

Policy Analysis

In the Sample Aircraft Insurance Policy, at the cover page, assume that you purchased the following limits:

Coverage A: \$1 million per occurrence, \$100,000 per passenger

Coverage B: \$200,000

And:

The pilot endorsement includes:

You, by name, and any other pilot holding a currently valid FAA Commercial Pilot Certificate with Second Class Medical Certificate and having logged at least 500 hours as pilot in command in the same category and class as the non-owned aircraft.

You are operating a rented aircraft with one passenger on board, attempting to land in a strong and gusty crosswind, when you lose control. The aircraft departs the runway, the nose wheel strikes a runway light, and the aircraft flips over.

Based on the Sample Non-Owned Aircraft policy, will the insurance company pay, (and if so, how much) for each of the following losses? Cite the policy paragraph(s) relied on for each answer.

(Treat each numbered question as a separate question, rather than a continuation of or follow-on to the previous question(s).)

Post your answers in the appropriate thread on the Discussion Board forum titled **5.3 Policy Analysis**.

1. The aircraft is damaged beyond economical repair (it would cost \$120,000 to repair the damages, but an identical replacement aircraft can be purchased for \$105,000).
2. Your passenger, a friend who was along for this recreational flight, is injured, and incurs \$20,000 in medical expenses as a result.
3. You are injured, and incur \$18,000 in medical expenses as a result, and:
 - a. this was a recreational flight.
 - b. this was a flight made to visit a customer as a part of your employment.
4. Your passenger, a co-worker who was along on this business flight for your mutual employer, was injured and incurred \$20,000 in medical expenses as a result.
5. You and your passenger each had an \$1,800 laptop computer in the baggage compartment, and each was destroyed in the crash.

6. Elk hunting season opens Monday and the purpose of the flight was to spot herds of elk from the air to help you select your hunting area. How would this affect the insurance company's liability for:
 - a. damage to the aircraft?
 - b. passenger injuries?
7. Your intended destination was the border town of Douglas, Arizona, but the wind had kicked up a lot of blowing dust, causing you to mistake the close-by airport in Agua Prieta, Mexico for the Douglas Airport. You landed there, where the accident occurred. How will this affect the insurance company's liability for:
 - a. damage to the aircraft?
 - b. passenger injuries?
8. At the time of the accident, your FAA Medical Certificate had expired. How would this affect the insurance company's liability for:
 - a. damage to the aircraft?
 - b. passenger injuries?