

EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)

1. WHEREAS the Policy of which this Endorsement forms part includes the War, Hi-jacking and Other Perils Exclusion Clause (Clause AVN48D), IN CONSIDERATION of an Additional Premium of....., it is hereby understood and agreed that with effect from.....the liability cover provided by the Policy is extended as set out herein, SUBJECT to all terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Policy except as specifically varied or provided by the terms of this Endorsement.

1.1 If this paragraph 1.1 is listed as an operative paragraph in paragraph 1.4 below paragraphs (a) and (c) to (g) of Clause AVN48D are deleted;

1.2 If this paragraph 1.2 is listed as an operative paragraph in paragraph 1.4 below:

(i) such of sub-paragraphs (b)(ii), (b)(iii) and (b)(iv) of Clause AVN48D as are listed in paragraph 1.5 (i) are deleted in respect of claims caused by any of the perils set out in those sub-paragraphs originating solely and directly on board an aircraft and

(ii) such of sub-paragraphs (b)(ii) and (b)(iv) of Clause AVN48D as are listed in paragraph 1.5 (ii) are deleted in respect of claims caused by any of the perils set out in those sub-paragraphs originating other than solely and directly on board an aircraft in so far as claims are caused by reason of the crash fire explosion or collision or a recorded emergency causing abnormal operation of an aircraft whilst in flight;

For the purposes of sub-paragraph 1.2 (ii), "in flight" shall mean the period commencing from the time the aircraft moves forward in taking off or attempting to take off, whilst in the air, and until the aircraft completes its landing run. A rotor - wing aircraft shall be deemed to be in flight when the aircraft is in the air.

1.3 If this paragraph 1.3 is listed as an operative paragraph in paragraph 1.4 below such of sub-paragraphs (b)(ii),(b)(iii) and (b)(iv) of Clause AVN48D as are listed in paragraph 1.6 are deleted.

1.4 The operative paragraphs are

1.5(i) The sub-paragraphs referred to in paragraph 1.2(i) that are deleted are.....

1.5(ii) The sub-paragraphs referred to in paragraph 1.2(ii) that are deleted are.....

1.6 The sub-paragraphs referred to in paragraph 1.3 that are deleted are.....

1.7 Any cover provided by paragraphs 1.2 and/or 1.3 of this Endorsement shall not be excluded by any radioactive contamination and/or noise and pollution exclusion clauses attached to and forming part of this Policy but the cover provided by this Endorsement shall not apply to liability for or costs associated with pollution or contamination unless such pollution or contamination is caused by a sudden act or event.

2. (a) EXCLUSIONS applicable generally:

No cover is provided under this Endorsement for claims excluded by sub-paragraph (b) (i) of Clause AVN48D.

No cover is provided under paragraph 1.1 of this Endorsement for claims excluded by paragraph (b) of Clause AVN48D.

No cover is provided under this Endorsement by the deletion of sub-paragraph (b) (iv) of Clause AVN48D for claims excluded by sub-paragraph (b) (ii) of Clause AVN48D.

- (b) EXCLUSION applicable only to any cover extended by this Endorsement in respect of the deletion of any of paragraph (a), sub-paragraphs (b)(ii), (b)(iii) and (b)(iv) of Clause AVN 48D.

Cover shall not include liability for damage to any form of property on the ground situated outside Canada and the United States of America caused by war, invasion, acts of foreign enemies, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power, unless caused by or arising out of the use of aircraft.

3. LIMITATION OF LIABILITY

- 3.1 In respect of the cover provided by paragraph 1.1 of this Endorsement (if it is an operative paragraph) the limit of Insurers' liability shall beany one Occurrence and in the annual aggregate (the "sub-limit"). This sub-limit is included within and is not in addition to the full Policy limit.

To the extent cover is afforded to an Insured under the Policy, this sub-limit shall not apply to such Insured's liability:

- (a) to the passengers (and for their baggage and personal effects) of any aircraft operator to whom the Policy affords cover for liability to its passengers arising out of its operation of aircraft;

- (b) for cargo and mail while it is on board the aircraft of any aircraft operator to whom the Policy affords cover for liability for such cargo and mail arising out of its operation of aircraft.

- 3.2 In respect of the cover provided by paragraph 1.2 of this Endorsement (if it is an operative paragraph) the limit of Insurers' liability shall beany one Occurrence and in the annual aggregate. This limit is included within and is not in addition to the sub-limit stated in paragraph 3.1 above.

To the extent cover is afforded to an Insured under the Policy, this limit shall not apply to such Insured's liability:

- (a) to the passengers (and for their baggage and personal effects) on board the aircraft of any aircraft operator to whom the Policy affords cover for liability to its passengers arising out of its operation of aircraft;

- (b) for cargo and mail while it is on board the aircraft of any aircraft operator to whom the Policy affords cover for liability for such cargo and mail arising out of its operation of aircraft.

- 3.3 In respect of the cover provided by paragraph 1.3 of this Endorsement (if it is an operative paragraph) the limit of Insurers' liability shall beany one Occurrence and in the annual aggregate. This limit is included within and is not in addition to the sub-limit stated in paragraph 3.1 above.

