



Chapter 08: Administrative and Financial

09. Insurance Policy Management

Manage insurance policies to ensure adequate coverage and cost-effective risk management.

Purpose

Establish systematic insurance policy management procedures that ensure adequate coverage for all operational risks, maintain cost-effective premiums, and provide prompt claims processing while supporting regulatory compliance and operational continuity.

Roles and Responsibilities

Finance Leader:

- Review and approve billing policies and procedures
- Oversee invoice accuracy and accounts receivable
- Monitor financial performance and budgets
- Ensure compliance with financial regulations
- Coordinate with external accounting services

Safety Officer:

- Monitor safety compliance across all operations
- Conduct safety investigations and reporting
- Coordinate safety training and certification
- Ensure regulatory safety compliance
- Authorize safety equipment and improvements

Business Leader:

- Approve marketing budget and resource allocation
- Review financial projections and business development strategies
- Provide strategic direction for market expansion
- Monitor competitive positioning and pricing strategies
- Oversee vendor contracts and supplier relationships

Operations Leader:

- Oversee daily operations and coordinate between departments
- Authorize emergency response procedures and resource allocation
- Monitor safety compliance and operational excellence
- Coordinate scheduling across departments for operational coverage
- Review billing disputes and approve service adjustments
- Ensure regulatory compliance across all operations

Process Steps

Coverage Assessment Phase

- **Evaluate operational risks** - Identify all potential liability exposures from FBO operations
- **Review regulatory requirements** - Ensure coverage meets FAA, airport authority, and lender requirements
- **Assess coverage adequacy** - Compare current coverage to operational needs and industry standards
- **Identify coverage gaps** - Determine areas where additional insurance protection may be needed

Policy Procurement Phase

- **Request insurance quotes** - Solicit competitive proposals from qualified aviation insurance providers
- **Compare coverage options** - Evaluate policy terms, limits, deductibles, and exclusions
- **Negotiate policy terms** - Secure favorable rates and coverage provisions with insurance carriers
- **Finalize policy selection** - Choose optimal coverage balancing protection and cost considerations

Policy Administration Phase

- **Maintain policy documentation** - Organize insurance certificates and policy documents for easy access
- **Monitor policy compliance** - Ensure operational activities comply with policy terms and conditions
- **Process policy changes** - Handle coverage modifications, endorsements, and certificate requests
- **Coordinate renewal activities** - Plan renewal process and gather information for underwriting review

Claims Management Phase

- **Report incidents promptly** - Notify insurance carriers of potential claims within required timeframes
- **Document claim details** - Provide thorough incident documentation and supporting evidence
- **Coordinate claim investigations** - Work with adjusters and provide access to facilities and records
- **Monitor claim resolution** - Track claim status and ensure prompt settlement of valid claims

Process Mapping

```mermaid

flowchart TD

A[Annual Review] --> B[Assess Risks]

B --> C[Request Quotes]

C --> D[Compare Options]

D --> E[Negotiate Terms]

E --> F[Purchase Policies]

F --> G[Monitor Compliance]

G --> H{Incident Occurs?}

H -->|Yes| I[File Claim]

H -->|No| J[Continue Monitoring]

I --> K[Claim Resolution]

K --> J

```

Tools and Resources

- **Insurance Broker:** Aviation insurance specialist with FBO experience
- **Policy Management System:** Digital storage and tracking of insurance documents
- **Risk Assessment Tools:** Checklists and evaluation criteria for operational risks
- **Claims Reporting System:** Procedures and forms for incident reporting
- **Certificate Tracking:** System for monitoring insurance certificate requirements
- **Legal Counsel:** Attorney specializing in aviation insurance and liability issues

Success Metrics

- **Completion Time:** Policy renewals completed 30 days before expiration with no coverage gaps.

Quality Standard: 100% of required insurance certificates current and meeting all regulatory requirements.

Safety Standard: Insurance coverage supports all safety operations without restrictions affecting

compliance.

Client Satisfaction: Insurance coverage enables full service delivery without operational limitations.

Common Issues and Solutions

- **Issue:** Insurance rates increasing significantly at renewal due to claims history
- **Solution:** Implement enhanced safety programs and risk management initiatives. Work with broker to find alternative markets and consider higher deductibles to reduce premiums.


Issue: Policy exclusions limiting coverage for specific FBO operations


Solution: Work with aviation insurance specialist to find carriers offering broader coverage. Consider separate policies for excluded activities if operationally necessary.

Issue: Claims processing delays affecting vendor relationships and operations


Solution: Maintain strong relationships with insurance carriers and adjusters. Provide prompt documentation and follow up regularly on claim status.

Safety Considerations

 **WARNING:** Ensure insurance coverage includes all aviation operations to prevent gaps that could result in uninsured losses

 **CAUTION:** Review policy terms regularly to ensure operational changes don't create coverage exclusions

 **NOTE:** Maintain current certificates of insurance for all parties requiring proof of coverage

 **BEST PRACTICE:** Work with insurance brokers specializing in aviation to ensure appropriate coverage and competitive rates

Regulatory References

- **14 CFR Part 91** - General Operating Rules (insurance requirements for aircraft operations)
- **Airport Operating Agreements** - Insurance requirements specified by airport authority
- **State Insurance Regulations** - Applicable state requirements for commercial insurance
- **Lender Requirements** - Insurance coverage required by financing agreements