

**RESEARCH PROJECT REPORT**  
**ON**  
**“AIRLINE INSURANCE AND ITS IMPORTANCE”**  
**Bachelor of business administration**  
**(AVIATION MANAGEMENT)**  
**2018-2021**

**UNDER THE GUIDANCE OF:**

**MR S K SHARMA**

**SUBMITTED BY:**

**SHUBHAM SHARMA**



# **SCHOOL OF BUSINESS**

# **GALGOTIAS UNIVERSITY**

## **Certificate from Faculty Guide**

Certificate from Faculty Guide This is to certify that the project report (**AIRLINE INSURANCE AND ITS IMPORTANCE**) has been prepared by SHUBHAM SHARMA under my supervision and guidance. The project report is submitted towards the partial fulfilment of 3 YEARS, full time Bachelor of Business Administration.

**MR S K SHARMA**

NAME AND SIGNATURE OF FACULTY

DATE:

## **DECLARATION**

I hereby declare that this synopsis submission is my own work and that, to the best of my knowledge and belief, it contains neither any material previously published or written by another person nor any material which has been accepted for the award of any other degree or diploma of the university/ other institute of higher learning, except where due acknowledgement has been made in the text.

Signature of the candidate

Name: Shubham Sharma

**ACKNOWLEDGEMENT**

I would like to acknowledge my sincere thanks to the management for allowing me to be associated with it, and hence exposing me to its unique work culture which has helped me immensely in enriching my knowledge and gaining a valuable insight into the practical aspect of management.

I am thankful to **MR S K SHARMA** , for her valuable guidance and support

Shubham Sharma

BBA – AVIATION MANAGEMENT

Introduction(airline Insurance)	6-9
---------------------------------	-----

HISTORY	10-12
TYPES OF INSURANCE	18- 39
CONCLUSION	40
REFERENCE	41

## **TABLE OF CONTENTS**

PAGE NO.

# **AIRLINE INSURANCE**

**Airline insurance** is insurance coverage geared specifically to the operation of aircraft and the risks involved in aviation. Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to aviation insurance.

Airline **insurance** policies usually cover the whole fleet and are typically concluded for a period of one year. The sum **insured** for an **aircraft** varies greatly – depending on type, age, and technical equipment. ... **Insured** indemnity limits for personal injuries also vary greatly, and may reach up to US\$ 2.5 billion.

**Aviation insurance** provides **coverage** for hull losses (BODY OR STRUCTURE COVER) as well as liability for passenger injuries, environmental and third-party damage caused by **aircraft** accidents.

**Aviation** provides the only rapid worldwide transportation network, which makes it essential for global business. It generates economic growth, creates jobs, and facilitates international trade and tourism

**Aircraft policies** are not **standardized** and vary widely. Some insurers offer **policies** that combine **aircraft** liability and hull with other **aviation** coverages, such as **aircraft** products liability, airport liability, land-based general liability and hangar keepers liability coverage.

The **aviation** industry is the business sector dedicated to manufacturing and operating all types of **aircraft**.

**Aviation insurance** is **insurance coverage** geared specifically to the operation of **aircraft** and the risks involved in **aviation**.

Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to 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. There have been various instances of a customer assuming that his/her plan has a certain coverage, only to find out that they were never covered for that particular type of mishap. To avoid getting into such a situation, you must consult a qualified aviation insurance expert. This insurance professional will help you identify and differentiate between different types of aviation insurance plans, and also clarify your doubts related to the same.

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. As aircraft disasters continue and are on arise, it is being



looked at as a very risky affair to fly. This has led to a lot of fear and consequently the need for aviation insurance.

Aviation insurance, in general, covers the requirements that are needed and are helpful to owners, operators, pilots, renters, students, and flight schools in which there is a risk for life. Accidents can happen, we'll never know when. Even if we don't ask for it. With the hazards accompanied with flying an aircraft, there is a need for you to get may it be a life or an accident type of insurance

# History

Aviation Insurance was first introduced in the early years of the 20th century. The first-ever aviation insurance policy was written by Lloyd's of London in 1911. The company stopped writing aviation policies in 1912 after bad weather at an air meet caused crashes, and ultimately losses, on those first policies.

The first aviation policies were underwritten by the marine insurance underwriting community. The first specialist aviation insurers emerged in 1924.

In 1929, the Warsaw Convention was signed. The convention was an agreement to establish terms, conditions, and limitations of liability for carriage by air; this was the first recognition of the airline industry as we know it today.

"Aviation in itself is not inherently dangerous. But to an even greater degree than the sea, it is terribly unforgiving of any carelessness, incapacity or neglect." — Captain A. G. Lamplugh, chief underwriter and principal surveyor of British Aviation Insurance Company (1931)

Realising that there should be a specialist industry sector, the International Union of Marine Insurance (IUMI) first set up an aviation committee and later in 1934 created the International Union of Aviation Insurers (IUAI), made up of eight European aviation insurance companies and pools.

The London insurance market is still the largest single centre for aviation insurance. The market is made up of the traditional Lloyd's of London syndicates and numerous other traditional insurance markets. Throughout the rest of the world there are national markets established in various countries, each dependent on the aviation activity within each country. The United States has a large percentage of the world's general aviation fleet and has a large established market. According to the 2014 report from GAMA (General Aviation Manufacturers Association), there are 362,000 general aviation aircraft worldwide, and 199,000 (or roughly 55%) are based in the United States.

No single insurer has the resources to retain a risk the size of a major airline, or even a substantial proportion of such a risk. The catastrophic nature of aviation insurance can be measured in the number of losses that have cost insurers hundreds of millions of dollars (Aviation accidents and incidents).

Most airlines arrange "fleet policies" to cover all aircraft they own or operate

# What type of insurance coverage do you need?

If you're the owner of the aircraft, you should get the Owners Aircraft Insurance which covers aircraft categories like jet, airplanes, seaplane, turbine, gyrocopters, air gliders, propeller piston engine plane, & rotorcraft. In-flight Insurance is also required since this will cover the liabilities incurred by the plane during aviation accidents or even on ground operations.

b. As an owner, you also should get the Hangar Insurance to secure the premises and location where you park your plane. In connection to this, the owner has an option to also get the Hangar Keepers Insurance. This includes the personnels who maintains your aircraft and their safety benefits.

c. If you're a renter, you should get the Renters Aircraft Insurance to protect you and your beneficiaries in time of an accident.

d. If you're an aircraft student, it is a requirement for the schools to get a non-owned insurance to protect the students if something went wrong during the course of the training.

