property. In insurance, the policy may not be assigned to another party without the Insurers' consent.

Business: Use for private and pleasure purposes, business or professional purposes but not for hire or reward.

Breakdown: Mechanical, structural, electrical, hydraulic, or pneumatic failure or defect of an aircraft unit.

Cancellation: Termination of the insurance policy by either the Insured or the Insurers with a specified notice period.

CAR: Contractors All Risk.

Civil Aeronautics Authority (CAA): The government authority responsible for the regulation of civil aviation.

Claims Control Clause A clause giving Insurers control over the management and settlement of claims.

Commercial: Uses stated in Private Pleasure and Business, and use for the carriage by the Insured of passengers, baggage accompanying passengers, and cargo for hire or reward.

Component Part: A specified part of the Aircraft as detailed in the Component Parts Clause, which has a defined percentage value of the total aircraft value.

Compliance with Air Navigation Orders: The requirement that the Insured complies with all air navigation and airworthiness orders and regulations issued by competent authorities.

Conditions: Requirements that must be met by the Insured for the policy to be effective and for any claims to be valid.

Contribution: Sharing of losses between multiple insurers for the same risk.

Contract: An agreement between two or more parties that is enforceable by law.

Contract of Adhesion: A contract drafted by one party (usually the insurer) and not negotiable by the other party (the insured).

Deductible: The amount deducted from a claim which must be borne by the Insured.

Definitions: Specific meanings of certain words and phrases used in the Policy as defined in Section IV(D).

Disablement: The inability of the insured to attend to work or occupation due to injury.

DOT: Department of Transportation (U.S.A.).

Due Diligence: The requirement for the Insured to take all reasonable measures to avoid accidents and diminish losses.

Exclusions: Specific conditions or circumstances for which the Insurers will not be liable.

Extended Coverage Endorsement: An endorsement that provides additional coverage beyond the standard policy terms.

FAA: Federal Aviation Administration (U.S.A.).

False and Fraudulent Claims: Claims made by the Insured knowing them to be false or fraudulent, voiding the policy.

Fidelity Insurance: A form of insurance protection that covers policyholders for losses that they incur as a result of fraudulent acts by specified individuals.

Flight: From the time the Aircraft moves forward in taking off or attempting to take off, whilst in the air, until the Aircraft completes its landing run. For rotary-wing aircraft, when the rotors are in motion due to engine power, momentum generated therefrom, or autorotation.

Force Majeure: Unforeseeable circumstances that prevent someone from fulfilling a contract.

Geographical Limits: The territorial boundaries within which the Aircraft is insured as specified in the policy schedule.

Ground: When the Aircraft is not in Flight, Taxiing, or Moored.

Hi-jacking: Unlawful seizure or wrongful exercise of control of the Aircraft or crew during flight.

ICAO: International Civil Aviation Organization.

Illegal Use: Use of the Aircraft for any illegal purpose or for any purpose other than those stated in the policy schedule.

Indemnity: Compensation for damage or loss.

Insurable Interest: The financial interest that the policyholder must have in the insured property or person to obtain insurance.

Insurance: A financial arrangement that redistributes the costs of unexpected losses by pooling premiums from many individuals to pay for the losses suffered by some individuals.

Insured: The person or entity covered by the insurance policy.

Insurers: The company or underwriters providing insurance coverage under this policy.

Landing and Take-off Areas: Specific areas compliant with the recommendations laid down by the Aircraft manufacturer for landing and take-off.

Legal Liability: The responsibility to pay compensatory damages legally owed due to accidental bodily injury or property damage caused by the Aircraft.

Limit of Indemnity: The maximum amount payable by the Insurers for a claim under the policy, as stated in the Schedule.

Medicclaim: Health insurance policy covering hospitalization and domiciliary hospitalization expenses.

Moored: For aircraft designed to land on water, when the Aircraft is afloat and not in Flight or Taxiing, including the risks of launching and hauling up.

Moral Hazard: Habits or activities that increase risk (e.g., drug or alcohol use).

Morale Hazard: Individual activities that arise from a state of mind (e.g., indifference toward one's health).

