

## Charter flight usage in the time of COVID-19: risk and insurance implications for professional service firms

As professional service firms continue to respond to the challenges of the COVID-19 pandemic, employee wellbeing remains an absolute priority. The pandemic has created several significant safety challenges for risk managers, including the enhanced risks around air travel. Although commercial airlines have implemented additional safety measures, many organizations still feel the need for greater control to support their employees' welfare.

In response to growing concerns about air travel and employee safety, some professional service firms are increasingly considering the use of charter air services. This allows, for example, the use of larger aircraft with more room for social distancing. It also allows the firms to determine who will be on the flight, minimizing the chances of inflight infection.

The use of charter flights, however, does pose significant liability risks in the event of a catastrophic accident. Typically, charter flights are booked through independent operators, who often carry liability and physical damage coverage to protect their own interests.

In the event of a crash, the operator's insurance would theoretically reimburse the operator for the cost of the plane and respond to liability claims from the passengers' families and other third parties. However, considering the number of claims that could be filed, the cost of legal defense, and the cost of damages awarded, the operator's policy limit may be insufficient.

A risk also arises when a firm's employees/partners opt to use private aircraft to decrease the risk of infection. If a client is transported on such a flight, a fatal crash could result in multi-million-dollar liability lawsuits against the individual employee pilot and against the firm, representing exposure potentially in excess of the liability insurance carried by the employee pilot.

Insurance solutions can help firms manage this risk. For example, a Non-Owned Aircraft policy could potentially protect the firm by providing excess limits over the employee pilot's primary coverage.

Given the rise in alternate air travel trends among firms, professional service firms should identify and evaluate this risk. Even one non-commercial flight a year could lead to a potentially significant loss to an organization.

To discuss any of the topics raised in this article, please contact **Karina Gerstein** or **Robert Habel**.

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