

# AVIATION PRODUCTS, GROUNDING AND OTHER AVIATION LIABILITIES INSURANCE

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**AVN 98 7.3.07**

## THE SCHEDULE

**THE INSURED:**

**THE ADDRESS OF THE INSURED:**

**POLICY PERIOD:**

Commencing

Ending

both days inclusive

**PREMIUM:**

**CANCELLATION:**

If the premium is on a non-adjustable basis, the premium to be retained by the Insurers in the event of cancellation by the Insured shall be calculated by reference to Cancellation Scale (A) or (B)\* attached.

\* Delete as appropriate

**THE INSURERS' AUTHORISED AGENTS:**

**LIMITS OF LIABILITY:**

Where any Sections or Extensions are not insured, the words “Not insured and omitted hereunder” to be inserted against such Sections or Extensions.

**Aviation Products and Grounding Liability Insurance - Section One**

Coverage A - Aviation Products Liability

\_\_\_\_\_ any one Occurrence and in the Aggregate in respect of all Occurrences.

Coverage B - Grounding

\_\_\_\_\_ any one Grounding and in the Aggregate in respect of all Groundings.

Coverage A and Coverage B Combined.

\_\_\_\_\_ Aggregate

**Working Parties Liability Insurance - Section Two**

\_\_\_\_\_ any one Occurrence.

**Aircraft Third Party and Passenger Liability Insurance - Section Three**

\_\_\_\_\_ any one Occurrence.

**Airport Liability Insurance - Section Four**

\_\_\_\_\_ any one Occurrence.

The airport(s) in or about which the indemnity granted by this Section is to apply:

**Aviation Premises and Hangarkeepers' Liability Insurance - Section Five**

\_\_\_\_\_ any one Occurrence.

Deductible in respect of In Flight Hangarkeepers' Liability \_\_\_\_\_

**Aviation Products Recall Extension**

\_\_\_\_\_ any one recall and in the Aggregate, being within the Limit of Liability of Section One and not in addition thereto.

**Personal Injury Extension**

\_\_\_\_\_ any one offence and in the Aggregate, being within the Limit of Liability over all Sections to which it attaches and not in addition thereto.

**GEOGRAPHICAL LIMITS**

**AVN 98 7.3.07**

The Insurers, in consideration of the payment of premium and in reliance upon the information provided by the Insured to the Insurers and subject to the terms, conditions, limitations and exclusions of this Policy, agree as follows:

## **AVIATION PRODUCTS, GROUNDING AND OTHER AVIATION LIABILITIES INSURANCE**

### **SECTION ONE**

#### **AVIATION PRODUCTS AND GROUNDING LIABILITY INSURANCE**

##### **COVERAGE A - AVIATION PRODUCTS LIABILITY**

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages for Bodily Injury or Property Damage caused by an Occurrence arising out of the Products Hazard.

##### **Exclusions Applicable to Coverage A**

This Coverage A does not apply to:

- (A) any obligation for which the Insured or their Insurer may be held liable under any Employers' Liability or Workers' Compensation law, unemployment compensation or disability benefits law, or under any similar law, or to Bodily Injury of any employee of the Insured arising out of and in the course of the employee's employment by the Insured.
- (B) loss of use of any Aircraft which has not been damaged or destroyed.
- (C) legal liability imposed upon the Insured solely by reason of the Insured's ownership of an Aviation Product.
- (D) legal liability arising from any restriction on or withdrawal from use of an Aviation Product not actually involved in an Occurrence.
- (E) Property Damage to
  - (i) any Space Vehicle or Satellite or any Aviation Product forming a part of such Space Vehicle or Satellite whether partially or wholly completed nor to any expenses incurred incidental to or resulting from the replacement or repair of such Space Vehicle or Satellite and
  - (ii) any Space Vehicle or Satellite belonging to a third party whether partially or wholly completed after such Space Vehicle or Satellite has been delivered to a launch site, but this exclusion shall not apply if such Property Damage is caused by an Aircraft or an Aviation Product forming a part of such Aircraft.
- (F) Property Damage to any Launch Vehicle or any Aviation Product forming a part of such Launch Vehicle or to any expenses incurred incidental to or resulting from the replacement or repair of such Launch Vehicle, but this exclusion shall not apply if such Property Damage is caused by an Aircraft or an Aviation Product forming part of such Aircraft.

## **COVERAGE B - GROUNDING LIABILITY**

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages for the loss of use of completed Aircraft, occurring after delivery to and acceptance by a purchaser or purchasers or operator or operators of such Aircraft for flight operations, and caused by a Grounding resulting from an Occurrence arising out of the Products Hazard.

### **Exclusions Applicable to Coverage B**

This Coverage B does not apply to:

- (A) loss of use of any Aircraft occurring during maintenance, routine overhaul or alteration, or whilst being modified for purposes other than those relating to Grounding.
- (B) loss of use of any Military Aircraft.
- (C) loss of use of any Space Vehicle, Satellite or Launch Vehicle.
- (D) any Aircraft after it is designated by the Prime Manufacturer or required by the direction of the Civil Aviation Authority of the United Kingdom (CAA) or the Federal Aviation Administration of the United States of America (FAA), or any similar civil aviation authority to be removed from all flight operations due to its certificate of airworthiness being withdrawn by reason of the Aircraft's safe operational life having been reached or exceeded.

## **PAYMENT OF DEFENCE, SETTLEMENT EXPENSES AND COSTS**

With respect to the insurance afforded under this Section the Insurers will:

- (A) Defend any suit against the Insured alleging Bodily Injury or Property Damage or loss of use even if such suit is groundless, false or fraudulent, but the Insurers may make such investigation, negotiation and settlement of any claim or suit as they deem expedient.
- (B) Pay the following:
  - (i) Costs and expenses incurred in the defence of any such suit;
  - (ii) Premiums on bonds to release attachments for an amount not in excess of the Limit of Liability of this Section and premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds;
  - (iii) Costs recoverable against the Insured and interest accruing after entry of judgment until the Insurers have paid, tendered or deposited in court such part of such judgment as does not exceed the applicable limit of the Insurers' liability. In the event that the amount of the judgment exceeds the applicable limit of the Insurers' liability, the Insurers shall only be liable to pay for that proportion of the said costs and interest which the applicable limit of Insurers' liability bears to the amount of such judgment.

The amounts incurred with the consent of the Insurers hereunder are payable by the Insurers in addition to the applicable Limit of Liability of this Section. However, the Insurers shall not be obligated to defend any suit or pay any costs, expenses and premiums incurred after the aggregate Limit of Liability under this Section has been exhausted and in this event the Insured shall have the right to take over control of proceedings from the Insurers.

## EXCLUSIONS APPLICABLE TO COVERAGES A AND B

This Section does not apply to:

- (A) legal liability arising from the handling or use of any Aviation Product Owned by or loaned to the Insured or, except with respect to Grounding coverage, whilst such Aviation Product is in the possession or under the control of the Insured.
- (B) Property Damage to property owned by, rented, leased, occupied or used by or in the care, custody or control of the Insured at the time of the Occurrence except with respect to a completed Aircraft temporarily returned to the Insured for modification or repair or whilst being flown by aircrew of the Insured after acceptance by a purchaser or lessee.
- (C) loss of use of any Aircraft:
  - (i) caused by the culpable failure of the Insured to perform any obligation with respect to making available or delivering an Aviation Product to the purchaser or operator of such Aircraft.
  - (ii) occurring during the period that the Insured does not use reasonable diligence to find and eliminate the cause of the loss of use.
- (D) legal liability for the cost or expense of the Insured for the inspection, repair, alteration, modification, replacement of or for work completed by or on behalf of the Insured to an Aviation Product or any property of which it forms part by reason of a defect or deficiency known or suspected to exist in an Aviation Product not actually involved in an Occurrence.
- (E) any liability for Property Damage to any property of any government which in the absence of this insurance is assumed by any government under any contract or agreement or otherwise, nor does the premium for this insurance contemplate such coverage.

