



# Glider Insurance FAQ



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## What insurance cover do I need for my glider?

### Liability insurance

In the UK, it is a legal requirement for any aircraft flying to have a minimum amount of liability insurance. This essentially provides cover against loss, damage or injury to third parties, including passengers, cargo, mail, and baggage. As the pilot, you are not covered under your policy.

UK regulations set appropriate minimum liability policy amounts required, based on the maximum take-off weight of the aircraft and the number of passenger seats (where applicable). **These are minimum limits.**

To see what limits apply to your glider, visit [www.caa.co.uk/g-info](http://www.caa.co.uk/g-info). The limits are similar to the current EU limits, as set out in Regulation EC785/2004. Similar regulations apply in most other countries worldwide.

In the event of a loss, your insurance company will settle claims to their agreed limit. If a claim exceeds these agreed limits, you may be liable, without limit, for any further amounts. You may wish to consider purchasing a higher liability limit than the minimum. Your insurance broker should be able to provide you with alternative costs for increased liability limits.

### Hull insurance

A hull insurance policy covers the glider, trailer and other ancillary equipment against accidental loss or damage up to an agreed amount (the agreed value). This is different to motor insurance, where your car is typically insured for its (nominal) current market value. In the event of a loss to the glider, insurers will only pay up to this amount less any policy deductibles (excesses) that may apply.

Trailers and equipment such as parachutes, tow out gear, avionics (FLARM or other navigation equipment), are frequently charged at a different rate to the glider hull.

The risks of theft or loss of glider equipment is also generally covered while it is inside or outside the airfield perimeter, inside the insured's private domicile or its integral or adjacent garage or on secured premises where the insured normally keeps the insured glider and equipment.

It is important that you agree on a realistic value at renewal, as this could affect the amount paid following a loss.

## How does the glider insurance market work?

The glider insurance sector is a small part of a larger global aerospace insurance market, with specialist insurers in every territory. In aviation terms, a glider is a relatively small risk and an insurer (or underwriter) is likely to insure (underwrite) the risk 100% without having to co-insure the risk with any other insurers.

In the UK (and in other territories) only some aerospace insurers offer glider insurance (in addition to other types of aerospace insurance). In most cases, these insurers work with insurance brokers to provide the cover although there are some facilities to place the risks directly with the insurer, via an agency arrangement.

The requirement for third-party liability insurance for your glider is compulsory in the UK and across the EU. Internationally, local national regulations vary.

Competition between insurers willing to provide insurance to glider owners affects the level of competitiveness, as does the impact of claims.

If the insurance market is labelled as 'soft' this indicates strong competition between insurers and premium prices (rates) tend to remain low. In a 'hard' market rates can rise and the terms and conditions offered by insurers may vary (insurers may, for example, choose to limit the availability to various add-on policy extensions, increase policy deductibles or impose other limitations).

Like every insurance sector, premium levels and competition between insurers is also driven by losses. Total losses, rare events, often with fatalities, tend to be viewed as random and 'pure risk' but smaller losses which erode the overall premium income base ultimately drive the premium rates longer term.

The optimum way to access specialist glider insurance markets is to use a glider insurance broker, who is independent from the insurance company. Your brokers' job is to give you appropriate advice and options for your needs. A broker is usually independent from any one insurer and may be able to offer several alternative quotes.

However, there are a limited number of insurance companies who offer glider insurance, so care should be taken when talking to too many insurance brokers as an insurer is obliged to offer all brokers essentially the same price and terms, so 'shopping around' like many of us do when choosing car insurance can be less effective, for glider insurance.



## How are glider insurance claims handled?

Glider claims are handled in the same way as other aviation claims. Following a loss you should notify your insurance broker as soon as practically and safe to do so. Your broker will advise you on what the next steps are — most often, a loss adjuster is appointed, to gather information in relation to the claim and the amount claimed (or the cost of repair).

In the event of injury or loss to a third party, a legal advisor may also be appointed to handle any liability claims.

