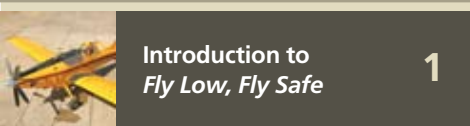


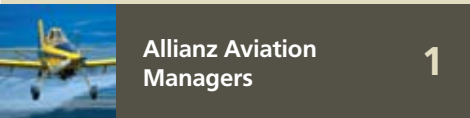
Fly Low, Fly Safe

NEWSLETTER FOR THE AERIAL APPLICATOR ■ FALL 2009 ■ VOLUME 1, ISSUE 1



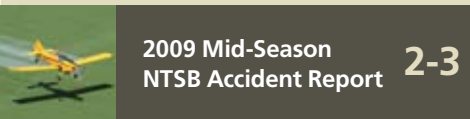
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Welcome to the First Issue of *Fly Low, Fly Safe*

Throughout the year, we are able to network with our customers and associates within the aerial application industry at the annual National Agricultural Aviation Association convention and other state association



events. We decided to create a newsletter to share current insurance-related information with operators throughout the year. *Fly Low, Fly Safe* will not only educate operators, but provide an opportunity for you to present your aviation insurance questions and concerns. The newsletter will be published four times a year and will consist of articles from various professionals within the industry including: NationAir Aviation Insurance brokers, underwriters and claims representatives from all of the aviation insurance companies insuring aerial applicators. We welcome your feedback, comments and questions.

—Alison Hunter

Allianz Aviation Managers Responds to Report

It appears that a comparison of the frequency of accidents and incidents, involving aerial application aircraft as it relates to hull losses, indicates a reduction in 2009, compared to the same calendar period in 2008. But that might be a false positive.

While the raw number of accidents and incidents may be down in the first half of 2009, the fundamental cost of these incidents and accidents might actually have increased in cost due to the utilization of more sophisticated and expensive equipment. The increased cost of repairs for those aircraft is also a factor.

This has been a strange year weather-wise, and it is entirely possible that the amount of aerial application activity has been reduced. Thus late-season spray operations may change the frequency profile for aerial

applicators which is not reflected in the first half of the year.

What is noteworthy, according to NTSB statistics for the same period, is the decrease in the number of fatal accidents in 2009 compared to the same period last year, which can be attributed to education, training and safety protocols being implemented

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Mid-Season Accident/Incident Report

I thought it would be informative to present you with a mid-season accident/incident report based on NTSB data research. If you were to compare the mid-season accident/incident data from the months of January 1, 2008 – July 1, 2008 versus January 1, 2009 – July 1, 2009, you would discover that there has been an overall decrease in the total number of accidents and/or incidents for the year of 2009.

“What is noteworthy, according to the NTSB statistics is the decrease in the number of fatal accidents in 2009 as compared to the same period last year.”
– Brian Hogan

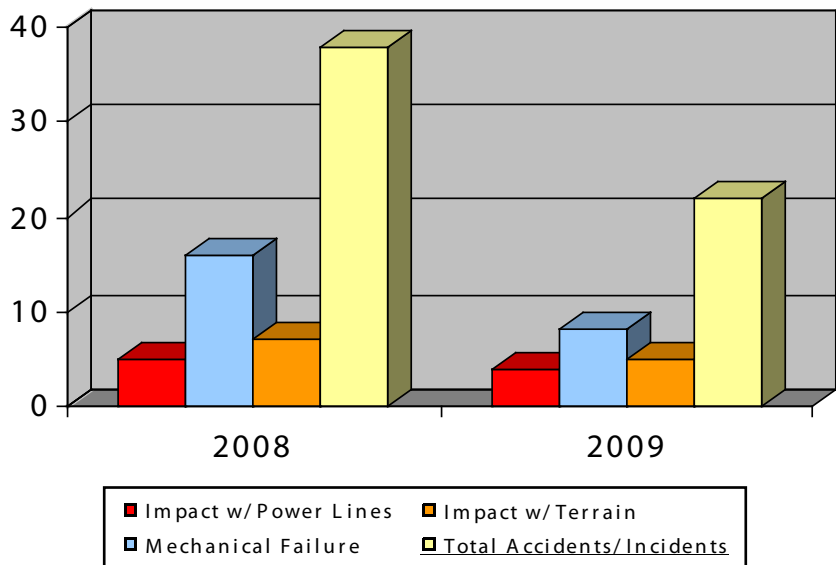
NTSB database records indicated a total of 38 accidents and/or incidents in the year of 2008 and 22 for the year of 2009. Also, the number of fatal accidents has also decreased this year. This is good news for the entire industry. Perhaps the increase in safety and awareness has resulted in this positive trend.

