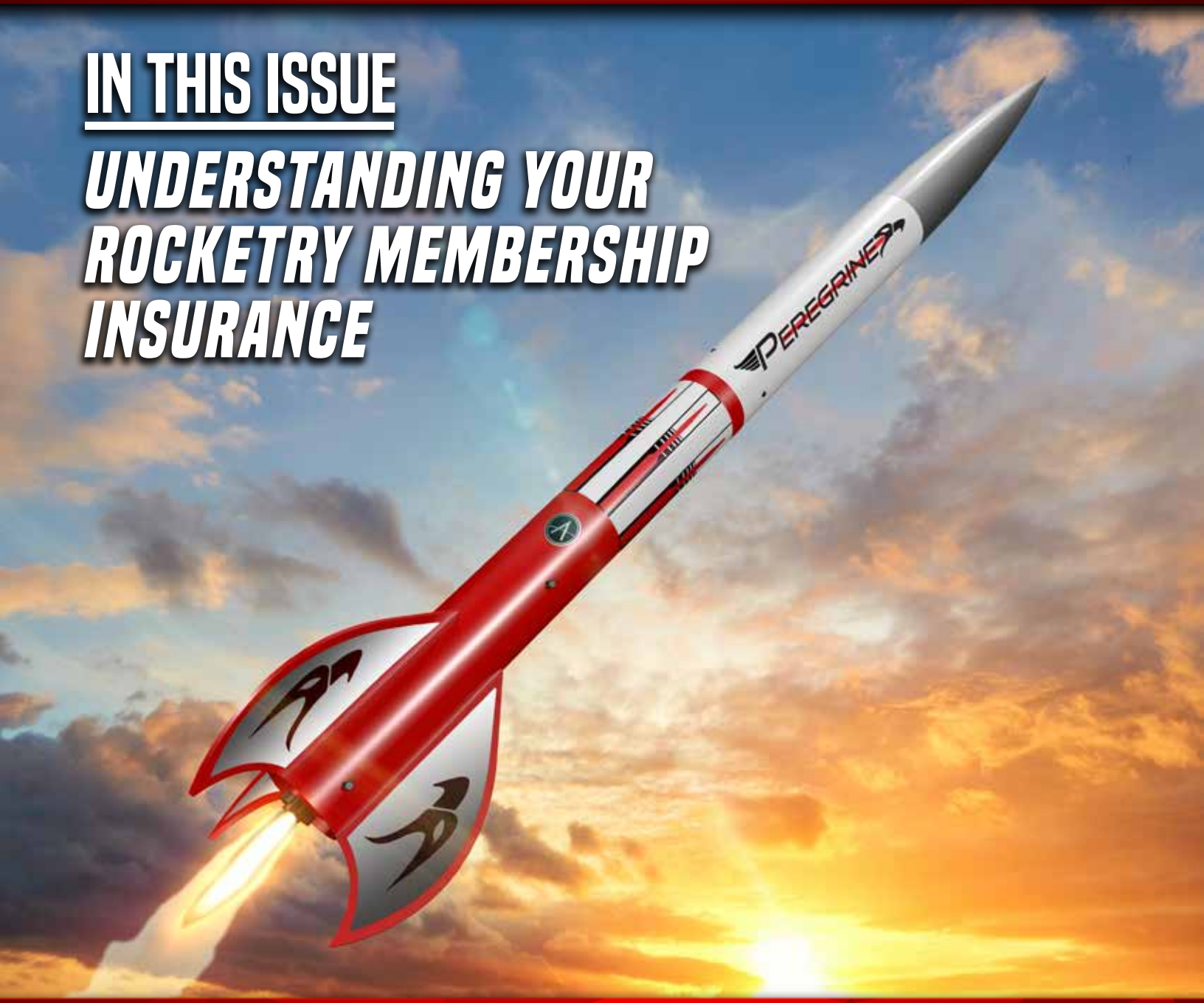
PEAK OF FLIGHT NEWSLETTER

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APOGEE COMPONENTS

PEAK OF FLIGHT

Understanding your Rocketry Membership Insurance

By Bobby Potter

There are a lot of reasons to join a rocketry club like the National Association of Rocketry (NAR), like the community of like minded hobbyists to enjoy rocketry with, the launch fields with pre-arranged waivers, and the Sport Rocketry Magazine. One of the lesser mentioned but most important components of NAR membership is the general liability insurance included with your membership.



FIGURE 1: NATIONAL ASSOCIATION OF ROCKETRY LOGO

Every membership, regardless of the cost, includes the NAR's general liability coverage.

What does general liability mean?