## **Is getting an insurance within your budget?**

Always consider that aircraft insurance weighs a large cut in your budget. It will then be included in your expense list of payables. It will be dependent on what type of insurance policy you will get and as to what extent the coverage will be. Do a research first on your insurance needs and papers that are required by the government or as aviation rules and policies applies. After identifying these things, it is time for you to look for an Aircraft Insurance company that will help you sort it all out, can offer customer-friendly rates that suits you, and can work within your specified budget.

There are lots of aircraft insurance companies out there but choose only the best one that can make you understand and feel secured. A company that will help you consider all areas that can cover all aspect of future liabilities that you might incur. Also, a company that will make you experience a hassle-free processing of documents and with less paperwork in your part. It is a feeling of assurance while you do the thing that makes you happy, that is flying your chosen aircraft. At the same time giving you security and peace of mind as well as your loved ones. Be insured and Enjoy Flying!

# UNDERSTANDING AIRCRAFT INSURANCE: ONE FOR ALL OR ALL FOR ONE?

Unlike a vehicle insurance, it's hard to cover all aspects of aviation with a single insurance. Many insurance companies even provide different insurances for different situations, for example depending on whether the plane is flying or on the ground. There are providers that offer packages which include many different insurances, though. Let's take a closer look.

In aviation there are many things and people involved that can or even should be covered by insurance:

- the passengers, personnel and cargo on the plane
- facilities, personnel and machines on the ground including hangars, aircraft tugs, flight controllers and many more
- in case of an emergency landing or a crash literally anything that a plane could land or crash onto
- networks, channels of communication, systems, software and other non-physical devices
- and eventually the aircraft itself

# Benefits of Aviation Insurance Policy

- In this age when all of us are hard-pressed for time, and are required to travel (for business or for leisure) taking a flight has become an indispensable part of our lives. Though flying comes with a huge amount of life risks, it is unavoidable. Be it turbulent weather, terrorist activities leading to hijacks, mysterious disappearance of flights, auto/technical failure, or a plane crash; taking a flight is never devoid of these life threatening dangers. As they say, better safe than sorry; 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

# Aviation Insurance Policy Covers:

As mentioned earlier, aviation insurance offers protection against a wide array of perils, dangers, risks and damages to policyholders. The coverage provided by different aviation insurance policies have been listed below -

## **In-flight coverage**

This 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.

## **Hull all risk**

This coverage is ideal for flying clubs which operate small planes, private jets belonging to celebrities/politicians/business tycoons, aircrafts used for agricultural spraying, etc. The policy covers any physical loss/damage faced by the insured plane. It also protects the plane against total loss and disappearance.

## **Hull/Spares War Risk**

Protection is provided to the insured plane and its spares in case of loss or damage resulted by anti-social activities like war, invasion, riots, hostilities, martial law, strikes, civil commotion, malicious activities and sabotage.

## **Loss of License**

It is a mandate for every aircraft crew member to hold a valid license. A license can be suspended on medical grounds leading to a financial loss for the crew member. This cover takes care of the financial loss incurred. The crew member can get the coverage in case of permanent total disablement or temporary total disablement due to bodily injury or illness.

## **Spares All Risk Insurance Policy**

If any loss/damage is incurred to the spares, tools, equipment and supplies of the insured aircraft or any damages caused to a property by the aircraft, it is covered.

## **Aviation Personal Accident (crew member)**

This is usually granted annually and protects the insured crew member against injury, disablement or death as a result of an aircraft accident/mishap.



# **Companies providing Aviation Insurance**

The following companies offer aviation insurance to customers -

- New India Assurance Co. Limited
- Alliance Insurance Brokers
- AON Global India
- Farsight India Wealth Management
- Emedlife

## **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

# **There are different types of insurance :**

1. Public liability insurance.
2. Passenger liability insurance
3. Ground risk hull insurance not in motion
4. Ground risk all insurance in motion
5. In flight insurance

# Public liability insurance

Public Liability Insurance offers the optimum protection to the business in case any third-party liability arising out of injury or property damage. Public exposure or liability affected by law can destroy the promising future of any business. With this insurance policy, you can mitigate the financial burden that may arise due to third-party liabilities, for this reason, it can also be called third-party liability insurance. It is commonly known as Commercial General Liability Insurance as well, which works as a combination of both Product Liability and Public Liability insurance policies.

For instance, a customer visiting your office slips and breaks her ankle due to a wet floor, leading to hospitalization.

Public or third-party liability insurance is paramount for business owners, hospitals, and even doctors. A liability insurance policy is usually acquired by enterprises or individuals, who might be held accountable for legal or financial liabilities, apart from other relevant issues.

# Why do you Need Public Liability Insurance?

Public liability insurance in India is specially designed for the companies or individuals who may be held liable or legally responsible to pay for the injury or other related damages caused to a third party. This is especially recommended for professional organizations like hospitals, BPOs, doctors, and even business owners. For instance, if your faulty product causes damage or injury to someone else, you may be sued for the loss caused.

Moreover, if your business involves the following criterion that you need to consider buying a PL insurance

If you interact with your client on a frequent basis, regarding work

As a business entity, you get access to any of your client's assets. Especially for IT professionals, it is advised to be covered by IT business liability insurance

If you are a representative of your client's business

Public liability insurance in India is specially designed for the companies or individuals who may be held liable or legally responsible to pay for the injury or other related damages caused to a third party. This is especially recommended for professional organizations like hospitals, BPOs, doctors, and even business owners. For instance, if your faulty product causes damage or injury to someone else, you may be sued for the loss caused.

Moreover, if your business involves the following criterion that you need to consider buying a PL insurance

If you interact with your client on a frequent basis, regarding work

As a business entity, you get access to any of your client's assets. Especially for IT professionals, it is advised to be covered by IT business liability insurance

If you are a representative of your client's business

If you are using third-party site for your business needs.  
Using third-party site for your business needs.

# Benefits of Public Liability Insurance

It might not be a statutory legal requirement, but it is a necessary buy to protect the business from a monetary drain arising out of a lawsuit. At any point in time, if your business is sued by a third party, the insurance will cover the entire legal expenses on you. You should consider this insurance if your business comes into contact with third parties on a frequent basis. You can protect your business from unforeseen events by purchasing a public liability insurance policy that comes with the following benefits:

**Bodily Injury:** If any injury is caused to a third party visiting the office, resulting in major damage will be covered by 3rd party liability insurance.

