

Academy of Model Aeronautics

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Report on Club Property Program

BACKGROUND:

Based upon repeated inquiries and requests from AMA clubs, we determined a perceived need to offer the clubs an insurance program under a Group Policy as an inexpensive and easily accessible way to insure club property, such as maintenance equipment as well as buildings and other club property. A survey form developed by our Insurance Broker, FirstLine Insurance Services was prepared and distributed to each club.

523 clubs responded.

176 clubs said they would buy or were very interested

147 responded "maybe/depends on various factors"

200 not interested or had no property

ACTION:

While the survey results indicated borderline interest sufficient for a viable program, FirstLine proceeded with a Request for Proposal distributed to three selected insurers to determine interest and viability of a club property program. Because of the limited response it became clear that AMA premium subsidy or minimum premium guarantees may be necessary to assure underwriters of sufficient premium volume to cover underwriting costs and absorb losses necessary to maintain the program.

RESULTS:

One insurer declined and one offered a conceptual proposal requiring that the AMA museum coverage be included and the AMA also offer model "collectors coverage" to AMA members as part of the program. The other carriers expressed interest, but did not offer a proposal by the meeting deadline. So, we had no firm quotes to consider!

In reviewing the market responses the AMA Insurance Committee reluctantly determined the property program is not a viable club benefit at this time because:

1) The program would apparently require premium subsidy or minimum guarantees.

2) If the claims experience were unfavorable or the insurance market "hardened", the guaranteed premium could escalate to unacceptable levels and/ or the insurer may discontinue the program forcing AMA to seek more costly alternative, or possibly self fund this exposure.

3) Insurance Underwriters were apprehensive due to club's remote property locations suggesting high exposure to theft and vandalism and total loss by fire.

SUMMARY:

In summary, it appears from the survey less than 10% of the clubs would commit to paying for the coverage and that volume of participation is insufficient for a viable self-supported insurance program. AMA would be required to subsidize coverage for the small minority of participating clubs at the expense of the remaining clubs. While AMA continues to search for solutions to club problems and assist clubs in the furtherance of the aeromodeling hobby we wish to thank the clubs that completed and submitted the survey information.

from Carl Maroney, Special Services Director, cmaroney@modelaircraft.org.