

SAC Insurance 2006/07

Keith Hay

Chairman – Insurance Committee

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Introduction

- Keith Hay
 - ◆ Involved with SAC insurance > 15 years
 - ◆ Insurance Committee for 9 years
 - ◆ Private owner
 - ◆ Club Treasurer for 17 years

Why SAC Insurance Plan?

- A group insurance plan to help ensure that continuing high-quality aircraft hull, liability and airport premises insurance is available for all SAC clubs and their members
- Strive to negotiate a reasonable price for members of the group for a broad comprehensive package of coverage

Who's involved?

- SAC
 - ◆ Insurance Committee
 - ◆ Board of Directors
- Jones Brown Inc.
 - ◆ Grant Robinson
 - ◆ experienced aviation insurance broker
- Canadian Aviation Insurance Group (CAIG)
 - ◆ underwriter (the “insurance company”)

What Coverage Do We Have?

- Who is covered?
 - ◆ All SAC members flying SAC gliders
 - ◆ Guests (including FAI affiliated members e.g. SSA, BGA) flying in SAC gliders
- What is covered?
 - ◆ Private and Club aircraft
 - ◆ Gliders - instruction and rental to club members and guests
 - ◆ Tow planes - towing gliders and instruction of tow pilots but not any other use of the tow plane for hire or reward

What Coverage Do We Have?

- Hull Damage
 - ◆ Physical damage to your aircraft due to an accident
- Aircraft Liability
 - ◆ Damage to other property, other people or you that may occur involving your aircraft
- Trailer Damage (optional)

What Coverage Do We Have?

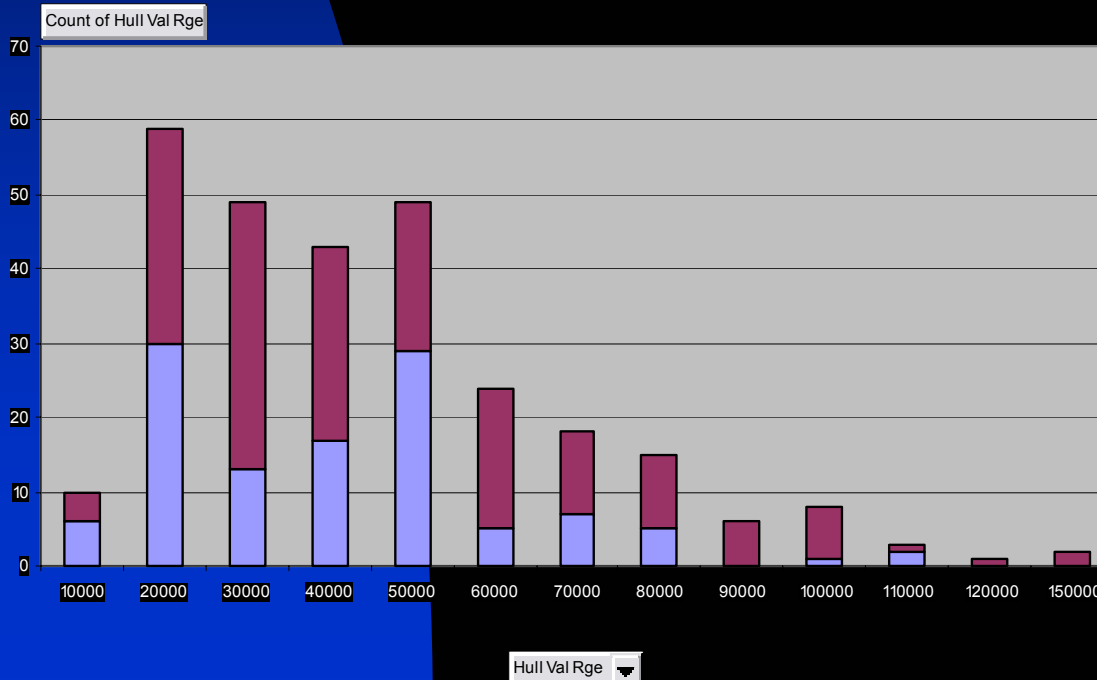
- Premises liability
 - ◆ Airport premises and operations other than aircraft to a liability limit of \$2,000,000
- Claims surcharge and No Claims rebate
 - ◆ Premium surcharge to clubs/owners due to claims and rebates to those with no claims
- Claims management and defense

Who Are We?