To the extent cover is afforded to an Insured under the Policy, this limit shall not apply to such Insured's liability:

(a) to the passengers (and for their baggage and personal effects) of any aircraft operator to whom the Policy affords cover for liability to its passengers arising out of its operation of aircraft;

(b) for cargo and mail while it is on board the aircraft of any aircraft operator to whom the Policy affords cover for liability for such cargo and mail arising out of its operation of aircraft.

The limit of Insurers' liability under (a) and (b) above shall be the following limits which are within and are not in addition to the full Policy limit:

For liability in respect of passengers.....per passenger
For liability in respect of passengers' baggage
and personal effects.....per passenger
For liability in respect of cargo and mail:.....per kilogram

3.4 Where the operative paragraphs include 1.1 and/or 1.2 and/or 1.3, the limit of Insurers' liability for claims caused by both a peril set out in any of sub-paragraphs (b)(ii), (b)(iii) and (b)(iv) that are listed in paragraphs 1.5(i), 1.5(ii) and 1.6 and any other peril for which insurance is afforded by this Endorsement, shall be the applicable limit applying to paragraphs 3.2 and/or 3.3 above.

3.5 If paragraphs 1.2 and 1.3 are both operative paragraphs, only one of the aggregate limits referred to in paragraphs 3.2 and 3.3 shall apply to claims covered by both paragraphs. If the aggregate limits are different then only the higher aggregate limit applies to such claims.

4. AUTOMATIC TERMINATION

To the extent provided below, cover extended by this Endorsement shall TERMINATE AUTOMATICALLY in the following circumstances:

- (i) **All cover**
 - upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following States, namely, France, the People's Republic of China, the Russian Federation, the United Kingdom, the United States of America
- (ii) **Any cover extended by the deletion of paragraph (a) of Clause AVN 48D, and any cover extended by the deletion of sub-paragraphs (b)(ii), (b) (iii) and (b) (iv) of Clause AVN48D with respect to claims that are also caused by a peril set out in paragraph (a) of AVN48D.**
 - upon the hostile detonation of any device employing atomic or nuclear fission and/or fusion or other like reaction wheresoever or whensoever such detonation may occur and whether or not any aircraft insured under the Policy may be involved
- (iii) **All cover with respect to any aircraft insured under the Policy that is requisitioned for either title or use**
 - upon such requisition

PROVIDED THAT if any aircraft insured under the Policy is in the air when the cover provided by this endorsement would thereby be terminated under (i), (ii) or (iii) of this paragraph, then the cover provided by this Endorsement (unless otherwise cancelled, terminated or suspended) shall continue in respect of such an Aircraft until completion of its first landing thereafter and any passengers have disembarked.

5. REVIEW AND CANCELLATION

- (a) **Review of Premium and/or Geographical Limits (7 days)**
Insurers may give notice to review premium and/or geographical limits - such notice to become effective on the expiry of seven days from 23.59 hours GMT on the day on which notice is given.
- (b) **Limited Cancellation (48 hours)**
Following a hostile detonation as specified in 4 (ii) above, Insurers may give notice of cancellation of one or more parts of the cover provided by paragraph 1 of this Endorsement by reference to sub-paragraphs (b)(ii), (b)(iii), (b)(iv) and paragraphs (c), (d), (e), (f) and/or (g) of Clause AVN48D - such notice to become effective on the expiry of forty-eight hours from 23.59 hours GMT on the day on which notice is given.
- (c) **Cancellation (7 days)**
The cover provided by this Endorsement may be cancelled by either Insurers or the Insured giving notice to become effective on the expiry of seven days from 23.59 hours GMT on the day on which such notice is given.
- (d) **Notices**
All notices referred to herein shall be in writing.

AVN 52 K 04.8.06

(applicable to coverage provided to aircraft operators)

DRAFTERS' NOTE – AVN52K

This Note is for guidance only. It is NOT an opinion on the coverage that may be provided by endorsement AVN52K.

The endorsement is intended for use with aviation liability policies that include aircraft liability and, with reference to clause AVN48D, its purpose is to offer flexibility in the write back of combinations of perils other than those set out in sub-paragraph (b)(i) of clause AVN48D, subject to various sub-limits of insurers' liability.

Flexibility is provided by the ability of the parties to select which of the available write back options (termed the operative paragraphs) are to apply and by the choices offered by the available operative paragraphs.

The endorsement is designed to give the parties the option of negotiating the insurance cover required while differentiating between various loss scenarios and at the same time offering different limits of liability for an Insured's liability for its passenger and cargo losses and for third party losses in order to limit insurers' exposure to losses arising from so-called weapons of mass destruction.

A Guidance Note has been produced at the request of representatives of the buyers of aviation insurance in view of the complexities of the endorsement. The Note can be found on the website of the Aviation Insurance Clauses Group: www.aicg.co.uk.

In common with all AICG produced AVN Clauses, this Clause is published by AICG, but it is expressly non-binding and AICG makes no recommendation as to its use in particular policies. Insurers are of course free to offer different policy wordings and clauses to their policy holders.