



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AIRCRAFT PRODUCTS/COMPLETED OPERATIONS AND GROUNDING LIABILITY POLICY

PART II — POLICY PROVISIONS

The company issuing this policy is indicated on the Declarations Page and is herein called the Company.

The Company agrees with the **named insured** in Item 1 of the Declarations made a part hereof; and, in consideration of the payment of the premium and in reliance upon the statements in the Declarations and Application form; and, subject to the Limits of Liability, Insuring Agreements, Conditions, Exclusions and other terms of this policy:

1. COVERAGE A — BODILY INJURY OR 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 **bodily injury** or **property damage** to which this insurance applies, caused by an **occurrence** arising out of the **products hazard**, or the **completed operations hazard**.

2. COVERAGE B — GROUNDING LIABILITY

To pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages for the loss of use of completed **aircraft** occurring after delivery to and acceptance for flight operations by a purchaser or purchasers or operator or operators of such **aircraft**, and caused by a **grounding** following an **occurrence** arising out of the **products hazard**.

3. DEFENSE & SETTLEMENTS COSTS AND SUPPLEMENTARY PAYMENTS

That the Company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury**, **property damage** or loss of use, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigations and settlement of any claim or suit as it deems expedient.

But, the Company shall not be obligated to pay any claim or judgment, to defend any suit, or reimburse the **insured** for any expenses 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 in the defense of any suit including **allocated claims expenses** as defined in this policy; 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, 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 bonds to release attachment for an amount not in excess of the applicable Limit of Liability of this policy and all premiums on appeal bonds required in any such defended suit but without any obligation of the Company to apply for or furnish any such bonds;
- C) Expenses incurred by the **insured** for first aid costs to others at the time of an **occurrence** for **Bodily Injury** to which this policy applies;
- D) Reasonable expenses incurred by the **insured** at the Company's request, including actual loss of wages or salary (but not loss of other income) not to exceed \$100.00 per day, because of his attendance at hearings or trials at such request.

4. POLICY PERIOD

- A) Under Coverage A - **Bodily Injury** or **Property Damage** Liability - 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 occurs last;
- B) **Grounding** Liability - This policy applies only to **groundings** arising out of, resulting from or in connection with an **occurrence** during the Policy Period caused by the **products hazard**. The only such **occurrence** which applies is the last such **occurrence** prior to the FAA **grounding** order. **Grounding** coverage shall continue for as long as such **grounding** order shall apply, even if the policy has expired or is terminated.

5. POLICY TERRITORY

This policy applies to **occurrences** and **groundings** anywhere, but if claim is made or suit is brought elsewhere than within the United States of America, its territories or possessions, or Canada, the Company shall have the right but not the duty to investigate and settle such claims and to defend such suits. In any case in which the Company elects not to investigate, settle or defend, the **insured**, under the supervision of the Company, will make or cause to be made such investigation and defense as is reasonable and necessary, and subject to prior authorization by the Company, will effect to the extent possible, such settlements as the Company deems prudent. The Company shall reimburse the **insured** for the reasonable costs of such investigation and defense within the applicable Limits of Liability of this policy for the amount of such authorized settlements and defense expenses.

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").

DEFINITIONS

1. AIRCRAFT

"**Aircraft**" means a vehicle designed to be used primarily in the air and to be supported by the dynamic reaction of the air upon the vehicle's wings or rotorblades, and/or by the vehicle's buoyancy 'in the air. The term **aircraft** excludes **missiles**, **spacecraft** and **launch vehicles**.

2. AIRCRAFT PRODUCTS

"**Aircraft products**" means **aircraft**, **missiles**, **spacecraft**, or **launch vehicles**; and, any ground support or control equipment used therewith or any article furnished by the **insured** or its predecessors and installed therein or used in connection therewith, or for spare parts therefore, or tooling used for the manufacture thereof, including ground handling tools and equipment; and, also means training aids, instructions, manuals, blueprints, engineering or other data, and/or any article in respect of which engineering or other advice and/or services and/or labor have been given or supplied by the **insured** relating to **aircraft**, **missile**, **spacecraft** or **launch vehicle**, or any article thereof.

3. ALLOCATED CLAIMS EXPENSE

"**Allocated claims expense**" means all loss adjustment expenses that can be directly allocated to a specific claim including:

- A) Outside attorneys' fees

- B) Court expenses
- C) Surveys
- D) Disbursements made by the Company to a member company for use of their claim facilities.