## DEFINITIONS

Wherever used in this Section the following terms apply:

- (A) **Aircraft**

Aircraft means aircraft and shall be deemed to include Missiles, air cushion vehicles/hovercraft, lighter-than-air aircraft and helicopters.
- (B) **Aviation Product**

Aviation Product means a completed Aircraft or Space Vehicle or Satellite and any article forming part thereof, or supplied for installation in, or for use in connection with, or for spare parts for, an Aircraft or Space Vehicle or Satellite including ground handling tools and equipment and also means training aids, instructions, manuals, blueprints, engineering or other data or any article in respect of which engineering or other advice and services and labour have been given or supplied by the Insured in connection with an Aircraft or Space Vehicle or Satellite.
- (C) **Bodily Injury**

Bodily Injury means bodily injury, sickness or disease, including death at any time resulting therefrom.
- (D) **Grounding**

Grounding means the complete and continuous withdrawal from all flight operations at or about the same time of one or more Aircraft due to a mandatory order of the Civil Aviation Authority of the United Kingdom (CAA) or the Federal Aviation Administration of the United States of America (FAA), or any similar civil aviation authority, because of an existing, alleged or suspected like defect, fault or condition affecting the safe operation of two or more like Aircraft and which results from an Occurrence.

A Grounding shall be deemed to commence from the date on which the first such order becomes effective following an Occurrence during the Policy Period and to continue until the date on which the last such order relating to the same existing, alleged or suspected like defect, fault or condition is withdrawn or becomes ineffective.

Such Grounding shall be deemed to fall in the Policy Period of the Occurrence which exposed such defect, fault or condition.

**(E) Insured**

Insured means the Insured named herein and includes any executive officer, employee, partner, director or shareholder thereof while acting within the scope of their duties as such.

**(F) Launch Vehicle**

Launch Vehicle means any vehicle, including parts detached en route, designed, constructed or intended to place into space or into orbit any Space Vehicle or Satellite and shall include both manned and unmanned vehicles.

**(G) Military Aircraft**

Military Aircraft means an Aircraft owned by or used by or in the possession of the armed services of any government provided that Aircraft leased or chartered to the armed services of any government shall be deemed not to be Military Aircraft.

**(H) Missile**

Missile means any non-manned, self-propelled device (other than a Launch Vehicle) capable of free flight, whether self-controlled or not, and includes any ground support or control equipment used in connection therewith.

After the arrival of a Missile at a launching site, such Missile shall be deemed not to be Owned by, loaned to, in the possession or control of or in flight by the Insured.

When the Insured removes a Missile from a launching site or recovers a Missile, after completion of its flight, for the purpose of returning it to the Insured's premises other than a launching site, such Missile shall be deemed to be in the possession or control of the Insured until such Missile again arrives at a launching site or the Insured surrenders possession of such Missile to a person or organisation who is not an Insured under this Section.

**(I) Occurrence**

Occurrence means an accident or incident (other than a Grounding) or a continuous or repeated exposure to conditions occurring during the Policy Period which arises out of the Products Hazard and causes Bodily Injury or Property Damage neither expected nor intended from the standpoint of the Insured. All damages arising out of exposure to substantially the same general conditions shall be deemed to arise out of one Occurrence.

**(J) Owned by**

An Aviation Product to which the Insured has retained title under a conditional sales contract, lease contract, chattel mortgage or similar lien, shall be deemed not to be Owned by the Insured.

**(K) Prime Manufacturer**

Prime Manufacturer means any manufacturer which sells its Aviation Product directly to and/or enters into a contract of sale with an Aircraft purchaser.

**(L) Products Hazard**

Products Hazard means the handling or use of (other than by the Insured) or the existence of any condition in an Aviation Product provided, as regards Coverage A - Aviation Products Liability - such Aviation Product has ceased to be in the possession or under the control of the Insured; nevertheless it is understood and agreed that the indemnity provided by this Section shall not be invalidated when

a completed Aircraft is temporarily returned to the Insured for modification or repair or whilst being flown by aircrew of the Insured after acceptance by a purchaser or lessee.

**(M) Property Damage**

Property Damage means physical loss of or damage to or destruction of tangible property, including the loss of use of such property.

**(N) Space Vehicle or Satellite**

Space Vehicle or Satellite means a spacecraft or satellite including parts detached en route designed to travel to and/or from or into space or any orbit.

**(O) Turnover**

Turnover means the sale price of the Aviation Product(s) delivered during the Policy Period.

## **CONDITION**

### **Knowledge and Consent Clause**

In the event that an Aviation Product, sold as such and declared within the Turnover of this Section, is used for non-aviation purposes without the actual knowledge and consent of the Insured, the coverage provided by this Section shall not be invalidated and shall remain in full force and effect for any such product.

## SECTION TWO

### WORKING PARTIES LIABILITY INSURANCE

**This insurance is only in place when an amount is inserted against the appropriate Limit of Liability in the Schedule**

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages for Bodily Injury or Property Damage caused by an Occurrence arising in the course of any work or the performance of any duties carried out by or on behalf of the Insured in connection with the Insured's business or operations away from the Insured's premises in connection with any Aircraft Product including liability for Property Damage to such Aircraft Product.

#### PAYMENT OF DEFENCE, SETTLEMENT EXPENSES AND COSTS

With respect to the insurance afforded under this Section the Insurers will:

- (A) Defend any suit against the Insured alleging Bodily Injury or Property Damage even if such suit is groundless, false or fraudulent, but the Insurers may make such investigation, negotiation and settlement of any claim or suit as they deem expedient.
- (B) Pay the following:
  - (i) Costs and expenses incurred in the defence of any such suit;
  - (ii) Premiums on bonds to release attachments for an amount not in excess of the Limit of Liability of this Section and premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds;
  - (iii) Costs recoverable against the Insured and interest accruing after entry of judgment until the Insurers have paid, tendered or deposited in court such part of such judgment as does not exceed the applicable limit of the Insurers' liability. In the event that the amount of the judgment exceeds the applicable limit of the Insurers' liability, the Insurers shall only be liable to pay for that proportion of the said costs and interest which the applicable limit of Insurers' liability bears to the amount of such judgment.

The amounts incurred with the consent of the Insurers hereunder are payable by the Insurers in addition to the applicable Limit of Liability of this Section.

#### EXCLUSIONS

This Section does not apply to:

- (A) Property Damage to property in the care, custody and control of the Insured whilst on premises owned or occupied by the Insured.
- (B) Property Damage to property owned by, rented to or leased by the Insured.
- (C) Bodily Injury or Property Damage arising out of any goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured after such goods or products have ceased to be in the possession or under the control of the Insured.
- (D) the cost of making good any faulty workmanship for which the Insured, their contractors or sub-contractors may be liable (but this limitation shall not exclude resulting damage arising out of such faulty workmanship).
- (E) any obligation for which the Insured or their Insurer may be held liable under any Employers' Liability or Workers' Compensation law, unemployment compensation or disability benefits law, or under any similar law, or to Bodily Injury of any employee of the Insured arising out of and in the course of the employee's employment by the Insured.

