

## AVIATION POLICY POLICY PROVISIONS FORM

Catlin Insurance Company as shown on the Declarations Page (hereinafter called the Company), in consideration of payment of the premium and in reliance upon the statements in the Declarations and subject to the Limits of Liability, Exclusions, Conditions and all other terms of the Policy, agrees with the **Named Insured** identified in the Declarations Page herein as follows:

### INSURING AGREEMENTS

#### I. LIABILITY COVERAGES

Coverage A — **Bodily Injury Excluding Passengers** — 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** — 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 **passenger**,

Coverage D — Single Limit **Bodily Injury and 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** sustained by any person (excluding any **passenger** unless the words "Including Passengers" appear in Item 4 of the Declarations) and **Property Damage**, caused by an **occurrence** during the policy period and arising out of the ownership, maintenance or use of the **aircraft**; Coverages A, B and D shall also apply to an **occurrence** 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 expense** incurred within one year from the date of injury, to or for each **passenger** who sustains **Bodily Injury** caused by an **occurrence** during the policy period, provided the **aircraft** is being used by or with the express permission of the **Named Insured**.

#### III. PHYSICAL DAMAGE COVERAGES

Coverage F — All Risk Basis — To pay the **Named Insured** and/or Loss Payee(s) named in this policy as their interests might appear for any **Physical Damage** to or loss of the **aircraft**, including **disappearance** of the **aircraft**.

Coverage G — All Risk Basis Not In Motion — To pay the **Named Insured** and/or Loss Payee(s) named in this policy as their interests might appear for any **Physical Damage** to or loss of 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** which occurred during the policy period, even if any of the allegations of the suit are groundless, false or fraudulent. It may make such investigation and settlements 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 settlements, tendered into Court of Law, or payment of judgments.

During such times 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 claims, in addition to the applicable limits 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 accruing after judgment upon that portion of the judgment falling within the Policy limits 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 \$250 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, other than for loss of earnings or for wages or salaries of employees of the **Insured**.

## V. UNITED STATES NAVY AND AIR FORCE INSURANCE REQUIREMENTS

Coverages A, B, C and D — If a Certificate of Insurance is issued by the **Aviation Managers** as required by United States Navy OPNAV Form 3770 or United States Air Force Regulation 55-20 or any replacement of either, then the insurance policy provisions required by such regulation shall be deemed to be incorporated herein and substituted for any policy provision 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 or Mexico, or while being transported between parts thereof.

## 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 7 IS LIMITED TO **PLEASURE AND BUSINESS**)

#### I. TEMPORARY USE OF SUBSTITUTE AIRCRAFT

Coverages A, B, C, D and E — Solely with respect to the liability of the **Named Insured**:

While an **aircraft** described in Item 5 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** bearing a "Standard" airworthiness certificate, not owned in whole or in part by the **Named Insured**, while temporarily used as a substitute therefore.

In the event that the **aircraft** has a **passenger** capacity greater than that of any **aircraft** listed in the Declarations, then the Company's liability under Coverage D for **passenger** claims shall be determined in accordance with the provisions of the "Limit of Company's Liability" section of this policy, as if the **aircraft** involved had the same seating capacity as that **aircraft** listed in the Declarations which has the greatest seating capacity.

#### 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 5 of the Declarations is extended to apply with respect to the use, by or on behalf of the **Named Insured**, of any other **aircraft** bearing a "Standard" airworthiness certificate 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. In the event that the **aircraft** has a **passenger** capacity greater than that of any **aircraft** listed in the Declarations, then the Company's liability under Coverage D for **passenger** claims shall be determined in accordance with the provisions of the "Limit of Company's Liability" section of this policy as if the **aircraft** involved had the same seating capacity as that **aircraft** listed in the Declarations which has the greatest seating capacity.