SAC Aircraft - 2006

	CLUB	PRIVATE **	AGGREGATE
Single	48	194	242
Twin	31	1	32
Tow	54	8	62
Total # Aircraft	133	203	336
% of fleet	40%	60%	100%
Total Hull Value	4,497,500	7,815,500	12,313,000
Average hull value (000)	33,816	38,883	36,865

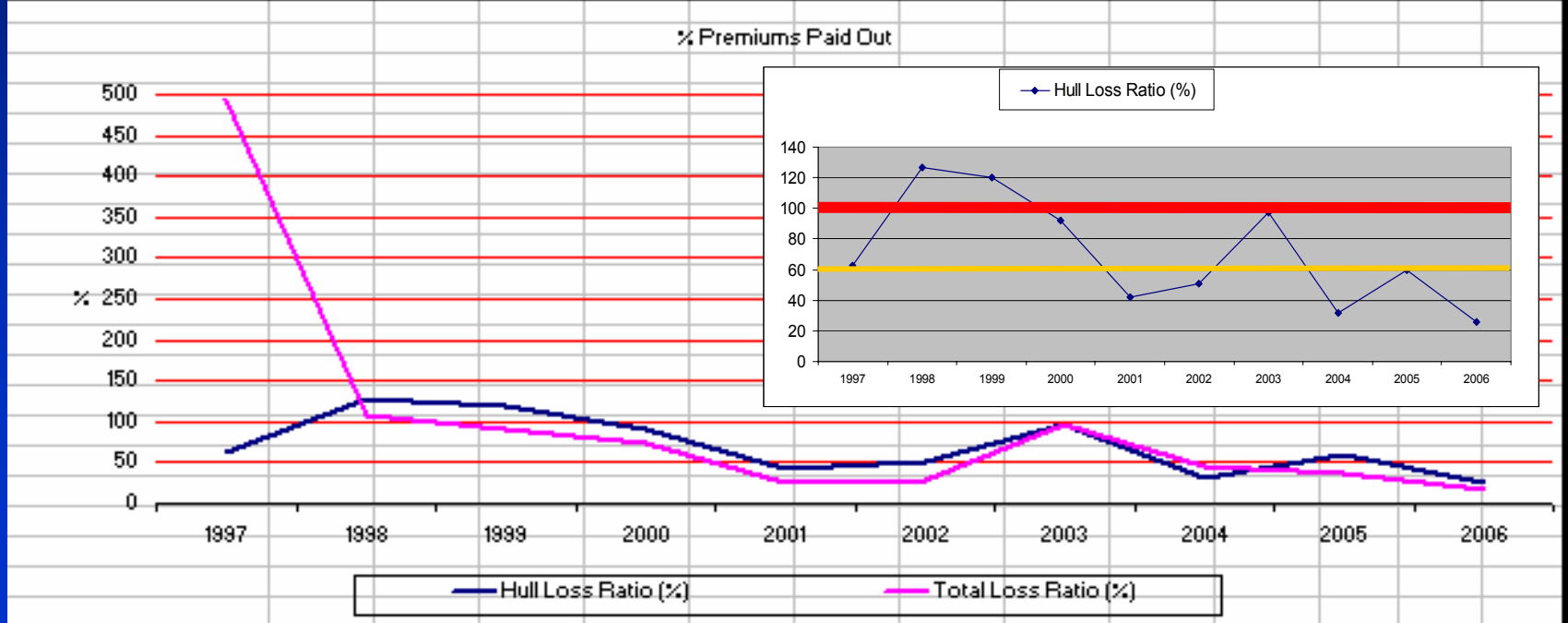
TYPE (All) PolicyYr 2006



Ownership
 PRIVATE
 CLUB

How's Our History?

