



AVIATION POLICY

Policy Provisions — Part 1

The Company as shown in Part 2 — Declarations (hereinafter called the Company), in consideration of the payment of the premium, in reliance upon the statements in the Declarations made a part hereof, subject to all of the terms of this policy including the applicable limits of liability, the Company agrees with the **named insured** with respect to those coverages indicated in Items 3 and 4 of the Declarations.

INSURING AGREEMENTS

I. LIABILITY COVERAGES

Coverage A — Bodily Injury Liability Excluding Passengers (including any and all **related claims**) — To pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of **bodily injury** sustained by any person excluding any **passenger**;

Coverage B — Property Damage Liability — To pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of **property damage**;

Coverage C — Passenger Bodily Injury Liability (including any and all **related claims**) — pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of **bodily injury** sustained by any **passenger**;

Coverage D — Single Limit Bodily Injury and Property Damage Liability (including any and all **related claims**) — To pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of **bodily injury** sustained by any person (excluding any **passenger** unless the words "including **passengers**" appear in Item 3 of the Declarations) and **property damage**;

caused by an **occurrence** and arising out of the ownership, maintenance or use of the **aircraft**; or, only with respect to Coverages A, B, and D, caused by an **occurrence** and arising out of the maintenance or use of the **premises** in or upon which the **aircraft** is stored.

II. MEDICAL EXPENSE COVERAGE

Coverage E — Medical Expense — To pay all reasonable **medical expenses** incurred within one year from the date of injury, to or for each **passenger** (excluding any **crew** unless the words "including **crew**" appear in item 3 of the Declarations) who sustains **bodily injury** caused by an **occurrence**, provided the **aircraft** is being used by or with the permission of the **named insured**.

III. PHYSICAL DAMAGE COVERAGES

Coverage F — Open Peril Basis Ground and Flight — To pay for any **physical damage loss** to the **aircraft**, including **disappearance** of the **aircraft**.

Coverage G — Open Peril Basis Not In Flight — To pay for any **physical damage loss** to the **aircraft** sustained while the **aircraft** is not **in flight** and which is not the result of fire or explosion following crash or collision while the **aircraft**

was in flight.

Coverage H — Open Peril Basis Not In Motion — To pay for any **physical damage loss** to the **aircraft** sustained while the **aircraft** is not **in motion** and which is not the result of fire or explosion following crash or collision while the **aircraft** was in motion.

IV. DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS

Coverages A, B, C, and D

The Company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the Company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the Company's liability has been exhausted by payment of judgments or settlements.

During such time as the Company is obligated to defend a claim or claims under the provisions of the preceding paragraph, the Company will pay with respect to such claim, in addition to the applicable limit of liability:

- (a) all expenses incurred by the Company, all costs taxed against the **insured** in any suit defended by the Company and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;
- (b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the **insured** because of an **occurrence** or violation of law or a regulation for civil aviation arising out of the use of the **aircraft**, not to exceed \$5,000 per bail bond, but the Company shall have no obligation to apply for or furnish any such bonds;
- (c) expenses incurred by the **insured** for first aid to others at the time of an accident, for **bodily injury** to which this policy applies;
- (d) all reasonable expenses incurred by the **insured** at the Company's request to assist the Company in the investigation or defense of the claim or suit, including actual loss of earnings up to \$250 a day because of time off from work.

V. DEPARTMENT OF DEFENSE INSURANCE REQUIREMENTS

Coverages A, B, C, and D

If the Company issues a Civil Aircraft Certificate of Insurance Form DD 2400, or any replacement thereof, as required by regulations of the U. S. Army, Navy or Air Force, then the insurance policy provisions required by the regulations shall be deemed to be incorporated herein and substituted for any policy provisions inconsistent therewith.

VI. POLICY PERIOD, TERRITORY

All Coverages

This policy applies only to **bodily injury** or **property damage** which occurs, and to **physical damage losses** to the **aircraft** which are sustained during the policy period, while the **aircraft** is within the United States of America, Canada, Mexico, the Bahamas and the Caribbean Islands or enroute between points therein.

Payment of **loss** under this policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

VII. TWO OR MORE AIRCRAFT

All Coverages

When two or more **aircraft** are insured under this policy, the terms of this policy shall apply separately to each.

SPECIAL INSURING AGREEMENTS

(APPLICABLE ONLY IF THE PURPOSE OF USE SHOWN IN ITEM 6 IS LIMITED TO PLEASURE AND BUSINESS)

I. TEMPORARY USE OF SUBSTITUTE AIRCRAFT

Coverages A, B, C, D and E

While the **aircraft** described in Item 4 of the Declarations is withdrawn from normal use because of its breakdown, repair, servicing, **loss** or destruction, such insurance as is afforded under Coverages A, B, C, D and E is extended to apply with respect to the use, by or on behalf of the **named insured** of any other aircraft not owned in whole or in part by the **named insured**, while temporarily used as a substitute therefore.

