

**AVIATION PRODUCTS LIABILITY POLICY**

**CATLIN INSURANCE COMPANY  
140 Broadway, 43<sup>rd</sup> Floor  
New York, NY 10005**

**POLICY NUMBER**

**ISSUED TO**

**PRODUCER**

**ISSUED BY  
W. BROWN & ASSOCIATES INSURANCE SERVICES  
19000 MacArthur Blvd., Suite 700  
Irvine, CA 92612**

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**CATLIN INSURANCE COMPANY  
(HEREIN CALLED 'COMPANY')**

Agrees with the **Insured**, named in the Declarations, made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the Declarations and subject to the Limits of Liability, Exclusions, Conditions and other terms of this policy:

**INSURING AGREEMENTS**

1. COVERAGE A - 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** or **property damage** to which this insurance applies, caused by an **occurrence** during the policy period arising out of the **Products Hazard** and 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 investigations or 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.

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 during the policy period after delivery to and acceptance by a purchaser or purchasers or operator or operators of such aircraft, and caused by a **grounding** arising out of the **Products Hazard** and the Company shall have the right and duty to defend any suit against the **Insured** seeking damages on account of such loss of use, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigations or 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 judgment or settlements.

2. SUPPLEMENTARY PAYMENTS

The Company will pay, 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) all premiums on bonds to release attachment for an amount not in excess of the applicable limit of liability of this policy, all premiums on appeal bonds required in any such defended suit, but without any 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 **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 \$25.00 per day because of his attendance at hearings or trials at such request; but excluding expenses incurred for the correction or elimination of the cause of a loss of use.

### 3. POLICY PERIOD

- A) Under Coverage A - Single Limit Bodily Injury and Property Damage - this policy applies only with respect to **occurrences** which take place during the policy period, provided that an **occurrence** involving a missing or unreported aircraft shall be deemed to occur at the time such aircraft commences flight or is last reported, whichever last occurs;
- B) Under Coverage B - Grounding Liability - this policy applies only with respect to **groundings** which commence during the policy period regardless of the duration of each such **grounding**;
- C) The expiration or termination of the policy period shall not prejudice the insurance with respect to the **grounding** of aircraft commencing during the policy period.

### 4. POLICY TERRITORY

This policy applies to **occurrences** and **grounding** anywhere, but if claim is made or suit is brought anywhere other 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 claim and to defend such suits. In any such case in which the Company elects not to investigate, settle or defend, the **Insured**, under the supervisions of the Company, will make or cause to be made such investigation and defense as are reasonably 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, and within the applicable limits of liability of the policy for the amount of such authorized settlement.

## DEFINITIONS

### 1. 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 - Single Limit Bodily Injury and Property Damage Liability - Definition (B) recited in the foregoing paragraph does not apply to a completed aircraft or any aircraft product forming a part thereof; with respect to Coverage B - Grounding Liability - Definitions (A) and (B) recited in the foregoing paragraph do not apply to a completed aircraft or any aircraft product forming a part thereof.

### 2. GROUNDING

"**Grounding**" means the complete and continuous withdrawal at or about the same time in the interest of safety, of one or more aircraft from flight operation due to a mandatory order by Federal Aviation Administration (FAA) or any other Civil Airworthiness Authority because of a like defect, fault or condition or suspicion thereof in two or more such aircraft whether such aircraft so withdrawn are owned or operated by the same or different persons, firms or corporations. **Grounding** shall be deemed to commence on the date of an accident or **occurrence** which discloses such defect, fault or condition, or on the date an aircraft is first withdrawn from service on account of such defect, fault or condition, whichever first occurs.

### 3. AIRCRAFT PRODUCTS

"**Aircraft Products**" means aircraft (including **missiles** or **spacecraft** and any ground support or control equipment used therewith), or any article furnished by the **Insured** and installed in aircraft or used in connection with aircraft or for spare parts for aircraft 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 any aircraft or aircraft article.

4. LAUNCH VEHICLE

"**Launch Vehicle**" as applied to **aircraft products** means any vehicle including parts detached on route, designed, constructed or intended to place into space any **spacecraft**, satellite or spaceship and shall include both manned and unmanned vehicles.

5. 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.

6. OCCURRENCE

"**Occurrence**" means an accident or event including injurious exposure to conditions (other than **grounding**) which arises out of the **Products Hazard** and which results during the policy period in **bodily injury** or **property damage**, neither expected nor intended from the standpoint of the **Insured**. A series of accidents or **occurrences** following as a consequence of one **occurrence**, shall, with such **occurrence**, be deemed to be one **occurrence**.

