Basic Helicopter Risk Management and Safety

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The Basics

• Hull Insurance
  – What’s covered
  – Agreed Value
  – Attached Parts
  – Deductibles
The Basics

• Liability
  – Bodily Injury
  – Property Damage
  – Passenger liability
  – Supplemental Coverage

The Basics

• Coverage's
  – The Agreed Value
  – Installation Expenses
  – Airworthiness Certificate
  – Emergency Landing Expenses
  – Additional liability Requirements

  • Depending on Use
  – Cargo Legal – Medical Interiors
  – Slung Use – ENG Equipment

The Underwriter

• Underwriting Tools
  – Risk Selection
  – Pricing Tool (Technical Rating)
  – Loss Study (Burn Rate)
  – Company Guidelines
  – Industry Involvement (Knowledge)
Underwriter’s Goal

• Risk Analysis
  • The components of the aviation industry to evaluate and qualify aviation operations using exposure analysis and loss trends to develop pricing models that consistently produce underwriting profits.

What the Underwriter Wants

• Exposure Analysis
• Risk Analysis
• Loss Projections and History
• Rate Adequacy

Helicopter Variety of Uses

• Understanding
  – Part 91 vs. Part 135 vs. Part 133, etc.
  – Knowing the variety of Potential Uses
    • See Appendix
  – Are All uses Automatically Covered?
  – Landing Sites
    • Not Always at an Airport
  – VFR vs. IFR
  – Hot Refueling and Why
Many Uses of Helicopters

- Corporate
- Passenger Charter
- Lifting/Slung
- Logging
- Filming
- Banner towing
- Off-Shore Support
- Traffic Patrol
- Fish Spotting
- Farming, Ranching, Hunting
- Electronic News Gathering
- Heli-skiing
- Firefighting
- Topography/Mapping
- Agricultural
- Wire Stringing
- Powerline Patrol
- Pipeline Patrol
- EMS
- Police Patrol
- Mosquito Abatement
- Sales Demo
- Pole Setting
- Construction
- Tree Cutting
- Seeding/Pollinating (R-22’s)
- Sightseeing
- Frost Control
- Search and Rescue
- Private Use
- What we haven’t thought of

Helicopter Deductibles

- Industry Standard (Or use to be)
- What “In Motion” Really Is
  - Caution Ground Run-ups (In-flight or not)

Helicopter Claims Handling

- The Implication of Deductibles
  - What’s attached or installed????
- Partial Loss
  - What May be Involved
  - Time Life Components
  - Deductible
  - Insured Value
- High Profile Accidents
  - Type of Passenger (Program base vs. Hospital)
  - Types of Uses – ENG/EMS etc.
U.S. Helicopter Trends

- Number of civil helicopter accidents: 2014 2013 2012 2011 2010
- Total number of civil helicopter accidents: 36 44 67 58 57
- Total number of fatal helicopter accidents: 5 6 4 10
- Total number of fatalities: 7 10 9 4 23
- Total number of serious injuries: 10 5 15 16 11
- Total number of minor injuries: 26 15 27 19 9
- Accident rate per 100,000 flying hours: 2014 2013 2012 2011 2010
- Accident: 2.02 2.53 4.23 3.77 3.81
- Fatal accident rate: 0.28 0.35 0.32 0.26 0.67
- Fatal injuries rate: 0.39 0.58 0.26 0.32 1.54
- Serious injuries rate: 0.56 0.29 0.95 1.04 0.73
- Minor injuries rate: 1.65 0.86 1.70 1.23 0.60

Helicopter Insurance Claims

U.S. CIVIL TURBINE ENGINE ACCIDENTS

- Accidents: 89 89 77 82 61
- Fatal Accidents: 21 19 12 14 19
- Fatalities: 51 33 21 27 59

Helicopter Accident Trend

U.S. Civil Turbine Engine Accident Rates (per 10,000 hours flown)

- Accident Rate: 4.41 3.65 3.05 3.14 2.37
- Fatal Accident Rate: 1.04 0.78 0.48 0.54 0.71
- Fatalities Rate: 2.52 1.35 0.83 1.03 2.19
Data fidelity is key to any effective loss trend analysis. In addition to accurate loss data, any known or expected change in exposure must be a part of any study so as to avoid gaps between actual loss and expected loss costs. The favored method for gathering both loss experience and exposure change data is from a broker provided underwriting submissions. As policy year loss data matures annual submissions capture any loss development.
Accident/Claims Management

