

# AIR VENTURE AERIAL APPLICATION HULL AND LIABILITY INSURANCE POLICY

Wherever used in this Policy, the words “you” and “your” refer to the person or organization appearing as **Named Insured** in the Declarations. “We”, “our”, “Company” and “us” refer to the insurance company as identified in the Declarations Page.

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** (including any and all **Related Claims**) - To pay on your behalf all sums which you become legally obligated to pay as damages because of **Bodily Injury** sustained by any person excluding any **Passenger** caused by an **Occurrence** during the Policy Period and arising out of the ownership, maintenance or use of an **Aircraft**;

Coverage B - **Property Damage** Liability - To pay on your behalf all sums which you become legally obligated to pay as damages because of **Property Damage** caused by an **Occurrence** during the Policy Period and arising out of the ownership, maintenance or use of an **Aircraft**;

Coverage C - **Passenger Bodily Injury** Liability (including any and all **Related Claims**) - To pay on your behalf all sums which you become legally obligated to pay as damages because of **Bodily Injury** sustained by any **Passenger** caused by an **Occurrence** during the Policy Period and arising out of the ownership, maintenance or use of an **Aircraft**;

Coverage D - Single Limit **Bodily Injury** and **Property Damage** Liability (including any and all **Related Claims**) -To pay on your behalf all sums which you 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 an **Aircraft**.

1. **Airport Premises Liability** - With respect to Coverages A, B and D we will also pay those sums that you become legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** caused by an **Occurrence** during the Policy Period arising from the maintenance or use of **Airport Premises** in or upon which the **Aircraft** is stored. This extension of coverage is subject to the Limits of Liability shown in Item 4 of the Declarations and does not increase the maximum amount we will pay.
2. **Date Change Recognition** – We agree to pay for damages from an **Aircraft** accident, an **Occurrence**, or other event or circumstance caused by the failure of any equipment to function safely or correctly following any real or simulated change of year, date or time, except:
  - a) loss not otherwise covered under this Policy, or
  - b) loss which arises out of coverage on a first party basis for grounding, loss-of-use, business interruption, consequential loss or the like.

It is a condition of this coverage that the **Insured** have followed appropriate best practice for the purpose of avoiding and minimizing loss, damage or liability arising out of any such failure, but any loss or losses that arise directly or indirectly out of any advice, consultation, design, evaluation, inspections, installation, maintenance, repair, replacement, or supervision provided or done by the

**Insured** or for **Insured** to determine, rectify or test for any potential or actual problems that may cause such failure are not covered.

Any loss or losses covered under this section which arise from more than one **Occurrence** or from the aforesaid failure(s) which is or are common to more than one item of equipment will not be one **Occurrence** under this Policy, except:

- a) to the extent of covered **Physical Damage** to tangible property or **Bodily Injury** losses at any one location arising out of one **Occurrence**, or
- b) an **Aircraft** accident caused by such failure of any one item of equipment.

Coverage such as is afforded hereunder is included in and does not increase the Limits of Liability as shown in Item 4 of the Policy Declarations.

**No Aggregation** - A collision between two or more **Aircraft** shall be deemed one **Occurrence** and losses arising from more than one **Occurrence** cannot be aggregated under this coverage section.

Coverage such as is afforded by Items 1 and 2 above is included in and does not increase the Limits of Liability as shown in Item 4 of the Policy Declarations.

## II. MEDICAL EXPENSE COVERAGE

Coverage E - **Medical Expense** - We will 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 your express permission.

## III. PHYSICAL DAMAGE COVERAGES

Coverage F - All Risk Basis - We will pay for any **Physical Damage** to or loss of the **Aircraft**, including **Disappearance** of the **Aircraft**.

Coverage G - All Risk Basis Not **In Motion** — We will pay 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 - We will have the right and duty to defend any suit against you 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. We may make such investigation and settlements of any claim or suit as we deem expedient, but we will not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of our liability has been exhausted by settlements, tendered in a Court of Law, or payment of judgments.

During such times as we are obligated to defend a claim or claims under the provisions of the preceding paragraph, we will pay with respect to such claims, in addition to the applicable Limits of Liability:

- a) All expenses we incur, all costs taxed against you in any suit we defend and all interest accruing after judgment upon that portion of the judgment falling within the Limits of Liability before we have paid or tendered or deposited in court that part of the judgment which does not exceed the Limit of 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 civil aviation law or regulation arising out of the use of the **Aircraft**, not to exceed \$500 per bail bond, but we will have no obligation to apply for or furnish any such bonds;

- c) Expenses you incur for first aid to others at the time of an **Occurrence**, for **Bodily Injury** to which this Policy applies;
- d) All reasonable expenses you incur at our request, other than for loss of earnings or for the wages or salaries of your employees.