**Property Damage:** It covers your business against any basic third-party liability arising from damages that occurred to the property of others.

**Personal Injury:** The policy also covers

you for an offense like false arrest, wrongful entry, negligence slander etc.

Liability Arising out of Advertising Rights: In case your marketing division violates the copyright rule of someone else and liability arises out of this is considered under General liability coverage

Contractual and Tenant's Liability: If your business space is rented and any liability arises if you entered in a leased contract, the expenses will be covered under the public liability insurance policy

Lawsuits, Investigations, and Settlements: in case of a lawsuit against you, the insurance company will bear the expenses of an investigator and attorney, medical expenses if any.

Commercial General Liability insurance or public liability policy ensures that your business takes off without incurring an unexpected financial loss. General liability business insurance assures a safe future of your business by covering almost all types of liability expenses.

# Public Liability Insurance

## Coverage

The coverage under public liability insurance or third party liability coverage is extended for industrial risks, non-industrial risks, all business units dealing with hazardous substances, etc. to enjoy more comprehensive protection this policy can be extended to cover other legal expenses arising out of

Natural calamities

Sudden and Accidental Pollution

Transportation

Carriage of treated effluents etc

The list of coverage includes:

Lawsuits, Investigations, and Settlements: If your business is being sued for any damage caused to a third party, the insurer covers the expenses of investigating officer or lawyer.



Medical Expenses: In case of an injury to a third party attending your office, the medical expenses will be covered by commercial general insurance India.

Damage or injury due to an accident in your premises or from your products, operations, or promotional adds leading to a third-party liability claim will be covered.

Liability arising due to damage to a third party's property while visiting your office will be covered.

# Passenger liability insurance

Irrespective of whether you operate a private vehicle or a commercial car, you mostly have passengers in the car with you. They are just as liable to accidental injury during the ride as you are. Therefore, they need proper financial protection against liabilities arising from accidents.

Car insurance policies do not cover passengers in your vehicle under normal circumstances. However, most insurers offer passenger cover in car insurance as a rider or add-on. Opting for this additional protection increases your premium payments for a policy by an insignificant margin but is vital for complete safety of everyone inside the vehicle, nonetheless.

# How Does this Add-On Cover Work?

Typically, a car insurance plan offers complete financial assistance to the driver of the insured private car in case of accidents. This means that if you are driving the car in question, then in case of permanent disability or death because of the mishap, your family is eligible to receive the insured amount from the insurer.

Usually, the same facility is not extended to passengers in your vehicle during the accident. They would need to spend money out of their pocket to treat injuries resulting from accidents involving your vehicle.

As a driver, it is your responsibility to offer the same protection to your passengers, who are in no way or form responsible for accidents. That is why, while buying the car insurance policy, opting for a passenger cover is the only way to ensure complete protection for people who ride in your vehicle.

# Inclusions and Exclusions of Passenger Cover Add-On

## Inclusions

## Exclusions

Covers the cost incurred by your vehicle's occupants for medical treatment after accidents.

Does not provide financial assistance to passengers if they step out of the car during the accident.

Provides disability liability cover to your vehicle passengers.

Does not cover beyond three passengers in a car. Any additional passenger needs to bear their financial liability during accidents.

Offers financial assistance in the event of death of a passenger due to the car accident .

# Reasons why Buying Passenger Cover is Beneficial.

During such a troubling time, the presence of a proper insurance policy to cover both you and your passengers can prevent additional stress. Therefore, the primary reasons for availing passenger cover include:

Reduction of stress after an accidental injury involving your passenger-carrying car.

Limits financial liability caused as a result of such road mishaps. Apart from the driver, the passenger cover add-on allows you to claim the expense for treatment of car occupants as well.

Avoiding legal liabilities if you drive commercial vehicles plying passengers regularly.

# **Ground risk HuLL insurance not in motion**

This provides coverage for the insured aircraft against damage when it is on the ground and not in motion. This would provide protection for the aircraft for such events as fire, theft, vandalism, flood, mudslides, animal damage, wind or hailstorms, hangar collapse or for uninsured vehicles or aircraft striking the aircraft. The amount of coverage may be a blue book value or an agreed value that was set when the policy was purchased.

The use of the insurance term “hull” to refer to the insured aircraft betrays the origins of aviation insurance in marine insurance. Most hull insurance includes a deductible to discourage small or nuisance claims.

Many firms use airplanes, jets, or helicopters for business purposes. Some only use them occasionally for a special project or a business-related social outing. Others, like crop-dusting businesses and aerial mapping companies, use aircraft regularly.

Flying creates unique risks for businesses that own and use aircraft. Accidents can cause serious injuries or even death, and the aircraft and/or other property can be damaged or destroyed. Thus, insurance coverage for aircraft is so important.

Businesses that use aircraft shouldn't rely on their commercial general liability (CGL) policy for protection. The standard policy contains a broad aircraft exclusion that eliminates coverage for most aircraft-related claims.<sup>1</sup>

To protect themselves, businesses should buy aviation insurance. There are two main categories of coverage: aircraft liability insurance and hull insurance, which covers physical damage to the aircraft. They can be purchased together or separately, and in a variety of iterations.

# How Aircraft Liability and Hull Insurance Works

Aircraft policies from insurers including Great American, QBE, and Arch cover third-party bodily injury and property damage claims against an aircraft owner or operator.

Aircraft policies from insurers including Great American, QBE, and Arch cover third-party bodily injury and property damage claims against an aircraft owner or operator.

## Aircraft Liability Coverage

The policies include three types of liability coverage:

Bodily injury or death sustained by third parties other than passengers

Bodily injury or death sustained by passengers

Damage to property owned by third parties.



# Aircraft Hull Insurance

To insure against physical damage to an aircraft, businesses need to purchase aircraft hull insurance.

Many policies offer the following three coverage options:

To insure against physical damage to an aircraft, businesses need to purchase aircraft hull insurance.

