

Insurance

The subject of insurance is complicated and details of some of the aspects are covered in the appendices. Some insurance is a legal requirement, some is required under BGA Operational Regulations and some is discretionary. It is essential to find a good Insurance Broker and to stick to him. His advice will be invaluable.

Owning or operating an airfield entails having an Airfield Operators Liability policy or its equivalent. Airfield Operators Liability insurance is very important and the Committee should ensure that adequate cover is available. The policy should make specific provision for member to member cover as this is often omitted from the normal schedule.

A club employing staff must, by law, have Employers Liability insurance and the Certificate of Insurance must be displayed at the place of work. This covers legal liability to the staff arising from negligence of the club or its officers / members.

To insure buildings and contents is not mandatory but it may well be a condition of any lease, bank loan or grant. Prudence dictates that such assets are worth protecting.

Aircraft liabilities fall into two components corresponding to items outside the aircraft and persons within it. The outside component (third party cover) is straightforward and provides protection for damage to crops, damage to property, injury to persons etc. The internal component covers liability for injury to passengers in the aircraft. The insurers speak of so much cover per seat. It is a BGA Operational Regulation that all gliders and tugs carry at least £1m (£2m. for two-seaters) insurance cover for third party liabilities.

Cover for the gliders themselves i.e. the hull value, is not obligatory. The cost of comprehensive insurance for club gliders has risen substantially in the last few years as the number of underwriters willing to accept this business has fallen. Some clubs have opted for self- insurance for all or part of their fleet.

Clubs which have had a Lottery Sports Fund grant for the purchase of an aircraft must insure the aircraft comprehensively for an agreed value, even if the grant was only a proportion of the cost. This usually holds for seven years from the date of the award. A method used by some clubs is to make individual pilots responsible for the first £500 or so of any damage they cause or even for the whole amount of the excess where the glider is insured comprehensively. This may seem harsh but it does increase a pilots awareness of his responsibility and he can always insure himself against this risk for a modest premium.

See Appendices B1 and B2

APPENDICES

APPENDIX A CLUB CONSTITUTION AND RULES

APPENDIX B INSURANCE

APPENDIX B1 INSURANCE

1. INTRODUCTION

Most clubs find that insurance premiums rank as one of their greatest single expenditures. The penalty for under-insuring can be extreme: it can mean financial ruin for the club and possibly, even its members. The penalty for over-insuring is an excessive overhead to be passed on to the members in the form of increased subscriptions and flying fees. Both these consequences are, of course, unacceptable.

The subject of insurance for many clubs is not clearly understood, too often seen as a necessary evil and so this section of the Handbook provides club officials with the basic information necessary to arrange the Club's insurances. It starts by summarising the principles of insurance and defining the most frequently used terms. It then examines some of the most common forms of insurance in slightly more detail and reviews matters associated with making insurance claims. Finally, this section examines the concept of Risk Management. Although designed to assist with general queries, a club needs to consult with its insurance brokers or legal advisors for advice on specific problems.

2. BASIC PRINCIPLES OF INSURANCE

2.1 The Purpose of Insurance

Insurance enables a club to reduce risk of financial exposure to specific risks by arranging a protection or indemnity against the exposures which are insured. The person who benefits from that indemnity is known as the Insured or Policyholder.

There are basically two types of insurance which must be examined. Briefly, these protect or mitigate the Club's exposure:-

- (a) from liabilities to others
- and (b) from loss of or damage to club property.

Potentially, it would be more damaging to the Club to be under-insured in respect of (a).

2.2 The Functions of the Broker

It is usual for insurances to be arranged through an intermediary, known as ~~the~~ a Broker. The Broker's job is to find a person or group of persons or a company (known as Underwriters or Insurers) to carry or underwrite the risk to be insured. To use the title Insurance Broker, a person needs to satisfy certain legal requirements regarding his professional qualifications. Persons who arrange insurance and who do not describe themselves as brokers have not usually been able to satisfy these legal requirements.