II. USE OF OTHER AIRCRAFT Coverages A, B, C, D and E

If the **named insured** is one individual or, one individual and spouse, such insurance as is afforded under Coverages A, B, C, D and E with respect to the **aircraft** described in Item 4 of the Declarations, is extended to apply with respect to the use, by or on behalf of the **named insured**, of any other **aircraft** not owned in whole or in part by, or furnished for regular use to, such **named insured** and spouse. The insurance provided by this agreement shall apply only to the **named insured** and spouse.

III. AUTOMATIC INSURANCE FOR NEWLY ACQUIRED AIRCRAFT All Coverages

If the **named insured** acquires ownership of an **aircraft** in addition to or replacement to the **aircraft** described in Item 4 of the Declarations and within thirty (30) days thereafter reports such acquisition to the Company, then the insurance afforded by this policy shall apply to such additional or replacement **aircraft** as of the time of such acquisition, provided that the Company insured all other **aircraft** owned in whole or in part by the **named insured** on such acquisition date. Unless the **named insured** and the Company agree otherwise the coverages and limits of liability with respect to said additional or replacement **aircraft** shall be:

- (a) As respects Liability Coverage and **medical expense** Coverage
 - (i) If an additional **aircraft**, the same coverages and limits of liability shall apply as the **aircraft** having the greatest total seating capacity, as described in Item 4 of the Declarations.
 - (ii) If a replacement **aircraft**, the same coverages and limits of liability as the **aircraft** being replaced.
- (b) As respects **physical damage** Coverage
 - (i) If an additional **aircraft**, the same coverages, insured value and deductible shall apply as the **aircraft** having the greatest total seating capacity, as described in Item 4 of the Declarations.
 - (ii) If a replacement **aircraft**, the same coverages, insured value and deductible as the **aircraft** being replaced.

In no event shall the Company be liable for more than the **named insured** paid for any newly acquired additional or replacement **aircraft**. The **named insured** shall pay any additional premium required because of the application of the insurance to such other **aircraft**.

EXCLUSIONS

1. This policy does not apply:
 - (a) To any **insured** while the **aircraft** is **in flight** with the knowledge and consent of such **insured** or of any executive officer, partner, or managing agent of such **insured** for any unlawful purpose, or any purpose not so designated in the Declarations.
 - (b) To **bodily injury** or **property damage** expected or intended from the standpoint of the **insured**. This exclusion (b) does not apply to **bodily injury** or **property damage** resulting from the use of reasonable force to protect persons or property, and to **bodily injury** or **property damage** resulting from efforts to prevent dangerous interference with the operation of the **aircraft**.
2. To any **insured** while the **aircraft** is **in flight** with the knowledge and consent of the **named insured**
 - (a) if piloted by other than the pilot or pilots designated in the Declarations; or
 - (b) if the Airworthiness Certificate of the **aircraft** is not in full force and effect.

Exclusion 2. (a) shall not apply while the **aircraft** is under the care, custody or control of a **Federal Aviation Administration (FAA)** approved repair station for the purpose of maintenance, repair or test flights.

Exclusion 2. (b) shall not apply while the **aircraft** is operated on a reposition, ferry or test flight provided a special permit

or waiver has been granted by a government aviation authority for such flights and such flights are for the sole purpose of reinstatement or renewal of the Airworthiness Certificate.

3. To any damages excluded by the Nuclear Risk Exclusion Clause below.

(a) This policy does not cover:

- (1) **loss** or destruction of or damage to any property whatsoever or any **loss** or expense whatsoever resulting or arising therefrom or any consequential **loss**.
- (2) any legal liability of whatsoever nature.

directly 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.
- (b) It is understood and agreed that such radioactive material or other radioactive source in paragraph (a) and (b) above shall not include:
- (1) depleted uranium and natural uranium in any form;
 - (2) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.
- (c) 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:
- (1) 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
 - (2) any person or organization is required to maintain financial protection pursuant to legislation in any country; or
 - (3) 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. 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 labor disturbances.
- (d) Any act of one or more person, 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, nationalization, 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 while the **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).

5. Under Coverages A, B, C, D and E

- (a) To any liability for which the **insured** is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - (1) that the **insured** would have in the absence of a contract or agreement; or
 - (2) assumed in an **insured contract**, provided the **bodily injury** or **property damage** occurs subsequent to the execution and prior to the termination of the **insured contract**.
- (b) To an **insured** under this policy who is also an **insured** under a contract of nuclear energy liability insurance issued by the Nuclear Energy Liability Insurance Association or the Mutual Atomic Energy Liability Underwriters and in effect at the time of the **occurrence** resulting in such injury, sickness, disease, death or destruction; provided, such contract of nuclear energy liability insurance shall be deemed to be in effect at the time of such **occurrence** notwithstanding such contract has terminated upon exhaustion of its limit of liability;
- (c) To claims directly or indirectly occasioned by, happening through or in consequence of:
 - (1) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
 - (2) pollution and contamination of any kind whatsoever,
 - (3) electrical and electromagnetic interference,
 - (4) interference with the use of property,

unless caused by a crash or collision of **aircraft** or a recorded **in flight** emergency causing abnormal **aircraft** operation. Additionally, the Company has no duty to investigate or defend claims excluded under this Exclusion (c), even when combined with a claim(s) otherwise covered by this policy, referred to below as "combined claims".

