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Welcome Aboard !

We would like to welcome a couple of our new corporate accounts to the ARMG family.



Intrasco, LLC. Houston, TX
Chief Pilot Keith Opelt

Dear friends, clients, and clients-to-be,

Happy New Year and welcome to 2015! Everybody here at ARMG wishes you the very best for this new year. First things first, I would like to thank all of our friends and clients for their loyalty to ARMG, which has been the key to our success for the past 30 years.

You have probably heard me say this before, but we are re-committing ourselves to do a better job of communicating with you, starting with this, our first newsletter of 2015. We plan to keep it simple and enjoyable with updates on what's happening here, while also sharing some interesting articles about you, our valued clients. We will also enlist the help of the companies we do business with, so they can share valuable insights that we think you will find enjoyable and educational. Helping us in this endeavor will be our subsidiary Aerospace Financial.

To sum it up, we are going to do our very best to keep in contact and keep you updated. The plan is to make these newsletters a quarterly occurrence. Our next issue is already underway! We sure hope you enjoy our first newsletter of 2015. All the best for the new year!

Rick Turner
President, Aerospace Risk Management Group

It's All In The Numbers!

by Rick Turner

As many of you may already know, I have some strong ties to Israel and the Israeli Airforce through my good friend Giora Epstein. Last year I paid Giora another visit and wanted to share a couple photos that I think you will enjoy. Below is Giora with retired Brigadier General, Amir Nachumi. Giora and Amir are holding Robert Taylor's original oil painting, "Bekaa Valley Gunfight" featuring the F-16A. Amir is another of the IAF's top aces, following close behind Giora's world record 17 kills, with 14 of his own. Amir's first combat occurred during the opening day of the Yom



MAJ Aviation, LLC. Jackson, MI
Chief Pilot Mark Johnson

Aerospace Financial Pilots Loss of License Coverage by Adam Heinlein

Although it may sound exciting to many, working in a cockpit day-in and day-out with others' lives in your hands becomes repetitive and mentally and physically taxing. Like all other employed professionals, aviators are human - our bodies are fallible. Given the financial risk created by loss of income resulting from a loss of a pilot's medical certificate, it would be prudent for pilots to consider comprehensive Loss of License insurance.

Loss of License Insurance was created to protect pilots against the financial risk associated with the loss of employment income resulting from the loss of a pilot's license. As a professional pilot, you are required to maintain a higher minimum health status in order to keep your pilot's license. Some pilots have lost their license due to a change in health status, even though they are not considered disabled. Hypertension, for example, may not be considered a disability, yet a pilot might still lose his/her license.

Loss of license insurance pays a monthly income benefit to pilots that have been grounded due to loss of medical certificate as follows:

Monthly Benefits

During a long career as a pilot, it is not uncommon to temporarily lose your license due to an injury or sickness. Monthly benefits will commence following the elimination

Kippur War while still a junior pilot, flying the F4 Phantom in 107 Squadron commanded by Iftach Spector. During this combat, Amir shot down four migs! By the war's end, Amir had become the IAF's top F4 Phantom Ace, with seven confirmed kills. He also led the second fourship of F16's that bombed the Iraqi nuclear plant on June 7, 1981. A few weeks later, on July 14th, Amir again made history by becoming the world's first pilot to shoot down an enemy fighter in the F16. Over the course of the 1982 Lebanon war, he shot down an additional six fighters, all with the AIM-9L Air to Air Missile, giving him a grand total of 14 kills. Amir is the only IAF pilot that achieved ace status in two different fighters, the F4 Phantom and the F16 Fighting Falcon. Giora and Amir alone account for a minimum of 31 kills, and are two of Israel's highest scoring fighter pilots.



It's All In The Numbers!

Like I told those who follow us on Facebook, Giora always plans something special for when I visit... I like to call this one: "My Dinner of a Lifetime!" The six former IAF pilots gathered around this table (all at least double aces), shot down no fewer than 75 enemy aircraft! from left to right: Yehuda Koren, Oded Marom, Israel Baharav, Giora, Avraham Salomon, yours truly, and Shlomo Levi.

period and will be paid for as long as the individual is unable to return to work - but no longer than the benefit period. The elimination and benefit periods can be selected by the insured prior to the issuance of the policy, and have an impact on premium charged by the insurance company.

