

TT Club Mutual Insurance Ltd

From the London agent of the Managers  
International Transport Intermediaries Management Company Ltd

# Aircraft Sales and Acquisition Professionals

Specialist professional liability insurance



# Professional liability insurance for aircraft sales and acquisition companies

## Expert view

The job of buying and selling aircraft is incredibly complex, and the professionals in the aircraft sales and acquisition industry manage the entire transaction cycle from beginning to end.

As the world's leading insurer of transport intermediaries, ITIC is experienced in dealing with the different issues that can arise around aircraft sales and acquisition. The bespoke cover is designed to respond to the requirements of the advisors that work within this sophisticated and challenging sector.

## Policy highlights

- **Worldwide not-for-profit (“mutual”) professional liability cover which is designed to both indemnify you for third party losses that you are legally liable for, and defend you in the event that you face a meritless claim. Cover includes liability for the loss of, or damage to, aircraft records whilst they are in your custody or control**
- **Legal defence costs are included, along with quality loss prevention advice**
- **Automatic cover is provided for sub-consultants appointed by you to carry out the insured services on your behalf**
- **We provide discretionary insurance that is adjudicated upon by transport industry professionals**
- **No external shareholders**
- **Mutual dividends paid at renewal**
- **Underwritten with industry knowledge and expertise**

## Why choose **ITIC**?

<b>ITIC provides professional liability insurance at cost</b>	ITIC is the mutual insurer of the transport industry with no external shareholders to take a profit from the business.
<b>ITIC will provide a sympathetic approach</b>	ITIC understands that you will often have commercial relationships which will need preserving if a claim arises and we will work with you to allow that business association to continue. ITIC's unique insurance cover allows some discretion and could support a claim which may not normally be paid by another professional liability insurer.
<b>ITIC understands your business</b>	ITIC's specialist knowledge of your business will make it quicker and easier for you to obtain advice and support on a claim under your professional liability insurance.
<b>ITIC is more than just insurance</b>	As an assured at ITIC you will receive support from a team who understand the unique situations and liabilities that your business faces.
<b>ITIC pays dividends annually</b>	Surplus funds have been paid out to the members in the form of continuity credit since 1994.

### This depends on whether you are buying and selling or broking

Any company who buys aircraft with their own funds and in their own name, and then sells them on, is an **aircraft trader, buyer or seller**. This includes those who buy aircraft for their own sales inventory.

- Your primary exposure is to liabilities arising from issues with the aircraft itself, and these are insured under an aerospace products liability cover (and not a professional liability policy).
- However, the huge amount of expertise and knowledge that you share with your client to enable them to make the right decision means that you are also an advisor and consultant who owes a duty of care to their client.
- Where your endeavours do not result in a closed transaction, there would very likely be no aerospace products liability cover in place. However, this does not mean that you could not face a claim. Where it is alleged that your negligent advice was the root cause of the failed transaction, ITIC's policy would protect you and fund your defence.

A **broker** can enter into contracts on behalf of their client on a back-to-back basis, or they can simply be an intermediary who is not a party to the contract for the sale and acquisition of the aircraft.

- However, any company who makes a transaction happen by bringing the seller and the buyer into a legally binding contract is legally considered to be an agent. This means that you owe a fiduciary duty to your client, in addition to a duty of care.
- Should things go wrong, brokers can face significant liabilities both in terms of losses arising from negligent advice and also allegations of breach of warranty of authority.

### Examples of the types of claims that would fall within ITIC's cover

Delays in the transaction process leading to late delivery of the aircraft to the purchaser or, even worse, the loss of the sale. Where these delays are laid at the door of the aircraft sales and acquisition professional, ITIC's policy can defend them from the ensuing claims for financial loss.

Negligent valuation or PPL of the aircraft leading to it being misrepresented to the buyer, sold for too much or sold for too little. Although aircraft PPL's and valuations are carried out by aircraft surveyors, where they are appointed by an aircraft sales and acquisition professional, the ensuing claim for damages can be directed against them. ITIC's cover will either;

- (a) treat the claim as a misdirected arrow and defend you, or
- (b) indemnify you for any damages that you are held liable for.

Where the aircraft surveyor is holding their own PL insurance, ITIC will seek to recover our outlay and the policy deductible.

Allegations that incorrect advice has led to the buyer making the wrong decision in terms of aircraft financing, the choice of registry, AOC and/or manager, can and do occur. In a fast-paced market, each decision is key in ensuring that the aircraft purchaser gets the return or enjoyment from aircraft that they envisaged when committing to the transaction. If these expectations are not met, it will often be the broker, advisor or consultant who will be on the front line for claims.

### Unpaid commission? Debt collection insurance

Debt collection insurance is very popular with ITIC's members and is included in the ITIC Rules. It has been offered since 1925 and assists in the recovery of outstanding debts (including commissions, brokerage and fees). This cover pays the legal costs incurred in the recovery of the debt, but not the debt itself. The cover can easily be added to a policy by endorsement and it would be available to all aircraft sales and acquisition companies whose right to earn a commission or a fee is formalised in a written agreement with the aircraft seller or buyer.

This cover is not available for those who conclude transactions on a back-to-back basis.

# ITIC facts & figures at a glance

All figures US\$  
All facts and figures correct as of 1st July 2024

Fact Sheet Series

Aircraft sales and acquisition professionals

<p><b>Gross premium</b></p> <p><b>\$71m</b></p> <p>for the year</p>	<p><b>Claims paid</b></p> <p><b>\$491m</b></p> <p>since 1992</p>	<p><b>Members</b></p> <p><b>3,651</b></p>
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**Security rating** Backed by at least "A-" rated reinsurance programme



**Worldwide insurance cover**

ITIC is able to provide professional liability 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.

<p><b>Credits paid</b></p> <p><b>\$205m</b></p> <p>surplus funds have been paid out to the members in the form of continuity credit since 1994</p>	<p><b>Disbursements &amp; commissions</b></p> <p><b>\$244m</b></p> <p>of disbursements and commissions collected for members since 1992</p>	<p><b>Free reserves</b></p> <p><b>\$260m</b></p> <p>for ITIC and TIMIA combined</p>
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**Annual premium**

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

ITIC is committed to consistently providing competitively priced professional liability 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.

<p><b>28</b></p> <p>Staff</p> <p>A full time team to provide you with the best service possible.</p>	<p><b>22</b></p> <p>Years</p> <p>Average staff member's experience in the insurance/transport industry.</p>	<p><b>12</b></p> <p>Years</p> <p>Average staff member's time with ITIC. Several staff have over 25 years of service.</p>	<p><b>6</b></p> <p>Lawyers</p> <p>6 lawyers and a dedicated claims team.</p>
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