Money Insurance: Insurance that covers the loss of money due to theft, burglary, or other causes while in transit or within a secured location.

Nuclear Risks: Risks associated with nuclear reactions or radiation, typically excluded from standard insurance coverage.

Other Insurance: Any other insurance policy covering the same loss or damage that could impact the claim under this policy.

Overhaul Cost: Costs of labour and materials incurred in overhaul or replacement at the end of the Overhaul Life of the damaged or a similar Unit.

Overhaul Life: The amount of use, or operational and/or calendar time which, according to the Airworthiness Authority, determines when overhaul or replacement of a Unit is required.

Payment or Replacement: The Insurers' option to either pay for, replace, or repair the damaged Aircraft.

Period of Insurance: The duration during which the insurance coverage is effective.

Peril: An immediate, specific event, causing a loss and giving rise to risk.

Physical Hazard: Characteristics of the individual that increase or reduce the chance of peril (e.g., body structure, blood pressure).

Policy: A written contract of insurance.

Premium: The amount paid by the insured to the insurer for covering a specific risk.

Principle of Indemnity: Ensures the insured is in the same financial position after a loss as before it occurred.

Private Pleasure: Use for private and pleasure purposes, excluding business or professional use, or hire or reward.

Property Damage: Physical injury to, destruction of, or loss of use of tangible property.

Proximate Cause: The primary cause of a loss in insurance claims.

Public Liability Insurance: Insurance covering a business or individual for claims of injury or damage made by the public or other third parties.

Rental: Rental, lease, charter, or hire by the Insured to any person, company, or organization for Private Pleasure and Business uses only, where the operation of the Aircraft is not under the control of the Insured. Rental for other purposes is not insured unless specifically declared and detailed under SPECIAL RENTAL USES.

Risk Management: The identification, evaluation, and prioritization of risks followed by coordinated efforts to minimize, monitor, and control the probability or impact of unfortunate events.

Schedule: A document detailing specific aspects of coverage, limits, and other important information related to the policy.

Standard Uses: Definitions for Private Pleasure, Business, and Commercial uses, excluding certain activities unless specifically covered.

Subrogation: The legal right held by insurers to pursue a third party that caused an insurance loss to the insured.

Taxiing: Movement of the Aircraft under its own power other than in Flight. Taxiing does not cease by a temporary halting of the Aircraft.

Total Loss: Complete destruction or loss of insured property, where nothing of value remains.

Transportation Costs Clause A clause specifying that the Insurers' liability for transportation costs typically shall not exceed 15% of the admitted cost of repairing the damage.

TTD: Temporary Total Disablement.

UL: Underwriters Laboratories, a global safety certification company.

Unit: A part or an assembly of parts of the Aircraft which has an assigned Overhaul Life. An engine with all parts attached for overhaul or replacement constitutes a single Unit.

Utmost Good Faith (Uberrimae Fidei): A fundamental principle in insurance which means that all parties to an insurance contract must deal in good faith, making full disclosure of all material facts.

Variation in Risk: Any change in the circumstances or nature of the risks which are the basis of the contract must be immediately notified to the Insurers.

Void Contract: A contract that cannot be enforced by law.

Voidable Contract: A contract that is valid but may be legally voided at the option of one of the parties.

War, Hi-jacking, and Other Perils Exclusion Clause (AVN 48): A clause excluding claims caused by war, invasion, acts of foreign enemies, hostilities, civil war, rebellion, revolution, insurrection, martial law, military or usurped power, strikes, riots, and other similar perils.

Zero Hour: The time at which the policy becomes effective or terminates.

Abbreviations

AVN: Aviation insurance clauses and endorsements issued by Lloyd's Aviation Underwriters' Association, Institute of London Underwriters, and other underwriters and companies.

CAA: Civil Aeronautics Authority (U.S.A. or equivalent in other countries).

CAR: Contractors All Risk.

CFR: Code of Federal Regulations (related to the aviation industry in the United States).

DOT: Department of Transportation (U.S.A.).

FAA: Federal Aviation Administration (U.S.A.).

ICAO: International Civil Aviation Organization.

PA: Personal Accident.

UL: Underwriters Laboratories, a global safety certification company

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