In the insurance world, liability is the term that refers to damage to another, be it person or property, that you have caused or been found responsible for. Liability coverage is the kind of coverage that would protect you in the event you could be sued because of this damage. This could be anything like your rocket damaging someone's car, all the way to your rocket coming down ballistically and causing severe injury or worse. This policy is there to protect you from the potential hazards of the safe and smart use of model rocketry.

Understanding Hazards

A hazard is a technical term in the insurance industry, also referred to as a peril (or a potential cause of loss). A hazard is defined as anything that could cause damage to a person or property. This doesn't mean it actually does cause damage, but could. If you think about this like a wet floor, it can make a bit more sense. If someone walks across a wet floor, they could fall and get hurt, making it a hazard, regardless of if anyone actually does walk across it.

Essentially, if anyone is at risk if something went wrong, it is considered a hazard.

In the same sense, model rockets can be inherently hazardous. The NAR has an incredible safety record, and yet accidents still can occur. Even with all the best practices enforced by the Model Rocket Safety Code, things do go wrong. We've all seen fins get stripped at launch, body tubes crumbling under pressure, unforeseen stability issues, CATO's and the like. These are all hazards that are inherent with our hobby, and are the kinds of things that this policy is intended to cover.

Don't I have that on my homeowner's insurance?

If you have a renter's, condo or homeowner's insurance, then you already have some liability coverage. These policies come with somewhere between $100,000 to $500,000 in liability coverage, and in most cases would cover a claim due to a rocket launch gone wrong. Additionally, you may have an umbrella policy which would extend this coverage from anywhere between 1 - 5 million dollars. All of this coverage could be used to protect yourself in the event of a claim, and would be used before the NAR policy would come into play.

Once your personal coverage is used up, the NAR's policy takes over. For instance, if you had a renter's insurance policy with $100,000 in liability coverage, but by some freak rocketry accident you caused a million dollar's worth of damages, your renters policy would pay $100,000

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About this Newsletter

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and the NAR's insurance policy would cover the other $900,000. If you had no underlying policy (like a homeowner's or renter's) then the NAR would cover the entire claim.

Are there limits to this policy?

Yes. The NAR has secured a policy that would extend up to $5,000,000 in coverage for a single occurrence. This means that if your rocket injured just one person, they could pay out up to $5,000,000 to that individual. If your rocket hurt multiple people or caused damage to property, they would still only pay out up to $5,000,000 total to all parties involved.

There are also exclusions built into any insurance policy. An exclusion is a cause of loss that would not be covered by the general liability policy. This could be anything from "intentional acts", where you intended to cause harm or damage to property, to (in the case of this policy) using non-certified motors. In fact, the NAR's policy specifically prohibits any violations of the safety code, and if a claim arises while you weren't following it, you would not be covered, even if it is not the cause of the claim.



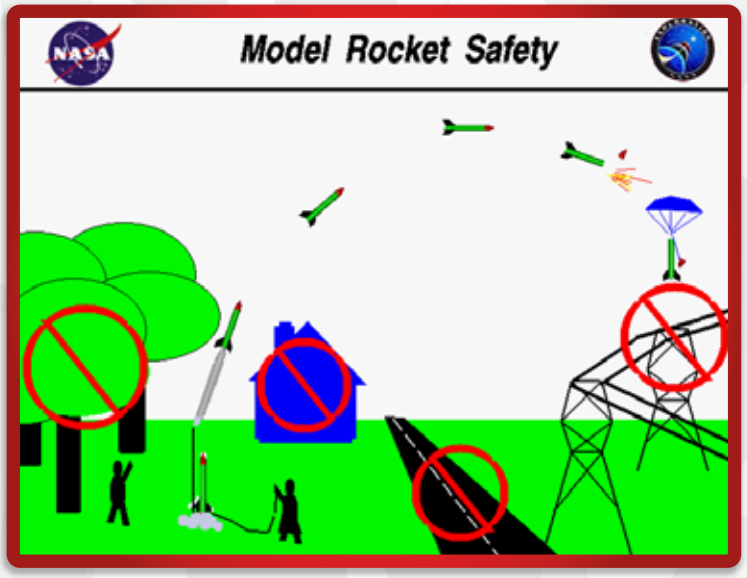


FIGURE 2: MANY OF THE POSSIBILITIES OF AN UNSUCCESSFUL LAUNCH

So if I have this coverage, and I hurt someone, I don't have to pay anything?

Well, that is not quite true. The policy through the NAR has a $5,000 deductible. This means if the damage caused is up to $5,000, you would be responsible for paying that yourself. If the claim is above that $5,000 threshold, the NAR would cover any amount above that up to the $5,000,000 limit. Your homeowner's or renter's policy would almost certainly have a deductible as well. If you needed to use your homeowner's AND the NAR's policy to cover the damages, you would be responsible for both deductibles.