#### III. AUTOMATIC INSURANCE FOR NEWLY ACQUIRED AIRCRAFT

Coverage A, B, C, D and E — If the **Named Insured** acquires ownership of an **aircraft** having a Standard Airworthiness Certificate in addition to the **aircraft** described in Item 5 of the Declarations and within thirty days thereafter reports such acquisition to the **Aviation Managers**, then the insurance afforded by Coverages A, B, C, D and E shall apply to such additional **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 pertaining to said additional **aircraft** shall be the same as is provided for that **aircraft** which is described in Item 5 of the Declarations having the greater **passenger** carrying capacity. The **Named Insured** shall pay any additional premium required because of the application of this insurance to such other **aircraft**. All coverages provided by this Agreement shall cease to apply upon expiration of the policy to which it is attached.

## EXCLUSIONS

This policy does not apply:

1. 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 designated in the Declarations.
  2. To any **Insured** while the **aircraft** is **in flight**
    - (a) if piloted by other than the pilot or pilots designated in the Declarations;
    - (b) if piloted by a pilot not properly certificated, qualified and rated under the current applicable Federal Air Regulations for the operation involved, whether or not said pilot is designated in the Declarations;
    - (c) if the Airworthiness Certificate of the **aircraft** is not in full force and effect;
    - (d) if the **aircraft** has not been subjected to appropriate airworthiness inspection(s) as required under current applicable Federal Air Regulations for the operation involved.
  3. To any loss, injury or damage arising from war, invasions, civil war, revolution, rebellion, insurrection or warlike operations, whether there be a declaration of war or not.
  4. To any loss or damage due to radioactive contamination.
  5. Under Coverages A, B, C, D, and E
    - (a) to liability assumed by the **Insured** under any contract or agreement, but this exclusion does not apply to the assumption by the **Named Insured** of the liability of others for **Bodily Injury** or **Property Damage** in any written hold harmless agreement required by a military or governmental authority as a prerequisite to the use of an airport or an airport facility;
    - (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) (i) 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.
    - (ii) 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:
      1. claims excluded by paragraph (c) (i) or
      2. a claim or claims covered by the policy when combined with any claims excluded by paragraph (c) (i) referred to below as "Combined Claims".
    - (iii) 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 claim or claims covered by the 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 of any person or persons and/or damage to or destruction of property caused by or resulting from the use by the **Insured** or his agent of any forms of chemical dispersed from the **aircraft**.
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 worker's 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**;

- (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, or in the care, custody or control of the **Insured** or carried in or on any **aircraft**, but this exclusion does not apply, as respects the **Named Insured**, to:
- (a) damages not exceeding \$500 for damage or loss of the personal effects and baggage of any guest **passenger** in any one **occurrence**; or
  - (b) damages not exceeding \$1,500 any one **occurrence** for damage to hangars not owned by the **Named Insured**.
8. Under Coverages F and G
- (a) to loss or damage due to conversion, embezzlement or secretion by any person in possession of the **aircraft** under a bailment, lease, rental agreement, conditional sale, purchase agreement, mortgage or other encumbrance, nor for any loss or damage during or resulting therefrom;
  - (b) to wearing apparel and other personal effects;
  - (c) to loss or damage which is due and confined to wear and tear, deterioration, freezing, mechanical, hydraulic, pneumatic, structural or electrical breakdown or failure, or to tires unless damaged by fire or stolen, unless any such loss or damage is the direct result of other **Physical Damage** covered by this policy;
  - (d) to loss or damage arising from capture, confiscation, seizure, arrest, restraint or detention or the consequences thereof or of any attempt thereat, or any taking of the property **Insured** or damage to or destruction thereof by any government or governmental authority or agent (whether secret or otherwise) or by any military, naval or usurped power, whether any of the foregoing to be done by way of requisition or otherwise and whether in time of peace or war and whether lawful or unlawful;
  - (e) damage to turbine engines caused by excessive heat which results from operations, attempted operation or shutdown of the engine.

