

TERRITORY: Flying your U.S. registered aircraft in the European Union?

By Tom Chappell

Effective April 29, 2005, the European Union (EU) began requiring minimum liability coverages for non-EU registered aircraft flying in the EU. These minimums are based upon the aircraft's maximum gross take off weight (MGTOW). In an attempt to make this requirement as confusing and difficult as possible, the minimum third party bodily injury (BI) and property damage (PD) limits required are expressed in the International Monetary Fund's Special Drawing Rights (SDRs). Since we purchase our liability limits in U.S. dollars, we must convert the SDRs required for a particular MGTOW into dollars. All currencies change constantly in relative value making accurate calculation of a required limit of liability a moving target.

As of this writing, the exchange rate was one SDR per \$1.43462 U.S. dollar. Therefore, an aircraft such as a TBM 700 with an approximate MGTOW of 6,570 pounds would require BI/PD limits of 7,000,000 SDRs or \$10,042,340. To be on the safe side, you would want to purchase a (third party) combined single limit of not less than \$11,000,000.

In addition, the EU requirements stipulate a minimum passenger liability limit of 250,000 SDRs or \$358,655 per passenger seat. Baggage liability limit of 1,000 SDRs, or \$1,435, would also be required, as well as a cargo limit of 17 SDRs per kilogram (2.2 pounds).

Confused? Join the crowd. An even more difficult part of this puzzle is obtaining the liability limits necessary to meet the minimum requirements. If you operate a large corporate aircraft and are insured with one of the major insurance companies, high limits of liability may be available. If you are an owner operator, however, most underwriters do not offer liability limits high enough to comply with the EU requirements. In some cases, this liability coverage may be purchased through your U.S. insurance broker.

Remember also to request your policy territory of operation be expanded to include the EU. →