Many policies offer the following three coverage options:

Ground and flight: Covers damage to the aircraft caused by any peril (including disappearance) not specifically excluded, whether the damage occurs when the aircraft is on the ground or in the air

Not in flight: Covers damage that occurs while the aircraft is on the ground, whether stationary or in motion

Not in motion: Covers damage that occurs while the aircraft is on the ground and stationary

Ground and flight: Covers damage to the aircraft caused by any peril (including disappearance) not specifically excluded, whether the damage occurs when the aircraft is on the ground or in the air .

# Ground Risk Hull Insurance in Motion

This **aviation insurance** provides coverage for damages that the aircraft may sustain while in motion. However, it excludes any damage that might occur while landing and taking off. This issue led to a lot of disputes between the aircraft owners and insurance companies, which eventually led many insurance companies to discontinue this type of coverage.

This type of insurance is similar to GRH non-motion insurance except that it covers damages sustained while the plane is on the ground and in motion. This typically includes damages sustained during take off and taxi.

## What Is Aircraft Liability and Hull Insurance?

Many firms use airplanes, jets, or helicopters for business purposes. Some only use them occasionally for a special project or a business-related social outing. Others, like crop-dusting businesses and aerial mapping companies, use aircraft regularly.

Flying creates unique risks for businesses that own and use aircraft. Accidents can cause serious injuries or even death, and the aircraft and/or other property can be damaged or destroyed. Thus, insurance coverage for aircraft is so important.

To protect themselves, businesses should buy aviation insurance. There are two main categories of coverage: aircraft liability insurance and hull insurance, which covers physical damage to the aircraft. They can be purchased together or separately, and in a variety of iterations..

If the plane is repaired by someone other than the insured (such as an aviation repair shop), the policy typically pays the cost to repair or replace the damaged property plus the cost of transporting the plane to and from the repair facility. If the insured performs the repairs, the policy pays for materials, labor, overhead (based on a percentage of labor costs), and transportation (the cost of moving the plane to and from the place of repair).

## **Warranties**

A warranty is a promise by an insured that certain requirements have been met. If the promise is broken, the insurer can void the policy. Aircraft policies contain warranties that are unique to the industry.

First, a pilot warranty states that the plane will be piloted only by the person named in the declarations or by someone who meets specific qualifications described in the policy. If the plane is piloted by someone else, the policy affords no coverage.

Similarly, an airworthiness warranty voids the policy if the insured aircraft doesn't have a valid airworthiness certificate.

# In Flight Insurance

Flight insurance or airline insurance is a type of travel insurance policy designed especially to protect air travellers from any unforeseen emergencies during their flight. It is a safety shield that safeguards the insured travellers in case they face any eventualities in relation to their flight. Airline insurance also protects the traveller from any adversities due to the carelessness or fault of the airline or its staff. It provides necessary assistance required at the hour of need and also covers any losses that you end up incurring due to the emergency. Right from trip cancellation and loss of baggage to flight hijack and accident, flight insurance protects the insured against all sorts of adversities you face during your travel.

## Features & Benefits of Flight Insurance / Airline Insurance

Tackles in-flight emergencies

Covers both pre & post-flight-related emergencies

Provides baggage insurance

Provides benefits of health insurance

# **Why Flight Insurance is Important?**

Travelling by air is one of the most common modes of transport today. Whether you are travelling domestic or international, people prefer to take a flight as it the quickest way of reaching from one destination to another. Plus, the recent trend of reduction in airfare has made it economical as well as more convenient for people to opt for air travel. More and more people are travelling abroad for vacations and to pursue higher education. Moreover, air travel is hands down the most popular mode of commuting abroad

## **Inclusions in Flight Insurance**

Flight insurance safeguards an insured traveller against a variety of risks. Take a look at some of the risks which are covered under an international travel insurance policy for flight journeys:

### **Trip Cancellation or Curtailment**

There can be a situation arising before your impending flight journey that would make it difficult for you to continue with your trip. For instance, you or one of your

family members get hospitalized days before your journey. Such situations will force you to either postpone or cancel your trip altogether. Doing so would mean the loss of money in terms of flight tickets. Flight insurance makes sure that you are compensated for your losses

## **Accidental Death & Dismemberment**

In an unfortunate incident, the flight in which you are travelling might meet with an accident causing serious injuries to you. If the accidental injuries cause total permanent disability to you, your flight insurance provider will compensate you for your loss. Moreover, if the injuries lead to your untimely death, your family or the beneficiary will receive compensation from the insurer.

## **Baggage Insurance**

A lot of times people find their check-in luggage being misplaced by the airline. The baggage either arrives late or is declared lost by the airline staff. In such a scenario, you will end up incurring unaccounted expenses on essentials such as clothes, toiletries and medicines. This will not only upset your trip budget but will also mess up your travel plans. But if you have airline insurance, these expenses will be indemnified by the insurance company.

## **Flight Delay**

Flight delays are a normal affair. Sometimes it is caused to weather conditions and sometimes due to technical reasons. Flight delay for an extended period of time can result in a lot of inconveniences. You may miss an important meeting scheduled at your trip destination or your hotel booking for the day may get wasted. But you don't have to worry about the losses if you have a flight insurance policy. Any losses incurred due to flight delay will be reimbursed by your insurance provider.

## **Missed Connection Flight**

Travelling to far-off places, especially during international journeys is quite common. People usually take multiple flights with layovers to reduce cost and avoid long-haul flights. But sometimes there can be a delay in the arrival of an inward flight to the transit airport from which your connecting flight is scheduled. An elongated delay may result in you missing your connecting flight. Not only will it lead to the additional expense of purchasing another ticket but will also lead to suffering a loss at hotel reservation.

# **CONCLUSION**

In the aviation industry, choosing the right aircraft insurance is very critical and important. It will protect not only your aircraft business but also its cargo and most importantly the passengers including its pilots and crew. It will also cover third parties involved in aviation accident like the people, by chance was in the ground and are injured during the crash, the crops that are plowed by the plane, and the properties that are damaged because of the accident. All these should be carefully considered by the owner / operator in order to avoid problems and conflicts to be encountered in the future.

Aviation insurance, in general, covers the requirements that are needed and are helpful to owners, operators, pilots, renters, students, and flight schools in which there is a risk for life. Accidents can happen, we'll never know when. Even if we don't ask for it. With the hazards accompanied with flying an aircraft, there is a need for you to get may it be a life or an accident type of insurance.