The loss adjuster will request all the relevant aircraft and pilot documentation and ask you to complete a claims questionnaire, providing full details of the incident. The loss adjuster then makes a recommendation to the insurance company and a settlement offer may be made. Your brokers' claims team will liaise with you, offering support and advice on any settlement offers and next actions.

The amount paid may be less than the full claim if a policy deductible (excess) is applied. Insurers can offer an in-full settlement if the aircraft is damaged beyond sensible economic repair — often known as a constructive total loss. Insurers apply different criteria to what an economic repair may be, but if the cost of repair is more than approximately 70% of the agreed value, insurers will consider this option. It is therefore important, as an owner, to ensure that the value agreed when you arrange the policy reasonably reflects the aircraft value. Most insurers will allow you to change the agreed value during the policy period although there may be some premium adjustment and/or broker administration fees.

Any claims payments to third parties are normally handled by the loss adjuster/lawyer or your broker. These claims are paid in full, without any excesses, up to the maximum limit of your liability policy limit. Where a claim exhausts this policy limit, the policyholder can be liable for any additional amounts, without any limitation.

## How can I keep my premiums as low as possible?

There are several ways that policyholders can ensure they are not paying more than they need to for their insurance. Firstly, it is important to make sure that the information your insurer or insurance broker holds about you is correct. As you fly and gain more experience, you may be able to benefit from additional discounts as you reach certain experience or 'hour' thresholds. Different insurers will have slightly different thresholds, so it is important to make sure your glider hours are up to date and your insurance provider has the current figure at renewal.

In a similar way, if more than one pilot is named on the policy, the premium is adjusted based on the pilot with the least hours. You may wish to consider if other pilots are covered under your policy on an annual basis or simply added to the policy for the limited times they fly.

The glider hull value affects your premium, so you should ensure that the glider value is appropriate. However, please note that significant over or underinsurance may affect any claims payment, in the event of a loss.

If you are fortunate to own more than one glider and are the sole pilot insured to fly these aircraft, a 'one up, one down' policy may also offer a discount to a full all-risks policy.

The cost of your policy will also depend on the coverage you buy. Not all policies are exactly the same as some offer sub-limits, policy exclusions, core cover and additional cost 'optional extras' policy covers.

It may be a false economy to simply choose your policy purely based on the headline price if there are certain features or benefits in the policy that you require, or would require in the event that you need to make a claim.

Finally, claims drive premiums. And the cost of repairs continue to increase year on year, for various reasons including inflation, supply chain issues and social inflationary pressure. A proactive safety awareness mindset and rigorous personal safety checks, etc. can all contribute to your own personal safety and, as a small part of a larger global activity, help limit rising insurance claims and premium costs for everyone.



## Why do aviation premiums always increase?

The underlying principle of all types of insurance is that the premiums of the many pay for the losses of a few. To build up income to pay for these claims, insurance companies insure the widest range of risks as they can, spreading their exposures while building up cash reserves.

The more diverse an insurer's risk profile is the potentially more stable (and profitable over the long term) they will be — so insurers accept risks across multiple industries, countries and regions.

Insurance for aerospace sector is highly diversified, as almost every nation has an airline, airports and supporting services. At the most simplistic level, the risk phases for a satellite or a microlight are the same — take-off, in-flight and landing, the physical element are the equipment and people and damage or destruction to third-party property is always present; so most aerospace underwriters insure a spread of aviation risks, domestically, nationally and internationally.

We estimate the global aerospace annual premium income base to be around US\$7 billion, from which insurers need to cover their operating costs, business production costs, claims and, when possible, reserves for 'bad' years.

Commercial airline losses account for approximately half of all claims, roughly matched by the premiums they pay. However, global-impact losses such as the Boeing 737 MAX losses and subsequent grounding of this fleet type and the confiscation/denial of access to over 450 western built passenger jets by Russia can "trickle down" affecting every aspect and class of aviation insurance.

Annually, insurers review their books of business, assessing the 'burning cost' for each class of risk they insure. As a consequence insurers do withdraw from certain sectors of aviation insurance, which can have a ripple effect on all aviation classes of insurance.