To avoid gaps in the Club's insurance programme, it may be beneficial to try to arrange the bulk of the programme through just one Broker.

At all times the club should write (not e-mail) to the Broker if there is or could be any doubt about the extent and the degree of cover.

2.3 The Proposal Form

You will often be asked to complete a proposal form when you wish to arrange an insurance. In the case of complicated risks however, there may only be an informal proposal, probably in the form of letters from the Club. In either case, it is necessary for the Club to disclose all material information to insurers. Copies of all proposal documentation should be retained by the Club.

A club will usually be required to give details of its claims history when making a proposal for new insurance. This means reporting brief details of all losses, accidents or incidents which were suffered and which relate to the type of insurance being placed (even if no related insurance claim was made) and the cost of such claims to the Club/Insurer. All questions asked in a proposal form or in connection with arranging an insurance should be answered honestly and completely. Whether the Club completes a proposal form or not, when the Club and the Insurer agree on the terms of the insurance through the Broker, both the Club and the Insurer become parties to a legally binding contract.

2.4 Disclosure of Information to Insurers

A contract of insurance is of an exceptional nature. The law describes it as being “of the utmost good faith” because it places the onus on the proposer (namely the Club) of advising the underwriters of all material facts relating to the contract. Failure to make such disclosure can entitle the insurer to refuse to meet otherwise valid claims and can render the premium forfeitable.

The moral is very clear. Every piece of information which is material to the risk being insured must be notified to Insurers (normally through the Brokers) as soon as possible. It is recommended that all disclosures or notifications of changes in insurance – even after inception – are confirmed in writing.

2.5 The Functions of the Underwriter

Underwriters can either be insurance companies or private individuals. Many aviation risks are underwritten by an organisation known as the Corporation of Lloyds (usually referred to simply as Lloyds) which comprises private individuals who “carry” the risks. They are formed into groups or Syndicates within Lloyds. Predominantly, property insurances are underwritten in the company market. An insurance company or Lloyds syndicate may agree to carry all of a particular risk or more frequently, simply a percentage of that risk. The broker involved with placing that insurance has to find sufficient underwriters to cover the whole risk. The underwriter with the biggest percentage involvement is known as the Lead Underwriter. It is normally the Lead Underwriter who has the biggest influence on the terms and conditions imposed in a policy of insurance. Only certain Insurance Brokers are allowed direct access to the Lloyds market and they describe themselves as Lloyds Brokers. Other brokers can often get access to Lloyds, but do so through a Lloyds broker. It can be an advantage to deal through a Lloyds Broker.

2.6 Premiums

In return for carrying the risks insured, the underwriters demand payment for their services, known as a premium. It is important that premiums be paid promptly and in accordance with policy conditions. Frequently a policy may state that it is only valid if a receipt for the premium is attached thereto and if a premium is paid within a specified period. It is often possible to negotiate the payment of large premiums (e.g. for a club fleet policy) in instalments, such as quarterly. This has considerable cash-flow benefit for the Club. Some brokers also offer facilities to finance the premiums themselves, either interest-free or otherwise, to enable monthly payments to be made. Clubs should always ask about instalment payment facilities when negotiating their cover.

2.7 The Policy Document

The detailed description of the risk which is underwritten is given in the policy. This is normally a complex legal document containing standard terms and conditions of the insurance. It will usually define the risks or perils being underwritten and then specify certain exclusions of a general and/or specific nature. The policy should identify the names of the syndicates and/or companies underwriting the risk (often called the Security) and should be signed on their behalf. The policy document will often have a number of endorsements. An endorsement may, for example, record a policy condition which is a requirement imposed by the underwriters for them to accept the risk (e.g. No flying takes place without a BGA fully rated instructor being on the airfield). It may also record a warranty, which is an assurance given by the Club, (e.g. No flying takes place unless BGA fully-rated instructor is on the airfield). Breach of a warranty given in respect of an insured risk is a very serious matter and can render the whole policy void. An endorsement may also broaden the terms of the standard cover (e.g. by re-instating or writing back general or specific exclusions in the standard policy) or it may further narrow the cover. The policy will contain a Schedule setting out such details as the actual property insured, (e.g. the aircraft in a club's fleet) or the indemnity limits i.e. the maximum amount the insurers are willing to pay out under the terms of a liability insurance.