However, with respect to any such combined claims, the Company shall reimburse the **insured** for that portion of the following items which may be allocated to the claim or claims covered by this policy, subject to proof of loss and the limits of this policy:

- (1) damages awarded against the **insured**; and
 - (2) defense fees and expenses incurred by the **insured**.
- (d) To claims in respect of death, **bodily injury**, illness or disease to any person or persons and/or damage to or destruction of property caused by or resulting from the application of or use by the **insured** or his agent of all forms of fertilizers, fungicides, defoliants, herbicides, hormone selective weed killers, pesticides, insecticides and arsenical preparations or compounds or any other forms of chemical.
 - (1) Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this policy.
- 6. Under Coverages A, C and D**
- (a) To any obligation for which the **insured** or any carrier as his insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law;
 - (b) To **bodily injury** to any employee of the **named insured** arising out of and in the course of his employment by such **named insured**; but this exclusion (b) does not apply to liability assumed by the **named insured** under any **insured contract** that is a prerequisite for the use of and airport or airport facility;
 - (c) To **bodily injury** or death of any person who is a **named insured**.
- 7. Under Coverages B and D, to **property damage** to property owned, occupied, rented or used by the **insured** or in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control or transported by the **insured**.**
- 8. Under Coverages F, G and H**
- (a) to **loss** or damage to an **aircraft** due to conversion, embezzlement or secretion by any person or organization with

legal right to possession of such **aircraft** under bailment, lease, conditional sale, purchase agreement, mortgage or other legal agreement that governs the use, sale or lease of the **aircraft**, nor for any **loss** or damage during or resulting therefrom. This exclusion does not apply to **loss** or damage to such **aircraft** caused when a renter pilot, renting such **aircraft** pursuant to a rental agreement, converts, embezzles or secretes the **aircraft** while it is in the renter pilot's possession provided the **named insured** or the renter, lessor or owner of the **aircraft** are in no way associated with or a participant in such conversion, embezzlement or secretion and have no prior knowledge thereof and have not acquiesced therein;

(b) to **loss** or damage to tires except where such **loss** or damage is caused by fire, theft, windstorm or vandalism or is the direct result of **physical damage** covered by this policy;

(c) to **loss** or damage which is due and confined to:

(1) wear, tear, deterioration, freezing;

(2) any electrical malfunction or failure of any electronic component(s), accessory(ies), or electrically powered equipment;

(3) any mechanical, hydraulic, pneumatic, or structural malfunction or failure,

unless any such **loss** or damage in (1), (2) and (3) is the direct result of other **physical damage** covered by this policy.

Damage resulting from electrical malfunction or failure of an electrical component(s), accessory(ies), or electrically powered equipment is considered breakdown of the entire electrical system containing such electronic component(s), accessory(ies), or electrically powered equipment.

Damage resulting from the breakdown, failure or malfunction of any engine component, accessory or part is considered mechanical breakdown of the entire engine.

(d) to **loss** or damage to turbine **aircraft** engines and auxiliary power units insured under this policy if such damage is caused by:

(1) foreign objects unless a result of **ingestion**;

(2) heat or temperature change from the operation, attempted operation or shutdown of the engine;

unless any such **loss** or damage is the direct result of other **physical damage** covered by this policy.

LIMIT OF THE COMPANY'S LIABILITY

ALL COVERAGES

(Other Insurance)

Except with respect to insurance afforded by Special Insuring Agreements I and II and to insurance specifically purchased by the **insured** to apply in excess of this policy, if there is other insurance in the **insured's** name or otherwise, against **loss**, liability or expense covered by this policy, the Company shall not be liable under this policy a greater proportion of such **loss**, liability or expense than the applicable limit of the Company's liability bears to the total applicable limit of liability of all valid and collectible insurance against such **loss**, liability or expense. Insurance afforded by Special Insuring Agreements I and II shall be excess insurance over any other valid and collectible insurance available to the **insured**, either as **insured** under a policy applicable to the **aircraft** or otherwise and if such other insurance shall have been written through the Company as primary insurance then the company's limits of liability under this policy shall be reduced by the applicable limits of such other policy.

