

MY FBO'S POLICY WILL INSURE BY AIRCRAFT.

Fact or Myth: My insurance is up for renewal. My aircraft is going to the maintenance facility for an overhaul. I will non-renew my policy because my aircraft will be covered under the FBO's policy. Myth. It is true that if your aircraft is damaged while in the care of the FBO or maintenance facility it may be covered by their hangarkeepers insurance. This coverage belongs to the FBO and pays only if the aircraft is damaged as the result of the FBO's negligence. As an example, if the line boy pushes your aircraft into another aircraft or a hangar door, the resulting damage would be the FBO's responsibility. Keep in mind that hangarkeepers coverage is legal liability insurance and only pays for the indiscretions of the maintenance facility. You must demonstrate that the FBO's actions caused the damage to your aircraft. What about such things as "Acts of God"? Windstorms, floods, theft, fire, earthquakes are not covered by the maintenance facility's hangarkeepers insurance. Their coverage only responds if negligence is involved. It is hard to start a windstorm.

Did you sign an agreement with the maintenance facility prior to the start of the overhaul? Did you read it thoroughly? Many maintenance agreements include hold harmless agreements in favor of the FBO or maintenance facility. Read the fine print. Such agreements often indemnify the facility for any liability regardless of fault holding them harmless should they damage your aircraft. Many of these agreements are all encompassing by including not only the damage to the aircraft, but to the work they do on the aircraft. Such things as death or bodily injury that might occur as the result of poor workmanship could also be included in a broad indemnification agreement. In other words, you are holding them harmless for not only their hangarkeepers exposures (damage they might do to your aircraft while it is in their care) but their products liability responsibilities (faulty workmanship), as well.

This is certainly a far more serious situation than just having an uninsured aircraft.

There is one other thought in allowing your insurance to expire and that is the banker's interest. If you have a lien on your aircraft, it is certain that your banker would frown upon allowing your insurance to expire. The bank examiners require that the collateral for every loan be properly secured. When your aircraft is the collateral for your aircraft loan, the bank must have on file a valid certificate of insurance as evidence of your renewal.