


How much does an accident cost YOU?



You bought a helicopter in 2002 for \$750,000 and to be safe you insured it for \$900,000 @ 3.5%

If you wreck it (TCL) the insurer pays you out

But YOU PAY the following:

The 5% Excess

45,000

The balance of your premium

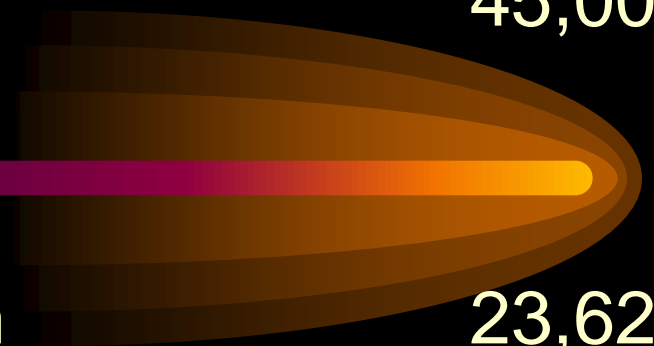
23,625


You Lose your No Claim Bonus

5040

You can expect an increase of 2% on
the premium of your replacement
machine

18,000





The old machine had been depreciated for 10 years at 11.4% to a book value of \$268,275 so the tax to pay on the depreciation recovered @ 28% is

176,883

You lose a minimum of two month's work in the busy season so your lost profit is

80,000


The total cost that YOU have to fund is 348,548



So out of your \$900,000 you are left with just \$551,452 to buy your replacement helicopter

If you had only the one machine, your cashflow is shot to pieces and you may also have to repay a loan.

You have a heavy landing but don't get TCL



Policy Excess	45,000
Balance of Premium	23,625
No Claims Bonus	5,040
2% increase in premium	18,000

Component Time Life (75%) 300,000

Engine Heavy landing Check
wear and tear items 65,000

Six month's loss of profit 100,000

Total Cost to you (up front) 556,665



You bought a new fixed wing for \$1.4m in 2002 and you insured it for \$1.5m @ 6%

The 5% excess 75,000

The balance of your premium is as much as 67,500

You lose your NCB 14,400

Your increase in premium on the new one is 2% 30,000

The tax on the depreciation recovered is 357,609



Your two month's loss of profit is 80,000

Total cost to YOU is 624,509

Out of your \$1.5m you get 875,491

Managing Risk



Prevents
Accidents

Insure your assets realistically



Replacement cost in \$US or equivalent
\$NZ and get “agreed value”

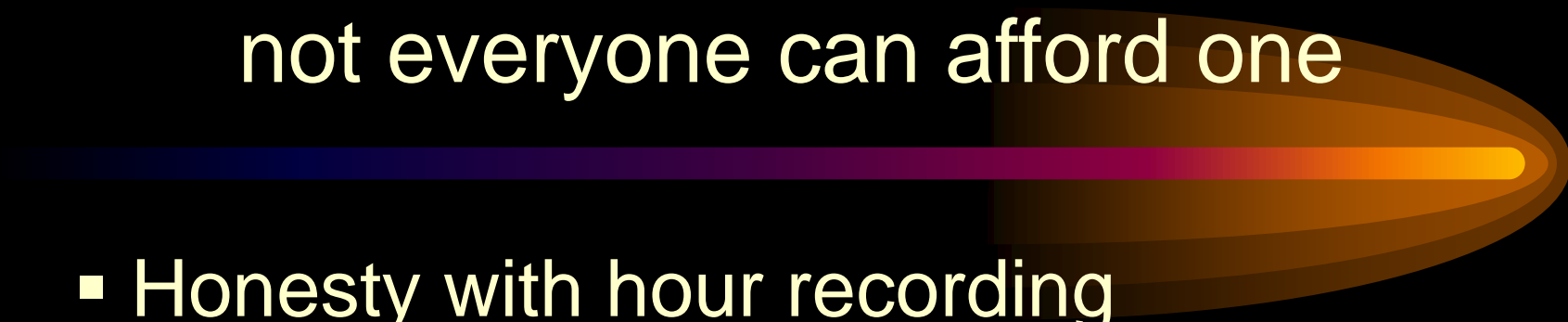
Plus

The policy excess

Plus

One year’s premium

Everybody wants a safe operation but
not everyone can afford one



- Honesty with hour recording
- Holidays
- Maintenance
- Overloading for the conditions
- Optional training courses
- Recurrency training
- Do you pay your bills on the 20th?

Prosper by



Not having accidents

Not underselling yourself