## Why should I use an insurance broker?

An insurance broker is your agent and required to offer the best possible service and advice to you. Not all insurance brokers are regulated in the same manner, because of their modus operandi and some brokers essentially act as tied agents on behalf of insurers (and must fully disclose this).

An independent broker can offer more choice than a tied agent or managed general agent (MGA), who provide insurance brokerage services on behalf of an insurer.

To make best use of your broker, it is recommended that you provide the fullest information regarding you and your gliding activities, so that they can provide appropriate advice to you.

For simplicity, most brokers use some form of standard proposal form/risk questionnaire. Complete this fully, providing as much relevant information as requested, including exact hours, pilot experience, skill/affinity schemes (Bronze, Silver, Diamond, etc.)

Ensure that you provide full details of the glider (and trailer and other equipment), with realistic replacement values.

If you fail to provide all relevant (and correct) information, your policy may not meet your requirements and could, in the event of a claim, affect any payment. Conversely, if your broker fails to carry out their role professionally, they could be held liable for any (financial) loss you suffer.

More positively, your broker is your advisor for the duration of your policy and you should seek their technical expertise as you require. In the event of a claim they will be able to guide you through the process and provide hands-on experience in settling similar claims. An independent broker does not act for the insurer in any claims disputes, as they are your agent and obliged to act on your behalf. Your broker may also give advice on the adequacy of the financial security of any insurer, with whom they place business. Not all insurance companies have the same financial ratings / balance sheets or are authorised and regulated in the same manner.

Building long-term relationships with your broker does not limit their ability to canvass the market for you, at each renewal, seeking the optimum programme for you. However, you may wish to explore other options to ensure you are getting suitable advice and products.

Within the relatively small market for glider insurance, we would recommend against 'shopping around' every year as this can be counter-productive to generating a long-term relationship. Consider carefully what your objectives are. If you are happy with the premium price but unhappy with the service your broker is offering, you may wish to consider changing brokers. If you are happy with the service but feel the premium price is too high, you should discuss with your broker what options they have, to obtain cheaper insurance terms for you.



## Are there other insurance policies I need?

The information provided in this set of FAQs covers the key insurance issues a private owner needs to consider; from arranging mandatory third-party liability insurance to how best to use your insurance broker, to support your needs.

Aside from the compulsory insurance policies you will require, most glider owners purchase hull insurance for their glider and should also consider:

- Trailer, equipment, and spares
- Personal accident insurance
- Alternative deductible levels (and/or deductible insurance)
- Discounts including multiple aircraft ownership
- Private vs commercial glider usage

Through the detailed discussions with your broker you should consider all these issues, as well as airside vehicle liability insurance, for whilst you drive your vehicle airside, when you could damage third party gliders and equipment and cover while towing your glider between locations.

### **Gliding clubs will need to consider additional insurance policies, as a commercial entity.**

A club will have legal liabilities — liable for a loss or injury to a third party — either their property or their person(s). As an employer, a gliding club is responsible for any claim for injury or loss to both employees and others who carry out work on behalf of the gliding club, such as volunteer instructors.

Club assets such as premises, aircraft, equipment, and any assets a club may lease/hire or simply borrow from other entities should be insured. As a possible landlord a gliding club may also be responsible for arranging insurance for tenants or ensuring that they have adequate insurance (for both their activities, your assets and any adverse impact they might cause to other tenants).

In the event of a major loss, a gliding club is unlikely to survive the financial impact of a loss without insurance.

If you would like more information on how we can assist a gliding club with their insurance needs, please contact us.

# What next?

Gallagher is specialist aviation insurance broker with over 30 years' experience in every type of aviation insurance. We can assist glider owners in arranging your insurance needs.

We would recommend that you contact us approximately 6 weeks before your next renewal date, with as much information as possible.

Our team can then evaluate how we can assist or give you our best recommendation on how you should arrange your insurance (we cannot guarantee that we can provide a solution for every risk/eventuality).

**Click here** to download a standard risk questionnaire or email us on [genav@ajg.com](mailto:genav@ajg.com).

We look forward to hearing from you and hope that we may be able to assist you with your next glider insurance policy renewal.

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