#### LIMIT OF 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 **Named 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 for 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 **Aviation Managers** 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 on account of **Bodily Injury** or **Property Damage**, or (4) **aircraft** to which this policy applies, the Company's liability is limited as follows:

Coverage A and C. The total liability of the Company for all damages, including damages for care and loss of services, because of **Bodily Injury** sustained by any person as the result at any one **occurrence** shall 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 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**".

Coverage D. The total liability of the Company for all damages, including 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 to**", the total liability of the Company for all damages, including damages for care and loss of services because of **Bodily Injury** to **passengers** shall not exceed:

- (a) as respects any one **passenger**, the amount stated in the Declarations as applicable to "each person".
- (b) as respects two or more **passengers**, subject to the above provisions respecting any one **passenger**, the amount stated in the Declarations as applicable to "each person" multiplied by the number of **passengers** on board the **aircraft** or by the number of **passenger** seats as stated in Item 5 for the **aircraft** involved (whichever is less), 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 **medical expenses** incurred by or on behalf of each person who sustains **Bodily Injury**, sickness, or disease, including death resulting therefrom, 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**, sickness or disease, including death resulting therefrom in any one such **occurrence**.

#### COVERAGES F AND G (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 will pay, subject to any applicable deductible:

- (1) If repairs are made by other than the **Named Insured**, the reasonable cost to repair the damaged property with material of like kind and quality (excluding any charges for overtime), plus the cost of the least expensive, 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) 200% of actual wages paid for labor, excluding any overtime, overhead, supervisory services and all other related services;
  - (c) cost of the least expensive 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.

The amount due under this policy with respect to **partial loss** shall in no event exceed the amount due were the loss payable as a **total loss**. In any event, when the amount paid or payable hereunder is equal to the amount payable as a **total loss**, any Salvage value remaining shall inure to the benefit of the Company. Equipment installed in the **aircraft** subsequent to the effective date of coverage shall be considered a part of the **aircraft**, and the salvage value thereof shall inure to the benefit of the Company. There shall, however, be no abandonment of any damaged property without the consent of the Company.

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

#### DEFINITIONS

When appearing in this policy,

"**AIRCRAFT**" means the **aircraft** described in the Declarations or any **Aircraft** qualifying under the provisions of the Special Insuring Agreements and shall include propulsion systems, operating, navigation and radio equipment usually attached thereto, and parts and repair equipment which are standard for the make and type of **aircraft**. Parts temporarily detached from the **aircraft** which have not been replaced by other similar parts shall be deemed part of the **aircraft**.

"**AVIATION MANAGERS**" means W. Brown & Associates Insurance Services.

"**BODILY INJURY**" means **Bodily Injury**, sickness, disease or mental anguish sustained by any person which occurs during the policy period, including death at any time resulting therefrom.

"**CHARTER**" means 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.

"**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**.

"**DISAPPEARANCE**" means missing and not reported by sixty days after commencing the last known flight.

"**FEDERAL AVIATION ADMINISTRATION**" 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.

"**IN FLIGHT**" means the time commencing with the actual takeoff run of the **aircraft** and continuing thereafter until it has completed its landing roll or, 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.

"**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.

"**INSTRUCTION AND RENTAL**" means used principally in the business of the **Insured**, including **Pleasure and Business**, student instruction and rental to others for the purpose of **Pleasure and Business** uses, but excluding **passenger** or freight carrying for hire or reward.

"**INSURED**" The unqualified word "**Insured**" wherever used in this Policy with respect to Coverage A, B, C and D, includes not only the **Named Insured** but also 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 scope and course of his employment by the **Named Insured**) engaged in the manufacture or sale of **aircraft**, **aircraft** engines or **aircraft** accessories or in the operation of an **aircraft** repair shop, airport hangar, **aircraft** sales agency, **aircraft** rental service, commercial flying service or flying school with respect to any **occurrence** arising out of such manufacture, sale or operations;
- (c) to any person engaged in providing flight instruction for hire or reward;
- (d) to any person operating the **aircraft** who has paid or agreed to pay the **Named Insured** for the use of said **aircraft**;
- (e) to the owner or lessor, or any agent or employee thereof, of any **aircraft** which is the subject of the provisions of Special Insuring Agreements I and II.

