

FIVE QUESTIONS FOR YOUR AIR CHARTER SERVICE

Minimize Your Risk When Using Private Jet Charter Companies

Five Questions to Ask Your Air Charter Service, to help you manage your risk and ensure a quality and reputable organization is handling your private charter flight.

The air charter industry is very diverse. Charter operator and broker organizations of various sizes, quality and competencies are vying for your flight and dollars. New broker names appear on the scene continuously, offering to arrange charters on your behalf as your agent. It is important to understand there are no real barriers to entry and literally anyone can advertise and call themselves a charter broker.

The DOT and FAA government departments do their best in reviewing and enforcing practices, however there is no industry entry requirement, government quality rating or broker seal of approval, and private charter fliers assume their own risk in choosing and using a private jet and charter service.

Air charter service providers fall into one of two categories, broker or operator:

Brokers do not own, operate, manage or have control over aircraft. They serve to arrange flights for passengers (“clients”) or charter operators. Brokers represent either the client, or the aircraft operator, in arranging a charter flight. Brokers typically will have an industry-wide reach, and connect with a variety of charter aircraft options for any one flight.

Operators operate aircraft under applicable FAA regulations for charter, personal, or other type flights. Charter operators must earn and hold an FAA Air Carrier Certificate and are held under specific Operations Specifications designated by the FAA for their specific flight operations. They work with, and are periodically inspected by, their local FAA Flight Standards District Office (FSDO). An operator may own or lease their aircraft, or they may manage aircraft for private owners and then operate personal and charter flights with the aircraft.

Charter aircraft owners, brokers, and buyer’s presents five important areas and questions to help manage your financial, legal and safety risk in using air charter service providers:

Five Key Components and Questions for Your Air Charter Broker

- 1. Who are the organization personnel and what is their specific aviation experience? How long has the company name been in business?**

Many new brokers have surfaced in recent months and years. There is very little required to become an air charter broker, with no government oversight, accreditation, registration or certification. Many have been part of prior failed or bankrupt brokerages, struck out on their own or were ejected by successful brokerages for risk or performance issues.

Many broker “companies” are one or two people with a website, toll-free number and cell phone. Their website and materials are often void of any personnel or company details, and may not list a physical address or location. Conversely, they may list ghost-names, friends or loosely related names to appear more substantial. Check the history and aviation experience of those involved.

2. **Request their Professional Liability Insurance Certificate, commonly called “errors & omissions” insurance.**

This is not the aircraft's insurance. Professional Liability protects you from any processing errors in booking, scheduling and financial transactions. Without it, you could be liable for any mistakes your broker/agent makes acting on your behalf in arranging your flight with the aircraft operator. If the broker is acting as your agent on your behalf, you could be liable for thousands of dollars or more if a booking mistake is made.

3. **Request copies of their IRS Form 720; Federal Excise Tax deposits and filings.**

If they are not paying their excise taxes, you could be liable for their unpaid taxes. The IRS has pursued flight passengers when the brokerage has not remitted their flight excise taxes, even though passengers may have already paid the tax amount to the brokerage. If the broker is your “agent” or acting on your behalf, you could be liable.

4. **Run a simple background check on the organization, the broker and company personnel. Have any personnel associated with the organization been convicted of a felony, filed for bankruptcy, or had tax liens or foreclosures?**

It's not uncommon for felons or delinquents to be in key positions since there is little required with no registration or approvals to become an air charter broker. Background checks can be run online for very low cost, especially compared to your flight cost, and are a very worthwhile quality check.

5. **Request their D-U-N-S number, Dun & Bradstreet rating, or other registered credit history verification.**

Broker credit history and ratings are important. There are brokers who have not (or could not) pay the bills for charters. The passengers then become liable for the payment, even though they may have already given funds to the broker for the charter. If the broker is your “agent” or acting on your behalf, you could be liable.

Five Key Components and Questions for Your Air Charter Operator

1. **Do they hold their own FAA Air Carrier Certificate? Request copies of their Certificate, their FAA DO-85(authorized aircraft) document, and current hull and liability insurance certificate for those tail numbers.**

Other pertinent documents you may wish to verify are FAA Operations Specifications documents; A001 (Operating authorization), A006 (Management personnel) and B050 (Areas of operation).

2. **Do they have any accidents or recordable incidents in their history?**

An **Accident** is defined by the FAA as an occurrence associated with the operation of an aircraft in which any person suffers death or serious injury, or in which the aircraft receives substantial damage.

An **Incident** is defined as “an occurrence involving one or more aircraft in which a hazard or a potential hazard to safety is involved but not classified as an accident due to the degree of injury and/or extent of damage.” An incident could affect the safety of operations. This definition covers a broad range of events and may include runway incursions, pilot deviations and near midair collisions.

Consideration should be given to operator's fleet size number years in business.

3. Has the Operator ever received FAA Enforcement Actions or Letters of Correction?

These may result from FAA visits and inspections, or result from accidents/incidents. Consider operator size, fleet size and years in business.

4. Do they ever broker out other aircraft for their/your flights? If so, what quality standards do they employ and how are you made aware of who has operational control of your flight?

Some operators routinely broker other aircraft to fly charters for them, while others never do. Many fractional ownership (Part 91(K)) and “jet card” program operators regularly contract jet charter operators to fly for them, especially during peak seasons.

5. Do they have an SMS, and what standards of maintenance and pilot qualifications to they adhere to?

An SMS (Safety Management System) employed by aircraft operators is the latest focus in the industry. IS-BAO Registration, which incorporates an SMS, is the newest comprehensive safety program being adopted by the industry. Several independent organizations are in the business of evaluating operators and rating them, usually for a fee, and then selling that information to charter brokers, buyers and others. A summary of FAA and independent audit standards are highly recommended.

Evaluate Quality, History, and Your Personal/Financial Risk

These key components and questions for your jet charter broker and operator will help you evaluate the quality and competency of your organization, and manage your risk. This is not a complete list nor should be your only consideration in choosing a charter service. It is meant to make you aware of critical risk management areas that are not commonly considered by the chartering public.