- (F) liability for which compulsory insurance or security is required by any applicable law governing road traffic or, in the absence of any applicable law, to liability arising from the use of any vehicle upon the public highway.

In respect of any such liability arising from an Occurrence within the confines of an airport or airfield this exclusion does not apply:

- (i) if there is no such applicable law;
  - (ii) to the liability of the Insured to pay an amount which is excess of:
    - a) any prescribed limit that is required to be insured where insurance may be effected to comply with the law whether the Insured effects an insurance policy in respect of such liability or not
    - b) the limit of liability of the insurance policy effected by the Insured insuring such liability whichever is the greater.
- (G) Property Damage to any Space Vehicle or Satellite arising out of or in the course of any work thereon.
- (H) Property Damage to any Launch Vehicle arising out of or in the course of any work thereon.

## DEFINITIONS

Wherever used in this Section the following terms apply:

**(A) Aircraft**

Aircraft means aircraft and shall be deemed to include Missiles, air cushion vehicles/hovercraft, lighter-than-air aircraft and helicopters.

**(B) Aircraft Product**

Aircraft Product means a completed Aircraft and any article forming part thereof, or supplied for installation in, or for use in connection with, or for spare parts for an Aircraft including ground handling tools and equipment and also means training aids, instructions, manuals, blueprints, engineering or other data or any article in respect of which engineering or other advice and services and labour have been given or supplied by the Insured in connection with an Aircraft.

**(C) Bodily Injury**

Bodily Injury means bodily injury, sickness or disease, including death at any time resulting therefrom.

**(D) Insured**

Insured means the Insured named herein and includes any executive officer, employee, partner, director or shareholder thereof while acting within the scope of their duties as such.

**(E) Launch Vehicle**

Launch Vehicle means any vehicle, including parts detached en route, designed, constructed or intended to place into space or into orbit any Space Vehicle or Satellite and shall include both manned and unmanned vehicles.

**(F) Missile**

Missile means any non-manned, self-propelled device (other than a Launch Vehicle) capable of free flight, whether self-controlled or not, and includes any ground support or control equipment used in connection therewith.

**(G) Occurrence**

Occurrence means an accident or incident or a continuous or repeated exposure to conditions occurring during the Policy Period which results in Bodily Injury or Property Damage neither expected nor intended from the standpoint of the Insured. All damages arising out of exposure to substantially the same general conditions shall be deemed to arise out of one Occurrence.

**(H) Property Damage**

Property Damage means physical loss of or damage to or destruction of tangible property, including the loss of use of such property.

**(I) Space Vehicle or Satellite**

Space Vehicle or Satellite means a spacecraft or satellite including parts detached en route designed to travel to and/or from or into space or any orbit.

**CONDITIONS**

**(A) Cancellation**

This Section will terminate automatically in the event the Aviation Products and Grounding Liability Insurance, to which this Section is attached, is cancelled or terminated.

**(B) Reasonable Care**

The Insured shall and will at all times exercise reasonable care in seeing that the ways, implements, plant, machinery and appliances used in the Insured's business are substantial and sound and in proper order and fit for the purpose for which they are used, and that all reasonable safeguards and precautions against accidents are provided and used.

**(C) Compliance**

The Insured shall comply with all applicable international and government regulations and civil instructions.

## SECTION THREE

### AIRCRAFT THIRD PARTY AND PASSENGER LIABILITY INSURANCE

**This insurance is only in place when an amount is inserted against the appropriate Limit of Liability in the Schedule**

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages for Bodily Injury or Property Damage caused by an Occurrence and arising out of the operation:

- (I) by the Insured of aircraft as detailed in the Schedule of Aircraft, Pilots and Purposes of Use.
- (II) of other aircraft which the Insured may charter or hire during the Policy Period; always provided that the Insured:
  - (i) Has no interest in the aircraft as owner in whole or in part.
  - (ii) Exercises no part in the servicing or maintenance of the aircraft.
  - (iii) Declares to Insurers for their agreement details of such charter/hire prior to operation.

### PAYMENT OF DEFENCE, SETTLEMENT EXPENSES AND COSTS

With respect to the insurance afforded under this Section the Insurers will:

- (A) Defend any suit against the Insured alleging Bodily Injury or Property Damage even if such suit is groundless, false or fraudulent, but the Insurers may make such investigation, negotiation and settlement of any claim or suit as they deem expedient.
- (B) Pay the following:
  - (i) Costs and expenses incurred in the defence of any such suit;
  - (ii) Premiums on bonds to release attachments for an amount not in excess of the Limit of Liability of this Section and premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds;
  - (iii) Costs recoverable against the Insured and interest accruing after entry of judgment until the Insurers have paid, tendered or deposited in court such part of such judgment as does not exceed the applicable limit of the Insurers' liability. In the event that the amount of the judgment exceeds the applicable limit of the Insurers' liability, the Insurers shall only be liable to pay for that proportion of the said costs and interest which the applicable limit of Insurers' liability bears to the amount of such judgment.

The amounts incurred with the consent of the Insurers hereunder are payable by the Insurers in addition to the applicable Limit of Liability of this Section.

### EXCLUSIONS

This Section does not apply:

- (A) to Property Damage to property owned by, rented to or leased by the Insured.
- (B) whilst the aircraft is being used with the knowledge and consent of the Insured for any illegal purpose or whilst any aircraft listed in the Schedule of Aircraft, Pilots and Purposes of Use is used for any purpose other than that stated therein.
- (C) whilst an aircraft listed in the Schedule of Aircraft, Pilots and Purposes of Use is being piloted by any person other than as stated therein. However this exclusion shall be deemed not to apply to the taxiing of aircraft by an authorised engineer other than for the purpose of flight.

- (D) whilst the total number of passengers being carried in an aircraft listed in the Schedule of Aircraft, Pilots and Purposes of Use exceeds the maximum seating capacity of the aircraft, as stated therein.
- (E) whilst the total number of passengers being carried in an aircraft chartered or hired by the Insured and to which clause (II) of this section applies exceeds any maximum seating capacity agreed by Insurers at the time the charter/hire of such aircraft is declared to Insurers in compliance with clause (II) (iii) of this Section.
- (F) to any obligation for which the Insured or their Insurer may be held liable under any Employers' Liability or Workers' Compensation law, unemployment compensation or disability benefits law, or under any similar law, or to Bodily Injury of any employee of the Insured arising out of and in the course of the employee's employment by the Insured.
- (G) in respect of aircraft chartered or hired by the Insured and to which clause (II) of this Section applies:
  - (a) to liability arising out of any product manufactured, sold, handled or distributed by the Insured
  - (b) to liability for Property Damage to the aircraft
  - (c) when the aircraft is used by the Insured for hire and reward.
  - (d) to any liability arising out of the financial default, liquidation or insolvency of the operator's insurers.

## DEFINITIONS

Wherever used in this Section the following terms apply:

**(A) Bodily Injury**

Bodily Injury means bodily injury, sickness or disease, including death at any time resulting therefrom.

**(B) Flight**

Flight means the time commencing with the actual take-off run of the aircraft and continuing thereafter until it has completed its landing run. With respect to helicopters Flight shall be deemed to mean whilst the rotors are in motion.

**(C) Insured**

Insured means the Insured named herein and includes any executive officer, employee, partner, director or shareholder thereof and any aircrew member while acting within the scope of their duties as such.