Salaries and expenses of the staff and employees of Central Claim office of the Company are not included in subparagraph (D).

4. BODILY INJURY

"**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.

5. CURRENT MODIFICATION

"**Current modification**" means modification or changes in **aircraft products** which are intended to improve performance of an **aircraft** but which are not necessary to the airworthiness of the **aircraft** in which such **aircraft products** are installed.

6. COMPLETED OPERATIONS

"**Completed operations**" means work, including services and labor performed by the **named insured** in connection with **aircraft, missiles** or **spacecraft**. Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

- A) When all operations to be performed by or on behalf of the **named insured** under the contract have been completed;
- B) When all operations to be performed by or on behalf of the **named insured** at the site of the operations have been completed; or
- C) When the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or- subcontractor engaged for a principal as a part of the same project.

Operations which may require further service, maintenance, work, correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

7. COMPLETED OPERATIONS HAZARD

"**Completed operations hazard**" means **bodily injury** and **property damage** arising out of the **completed operations** or reliance upon a representation or warranty at any time with respect thereto, but only if the **bodily injury** or **property damage** occurs after such operations have been completed or abandoned and occurs away from premises **owned by** or rented to the **insured**. The **completed operations hazard** does not include **bodily injury** or **property damage** arising out of the existence of tools, uninstalled equipment or abandoned or unused materials.

8. 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 Federal Aviation Administration of the United States of America (FAA), Civil Aviation Authority of the United Kingdom (CAA), or similar civil airworthiness authority, because of an existing, alleged or suspected like defect, fault or condition affecting the safe operation of two or more like model **aircraft** and which arises out of, results from or is in connection with an **occurrence** arising out of the **products hazard**.

A **grounding** shall be deemed to commence from the effective date of the first such mandatory order and continues until the last such order relating to such existing, alleged or suspected like defect, fault or condition is withdrawn or becomes ineffective.

9. IN FLIGHT

An **aircraft** shall be deemed to be "**in flight**" from the start of its actual take-off run until it has completed its landing run, or in the case of a helicopter, from the time the rotors of the helicopter start to revolve preparatory to take-off until its rotors cease revolving after landing. A VTOL **aircraft** shall be deemed "**in flight**" from the time commencing when engine thrust is applied in attempting to lift the **aircraft** from a supporting surface and continuing thereafter until the **aircraft** is again returned to the condition of being supported by a surface. A **spacecraft** and/or a **launch vehicle** shall be deemed to be "**in flight**" from the moment of ignition of the propulsion motors for launch into space and continues until contact with the surface of the Earth, including up to completion of its landing operation.

10. INSURED

The unqualified word "**insured**" includes the **named insured** and also includes any partner, executive officer, director, employee, stockholder or agent thereof, while acting within the scope of his duties as such.

Such insurance as is afforded any employee other than an executive officer, of the **insured** by virtue of this paragraph (11) shall not apply to **bodily injury** sustained by another employee of the same **insured** in the course of or arising out of his employment by such **insured**.

The first **insured** named in Item 1 of the Declarations shall be liable to the Company for the payment of the Policy Premium and shall alone be entitled to receive any return premium due from the Company. Every notice required or permitted by this policy to be given to or by the **insured** shall be sufficient if given to or by the first **insured** named in Item 1 of the Declarations.

No person or organization is an **insured** with respect to the:

- a. ownership, maintenance or use of any assets; or
- b. conduct of any person or organization whose assets, business or organizations; the **named insured** acquires, either directly or indirectly, for any;
- c. **bodily injury** or **property damage** that occurred.

in whole or in part, before the **named insured**, directly or indirectly, acquired such assets, business or organization.

11. LAUNCH VEHICLE

"**Launch vehicle**" means a manned or unmanned rocket powered vehicle (including parts detached while **in flight**) used to propel **spacecraft** into space and/or orbit. **Launch vehicles** exclude **aircraft** and **missiles**. The NASA Space Shuttle is deemed to be a **launch vehicle**.