# REFERENCES

[www.google.com](http://www.google.com)

[www.wikipedia.com](http://www.wikipedia.com)

**RESEARCH PROJECT REPORT**  
**ON**  
**“AIRLINE INSURANCE AND ITS IMPORTANCE”**  
**Bachelor of business administration**  
**(AVIATION MANAGEMENT)**  
**2018-2021**

**UNDER THE GUIDANCE OF:**

**MR S K SHARMA**

**SUBMITTED BY:**

**SHUBHAM SHARMA**



# **SCHOOL OF BUSINESS**

# **GALGOTIAS UNIVERSITY**

## **Certificate from Faculty Guide**

Certificate from Faculty Guide This is to certify that the project report (**AIRLINE INSURANCE AND ITS IMPORTANCE**) has been prepared by SHUBHAM SHARMA under my supervision and guidance. The project report is submitted towards the partial fulfilment of 3 YEARS, full time Bachelor of Business Administration.

**MR S K SHARMA**

NAME AND SIGNATURE OF FACULTY

DATE:

## **DECLARATION**

I hereby declare that this synopsis submission is my own work and that, to the best of my knowledge and belief, it contains neither any material previously published or written by another person nor any material which has been accepted for the award of any other degree or diploma of the university/ other institute of higher learning, except where due acknowledgement has been made in the text.

Signature of the candidate

Name: Shubham Sharma

**ACKNOWLEDGEMENT**

I would like to acknowledge my sincere thanks to the management for allowing me to be associated with it, and hence exposing me to its unique work culture which has helped me immensely in enriching my knowledge and gaining a valuable insight into the practical aspect of management.

I am thankful to **MR S K SHARMA** , for her valuable guidance and support

Shubham Sharma

BBA – AVIATION MANAGEMENT

Introduction(airline Insurance)	6-9
---------------------------------	-----

HISTORY	10-12
TYPES OF INSURANCE	18- 39
CONCLUSION	40
REFERENCE	41

## **TABLE OF CONTENTS**

PAGE NO.

# **AIRLINE INSURANCE**

**Airline insurance** is insurance coverage geared specifically to the operation of aircraft and the risks involved in aviation. Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to aviation insurance.

Airline **insurance** policies usually cover the whole fleet and are typically concluded for a period of one year. The sum **insured** for an **aircraft** varies greatly – depending on type, age, and technical equipment. ... **Insured** indemnity limits for personal injuries also vary greatly, and may reach up to US\$ 2.5 billion.

**Aviation insurance** provides **coverage** for hull losses (BODY OR STRUCTURE COVER) as well as liability for passenger injuries, environmental and third-party damage caused by **aircraft** accidents.

**Aviation** provides the only rapid worldwide transportation network, which makes it essential for global business. It generates economic growth, creates jobs, and facilitates international trade and tourism

**Aircraft policies** are not **standardized** and vary widely. Some insurers offer **policies** that combine **aircraft** liability and hull with other **aviation** coverages, such as **aircraft** products liability, airport liability, land-based general liability and hangar keepers liability coverage.

The **aviation** industry is the business sector dedicated to manufacturing and operating all types of **aircraft**.

**Aviation insurance** is **insurance coverage** geared specifically to the operation of **aircraft** and the risks involved in **aviation**.

Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to 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. There have been various instances of a customer assuming that his/her plan has a certain coverage, only to find out that they were never covered for that particular type of mishap. To avoid getting into such a situation, you must consult a qualified aviation insurance expert. This insurance professional will help you identify and differentiate between different types of aviation insurance plans, and also clarify your doubts related to the same.

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. As aircraft disasters continue and are on arise, it is being

looked at as a very risky affair to fly. This has led to a lot of fear and consequently the need for aviation insurance.

Aviation insurance, in general, covers the requirements that are needed and are helpful to owners, operators, pilots, renters, students, and flight schools in which there is a risk for life. Accidents can happen, we'll never know when. Even if we don't ask for it. With the hazards accompanied with flying an aircraft, there is a need for you to get may it be a life or an accident type of insurance

# History

Aviation Insurance was first introduced in the early years of the 20th century. The first-ever aviation insurance policy was written by Lloyd's of London in 1911. The company stopped writing aviation policies in 1912 after bad weather at an air meet caused crashes, and ultimately losses, on those first policies.

The first aviation policies were underwritten by the marine insurance underwriting community. The first specialist aviation insurers emerged in 1924.

In 1929, the Warsaw Convention was signed. The convention was an agreement to establish terms, conditions, and limitations of liability for carriage by air; this was the first recognition of the airline industry as we know it today.

"Aviation in itself is not inherently dangerous. But to an even greater degree than the sea, it is terribly unforgiving of any carelessness, incapacity or neglect." — Captain A. G. Lamplugh, chief underwriter and principal surveyor of British Aviation Insurance Company (1931)

Realising that there should be a specialist industry sector, the International Union of Marine Insurance (IUMI) first set up an aviation committee and later in 1934 created the International Union of Aviation Insurers (IUAI), made up of eight European aviation insurance companies and pools.

The London insurance market is still the largest single centre for aviation insurance. The market is made up of the traditional Lloyd's of London syndicates and numerous other traditional insurance markets. Throughout the rest of the world there are national markets established in various countries, each dependent on the aviation activity within each country. The United States has a large percentage of the world's general aviation fleet and has a large established market. According to the 2014 report from GAMA (General Aviation Manufacturers Association), there are 362,000 general aviation aircraft worldwide, and 199,000 (or roughly 55%) are based in the United States.

No single insurer has the resources to retain a risk the size of a major airline, or even a substantial proportion of such a risk. The catastrophic nature of aviation insurance can be measured in the number of losses that have cost insurers hundreds of millions of dollars (Aviation accidents and incidents).

Most airlines arrange "fleet policies" to cover all aircraft they own or operate

# What type of insurance coverage do you need?

If you're the owner of the aircraft, you should get the Owners Aircraft Insurance which covers aircraft categories like jet, airplanes, seaplane, turbine, gyrocopters, air gliders, propeller piston engine plane, & rotorcraft. In-flight Insurance is also required since this will cover the liabilities incurred by the plane during aviation accidents or even on ground operations.

b. As an owner, you also should get the Hangar Insurance to secure the premises and location where you park your plane. In connection to this, the owner has an option to also get the Hangar Keepers Insurance. This includes the personnels who maintains your aircraft and their safety benefits.

c. If you're a renter, you should get the Renters Aircraft Insurance to protect you and your beneficiaries in time of an accident.

d. If you're an aircraft student, it is a requirement for the schools to get a non-owned insurance to protect the students if something went wrong during the course of the training.