Notwithstanding the foregoing any aircrew member of an aircraft wet leased to the Insured shall be deemed not to be an Insured.

**(D) Occurrence**

Occurrence means an accident or incident or a continuous or repeated exposure to conditions occurring during the Policy Period which results in Bodily Injury or Property Damage neither expected nor intended from the standpoint of the Insured. All damages arising out of exposure to substantially the same general conditions shall be deemed to arise out of one Occurrence.

**(E) Property Damage**

Property Damage means physical loss of or damage to or destruction of tangible property, including the loss of use of such property.

## CONDITIONS

**(A) Cancellation**

This Section will terminate automatically in the event the Aviation Products and Grounding Liability Insurance, to which this Section is attached, is cancelled or terminated.

**(B) Two or More Aircraft**

When two or more aircraft are insured under this Section the terms hereof apply separately to each.

**(C) Compliance with Air Navigation and Airworthiness Orders (applicable to aircraft listed in the Schedule of Aircraft, Pilots and Purposes of Use or operated by the Insured)**

The Insured shall comply with all air navigation and airworthiness orders and requirements issued by any competent authority affecting the safe operation of the aircraft and shall ensure that

- (a) the aircraft is airworthy at the commencement of each Flight
- (b) all log books and other records in connection with the aircraft which are required by any official regulations in force from time to time shall be kept up to date and shall be produced to the Insurers or their agents on request
- (c) the employees and agents of the Insured comply with such orders and requirements.

**SCHEDULE OF AIRCRAFT, PILOTS AND PURPOSES OF USE**

<b>AIRCRAFT</b>	<b>TYPE</b>	<b>REGISTRATION</b>	<b>PASSENGER SEATING</b>
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**PILOTS:**

**PURPOSE OF USE:**

## SECTION FOUR

### AIRPORT LIABILITY INSURANCE

**This insurance is only in place when an amount is inserted against the appropriate Limit of Liability in the Schedule**

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages for Bodily Injury or Property Damage caused by an Occurrence in or about the airport(s) detailed in the Schedule and arising as a direct result of the services granted by the Insured, caused by the fault or negligence of the Insured or by any defect in the Insured's premises, ways, works, machinery or plant used in the Insured's business as airport owners or operators.

#### PAYMENT OF DEFENCE, SETTLEMENT EXPENSES AND COSTS

With respect to the insurance afforded under this Section the Insurers will:

- (A) Defend any suit against the Insured alleging Bodily Injury or Property Damage even if such suit is groundless, false or fraudulent, but the Insurers may make such investigation, negotiation and settlement of any claim or suit as they deem expedient.
- (B) Pay the following:
  - (i) Costs and expenses incurred in the defence of any such suit;
  - (ii) Premiums on bonds to release attachments for an amount not in excess of the Limit of Liability of this Section and premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds;
  - (iii) Costs recoverable against the Insured and interest accruing after entry of judgment until the Insurers have paid, tendered or deposited in court such part of such judgment as does not exceed the applicable limit of the Insurers' liability. In the event that the amount of the judgment exceeds the applicable limit of the Insurers' liability, the Insurers shall only be liable to pay for that proportion of the said costs and interest which the applicable limit of Insurers' liability bears to the amount of such judgment.

The amounts incurred with the consent of the Insurers hereunder are payable by the Insurers in addition to the applicable Limit of Liability of this Section.

#### EXCLUSIONS

This Section does not apply to:

- (A) Property Damage to property owned by, rented to, leased or occupied by, whilst being handled, serviced or maintained by the Insured, but this exclusion shall be deemed not to apply to vehicles that are not the property of the Insured whilst on the airport(s) specified in the Schedule.
- (B) Bodily Injury or Property Damage caused by any ships, vessels, craft or aircraft owned, chartered, used or operated by or on account of the Insured.
- (C) liability for which compulsory insurance or security is required by any applicable law governing road traffic or, in the absence of any applicable law, to liability arising from the use of any vehicle upon the public highway.

In respect of any such liability arising from an Occurrence within the confines of an airport or airfield this exclusion does not apply:

- (i) if there is no such applicable law;
- (ii) to the liability of the Insured to pay an amount which is excess of:

- a) any prescribed limit that is required to be insured where insurance may be effected to comply with the law whether the Insured effects an insurance policy in respect of such liability or not
  - b) the limit of liability of the insurance policy effected by the Insured insuring such liability whichever is the greater.
- (D) Bodily Injury or Property Damage arising out of any airmeet, air race or air show or any stand used for the accommodation of spectators in connection therewith, unless previously agreed by the Insurers.
- (E) Bodily Injury or Property Damage arising out of the construction of, demolition of or alterations to buildings, runways or installations by the Insured or their contractors or sub-contractors (other than normal maintenance operations) unless previously agreed by the Insurers.
- (F) Bodily Injury or Property Damage arising out of any goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured after such goods or products have ceased to be in the possession or under the control of the Insured, but this exclusion shall be deemed not to apply to the supply, by the Insured, of food and drink at the airport(s) specified in the Schedule.
- (G) any obligation for which the Insured or their Insurer may be held liable under any Employers' Liability or Workers' Compensation law, unemployment compensation or disability benefits law, or under any similar law, or to Bodily Injury of any employee of the Insured arising out of and in the course of the employee's employment by the Insured.
- (H) liability arising out of the operation of an airfield control tower unless previously agreed by the Insurers.
- (I) the cost of making good any faulty workmanship for which the Insured, their contractors or sub-contractors may be liable (but this limitation shall not exclude resulting damage arising out of such faulty workmanship).

## DEFINITIONS

Wherever used in this Section the following terms apply:

**(A) Bodily Injury**

Bodily Injury means bodily injury, sickness or disease, including death at any time resulting therefrom.

**(B) Insured**

Insured means the Insured named herein and includes any executive officer, employee, partner, director or shareholder thereof while acting within the scope of their duties as such.

**(C) Occurrence**

Occurrence means an accident or incident or a continuous or repeated exposure to conditions occurring during the Policy Period which results in Bodily Injury or Property Damage neither expected nor intended from the standpoint of the Insured. All damages arising out of exposure to substantially the same general conditions shall be deemed to arise out of one Occurrence.

**(D) Property Damage**

Property Damage means physical loss of or damage to or destruction of tangible property, including the loss of use of such property.

## CONDITIONS

**(A) Cancellation**

This Section will terminate automatically in the event the Aviation Products and Grounding Liability Insurance, to which this Section is attached, is cancelled or terminated.

**(B) Reasonable Care**

The Insured shall and will at all times exercise reasonable care in seeing that the ways, implements, plant, machinery and appliances used in the Insured's business are substantial and sound and in proper order and fit for the purpose for which they are used, and that all reasonable safeguards and precautions against accidents are provided and used.

**(C) Compliance**

The Insured shall comply with all applicable international and government regulations and civil instructions.

## SECTION FIVE

### AVIATION PREMISES AND HANGARKEEPERS' LIABILITY INSURANCE

**This insurance is only in place when an amount is inserted against the appropriate Limit of Liability in the Schedule**

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages for Bodily Injury or Property Damage caused by an Occurrence and arising out of the hazards set forth in Coverages A and B below.

#### COVERAGE A - AVIATION PREMISES LIABILITY

Bodily Injury or Property Damage occurring in or about the Insured's aviation premises as a direct result of the services granted by the Insured, caused by the fault or negligence of the Insured or by any defect in the Insured's premises, ways, works, machinery or plant used in the Insured's aviation business.

