

## **Are You Covered When You Fly Non-Owned Aircraft?**

**Companies and individuals who own aircraft are usually within a somewhat tight-knit community. It is not uncommon to have one company use another company's airplane, or for people to fly friends' airplanes when their own aircraft are not available. Airplanes were meant to be flown, and certainly the sharing of them is a normal and enjoyable practice throughout the aviation community. In addition to the social aspect of using other people's airplanes, sometimes it is necessary to borrow or rent airplanes for a business trip if one's aircraft is not available due to scheduling or repairs. With these thoughts in mind, exactly what type of insurance coverage is available when a company or an individual flies non-owned aircraft?**

**In order to be clear on this issue, we need to look at how an Aircraft insurance policy differs from an automobile policy. Aviation policies carry a provision which tells us exactly who is an insured under the policy if it is flown by someone other than the owner. This provision is known as the "omnibus clause", the "Permissive Users clause", or in a clear-language policy "Who Is Covered". Regardless of what we call this clause, it states that, under the Liability section of the policy, a person who has the permission of the owner of the aircraft, and who is operating the aircraft for the purpose for which the insurance was purchased, is then covered under the Liability section in the same way as the policy holder.**

**Please note that this coverage is extended only under the Liability section of the policy. No Aviation policy that I am aware of extends coverage to a pilot of non-owned aircraft under the Physical Damage section.**

**If you can read and review the Aircraft insurance policy conditions stating who is covered under the Liability section, it gives exclusions for non-owners. These exclusions are for any person that is involved in the aircraft business, such as selling aircraft, renting aircraft, servicing aircraft, or manufacturing aircraft. People working in these fields are never covered for flying a non-owned aircraft under the owner's policy.**

**With this general explanation of how an Aircraft insurance policy works in regard to the non-owned aircraft, I think it is important to address the effects that the standard Aircraft policy provisions have on you as a pilot of non-owned aircraft. We will break this down into two areas: commercial and non-commercial use. First we will discuss commercial use of an aircraft.**

It is obvious that the most extensive non-owned use of aircraft would probably be persons who rent aircraft. A standard Fixed-Base Operator or Aircraft Flying Service policy provides no coverage for renter pilots. This coverage can be added to the Fixed-Base Operator's policy, but there is an additional premium for doing so. The coverage for the renter pilot can be for both Liability and Physical Damage, but this is quite rare. Normally, if coverage is purchased by the fixed-base operator or flying service, it will be for Renter Pilot Liability, and may be for a much lower Limit of Liability than the protection the owner receives.

If you normally rent aircraft, ask for a written statement from the fixed-based operator of exactly what insurance is provided for you as a renter pilot under their coverage. It would also be in order to check out the deductible on the Physical Damage since most fixed-base operators, regardless of how their insurance policy reads, make you responsible for the deductible if you are involved in an accident with their aircraft.

As a renter pilot, the possibilities of you having no insurance are very high, so it would definitely be in order for you to carry your own Non-Ownership Liability coverage, certainly for Liability and second for Physical Damage. Non-Ownership Liability is available in various forms, from some carriers at a very reasonable price. Again though, the price is dictated by the amount of coverage you want.

Having covered the section under renter pilots, we will now address the subject of borrowing someone's aircraft. We have already seen that if you borrow a person's aircraft with the permission of the owner, and use it for what the insurance policy allows, then you are covered under the Liability section of the policy.

You still have the problem of not being covered under the Physical Damage section. The insurance companies can and will bring an action against you to recover the loss to the aircraft. In my experience, unless you were grossly negligent or acting as a Certified Flight Instructor or pilot-for-hire, such cases are rare. The type of gross negligence they are talking about is alcohol or drug related, aerobatics, ect. For example, a few years ago we had a pilot who landed a borrowed aircraft on a road outside of his grandmother's farm. The road was much narrower than the wheels of the aircraft, and the aircraft was destroyed. The insurance company brought an action against the pilot and recovered the entire loss of the aircraft.

Again, as in the case of the renter pilot, you might want to consider Non-Ownership coverage for yourself rather than relying on someone else's policy. This coverage can be very inexpensive and the cost of the coverage depends on the Limit of Liability, the size of the aircraft you wish to fly, and whether or not you wish to buy Physical Damage coverage. If you do elect to purchase Non-Ownership coverage, this would be extra protection for you above the primary coverage which may be afforded by the policy of the aircraft's owner.

In summing up the coverage available to people who borrow or rent aircraft, the first and foremost task would be to find out what type of coverage is provided by the aircraft owner from whom you are borrowing or renting. It may be necessary for you to review the Aircraft policy or ask that an insurance agent to review it.

**If you work in the Aviation business, then you should pay particular attention to the policy conditions on any aircraft you borrow or rent. Most companies or people who buy or sell aircraft, repair aircraft, and are involved in test flying aircraft carry their own protection since the customer's policy provides them no insurance.**

**Finally, Aircraft insurance policies have a section that states who is insured, and obviously the owner of the aircraft is in that section. Another section of the policy states who may fly the aircraft. This is called the Open Pilot Warranty.**

**The important thing to remember is that even though you may be named on the policy under the Pilot Warranty as an approved pilot, this does not extend any coverage under the policy to you. Having your name in this section of the policy ensures that the named insured or owner of the aircraft is protected in the event that you damage the aircraft, but the fact that you are named in this section provides no insurance for you.**

**If you are going to rely on another person's policy to cover you, then you must be named as an additional insured under the section of the policy that says "Who Is Insured". I am emphasizing this point because this is a real problem area and has caused a great many difficulties for people involved in non-owned aircraft accidents.**

**In closing, I hope that this explanation has been helpful, and I am certain that if you have any questions after reading this article, a knowledgeable Aviation insurance broker can be of further assistance to you in answering your concerns.**