That being said, $5,000 is a lot less than you could be on the hook for if you had no coverage. Bodily injury claims,

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especially fatal ones, can easily be in the millions. There's always the chance your rocket could land on a really nice, really expensive car.



FIGURE 3: X-15 COMING SOON!

Join Tripoli.org
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If I was flying on my own land, separate from a NAR event, would I still be covered?

Yes, you would be covered in the event you were flying outside of a NAR event. The same limitations would apply, and you would still need to be using certified motors and following the safety code, but yes, personal flights would be covered. This does not extend to business entities flying for promotional events.

Am I covered while traveling outside of the United States?

The NAR's policy only covers the United States, its territories, and Canada. Travel outside of the United States (except Canada), or launches that cross borders, would not be covered.

If I hurt myself with a model rocket, would the NAR policy cover me? What about if I damaged my own car?

Unfortunately, the answer is no in both cases. Liability coverage is specifically defined as damage done to others. For instance, your auto car coverage would not cover your medical bills in the event of an accident you caused. Instead, your health insurance would be responsible for your injuries (which would be the case with self-injury on the rocket field). If the other driver caused the accident, their auto policy would cover your injuries because they are legally responsible for it (which would be the case if someone else's rocket hurt you), just like the liability on your auto policy would cover the medical expenses of the other party in the event the accident was your fault.

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In the event you hit your own vehicle with a model rocket, your auto insurance policy may or may not have what is called “comprehensive” coverage. Not all insurance policies have this coverage, as it is not legally required to drive, but if you do it would likely cover the damages.

I am covered up to 5 million, but what will this policy ACTUALLY pay out?

Insurance is always based around a concept called “indemnification”. This essentially means “to make whole again”. So in the event of an accident causing property damage, the policy would pay out however much it took to repair whatever was damaged or whatever the value of the damaged item was, whichever amount was lower. It can be harder to determine what the value of a bodily injury claim is, and usually the amount paid is based on a precedent, meaning roughly the value of a similar claim paid out in previous years.



FIGURE 4: A ROCKET PREPPED AND READY FOR LAUNCH

I am a member of the NAR, but my kids aren’t. Are they covered?

Only NAR members are covered by the general liability policies, so your kids would not be covered. They would have to be paid members of the NAR for the insurance to cover their rocket launches. However, your kids could become members for as little as $13 a year with the NAR’s family pricing structure.

I caused damage or injury because I made a mistake in construction that made the rocket a danger to others. How does this work?

An honest mistake, so long as you are still operating within the model rocket safety code, would typically be covered by a policy like this. A prime example of a situation like this would be to miscalculate the center-of-pressure and the center-of-gravity in your model rocket, and launch something unstable. This becomes a hazard as it can arch over into the crowd.

In the insurance industry there is a saying, “we cover stupid”. Mistakes happen and we are all learning. This is exactly the kind of occurrence that this policy is made for.

Something happened, do I need to file a claim?

You are required to file a claim anytime the expected damages are to exceed $500, even if it is under the $5,000 deductible. By the wording of the contract, you will file a claim as soon as possible.

There are a few ways to file a claim. You can proceed to the NAR’s website and file a report using the “Online

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Claim Form" (https://www.nar.org/nar-insurance-claim-form/) in the "SiteMap" section. After submitting the form, a member of the insurance company will reach out to you to collect the rest of the information needed to file the claim.



FIGURE 5: A GATHERING OF ROCKETRY ENTHUSIASTS

Alternatively you can contact the NAR HQ and they will have all the information you need to file the claim, and help guide you to the appropriate channels to do so.

How does the Tripoli Insurance Policy differ?

There are a few key differences between the policy from the NAR and the Tripoli policy. A big one is the coverage areas. The NAR membership is limited to the United States (its territories) and Canada, while the Tripoli policy is worldwide.

Another key difference is the coverage of research-based high power rockets. Tripoli encourages R&D activities, and the insurance policy they have acquired does cover those claims, provided you are still operating within their rules.

The total coverage limits vary as well. The Tripoli policy has a $3,000,000 limit, as opposed to the $5,000,000 offered by the NAR. Also, this policy will cover any supervised child under the age of 18 launching at a Tripoli launch, regardless of whether they are a member of the club or not.

I have more questions regarding my NAR insurance policy, where can I go?

You can contact the NAR through their website after logging in or you can contact the appropriate NAR Committee through their list of contacts: https://www.nar.org/about-nar/organization-contacts/ .

You should also check out the NAR's frequently asked questions page: https://www.nar.org/safety-information/insurance-questions/ .

Disclaimer: Apogee Components and the National Association of Rocketry do not dictate what claims are covered, but rather the language of the insurance contract does. All final decisions are made by the insurer. This article is to be used for general information purposes and only looks at these concepts broadly. Please contact the NAR or the insuring party for any specific questions or to file a claim.

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