

On Approach

Avemco® Policyholder News



Risk Management P1



Aviation Insurers for Aviators P3



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RISK MANAGEMENT - CONSIDER THE UNIQUE RISKS FACED FOR EACH FLIGHT

By Max Trescott, Master CFI, Glass Cockpit Specialist, CSIP, 2008 National CFI of the Year

In industry, risk management is the practice of identifying risks that have a high probability of occurring and/or have a high consequence if they do occur. Strategies are then developed for minimizing those risks. In aviation, it's up to us to become risk management experts. Fully 80 percent of accidents are the result of pilot error¹, so it's clear that we can improve our own personal safety by managing risks and avoiding pilot errors.

One high-probability risk is night flight. Although less than 5 percent of personal flying is done at night, fully 21 percent of all fatal accidents occur at night². To avoid this high-probability risk, pilots can minimize night flights or become extremely well educated about the unique hazards they face at night. An example of a high-consequence activity is inadvertently flying into a cloud, because more than 86% of VFR into IMC accidents are fatal³. When pilots make sure that they never fly into a cloud, except when on an IFR flight plan, they can avoid this high-

consequence risk. Rather than consider every possible risk before flight, I take time to consider the unique risks posed by that flight. Invariably, those risks vary depending on conditions. For example, on one recent flight, a student and I concluded that the greatest risk posed was from nearby rain that might reach the airport before we returned from a training flight. To mitigate that risk, we identified an alternate airport to which we could return and we monitored the precipitation during the flight using NEXRAD radar on our G1000-equipped aircraft.

On another training flight, the weather was perfect. In that case, the student pilot and I identified that the biggest risk was violating the Class B airspace or the noise abatement

procedures at our destination, located next to the San Francisco International Airport. Thus, we carefully reviewed all airspace and noise abatement rules and selected a cruising altitude that minimized the chance of an incursion.

You may face a wide range of potential risks on any flight, and you should be creative about teasing them out and then mitigating them. A few possibilities of risk are changing weather, flying at night in a poorly lit area, flying over mountainous terrain, experiencing fuel exhaustion, flying an aircraft with which you lack familiarity, flying with little recent experience, and flying when fatigued. Dozens of other risks are possible, and you should develop a plan for mitigating each risk. Mitigation plans might



include delaying or canceling a flight, getting additional dual instruction, or bringing along a more experienced pilot or CFI on the trip. Become a risk management expert and, before each flight, take the time to clearly identify the greatest risks you face on the flight and then take steps to mitigate those risks. Remember, the life you save may be your own.

1. http://www.boeing.com/commercial/aeromagazine/articles/qtr_2_07/article_03_2.html and http://www.asasi.org/papers/2004/Shappell%20et%20al_HFACS_ISASIO4.pdf
2. <http://www.avweb.com/news/airman/190849-1.html>
3. <https://www.aopa.org/asf/ntsb/vfrintoimc.cfm>

Max Trescott, author and 2008 National CFI of the Year specializes in teaching in glass cockpit aircraft. He is best known for his Max Trescott's G1000 Glass Cockpit Handbook. He is also a cohost for the popular www.airplanegeeks.com weekly podcast, and a former magazine columnist for EAA Sport Aviation. He also authored a series of safety tips for FAAST, the FAA Safety Team. Max is a San Francisco area-based CFI, Gold Seal Flight Instructor Certificate, and Cirrus CSIP instructor who specializes in teaching in and publishing training materials for glass cockpit aircraft. In addition to being an FAA FAASTeam Representative, he gives safety presentations across the country. Read more of his work at www.g1000book.com.

AVEMCO PRESENTS ACCESS TO LIFE INSURANCE FOR PILOTS

As a pilot, you could be paying too much for the wrong type of life insurance. You may even have life insurance that doesn't protect you at all when you're flying. Avemco wants to do something about that so we have partnered with the Pilot Insurance Center (PIC). With over 20 years of insurance expertise and 30 years of aviation experience, PIC has developed a program that allows Avemco customers to benefit from pilot-friendly underwriting considerations:

- **Competitive pilot life insurance rates from leading life insurers.**
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- **Quick, easy application.**

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Pictured Above from Left to Right - Elizabeth Hoover, Luke Barnette, Charleen Reed, Michael Kerwin, Marci Veronie, Michael Adams, Stephanie Brown, Lesly Potts

AVEMCO: AVIATION INSURERS, FOR AVIATORS

Avemco Insurance Company is all about learning what will serve aviation, and developing products to fill that need. As the industry's only direct underwriter in the U.S., Avemco has pioneered new aviation products, emphasized, encouraged, and rewarded safe operation, and filled in gaps that others found too complicated or just not profitable enough. And in doing so, Avemco has helped thousands of aircraft owners and operators, and probably saved some lives, along with a whole lot of money.