12. MILITARY

"**Military**" as applied to **aircraft products** means such products while owned or used by or in the possession of the armed services of the United States or of the armed services of any foreign government; provided that an **aircraft** product injured or destroyed while leased or chartered to the armed services of the United States or of any foreign government shall be deemed not to be a **military aircraft** product. It is agreed that this insurance does not apply to nor does the premium charge contemplate loss of or damage to property of the United States Government resulting from any defects or deficiencies in the **insured's** products and occurring after final acceptance thereof by the United States Government, if such **named insured's** products are delivered under any procurement contract with the United States Government incorporating the clauses 52.245-23 (a) or 52.246-23 (b) prescribed by paragraph 46-805 of the Federal Acquisition Regulations or by paragraph 1-330 of Defense Acquisition Regulations, its earlier provision the Armed Services Procurement Regulations, or similar provisions as included in the Armed Services Procurement Regulations.

13. MINOR ALTERATIONS

"**Minor alterations**" means an alteration having no appreciable affect on the weight, balance, structural strength, powerplant operations, flight characteristics or other characteristics affecting the airworthiness of any **aircraft**.

14. MISSILE

"Missile" shall mean a vehicle other than an **aircraft**, **spacecraft**, or **launch vehicle**, which is designed to operate through the air and/or space and whose path and direction is guided during part or all of its flight by a partly or completely self-contained electronic, celestial, inertial or other remote or internal guidance system.

After 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 the 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 in the possession or control of the **insured** (except when such missile is being transported by others) until such missile again arrives at a launching site or the **insured** surrenders possession of such missile to a person or organization who is not an **insured** under this policy.

15. NAMED INSURED

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

16. OCCURRENCE

"**Occurrence**" means an accident, including injurious exposure to conditions (other than **grounding**) which arises out of the **products hazard** or **Completed operations** hazard and which results during the Policy Period in **bodily injury** or **property damage** not intended or expected. A series of accidents or **occurrences** following as a consequence of one **occurrence**, shall, with such **occurrence**, be deemed to be one **occurrence**.

17. OWNED BY

With respect to any **aircraft** product to which an **insured** has retained title pursuant to —

- A) a conditional sales contract, chattel mortgage or similar lien,
- B) a lease agreement, or
- C) a consignment agreement or similar contract of bailment.

18. PRODUCTS HAZARD

"**Products hazard**" means the handling or use of (other than by an **insured**) or the existence of any condition in an **aircraft** product when such **aircraft** product -

- A) is not in the possession of the **insured**, and
- B) is away from premises owned, rented or controlled by the **insured**.

With respect to Coverage A - **Bodily Injury** or **Property Damage** Liability - Condition (B) this paragraph (19) does not apply to a completed **aircraft** or any **aircraft** product forming a part thereof. With respect to Coverage B - **Grounding** Liability Conditions (A) and (B) of this paragraph (19) do not apply to a completed **aircraft** or any **aircraft** product forming a part thereof.

19. PROPERTY DAMAGE

"**Property Damage**" means accidental physical injury to or destruction of tangible property including the resultant loss of use of such injured or destroyed property.

20. ROUTINE MAINTENANCE

"**Routine maintenance**" means simple or minor preservation operations including but not limited to the adjustment of rigging and clearances, and the replacement of small standard parts not involving complex assembly operations.

21. SPACECRAFT

"**Spacecraft**" means a **spacecraft**, satellite, spaceship, space station (or a **launch vehicle** for such **spacecraft**) designed to travel to, in, or from and operate primarily in space (including parts thereof detached **in flight**). The term **spacecraft** excludes **aircraft** and **missiles**.

EXCLUSIONS

THIS POLICY DOES NOT APPLY:

I. UNDER COVERAGES A AND B:

1. To liability assumed by the **insured** under any contract or agreement except:
 - A) A warranty of fitness or quality of the **named insured's aircraft products** or a warranty that work performed by or on behalf of the **named insured** will be done in a work-man like manner; or
 - B) Liability assumed by the **named insured** under a written contract executed during the Policy Period provided such contract is -
 - i) reported to the Company within thirty (30) days after its execution and the **insured** shall pay premium as determined by the Company; and,
 - ii) not rejected by the Company by the mailing to the **named insured** at the address shown in Item 1 of the Declarations in written notice stating when not less than ten (10) days thereafter such written contract is excluded from this policy.
2. To **bodily injury, property damage** or loss of use intentionally caused by the **insured**.