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

Coverages A, B, C and D - If the **Aviation Managers** issue a Certificate of Insurance 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 will 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, including its Territories and Possessions, and the District of Columbia or while in route 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 will apply separately to each.

## VIII. AIRCRAFT FLIGHT INCIDENTAL TO MAINTENANCE

While the **Aircraft** is in the care, custody or control of a **Federal Aviation Administration** approved repair station or aircraft repair facility for the purpose of maintenance or repair, Item 6, Pilots, of the Declarations will not apply provided that you will do nothing to prejudice our rights of subrogation against such repair station or repair facility.

## IX. TEMPORARY USE OF SUBSTITUTE AIRCRAFT

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 to **Aerial Application** use by you or on your behalf, of any other aircraft bearing a "Standard" airworthiness certificate which you do not own in whole or in part while temporarily used as a substitute for the **Aircraft** appearing in the Declarations.

Coverage hereunder will be excess over any other valid and collectible Insurance available to you.

## EXCLUSIONS

This Policy does not apply:

1. To any **Insured** under this Policy while the **Aircraft** is **In Flight** with your knowledge and consent or that of any your executive officers, partners, or managing agents for any unlawful purpose, or any purpose other than **Aerial Application** unless specifically endorsed on the Policy.
2. To anyone who is an **Insured** under this Policy 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, while engaged in **Aerial Application**, the pilot or pilots do not maintain or are in violation of any certificate required by any governmental entity having relevant authority;
  - d) while engaged in **Aerial Application** unless the **Named Insured** has complied with all Federal, State and Local ordinances and regulations which relate to **Aerial Application**;
  - e) if the Airworthiness Certificate of the **Aircraft** is not in full force and effect; or
  - f) 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, strikes, riots, civil commotions, labor disturbances, insurrection or warlike operations, whether there be a declaration of war or not.
  4. To any loss, injury or damage arising from any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
  5. To **Bodily Injury, Property Damage**, loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever, any consequential loss, or any legal liability of whatsoever nature directly or indirectly caused by or contributed to, resulting or arising from radioactive contamination.
  6. To any loss, injury or damage arising from any act of one or more persons, whether or not agent of a sovereign power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
  7. To any loss, injury or damage arising from any malicious act or act of sabotage.
  8. To any loss, injury or damage arising from confiscation, nationalization, seizure, restraint, detention, appropriation, requisition by or under any government, public or local authority.
  9. To any loss, injury or damage arising from hijacking or any unlawful seizure or wrongful exercise of control of an **Aircraft** or crew (including any attempted seizure or control), made by any person or persons on board the **Aircraft** acting without the consent of the **Insured**.
  10. Under Coverages A, B, C, D, and E
    - a) other than an Airport contract that the **Insured** signs with a military or governmental authority as a prerequisite to the use of an airport, there is no coverage for liability assumed by the **Insured** under any contract which is with or for the benefit of **Passengers** or their heirs; or is with or for the benefit of any manufacturers of your **Aircraft** or any of its parts, or applies to damage which is the result of any major alteration or repairs, or to which the **Insured** or another party orally agrees;
    - b) to any **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 will 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, or
  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.
- Exclusion 10.c.i.2 does not apply to liability arising solely from direct and intended spraying, applying or discharging of seeds, fertilizers or chemicals by an **Aircraft** insured hereunder which results in **Bodily Injury** or **Property Damage** otherwise covered by this Policy.
- ii. With respect to any provision in this Policy concerning any duty of ours to investigate or defend claims, such provision will not apply and we will 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, we will (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 you; and
  2. defense fees and expenses you incur.
- d) to claims arising from the **Aerial Application** to public or semi-public easements or rights of way for persons, waterways, public utility companies railroads or pipelines;
- e) to claims arising from **Chemicals** or combination of **Chemical**, unless all **Chemicals** are included in the Chemical Category designated for the **Aircraft** involved in the **Occurrence**;
- f) to claims arising from **Chemicals** excluded in the **Chemical Category** definitions of "**CC**", "**RC**" and "**XC**";
- g) to **Aerial Application** claims where two or more **Aircraft** owned or operated by the **Named Insured** unless all such **Aircraft** are insured by the Company for the same Chemical Category;
- h) to **Aerial Application** claims arising from the treatment of any residential area. This exclusion shall not apply the application of insecticide or other vector control measures performed for community benefit to eliminate mosquitoes subject to a maximum on such use of ten (10) hours during the Policy Period;
- i) to claims arising from the **Aerial Application** of herbicides or Glyphosate to woodlands, forests, timberlands or tree farms;
- j) unless arising from **Aerial Application** otherwise covered hereunder, 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 you or your agent of any forms of chemical dispersed from the **Aircraft**;
- k) to claims arising from controlled and/or prescribed burning;

