Insurance considerations for overseas missions

While today's standard aviation insurance policies are suitable for operations to many parts of the world, there are special insurance considerations to keep in mind when operating to particular regions.

The European Union (EU), for example, has specific wording and minimum coverage levels that must be included in policies. Mexico requires a separate insurance policy that must be in Spanish. Be aware that Hong Kong is persnickety in terms of policy wording and will turn down permit applications if wording, or even punctuation within your policy, is not just so. Keep in mind that there are often different insurance requirements around the world for private and charter operations. In order to obtain a landing permit—particularly for charter operations—you may need to provide insurance coverage details in advance.

"Always confirm that you have the right insurance coverage and policy wording depending on where you're planning to operate," says Jeppesen Intl Business Consultant Client Solutions Aviation Professional Services Nancy Pierce. "You can't always get by with standard worldwide insurance coverage."

Problem potential

You will not receive a permit to operate to Mexico unless you can provide both a standard worldwide insurance policy and a Mexican insurance policy drawn on a Mexican insurance company says Intl Trip Planning Services (ITPS) COO Phil Linebaugh.

He adds, "Brazil also has unique insurance requirements and in most cases you must carry an original copy of your policy onboard. We know of a case of a Gulfstream V operating Brazil without an original copy of the insurance policy aboard, that was not allowed to depart until an original could be provided. In this case, someone had to fly down to Brazil with the original policy in order for the aircraft to be released."

Operators planning to land at a joint use civil/military airport in the UK must provide "Crown indemnity waiver" wording with their insurance policy. "When flying to an RAF field in the UK, such as NHT (RAF Northolt, London, England), you'll need to have Crown indemnity coverage included in your policy prior to permit processing," says Rockwell Collins Senior Mgr Contracts and

Coverage limits, war risk add-ons, policy wording and format requirements can vary by country.
Some EU countries have specific insurance coverage requirements for each individual on board.

Compliance Rick Snider. “This confirms that the government will be held harmless for use of the airfield and that the operator understands the risks in using RAF airfields.”

Idiosyncratic insurance requirements pop up too. In order to land at ASI (Ascension AFB, Ascension Island) in the South Atlantic, operators must provide, along with the insurance policy, coverage for emergency medical evacuation of passengers and/or crew while visiting the island. When overflying or landing in Greenland, operators are required to have insurance coverage for costs of search and rescue and evacuation should an incident occur while in their airspace says Jeppesen Client Relations Mgr Intl Trip Planning Walter Taylor.

EU insurance requirements

When operating to the EU your policy must state coverage limits in special drawing rights (SDRs). SDRs are based on a weighted basket of international currencies and, at the time of writing, had a value of US$1.53 or 1.19 euros. Your insurance certificate must include MTOW of the aircraft, amounts of third-party liability coverage and the effective period of insurance coverage. Liability limits must be calculated in compliance with Regulation (EC) No 785/2004 and include minimum liability coverage per claim.

For an aircraft with MTOW between 6000 and 12,000 kg (13,228–26,455 lbs) you must have liability coverage of at least 18 million SDRs per claim. For MTOW between 12,000 and 25,000 kg (26,455–55,116 lbs) minimum coverage to operate within the EU is 80 million SDRs.

To operate within the EU operator policies must also have war risk coverage, in SDRs, with specific coverage wording. “Many countries in the EU—including Germany, Italy and Turkey—require insurance policy details to be provided in advance in order to obtain charter permits,” says Jeppesen Mgr Global Vendor Relations Matt York. “While private operations to the EU do not require permits insurance coverage must still be fully compliant and it will be subject to review on ramp check.”

EU authorities are looking more closely these days at operator insurance coverage and want to ensure that wording, format and minimum insurance coverage are compliant. “It’s not uncommon, even within the EU, to have variations in required insurance coverage and specified wording requirements,” says Snider. “Some EU countries, for example, require that all passengers be individually covered for minimum liability amounts.”

Linebaugh has been seeing more operators making changes to their policies in response to EU requirements. “Insurance is one of the things aviation authorities are looking at more closely these days, especially in the EU. France, Italy and Germany have accreditation processes in place for charter operators that require insurance coverage to be provided prior to approving permits. While private operators are not required to provide details of insurance coverage in advance we’re seeing more safety authority of foreign aircraft (SAFA) program ramp checks these days within the EU. Compliant insurance coverage is one of the things they look for.”