II. UNDER COVERAGE A:

1. To any obligation for which any **insured** or any carrier as his Insurer may be held liable under any Workers Compensation Law, Unemployment Compensation or Disability Benefits Law or under any similar law, or to **bodily injury** to any employee of the same **insured** arising out of and in the course of his employment by such **insured**, nor to any obligation of any **insured** to share damages or repay another by way of indemnity, contribution, apportionment or otherwise as a consequence of such injury;
2. To liability arising out of the handling or use of, or the existence of any condition in any **aircraft product owned by**, loaned to, or, except with respect to **aircraft products** covered under Coverage B - "**Grounding Liability**", in possession or control of, or **in flight** by or on behalf of the **insured**;
3. To **property damage** to any **military aircraft** product out of which the accident arises, or any **military aircraft** of which such **aircraft** product is a part, nor to any claim brought by the Owner and/or Operator of the said **military aircraft** product in respect of property and/or equipment and/or fittings carried in or on such **military aircraft** nor to any expenses incurred incidental to or resulting from the replacement, repair or loss of use of such **military aircraft** and/or property and/or equipment and/or fittings;
4. To **property damage** to:
 - i) any **spacecraft** or any article or product furnished for, used in connection with, relating to, or installed in any **spacecraft**, whether partially or fully completed,
 - ii) any **spacecraft** belonging to a third party, whether partially or wholly completed, after such **spacecraft** has been delivered to a launch site;
5. To **property damage** to any **launch vehicle**;
6. To liability with respect to which insurance is or can be afforded under Coverage B, or, (except with respect to an **aircraft** which has made an emergency landing,) to loss of use of any **aircraft** which has not been physically injured or destroyed;
7. To **property damage** to work performed by or on behalf of any **insured** arising out of the work or any portion thereof; or out of materials, parts or equipment furnished in connection therewith;
8. To damages claimed for withdrawal, inspection, repair, replacement, modification, loss of use or restricted use of **aircraft products** or work completed by or for any **named insured** or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use or subject to restricted use because of any known or suspected defect or deficiency therein;

9. To **property damage** to property owned, rented, leased, occupied or used by or in the care, custody or control of any **insured** at the time of the **occurrence** causing injury to or destruction of such property; or, to property while being maintained, repaired or serviced by the **insured**;
10. To injury to or destruction of property or any **aircraft** product including loss of use thereof, resulting from:
 - i) a delay in or lack of performance by or on behalf of the **named insured** in any contract or agreement; or,
 - ii) the failure of any product furnished by the **insured** or work performed by or for the **insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **insured**;But this exclusion does not apply to physical injury to or destruction of tangible property, or to the loss of use consequent thereon or costs and expenses associated therewith resulting from (i) or (ii) as above;
11. To damages claimed for infringement of any patent, copyright, tradename or trademark;
12. To liability imposed upon the **insured** solely by reason of its ownership of an **aircraft** product.

III. UNDER COVERAGE B: •

1. To any **military aircraft** product, or to any **spacecraft**, or **launch vehicle**; whether partially or wholly completed;
2. To the loss of use of any **aircraft** while withdrawn from service for the primary purpose of maintenance, **routine maintenance**, overhaul, alteration, or current or minor modification of the **aircraft** or parts thereof;
3. To the loss of use of any **aircraft** caused by the culpable failure of the **insured** to perform any obligation with respect to making available or delivering **aircraft products** to the purchaser or operator of such **aircraft**;
4. To the loss of use of any **aircraft** occurring during the period that the **insured** does not use reasonable diligence without cost to the Company, to correct or eliminate the cause of the loss of use;
5. To costs incurred for the correction or elimination of the cause of **grounding**;
6. To loss of use of any **aircraft** occurring during the period that facilities normally available to the **insured** for the correction and elimination of the cause of the loss of use cannot be made available to the **insured**;
7. To any **aircraft** which is required by its manufacturer, the FAA, CAA or similar civil airworthiness authority to be removed from part of or all flight operations due to a certificate of airworthiness being withdrawn or modified due to such **aircraft's** safe operational life having been reached or exceeded.

IV. THIS POLICY DOES NOT APPLY UNDER ANY COVERAGE

A) NOISE, POLLUTION AND OTHER PERILS EXCLUSION CLAUSE

1. This Policy does not cover 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, other than pollution and contamination of a covered **aircraft** product sold or supplied,
 - 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 the Company to investigate or defend claims, such provision shall not apply and the Company shall not be required to defend
 - a) claims excluded by Paragraph 1 above, or,
 - b) a claim or claims covered by the policy when combined with any claims excluded by Paragraph 1 above (referred to below as "Combined Claims").