SAC Insurance History												
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	7yr avg	3yr avg
Insured Clubs	37	37	39	41	38	35	33	36	32	29	35	32
Total Aircraft	387	411	359	376	306	276	351	368	337	336	336	347
Hull Value (\$M)	8.6	10.2	10.6	10.9	9.5	8.6	13.4	13.6	12.7	12.3	12	13
Hull Premium (\$K)	241	267	289	306	300	287	399	473	446	454	381	458
Hull Losses (\$K)	151	340	347	280	127	147	387	149	263	115	210	176
Hull Loss Ratio (%)	63	127	120	92	42	51	97	32	60	26	57	39
Total Premium (\$K)	347	423	435	466	493	508	652	804	734	726	626	755
Total Losses (\$K)	1717	456	401	339	127	147	629	361	273	115	284	250
Total Loss Ratio (%)	495	108	92	73	26	29	96	45	38	16	46	33
NoClaim Bonus (\$)									9659	7632		
Claims Surcharge (\$)									8261	9276		



2007 Renewal

- Renewal discussions started in Sep 2006
 - ◆ Indications that lower rates and changes were likely
 - ◆ Improved loss record
 - ◆ More favorable aviation insurance market
 - ◆ Ongoing negotiation towards
 - ★ Lower rates
 - ★ Deductibles
 - ★ Differential rates

- Request for quotes from the available insurance underwriters
 - ◆ Positive competing replies back from 2 underwriters in addition to CAIG
 - ◆ Other underwriters declined to participate at this time

2007 Renewal

- Negotiated substantial changes to the SAC insurance plan for 2007
- CAIG offered the best overall policy package and premium decrease

2007 Policy Highlites

- Premium decrease
 - ◆ 2.5% average for clubs
 - ◆ 16.5% average for private owners

- Differential Private/Club Hull rate

- Hull Deductible options
 - ◆ Standard \$500 deductible
 - ◆ 5% of hull value
 - ★ 5% premium discount
 - ◆ 10% of hull value
 - ★ 10% premium discount

2007 Policy Highlites

- Annual check flight and pilot questionnaire
 - ◆ Confirmation of FTSC “spring check” policy
 - ◆ Pilot currency

- Shift in renewal date
 - ◆ Closer alignment for club revenue
 - ◆ Feb 1 2007 – Mar 31 2008
 - ◆ no charge for 13th month
 - ★ 7.7% “saving”

2007 Policy Highlites

- Claims Surcharge / No Claim Rebate
 - ◆ In 2006 \$7632 rebated to owners/clubs with claims-free records
 - ◆ \$9276 from 2006 claims surcharges will be applied to 2007 rebates
- Safety Fund Credit
 - ◆ \$10,000/year from CAIG (underwriter) to SAC specifically for funding safety related programs by FTSC
 - ◆ Investment in risk reduction/mitigation

Ongoing Initiatives

- Recreational Permit towpilots
- Advanced Ultralight Towplanes
- Improved accident reporting
 - ◆ Coordination with FTSC
 - ◆ SMS “Star” program recognition
- FAQ page for SAC website
 - ◆ Common questions to committee or broker
 - ◆ General insurance issues

What for the Future?

- Some high claim years have started to drop from our immediate record
- Continued low accident and claims record will help us maintain low premium rates

In Closing...

*“...the secret of continued insurability... is
‘Good Management’.
Sounds simple doesn't it? But it isn't.*

*Good management takes work.
Passing good management techniques
down the line, especially in clubs, takes
hard work and real dedication. Just
hoping things will turn out OK causes
losses.”*

Pat Costello – SSA Insurance