—Alison Hunter

2009 MID-SEASON NTSB ACCIDENT/INCIDENT REPORT

| Date | City | State | Aircraft Type | Injury | Description of Accident |
|-----------|---------------|-------|----------------------|---------|--|
| 1/15/2009 | Beaver | UT | Air Tractor AT-301 | Minor | Power loss - forced landing |
| 2/1/2009 | Ferriday | LA | Schweizer G-164B | Minor | Impacted flock of birds - forced landing |
| 2/12/2009 | Buttonwillow | CA | Schweizer G-164B | Minor | Engine failure - forced landing |
| 3/22/2009 | Ville Platte | LA | Air Tractor AT-602 | Serious | Impacted power line - forced landing |
| 4/9/2009 | Cove | OR | Ayres S2R-T34 | Minor | In-flight collision with terrain |
| 4/23/2009 | Pinehurst | GA | Cessna A188B | Fatal | Impacted terrain after landing |
| 4/29/2009 | Arvin | CA | Bell OH-58A | Minor | Impacted power line - forced landing |
| 5/4/2009 | Colfax | WA | Grumman G-164B | None | Power loss - forced landing |
| 5/5/2009 | Marysville | CA | Ayres S2R-T34 | None | Mid-air collision upon landing |
| 5/5/2009 | Marysville | CA | Grumman G-164B | Serious | Mid-air collision upon landing |
| 5/7/2009 | Iowa | LA | Gulfstream AM G-164B | Minor | Power loss - forced landing and fire |
| 5/8/2009 | Lisse | TX | Air Tractor AT502 | Minor | Power loss - forced landing |
| 5/13/2009 | Richvale | CA | Bell UH-1B | Serious | Mechanical failure after TO |
| 5/14/2009 | Monroe | LA | Ayres S2R | Serious | Impacted power line - forced landing |
| 5/15/2009 | Charleston | MO | Air Tractor AT-602 | Serious | Heavy load - impacted terrain |
| 5/21/2009 | Bald Eagle | PA | Ayres S2R-G1 | Serious | Impacted power line |
| 5/22/2009 | DeWitt | AR | PZL Mielec M-18A | Minor | Impacted well stand-pipe after TO |
| 5/30/2009 | Kyle | TX | Bell 47G | Serious | Fuel explosion during a "hot refueling" |
| 5/31/2009 | Rock Springs | MT | Cessna T188C | None | Ground looped during TO |
| 6/12/2009 | Cordova | IL | Aero Commander S2R | Fatal | In-flight collision with terrain |
| 6/14/2009 | Magee | MS | Air Tractor AT-602 | None | Power loss - shortly after TO |
| 6/19/2009 | Saint Anthony | ID | Ayres S2R-600 | None | Power loss - forced landing and fire |

COMPARISON OF 2009 VS. 2008



The National Transportation Safety Board (NTSB) is responsible for investigating all aviation accidents and incidents. The following data was obtained from preliminary and factual reports for Part 137 operations from January 1st – July 1st. Full detailed reports are available online at <http://ntsb.gov/ntsb/query.asp>



