

Insurance

Making sure you have appropriate insurance is important to protecting your assets and your family. Here are a few tips to explain how primary insurance coverage works. If you have questions about your coverage, it is important to talk to your agent, as there can be some differences in how coverage is provided or what is insured from company to company.

Primary Liability Coverages

Liability insurance provides compensatory funds to an injured party and legal payments to your attorney should you harm another person through operation of your model. Liability coverage is typically provided under your Homeowners, Tenants or Condominium policy. Liability coverage comes in two flavors: injury to people and damage to property. Each of these coverages will have an upper limit to what the policy will pay. You should think about buying as much coverage as you can reasonably afford.

It is important to make sure that your policy will cover damages caused by model aircraft. Historically, damages caused by aircraft were not covered under the Homeowners policy, as the assumption was that you would buy an aircraft policy if you were flying an airplane. Models fall into a gray area -- are they aircraft or not? You don't want to find out that your insurance company considers your jet to be an aircraft, and deny coverage, after you have had a loss. Many modern policies have addressed this by specifically including coverage for model airplanes. To see if your policy is one of these, go to the Liability section of your Homeowners policy (usually section II), look for the "exclusions" section, and then find the "aircraft exclusion". If your policy does not have wording that mentions coverage for model aircraft, call your agent and ask them if they would provide a letter indicating that models are in fact covered. If they refuse, it might be time to think about another insurance company.

The AMA

Your Homeowners policy is considered primary coverage by the AMA. That means that they will not provide additional insurance coverage until the limits of your policy have been exceeded by the loss. At this point, the AMA will step in. The AMA itself provides the next \$250,000 of coverage out of AMA funds. This is the deductible on the policy that they carry for liability coverages. If the loss consumes this amount, the AMA policy responds with coverage of another \$2.5 million.

It is important to notify the AMA if you have a serious loss, even if you think that your Homeowners coverage may be enough protection.

Additional Coverage

If you are a high net worth individual and are concerned that the combined coverage from your Homeowners policy and the AMA might not be enough, consider taking out an Umbrella policy. This coverage is usually available anywhere from \$1 million to \$10 million or more. The umbrella policy will also sit on top of your automobile, boat or other liability policies. The

insurance company that issues the umbrella will likely require that you buy your Homeowners or Auto coverage from them.

Umbrella policies will almost never refer to model aircraft, so it is important to get something in writing from your agent indicating that models are not excluded.