

## 6. Insurability: Insuring your TBM in the USA

**We asked Tom Chappell to answer few questions about insurance.** Tom Chappell is the President and CEO of Chappell, Smith & Associates, Inc., the parent company of CS&A Aviation Insurance. Tom is a graduate of Middle Tennessee State University and has specialized in aviation insurance for the past 35 years. He is considered one of the aviation industry's foremost authorities on insurance, as well as a respected speaker and writer on aviation insurance and risk management. CS&A Aviation Insurance has offices in Tennessee and in Georgia and can be contacted at 800-999-1109 or 800-761-2557.

### **How many full line aviation insurance companies operate in the United States?**

There are a total of ten primary aviation underwriting facilities. Of these, one is AVEMCO, a customer direct underwriter and the only aviation underwriting company in the U.S. that is not represented by Chappell Smith & Associates, Inc. The other nine have carved out various market segments and have varying capacities both in the amount of hull and liability insurance they can or will underwrite. Although most underwriters look favorably toward the TBM, some do not really know and understand the aircraft. This causes a wide variation in underwriting approaches and rating methods.

### **How does each of the underwriting facilities treat the TBM?**

One company, Aerospace Insurance Managers, can write a maximum of \$1,000,000 in hull value. Obviously, this limited capacity eliminates this market from consideration when insuring the TBM with minimum hull values of at least 1.5 million dollars. London Aviation Underwriters will write the aircraft but have a maximum hull limit of \$2,000,000. This effectively excludes the 2002 and newer models. Although not a market for the new aircraft because of limited hull capacity, we should not underestimate the value of this company for our used fleet.

Global Aviation Underwriters, USAIG, and Phoenix Aviation prefer not to participate on transitioning pilots. Global and Phoenix will quote and can be competitive on accounts that have skilled pleasure and business pilots with reasonable make and model time. W. Brown and AIG will quote a transitioning risk but prefer that the pilot has a bit of experience. USSIC is still the most cooperative transition market. Allianz began writing primary general aviation placements on July 1st, 2006. It is too early to tell what their appetite will be for the TBM. On the casualty side, the limit of liability available varies not only with regard for the experience of the pilot but according to the maximum capacity of the insurance company, as well. Some companies can offer no more than \$2,000,000 CSL including passengers. Some can offer a maximum of \$1,000,000 CSL with a passenger seat restriction of \$100,000. Of course, others have much higher capacity if the pilot is experienced and meets or exceeds all underwriter training requirements.

Keep in mind, the less qualified pilots may be limited to \$1 million with \$100,000 per passenger seat while the more professional pilot will find higher limits available at a much more affordable premium.

### **Is excess liability available?**

In many underwriting situations, excess limits of liability are available if the primary insurance company is unable to meet the needs of the insured. The excess underwriter approaches a risk in much the same way as a primary underwriter. The better the pilot and aircraft, the easier it is to insure at a reasonable price. There is one major exception. The higher the primary limit of liability, the cheaper the excess limit will be. As an example, the excess underwriter realizes that his exposure to a loss is less if the primary limit of liability is \$5,000,000 CSL than if it is only \$1,000,000. This affects the price and availability of coverage.

## Pilot Qualifications

Since the accident rate for the TBM is low, it has a favorable reputation with insurance underwriters. In short, it is recognized as a very good and safe aircraft. There is one major underwriting concern remaining, the pilot's qualifications. What is the pilot's total pilot in command time, what is his turbine time, etc? If the pilot has over 1000 hours total PIC time and has commercial (or private) and instrument rating, he should be insurable. If he has time in high performance aircraft and some turbine experience, the job gets easier and the premiums improve. If he is transitioning from the Malibu, Bonanza, or other high performance aircraft, insurability is good. In short, many underwriters view pilots transitioning from the high performance aircraft to the TBM favorably. (Pilots with less than the 1000 hours total time can be insured if they receive acceptable transition training.) Depending upon a pilot's experience, the underwriter may require dual instruction in addition to the manufacturer's recommended initial ground and flight school. The pilot offering the dual would be expected to be knowledgeable not only in turbine aircraft but in the TBM as well.

Realizing the market potential for the transitioning pilot to move into the high performance TBM 700 and now the TBM 850, the DAHER-SOCATA distributors began to develop a pre-SimCom, pre-simulator transitioning program. The idea is to have the transitioning pilot fully competent in the aircraft before going to school. It is believed that a pilot's time is much more beneficial in school and in the simulator if he is oriented to the aircraft in advance.

More highly skilled pilots, those with prior turbine experience can transition with much less transition training.

Thanks to DAHER-SOCATA, the folks at SimCom, Turbine Solutions (TSI), Trey Hughes, as well as the sponsoring

DAHER-SOCATA distributors, the TBM owner/operator has one of the best initial and recurrent training programs available for any general aviation aircraft.

By continuing to educate and communicate with the aviation underwriting community about the TBM and the available training, we have been able to encourage an increasing enthusiasm among the underwriting community.

CS&A, TSI, and SimCom have made every effort to insure that the underwriting community understands the TBM. I'm not talking just a brochure and a poster, but hands on experience, some simulator time and some right seat time with an experienced instructor. In addition, we offer a face-to-face briefing on the systems and emergency procedures for this aircraft and a true feel of the ease in transitioning. Only then can an underwriter decide for him/herself what is a good risk or a good transitioning plan.

It is imperative that the TBM retain its good reputation. DAHER-SOCATA, SimCom, and the DAHER-SOCATA distributors have done their part introducing the aircraft to the insurance industry. The rest may be up to you in conducting safe operations. If, in the years to come, our losses remain in check, I look forward to a great experience with this champion. There is no question, the underwriting community is hoping for success. Keep in mind, the ability to insure economically helps maintain the value of the aircraft and the desire to own the TBM.

**Tom Chappell**