7. CURRENT MODIFICATION

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

8. INSURED

The unqualified word "**Insured**" includes the Named Insured and also includes any partner, executive officer, employee, director or stockholder 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 (8) shall not apply to **bodily injury** sustained by another employee of the same **Insured** in the course of and 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.

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.

10. 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,

such product shall be deemed not to be **owned by the Insured**.

#### 11. MISSILES OR SPACECRAFT

- A) **Missiles** or **Spacecraft** shall mean a device other than an aircraft, wholly or partly self-propelled, which is designed to operate through air or space and whose path and direction is guided during all or part of its flight by a partly or completely self-contained electronics, celestial, inertial or other guidance system.
- B) After arrival of a **missile** or **spacecraft** at a launching site, such **missile** or **spacecraft** shall be deemed not to be **owned by**, loaned to, in the possession or control of, or **in flight** by the **Insured**.
- C) When the **Insured** removes a **missile** or **spacecraft** from the launching site or recovers a **missile** or **spacecraft** after completion of its flight for the purpose of returning it to the **Insured's** premises other than a launching site, such **missile** or **spacecraft** shall be deemed to be in the possession or control of the **Insured** (except when such **missile** or **spacecraft** is being transported by others) until such **missile** or **spacecraft** again arrives at a launching site or the **Insured** surrenders possession of such **missile** or **spacecraft** to a person or organization who is not an **Insured** under the policy.

#### 12. BODILY INJURY

"**Bodily Injury**" means **bodily injury**, sickness, disease, disability, shock, mental anguish, or mental injury sustained by a person including death resulting therefrom.

#### 13. PROPERTY DAMAGE

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

#### 14. ALLOCATED CLAIMS EXPENSE

"**Allocated Claims Expense**" means all loss adjustment expenses that can be directly allocated to a specific claim:

- A) Outside attorneys' fees
- B) Court Expenses
- C) Surveys
- D) Outside Claims Adjusters' Fees

Salaries and expenses of the employees of the Aviation Insurance Managers are excluded.

### EXCLUSIONS

This policy does not apply:

1. 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 Coverage B - Grounding Liability - in possession or control of, or **in flight** by the **Insured**;
2. 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;
3. to liability assumed by the **Insured** under any contract or agreement, except a warranty of fitness or quality of the Named Insured's products or a warranty that work performed by or on behalf of the

Named Insured will be done in a workmanlike manner, in which case the policy applies only to resultant damages and not to damage to the Named Insured's products.

4. under Coverage A, to any obligation for which the **Insured** or any carrier as his insurer may be held liable under worker's compensation law, unemployment compensation or disability benefits law or under any similar law, or to **bodily injury** to any employee of the **Insured** arising out of and in the course of his employment by the **Insured**;
5. under Coverage A, to **property damage** to any **missile, spacecraft** or **military** aircraft arising out of **aircraft products** or any part thereof furnished by the **Insured**;
6. under Coverage A, 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. under Coverage A, to damages claimed for the withdrawal, inspection, repair, replacement, modification, loss of use, or restricted use of **aircraft products** or work completed by or for the Named Insured or 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;
8. under Coverage A, to liability imposed upon the **Insured** solely by reason of its ownership of an aircraft product;
9. under Coverage B, to any **military** aircraft product;
10. under Coverage B, to the loss of use of any aircraft while withdrawn from service for the primary purpose of maintenance, routine overhaul, alteration or **current modification** of the aircraft;
11. under Coverage B, 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;
12. to the loss of use of any aircraft occurring during the period that the **Insured** does not use reasonable diligence to eliminate the cause of the loss of use;
13. to **bodily injury** or **property damage** arising out of the environmental disturbance hazard or to sums claimed or awarded as damages to the extent that such sums represent payment or compensation for the taking of or exercise of rights with respect to the property of others;

Environmental Disturbance Hazard means:

- A) Noise (whether audible to the human ear or not) or vibration, including sonic boom and similar phenomena associated with transonic and super sonic movement, generated by the movement or operation of aircraft or any part thereof;
- B) pollutants released into earth, air, water or any disposal system;
- C) interference with the quiet enjoyment of property by overflight or other operation of aircraft in proximity thereto;

but the Environmental Disturbance Hazard does not include such noise, vibration, pollutants or interference resulting from crash or collision of a vehicle or an aircraft from an emergency causing abnormal aircraft operations;

14. to **property damage** arising out of improper or inadequate performance, design or specification; provided, however, that this Exclusion shall not apply to physical injury to or destruction of tangible property caused by an **occurrence** including the loss of use of such injured or destroyed property;
15. under Coverage B, to costs incurred for the correction or elimination of the cause of the loss of use;

16. A. To **bodily injury** or **property damage**

1. 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 Liability 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
2. resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) 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.