"**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, but excluding monuments, head stones or burial plots.

"**NAMED INSURED**" means the person or organization named in Item 1 of the Declarations.

"**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**.

"**PARTIAL LOSS**" means any **Physical Damage** loss which is not a **total loss**.

"**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 pilot(s) or crew member(s).

"**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 in value, if any, after repairs have been made.

"**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) Expenses of the crew, including food, lodging, and ground transportation, but excluding salary or wages
- (3) Hangar and tie-down costs away from the **aircraft's** base of operation
- (4) Insurance obtained for the specific flight

- (5) Landing fees and similar assessments
- (6) customs, foreign permit, and similar fees directly related to the flight
- (7) In flight food and beverages
- (8) An additional charge equal to 100% of the expenses listed in subparagraph (1) above

"**PREMISES**" means such portions of airports as are designated and used for the parking or storage of **aircraft**, including **premises** owned by, or leased for more than thirty days to, the **Named Insured**.

"**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 a covered **occurrence**.

"**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 5 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. **NOTICE OF OCCURRENCE.** When an **occurrence** takes place written notice shall be given by or on behalf of the **Insured** to the **Aviation Managers** at their nearest office as soon as practicable. Such notice shall contain particulars sufficient to identify the **Insured** and also reasonably obtainable information respecting the time, place and circumstances of the **occurrence**, the names and addresses of the injured and of available witnesses.
2. **NOTICE OF CLAIM OR SUIT.** If claim is made or suit is brought against the **Insured**, the **Insured** shall immediately forward to the **Aviation Managers** every demand, notice, summons or other process received by him or his representative.
3. **SEVERABILITY OF INTEREST.** The term "**Insured**" is used severally and not collectively, but the inclusion herein of more than one **Insured** shall not operate to increase the limits of the Company's liability.
4. **ACTION AGAINST COMPANY.** No action shall lie against the Company in respect of Coverages A, B, C and D 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.
5. **BANKRUPTCY AND INSOLVENCY.** Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve the Company of any of its obligations hereunder.
6. **FINANCIAL RESPONSIBILITY LAWS.** Such insurance as is afforded by this policy shall comply with the provisions of any financial responsibility law of any State or Province which shall be applicable to **aircraft** with respect to any such liability arising out of the ownership, maintenance or use of the **aircraft** during the policy period, to the extent of the coverage and limits of liability required by such law, but in no event in excess of the limits of liability stated in this policy. The **Insured** agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for such law or the agreement contained in this paragraph.

### APPLICABLE TO COVERAGE E (MEDICAL PAYMENTS)

7. **MEDICAL REPORTS: PROOF AND PAYMENT OF CLAIM.** As soon as practicable the injured person or someone on his behalf shall give to the Company written proof of claim, under oath if required, and shall, after each request from the Company, execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by a physician selected by the Company when and as often as the Company may reasonably require. The company may pay the injured person or any person or organization rendering the services and such payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute admission of liability of the **Insured**, or except hereunder, of the Company.
8. **ACTION AGAINST COMPANY.** No action shall lie against the Company in respect of Coverage E unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this policy, nor until thirty (30) days after the required proofs of claim have been filed with the Company.