3. In respect of any Combined Claims; the Company 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) defense fees and expenses incurred by the **insured**.
4. Nothing herein shall override any radioactive contamination or other exclusion attached to or forming part of this Policy.

B) NUCLEAR ENERGY LIABILITY EXCLUSION

It is agreed that the policy does not apply:

1. Under any Liability Coverage, to **bodily Injury** or **property damage** -
 - a) With respect to which an **insured** under the policy is also an **insured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Underwriters, or Nuclear Insurance Association of Canada, or would be an **insured** under any such policy but for its termination upon exhaustion of its limits of liability; or
 - b) Resulting from the **hazardous properties** or **nuclear material** and with respect to which (i) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (ii) the **insured** is, or had this policy not been issued would be entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
2. Under any medical payments coverage, or under any supplementary payments provision relating to first aid, to expenses, incurred with respect to **bodily Injury** resulting from the **hazardous properties** of **nuclear material** and arising out of the operation of a **nuclear facility** by any person or organization.
3. Under any Liability Coverage, to **bodily Injury** or **property damage** resulting from the **hazardous properties** of **nuclear material**, if —
 - a) The **nuclear material** (a) is at any **nuclear facility owned by**, or operated by or on behalf of an **insured**, (b) has been discharged or dispersed therefrom;
 - b) The **nuclear material** is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of any **insured**; or
 - c) The **bodily Injury** or **property damage** arises out of the furnishing by an **insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **nuclear facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to **property damage** to such **nuclear facility** and any property thereat.
4. As used herein:

"**hazardous properties**" include radioactive, toxic or explosive properties;

"**nuclear material**" means source material, special **nuclear material** or by-product material;

"**source material**," "**special nuclear material**," and "**by-product material**" have the meanings given them in the Atomic Energy Act of 1954 or in law amendatory thereof;

"**spent fuel**" means any fuel element of fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

"**waste**" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any **nuclear facility** included within the definition of **nuclear facility** under paragraph (a) or (b) thereof;

"nuclear facility" means -

- a) Any nuclear reactor;
- b) Any equipment or device designed or used for
 - i) separating the isotopes of uranium or plutonium,
 - ii) processing or utilizing spent fuel,
 - iii) handling, processing or packaging waste;
- c. Any equipment or device used for the processing, fabricating or alloying of special **nuclear material** if at anytime the total amount of such material in the custody of the **insured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"nuclear reactor" means. any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"property damage" includes all forms of radioactive contamination of property.

CONDITIONS

1. LIMITS OF LIABILITY

The insurance afforded by this policy for more than one **insured** shall not operate to increase the limit of the Company's liability, but otherwise shall not operate to limit or void the coverage of any one **insured** as respects claims against the said **insured** by any other **insured** or the employees of any such other **insured**.

Regardless of the number of: (a) **insureds** under this policy, (b) persons or organizations who sustain **bodily injury, property damage** or **groundings**; or, (c) claims made or suits brought on account of **bodily injury, property damage** or a **grounding**, the Company's liability is limited as follows to the amounts specified in Item 3 of the Declarations page.

COVERAGE A — Bodily Injury and Property Damage Liability

The total liability of the Company for all damages because of all **bodily injury** and all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the combined single limit of liability stated in the Declarations as applicable to each **occurrence**, and in the annual aggregate.

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

COVERAGE B — Grounding Liability

The total liability of the Company for all damages sustained by one or more persons or organizations as the result of any one **grounding** shall not exceed the limit of liability stated in the Declarations as applicable to each **grounding**, and in the annual aggregate.

COVERAGES A & B COMBINED

The total liability of the Company for all damages under Coverages A and B combined, shall not exceed the annual aggregate limit of liability stated in the Declarations.

2. INSURED'S CONTRIBUTION

- A) Under Coverage A the **insured** shall first bear the Deductible Amount shown in Item 4 of the Declarations for **property damage** to an **aircraft** product caused by an **occurrence**;
- B) Under Coverage B, the **insured** shall pay the percent shown in Item 4 of the Declarations for each **grounding**, including the **allocated claims expenses** therefore. The Company may pay any part of the **insured's** contribution in order to effect settlement of any claim or suit; and, upon notice to the **insured**, the **insured** shall reimburse the Company for such part of the **insured's** contribution as had been paid by the Company.

