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Terrorism & War Risk Insurance – Do You Really Need It?

by Jeff Rasmussen

Since 9/11, there have been no domestic terrorism events involving aircraft. In early February, someone sought to create a problem with general aviation by planting a fake pipe bomb at Middleton Municipal Airport-Morey Field in Middleton, Wisconsin. When shocking events like these occur, they can lead to many concerns about personal safety and risk management. Aircraft owners and airports see the TRIA and terrorism coverage notices that are available on our aircraft and airport liability insurance policies. Like most things in aviation, our skills can get rusty without practice (*just as my CFI from my last BFR!*). We are overdue for some recurrent training



Jeff Rasmussen

on the topic of terrorism and war risk insurance.

What is TRIA?

TRIA is an acronym for “Terrorism Risk Insurance Act,” which was first enacted by Congress in 1992. It requires insurance companies to offer terrorism coverage to policyholders. As a part of this legislation, the U.S. Government is partially backing the insurance companies should a TRIA-defined event occur. Like any insurance policy, there are definitions, conditions, and exclusions. TRIA is no different.

In order for an “Act of Terrorism” to have occurred, it must meet with four (4) main conditions.

First, the act must occur on U.S. domestic soil, onboard a U.S. air carrier, U.S. vessel, or on a U.S. mission.

Second, it must be committed by foreign terrorists. Timothy McVeigh and the Oklahoma City bombing

would not meet the TRIA definition.

Third, it must cause bodily injury to more than 50 people or cause more than \$5 million in property damage.

Last, the U.S. Secretary of State must declare it an act of terrorism.

What are the insurance implications for me?

Terrorism and war are items that are typically excluded by aircraft and airport liability insurance policies. These coverages are usually available to be purchased from most aviation insurance companies. Many of the companies charge a nominal fee for them. One large underwriter of aircraft insurance charges a mere \$1 for TRIA. On some airport liability policies, others can charge considerable amounts upwards of \$5,000 or more for the coverage for TRIA and war. For corporate aviation, it can vary from \$0.05 per \$1,000 of value and 10% of the liability premium.

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FLYING IN ICE CONTINUED

about tail stall recovery being opposite of a wing stall recovery?

Before your flight, remove all frost, snow, or ice from the wings and control surfaces. There is no such thing as “just a little ice or frost.” FAR 91.527 states: “No pilot may take off in an airplane that has any frost adhering to the wings or stabilizing or control surfaces.” Recent research has shown even a small amount of ice contamination can have very detrimental effects. Armed with this information and details of a high profile accident in Colorado, the National Transportation Safety Board (NTSB) took the unusual step of sending a letter to all pilots urging

them to “run their hands along the aircraft’s wings before takeoff to make sure tiny amounts of ice have not formed and increased the risk of an accident.” They went on to say that fine particles of frost or ice, the size of a grain of table salt, and distributed as sparsely as one per square centimeter over an airplane wing’s upper surface, can eliminate enough lift to prevent that airplane from taking off. A perfectly clean wing is the only safe wing.

There are many resources available to learn more about aircraft icing. One very useful site on the Internet is NASA’s, “Aircraft Icing – Online Courses & Resources,” which can be

found at <http://aircrafticing.grc.nasa.gov/index.html>

One of the best resources available for icing forecasts is at <http://adds.aviationweather.gov/icing/>

Even a small amount of ice can dramatically alter your ability to control an aircraft. Learn all you can about the weather conditions where icing is likely to occur and how to avoid it. If you do enter flight conditions where ice starts to accumulate, take immediate action to change your flight conditions. Generally, an area of icing is not particularly thick or widespread, but do not delay in getting out of it. Leave the test piloting to someone else! □

Terrorism is one of the many perils covered by the typical war risk insurance. If you are currently buying “War Risk Hull and Liability,” you are protected for perils such as war, confiscation, hijacking, and foreign and domestic terrorism. War risk insurance has 7 days notice of cancellation.

If you remember back to 9/11, shortly thereafter, all aviation insurance companies sent notice of cancellation of the war risk coverage with 7 days notice. Everyone who previously had war coverage as a free item or nominal item, now had to repurchase the coverage if they wanted to continue it. Many lenders also started requiring war and TRIA coverage as a condition of an aircraft loan.

If you are currently purchasing war risk coverage, you already have coverage for domestic and foreign terrorism. By purchasing TRIA coverage, the only thing that you are buying is a longer cancellation period for an “Act of Terrorism” as defined by the TRIA legislation. In Wisconsin, the typical cancellation options for an insurance company require 30 days notice and then only for nonpayment of premium or material misrepresentation in the underwriting process. An example of a material misrepresentation would be stating that you have an IFR ticket and don’t, or stating that your biennial flight review (BFR) was current and it had expired five years ago.

Most states also have protection for policyholders in that insurance companies can not increase the premium by more than a set percentage, such as 25% in Wisconsin, without at least proper advance notice (60 days in Wisconsin).

Every year since the horrific 9/11 events, aviation insurance companies have sent notices of intent to non-renew or possibly increase the premium above the set percentage. These are standard letters that are automatically generated from an insurance company’s system based

on renewal date and the state in which the client lives. When you get yours 75 to 120 days prior to your renewal, understand that these notices have become standard operating procedure for the insurance companies. If there were another event like 2001, insurance companies could increase premiums within the renewal timeframe.

Like most things in aviation, there are no certainties. Many of our airports have had odd occurrences

with strange people asking about aircraft rentals. How likely is an “Act of Terrorism” to occur in the Midwest? I hope it never does, but I do hope this recurrent training on the topic helps you to make an educated decision about assessing your needs for war risk coverage and TRIA for your own aviation endeavors.

EDITOR’S NOTE: Jeff Rasmussen is Vice President of Johnson Aviation Insurance with offices in Madison, Wisconsin (www.johnsonins.com/aviation).

Air Force One Visits Madison



Don Winkler

As a presidential candidate, Barack Obama campaigned in Madison, Wis. on Feb. 12, 2008, days before the state’s Democratic presidential primary. (L/R) Wisconsin Aviation legal counsel, Al Whitaker; then Democratic Presidential Candidate, Barack Obama; and Don Winkler, *Midwest Flyer Magazine*. Photo taken at Wisconsin Aviation, Inc.

MADISON, WIS. – “Air Force One,” the Boeing 747 Presidential aircraft, carrying President Barack Obama, Education Secretary Arne Duncan and national media, landed at Dane County Regional Airport, November 4, 2009. President Obama was in Madison to deliver a speech on education. Upon his arrival, he became the first president in 59 years to visit Madison while in office. President Harry S. Truman was the last occupant of the Oval Office to visit the city on May 14, 1950 – a visit that came only one month before the start of the Korean War.

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