Starting in 1960, back when Fred and Wilma Flintstone made their TV debuts and Kennedy and Nixon were debating, a small group of businessmen with a passion for aviation founded the Aviation Employees Insurance Company in Bethesda, Maryland. In January 1961 they issued their first insurance policy on a Cessna 172, the following April they took care of their first customer that had the first claim, this lucky pilot turned out to also have been the company's first customer in the Cessna 172. In 1963, they changed their name from Aviation Employees Insurance Company to Avemco Insurance Company which everyone now recognizes simply as "Avemco".

Good business practices earned Avemco A.M. Best's A+ rating in 1977, and the company has achieved that milestone every year since. In 1982, a move to present headquarters in Frederick (MD) presaged Avemco Corporations' 1983's listing on the NYSE. Throughout the years Avemco and its leadership and parent companies have preserved and expanded the founders' original vision of helping each customer, individually.

AVEMCO IS UNIQUE IN THE INDUSTRY.

Experience is important when working in a niche insurance market such as aviation, and Avemco has experience. The majority of underwriters have been with the company for over ten years; and several have celebrated thirty years with Avemco. Each is well versed in insurance and general aviation with several of the underwriters being pilots themselves. They are licensed as property/casualty producers in all 50 states but they

are also empowered to make decisions as underwriters. They take care of you like an agent while at the same time being the underwriter for Avemco. Since Avemco doesn't pay commission, their judgement isn't clouded by external incentives. They are committed to getting you just the right coverage for your flying.

LEADING THE INDUSTRY IN SAFETY, THROUGH EDUCATION.

Nearly fifteen years ago, John and Martha King gave an interview for an article titled; "Battling the Big Lie" where they discussed what was emerging as a new, specific discipline: risk management. After the article was published, Avemco contacted the Kings and suggested a joint venture to develop a course to fill what they saw as a gaping hole in general aviation training. The Kings enthusiastically embraced the concept, and *Practical Risk Management for Pilots* was born and soon became the best-selling "Takeoff" course; in the King's catalog.

John King notes: "What Avemco is doing is leadership. Without leadership, it wouldn't have happened in the first place." And the program allows Avemco policyholders to save up to 10 percent on their premium costs when they complete a King Schools course or a FAA Team WINGS Knowledge course on risk management and Avemco-recognized flight training.

This focus on safety was taken a step further in 2007 when Avemco supported pioneering research that led to the Airmanship Education Research Initiative (AERI), which promises to help us understand why some pilots are less likely to have accidents than others, and what all pilots can learn from them. Avemco also supported efforts to introduce more young people to aviation by donating many aircraft hulls to Build A Plane.



Gayle Palm, Senior Aviation Underwriter, has been with Avemco since 1982.

Because Avemco is a direct underwriter, training its own people brings them closer to the customer. Marci Veronie, Avemco's Vice President of Sales and Marketing, says "In 2011 we acquired a Redbird flight simulator to enhance Avemco underwriters' loss prevention expertise. This allowed our staff to have a greater understanding of the risk scenarios our policyholders face on a regular basis."

UNDERSTANDING AND SHARING - THE BASICS OF THE INSURANCE BUSINESS.

It's both the *number* of accidents and the cost of each accident that's a problem for insurance companies, which then affects pilots' budgets. Aside from the human costs of an aircraft accident, the costs of our more-expensive airplanes and their repairs are having an overall impact on general aviation. Construction methods, repair facilities and specialized equipment and labor all play into that equation.

"We're not bending \$50,000 airplanes anymore; now, we're dinging \$500,000 airplanes. We have to reduce the accident rate," Mike Adams, Avemco's Senior Vice President, Underwriting said, "because the cost of even a 'minor' claim is so high."

There may be nothing more frustrating than getting a cool aircraft that can't be reasonably insured. Avemco will talk about that, before the purchase, and ask questions about suitability of the pilot/aircraft match. They'll even help find the airplane that works for you, in term of hours and ratings, and give you quotes so you know what you are getting into, ahead of time.

When SLSA's (Special Light Sport Aircraft) first came on the market a decade ago, Avemco supported the movement, offering insurance on many new to the market aircraft. As the industry dropped most of its 100+ models and manufacturers, Avemco adjusted to sensibly cover the need.

IGNORANCE ISN'T BLISS, AND IT'S EXPENSIVE.