Prior to flying to the EU check with your international support provider (ISP) and/or insurance provider to ensure that policy wording and coverage is correct. If you’re flying to Belgium, for example, your policy must be in SDR, EU minimum liability coverage must be compliant and war risk insurance must be included.

War risk coverage

Coverage for war risk and allied perils became more of a pervasive requirement for operators post Sep 11. War risk coverage comes in different forms. In many cases it is provided as blanket annual aggregate liability coverage that does not name specific countries. This policy rider typically breaks out liability limits and deductibles for war risks and associated perils—but it’s important to be aware of policy limitations. The insurance industry wants to minimize and mitigate risks and provides certain exclusions.

“War risk insurance can be added to your policy very quickly and easily but it can be expensive and there may be coverage exclusions to be aware of,” says Linebaugh. “Most war risk coverage riders do not specify individual countries. It’s important to let your insurance company know where you’re going as some policies will not cover you in certain locations.”

War risk coverage can be purchased for the duration of an individual trip or on an annual basis. More operators are now adding standard war risk coverage to their policies as this is now necessary for ops to such countries as Belgium, Bulgaria, Germany, Portugal, Romania, Slovenia (depending on MTOW) and Turkey.
Insurance requirements for Hong Kong

Hong Kong often rises to the top of the heap in terms of potential insurance-related issues. A copy of your insurance policy must be provided in order to land at HKG (Chek Lap Kok, Hong Kong) and permit applications are rejected for even the smallest formatting or wording error. “For operations to Hong Kong you’ll need to provide an insurance certificate geared especially for Hong Kong that lays out coverage and liability limits in a certain way,” says Snider. “Hong Kong spells out minimum insurance requirements based on size of aircraft. These requirements can delay permit applications at times, especially for first-time operators to Hong Kong.”

Linebaugh has seen permit requests for Hong Kong denied due to wording not being exact and—once—as a result of a single comma not being where it should have been. “Hong Kong requires very specific insurance wording and you must send them an insurance certificate before your landing permit will be approved. Due to high liability coverage limits, insurance for Hong Kong can be expensive. Many flight departments save on cost with per-trip insurance riders for Hong Kong rather than setting up annual coverage.”

Additional considerations

While it’s always prudent to carry an original copy of your insurance policy onboard copies of insurance policies are typically accepted in most jurisdictions. “A copy, or certified copy, of your policy is usually sufficient,” says Snider. “CAAs have the right to ask for originals, but as a general rule they don’t.”

Always be sure that your insurance policy is valid for the full duration of a planned trip. Be careful that the name on the insurance policy matches up with the registration and operator of the aircraft. At some locations—notably HKG—the operator name on the permit request must match the name on the insurance policy exactly. While it’s common to list multiple names on a policy—in the case, for example, of a parent company with multiple subsidiaries—it’s always a good idea to carry additional written evidence linking the operator name to the insurance policy.

It’s best to review insurance coverage annually with both your insurance provider and ISP. ISPs are aware of insurance and documentation idiosyncrasies, glitch potential and documentation lead times around the world, and can advise how to avoid problems and permit delays.

If you land in Mexico without Mexican insurance documentation you’ll be detained on the ground until you secure a policy. When submitting a charter permit request for Germany, says Linebaugh, 5 business days’ lead time must be provided and an insurance certificate is one of the 13 documents required for the permit.

“Germany has an insurance form especially for charter operators,” he says, “and the flight department must confirm and sign that they have all required insurance coverage. We advise starting this permit process a minimum of 3 weeks in advance of ETA.”

Aviation insurance providers are well aware of international coverage requirements and can tailor policies to your particular requirements. Linebaugh says, “Most international operators, depending on the MTOW of their aircraft, are keeping liability insurance right around $100 million, with SDR notations, and this covers them for most international locations. If a trip to Hong Kong comes up you may need to boost coverage to $200 million or so but this can be done on a one-time or short-term basis.”

Special insurance requirements, wording and liability limits must be top-of-mind awareness particularly when you’re operating to new regions of the world and/or depending on how you do business. “You may have a unique situation based not just on where you fly but on the nature of your business and what you do in certain regions of the world,” says York. “In such cases you may be faced with additional requirements for special types of insurance coverage and/or specific policy formats and wordings.”

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