

The aviation wire: focus on Malta




What value can a PI policy add?

Professional Indemnity (PI) insurance provides cover for aviation professionals for claims which are brought against them for losses suffered by their customers as a result of their negligent acts, errors or omissions.

However, the aviation sector already has a comprehensive range of insurance products to protect the interests of those who operate within it and their clients.

PI insurance can sit alongside your existing insurance policies, to help prevent claims from falling through the cracks – and all at a reasonable cost.





What value can a PI policy add?

Continued

The context to this is that any party who acts as a professional, providing advice, information, designs, consultancy and asset management services, owes a duty of care to their clients. Examples in the aviation sector include Continuing Airworthiness Management Organisations (CAMO), aircraft managers, aviation asset managers, aircraft charter and lease brokers, aerospace certification and design agencies and aviation surveyors.

In the event that the services provided by professionals fall below the standard of duty of care that applies and cause their clients a loss, the clients can seek to recover these losses. The trigger for cover to apply under a PI policy is therefore that the loss giving rise to the claim must result from the assured's negligent acts, errors and omissions, alleged or actual.

However, a PI policy is also there to protect the policy holder. The world is becoming more and more litigious and not all claims have merit. Escalating legal costs mean that the cost of innocence has never been higher, and in the event of an unfounded allegation of negligence, a PI policy will pay for the

valuable defence of the assured's interests. ITIC has funded the defence of spurious claims against assureds in a variety of worldwide jurisdictions, including the USA and Canada.

Put simply, any company providing advice, training, design, certification, survey, consultancy or aircraft/asset management services should be covered by PI insurance. Whilst many professionals struggle to imagine a claim being made against them, ITIC's experience confirms that mistakes frequently occur. As a specialist insurer of aviation professional risks, ITIC provides cover for a range of companies within the aviation sector.

Our team of specialists also manage claims on behalf of the assured, saving them both time and money. In addition to this, one of the key features of ITIC is that we are a fixed premium, mutual insurer, meaning that we are a not for profit entity. With a long heritage in the marine sector, we exist to serve the interests of the companies that we insure in providing valuable cover that is bespoke to their requirements and backed up by industry knowledge.

Who does ITIC Cover

ITIC covers a wide range of aviation professionals, including (but not limited to):

- Air charter and lease brokers
- Aircraft sales and acquisition brokers and consultants
- Air freight brokers
- Aircraft operating managers
- Aircraft lease managers
- Continuing Airworthiness Management Organisations ("CAMO") and aircraft technical managers
- Aircraft surveyors, technical consultants and safety auditors
- Aviation consultants, advising on a wide range of subjects
- Aerospace designers
- Approved Training Organisation ("ATO") – aircraft maintenance, engineering and design, and those who provide type-rating training
- Civil Aviation Authorities
- Aircraft registries

Talk to us if you want to explore the ways in which ITIC can help to plug any potential gaps in cover that you or your clients may have – we are more than happy to discuss!

Meet the team



Melanie Daghish

Senior Aviation Underwriter

Melanie Daghish is ITIC's Senior Aviation Underwriter. Melanie joined ITIC in January 2011 from a national insurance broker and speaks English, French and Spanish. Melanie is responsible for the development of our worldwide aviation portfolio and is ITIC's aviation specialist.

Prior to working as an insurance broker, Melanie worked for a major airline.



Mark Brattman

Claims Director
and Legal Advisor

Mark is ITIC's Claims Director and Legal Advisor. He is a qualified solicitor and joined ITIC in 2004. Mark qualified at Shaw and Croft (now part of Gately LLP) in 2000 and then worked for Beaumont and Son (now part of Clyde & Co LLP).

Mark specialised in aviation claims, insurance & reinsurance disputes and general commercial litigation. Mark was admitted to the role in 2000.

Focus on CAMO and technical experts

The activities of a CAMO could lead to an exposure which is different to that which arises from the more hands-on work undertaken by an AMO. ITIC, a specialist, not-for-profit provider of PI insurance, is the natural choice for all firms holding EASA Part M sub-part G & I approvals.

ITIC provides worldwide insurance which covers liability, including costs, arising from your negligence in the provision of CAMO services including the loss of or damage to aircraft records whilst in your custody, care and control.

Moving to the wider area of aircraft surveying and the provision of technical advice, there are many types of aircraft survey that we can cover. These surveys can involve a physical inspection or a simple desk review of an aircraft's records.

Each inspection type brings with it a unique risk exposure, and ITIC's experience extends to include providing cover for those carrying out:

- pre-lease, mid-lease and lease renewal surveys
- pre-purchase inspections ("PPI")
- post-accident surveys
- borescope inspections of aircraft engines
- insurance valuations

Inadequate survey reporting can leave an aerospace surveyor open to PI claims which stem from incorrect assumptions and unrealistic expectations from the receiver of the report.