COVERAGES A, B, C AND D

(Total Liability)

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain **bodily injury** or **property damage**, (3) claims made or suits brought (related or otherwise) on account of **bodily injury** or **property damage**, or (4) **aircraft** to which this policy applies, the Company's liability is limited as follows:

Coverages A. The total liability of the Company for all damages, including all **related claims** and all damages, for care and loss of services, because of **bodily injury** sustained by any person as the result of any one **occurrence** will not exceed the limit of liability stated in the Declarations as applicable to Each Person. Subject to the above provision respecting Each Person, the total liability of the Company for all damages, including all **related claims** and all damages for care and loss of

services, because of **bodily injury** sustained by two or more persons as the result of any one **occurrence** shall not exceed the limit of liability stated in the Declarations as applicable to Each **Occurrence**.

Coverage B. The total liability of the Company for all damages because of all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of liability stated in the Declarations as applicable to Each **Occurrence**.

Coverages C. The total liability of the Company for all damages, including all **related claims** and all damages for care and loss of services, because of **bodily injury** sustained by any person as the result of any one **occurrence** will not exceed the limit of liability stated in the Declarations as applicable to Each Person. Subject to the above provision respecting Each Person, the total liability of the Company for all damages, including all **related claims** and all damages for care and loss of services, because of **bodily injury** sustained by two or more persons as the result of any one **occurrence** shall not exceed the limit of liability stated in the Declarations as applicable to Each **Occurrence**.

Coverage D. The total liability of the Company for all damages, including all **related claims** and all damages for care and loss of services, because of **bodily injury** or **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of liability stated in the Declarations as applicable to Each **Occurrence**.

And further provided that if the Declarations are completed to show "**passenger** liability limited internally to", the total liability of the Company for all damages, including all **related claims** and all damages for care and loss of service because of **bodily injury** to **passengers** and **crew** shall not exceed:

- (a) as respects any one **passenger** or **crew** member, the amount stated in the Declarations as applicable to Each Person.
- (b) as respects two or more **passengers** or **crew** members, subject to the above provisions respecting any one **passenger** or **crew** member, the amount stated in the Declarations as applicable to Each Person multiplied by the total number of **passenger** and **crew** seats as stated in Item 4 for the **aircraft** involved, but in no event shall the Company's Liability for all **bodily injury** (including **passenger bodily injury**) and **property damage** exceed the limits stated in the Declarations as applicable to Each **Occurrence**.

For the purpose of determining the limit of the Company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

COVERAGES A, B, C and D (Severability of Interests)

The insurance afforded applies separately to each **insured** against whom claim is made or suit is brought, except with respect to the limits of the Company's liability.

COVERAGE E (Total Liability)

The limit of liability stated in the Declarations as applicable to Each Person is the limit of the Company's liability for all expenses incurred by or on behalf of each person who sustains **bodily injury** in any one **occurrence**; the limit of liability stated in the Declarations for Coverage E as applicable to Each **Occurrence** is, subject to the above provision respecting each person, the total limit of the Company's liability for all expenses incurred by or on behalf of two or more persons who sustain **bodily injury** in any one such **occurrence**.

COVERAGES F, G and H (Total Liability)

With respect to **total loss**, the Company will pay the insured value of the **aircraft**, as stated in the Declarations, subject to any applicable deductible.

With respect to **partial loss**, the Company may pay for the least expensive and most reasonable means to repair the **aircraft** or may pay for the **loss** in money, subject to any applicable deductible, as hereinafter provided:

1. If repairs are made by other than the **named insured**, the total of the following:
 - (a) cost to repair the damaged property with material of like kind and quality (excluding any charges for overtime);
 - (b) cost of the least expensive and most reasonable method of transporting new and/or damaged parts and/or the damaged **aircraft** to the place of repair and the return of the repaired **aircraft** to the place where the **loss** occurred

or the place where the **aircraft** is regularly based, whichever is nearer;

2. If repairs are made by the **named insured**, the total of the following:
 - (a) actual cost to the **insured** of material of like kind and quality;
 - (b) actual wages paid for labor, excluding any overtime;
 - (c) 150% of item (b) in lieu of overhead and supervisory services;
 - (d) cost of the least expensive and most reasonable method of transporting new and/or damaged parts and/or the damaged **aircraft** to the place of repair and the return of the repaired **aircraft** to the place where the **loss** occurred or the place where the **aircraft** is regularly based, whichever is nearer.

With respect to any **partial loss** or **total loss**:

1. the amount due under this policy shall not exceed the amount due were the loss payable as a **total loss**;
2. any salvage value remaining shall inure to the benefit of the Company and the **named insured** shall provide clear title thereto;
3. any equipment attached to the **aircraft**, even if subsequent to the effective date of coverage, shall be considered a part of the **aircraft**;
4. there shall be no abandonment of any damaged property without the consent of the Company.

If the **loss** is due to theft or **disappearance**, the Company shall have the right to return any found stolen property at any time prior to actual payment of the claim hereunder, with payment for any **physical damage** sustained thereto.