1. We have a worldwide challenge/opportunity
2. Accident rate (frequency) on the decline but remains unacceptable, especially in certain Heli segments
3. Increases in exposure (severity) have grown dramatically in recent years (values and seating)
4. Forecast is for continued Exposure Growth
5. Over-Capacity and lack of market leadership stunting a much needed market realignment, or a new normal?
6. Predicting hull frequency of loss relatively easy but severity of hull loss much more challenging
7. Predicting who will have the large liability loss remains difficult

Helicopter Safety Management

Insurance Challenge

- The insurance industry, which is based on economic decisions and is a business required to be profitable, should not be considered as the governance or regulator of any safety program or initiative. (LM)
- Safety Programs will be used to the benefit of the Insurance Company.
- To be competitive or to be Proactive

Helicopter Safety Risk Management

Implementation Strategies

- HAI, industry organizations, and safety teams such as PALMATT are providing educational sessions at conventions, regional seminars, and industry meetings.
- Events are educating the community as well as the operator and are often segment specific.

  decision makers
  insurance underwriters & brokers
  government agencies
  general public
Helicopter Simulators

- Level D Sims
- Level 6 & 7 Flight Training Devices (FTDs)
- Professional Training Companies
  - FSI, Metro, CAE
- Helicopter Manufacturers
- In-House Operator Training Centers
- Computer Based FTD Sims

Industry Supporters

Simulation
Who recommends simulation?

- IHST
- NTSB
- Regulatory Agencies
- Accident Investigation
- Insurance Companies
- Industry Associations
- Airplane Operators

Helicopter Safety Awareness
The Brokers Involvement
- Provide the underwriting perspectives on insuring helicopters
- Discuss ways the insurance industry can support the IHST’s/HAI’s goals. Become involved!
  - SMS support and understanding
  - Support Training
  - Understand the systems and equipment (FDM, mission related equipment)
- Engage the customer on how operators and the insurance industry can work together to achieve the IHST’s/HAI’s safety goals

The Broker’s Objectives
- **Sell Insurance**
- Identify New Clients
- Renew existing clients
- Service the client’s insurance issues
- Negotiate terms and coverages
- **Sell insurance**—Is Safety a consideration?!

Broker/Underwriter Relationship
- Provide requested underwriting information to the insurance company
- Communicate required/requested information to and from the client
- Negotiate the terms and conditions on behalf of the client
- Broker represents the client on all insurance or claim issues
Insurance Market Conditions

- Aggressive sales strategy
  - We can do an SMS for you!
  - Broker quoting
  - Gismo Discounting
- Soft market lacks underwriting standards
- Not all underwriters on the same page
- Markets in and out of Aviation Insurance
  - Changes in capacity
  - Changes in underwriter standards

Underwriting Results

- Individual Companies have their own guidelines based on their underwriting performance.
- The volume of business in any given category. (Rotorwing premium vs. losses)
- Using Risk Management or Safety Programs as part of the underwriting process. (SM4) (IHST) (Safety Bucks) (ORM) (Audits)

IHST & HAI Influence

- Continuance of the safety Initiatives
- Informational Packets
- Web Site Information
- Educational Seminars
- Sharing Results
- PalMatt 😊
  - PalMatt Aviation Safety and Risk Management Symposium
IHST & Aviation Insurance

- Recommended that insurance underwriters request brokers to identify operators that participation in IHST Initiatives. (Cultural)
- IHST through various resources continue to educate and inform underwriters and brokers the initiatives and results.
- Recommend “Helicopter Insurance Brokers” to inform and educate operators of the IHST Initiatives and results.
- The insurance industry is not going to change the safety culture. It is the safety culture that will change the insurance industry.

Risk Management Teamwork

- It's all about teamwork, understanding each other's role, responsibilities, objectives, and how to “encourage” the industry of the benefits.
- It's all about the operators. It's cultural, operators should want to do the training and install the devices without the Insurance Industry telling them to do so!
- We are the Safety Preachers, get the message out there to the Operators.

Questions?

Thank You.........

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