

AVIATION INSURANCE AND THE HEALTH CARE INDUSTRY

A WING AND A PRAYER

Aviation risk at a hospital? It sounds like one worry health care facility risk managers can scratch off their lists. Unfortunately not so. Health care organizations commonly face two Aviation exposures: Non-Owned Aircraft Liability and Helipad Liability. With the more immediate risks facing their facilities, staff and patients, risk managers may be less well-equipped to handle these issues. As one of the world's largest Aviation brokers, Willis is ideally positioned to provide our health care clients with the expertise and market knowledge needed to comprehensively address these complex liabilities.

NON-OWNED AIRCRAFT LIABILITY INSURANCE

WHY DOES A HEALTH CARE ORGANIZATION NEED THIS COVERAGE?

Hospitals and health care facilities often contract with outside vendors for medical evacuation services or provide a helipad for third-party medical evacuation flights. Even though aircraft or helicopter operators are responsible for carrying primary Aircraft Hull and Liability insurance, hospitals and health care companies still have a Non-Owned Aircraft Liability exposure should an accident occur while aircraft is in flight to or from their premises, or while aircraft is parked on site.

Helicopters generally have a higher risk exposure than fixed-wing aircraft, and while the severity of loss in this area has always been high, often including fatalities, the frequency of loss has recently increased as well. The medical evacuation segment of the industry is especially hazardous, as medical evacuation helicopters are on call 24/7, responding to emergencies in all weather and flying to all locations, from busy highways to remote areas.

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THE COVERAGE

Non-Owned Aircraft Liability insurance is a contingent/excess cover that only comes into play over and above other valid and collectible primary insurance. Prudent risk management practice dictates that as a starting point health care companies should require from all aircraft/helicopter operators certificates of insurance. They should be sure to look for:

- Additional insured status
- Waiver of subrogation
- Prior notice (of at least 30 days) of any material change in coverage, limits, cancellation or non-renewal
- Adequate limits of liability

The health care company may also want to set standards for acceptable insurance company paper, i.e., A. M. Best or S&P ratings.

OUTSIDE OF THE HEALTH CARE SETTING

An organization can have Non-Owned Aircraft Liability risk even if it does not have known exposures, such as aircraft medical evacuation contracts or other company-approved charters. Corporate risk management departments may not be aware of employees who hold pilot's licenses and/or use their own aircraft to fly on company business. Liabilities exist, and in such cases, primary liability limits for these aircraft can be as low as \$1 million and sometimes contain a sub-limit (i.e., \$100,000) for Passenger Legal Liability. Many organizations have prohibited the use of employee-owned aircraft on company business. Some require prior authorization so that control and insurance requirements can be reviewed.

HELIPAD LIABILITY INSURANCE

WHY DOES A HEALTH CARE ORGANIZATION NEED THIS COVERAGE?

Many claims associated with the ownership or operation of helipads involve debris sent flying when helicopters land or take off. Helipads may be located next to vehicle parking lots or on rooftops, and it is not uncommon for dirt or stones to kick up and damage nearby vehicles or injure pedestrians.

Hospital helipads are usually situated in close proximity to hospital buildings – and sometimes on the roof – to provide easy and quick patient access. This proximity can lead to tragic accidents if a helicopter misses the pad due to high winds or other factors.

ANSWERS

In the case of both Non-Owned Aircraft Liability and Helipad Liability, hospital staff cannot be expected to fully understand the risks or the marketplace options for addressing those risks. Willis can not only assist hospitals in the design and implementation of insurance programs they will need, but can also provide risk control and safety prevention measures to limit the likelihood of such occurrences.

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