#### Exclusions Applicable to Coverage A

This Coverage A does not apply to:

- (A) Property Damage to property owned by, rented to, leased or occupied by, whilst being handled, serviced or maintained by the Insured, but this exclusion shall be deemed not to apply to vehicles that are not the property of the Insured whilst on the Insured's premises.
- (B) Bodily Injury or Property Damage caused by any ships, vessels, craft or aircraft owned, chartered, used or operated by or on account of the Insured, but this exclusion shall be deemed not to apply to aircraft owned by others which are On the Ground and for which indemnity is otherwise granted under Coverage B.
- (C) liability for which compulsory insurance or security is required by any applicable law governing road traffic or, in the absence of any applicable law, to liability arising from the use of any vehicle upon the public highway.

In respect of any such liability arising from an Occurrence within the confines of an airport or airfield this exclusion does not apply:

- (i) if there is no such applicable law;
- (ii) to the liability of the Insured to pay an amount which is excess of:
  - a) any prescribed limit that is required to be insured where insurance may be effected to comply with the law whether the Insured effects an insurance policy in respect of such liability or not
  - b) the limit of liability of the insurance policy effected by the Insured insuring such liability whichever is the greater.
- (D) Bodily Injury or Property Damage arising out of any airmeet, air race, or air show or any stand used for the accommodation of spectators in connection therewith, unless previously agreed by the Insurers.
- (E) Bodily Injury or Property Damage arising out of the construction of, demolition of or alterations to buildings, runways or installations by the Insured or their contractors or sub-contractors (other than normal maintenance operations) unless previously agreed by the Insurers.
- (F) Bodily Injury or Property Damage arising out of any goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured after such goods or products have ceased to be in the possession or under the control of the Insured, but this exclusion shall be deemed not to apply to the supply, by the Insured, of food or drink at the Insured's premises.

- (G) any obligation for which the Insured or their Insurer may be held liable under any Employers' Liability or Workers' Compensation law, unemployment compensation or disability benefits law, or under any similar law, or to Bodily Injury of any employee of the Insured arising out of and in the course of the employee's employment by the Insured.
- (H) liability arising out of the operation of an airfield control tower unless previously agreed by the Insurers.

### **COVERAGE B - HANGARKEEPERS LIABILITY**

Property Damage to aircraft or aircraft equipment not owned, rented or leased by or loaned to the Insured occurring whilst in Flight or On the Ground in the care, custody or control of or whilst being serviced, handled or maintained by the Insured.

#### **Exclusions applicable to Coverage B**

This Coverage B does not apply to:

- (A) Property Damage to robes, wearing apparel, personal effects or merchandise of any description.
- (B) Property Damage to aircraft or aircraft equipment, owned, rented or leased by or loaned to the Insured.

### **PAYMENT OF DEFENCE, SETTLEMENT EXPENSES AND COSTS**

With respect to the insurance afforded under this Section the Insurers will:

- (A) Defend any suit against the Insured alleging Bodily Injury or Property Damage even if such suit is groundless, false or fraudulent, but the Insurers may make such investigation, negotiation and settlement of any claim or suit as they deem expedient.
- (B) Pay the following:
  - (i) Costs and expenses incurred in the defence of any such suit;
  - (ii) Premiums on bonds to release attachments for an amount not in excess of the Limit of Liability of this Section and premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds;
  - (iii) Costs recoverable against the Insured and interest accruing after entry of judgment until the Insurers have paid, tendered or deposited in court such part of such judgment as does not exceed the applicable limit of the Insurers' liability. In the event that the amount of the judgment exceeds the applicable limit of the Insurers' liability, the Insurers shall only be liable to pay for that proportion of the said costs and interest which the applicable limit of Insurers' liability bears to the amount of such judgment.

The amounts incurred with the consent of the Insurers hereunder are payable by the Insurers in addition to the applicable Limit of Liability of this Section.

## EXCLUSION APPLICABLE TO COVERAGES A AND B

This Section does not apply to the cost of making good any faulty workmanship for which the Insured, their contractors or sub-contractors may be liable (but this limitation shall not exclude resulting damage arising out of such faulty workmanship).

### DEFINITIONS

Wherever used in this Section the following terms apply:

**(A) Bodily Injury**

Bodily Injury means bodily injury, sickness or disease, including death at any time resulting therefrom.

**(B) Flight**

Flight means the time commencing with the actual take-off run of the aircraft and continuing thereafter until it has completed its landing run. With respect to helicopters Flight shall be deemed to mean whilst the rotors are in motion.

**(C) Insured**

Insured means the Insured named herein and includes any executive officer, employee, partner, director or shareholder thereof while acting within the scope of their duties as such.

**(D) Occurrence**

Occurrence means an accident or incident or a continuous or repeated exposure to conditions occurring during the Policy Period which results in Bodily Injury or Property Damage neither expected nor intended from the standpoint of the Insured. All damages arising out of exposure to substantially the same general conditions shall be deemed to arise out of one Occurrence.

**(E) On the Ground**

On the Ground means at all times the aircraft is not in Flight.

**(F) Property Damage**

Property Damage means physical loss of or damage to or destruction of tangible property, including the loss of use of such property.

### CONDITIONS

**(A) Cancellation**

This Section will terminate automatically in the event the Aviation Products and Grounding Liability Insurance, to which this Section is attached, is cancelled or terminated.

**(B) Reasonable Care**

The Insured shall and will at all times exercise reasonable care in seeing that the ways, implements, plant, machinery and appliances used in the Insured's business are substantial and sound and in proper order and fit for the purpose for which they are used, and that all reasonable safeguards and precautions against accidents are provided and used.

**(C) Compliance**

The Insured shall comply with all applicable international and government regulations and civil instructions.

## AVIATION PRODUCTS RECALL EXTENSION

### For attachment to Section One

**This Extension is only in place when an amount is inserted against the appropriate Limit of Liability in the Schedule**

The Insurers will reimburse the Insured for 90% of the Expenses incurred by or on behalf of the Insured for the recall of any Aviation Product(s) under a Mandatory Order of Civil Aviation Authority of the United Kingdom (CAA) or the Federal Aviation Administration of the United States of America (FAA), or any similar civil aviation authority issued during the Policy Period because of an existing, alleged or suspected like defect, fault or condition in an Aviation Product. All such Expenses incurred by the Insured shall attach to the Policy Period in which the Mandatory Order is issued.

### DEFINITIONS

Wherever used in this Extension the following terms apply:

**(A) Aircraft**

Aircraft means aircraft and shall be deemed to include Missiles, air cushion vehicles/hovercraft, lighter-than-air aircraft and helicopters.

**(B) Aviation Product**

Aviation Product means a completed Aircraft and any article forming part thereof or supplied for installation in, or for use in connection with, or for spare parts for an Aircraft, including ground handling tools and equipment and also means training aids, instructions, manuals, blueprints, engineering or other data or any article in respect of which engineering or other advice and services and labour have been given or supplied by the Insured in connection with an Aircraft.

**(C) Expenses**

Expenses means the reasonable and necessary costs of communications, transportation and advertising, the cost of hire of additional personnel, overtime payments to regular personnel and the out-of-pocket expenses of such personnel, exclusively incurred as a result of the recall and shall include costs necessarily incurred by the Insured for the physical examination of the Aviation Product and the costs incurred for the installation of a replacement Aviation Product but excluding the cost of such replacement Aviation Product.

**(D) Insured**

Insured means the Insured named herein and includes any executive officer, employee, partner, director or shareholder thereof while acting within the scope of their duties as such.