11. Under Coverages A, C, and D
  - a) to any obligation for which you or any carrier as your 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 of your employees arising out of and in the course of his employment by you;
  - c) to **Bodily Injury** or death of anyone appearing in the Declarations as a **Named Insured**.
12. Under Coverages B and D
  - a) to **Property Damage** to property you own, occupy, rent or use or which is in your care, custody or control or carried in or on any **Aircraft**;
  - b) to **Property Damage** arising from direct **Aerial Application** not otherwise covered by this Policy;
  - c) to **Property Damage** to a field, premises or property owned, occupied or rented by or which is in the care, custody or control of anyone for whom **Aerial Application** is performed;
  - d) to any claim caused by or arising from the storage, transportation or use of **Chemicals**;
  - e) to any claim caused by or arising from any service operations performed by the **Named Insured** or others trading under their name or working on behalf of the **Named Insured**.
13. Under Coverages A, B, C, D and E to **Bodily Injury** and **Property Damage** for which you are legally liable by reason of serving alcoholic beverages on board an **Aircraft** shown in Item 5 of the Declarations.
14. 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 loss or damage 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, threat, 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; or
  - e) damage to turbine engines caused by excessive heat which results from operations, attempted operation or shutdown of the engine.

## LIMIT OF OUR LIABILITY

### ALL COVERAGES (Other Insurance)

Except with respect to insurance that you specifically purchase to apply in excess of this Policy, if there is other insurance available to you, against loss, liability or expense covered by this Policy, we will not be liable under this Policy for a greater proportion of such loss, liability or expense than the applicable limit of our liability bears to the total applicable Limit of Liability of all valid and collectible insurance against such loss, liability or expense. Where Insurance afforded hereunder is noted to be excess over any other valid and collectible insurance available to you, either as an **Insured** under a Policy applicable to the **Aircraft** or otherwise and, if such other insurance has been written through the **Aviation Managers** as primary insurance, then our Limits of Liability under this Policy will be reduced by the applicable limits of such other Policy.

### COVERAGES A, B, C and D (Total Liability)

Regardless of the number of **Insureds** under this Policy, persons or organizations who sustain **Bodily Injury** or **Property Damage**, claims made or suits brought on account of **Bodily Injury** or **Property Damage**, or **Aircraft** to which this Policy applies, our liability is limited as follows:

Coverages A and C - Our total liability for all damages, including damages for care and loss of services, because of **Bodily Injury** sustained by any person as the result of any one **Occurrence** will not exceed the Limit of Liability stated in the Declarations as applicable to "each person". Subject to the above provision respecting "each person", our total liability 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** will not exceed the Limit of Liability stated in the Declarations as applicable to "each **Occurrence**".

Coverage B - Our total liability for all damages because of all **Property Damage** sustained by one or more persons or organizations as the result of any one **Occurrence** will not exceed the Limit of Liability stated in the Declarations as applicable to "each **Occurrence**".

Coverage D - Our total liability 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", our total liability for all damages, including damages for care and loss of services because of **Bodily Injury** to **Passengers** will 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 will our 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 our liability, all **Bodily Injury** and **Property Damage** arising out of continuous or repeated exposure to substantially the same general conditions will 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 our liability.

#### COVERAGE E (Total Liability)

The limit of liability stated in the Declarations as applicable to "each person" is the limit of our 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 our 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**, we will pay the insured value of the **Aircraft**, as stated in the Declarations, subject to any applicable deductible.

With respect to **Partial Loss**, we will pay, subject to any applicable deductible:

- 1) If you do not make your own repairs, then 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; or
- 2) if you make your own repairs, 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** will not exceed the amount due were the loss payable as a **Total Loss**. In the event that we declare an **Aircraft** covered hereunder a **Total Loss**, we agree to provide the **Named Insured** shown in Item 1 of the Declarations the opportunity to purchase whatever salvaged property might be available before that salvage is made available for sale to independent parties. The **Named Insured** shall have no obligation to make such purchase and the price and timing of any such transaction will be mutually agreed between you and us or our claims administrator.