## **Is getting an insurance within your budget?**

Always consider that aircraft insurance weighs a large cut in your budget. It will then be included in your expense list of payables. It will be dependent on what type of insurance policy you will get and as to what extent the coverage will be. Do a research first on your insurance needs and papers that are required by the government or as aviation rules and policies applies. After identifying these things, it is time for you to look for an Aircraft Insurance company that will help you sort it all out, can offer customer-friendly rates that suits you, and can work within your specified budget.

There are lots of aircraft insurance companies out there but choose only the best one that can make you understand and feel secured. A company that will help you consider all areas that can cover all aspect of future liabilities that you might incur. Also, a company that will make you experience a hassle-free processing of documents and with less paperwork in your part. It is a feeling of assurance while you do the thing that makes you happy, that is flying your chosen aircraft. At the same time giving you security and peace of mind as well as your loved ones. Be insured and Enjoy Flying!

# **UNDERSTANDING AIRCRAFT INSURANCE: ONE FOR ALL OR ALL FOR ONE?**

Unlike a vehicle insurance, it's hard to cover all aspects of aviation with a single insurance. Many insurance companies even provide different insurances for different situations, for example depending on whether the plane is flying or on the ground. There are providers that offer packages which include many different insurances, though. Let's take a closer look.

In aviation there are many things and people involved that can or even should be covered by insurance:

- the passengers, personnel and cargo on the plane
- facilities, personnel and machines on the ground including hangars, aircraft tugs, flight controllers and many more
- in case of an emergency landing or a crash literally anything that a plane could land or crash onto
- networks, channels of communication, systems, software and other non-physical devices
- and eventually the aircraft itself

# Benefits of Aviation Insurance Policy

- In this age when all of us are hard-pressed for time, and are required to travel (for business or for leisure) taking a flight has become an indispensable part of our lives. Though flying comes with a huge amount of life risks, it is unavoidable. Be it turbulent weather, terrorist activities leading to hijacks, mysterious disappearance of flights, auto/technical failure, or a plane crash; taking a flight is never devoid of these life threatening dangers. As they say, better safe than sorry; 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



# Aviation Insurance Policy Covers:

As mentioned earlier, aviation insurance offers protection against a wide array of perils, dangers, risks and damages to policyholders. The coverage provided by different aviation insurance policies have been listed below -

## **In-flight coverage**

This 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.

## **Hull all risk**

This coverage is ideal for flying clubs which operate small planes, private jets belonging to celebrities/politicians/business tycoons, aircrafts used for agricultural spraying, etc. The policy covers any physical loss/damage faced by the insured plane. It also protects the plane against total loss and disappearance.

## **Hull/Spares War Risk**

Protection is provided to the insured plane and its spares in case of loss or damage resulted by anti-social activities like war, invasion, riots, hostilities, martial law, strikes, civil commotion, malicious activities and sabotage.

## **Loss of License**

It is a mandate for every aircraft crew member to hold a valid license. A license can be suspended on medical grounds leading to a financial loss for the crew member. This cover takes care of the financial loss incurred. The crew member can get the coverage in case of permanent total disablement or temporary total disablement due to bodily injury or illness.

## **Spares All Risk Insurance Policy**

If any loss/damage is incurred to the spares, tools, equipment and supplies of the insured aircraft or any damages caused to a property by the aircraft, it is covered.

## **Aviation Personal Accident (crew member)**

This is usually granted annually and protects the insured crew member against injury, disablement or death as a result of an aircraft accident/mishap.

# **Companies providing Aviation Insurance**

The following companies offer aviation insurance to customers -

- New India Assurance Co. Limited
- Alliance Insurance Brokers
- AON Global India
- Farsight India Wealth Management
- Emedlife

## **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

# **There are different types of insurance :**

1. Public liability insurance.
2. Passenger liability insurance
3. Ground risk hull insurance not in motion
4. Ground risk all insurance in motion
5. In flight insurance

# Public liability insurance

Public Liability Insurance offers the optimum protection to the business in case any third-party liability arising out of injury or property damage. Public exposure or liability affected by law can destroy the promising future of any business. With this insurance policy, you can mitigate the financial burden that may arise due to third-party liabilities, for this reason, it can also be called third-party liability insurance. It is commonly known as Commercial General Liability Insurance as well, which works as a combination of both Product Liability and Public Liability insurance policies.

For instance, a customer visiting your office slips and breaks her ankle due to a wet floor, leading to hospitalization.

Public or third-party liability insurance is paramount for business owners, hospitals, and even doctors. A liability insurance policy is usually acquired by enterprises or individuals, who might be held accountable for legal or financial liabilities, apart from other relevant issues.

# Why do you Need Public Liability Insurance?

Public liability insurance in India is specially designed for the companies or individuals who may be held liable or legally responsible to pay for the injury or other related damages caused to a third party. This is especially recommended for professional organizations like hospitals, BPOs, doctors, and even business owners. For instance, if your faulty product causes damage or injury to someone else, you may be sued for the loss caused.

Moreover, if your business involves the following criterion that you need to consider buying a PL insurance

If you interact with your client on a frequent basis, regarding work

As a business entity, you get access to any of your client's assets. Especially for IT professionals, it is advised to be covered by IT business liability insurance

If you are a representative of your client's business

Public liability insurance in India is specially designed for the companies or individuals who may be held liable or legally responsible to pay for the injury or other related damages caused to a third party. This is especially recommended for professional organizations like hospitals, BPOs, doctors, and even business owners. For instance, if your faulty product causes damage or injury to someone else, you may be sued for the loss caused.

Moreover, if your business involves the following criterion that you need to consider buying a PL insurance

If you interact with your client on a frequent basis, regarding work

As a business entity, you get access to any of your client's assets. Especially for IT professionals, it is advised to be covered by IT business liability insurance

If you are a representative of your client's business

If you are using third-party site for your business needs.  
Using third-party site for your business needs.

# Benefits of Public Liability Insurance

It might not be a statutory legal requirement, but it is a necessary buy to protect the business from a monetary drain arising out of a lawsuit. At any point in time, if your business is sued by a third party, the insurance will cover the entire legal expenses on you. You should consider this insurance if your business comes into contract with third parties on a frequent basis. You can protect your business from unforeseen events by purchasing a public liability insurance policy that comes with the following benefits:

**Bodily Injury:** If any injury is caused to a third party visiting the office, resulting in major damage will be covered by 3rd party liability insurance.