**(E) Launch Vehicle**

Launch Vehicle means any vehicle, including parts detached en route, designed, constructed or intended to place into space or into orbit any Space Vehicle or Satellite and shall include both manned and unmanned vehicles.

**(F) Mandatory Order**

Mandatory Order means any order requiring immediate modification, inspection or action to be performed under the emergency airworthiness directives of the CAA or the immediately adopted rule or immediate safety-of-flight rules of the FAA, or the equivalent rule, directive or procedure of any similar civil aviation authority.

**(G) Military Aviation Product**

Military Aviation Product means an Aviation Product whilst owned by or used by or in the possession of the armed services of any government provided that an Aviation Product leased or chartered to the armed services of any government shall be deemed not to be a Military Aviation Product.

**(H) Missile**

Missile means any non-manned, self-propelled device (other than a Launch Vehicle) capable of free flight, whether self-controlled or not, and includes any ground support or control equipment used in connection therewith.

**(I) Space Vehicle or Satellite**

Space Vehicle or Satellite means a spacecraft or satellite including parts detached en route designed to travel to and/or from or into space or any orbit.

**EXCLUSIONS**

This Extension does not apply to:

- (A)** the recall of any Missile, Space Vehicle, Satellite or Launch Vehicle or any Aviation Product forming a part thereof.
- (B)** the recall of any Military Aviation Product.
- (C)** the cost of repair or replacement of, or the cost of any research and development to eliminate a defect, fault or condition in a recalled Aviation Product.
- (D)** the loss of use of the Aviation Product the subject of the recall.
- (E)** loss which is covered under Coverages A and B of Section One of the Policy to which this Extension is attached.
- (F)** the recall of any Aviation Product after its safe operational life, as designated by the manufacturer or the CAA or FAA, or any similar civil aviation authority, has been reached or exceeded.

**CONDITIONS**

**(A) Cancellation**

This Extension will terminate automatically in the event the Aviation Products and Grounding Liability Insurance, to which this Extension is attached, is cancelled or terminated.

**(B) Notice of Fact or Circumstances**

If the Insured becomes aware of any fact or circumstance which may reasonably be expected to give rise to a recall of any Aviation Product(s), the Insured shall immediately advise the CAA or FAA or any similar civil aviation authority and then give written notice to the Insurers as soon as practicable thereafter. Such notice shall be given to the Insurers through their authorised agents.

**(C) Continued Recall After Policy Period**

Should this Extension expire while a recall is in progress coverage hereunder shall continue in respect of such recall until the recall has been completed or until the Limit of Liability contained herein with respect to Expenses incurred has been exhausted or until the expiry of 12 months beyond the expiry of the Policy, whichever first occurs.

**(D) Limit of Liability**

The Limit of Liability of the Insurers shall be 90% of the Limit of Liability shown against Aviation Products Recall Extension in the Schedule.

WARRANTED REMAINING 10% UNINSURED

**This Extension is also subject to the definitions, exclusions and conditions that apply to Section One to which this Extension attaches insofar as they can apply.**

## PERSONAL INJURY EXTENSION

### For attachment to Sections Two to Five

**This Extension is only in place when an amount is inserted against the appropriate Limit of Liability in the Schedule**

The insurance provided by this Policy extends to indemnify the Insured for legal liability for damages awarded to any person arising out of one or more of the following offences committed during the Policy Period but only where such offences are committed in connection with that part of the Insured's aviation operations or interests for which other coverage is granted by the Policy:

1. False arrest, restraint, detention or imprisonment.
2. Malicious prosecution.
3. Wrongful entry, eviction or other invasion of the right of private occupancy.
4. Inadvertent discrimination with respect to withholding or refusal of transportation except with respect to overbooking.
5. The publication or utterance of a libel or slander or of other defamatory or disparaging material in violation of an individual's right of privacy except publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Insured.
6. Incidental medical malpractice error or mistake by a physician, surgeon, nurse, medical technician or other person performing medical services but only for or on behalf of the Insured in the provision of emergency medical relief.

The following additional exclusions shall apply to this extension:

- a. liability assumed by the Insured by agreement under any contract unless such liability would have attached to the Insured even in the absence of such agreement,
- b. liability arising out of the wilful violation of penal statute or ordinance committed by or with the knowledge or consent of the Insured,
- c. liability arising out of offence 5 above,
  - i. if the first injurious publication or utterance of the same or similar material was made prior to the effective date of this insurance
  - ii. if such publication or utterance was made by or at the direction of the Insured with the knowledge of the false nature thereof,
- d. liability directly or indirectly related to the past, present or potential employment of any person by the Insured.

The Limit of Liability applicable to this extension is as stated in the Schedule.

All other terms and conditions of this Policy remain unchanged.

With respect to cover provided in Section Three of the Policy, in the event of a combined claim under the aircraft operator's policy and this Policy, the total liability under this Personal Injury Extension and the aircraft operator's policy combined shall not exceed the Limit of Liability stated in the Policy Schedule for Personal Injury.

**AVN 60(A) 24.01.2004 (amended)**

The cover provided by the Personal Injury Extension in relation to Section Three of this Policy only applies where the aircraft operator's policy contains the same or similar cover.

## GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS

### (A) NUCLEAR RISKS EXCLUSION CLAUSE

- (1) This Policy does not cover:
  - (i) loss of or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
  - (ii) any legal liability of whatsoever naturedirectly or indirectly caused by or contributed to by or arising from:
  - (a) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
  - (b) the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;
  - (c) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.
- (2) It is understood and agreed that such radioactive material or other radioactive source in paragraph (1)(b) and (c) above shall not include:
  - (i) depleted uranium and natural uranium in any form;
  - (ii) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.
- (3) This Policy, however, does not cover loss of or destruction of or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:
  - (i) the Insured under this Policy is also an insured or an additional insured under any other insurance policy, including any nuclear energy liability policy; or
  - (ii) any person or organization is required to maintain financial protection pursuant to legislation in any country; or
  - (iii) the Insured under this Policy is, or had this Policy not been issued would be, entitled to indemnification from any government or agency thereof.
- (4) Loss, destruction, damage, expense or legal liability in respect of the nuclear risks not excluded by reason of paragraph (2) shall (subject to all other terms, conditions, limitations, warranties and exclusions of this Policy) be covered, provided that:
  - (i) in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereto, such carriage shall in all respects have complied with the full International Civil Aviation Organization "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;
  - (ii) this Policy shall only apply to an incident happening during the period of this Policy and where any claim by the Insured against the Insurers or by any claimant against the Insured arising out of such incident shall have been made within three years after the date thereof;

- (iii) in the case of any claim for the loss of or destruction of or damage to or loss of use of an aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

Emitter (IAEA Health and Safety Regulations)	Maximum permissible level of non-fixed radioactive surface contamination (Averaged over 300 cm <sup>2</sup> )
Beta, gamma and low toxicity alpha emitters	Not exceeding 4 Becquerels/cm <sup>2</sup> (10 <sup>-4</sup> microcuries/cm <sup>2</sup> )
All other emitters	Not exceeding 0.4 Becquerels/cm <sup>2</sup> (10 <sup>-5</sup> microcuries/cm <sup>2</sup> )

- (iv) the cover afforded hereby may be cancelled at any time by the Insurers giving seven days' notice of cancellation.