Loss of license insurance also offers an optional benefit. This provides a lump sum payment to pilots that have lost their pilot's license long enough to exhaust the benefit period in the policy due to long term or permanent medical conditions as follows:

Lump Sum Benefit

Unfortunately for some, an injury or a sickness causes permanent damage, and the individual does not have the ability to fully recover. In these cases, a lump sum payment will be paid if the insured person permanently loses their license. This benefit is often thought of as the career ending benefit to recoup the loss of future earnings. Benefits can be up to ten times annual income and are payable upon the exhaustion of the benefit period

In conclusion, loss of income resulting from a pilot being grounded due to loss of license is a serious financial risk. Insurance to protect against this risk may be a viable option for most commercial pilots. Aerospace Financial Services would appreciate the opportunity to discuss the potential cost and benefits of this type of coverage.

To view a comprehensive brochure on this product click [here](#).

If you would like a quote for loss of license coverage, please call us at (517) 627-9700.

National American Huey Museum
by Rick Turner

We wanted to share the short video below introducing you to our friends



What a dinner!

The Drones (UAV's) Are Coming!

by **Brian Katko**

Drones have been in the news a lot these days. Stories about novel uses for this technology and near misses with fixed wing aircraft appear on the nightly news regularly. The FAA is still grappling with this upstart industry. In broad terms the FAA has been told by Congress to leave the hobbyist UAV operators alone. The push is to regulate commercial use of any kind. The much delayed issuance of a Notice of Proposed Rulemaking missed another deadline as of the end of this November. A recent Wall Street Journal article gives a sneak peek of what the FAA will propose. According to the article, all UAV's 55 pounds or less will be lumped into one category. The intent is to allow operations below 400 feet, away from airports, only within line of sight, and only with a licensed pilot at the controls. Recent court cases involving commercial operators have upheld the FAA's authority to regulate these activities. Without clearly defined regulations there are three methods of operating a UAV legally; operate as a hobby only, operate commercially under an FAA issued 333 exemption, or operate under an FAA issued Certificate of Authorization (COA). COA's are only available to public institutions such as law enforcement or Universities.

The same companies that insure aircraft are creating and selling products to insure unmanned aerial vehicles. Because of this, we are watching the FAA and UAV industry closely. Our client list includes an ever increasing amount of companies and institutions operating unmanned aerial systems. To properly protect yourself or your business from liability arising from the use of unmanned aerial vehicles, the first question to ask is: what is the purpose of use? If you are a hobbyist and only fly your drone for fun, insurance is available through the Academy of Model Aeronautics. If you intend to operate a UAV for commercial use, beware! The FAA's current interpretation of commercial use is extremely restrictive. According to the FAA, commercial use

at American Huey 369. This organization was formed to preserve the legendary Vietnam era Huey helicopter, and honor our veterans and patriots who gave so much for our country.

If you are looking to support a worthy organization, they don't come any better than American Huey 369. Please watch the video and consider giving your support to help with the construct of the National American Huey History Museum.

American Huey 369 is packed with true American heroes.

Take a look at their video here: <http://www.americanhuey369.com/>

Featured Client: Century Aviation - Auburn, IN. by Rick Turner

Our good friends Laura and Tony over at Century Aviation recently did some remodeling of their FBO, and we thought you might enjoy viewing some of their photos. Talk about first class! This same class extends to all the services they provide. Whether it's flight training from Laura, or maintenance done by Tony, you can be sure that you will get the best service possible.

Visit their website at www.flywithcentury.com



Terminal Lobby FBO

includes much more than just getting paid directly for service. If you buy a drone and fly it for practice with the intent to eventually use it for a commercial purposes, they call it commercial use. If you are a farmer and use your own UAV to inspect your crops that you intend to later sell - commercial use! This in particular is an important distinction as agriculture represents eighty percent of predicted UAV use.