**Property Damage:** It covers your business against any basic third-party liability arising from damages that occurred to the property of others.

**Personal Injury:** The policy also covers

you for an offense like false arrest, wrongful entry, negligence slander etc.

Liability Arising out of Advertising Rights: In case your marketing division violates the copyright rule of someone else and liability arises out of this is considered under General liability coverage

Contractual and Tenant's Liability: If your business space is rented and any liability arises if you entered in a leased contract, the expenses will be covered under the public liability insurance policy

Lawsuits, Investigations, and Settlements: in case of a lawsuit against you, the insurance company will bear the expenses of an investigator and attorney, medical expenses if any.

Commercial General Liability insurance or public liability policy ensures that your business takes off without incurring an unexpected financial loss. General liability business insurance assures a safe future of your business by covering almost all types of liability expenses.



# Public Liability Insurance

## Coverage

The coverage under public liability insurance or third party liability coverage is extended for industrial risks, non-industrial risks, all business units dealing with hazardous substances, etc. to enjoy more comprehensive protection this policy can be extended to cover other legal expenses arising out of

Natural calamities

Sudden and Accidental Pollution

Transportation

Carriage of treated effluents etc

The list of coverage includes:

Lawsuits, Investigations, and Settlements: If your business is being sued for any damage caused to a third party, the insurer covers the expenses of investigating officer or lawyer.

Medical Expenses: In case of an injury to a third party attending your office, the medical expenses will be covered by commercial general insurance India.

Damage or injury due to an accident in your premises or from your products, operations, or promotional adds leading to a third-party liability claim will be covered.

Liability arising due to damage to a third party's property while visiting your office will be covered.

# Passenger liability insurance

Irrespective of whether you operate a private vehicle or a commercial car, you mostly have passengers in the car with you. They are just as liable to accidental injury during the ride as you are. Therefore, they need proper financial protection against liabilities arising from accidents.

Car insurance policies do not cover passengers in your vehicle under normal circumstances. However, most insurers offer passenger cover in car insurance as a rider or add-on. Opting for this additional protection increases your premium payments for a policy by an insignificant margin but is vital for complete safety of everyone inside the vehicle, nonetheless.

# How Does this Add-On Cover Work?

Typically, a car insurance plan offers complete financial assistance to the driver of the insured private car in case of accidents. This means that if you are driving the car in question, then in case of permanent disability or death because of the mishap, your family is eligible to receive the insured amount from the insurer.

Usually, the same facility is not extended to passengers in your vehicle during the accident. They would need to spend money out of their pocket to treat injuries resulting from accidents involving your vehicle.

As a driver, it is your responsibility to offer the same protection to your passengers, who are in no way or form responsible for accidents. That is why, while buying the car insurance policy, opting for a passenger cover is the only way to ensure complete protection for people who ride in your vehicle.

# Inclusions and Exclusions of Passenger Cover Add-On

## Inclusions

## Exclusions

Covers the cost incurred by your vehicle's occupants for medical treatment after accidents.

Does not provide financial assistance to passengers if they step out of the car during the accident.

Provides disability liability cover to your vehicle passengers.

Does not cover beyond three passengers in a car. Any additional passenger needs to bear their financial liability during accidents.

Offers financial assistance in the event of death of a passenger due to the car accident .

# Reasons why Buying Passenger Cover is Beneficial.

During such a troubling time, the presence of a proper insurance policy to cover both you and your passengers can prevent additional stress. Therefore, the primary reasons for availing passenger cover include:

Reduction of stress after an accidental injury involving your passenger-carrying car.

Limits financial liability caused as a result of such road mishaps. Apart from the driver, the passenger cover add-on allows you to claim the expense for treatment of car occupants as well.

Avoiding legal liabilities if you drive commercial vehicles plying passengers regularly.

# **Ground risk HuLL insurance not in motion**

This provides coverage for the insured aircraft against damage when it is on the ground and not in motion. This would provide protection for the aircraft for such events as fire, theft, vandalism, flood, mudslides, animal damage, wind or hailstorms, hangar collapse or for uninsured vehicles or aircraft striking the aircraft. The amount of coverage may be a blue book value or an agreed value that was set when the policy was purchased.

The use of the insurance term “hull” to refer to the insured aircraft betrays the origins of aviation insurance in marine insurance. Most hull insurance includes a deductible to discourage small or nuisance claims.

Many firms use airplanes, jets, or helicopters for business purposes. Some only use them occasionally for a special project or a business-related social outing. Others, like crop-dusting businesses and aerial mapping companies, use aircraft regularly.

Flying creates unique risks for businesses that own and use aircraft. Accidents can cause serious injuries or even death, and the aircraft and/or other property can be damaged or destroyed. Thus, insurance coverage for aircraft is so important.

Businesses that use aircraft shouldn't rely on their commercial general liability (CGL) policy for protection. The standard policy contains a broad aircraft exclusion that eliminates coverage for most aircraft-related claims.<sup>1</sup>

To protect themselves, businesses should buy aviation insurance. There are two main categories of coverage: aircraft liability insurance and hull insurance, which covers physical damage to the aircraft. They can be purchased together or separately, and in a variety of iterations.



# How Aircraft Liability and Hull Insurance Works

Aircraft policies from insurers including Great American, QBE, and Arch cover third-party bodily injury and property damage claims against an aircraft owner or operator.

Aircraft policies from insurers including Great American, QBE, and Arch cover third-party bodily injury and property damage claims against an aircraft owner or operator.

## Aircraft Liability Coverage

The policies include three types of liability coverage:

Bodily injury or death sustained by third parties other than passengers

Bodily injury or death sustained by passengers

Damage to property owned by third parties.

# Aircraft Hull Insurance

To insure against physical damage to an aircraft, businesses need to purchase aircraft hull insurance.

Many policies offer the following three coverage options:

To insure against physical damage to an aircraft, businesses need to purchase aircraft hull insurance.

