

FIVE QUESTIONS FOR YOUR JET CHARTER SERVICE

Improve Your Private Jet Charter Experience

The aviation veterans and charter experts at New Flight Charters present Five Questions For Your Air Charter Service, to help you 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 to handle your flight and dollars. New charter brokers appear continuously, offering as an expert to arrange charters as your agent, or offering a flying membership program. It is important to understand there are no real barriers to entry and literally anyone can advertise as a charter broker or membership program, and take your money up front.

The DOT and FAA government departments do their best in reviewing and enforcing practices in their separate realms, however there is little barrier to entry, government rating or seal of approval for charter brokers, and private charter fliers assume their own risk in choosing a private jet and charter service.

Understanding Air Charter Services

It's first important to understand the distinction between the industry's two main company types. Providers fall into one of two categories; broker or operator. Both are key players, and combined are serving private fliers better overall than any time in history.

Brokers

Brokers serve to arrange flights as industry experts for passengers (their "clients") or for charter operators. Brokers represent either their client, or the aircraft operator, in the vast options of the industry and individual flight needs. Brokers typically will have an industry-wide reach, and connect with a wide variety of charter aircraft options for any one flight. Different from an operator, they do not own, operate, manage or have control over aircraft themselves, nor are permitted to represent themselves as such. Brokers who represent clients will say they are not restricted or biased to any certain operator or fleet and so can provide more and better options. The most recent new trend is a charter membership model where guaranteed hourly rates are offered for an annual membership fee in the multi-thousands.

Operators

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. Operators are the ones responsible for the specific planning, management and operation of any flight.

New Flight Charters, an aircraft owner, charter brokerage and buyers' agent since 2004, presents five important questions to help improve your financial, legal and personal safety in using air charter service providers:

Air Charter Brokers; Five Key Components and Questions

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

The air charter industry contains many reputable, professional charter brokers who add value to charter flying, as well as some who can give the industry a black eye, not to mention you the consumer. New brokers continue to surface every month. Very little is required to call yourself an air charter broker, and no checks, registrations or certifications are required. Some have been part of prior failed or bankrupt brokerages, struck out on their own or are attempting a new business.

Many questionable broker "companies" are one or two people with a website, toll-free number and cell phone. Their website and materials are often void of personnel or company details, and may not even list a physical address or location. Conversely, they may list friend's names or loosely related names to appear more substantial. Check the history and aviation experience of those involved. Use caution if their website or materials appear basic, has generic info, or lacks substance and details.

- 2. Request a copy of their Professional Liability Insurance Certificate, commonly called "Errors & Omissions" insurance.**

This is not the aircraft's insurance. Professional Liability protects you the consumer from any processing errors or miscommunications by your broker in your 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 as most are, you could be liable for thousands of dollars or more if a mistake is made in your booking. A professional brokerage will have their Liability Insurance Certificate ready to share, request it.

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

If they are not paying their excise taxes, and some do not, 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. Request copies of their Excise tax forms. It's an easy request for a reputable brokerage, or operator for that matter.

- 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?**

Believe it or not, it's not uncommon for some in key brokerage positions to have felony convictions or tax liens. There is little required and no registrations 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. Company and key personnel information can also be available through D&B, Dun & Bradstreet online, and state and county business records, and is a common due-diligence for many charter buyers. A good brokerage will welcome such checks or proactively share information.

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

Broker financial stability, credit history and ratings are important. A good number of brokerages over the years (and including this year), have gone under taking customers money with them or at minimum could not pay the bills for charters. The passengers then become liable for the payment, even though they may have already given funds to their broker for the charter. If the broker is acting as your agent, as most are, you could be liable. A financially stable brokerage will gladly share their credit ratings and history with anyone.

Air Charter Operators; Five Key Components and Questions

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). An operator's certificate and DO-85 are common requests, like a driver's license is for you. Confirm the documents are current and the correct tail numbers are included. Request them from the operator, industry resources like the FAA, or even reputable charter brokerages.

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. A reputable operator will be comfortable sharing their history and even volunteer it. Accident and Incident information on any charter operator can be obtained from the NTSB or easily from a professional charter brokerage who can look it up easily.

3. Have they ever received FAA Enforcement Actions or Letters of Correction?

These may result from FAA visits and inspections, or result from accidents/incidents, or simply forms that were filled out incorrectly. Consider operator size, fleet size and years in business. With the amount of bureaucracy and reporting required, this is not necessarily uncommon for many operators over time, however the type of action or correction is what should be considered for operator safety and reputation. This information is available from your local FAA office (in the phone book or online), or a competent charter broker will be able to look it up easily.

4. Do they ever broker out other aircraft for their (your) flights? If so, what 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. A good operator will not hesitate to share when they have historically brokered out flights, if they will yours, or how they select operators to fly for them. For many it's a practical part of their business for satisfying client requests with limited fleet availability.

5. Do they have an SMS, and what standards of maintenance and pilot qualifications do 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 adopted in the industry. Several independent organizations such as ARG/US® and Wyvern Ltd.® are in the business of evaluating operators and rating them usually for a fee, and then providing that information to charter brokers, buyers and others for a fee. The industry resource Air Charter Safety Foundation has an audit program that covers much of the same evaluation. A summary of FAA standards, IS-BAO and independent auditors is available at www.newflightcharters.com under Charter Safety. Reputable operators will normally gladly share their maintenance and pilot standards.

Evaluate, Choose Quality Providers and Improve Your Jet Charter Experience

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.

This informational document is a public service of the private aviation veterans at New Flight Charters.

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