As available, the Company will pay for repair or replacement of like, kind and quality. The Company will not pay excess of like, kind and quality amounts for the cost of **betterment**.

DEFINITIONS

When appearing in this policy in bold face print:

1. **Aircraft** means the aircraft described in Item 4 of the Declarations (and when appropriate any **aircraft** qualifying under the provisions of Special Insuring Agreements I, II or III) including the propulsion system and equipment usually installed in the **aircraft** (1) while installed in the **aircraft**, (2) while temporarily removed from the **aircraft** and (3) while removed from the **aircraft** for replacement until such time as replacement by a similar item has commenced. **Aircraft** as defined also includes tools and equipment which are specially designed for the **aircraft** and which are ordinarily carried therein.
2. **Betterment** means improvement which would add value to the insured **aircraft**.
3. **Bodily injury** means physical injury sustained by any person, caused by an **occurrence** during the Policy period, including sickness, disease, mental anguish and death resulting therefrom.
4. **Charter/air taxi** means an **aircraft** used principally in the business of the **insured**, including passenger or freight carrying for hire or reward and **pleasure and business** uses, but excluding instruction of or rental to others.
5. **Commercial** means used principally in the business of the **insured**, including student instruction, passenger or freight carrying for hire or reward, rental to others for the purpose of **pleasure and business** and those uses defined under **pleasure and business**.
6. **Crew** means the pilot-in-command, co-pilot, flight engineer, flight attendant or anyone else who is in, on, or boarding the **aircraft** for assisting in the operation of the **aircraft**.
7. **Disappearance** means missing in flight and not reported for sixty (60) days after commencing a flight.
8. **Federal Aviation Administration (FAA)** means the duly constituted authority of the United States of America having jurisdiction over civil aviation, or its duly constituted equivalent in any other country.
9. **In flight** means, with respect to fixed wing **aircraft**, the time commencing with the actual takeoff run of the **aircraft** and continuing thereafter until it has completed its landing run; and if the **aircraft** is a rotorcraft, from the time the rotors start to revolve under power for the purpose of flight until they subsequently cease to revolve after landing; and if the **aircraft** is a balloon, while it is inflated or being inflated or deflated.
10. **In motion** means while the **aircraft** is moving under its own power or the momentum generated therefrom or while it is

in flight and, if the **aircraft** is a rotorcraft, any time that the rotors are rotating or while it is **in flight** and, if the **aircraft** is a glider or balloon, any time it is being transported, towed or while it is **in flight**.

11. Ingestion means damage to **aircraft** turbine engines or turbine auxiliary power units, if a part of the **aircraft**, caused by objects or substances not a part of the engine or its accessories, nor intended to be used in the engine, which occurs during the policy period and is the result of a single incident and of sufficient severity to require (or would require if its severity were known) immediate repair before further use.

12. Insured the unqualified word **insured** wherever used in this policy with respect to Coverages A, B, C and D, includes not only the **named insured** any person while using or riding in the **aircraft** and any person or organization legally responsible for its use, provided the actual use is with the express permission of the **named insured**. Except with respect to the **named insured** the provisions of this paragraph do not apply:

- (a) to any employee with respect to **bodily injury**, sickness, disease or death of another employee of the same employer injured in the course of such employment;
- (b) to any person or organization or to any agent or employee thereof (other than any employee of the **named insured** while acting in the course of his employment by the **named insured**):
 - (1) who manufactures, builds, sells or distributes aircraft, aircraft engines, aircraft components, aircraft accessories or fuel used in aircraft;
 - (2) who is engaged in the operation of an aircraft repair shop, aircraft sales agency, aircraft rental service, aircraft flying school, aircraft management service, aircraft aerial application service, aircraft inspection, appraisal; certification or examination service, **commercial** flying service, airline, airport, hangar, pilot training center or **charter** brokerage service;
 - (3) who is engaged in the activity of instruction, evaluation, examination or certification of any pilot or **crew** member or prospective pilot or **crew** member;
 - (4) who is charging a fee and/or receiving any remuneration or benefit for providing any type of service whatsoever in connection with the ownership, maintenance or use of any insured **aircraft**;
- (c) to any person or organization operating the **aircraft** under the terms of any rental agreement or training program which provides any remuneration to the **named insured** for the use of said **aircraft**;
- (d) to the owner or lessor, or any agent or employee thereof, of any **aircraft** which is the subject of the extended insurance provisions of Special Insuring Agreements.

13. Insured contract means:

- (a) Any contract which requires as a prerequisite of the use of an airport or airport facility the indemnification of a military or governmental authority, except in connection with work performed for the military or governmental authority;
- (b) that part of any contract or agreement pertaining to ownership maintenance or use of **aircraft** or **premises** under which any **insured** assumes the **Tort Liability** of another party to pay for **bodily injury** or **property damage** to a third person or organization.