B. 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.

C. To **bodily injury** or **property damage** resulting from the hazardous properties of nuclear material, if

1. 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;
2. 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 an **Insured**; or
3. 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.

As used in this exclusion, "hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or byproduct 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 radiation in a nuclear reactor; "waste" means any waste material (a) containing by-product material and (b) resulting from the operation by any person or facility under paragraph (a) or (b) thereof; "nuclear facility" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for  
(1) separating the isotopes of uranium or plutonium,  
(2) processing or utilizing spent fuel, or  
(3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time 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;

17. to any legal liability whatsoever or any loss or expense whatsoever resulting or arising therefrom directly or indirectly caused or contributed to by or arising from ionizing radiations or contamination by radioactivity from any source whatsoever.
18. to **bodily injury, property damage** or loss of use intentionally caused by the **Insured**;
19. under Coverage A, to injury to, destruction of, or loss of use of
  - A) any **spacecraft**, satellite or spaceship and any article or aircraft product furnished for, used in connection with, relating to, or installed in any **spacecraft**, satellite or spaceship whether partially or fully completed, and
  - B) any **spacecraft**, satellite or spaceship belonging to a third party, whether partially or wholly completed, after such **spacecraft**, satellite or spaceship has been delivered to a launch site;
20. under Coverage A, to injury to, destruction of, or loss of use of, any **launch vehicle**;
21. under Coverage B, to any **spacecraft**, satellite, spaceship or **launch vehicle**, whether partially or wholly completed, and whether **owned by** the **Insured** or by a third party;
22. **grounding** shall not apply to any aircraft after it is designated by the prime manufacturer, or required by direction of the F.A.A. or any similar civil airworthiness authority, to be removed from all flight operations due to its certificate of airworthiness being withdrawn by reason of the aircraft's safe operational life having been reached or exceeded.

## CONDITIONS

### 1. LIMITS OF LIABILITY

Regardless of the number of (1) **Insureds** under this policy, (2) persons or organizations who sustain **bodily injury**, or **property damage** or **groundings**, or (3) claims made or suits brought on account of **bodily injury, property damage** or **groundings**, the Company's liability is limited as follows:

A) Coverage A. Single Limit 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 "Per **Occurrence**".

For the 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**.

Annual aggregate is the total limit of the Company's liability on account of all **occurrences** to which this policy applies;

B) Coverage B. Grounding Liability -

The total liability of the Company for all damages because of all aircraft loss of use 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 "Per **Occurrence**".

Annual Aggregate is the total limit of the Company's liability on account of all **groundings** to which this policy applies;

C) Annual Aggregate under Coverage A and Coverage B is the total limit of the Company's liability

on account of all **occurrences** and **groundings** to which this policy applies.

The insurance afforded by this policy for more than one **Insured** shall not operate to increase the limit of the Company's liability.

## 2. 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 Aviation Insurance Managers or the Company as soon as practicable after such **occurrence** or **grounding** becomes known to any person or persons charged with administration of such duties for the **Insured**. Such notice shall contain particulars sufficient to identify the **Insured** and also reasonable obtainable information respecting the time, place and circumstances of the **occurrence** or **grounding**, the names and addresses of the injured and of available witnesses.

## 3. 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 or the Aviation Insurance Managers every demand, notice, summons or other process received by him or his representatives.

## 4. 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.

## 5. ACTION AGAINST INSURER

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 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.

## 6. INSPECTION

Subject to security regulations of the United States Government, the Company or their representative 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, so far as they relate to the premium basis or the subject matter of this insurance.

## 7. OTHER INSURANCE

If there is any other insurance against a loss covered by this 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.

#### 8. ACTION AGAINST THE NAMED INSURED

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

#### 9. 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 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 loss to prejudice such rights.

#### 10. 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 of this policy approved by the Aviation Insurance Managers.

#### 11. ASSIGNMENT

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

#### 12. CANCELLATION

This policy may be cancelled by the Named Insured by mailing to the Aviation Insurance Managers, written notice stating when thereafter such cancellation shall be effective. This policy may be cancelled by the Company or the Aviation Insurance 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 Insurance 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 Insurance Managers cancel, 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 or the Aviation Insurance Managers' check or the check of their representative mailed or delivered as aforesaid shall be sufficient tender of any refund or premium due to the Named Insured.