If the **Named Insured** does not purchase the available salvage, any value remaining will inure to our benefit. Equipment installed in the **Aircraft** subsequent to the effective date of coverage will be considered a part of the **Aircraft**, and its salvage value will inure to our benefit. There will, however, be no abandonment of any damaged property without our prior consent. If we accept the salvage, it is a condition of this coverage that the **Named Insured** shall furnish clear ownership title to the **Aircraft** or cooperate with us in obtaining such title.

If the loss is due to theft, we will 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

Whenever used in this Policy,

1. **Aerial Application** means the application by **Aircraft** of seeds, **Chemicals** or fertilizers including flights flown in support thereof.
2. **Aircraft** means the **Aircraft** described in the Declarations and includes 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 will be deemed part of the **Aircraft**.
3. **Aviation Managers** means W. Brown & Associates Insurance Services.
4. **Baggage** means handbags, suitcases, valises, briefcases and other forms of **Baggage** usually carried by travelers and the contents thereof.
5. **Bodily Injury** means bodily injury, sickness, disease or mental anguish sustained by any person who occurs during the Policy Period, including death at any time resulting therefrom.
6. **Chemicals** means substance or combination of substances intended to prevent, repel to mitigate any pest or any substance or combination of substances whose purpose is to act as a tree or plant regulator, desiccant or defoliant. The common generic name of the **Chemical** includes all preparations or solutions of that **Chemical**, in any form whatsoever,

**Comprehensive Chemical (CC)** means seeds, fertilizers or any **Chemical** other than Picloram; or any defoliant or desiccant applied in dust or powder form; or any inorganic arsenical compound, except arsenic acid used in liquid spray form as a cotton desiccant or defoliant.

**Restricted Chemical (RC)** means seeds, fertilizers, insecticides or fungicides only.

**Excluding Chemical (XC)** means seeds or fertilizers only.

The release or distribution of sterile insects, beneficial or predatory insects, bacteria, fungi or viruses to control, mitigate or exterminate insects or other pests or weeds is included within the definitions of **Comprehensive Chemical (CC)** and **Restricted Chemical (RC)** but is excluded from the definition of **Excluding Chemical (XC)**.

7. **Disappearance** means missing and not reported by sixty (60) days after commencing the last known flight.
8. **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.
9. **Guest** means any person, including an employee of the **Insured** whether or not in the course of his employment, who has received an express or implied invitation from the **Named Insured** to enter the **Aircraft** for the purpose of riding or flying therein.
10. **In Flight** means the time commencing with the actual takeoff run of the **Aircraft** and continuing thereafter until it has completed its landing roll. 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.
11. **In Motion** means anytime the **Aircraft** is moving under its own power or the momentum generated by its own power or while it is **In Flight**. If the **Aircraft** is a rotorcraft, **In Motion** shall mean any time that the rotors are rotating.

12. **Insured** - The unqualified word "**Insured**", wherever used in this Policy with respect to Coverages A, B, C and D, includes not only the **Named Insured** 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, **Aerial Application** service, 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**.
13. **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.
14. **Named Insured** means the person or organization named in Item 1 of the Declarations.
15. **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**.
16. **Partial Loss** means any **Physical Damage** loss which is not a **Total Loss**.
17. **Passenger** means any person in, on or boarding the **Aircraft** for the purpose of riding or flying in it, or exiting from it after a ride, flight or attempted flight including pilot(s) or crew member(s).
18. **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.
19. **Premises** means such portions of airports as are designated and used for the parking or storage of aircraft, including **Premises** you own or lease for more than thirty (30) days.
20. **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**.
21. **Related Claims** means all claims for care and loss of service, loss of society and consortium, emotional distress, loss of support, medical and funeral expenses, and any and all other damage claims by a person or persons arising out of **Bodily Injury** to another person. Notwithstanding anything to the contrary in the definition of **Bodily Injury**, the Company's liability and coverage for damages for both **Bodily Injury** and **Related Claims** are included and combined within the "each person" and "each **Occurrence**" Limits of Liability specified in the Declarations, as applicable, and there are no separate or additional Limits of Liability for **Related Claims**.
22. **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** will be considered 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 will be given by you or on your behalf to the **Aviation Managers** at their nearest office as soon as practicable. Such notice will contain details 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 parties and of available witnesses.
2. NOTICE OF CLAIM OR SUIT - If claim is made or suit is brought against you, you will immediately forward to the **Aviation Managers** every demand, notice, summons or other process received by you or your representative.
3. SEVERABILITY OF INTEREST - The terms "**Insured**", "you" and "yours" is used severally and not collectively, but the inclusion herein of more than one **Insured** will not operate to increase the limits of the Company's liability.
4. ACTION AGAINST US - No action will lie against us in respect of Coverages A, B, C and D unless, as a condition precedent thereto, you have fully complied with all the terms of this Policy, nor until the amount of your obligation to pay will have been finally determined either by judgment against you after actual trial or by your written agreement, with the claimant and us. Any person or organization or the legal representative thereof who has secured such judgment or written agreement will thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. Nothing contained in this Policy gives any person or organization any right to join us as a co-defendant in any action against you to determine the **Insured's** liability.
5. BANKRUPTCY AND INSOLVENCY - Bankruptcy or insolvency of you or of your estate will not relieve us of any of our obligations hereunder.
6. FINANCIAL RESPONSIBILITY LAWS - Such insurance as is afforded by this Policy will comply with the provisions of any financial responsibility law of any State or Province applicable to **Aircraft** with respect to 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. You agree to reimburse us for any payment we make which we 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 EXPENSE)