As insurance policies can take up to several months to prepare, the broker will often issue a temporary cover note or insurance certificate to evidence that the insurance has been placed. A cover note should specify the principal terms of the insurance, identify the Security and should be signed on behalf of the placing broker. Policy wordings are subject to negotiation between the parties involved. Clubs should not hesitate, therefore, to ask their broker to provide a specimen policy wording before they agree to place their insurance through him. Underwriters are frequently more flexible in their negotiating stance when they are seeking the business than they are after they have secured the order! Consequently, it is important to study the full wording of all insurance policies, particularly the various exclusions and seek clarification or alteration of any point of difficulty; all changes should be endorsed ~~in~~ on the policy. Insurance policies are important documents and should be kept in a secure place and all amending documents filed with them.

2.8 Indemnity Limits and Deductibles

When effecting any form of Liability insurance, it is necessary to specify the amount of cover that is required. Typically, Aviation liability insurances may provide £1m or £2m. cover This means that the insurer's maximum exposure under the policy aggregates to that particular amount. This is not to say that the higher amounts of cover are not available or in particular circumstances, may be desirable. It is also possible to obtain Excess Layer insurance. This may for example, provide a further £1m cover over and above the primary cover which is held. The advantage of excess layer insurance is often that the higher amounts become available at progressively cheaper rates, on the basis that the overwhelming majority of claims will fall within the primary cover. Deductibles may be imposed by insurers on property insurance. This reduces the premium and can ensure that the Insured is conscious of the need to minimise the risks of a claim arising. The trend is for Aviation deductibles to become higher. The effect is, for example, that a claim for the loss of an aircraft insured for £10,000 under an insurance policy with a £500 deductible will, at maximum, result in the Club receiving £9,500. Different deductibles may apply in different circumstances, such as ground transportation of an aircraft or during flight.

2.9 Incentives to Renew or Change Insurance Arrangements

As an incentive for the Club to renew the policy, aircraft hull insurances often contain provision for a No Claims Bonus or Profit Commission. A No Claims Bonus is usually calculated as a percentage of the gross amount paid in respect of the hull insurance only: rates vary between 7.55 and 20%. The discount is deducted on renewal provided, of course, that no claim has been made against the policy during the period of cover. Clearly, a club which has a poor claims record may never achieve a No Claims Bonus. In those circumstances, a Profit Commission is preferable. This also represents an amount which the insurer will allow by way

of a deduction from the renewal premium. It is calculated by taking a percentage of the difference between a proportion of the total premium collected on the policy by the insurer and any amounts or costs incurred by the insurer in meeting claims. If an insurer is particularly keen to obtain particular business, he may also offer an Introductory Bonus. Generally, Profit Commissions and No Claims Bonuses are not transferable in Aviation Insurance. Consequently, such Introductory Bonuses may be offered to make transfer of insurance arrangements look more financially attractive.

3. LIMITING THE LIABILITY OF INDIVIDUAL MEMBERS

In any activity like gliding, the potential liabilities associated with a catastrophic accident are so great that it is absolutely vital that a club confers the protection of limited liability on its membership. Failure to do this could result in a direct financial loss to members, such as the loss of their homes, businesses and personal possessions. To summarise, limited liability protection is usually achieved by registering the Club as a Company, incorporated under the Companies Acts 1948 to XXXX. However, many clubs in England and Wales are registered under the Industrial and Provident Societies Act, 1965. As registered societies, they also enjoy the benefits of limited liability protection.

Different considerations and obligations attach to a club operating as a company or as a registered society. Any club which is operating without the benefits of incorporation and without limited liability protection for its members is advised to consult its legal and tax advisors without delay.