Insured contract does not include that part of any contract or agreement:

- (a) with or for the benefit of any **passenger**, **crew** member or their heirs;
- (b) that pertains to major alteration or major repairs to **aircraft**, **aircraft** parts or accessories;
- (c) that pertains to the purchase or sale of **aircraft**, **aircraft** parts or accessories.

14. Loss means **physical damage**.

15. Medical expense means expenses for necessary medical, surgical, x-ray or dental services, including prosthetic devices, and necessary ambulance, hospital professional nursing and funeral services.

16. Mooring shall mean, while on water, a water alighting **aircraft** is anchored or moored, or during launching onto or hauling up therefrom (except under its own power or momentum).

17. Named insured means the person or organization named in Item 1 of the Declarations.

18. Occurrence means an accident, including continuous or repeated exposure to conditions, which results in **bodily injury**

or **property damage** during the policy period neither expected nor intended from the standpoint of the **insured**. In the event of continuing or progressively deteriorating damage over any length of time, such damage shall be deemed to be one **occurrence**, and shall be deemed to occur only when such damage first commences.

- 19. Partial loss** means any **physical damage loss** which is not a **total loss**.
- 20. Passenger** means any person in, on, or boarding the **aircraft** for the purpose of riding or flying therein or alighting therefrom after a flight or attempted flight therein, including **crew** member(s).
- 21. Physical damage** means direct and accidental physical **loss** of or damage to the **aircraft**, hereinafter called **loss**, but does not include loss of use or any residual depreciation or diminution in value (including loss of guaranty or warranty), if any, after repairs have been made.
- 22. Pleasure and business** means used in the business of the **insured** including personal and pleasure uses but excluding any operation for hire or reward. Cost reimbursement shall be included within the definition of **pleasure and business** provided that such cost reimbursement is limited to:
- (1) Fuel, oil, lubricants, and other additives
 - (2) Travel expenses of the **crew**, including food, lodging, and ground transportation
 - (3) Hangar and tie-down costs away from the **aircraft's** base of operation
 - (4) Insurance obtained for the specific flight
 - (5) Landing fees, airport taxes, and similar assessments
 - (6) Customs, foreign permit, and similar fees directly related to the flight
 - (7) **In flight** food and beverages
 - (8) **Passenger** ground transportation
 - (9) Flight planning and weather contact services
 - (10) An additional charge equal to 100% of the expenses listed in subparagraph (1) of this paragraph.
- 23. Premises** means such portions of airports as are designated and used for the parking or storage of **aircraft** exclusive of **premises** owned by, or leased for more than thirty (30) days to the **insured**.
- 24. Property damage**, means (a) physical injury to or destruction of tangible property which occurs during the policy period, including loss of use thereof at any time resulting therefrom, or (b) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an **occurrence** during the policy period.
- 25. Related claims** means all claims for care and loss of service, loss of society and consortium, mental anguish, emotional distress, loss of support, medical and funeral expenses, and any and all other damages from or arising out of **bodily injury** to any person or **passenger**. Notwithstanding anything to the contrary in the definition of **bodily injury**, the Company's liability and coverage for damages for both **bodily injury** and **related claims** are included and combined within the Each Person and Each **Occurrence**. Limits of Liability specified in the Declarations, as applicable, and there are no separate or additional Limits of Liability for **related claims**.
- 26. Tort liability** means a liability that would be imposed by law in the absence of any contract or agreement.
- 27. Total loss** means any **physical damage loss** for which the "cost to repair" when added to the "salvage value" (the value of the **aircraft** after **physical damage** and prior to repairs) equals or exceeds the Insured Value of the **aircraft** as set forth in Item 4 of the Declarations. **Disappearance** or theft of the entire **aircraft** shall be considered as a **total loss**.

CONDITIONS

APPLICABLE TO COVERAGES A, B, C AND D (BODILY INJURY AND PROPERTY DAMAGE)

1. ACTION AGAINST THE COMPANY

No person or organization has a right under this policy:

- (a) to join the Company as a party or otherwise bring the Company into a suit asking for damages from an **insured**;

(b) to sue on this policy unless all of its terms have been fully complied with.

A person or organization may sue the Company to recover on an agreed settlement or on a final judgment against an **insured** obtained after an actual trial; but the Company will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by the Company, the **insured** and the claimant or the claimant's legal representative. Service of process may be made on behalf of the Company. However, the Company does not waive its right to commence an action in any court of competent jurisdiction or to seek a transfer to another court as permitted by law.

2. FINANCIAL RESPONSIBILITY

If this policy is certified as proof of insurance under any governmental financial responsibility law applicable to **aircraft**, the Company will pay the minimum amounts required by that law which do not exceed the limit of liability of this policy. The **named insured** agrees to reimburse the Company promptly for any amounts the Company would not have had to pay were it not for this clause.