APPLICABLE TO COVERAGES F AND G (PHYSICAL DAMAGE)

9. **INSURED'S DUTIES WHEN LOSS OCCURS.** When loss occurs, the **Insured** shall:

- (a) protect the **aircraft**, provided the **Insured** is able to do so, whether or not the loss is covered by this policy, and any further loss due to the **Insured's** failure to protect shall not be recoverable under this policy; reasonable expense incurred in affording such protection shall be deemed incurred at the Company's request;
- (b) give notice thereof as soon as practicable to the Aviation Managers, and, also, in the event of theft, to the police, but shall not, except at his own cost, offer to pay any reward for recovery of the **aircraft**;
- (c) file proof of loss with the **Aviation Managers**, or the Company, within sixty (60) days after the **occurrence** of loss, unless such time is extended in writing by the **Aviation Managers** or the Company, in the form of a sworn statement of the **Named Insured** setting forth the interest of the **Named Insured** and of all others in the property affected, any encumbrances thereon, the actual cash value thereof at time of loss, the amount, place, time and cause of such loss, and the description and amounts of all other insurance covering such property. Upon the Company's request, the **Named Insured** shall exhibit the damaged property to the Company, and produce for the Company's examination all pertinent records and sales invoices, or certified copies if originals are lost, permitting copies thereof to be made, all at such reasonable times and places as the Company shall designate.

10. **APPRAISAL.** If the **Named Insured** and the Company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the **Named Insured** or the Company, such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The **Named Insured** and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and the umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

11. **PAYMENT FOR LOSS; ACTION AGAINST COMPANY.** Payment for loss may not be required nor shall action lie against the Company in respect of Coverages F and G unless as a condition precedent thereto, the **Named Insured** shall have complied with all the terms of this policy nor until sixty (60) days after proof of loss is filed and the amount of loss is determined as provided in this policy, nor shall any action lie against the Company unless commenced within twelve (12) months after the happening of the loss.

12. **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**.

13. **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.

APPLICABLE TO ALL COVERAGES

14. **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. Further, upon the Company's request, the **Insured** shall submit to examinations under oath by anyone designated by the Company. 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**.

15. **INSPECTION AND AUDIT.** The Company or the **Aviation Managers** shall be permitted to inspect the **aircraft** and any records pertaining thereto during the policy period or within one year thereafter.

16. **SUBROGATION.** Except in respect to Coverage E, 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 organization 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 the loss to prejudice such rights.

17. **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 estop the Company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part hereof signed by the **Aviation Managers**.

18. **ASSIGNMENT.** Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon by the **Aviation Managers**; if, however, the **Named Insured** shall die or be adjudged bankrupt or insolvent

within the policy period, this policy, unless cancelled, shall if written notice be given to the Company within sixty (60) days after the date of such death or adjudication, cover (1) the **Named Insured**'s legal representative as the **Named Insured**, and (2) subject otherwise to the provisions of the definition of **Insured**, any person having proper temporary custody of the **aircraft**, as an **Insured**, until the appointment and qualification of such legal representative but in no event for a period of more than sixty (60) days after the date of such death or adjudication.

19. CANCELLATION. This policy may be cancelled by the **Named Insured** by mailing to the **Aviation Managers**, written notice stating when thereafter such cancellation shall be effective. This policy may be cancelled by the Company or the **Aviation Managers**, by mailing to the **Named Insured** at the address shown in this policy written notice stating when not less than thirty (30) days (10 days for non payment) thereafter such cancellation shall be effective. The mailing of notice as aforesaid 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**, the Company or the **Aviation Managers** 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 or the **Aviation Managers** cancel, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

20. TOTAL LOSS. Irrespective of anything to the contrary in this policy, we will not be obligated to return any **Physical Damage** premium relative to an **aircraft** on which a **total loss** has been paid.
21. FRAUD OR MISREPRESENTATION. This policy will be void if you have concealed or misrepresented any material fact or circumstance concerning this insurance or if you have sworn falsely touching any matter relating to this insurance or the subject thereof, whether before or after a loss.
22. TERMS OF POLICY CONFORMED TO STATE LAWS. Terms of this policy which are in conflict with the laws of the State wherein this policy is issued are hereby amended to conform to such laws.
23. DECLARATION. By acceptance of this policy you agree that the statements in the Declarations are your agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between you, the **Aviation Managers** and us or any of their agents relating to this insurance.

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