Unlike auto insurance, aviation insurance covers the "hull" at limits generally defined by the owner and agreed to by the insurance company at the start of the policy. If you want a smaller insurance premium you may want to declare a smaller value. But Avemco lets people know the pitfalls of that action. Not only can an owner run into the obvious - his aircraft's

declared value could be far below replacement – but other things, like the fact that an aircraft is typically written off when damage approaches 70% of the value, not 100%.

For example, though you’ve “saved” on premiums on your \$150,000 aircraft by insuring it for \$100,000, you’ll be dismayed when it’s written off after it receives \$70,000 in damage, and you want to replace it (but you’ll have only \$100,000). Things like that are always better to know beforehand. Avemco makes it a point to explain, to anyone who will listen.

Renters, too, may think they’re covered whenever they rent. Not to the extent one may think – and so Avemco offers affordable non-owner’s (or commonly referred to as “renter”) policies, for those who don’t want to find out how much “fender-benders” (like a couple runway marker lights) can cost them. And it’s not just the deductible; the aircraft owner’s insurance probably has a subrogation clause which could make you, the renter pilot, responsible for the entire loss.

But safe, careful pilots of modern aircraft, who address all known risks and keep their aircraft in secure hangars really don’t need insurance, right? Sometimes bad things just happen to good people. Avemco paid a claim on

a plane where the owner relocated his plane out of the forecast area of the hurricane only to have the plane demolished by a tornado. Weather can be fickle like that.

Another unexpected claim paid by Avemco was for an owner on a flying vacation and his plane was caught in a hail storm at an airport that is not considered to be in a “hail zone”. You wouldn’t think that hail could cause a total loss of a \$250,000 plane, but it did.

That’s why people have insurance. Even when they use all the best information, keep their training and pilot skills current, and prepare the best way they know, bad things still happen.

Some people lead charmed lives, and never need insurance. But even among those charmed few, most of them have the foresight to hedge their bets. And the smart ones go with an underwriter who has the depth of experience and understanding to get them what they need, and back them when they need it.

Editor’s Note: This article was highlighted in Volume 38 #6 of the June 2016 issue of Aviators Hotline and has been reprinted with permission.



Avemco’s People

STEPHANIE BAILER - Aviation Service Underwriter

Stephanie has been passionate about aviation her entire life. Prior to joining Avemco in July of 2016, she first obtained a business degree, and then graduated from Community College of Beaver County (PA) with a degree in Terminal Air Traffic Control, while also earning her Private Pilot’s Certificate. She previously dabbled in several aviation-related positions, including traveling the world as an International Flight Attendant.

“Pilots are my favorite type of people; they always keep things entertaining and fun. Having the opportunity to help pilots protect what they love the most is beyond rewarding.” Stephanie sought out Avemco for their outstanding devotion to customer service, and their ability as a Direct Provider to assist customers immediately. Outside of aviation, Stephanie can be found enjoying the outdoors by kayaking, snowboarding, and horseback riding.

READBACK

Readback is your chance to tell us what you think about everything we have to say and do - including our PIREPs, articles, emails and previous issues of the *On Approach* newsletter.

Unlike almost every other email from a "vendor" I look forward to your PIREP. It may not be a conscious thing, but wisdom is a recurring theme through them all. Thank you for being there. Thank you for going over and above what we might expect as customers.

--Mark Creighton

You asked for our thoughts and feedback on AVEMCO's PIREPS. I place high regard on them. You provide information to us designed to make us safer pilots. The reason I regard these seriously, is because this is coming from a company that pays claims. Who knows better than a claims-paying aviation insurance company about safe flying?!

--Darryl Swenson

RESPONSES TO THOMAS P. TURNER'S "I WOULD NEVER DO THAT!"

I think the article hits on several very valid points. It is very easy to get complacent when we fly the same plane almost all of the time, and we are going to someplace we have been before successfully many times. We start relying on muscle memory to a degree and let our guard down when it comes to adjusting to new environmental concerns. I have to remind myself about that every so often when I think that I need to get there.

--Tom Cartier

The PIREP of June 2016 was great reading as are all the PIREPs. It's difficult to understand how pilots can be so careless—until I go flying the next time and catch myself doing shoddy planning and monitoring, and brushing off potentially dangerous conditions with dismissive over-confidence bred in years of experience and skill building.

--Donald Hedeman

Thanks for the insightful comments. I believe Dirty Harry pretty well summed up flying (and life in general): "A man's got to know his limitations." Wishing you blue skies and tailwinds.

--Joe Grimes

We can't be reminded of this reality - good pilots doing the unimaginable - enough. Good article.