4. PROTECTION OF OFFICERS, MEMBERS AND EMPLOYEES OF THE CLUB

It is important that all liability insurances effected by the Club extend to cover not only the Club itself, but also its officers, directors, agents, employees and members. Policies should also contain a cross-liability clause, whereby the policy extends to cover claims made by any of those parties against each other (e.g. member claiming against another member). Clubs should ensure that their constitutions provide for a full indemnity to be given to the officers of the Club for liabilities which they incur in the execution of their duties. However, if the officer incurs a personal liability due to his negligence the officer may not be protected by that indemnity. For this reason, protection under a separate Officers' Liability Insurance-is desirable (see Section below).

5. DETERMINING THE AMOUNT FOR WHICH TO INSURE

In relation to property, unless the cover is arranged on an "Agreed Value" basis, insurers often apply a principle known as Averaging when agreeing to pay a claim. The policy will include an Average condition to explain the principle. Basically, Averaging means that, at the time a claim is made, insurers take account of the actual value of the property which has been lost or damaged. This valuation is often made by an independent person appointed by the insurer, known as a loss adjustor. If the insurer finds that you have insured for the actual value of the property or a higher amount, then he will pay the full amount of the loss. If, however, the insurer finds that you have under-insured the property (e.g. an aircraft valued at £8,000 was insured for £6,000, he may determine to pay out only the proportion of the amount insured as represented by the amount by which the property was under-insured. In the example, the aircraft was insured for only three-quarters of its value and so the insurer may pay out only three-quarters of the amount of the loss, viz £4,500.

In the case of property insurance, therefore, clubs are advised to be as careful as possible in determining the values for which to insure, erring if necessary, slightly high. Buildings should be insured at an amount which provides for such items as clearance, professional fees and local authority fees as well as full reconstruction costs.

The Club should also consider the additional insurance cover required to cover such events as Open Days, Special Events, Competitions, parties of school children etc. and pluvial policies still have their uses!

7. POLICY RENEWALS

It is administratively the most convenient for a club to have the same renewal date for all its insurance policies – possibly choosing a date so that the period of cover coincides with the Club's financial year. It is normally possible to arrange through the relevant brokers to adjust the renewal dates of policies for this purpose (i.e. by taking periods of longer or shorter than 12 months cover) without a penalty on the rate charged. An important additional advantage of common renewal date is that it facilitates the Club renegotiating its renewal with the maximum bargaining power. It may well prove possible to achieve a better rate on the less attractive business if you are also able to offer the "good" business at the same time.

APPENDIX B2 HANDLING THIRD PARTY CLAIMS

1. INTRODUCTION

In every walk of life, claims for personal injury or other loss or damage are becoming increasingly common as people become more "claims-conscious". One reason for this trend is that people have become aware of their rights as consumers, customers or individuals. Another significant factor is that most responsible organisations are now fully insured against Third Party claims. The public realises this and people are often more willing to make a claim if they know it will be met by an insurance company than if they think it will have to be paid directly by an individual or a small organisation (of which they may even be a member). The advent of "no-win-no-fee" litigation has further fuelled the trend.

With this changing trend, it is more important than ever before that Clubs understand the risks involved in claims or potential claims and know some of the ways of minimising them. The law and practice of handling Third Party claims covers an enormously wide area; this article is not intended to be a comprehensive guide. It will however attempt to highlight some of the more important aspects to be aware of and try to give some guidelines on how you may set about dealing with potential claims.

2. NEGLIGENCE

2.1. General

The majority of Third Party claims that are made against a Club or individual will be based on an allegation of negligence. (Cases based on other legal concepts are likely to be rare and will not be considered specifically here; the general advice on handling the claim would be the same)

In order to succeed in his claim the Claimant has to prove that the Club (or its representatives) have been negligent and that their negligence has resulted reasonably directly in his injury or loss. If he cannot show that this is the case he will fail in his claim. In other words, the mere fact of an injury does not automatically entitle the Claimant to damages.