3. NOTICE OF OCCURRENCE, LOSS, CLAIM OR SUIT

(a) The **named insured** must see to it that the Company is promptly notified in writing at the nearest office, whose address is listed on the back of the policy cover, of an **occurrence** that may result in a claim. Notice shall include:

- (1) particulars sufficient enough to identify the **insured**;
- (2) how, when and where the **occurrence** took place;
- (3) the names and addresses of any injured persons and witnesses.

(b) If claim is made or suit is brought against the **insured**, the **named insured** must see to it that the Company receive prompt written notice of the claim or suit. The **named insured** and any other **insured** involved must:

- (1) immediately send the Company copies of any demands, notices, summonses or legal papers received in connection with the claim or suit;
- (2) authorize the Company to obtain records and other information;
- (3) cooperate with the Company in the investigation, settlement or defense of the claim or suit;
- (4) assist the Company, upon the Company's request, in the enforcement of any right against any person or organization which may be liable to the **insured** because of injury or damage to which the insurance may also apply.

(c) No **insureds** will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without the Company's consent.

4. SEVERABILITY OF INTEREST

Except with respect to the Limit of the Company's Liability and any rights and duties specifically assigned in this policy to the first **named insured**, this insurance applies:

- (a) as if each **named insured** were the only **named insured**;
- (b) separately to each **insured** against whom claim is made or suit is brought.

APPLICABLE TO COVERAGE E (MEDICAL EXPENSE)

5. ACTION AGAINST THE COMPANY

No person or organization has the right under this policy to sue on this policy unless all of its terms have been fully complied with and until thirty (30) days after the required proofs of claim have been filed with the Company.

6. MEDICAL REPORTS: PROOF AND PAYMENT OF CLAIM

(a) The injured person or someone on his or her behalf, as soon as practical after an accident, must give the Company written proof of claim and if requested by the Company:

- (1) provide his or her sworn-statement under oath;
- (2) authorize the Company to obtain medical reports and copies of records;

- (3) submit to physical examination by a physician selected by the Company, when and as often as the Company may reasonably require.
- (b) The Company may pay the injured person or any person or organization rendering the services and such payment:
 - (1) shall reduce the amount payable hereunder for the injury; and
 - (2) shall not constitute admission of liability by an **insured** or the Company.

APPLICABLE TO COVERAGES F, G, AND H (PHYSICAL DAMAGE)

7. ACTION AGAINST THE COMPANY AND PAYMENT OF LOSS

The Company does not have to pay, and the **named insured** does not have the right to sue on this policy, unless all of its terms have been fully complied with and until thirty (30) days after the required proofs of loss have been filed with the Company and the amount of loss is determined as provided by the policy, nor at all unless commenced within twelve (12) months after the date of the **loss**.

8. APPRAISAL OF LOSS

If the **named insured** and the Company fail to agree as to the amount of **loss**, each shall, upon written notice to the other, hire at its own expense an independent aircraft appraiser. The appraisers will then agree on a knowledgeable and neutral umpire. If they cannot agree on the umpire in fifteen (15) days, a Judge of the county of the pending appraisal will appoint the umpire. Agreement by any two of these three shall determine the amount of **loss**. The **named insured** and the Company will share the umpire's cost equally. But this clause shall not deprive or waive any rights of the Company.

9. AUTOMATIC REINSTATEMENT

In the event of **loss**, whether or not covered by this policy, the amount of insurance in respect to any **aircraft** shall be reduced as of the time and date of **loss** by the amount of such loss and such reduced value shall continue until repairs are commenced when the amount of insurance shall be automatically increased by the value of the completed repairs until the amount of insurance is fully reinstated or the policy has expired.

10. INSURED'S DUTIES WHEN LOSS OCCURS

When **loss** occurs, the **insured** shall:

- (a) take all reasonable precautions to protect the property or **aircraft** after an **occurrence**. The Company shall reimburse the **insured** all reasonable cost in affording such protection;
- (b) not abandon the property or **aircraft**;
- (c) immediately contact the Company and provide prompt written notice at the address appearing on the back of the policy cover, including the:
 - (1) time, place and description of events;
 - (2) description and location of the **aircraft**;
- (d) promptly report theft and vandalism to the Company and local police;
- (e) do nothing after the **loss** to harm the Company's rights of recovery against any person or organization;
- (f) allow the Company to inspect the property;
- (g) submit to examination under oath if requested by the Company;
- (h) allow the Company to inspect all **aircraft** records, pilot logbooks, repair and service invoices, sales receipts and any other pertinent records until settlement of the **loss**;
- (i) file proof of **loss** with the Company within sixty (60) days after the date of **loss**, in the form of a sworn statement to include:
 - (1) the interest of the **named insured** and of all others in the property affected;
 - (2) any encumbrances thereon;
 - (3) the actual cash value of the property at the time of the **loss**;

- (4) the amount, place, time and cause of such **loss**;
 - (5) the description and amounts of all other insurance covering such property;
- unless such time is extended in writing by the Company.