--Doug Tomlinson



Enjoyed reading your article about "I would never do that". I might add that in at least one of those examples, pilot fatigue was likely a factor. It is possible to feel alert and on top of things but make stupid mistakes or decisions. I know I've been there. And afterwards, I thought "I'd never do that", except that I did. And in almost every case, I had had a long day, or under stress, or missed some sleep. It happens a lot more often than anyone realizes, I suspect.

--Randy Boan

Thank you for the information showing how any pilot can get... get there it is! And those that want to save a few bucks by holding off paying a higher price for fuel than the home airport. That price cost the person's life. It is sad to see it happen that way.

--Eugene Letter

I always enjoy your PIREPS actual incidents! Thank you for Tom Turner's latest!

--N323DM / Raymond Butler

RESPONSES TO THOMAS P. TURNER'S ["ENGINE FIRE IN FLIGHT"](#)

I think it was a good reminder to bone up on things on a regular basis. Things that the most unlikely to happen often don't get the attention they should just because we become complacent. Articles like that one do cause us to brush the cobwebs off of them occasionally.

--Tom Cartier

I have thousands of SEL PIC hours. I completely agree with your article. To prepare for an in-flight fire, I will use the in-cockpit training exercise you outline. Thanks for the great, to the point article.

--Rock

RESPONSES TO JASON BLAIR'S ["LOST ART OF PILOTAGE"](#)

I want to compliment Avemco on another excellent article. The article acknowledges the importance of recognizing the value of the electronic navigation aids while reinforcing the importance of navigation by chart and landmarks.

A similitude: One should examine the number of accidents that occur daily as drivers divert their attention to electronic devices while in control of vehicles on the highways. A significant possibility becomes apparent that pilots, too, can become fixated on the glass on our panels and miss another aircraft whose pilot too is busy with a panel of their own. Thank you.

--Col. A. Kiley

NEW AVEMCO PAYMENT SYSTEM

We are excited to announce that we have a new payment processing system called the Avemco Insurance Self Service Portal. You can utilize this new system to make a payment, schedule recurring payments, view payment history and see your next payment due date 24 hours a day, 7 days a week. The system now allows us to accept payments directly from your bank account in addition to credit card payments.

You will receive additional information via email on how to set up your account.

Good points on looking outside and using pilotage skills - learned them from my father who was an old barnstormer in the 30s!! Lot of good points regarding large items that are hard to miss and can keep you in the ball-park!!

Thanks for the reminders of good practices!

--Pete Halsmer

Thanks this is a great article that gives me time to contemplate how I fly in relation to technology vs just looking out the window.

--Richard Trepanier

Great to see someone championing basic navigation. I guess I'm an old dinosaur that only ever uses pilotage. I have a VOR in my little plane but only use it for flight reviews. GPS looks like an easy way to go but at 90mph it's more fun to look outside.

--Doug Sterns 3DA

I just read (and agree with) the article. An area where I feel lacking in my 'Pilotage' skills begins before the flight; in Flight Planning. There are so many things to consider when formulating a plan that, sometimes it causes me to decide not to fly. I never learned in my training, a quick reminder acronym like "Tomato Flames". And maybe that is not possible because almost every flight destination brings with it, a different set of considerations.

I would benefit from an article on the topic, as I'm sure so many others would. In my case, it would be the single factor which would encourage me to fly more. Most of the time, I do not have the time required to come up with a plan that I feel confident with. And until I do, it's "No Go" for me.

I certainly do not want to imply that, nor do I believe that planning is not important; but that there should be an easy sequence to follow which works for each flight. Kind of like a 'Pre-Flight' checklist.

--Mark Spaziani, Jr., Private Pilot

COMING TO A HANGAR NEAR YOU!

The most fun we have all year is meeting our customers in person and strengthening our ties within the aviation community.

Avemco continues to be a proud sponsor of the Bonanza & Baron Pilot Training clinics. For a list of upcoming clinics [click here*](#). The courses are custom designed for pilots and owners of Bonanzas, Barons, Travel Airs, Twin Bonanzas and Dukes.

Avemco will be exhibiting at the following aviation tradeshow in 2017:

February 25-26

34th Annual Northwest Aviation Conference & Tradeshow
Booth #812
Washington State Fair Events Center Showplex

Avemco Presentation at:

Northwest Aviation Conference
Saturday February 25th
3:30 p.m. - Room B \ Pioneer
"Some Accidents Happen - Most Are Caused"

April 4-9

Sun 'n Fun
Booth #C-56
Lakeland FL

July 24-30

International Fly In & Expo
EAA AirVenture
Booth #1159/1160
Oshkosh WI

Check our website and Facebook pages for more information and updates as they become available.

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