

MODEL AERONAUTICAL  
ASSOCIATION OF AUSTRALIA INC.  
**Newsletter**  
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### Insurance

It is pleasing to report that finally the insurance cover that the vast majority of our members want is now in place. I would imagine that the majority of members are aware of the extremely difficult time the Association had obtaining the insurance suite that we have had in place for several years. It was a shock to find that we had not been offered member-to-member cover and this proved to be very hard to reinstate. Many people spent many hours searching for insurance companies that were willing to provide the cover.

The Association now has five insurance policies in place;

- Public Liability, Products Liability (including member to member cover) – first \$10,000,000
- Public Liability, Products Liability (including member to member cover) – second \$10,000,000
- Civil Liability Professional Indemnity
- Sports Injury Insurance
- Directors and Officers Liability

The State Secretaries have copies of these policies and should anyone require a copy please contact your State Association Secretary.

Many members have identified the fact that they consider the most important aspect of the member to member cover is that they have the knowledge all

members of the Association have cover if they are unfortunate enough to sustain and injury or damage due to another member.

As you would be aware the cost of the insurance cover for this year is about three times that of last year and on top of that the excess on the liability cover increased from \$1000 to \$2000. The M.A.A.A. Council decided that the excess for the member would remain at \$250 and the M.A.A.A. would pay the remainder of the excess for claims.

Many people have posed the question of what is the situation if a Public Liability claim is a result of a person breaking a rule or law. I put this question to the broker and his response follows in italics;

*1. The insurance was accepted by Insurers on the understanding that all insured parties would obey the rules and regulations of the MAAA. The insurance has always been costed on that basis. Insurers have copies of the rules and regulations.*

*2. What is the Coverage under the Policy?*

*"We (the Insurers) will pay You (the Insured) or on Your behalf all amounts which You shall become legally liable to pay for compensation*

- \* in respect of Personal Injury or Property Damage,*
- \* which happens during the period of Insurance, and*
- \* is caused by an Occurrence in connection with the Business.*

*(the policy also covers legal and investigative costs, but I will deal with the matter at hand)*

*3. What then is an **Occurrence**.*

*The Insurance Policy defines an Occurrence as:-*

***"means an event , including continuous or repeated exposure to substantially the same general conditions, which results in Personal Injury or Property Damage neither expected nor intended from Your standpoint"***

*The important words in the above definition are "**neither expected nor intended**", as Insurers may argue that flying contrary to the rules of the MAAA is likely to cause Personal Injury or Property Damage.*

*Further, a condition of the Policy is:-*

***" Reasonable Precautions***

***(a) You must take all reasonable precautions to:***

**(i) prevent Personal injury or Damage to property**

**(c) You ( this means all parties covered by the policy) and Your employees, servants and agents must comply with the requirements of any statutory authority for the safety of persons and property."**

*Clearly, Insurers would argue strongly that flying contrary to the rules and regulations of the MAAA, is not taking reasonable precautions, and as your Broker , I would agree (the Insurers accepted the risk on the basis that the rules and regulations of the MAAA would be obeyed by all insured parties)*

*The MAAA, State & Territory Associations , Clubs and all members have a responsibility to understand the basis upon which Insurers accepted and costed the policy, and to ensure that all flying is in accordance with MAAA rules and regulations.*

*Inadvertent/accidental breach of rules is not likely to prejudice any claim under the policy, but a claim as a result of a breach of the rules which was neither inadvertent nor accidental could cause serious problems, eg.*

- 1. Insurers may decline liability, which could mean a court battle( if insurers won, then, a member/club/association may find him/herself/themselves being sued individually without protection of insurance)*
- 2. Insurers may withdraw cover for breach of policy conditions, which would mean that when seeking alternative cover, full disclosure would have to be made.*

*I can assure from personal experience with the above circumstances, you do not want to go there.*

*In summing up. I would advise:-*

- 1. All flying must comply with the rules and regulations of the MAAA.*
- 2. Contrary flying should be a reportable offence and should be dealt with severely.*
- 3. All Clubs and Members should be made aware of this.*
- 4. Gung-Ho/Rambo type flying has the potential to cause massive problems to all insured parties (especially the innocent)*

End of response from the broker.

The response is self-explanatory and needs no further comment.

As a result the experience obtained for the problems that we encounter trying to obtain the cover the member required several aspects were identified.

- Insurance companies like to see rules and safety initiatives clearly identified.
- Formalised risk minimisation systems are considered advantageous.
- Active promotion of safety is encouraged.

Many submissions were prepared for the insurance companies and from the feed back they were impressed with several of our systems. For example;

- the flight proficiency system and the associated manuals and log book,
- the heavy model and turbine model inspection procedures.
- Public display approval,

It appears that the introduction of more of these types of systems to minimise risk and safety at the fields, without becoming overly bureaucratic, can only help us obtain and continue to obtain the cover that we all want.

The insurance crisis is not over completely although it would be hoped that it has at least stabilised. From press reports it would appear that our governments are finally taking some action in regards to insurance. Let us hope that this has positive benefits for our Association.

In future we cannot assume that we can sit back and consider that we will be able to just buy the cover we want. Each year will be different and no doubt throw up problems. It is hoped that the lessons learnt this year will help the process next year.

One way to assist obtaining cover is improve safety and therefore minimise claims. Most of us can identify that the vast majority of accidents are preventable. Let us all take a good look at our own and our clubs activities with the view to minimise accidents. If you see a member doing something that you consider is potentially dangerous take the time to talk to the person and point out what you think is dangerous and how they could improve their safety. Please do not do the big "jump and thump", most people respond far better to a gentle talk. After all many of those at the field are beginners and do not have the experience of the long term modellers.

The M.A.A.A. Executive would like to thank all members for their understanding in the need to have two fee increases resulting from the huge insurance cost increase. The Council will be looking at ways to ensure this does not happen again.

What to do if you have an accident will be discussed in the next M.A.A.A. Newsletter.