2008 MID-SEASON NTSB ACCIDENT/INCIDENT REPORT

| Date | City | State | Aircraft Type | Injury | Description of Accident |
|-----------|----------------|-------|----------------------|---------|--|
| 1/29/2008 | Brawley | CA | Bell OH-58A | None | Impacted power line - forced landing |
| 3/11/2008 | Oxnard | CA | Bell 206B | None | Skids contacted crops, helicopter tumbled |
| 3/13/2008 | Back Gate | AR | Air Tractor AT-602 | None | Landed on wet grass strip - loss directional control of aircraft |
| 3/22/2008 | Colfax | WA | Grumman G-164B | None | Heavy load - impacted terrain |
| 3/22/2008 | Genesse | ID | Gulfstream AM G-164B | Minor | Rudder failure while in-flight |
| 3/24/2008 | Blythe | CA | Ayres S2R-600 | None | Impacted terrain during night flight |
| 3/25/2008 | Dayton | WA | Grumman G-164A | Minor | Experienced strong tailwind when landing - aircraft nosed over |
| 3/28/2008 | Abbeville | LA | Grumman G-164B | None | Mid-air collision upon landing with PA-24 |
| 4/7/2008 | Quinton | OK | Hiller UH-12E | None | Heavy load - gearbox failure - forced landing |
| 4/13/2008 | Coleman | TX | Weatherly 620B | None | Strong cross-wind during TO - ran off runway |
| 4/16/2008 | Angleton | TX | Gulfstream AM G-164B | Minor | Impacted power line |
| 4/20/2008 | Paragould | AR | Air Tractor AT-602 | Serious | Impacted power line |
| 4/21/2008 | Paris | TN | Quicksilver GT-500 | Fatal | Engine failure - impacted terrain |
| 4/25/2008 | Carlsbad | NM | Air Tractor AT-402 | None | Heavy load - forced landing |
| 4/27/2008 | Waitsburg | WA | Air Tractor AT-502 | None | Impacted terrain |
| 5/5/2008 | Mountain Grove | MO | Piper PA-25-235 | Minor | Impacted power line |
| 5/5/2008 | DeWitt | AR | Grumman G-164C | Minor | Canopy opened on TO - forced landing |
| 5/5/2008 | Butte City | CA | Grumman G-164 | None | Power loss - shortly after TO |
| 5/5/2008 | Lisbon | WI | Piper PA -25-235 | Fatal | Impacted terrain |
| 5/9/2008 | Thomas | OK | Piper PA-36 | None | Power loss - shortly after TO |
| 5/10/2008 | Holtville | CA | Thrush S-2R | Minor | Power loss - forced landing |
| 5/14/2008 | Wheatley | AR | Air Tractor AT-502B | Fatal | Impacted terrain |
| 5/15/2008 | Nickerson | KS | Weatherly 201B | None | Attempted TO and ran off runway - post fire |
| 5/16/2008 | Mumford | TX | Air Tractor- 401 | None | Power loss-chip detector light - unknown cause |
| 5/20/2008 | East Bernard | TX | Grumman G-164A | None | Power loss - shortly after TO - forced landing |
| 5/25/2008 | McDonald | KS | Thrush S-2R | None | Heavy load - aborted TO - breaks faded - ran off runway |
| 5/27/2008 | Des Arc | AR | Ayres S2R-T34 | None | Power Loss for undetermined reason |
| 6/12/2008 | Muscle Shoals | AL | Air Tractor - 402B | None | Impacted power line - forced landing |
| 6/12/2008 | Wilder | ID | Grumman G-164B | Minor | Engine failure - forced landing |
| 6/12/2008 | Lyons | KS | Cessna A188B | None | Engine failure - forced landing |
| 6/18/2008 | O'Kean | AR | Grumman G-164B | Serious | Failure of controls - forced landing |
| 6/19/2008 | Lodi | CA | PA-36-375 | Minor | Lost visibility while applying sulfur dust - hit grape vines |
| 6/19/2008 | Garwood | TX | Air Tractor AT-301A | None | Power loss - shortly after TO |
| 6/20/2008 | Pine Bluff | AR | Ayres S2R-G6 | None | Power loss - forced landing |
| 6/23/2008 | Fresno | CA | OH-58C | None | Power loss on liftoff from truck |
| 6/23/2008 | Bethany | MO | Air Tractor AT-502B | None | Power loss - Shortly after TO - forced landing |
| 6/24/2008 | Glenn's Ferry | ID | Snow S2C | Fatal | Impacted terrain |
| 7/1/2008 | Mullen | NE | Bell 47G-3B | None | Power loss - forced landing |



Allianz Aviation (Cont.)

within the agricultural aviation community, such as the PAASS Program, Operation SAFE, and Fly Safe messages. The programs are being supported by the National Agricultural Aviation Association, in addition to various state organizations.

There is tremendous research being conducted by the National Agricultural Aviation Research and Educational Foundation (NAAREF) covering areas of pilot fatigue and crew rest requirements, as well as cockpit ergonomics, such as air conditioning. The assistance of more advanced application equipment including GPS swath guidance systems, aerial imaging, prescription mapping and variable rate technology and dispersal systems gives the applicator more control and information in the spray process.

Allianz Aviation Managers continues to support these protocols and is very involved with national and local organizations, as well as individual applicators and brokers to foster a safe and thriving aerial application community to reduce fatalities, hull accidents and incidents as well as drift and overspray incidents.

—Mr. Brian Hogan, Vice President of Aviation for Allianz Aviation Managers, LLC.

About NationAir

NationAir Aviation Insurance has been committed to the agricultural aviation industry for over 30 years.

A unique business like agricultural aviation requires specialized insurance knowledge. Liability insurance against claims alleging bodily injury, or property damage arising from normal business operations is just the beginning. There are other unique aspects of coverage required to successfully operate an agricultural aviation business.

Fortunately, NationAir has specialized in this area for decades, and understands all the details and issues related to the aerial applications business. Our experience and knowledge in this niche enable us to be effective advocates with the insurance underwriters on behalf of our agricultural aviation clients. We'll help you find the right coverage at the best rates possible, and help you review your coverage periodically to make sure it keeps up with your changing business needs.



Peter Torrell
Melbourne, FL
(800) 327-2222



Greg Reba
Pittsburgh, PA
(800) 575-9505



John Worthing
Lincoln, NE
(800) 456-0248



Allison Hunter
Minneapolis, MN
(800) 456-0246