C. The terms of this policy, including those with respect to notice of **occurrence** or **grounding** and the Company's right to investigate, negotiate or settle any claim or suit apply irrespective of the **insured's** contribution towards any claim and expenses.

3. OTHER INSURANCE

If there is any other insurance against a loss covered by the policy, the insurance under this policy shall be excess insurance over any other valid and collectible insurance available to the **insured**; provided however, that as to any insurance specifically arranged to provide excess insurance over the insurance afforded under this policy, this insurance shall be primary insurance.

4. NOTICE OF OCCURRENCE OR GROUNDING

When an **occurrence** or **grounding** likely to give rise to a claim hereunder occurs, written notice shall be given by or on behalf of the **insured** to the Company as soon as practicable after such **occurrence** or **grounding** becomes known to any person or persons charged with administration of the **insured's** insurance program. Such notice shall contain particulars sufficient to identify the **insured** and also reasonably obtainable information respecting the time, place and circumstances of the **occurrence** or **grounding**, the names and addresses of the injured and available witnesses.

5. 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 Company's Authorized Representative or the Company every demand, notice, summons or other process received by him or his representative.

6. ASSISTANCE AND CO-OPERATION 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 reward, payment, assume any obligation or incur any expense or prejudice himself or the Company's rights or recovery.

7. ACTION AGAINST THE COMPANY

No action shall lie against the Company 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 by written agreement of the **insured**, the claimant and the Company. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against the **insured** to determine the **insured's** liability.

Bankruptcy or insolvency of the **insured** shall not relieve the Company of any of its obligations under this policy.

8. INSPECTIONS

Subject to security regulations of the United States Government, the Company or their representatives shall be permitted to inspect the **insured's** premises and operations and to examine and audit the **insured's** books and records at any time during the policy period and any extension thereof, and within three (3) years after final termination of this policy, as far as they relate to the premium basis or the subject matter of this insurance; or, with respect to a claim, until settlement of such claim.

9. ACTION AGAINST THE NAMED INSURED

The Company shall have the power to institute and maintain suits in its own name against the **named insured** herein for non-payment of premiums or for breach of any other obligations arising from or by reason of this insurance, and any judgment so obtained or release or receipt of the Company shall be binding on the Company.

10. SUBROGATION

In the event of any payment under this policy, the Company shall be subrogated to all the **insured's** rights of recovery therefore against any person or organizations and the **insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **insured** shall do nothing after loss to prejudice such rights.

11. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop the Company from asserting any right under the terms of this policy, nor shall the terms of the policy be waived or changed, except by endorsement issued and signed by the Company to form a part of this policy.

12. ASSIGNMENT

Assignment of interest under this policy shall not bind the Company until their consent is endorsed hereon by the Company.

13. CANCELLATION

This policy may be cancelled by the **named insured** by mailing to the Company, written notice stating when thereafter such cancellation shall be effective. This policy may be cancelled by the Company, by mailing to the **named insured** at the address shown in this policy written notice stating when not less than thirty (30) days (except 10 days for non-payment of premium) thereafter such cancellation shall be effective. Proof of mailing such notice shall be sufficient proof of notice, and, the effective date and hour of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice either by the **named insured** or the Company shall be equivalent to mailing.

If the **named insured** cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effective and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Company's check or the check of their representative mailed or delivered as aforesaid shall be sufficient tender of any refund of premium due to the **named insured**.

14. CONFLICTING STATUTES

The terms of this policy which are in conflict with the statutes of the State wherein the **insured** has its principal place of business as set forth in the Declarations are hereby amended to conform to such statutes.

15. INADVERTENT ERRORS OR OMISSIONS

Except with respect to the report of contracts required under subparagraph "B" of Exclusion "1", inadvertent errors, omissions or failure to give notice to the Company as herein required shall not relieve the Company of liability under this policy, provided that such error or omission shall be corrected as soon as discovered.

16. DECLARATIONS

By acceptance of this policy the **insured** agrees that the statements in the Declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing directly between himself and the Company relating to this insurance.

Witness Whereof, the company issuing this policy has caused this policy to be signed by its authorized officers, this policy shall not be valid unless also signed by a duly authorized representative of the company.