**AVN 38B 22.7.96.**

**(B) CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 EXCLUSION CLAUSE**

The rights of a person who is not a party to this insurance or reinsurance to enforce a term of this insurance or reinsurance and/or not to have this insurance or reinsurance rescinded, varied or altered without his consent by virtue of the provisions of the Contracts (Rights of Third Parties) Act 1999 are excluded from this insurance or reinsurance.

**AVN 72 9.2.00**

**(C) NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE**

1. This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of:
  - (a) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
  - (b) pollution and contamination of any kind whatsoever,
  - (c) electrical and electromagnetic interference,
  - (d) interference with the use of property,unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation.
2. With respect to any provision in the Policy concerning any duty of Insurers to investigate or defend claims, such provision shall not apply and Insurers shall not be required to defend
  - (g) claims excluded by Paragraph 1 or
  - (h) a claim or claims covered by the Policy when combined with any claims excluded by Paragraph 1 (referred to below as "Combined Claims").
3. In respect of any Combined Claims, Insurers shall (subject to proof of loss and the limits of the Policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the Policy:
  - (i) damages awarded against the Insured and
  - (ii) defence fees and expenses incurred by the Insured.
4. Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this Policy.

This Exclusion (C) is not applicable to passengers, baggage, cargo or mail.

**AVN 46B 1.10.96 (Amended)**

**In respect of Section One only, paragraph (C) 1. (b) above does not apply to the pollution or contamination of products sold or supplied by the Insured.**

**(D) WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION)**

This Policy does not apply to claims caused by:

- (a) 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.
- (b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (c) Strikes, riots, civil commotions or labour disturbances.
- (d) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (e) Any malicious act or act of sabotage.
- (f) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil military or de facto) or public or local authority.
- (g) Hi-jacking or any unlawful seizure or wrongful exercise of control of the aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the aircraft acting without the consent of the Insured.

Furthermore, this Policy does not cover claims arising whilst an aircraft is outside the control of the Insured by reason of any of the above perils. The aircraft shall be deemed to have been restored to the control of the Insured on the safe return of the aircraft to the Insured at an airfield not excluded by the geographical limits of this Policy, and entirely suitable for the operation of the aircraft (such safe return shall require that the aircraft be parked with engines shut down and under no duress).

**AVN 48B 1.10.96 (Amended)**

**(E) ASBESTOS EXCLUSION CLAUSE**

This Policy does not cover any claims of any kind whatsoever directly or indirectly relating to, arising out of or in consequence of:

1. the actual, alleged or threatened presence of asbestos in any form whatsoever, or any material or product containing, or alleged to contain, asbestos; or
2. any obligation, request, demand, order, or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, neutralize, protect against or in any other way respond to the actual, alleged or threatened presence of asbestos or any material or product containing, or alleged to contain, asbestos.

However, this exclusion shall not apply to any claim caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation.

Notwithstanding any other provisions of this Policy, Insurers will have no duty to investigate, defend or pay defence costs in respect of any claim excluded in whole or in part under paragraphs 1 or 2 hereof.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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**(F) DATE RECOGNITION EXCLUSION CLAUSE**

This Policy does not cover any claim, damage, injury, loss, cost, expense or liability (whether in contract, tort, negligence, product liability, misrepresentation, fraud or otherwise) of any nature whatsoever arising from or occasioned by or in consequence of (whether directly or indirectly and whether wholly or partly):

- (a) the failure or inability of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) accurately or completely to process, exchange or transfer year, date or time data or information in connection with any change of year, date or time;  
whether on or before or after such change of year, date or time;
- (b) any implemented or attempted change or modification of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) in anticipation of or in response to any such change of year, date or time, or any advice given or services performed in connection with any such change or modification;
- (c) any non-use or unavailability for use of any property or equipment of any kind whatsoever resulting from any act, failure to act or decision of the Insured or of any third party related to any such change of year, date or time;

and any provision in this Policy concerning any duty of Insurers to investigate or defend claims shall not apply to any claims so excluded.

**AVN 2000A 14.03.01**

## GENERAL CONDITIONS APPLICABLE TO ALL SECTIONS

**(A) Policy Period**

This Policy applies only with respect to Occurrences which take place during the Policy Period provided that an Occurrence involving a missing or unreported aircraft shall be deemed to occur at the time such aircraft commences flight or is last reported, whichever last occurs. The Policy Period shall commence and end on the dates stated in the Schedule.

**(B) Limit of Liability**

The Limit of Liability of the Insurers for damages shall be as set forth in the Schedule.

In the event of more than one Insured being covered by this Policy, each shall have the same protection as would have been available had this Policy been issued individually to each of them; provided, however, that the inclusion hereunder of more than one Insured shall not operate to increase the liability of the Insurers beyond the amount for which they would have been liable had there been only one person or entity insured under this Policy.

**(C) Premium**

The Insured shall pay the premium stated in the Schedule. Should this premium be a minimum and deposit premium the Insured shall, on the expiration of the Policy, declare to the Insurers the amount of their Turnover during the Policy Period and the earned premium shall be calculated by applying the rates as set out in the Schedule.

In the event of the earned premium so calculated exceeding the minimum premium the Insured shall pay to the Insurers the difference. If the earned premium so calculated is less than the minimum premium no return of premium shall be made.

**(D) Non-payment of Premium**

In the event of non-payment of premium by the Insured this Policy may be cancelled by or on behalf of the Insurers provided 10 days notice be given to the Insured at their last address.

**(E) Material Change**

Should there be any material change in the circumstances or nature of the risks which are the basis of this contract the Insured shall give immediate notice thereof to the Insurers and no claim arising subsequent to such change shall be recoverable hereunder unless such change has been accepted by the Insurers.

**(F) Assignment**

This Policy shall not be assigned in whole or in part except with the consent of the Insurers verified by endorsement hereon.

**(G) Notice of Occurrence or Grounding**

When an Occurrence or Grounding takes place, written notice shall be given by or on behalf of the Insured to the Insurers through their authorised agents appointed for this purpose (as set forth in the Schedule) as soon as practicable.

Such notice shall contain reasonably obtainable information respecting the time, place and circumstances of the Occurrence and the names and addresses of available witnesses.

**(H) Notice of Claim or Suit**

If claim is made or suit is brought against the Insured, the Insured shall as soon as practicable forward to the Insurers' authorised agents appointed for this purpose every demand, notice, summons or other process received by them or their representatives.

**(I) Assistance and Co-operation of the Insured**

The Insured shall co-operate with the Insurers and, upon the Insurers request shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits.

**(J) Action against the Insurers**

No action shall lie against the Insurers unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this Policy, nor until the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or award against the Insured in any arbitration proceedings against which Insurers do not wish to appeal or by written agreement of the Insured, the claimant and the Insurers.

Nothing contained in this Policy shall give any person or organisation any right to join the Insurers as a co-defendant in any action against the Insured to determine the Insured's liability.

**(K) Subrogation**

In the event of any payment under this Policy, the Insurers shall be subrogated to all the Insured's rights of recovery therefor against any person or organisation. The Insured shall do whatever is necessary to secure such rights and shall co-operate with the Insurers and, upon the Insurers' request, shall assist in effecting settlement, securing evidence, obtaining attendance of witnesses and in the conduct of suits. Any expenses incurred upon such request of the Insurers shall be paid by the Insurers.

**(L) Inadvertent Errors or Omissions**

Inadvertent errors or omissions or failure to give notice to the Insurers as herein required shall not relieve the Insurers of liability under this Policy, provided that such error or omission or failure shall be corrected as soon as discovered.

**(M) No Admission**

No liability shall be admitted and no admission, arrangement, offer, promise or payment shall be made by the Insured without the written consent of the Insurers.