Many policies offer the following three coverage options:

Ground and flight: Covers damage to the aircraft caused by any peril (including disappearance) not specifically excluded, whether the damage occurs when the aircraft is on the ground or in the air

Not in flight: Covers damage that occurs while the aircraft is on the ground, whether stationary or in motion

Not in motion: Covers damage that occurs while the aircraft is on the ground and stationary

Ground and flight: Covers damage to the aircraft caused by any peril (including disappearance) not specifically excluded, whether the damage occurs when the aircraft is on the ground or in the air .

# Ground Risk Hull Insurance in Motion

This **aviation insurance** provides coverage for damages that the aircraft may sustain while in motion. However, it excludes any damage that might occur while landing and taking off. This issue led to a lot of disputes between the aircraft owners and insurance companies, which eventually led many insurance companies to discontinue this type of coverage.

This type of insurance is similar to GRH non-motion insurance except that it covers damages sustained while the plane is on the ground and in motion. This typically includes damages sustained during take off and taxi.

## What Is Aircraft Liability and Hull Insurance?

Many firms use airplanes, jets, or helicopters for business purposes. Some only use them occasionally for a special project or a business-related social outing. Others, like crop-dusting businesses and aerial mapping companies, use aircraft regularly.

Flying creates unique risks for businesses that own and use aircraft. Accidents can cause serious injuries or even death, and the aircraft and/or other property can be damaged or destroyed. Thus, insurance coverage for aircraft is so important.

To protect themselves, businesses should buy aviation insurance. There are two main categories of coverage: aircraft liability insurance and hull insurance, which covers physical damage to the aircraft. They can be purchased together or separately, and in a variety of iterations..

If the plane is repaired by someone other than the insured (such as an aviation repair shop), the policy typically pays the cost to repair or replace the damaged property plus the cost of transporting the plane to and from the repair facility. If the insured performs the repairs, the policy pays for materials, labor, overhead (based on a percentage of labor costs), and transportation (the cost of moving the plane to and from the place of repair).

## **Warranties**

A warranty is a promise by an insured that certain requirements have been met. If the promise is broken, the insurer can void the policy. Aircraft policies contain warranties that are unique to the industry.

First, a pilot warranty states that the plane will be piloted only by the person named in the declarations or by someone who meets specific qualifications described in the policy. If the plane is piloted by someone else, the policy affords no coverage.

Similarly, an airworthiness warranty voids the policy if the insured aircraft doesn't have a valid airworthiness certificate.

# In Flight Insurance

Flight insurance or airline insurance is a type of travel insurance policy designed especially to protect air travellers from any unforeseen emergencies during their flight. It is a safety shield that safeguards the insured travellers in case they face any eventualities in relation to their flight. Airline insurance also protects the traveller from any adversities due to the carelessness or fault of the airline or its staff. It provides necessary assistance required at the hour of need and also covers any losses that you end up incurring due to the emergency. Right from trip cancellation and loss of baggage to flight hijack and accident, flight insurance protects the insured against all sorts of adversities you face during your travel.

## Features & Benefits of Flight Insurance / Airline Insurance

Tackles in-flight emergencies

Covers both pre & post-flight-related emergencies

Provides baggage insurance

Provides benefits of health insurance

# **Why Flight Insurance is Important?**

Travelling by air is one of the most common modes of transport today. Whether you are travelling domestic or international, people prefer to take a flight as it the quickest way of reaching from one destination to another. Plus, the recent trend of reduction in airfare has made it economical as well as more convenient for people to opt for air travel. More and more people are travelling abroad for vacations and to pursue higher education. Moreover, air travel is hands down the most popular mode of commuting abroad

## **Inclusions in Flight Insurance**

Flight insurance safeguards an insured traveller against a variety of risks. Take a look at some of the risks which are covered under an international travel insurance policy for flight journeys:

### **Trip Cancellation or Curtailment**

There can be a situation arising before your impending flight journey that would make it difficult for you to continue with your trip. For instance, you or one of your

family members get hospitalized days before your journey. Such situations will force you to either postpone or cancel your trip altogether. Doing so would mean the loss of money in terms of flight tickets. Flight insurance makes sure that you are compensated for your losses

## **Accidental Death & Dismemberment**

In an unfortunate incident, the flight in which you are travelling might meet with an accident causing serious injuries to you. If the accidental injuries cause total permanent disability to you, your flight insurance provider will compensate you for your loss. Moreover, if the injuries lead to your untimely death, your family or the beneficiary will receive compensation from the insurer.

## **Baggage Insurance**

A lot of times people find their check-in luggage being misplaced by the airline. The baggage either arrives late or is declared lost by the airline staff. In such a scenario, you will end up incurring unaccounted expenses on essentials such as clothes, toiletries and medicines. This will not only upset your trip budget but will also mess up your travel plans. But if you have airline insurance, these expenses will be indemnified by the insurance company.

## **Flight Delay**

Flight delays are a normal affair. Sometimes it is caused to weather conditions and sometimes due to technical reasons. Flight delay for an extended period of time can result in a lot of inconveniences. You may miss an important meeting scheduled at your trip destination or your hotel booking for the day may get wasted. But you don't have to worry about the losses if you have a flight insurance policy. Any losses incurred due to flight delay will be reimbursed by your insurance provider.

## **Missed Connection Flight**

Travelling to far-off places, especially during international journeys is quite common. People usually take multiple flights with layovers to reduce cost and avoid long-haul flights. But sometimes there can be a delay in the arrival of an inward flight to the transit airport from which your connecting flight is scheduled. An elongated delay may result in you missing your connecting flight. Not only will it lead to the additional expense of purchasing another ticket but will also lead to suffering a loss at hotel reservation.



# **CONCLUSION**

In the aviation industry, choosing the right aircraft insurance is very critical and important. It will protect not only your aircraft business but also its cargo and most importantly the passengers including its pilots and crew. It will also cover third parties involved in aviation accident like the people, by chance was in the ground and are injured during the crash, the crops that are plowed by the plane, and the properties that are damaged because of the accident. All these should be carefully considered by the owner / operator in order to avoid problems and conflicts to be encountered in the future.

Aviation insurance, in general, covers the requirements that are needed and are helpful to owners, operators, pilots, renters, students, and flight schools in which there is a risk for life. Accidents can happen, we'll never know when. Even if we don't ask for it. With the hazards accompanied with flying an aircraft, there is a need for you to get may it be a life or an accident type of insurance.

# REFERENCES

[www.google.com](http://www.google.com)

[www.wikipedia.com](http://www.wikipedia.com)