2.2. What is negligence?

The classic definition of negligence was given by Lord Atkin in a 1932 case, when he said "You must take reasonable care to avoid acts or omissions which you can reasonably foresee would be likely to injure your neighbour. Who, then in law is my neighbour? The answer seems to be - persons who are so closely and directly affected by my act that I ought reasonably to have them in contemplation as being so affected when I am directing my mind to the acts or omissions which are called in question".

To use reasonable care means to maintain standards of skill, care and safety which might normally be expected in all the circumstances. For example if an instructor is involved in an accident, his standard of flying and airmanship will be judged in accordance with the standard which instructors might be expected to attain. This standard will clearly be higher than, for example, the one expected from an early solo pilot. Failure to comply with any operational regulations or recommendations will, on the face of it, imply negligence; in this situation, you must be able to offer a convincing reason for not complying with the regulations if you want to escape liability.

2.3. Foreseeable injury

In order to be compensable the injury or damage must have been caused by the negligence complained of, and injury or damage of a broadly similar type to that which in fact occurred must have been a reasonable foreseeable consequence of the negligent act or omission.

For example - if a 2 seater has an accident due to someone's negligence, and the 2nd pilot is injured, the Club or pilot may well be liable - suppose then that someone else, in running to the scene of the accident, trips and breaks his ankle (for no apparent reason). In this case the Club is probably not liable (but an injured rescuer may well be able to recover from someone whose negligence created the need for a rescue attempt).

The moral of all this is that whether or not the Club is liable is a question for the experts. You should never admit liability or concede to an injured person that the Club or one of its members is to blame for an accident. Leave it to the insurers or lawyers to decide.

3. HOW MUCH MONEY IS INVOLVED?

3.1. General

The most expensive type of claim which a Club is likely to ~~may~~ have to deal with is the personal injury or fatal claim. Cases of catastrophic injury or death (where the deceased had dependents) can potentially attract awards of damages in excess of £2,000,000. While such cases are rare, an injured back resulting in a permanent disability and loss of earnings could easily run into 6 figures. This level of figure applies, of course, in cases of extreme severity, but even relatively minor injuries can run to substantial sums. These sorts of claims would be large enough to put some Clubs out of business if they were inadequately insured or if the insurers denied liability under the policy.

3.2. Personal injuries

Damages for personal injuries are divided into two parts:-

(1) General damages - the damages awarded for the pain and suffering and loss of amenity caused by the injury itself, together with any future pecuniary loss.

The award for the injuries is a fairly predictable item, with similar levels of damages being awarded for similar injuries. As a rule of thumb the maximum potential award for injuries themselves can be considered to be slightly in excess of £200,000. However, consequential future loss of earnings, lifetime care and assistance, aids and appliances etc. can result in a total award many times higher.

(2) Special damages - the compensation for actual past monetary losses suffered by the claimant, such as loss of earnings, damage to clothing or other property, etc.

If the claim leads to legal proceedings, with a claim form being issued and subsequent judgement, interest will be added to the total damages. Interest on damages for pain and suffering will be at 2% p.a. from the date of the commencement of proceedings and interest on past pecuniary loss (including the value of past care and assistance) at about 3.5% p.a. from the date of the accident.

3.3. Other Claims

Where the claim arises out of damage to property, the damages will usually be the lower of the loss in value of the property or the cost of repair, calculated at the date of the accident. To this figure interest will again be added up to the date of the trial or settlement.

When we consider that a period of several years frequently elapses between an accident and the final settlement, you will readily see that interest and inflation together can increase a claim way above the level originally anticipated. This can have serious consequences in insurance terms, because many policies operate on the basis that the insurance taken out in each year covers events occurring in that year. e.g. if you have an accident in 2000, any claim arising will be dealt with under your 2000 policy. You may - quite reasonably - have insured in 2000 for up to £1 million Third Party risks. If the claim is not finally resolved until, say 2005 (not at all unusual) a serious injury award could easily result in an award well in excess of your insured sum, leaving the Club to pay the difference. It is outside the cope of the paper to look at ways of avoiding or reducing this problem, but it is important to recognise the danger.