If you intend to operate commercially there are currently eight insurance companies willing to sell UAV insurance. Some offer liability only insurance and some offer physical damage coverage, too. Our current client list includes public institutions operating under a COA, commercial operators with the 333 exemptions, and some commercial operators without exemptions. If the intent is to run under an exemption or authorization, then any of the eight companies are appropriate and will compete for your business. If you intend to operate without the blessing of the FAA, there are two companies willing to sell products that will protect you should your UAV operations cause injury to some third party or if you crash your UAV. After review of the available policies, only two contain language showing that they will pay a claim even if the FAA becomes involved. To be clear, no insurance company will defend you from the FAA or pay any fine they attempt to levy against you or your company. Some local jurisdictions have passed anti-drone laws, and your insurance company will leave you high and dry in this case as well. Should you scare the neighbor's horse into a fence or hit a passing car, this is the type of bad day that will make you glad you bought UAV insurance. Below is a link for AG Eagle, we recently attended a demonstration of this product in person and think it's a pretty neat video.

Brian Katko is a licensed Property and Casualty Insurance Agent, an Airline Transport Pilot and Certified Flight Instructor.



AgEagle RAPID - NDVI aerial crop mapping

Underwriters Corner

Hangar Insurance - Replacement Cost vs. Market Value



Terminal Concierge



Terminal Lobby passenger waiting



Hangar at dusk

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<http://www.avnins.net/>

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by Hal Hunt

As an aviation property underwriter one of the most common questions I get is, "why should I insure my hangar for replacement cost when I can't sell it for that?" The answer is quite simple. Our policy form is not based upon market value, it's based upon replacement cost. Here are the definitions of both -

Market value is defined as:

The highest price a willing buyer would pay and a willing seller would accept, both being fully informed, and the property being exposed for sale for a reasonable period of time.

Replacement cost is defined as:

The cost to replace the damaged property with materials of like kind and quality, without any deduction for depreciation.

If you find yourself confused by the definitions, you're not alone. My favorite (albeit extreme) example to explain this concept is comparing the replacement cost value versus market value of two similar homes. For my example I will use homes located in the same state (MI). These two homes have close to the same replacement cost. Home number one is a 4 bedroom mid-century brick home. It is 4,120 square feet and in good condition. The replacement cost value is \$80 per square foot or \$329,600. The home has a market value of \$35,000. Home number two is a 4 bed room mid-century brick home. It is 3,844 square feet and in good condition. The replacement cost value is \$80 per square foot or \$307,520. The home has a market value of \$259,900. Why such a difference? Home number one is located in downtown Detroit and home number two is 160 miles east in Norton Shores. They have the same replacement cost but home number one has a market value (what the owner could sell it for) of less than 15% the value of home number two. Don't believe me? Go to Zillow.com/homes and check out these two communities for yourself.

So as a hangar owner how can you make sure you have the proper insurance to value on your hangar? There are two ways. You can have a building contractor provide you with a detailed estimate of what it would cost to replace your hangar with like kind and quality materials, or you can ask your agent to provide you with a Marshall & Swift replacement cost estimation. This interactive tool is readily available and can be quickly provided at no cost. Remember, replacement cost value can change over time, so you should review your policy annually to make sure it's coverage meets your needs. Inform your agent if you have upgraded or improved your hangar. Alterations may increase the replacement cost. You'll also want to stay informed about changing market conditions in your area. Rising labor, materials, and transportation costs can directly affect the value; and without periodic changes, you could find yourself underinsured. The National Hangar Insurance Program looks at values every year and attempts to make adjustments as required. I hope you have found this article informative and useful.

Hal Hunt, Program Manager, National Hangar Insurance Program

About Aerospace Risk Management Group

Pilots and aviation industry professionals have counted on ARMG to look after them in the air and on the ground for over 30 years. ARMG specializes exclusively in aviation insurance products and represents the top aviation insurance carriers.

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