11. NO BENEFIT TO BAILEE

The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any carrier or bailee liable for **loss** to the **aircraft**.

APPLICABLE TO ALL COVERAGES

12. ASSISTANCE AND COOPERATION OF THE INSURED

The **insured** shall cooperate with the Company and, upon the Company's 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. The **insured** shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of an **occurrence**.

13. BANKRUPTCY

Bankruptcy or insolvency of the **insured** or of the **insured's** estate shall not relieve the Company of any of its obligations hereunder.

14. CANCELLATION

- (a) The first **named insured** shown in the Declarations may cancel this policy by mailing or delivering to the Company advance written notice of cancellation.
- (b) The Company may cancel this policy by mailing or delivering to the first **named insured** written notice of cancellation at least:
 - (1) ten (10) days before the effective date of cancellation if the Company cancels for non-payment of premium; or
 - (2) thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
- (c) The Company will mail or deliver notice to the first **named insured's** last mailing address known to the Company.
- (d) If this policy is cancelled, the Company will return any premium refund due. If the Company or cancels, the refund will be pro rata. If the first **named insured** cancels, the refund may be less than pro rata. The cancellation will be effective even if Company have not made or offered a refund. The Company shall not be liable for any return **physical damage** premium in respect to any **aircraft** on which a **total loss** has been paid.
- (e) If notice is mailed, proof of mailing will be sufficient proof of notice.

15. CHANGING THE POLICY

This policy contains all the agreements between the **named insured** and the Company concerning the insurance that is afforded. The first **named insured** shown in the Declarations is authorized to make changes in the terms of this policy with the Company's consent. This policy's terms can be amended or waived only by endorsement signed and issued by the Company and made a part of this policy.

16. EXAMINATION OF INSURED'S BOOKS AND RECORDS

The Company may examine and audit the **insured's** books and records as they relate to this policy at any time during the policy period and up to three (3) years afterward.

17. FRAUD OR MISREPRESENTATION

This policy shall be void if the **named insured** has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by the **named insured** touching any matter relating to this insurance or the subject thereof, whether before or after a **loss**.

18. INSPECTION AND SURVEYS

The Company has the right but are not obligated to:

- (a) make inspections and surveys at any time;
- (b) give the **named insured** reports on the conditions found;
- (c) recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And the Company does not warrant that conditions:

- (1) are safe and healthful;
- (2) comply with laws, regulations, codes or standards.

This condition applies not only to the Company, but also to any rating, advisory, rate service or similar organization that make insurance inspections, surveys, reports or recommendations.

19. NONRENEWAL

If the Company decides not to renew this coverage, the Company will mail or deliver to the first **named insured** shown in the Declarations written notice of the nonrenewal not less than thirty (30) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

20. PREMIUMS

The first **named insured** shown in the Declarations is responsible for the payment of all premiums.

21. REPRESENTATIONS

By accepting this policy, the **named insured** agrees:

- (a) the statements in the Declarations are accurate and complete;
- (b) those statements are based upon representations of the **named insured** to the Company;
- (c) the Company has issued this policy in reliance upon the **named insured's** representations

22. STATE STATUTES

If the terms of this policy are in conflict with or inconsistent with the statutes of any state where this policy is in effect, the Company will conform to those state statutes.

23. SUBROGATION

If the **insured** has rights to recover all or part of any payment the Company has made under this policy, those rights are transferred to the Company. The **insured** must do nothing after **loss** to impair them. At the request of the Company, the **insured** will bring suit or transfer those rights to the Company and do whatever else is necessary to secure such rights. The **insured** shall do nothing after a **loss** to prejudice such rights. This condition shall not apply with respect to Coverage E — **Medical Expense**.

24. TITLES OF PARAGRAPHS

The titles of the various paragraphs of this policy and amendments, if any, attached to this policy are inserted solely for reference and are not to be deemed in any way to limit or affect the provision to which they relate.

25. TRANSFER OF THE NAMED INSURED'S RIGHTS AND DUTIES UNDER THIS POLICY

The **named insured's** rights and duties under this policy may not be transferred without the Company's written consent except in the case of the death or bankruptcy of an individual **named insured**.

If such individual **named insured** dies or is adjudged bankrupt or insolvent, his or her rights and duties will be transferred to the **named insured's** legal representative but only while acting within the scope of duties as such. Until the **named insured's** legal representative is appointed, anyone having proper temporary custody of the **named insured's** property will have such **named insured's** rights and duties but only with respect to that property, but in no event for more than sixty (60) days following such death or adjudication.

26. VIOLATION OF STATUTE CLAUSE

If payment for a claim under this policy is in violation of any United States of America's economic or trade sanctions, including but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), then coverage for that claim shall be null and void.

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