4. DEALING WITH A CLAIM OR POTENTIAL CLAIM

4.1. Who can claim?

Most Clubs used to operate some kind of indemnity or exclusion form, which purported to bar any member, whether full or temporary, from bringing a claim against the Club. Since the Unfair Contract Terms Act 1977, it has been considered that the form would in many cases be of no help in defending an action. As some new members or trial lesson pilots were worried by being asked to sign an indemnity, the BGA now advises against the use of such forms.

We must, however, be aware that anyone who suffers a loss or injury due to the Club's fault may decide to claim. This includes full members, holiday course members, air experience passengers and spectators. Some Clubs have been involved in claims brought by their own members or course members, which have resulted in significant damages being awarded. From this it follows that every incident, which causes damage or injury to some individual, must be handled with great care; even the most unlikely seeming people may decide to claim. If you assume right from the start that a claim may be made, you will have a better chance of dealing with it suitably.

4.2. Dealing with Insurers

Claims are increasingly settled out of court, sometimes because the insurers decide to adopt a solution incurring minimum cost, rather than considering the true legal rights of their insured. In this situation the insurers' interests may not be the same as those of the club – the club's representatives should guard against being bullied or threatened into agreeing to a settlement which is not reasonable or is against the clubs' interests, both in the short and the long term.

As explained above, claims sometimes take several years to settle. Surprisingly, some claimants delay a considerable time before bringing their claim (3 years is allowed in general by the Limitation Act 1980). Occasionally, the claimant may only become aware of the full extent or effect of the injury some years after the accident and will probably still be entitled to make a claim. To cater for this possibility, in the case of an accident resulting in injury or third party damage, all insurance policies, accident reports and other relevant papers should be kept safely for an indefinite period.

Most insurance policies contain a provision that the insured must not prejudice the underwriters' handling the claim; i.e. if the insured says or does anything that makes the claim more difficult to reject or more expensive to settle, the underwriters can require the insured to contribute to the final settlement. In particular, of course, any admission of liability may result in the underwriters repudiating the policy. Partly for this reason, it is essential to notify insurers immediately the possibility of a claim arises, rather than waiting for the formal claim to be made. The insurers then have the opportunity to take over the handling of the claim if they want to. It is indeed often a term of the policy that the insurers must be informed as soon as the possibility of a claim arises. This prompt reporting also tends to engender a better relationship with the Club's brokers and insurers; it will not (contrary to popular belief) necessarily go against the Club's interests with regard to future premiums etc., but may rather be of benefit by creating an atmosphere of mutual trust between the insurers and the Club. Any correspondence or approach from a potential or actual claimant should be forwarded straight to insurers with only the briefest acknowledgement.

4.3. The accident report

The primary purpose of an accident report is of course to analyse and identify the cause(s) of the accident and if possible, to improve future safety. As such, it is important that it is completed as fully and accurately as possible. If a legal action arises out of the accident, the report will eventually have to be disclosed to the claimant and his solicitors and may be used as evidence in any ensuing trial. This process of disclosure also applies to all documents relating to the case, such as correspondence with the claimant and between Club officials, Committee minutes, rough notes made etc.

It is important that anyone completing an accident report, following an accident where damage or injury has resulted, realises that, if a claim results, it will be seen by "the other side". Whilst keeping the primary purpose (of accurately reporting the accident) in mind, he should be careful to avoid making unnecessary damaging comments. As a general rule, speculative comments are probably best omitted and ambiguous remarks should be avoided - the statements should be as clear and precise as possible. If it is necessary to make some comment which may reflect badly on the Club, try to anticipate any adverse comments which may result and if possible, answer them in the report. For example, if someone has an accident on a first cross country, the Club comment might be made: "this pilots should not have been cleared for cross country flying". This bald statement - however true it may be - may do untold damage. If you are going to say this, consider first why he was cleared; are there any mitigating features, which may exonerate the Club? For example: "with hindsight, this pilot was not mentally ready for cross country flying. However he had passed all the normal checks, his local flying was competent and he was in current practice". Or: "it was a mistake to send this pilot solo today" sounds less culpable if it goes on to say "unfortunately he did not tell his instructor that he was very tired after a heavy week at work/his wife had just left him/his mother-in-law had died 2 days before" (or whatever). However, having said all this, remember that the report is intended to provide information to the Safety Committee - do not let your report become meaningless in your efforts to avoid liability!

