AVIATION INSURANCE

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What is Insurance?

- Insurance is form of contract or an arrangement where one party agrees in return for a consideration to pay an agreed amount of money to another party to make good the loss, damage or injury to something of value in which the insured has an interest.
- Being a contract of indemnity, it is based on the principle of utmost good faith.

Regulation of Insurance Business in India

- 1993- Committee was set up under the Chairmanship of RN Malhotra
- 1994- It submitted its report
- 1999- IRDA (Insurance Regulatory and Development Authority) was Constituted. In April, 2000 it was incorporated as a statutory body.
- December 2000- General Insurance Corporation of India were restructured as independent companies.

Acts/Regulaions Governing Insurance Business in India

- Insurance Act, 1938
- Insurance Rules, 1939
- IRDA Act, 1999
- Indian Stamp Act, 1899
- Insurance Ombudsman Rules, 2017
- LIC Act, 1956

Role of Regulator

- Insurance Regulatory and Development Authority of India ('IRDAI') is the Regulator for Insurance Companies operating in India.
- The mission of IRDAI is to protect the interests of Policyholders and to promote orderly growth of the Indian insurance industry. Every Insurance Company will have to register themselves with IRDAI and obtain a Certificate of registration for doing insurance business in India.
- Besides the Insurance Companies, IRDAI also regulates the Insurance Intermediaries like Corporate Agents, Insurance Brokers and other intermediaries by requiring them to have a Certificate of registration before they start doing any insurance solicitation. IRDAI have issued many Regulations and Guidelines under the framework provided under the Insurance Act, 1938.
- They have powers of inspection and investigation and to prevent any insurer or intermediary to stop doing business if it is expedient to do so in the interests of the Policyholders or in Public interest.

Insurance Market

- Three Stakeholders:

1. Policy Holder
2. Insurance Agent, Intermediary or Insurance Intermediary
3. Insurance Company/Insurer

Insurance Contract

- A contract of insurance is an agreement whereby one party, called the insurer, undertakes, in return for an agreed consideration, called the premium, to pay the other party, namely the insured, a sum of money or its equivalent in kind, upon the occurrence of a specified event resulting in a loss to him.
- The policy is a document which is an evidence of the contract of insurance.

ESSENTIALS OF A VALID INSURANCE CONTRACT

- Proposal
- Acceptance
- Consideration
- Competency to Contract
- Consensus ad idem
- Lawful object
- Agreement must not be in restraint of trade or legal proceedings
- Agreement must be certain and not be a wagering contract

Features of an Insurance Contract

- Aleatory
- Adhesion
- Utmost good faith
- Executory
- Unilateral
- Conditional
- Personal Contracts
- Warranties and Representations

Aviation insurance

- The aviation industry is susceptible to a series of risks and threats, especially with respect to technical operations of an aircraft, and the consequent dangers.
- Aviation insurance is a specialised insurance which has been formulated to provide coverage to the specific operations of an aircraft and other possible risks in aviation. This type of insurance is quite different from other types of transportation insurance. The clauses, terms, limits in aviation insurance are quite unique.
- Different aviation insurance policies provide a series of options tailor-made to suit the varied needs of each customer. The types of coverage provided are extremely specific to each plan, and it is of utmost importance to understand these nuances before choosing which plan to buy.
- The concept of aviation insurance has gained momentum only of late. A series of aircraft disasters (especially the mysterious disappearance of Malaysia Airlines with over 200 passengers on board) have not only prompted more and more people to buy aviation insurance, but it has also increased the number of claims by a huge margin.

Benefits of Aviation Insurance Policy

- a comprehensive aviation insurance policy covers you against the aforementioned dangers.
  - In flight insurance provides coverage against damages that can happen to the aircraft while it is mid-air (in motion). Though this is expensive, it is worth it as most accidents happen when a plane is mid-air.
  - You are protected from a series of natural weather turbulences and also man-made calamities.
  - You are duly compensated for any damages sustained which can happen after you have boarded a flight.

Types of Aviation Insurance

- Public Liability Insurance
- Passenger Liability Insurance
- Combined Single Limit (CSL)
- Ground risk hull insurance not in motion
- Ground risk hull insurance in motion
- In-flight insurance
- Hull “ALL Risks”
- Liability Insurance
- Hull Total Loss Only Cover

Exceptions under Aviation Insurance Policies

- Wear, tear and gradual deterioration, ingestion damage caused by stones, grit, dust, ice etc. which result in progressive engine deterioration (Considered wear and tear), Mechanical Breakdown. War and Allied Perils are also excluded from the standard policy. These can be, and indeed are insured by way of a separate policy.
- Claims arising whilst the aircraft is being used for any illegal purpose.
- Claims arising whilst the aircraft is outside the agreed geographical limits (unless due to force majeure.)
- Claims which are payable under any other insurance.
- The hull "All Risks" policy will pertain to the exclusion of war damages. War here means any kind if civil war, strikes, riots, disturbances, confiscations, hi- jacking or any kind of political or terrorist attacks.
- Noise and pollution unless resulted from crash, fire or any kind of explosions registered inside the air plane,
- Any kind of loss incurred by the own property of the insured.

Companies Providing Aviation Insurance

- New India Assurance Co. Limited
- Alliance Insurance Brokers
- AON Global India
- Far Sight India Wealth Management
- Emed Life

Aviation insurance policy claim process

- The claim process for aviation insurance is quick and hassle free. You need to provide the following valid documents –
  - Aircraft details document
  - Flight details document
  - Details of the crew members
  - Documented proof of the accident
  - Information on aircraft's maintenance and engineering
  - Documents of operational manual passenger