#### 13. 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.

#### 14. INADVERTENT ERRORS OR OMISSIONS

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

## 15. 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.

SPECIMEN

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## AVIATION PRODUCTS CONTRACTUAL LIABILITY ENDORSEMENT

Policy Number: \_\_\_\_\_ Endorsement #: \_\_\_\_\_  
 Named Insured: \_\_\_\_\_  
 Company: \_\_\_\_\_ Effective Date: \_\_\_\_\_  
 Aviation Managers: \_\_\_\_\_ Date Issued: \_\_\_\_\_

This endorsement is part of your policy and takes effect on the effective date of your policy unless another effective date is shown above.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

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It is hereby understood and agreed that Paragraph 3 of the Policy Exclusions is deleted in its entirety and replaced by the following:

3. To liability by the Insured under any contract agreement except;
- a. A warranty of fitness or quality of the Named Insured's products or a warranty that work performed by or on behalf of the Named Insured will be done in a workman like manner; or,
  - b. Liability assumed by the Named Insured under a written contract or agreement executed during the policy period provided the Named Insured shall submit to Insurers, as soon as practicable a report setting forth the names of the parties, the nature of the contract or agreement and a transcript of all of its terms relating to assumption of liability or waiver or recovery.  
  
 Inadvertent error, omission or delay in making required reports shall not prejudice this insurance but shall be corrected when discovered.
  - c. liability assumed by the Named Insured under a written contract or agreement executed by the Named Insured prior to the effective date of this policy. However, the Named Insured shall, upon demand submit to Insurers a report similar to the report required By (b) above for any contract or agreement.

All other terms and conditions of the policy remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

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End of Endorsement – NAP-04-0109

**FOREIGN MILITARY AIRCRAFT ENDORSEMENT**

Policy Number: \_\_\_\_\_ Endorsement #: \_\_\_\_\_  
 Named Insured: \_\_\_\_\_  
 Company: \_\_\_\_\_ Effective Date: \_\_\_\_\_  
 Aviation Managers: \_\_\_\_\_ Date Issued: \_\_\_\_\_

This endorsement is part of your policy and takes effect on the effective date of your policy unless another effective date is shown above.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

In consideration of an additional premium of \_\_\_\_\_, it is agreed that:

1. Exclusion 5 is deleted with respect to aircraft (except as described in Paragraph 2 below) while owned or used by or in the possession of the Armed Services of any foreign government.
2. Such insurance as is afforded under Paragraph 1 above does not apply to the following:
  - (a) Aircraft Products delivered under any procurement contract with the United States Government incorporating clauses 52.246-23 or 52.246-24 prescribed by Paragraph 46.805 of the Federal Acquisition Regulations in accordance with DOD FAR Supplement 225.7308 or the predecessor clauses 7-104.45 (a) or 7-104.45 (b) prescribed by 1-330 of the Defense Acquisition Regulation or its earlier provision the Armed Services Procurement Regulations.
  - (b) To liability which in the absence of this insurance is assumed by any government under any contract or agreement or otherwise.
  - (c) Tornado aircraft, the Multi-Role Combat Aircraft.

All other terms and conditions of the policy remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

End of Endorsement – NAP-05-0109

**PROPERTY DAMAGE TO SPACECRAFT**

Policy Number: \_\_\_\_\_ Endorsement #: \_\_\_\_\_  
 Named Insured: \_\_\_\_\_  
 Company: \_\_\_\_\_ Effective Date: \_\_\_\_\_  
 Aviation Managers: \_\_\_\_\_ Date Issued: \_\_\_\_\_

This endorsement is part of your policy and takes effect on the effective date of your policy unless another effective date is shown above.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay damages because of injury to or destruction of property including loss of use thereof, of:

- A) any Spacecraft Product Finished by the Insured, and
- B) any spacecraft, satellite or spaceship (hereinafter called "Spacecraft") belonging to a Third Party, whether partially or wholly completed, caused by an Occurrence arising of the Products Hazard.

The insurers shall have the right and duty to defend any suit against the insured seeking damages on account of such injury to or destruction of property. Including the loss of use thereof arising after arrival of a Spacecraft at the launch site but excluding the Launch Period even if any of the allegations of the suit are groundless, false or fraudulent and may make such investigation or settlement of any claim or suit as they deem expedient.

All other terms and conditions of the policy remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

End of Endorsement – NAP-06-0109