4.4. Dealing with the Claimant

Be careful what you say

In the same way that the wise driver does not leap out of his car after an accident saying, "I'm sorry, that was entirely my fault", we should also avoid publicly incriminating the Club or its pilots after an accident. It is particularly important for those in authority (such as instructors and Club officers) to guard their tongues, as even apparently harmless remarks may be picked up and used later against the Club. As has already been said, an admission of liability may invalidate your insurance.

Contact with the Claimant

It is always difficult to know how to handle the person who has suffered loss or injury, particularly at the early stages, when you do not know whether a claim is to be made at all. It is even more difficult if the person concerned is one of your own members. Whoever it is, your natural reaction may tend to be to try to get the P.R. right, by keeping in contact with them, visiting them in hospital or whatever. This natural tendency carries the risk that someone will inadvertently say more than they should and sow the seeds of a claim (but an appearance of callous indifference can equally provoke a claim as many hospitals have found in the field of clinical negligence). Once a claim has been formally submitted, it is easier to recognise that the claimant is on "the other side" and to act accordingly. Before this stage is reached, it may begin to be clear that a claim may be made and from that time on, extreme care must be taken.

One way to deal with this vexed question could be as follows:-

- (2) Appoint one member of the Committee (say the Secretary) to handle all correspondence. All instructors and other members of the Committee should be instructed to pass any correspondence on to the Secretary unanswered. The Secretary should consider taking advice from solicitors or insurers before answering any letters.
- (3) In case a formal claim is made, Committee members and any instructors concerned in the accident should be warned to avoid discussion of the accident with the injured person - or indeed with anyone; if they are unable to avoid a discussion they should keep in mind the possibility of a claim and be cautious in what they say.
- (4) If a formal claim is made, the officer appointed should pass it immediately to the insurers. His response to the claimant should make no comment on the claim; the claimant should be informed that the claim has been referred to insurers and he should be asked to direct any future correspondence to the insurers or to the Club's appointed officer.
- (5) From the time a claim is made, no contact should be initiated with the claimant (unless he is still a member!) Correspondence relating to the claim should be referred to the insurers without comment. Club Officers and instructors should be advised to make no comment if approached by the claimant.

You may well think that this seems a brutal way of dealing with someone who has perhaps been seriously injured. My only answer is that you have to keep clearly in your minds the financial risks involved. You cannot afford to ignore the possibility of the insurance company trying to recover part of the damages from you if you get it wrong.

4.5. Dealing with involved members

The Club should obtain the written agreement of all individuals concerned with or in any way likely to become involved in any legal action (e.g. the pilot or instructor, CFI, Duty team, Safety Officer) that they agree that their interests may be handled by the club's insurers or legal representatives. This can avoid a later claim that their interests were sacrificed to the Club's interests; if necessary, they should consider taking independent legal advice.

4.6. Dealing with the Press and the Public

The best way to ensure that the correct version gets into the paper is to write the report yourself. As soon as possible after a serious accident, a statement should be prepared. A copy can be displayed beside the Club telephone and read to any enquirers. In this way, damaging rumours may be kept to a minimum. You may also advise those involved in the accident not to respond to direct approaches from the Press.

The suggestions put forward in this brief resume cannot be thought of as the complete answer to all potential claims. However, appropriate handling at an early stage may save the Club itself considerable money and in exceptional cases even stave off a claim altogether.