**(N) Contribution**

If the Insured has other insurance against loss covered by this Policy, the Insurers shall not be liable for a greater proportion of such loss than the Limit of Liability stated in the Schedule bears to the limit of indemnity of all valid and collectible insurance against such loss.

**(O) Law and Jurisdiction**

This Policy shall be governed by the laws of England and Wales whose courts shall have exclusive jurisdiction in any dispute arising hereunder between the parties to this contract.

**(P) Misrepresentation**

By acceptance of this Policy the Insured agrees that the information provided for this insurance are their representations and that this Policy is issued in reliance upon the truth of such representations. Any misrepresentation by the Insured or their duly authorised representative or agent will void this Policy.

**(Q) Cancellation**

This Policy may be cancelled at any time at the written request of the Insured or may be cancelled by or on behalf of the Insurers provided (except as otherwise provided) not less than thirty (30) days notice in writing be given.

The premium to be retained by the Insurers in the event of cancellation by the Insured shall be calculated as follows:

- (a) If the premium is on an adjustable basis: the earned premium hereon for the period that this Policy has been in force or the short rate proportion of any minimum premium calculated in accordance with the scale specified in the Schedule, whichever is the greater.
- (b) If the premium is on a non-adjustable basis: the short rate proportion thereof calculated in accordance with the scale specified in the Schedule.

In the event of cancellation by the Insurers the premium due to the Insurers shall be calculated as in (a) and (b) above except that pro rata proportion shall be substituted for short rate proportion. Notice of cancellation by the Insurers shall be effective even though the Insurers make no payment or tender of return premium.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction hereof, such notice shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

**(R) Fraud**

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.

**(S) Contractual Liability**

The inclusion of additional Insureds, hold harmless agreements, indemnities, waivers of subrogation and contractual agreements agreed by the insurers of previously issued policies are automatically incorporated herein.

This Policy does not apply to any liability assumed by the Insured under any contract or agreement, including a warranty of Aircraft Products, other than as may be assumed under any standard commercial sales contract or sales agreement, greater than the liability which would have been imposed by law in the absence of any express contract or assumption of liability;

Nothing in the foregoing paragraphs shall be considered to extend the scope of this Policy to risks not insured hereunder unless the same has been agreed by the Insurers subscribing to this Policy.

**AVN 98 7.3.07**

*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.*

**AVIATION CANCELLATION SCALE (A)**

**(applicable to Annual Policies)**

1 month on risk ... ..	20% annual premium
2 months on risk ... ..	30% annual premium
3 months on risk ... ..	40% annual premium
4 months on risk ... ..	50% annual premium
5 months on risk ... ..	60% annual premium
6 months on risk ... ..	70% annual premium
7 months on risk ... ..	75% annual premium
8 months on risk ... ..	80% annual premium
9 months on risk ... ..	85% annual premium

Over 9 months equivalent to Annual.

**AVIATION CANCELLATION SCALE (B)**

Days Policy in Force	Per cent of One Year Premium	Days Policy In Force	Per cent of One Year Premium
1 .....	5	154-156 .....	53
2 .....	6	157-160 .....	54
3-4 .....	7	161-164 .....	55
5-6 .....	8	165-167 .....	56
7-8 .....	9	168-171 .....	57
9-10 .....	10	172-175 .....	58
11-12 .....	11	176-178 .....	59
13-14 .....	12	179-182 (6 months).....	60
15-16 .....	13	183-187 .....	61
17-18 .....	14	188-191 .....	62
19-20 .....	15	192-196 .....	63
21-22 .....	16	197-200 .....	64
23-25 .....	17	201-205 .....	65
26-29 .....	18	206-209 .....	66
30-32 (1 month).....	19	210-214 (7 months).....	67
33-36 .....	20	215-218 .....	68
37-40 .....	21	219-223 .....	69
41-43 .....	22	224-228 .....	70

44-47	.....	23	229-232	.....	71
48-51	.....	24	233-237	.....	72
52-54	.....	25	238-241	.....	73
55-58	.....	26	242-246	(8 months).....	74
59-62	(2 months).....	27	247-250	.....	75
63-65	.....	28	251-255	.....	76
66-69	.....	29	256-260	.....	77
70-73	.....	30	261-264	.....	78
74-76	.....	31	265-269	.....	79
77-80	.....	32	270-273	(9 months).....	80
81-83	.....	33	274-278	.....	81
84-87	.....	34	279-282	.....	82
88-91	(3 months).....	35	283-287	.....	83
92-94	.....	36	288-291	.....	84
95-98	.....	37	292-296	.....	85
99-102	.....	38	297-301	.....	86
103-105	.....	39	302-305	(10 months).....	87
106-109	.....	40	306-310	.....	88
110-113	.....	41	311-314	.....	89
114-116	.....	42	315-319	.....	90
117-120	.....	43	320-323	.....	91
121-124	(4 months).....	44	324-328	.....	92
125-127	.....	45	329-332	.....	93
128-131	.....	46	333-337	(11 months).....	94
132-135	.....	47	338-342	.....	95
136-138	.....	48	343-346	.....	96
139-142	.....	49	347-351	.....	97
143-146	.....	50	352-355	.....	98
147-149	.....	51	356-360	.....	99
150-153	(5 months).....	52	361-365	(12 months).....	100

## SPACE COVERAGE ENDORSEMENT

For attachment to Section One Aviation Products and Grounding Liability Insurance

Endorsement attaching to and forming part of Policy No.

- 1 Exclusion (E) of Coverage A in Section One of the Policy is deleted.
- 2 Notwithstanding clause 1 of this Endorsement, Coverage A does not apply to Property Damage to any Space Vehicle or Satellite or any Aviation Product forming a part of such Space Vehicle or Satellite after the Operational Life of such Space Vehicle or Satellite has expired.
- 3 Definition applicable to this Endorsement:  
Operational Life  
Operational Life means such period of time as the manufacturer of any Space Vehicle or Satellite specifies in the original sales contract as the operational/service life of such Space Vehicle or Satellite.
- 4 Limit of Liability  
The following sub-limitations apply to the coverage afforded under this Endorsement:
  - 4.1 The Limit of Liability for Property Damage to any one Satellite after such Satellite has been delivered to a launch site arising out of an Aviation Product installed on or used in connection with such Satellite is USD (except as provided in clause 4.2 below).
  - 4.2 The Limit of Liability for Property Damage suffered by two or more Satellites on the same launch during the period from completed integration of the Satellites on board the Launch Vehicle until physical separation from the Launch Vehicle arising out of an Aviation Product installed on or used in connection with any of such Satellites is limited to USD any one Satellite.Notwithstanding the foregoing provision the overall aggregate Limit of Liability shown in the Schedule shall not be exceeded.
- 5 This Endorsement does not apply to Property Damage to any Satellite removed from a launch site prior to its launch from the time of its removal until it arrives again at a launch site.

**All other terms and conditions remain unchanged**

**Endorsement No. 1  
(Inclusion of Space Products Coverage)**

## **SPACE EXCLUSION ENDORSEMENT**

**For attachment to Section One Aviation Products and Grounding Liability Insurance**

**Endorsement attaching to and forming part of Policy No.**

It is understood and agreed that this Policy shall not apply to any legal liability caused directly or indirectly by any Space Vehicle or Satellite or an Aviation Product forming a part of such Space Vehicle or Satellite.

**Endorsement No. 2  
(Exclusion of Space Products Coverage)**