The team at ITIC can review your survey and disclaimer wordings to help prevent such misunderstandings at no additional cost to you.

Examples of claims:

- Claims for loss of revenue following the grounding of a commercial aircraft due to a CAMO's failure to ensure that an AD was applied.
- Defence of a CAMO who were alleged to have breached their duty of care to their client by not checking the work of the operator's appointed AMO.
- Advice regarding the recovery and restitution of aircraft records, taken as a preventative measure to mitigate a larger claim for loss of use as a result of a grounding of the aircraft.
- Defending negligence arising from a physical airworthiness review. The aircraft's existing ARC was erroneously validated and the aircraft consequently later suffered an AOG incident, leading to loss of charter hire. The claimant sued for this loss of revenue. They argued that had the airworthiness reviewer noticed the issue, the problem would have been rectified prior to the validation of the ARC, and before the aircraft went on charter.
- Failure to accurately record the number of flight cycles undertaken by the aircraft leading to an inaccurate valuation upon sale.
- Failure to identify engine issues upon the return of the engine at the end of the lease. Consequently the lessor accepted the engine back off-lease without asking the lessee to repair the damage.
- Negligent PPI, leading to a purchase price which was substantially higher than the aircraft's true value. In these circumstances a buyer can seek to recover the amount which they allege has been paid in addition to its market value; however, they will often ask more than this.
- Negligent safety audit leading to the pre-lease acceptance of an unairworthy rotorcraft.



Right job, wrong man

An aviation technical consultant and asset manager were insured, amongst other activities, for the provision of aircraft engine borescope inspections. They entered into a contract with a lessor for the borescope inspection of 37 engines. The engines were attached to a commercial widebody aircraft which had been re-delivered back to the lessor from a major aircraft operator. They were then put into storage in “as is where is” condition.

Upon completion of the inspections, but prior to the inspector issuing any “Release to Service” paperwork, the lessor became aware that while their inspector did have qualifications to perform borescope inspections generally, he did not have the specific qualifications needed for these engines.

They were therefore unable to issue the “Release to Service” of the engines. This meant that the lessor would have to have inspections performed again, and that all the substantial costs of carrying out these inspections were wasted.

There was also the potential that the lessor could lose a potential sale of an asset due to the delay.

As the aircraft and engines were kept “preserved” in storage, the lessor incurred various costs getting them ready for inspection and putting them back into storage after the inspections.

These costs included: the rental of an inflatable tent in which the inspections would be carried out, the transportation of the tents from Ireland to France (and vice versa), the un-preservation and re-preservation of the engines (engines that are not being used must be stored in corrosion preventive materials) and project management costs.

The lessor’s claim against the inspector was originally US\$ 641,071. ITIC was able to negotiate this down to US\$ 417,878 in full and final settlement of the matter.



ITIC - Aviation Insight Sticky clients are a good thing!

In this video, ITIC’s senior aviation underwriter Melanie Daghish interviewed George Galanopolous, CEO, Luxaviation UK and discussed how ‘sticky’ clients are a good thing and George shares the key to maintaining a happy client base.

George and Melanie also discuss how Luxaviation try and avoid finding themselves in difficult situations with their clients and he outlines the value of holding professional indemnity insurance.

To see this interview please follow the link below.

<https://vimeo.com/874756271>

ITIC facts & figures at a glance

All figures US\$
All facts and figures correct as of 31st January 2024

Gross premium

\$69m

for the year

Claims paid

\$465m

since 1992

Members

3,616

Security rating

Backed by at least "A-" rated reinsurance programme



Worldwide insurance cover

ITIC is able to provide professional indemnity insurance, without restrictions, worldwide. An ITIC account executive is responsible for each country and will be your first point of contact. The ITIC team speaks French, German, Greek, Japanese, Mandarin and Spanish.

Credits paid

\$189m

surplus funds have been paid out to the members in the form of continuity credit since 1994

Disbursements & commissions

\$240m

of disbursements and commissions collected for members since 1992

Free reserves

\$243m

for ITIC and TIMIA combined

Annual premium

from **\$1,500**  **\$1.8m**

ITIC is committed to consistently providing competitively priced professional indemnity insurance (and related insurance covers) with valuable and high quality loss prevention advice to businesses servicing the marine, aviation, rail and general transport industry. The ITIC team have a wealth of experience and knowledge.

24

Staff

A full time team to provide you with the best service possible.

19

Years

Average staff member's experience in the insurance/transport industry.

12

Years

Average staff member's time with ITIC. Several staff have over 25 years of service.

6

Lawyers

6 lawyers and a dedicated claims team.

See more online at itic-insure.com

Call our team on +44 (0)20 7338 0150

 or follow us at: [@ITICLondon](https://twitter.com/ITICLondon)

ITIC
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