Frequent Valuation Errors in Aircraft Insurance

Whitepaper by David Fisher

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When aircraft are insured without an accurate understanding of their true market value, insurers face avoidable exposure. Misjudged hull limits, outdated assumptions, and incomplete data can create challenges at underwriting, renewal, and especially during claims. After more than 40 years of supporting insurers, I've seen the same valuation mistakes surface repeatedly—each one avoidable with the right information.

Below are the most common errors aviation insurance professionals encounter when evaluating aircraft for underwriting or claims.

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1. Relying on Price Guides Without Market Context

Published value guides are useful references, but they don't reflect real-time market behavior. Aircraft values shift quickly, and guides often lag behind actual sales data or fail to account for aircraft-specific variables.

Impact on insurers:

- Misaligned hull values
- Higher exposure during total loss evaluations
- Coverage adequacy issues at renewal

Accurate valuation requires current comps and firsthand market insight.

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2. Overlooking Maintenance Status and Upcoming Events

Major inspections, engine overhauls, and life-limited components can dramatically affect value. An aircraft approaching a heavy maintenance event may be worth significantly less than one recently completed.

Impact on insurers:

- Undervalued or overvalued policy limits
- Claims disputes tied to maintenance omissions
- Incorrect assumptions about airworthiness or condition

Maintenance currency is one of the most critical determinants of true value.

3. Ignoring Documentation Gaps or Incomplete Logbooks

Missing entries, duplicate books, or inconsistent records undermine value and trigger disputes. Documentation is the backbone of valuation—its absence creates uncertainty and reduces market confidence.

Impact on insurers:

- Increased investigation during claims
- Delays in settlement
- Lower defensibility if valuation is challenged

Logbook integrity must be verified early, not during a claim.

4. Undervaluing Installed Equipment and Avionics

Modern avionics, glass cockpit upgrades, and connectivity systems significantly influence both market value and replacement cost. Legacy equipment or unsupported systems quickly erode value.

Impact on insurers:

- Underestimated hull replacement cost
- Overstated value of older, unsupported systems
- Miscalculations during claim settlements

Equipment can shift an aircraft's value by hundreds of thousands of dollars.

5. Misinterpreting Damage History

Damage history doesn't always eliminate value—but improperly understood or undocumented repairs can. The nature of the event, repair quality, and supporting paperwork all weigh heavily on market value.

Impact on insurers:

- Overstated insured value
- Increased dispute potential during total loss evaluation
- Surprises during claim documentation reviews

Not all repairs affect value equally—context is key.

6. Using Outdated Values at Renewal

Unlike automotive assets, aircraft values don't follow slow, predictable depreciation curves. Market shifts, OEM announcements, and fleet trends can affect values rapidly.

Impact on insurers:

- Renewals based on stale data
- Coverage gaps that become evident only after a loss
- Exposure if values rise more quickly than expected

Annual value reviews should be standard practice.

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7. Not Using a USPAP-Compliant, Independent Appraiser

When valuations are challenged, insurers need defensible, transparent methodology. A USPAP-compliant appraisal clearly documents how value was reached and distinguishes fact from opinion.

Impact on insurers:

- Reduced disputes between insureds, brokers, and claims teams
- Faster, more reliable claim resolutions
- Stronger underwriting decisions supported by verifiable data

USPAP compliance is essential for credibility and consistency.

The Bottom Line

Avoiding these valuation errors helps insurers reduce unnecessary exposure and ensure policy limits reflect an aircraft's true market value. My role is to provide clear, independent, USPAP-compliant appraisals that improve underwriting accuracy, minimize disputes, and support stronger, faster claim decisions.

If you'd like expert guidance on a current or upcoming policy, I'm here to help.

David Fisher
Owner | Western Aviation
Sr. Accredited Appraiser with the American Society of Appraisers (ASA).
All appraisal reports are USPAP compliant.
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