7. MEDICAL REPORTS: PROOF AND PAYMENT OF CLAIM - As soon as practicable, the injured person or someone on their behalf will give us written proof of claim, under oath if required, and will, after each request by us, execute authorization to enable us to obtain medical reports and copies of records. The injured person will submit to physical examination by a physician we select when and as often as we may reasonably require. We may pay the injured person or any person or organization rendering the services, and such payment will reduce the amount payable hereunder for such injury. Payment hereunder will not constitute admission of your liability, or except hereunder, of ours.
8. ACTION AGAINST COMPANY - No action will lie against us in respect of Coverage E unless, as a condition precedent thereto, there will 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 us.

### APPLICABLE TO COVERAGES F AND G (PHYSICAL DAMAGE)

9. YOUR DUTIES WHEN LOSS OCCURS - When loss occurs, you agree to:

- a) protect the **Aircraft**, provided you are 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 will not be recoverable under this Policy; reasonable expense incurred in affording such protection will be deemed incurred at our request;
  - b) give notice thereof as soon as practicable to the **Aviation Managers**, and, also, in the event of theft, to the police, but not, except at your own cost, offer to pay any reward for recovery of the **Aircraft**;
  - c) file proof of loss with the **Aviation Managers**, or us, within sixty (60) days after the **Occurrence** of loss, unless we or the **Aviation Managers** extend such time in writing, in the form of your sworn statement setting forth your interest and that 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 our request, you will show the damaged property to us, and produce for our 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 we designate.
10. APPRAISAL - If you and we fail to agree as to the amount of loss, each will, on the written demand of either, made within sixty (60) days after our receipt of your proof of loss, select a competent and disinterested appraiser and the appraisal will be made at a reasonable time and place. The appraisers will first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on our request or yours, such umpire will be selected by a judge of a court of record in the county and state in which such appraisal is pending. The appraisers will then appraise the loss, stating separately the amount of loss, and failing to agree will submit their differences to the umpire. An award in writing of any two will determine the amount of loss. You and we will each pay his or its chosen appraiser and will bear equally the other expenses of the appraisal and the umpire. We will not be held to have waived any of our rights by any act relating to appraisal.
11. PAYMENT FOR LOSS / ACTION AGAINST US - Payment for loss may not be required nor will action lie against us in respect of Coverages F and G unless, as a condition precedent thereto: (1) you have complied with all the terms of this Policy, (2) at least sixty (60) days have elapsed since the filing of proof of loss and the amount of loss is determined as provided in this Policy, and (3) any action against us is commenced within twelve (12) months after the loss takes place.
12. NO BENEFIT TO BAILEE - The insurance afforded by this Policy will 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** will be reduced as of the time and date of loss by the amount of such loss. Such reduced value will continue until repairs are commenced when the amount of insurance will 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** - You will cooperate with us and, upon our request, will attend hearings and trials and will assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. Further, upon our request, you will submit to examinations under oath by anyone we designate. You will not, except at your 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 will be imperative at the time of an **Occurrence**.
15. INSPECTION AND AUDIT - We or the **Aviation Managers** or parties we designate will be permitted to inspect the **Aircraft** and any records pertaining thereto during the Policy Period or within one (1) year thereafter.
16. SUBROGATION - Except in respect to Coverage E, in the event of any payment under this Policy, we

will be subrogated to all of your rights of recovery therefore against any person or organization and you will execute and deliver instruments and papers and do whatever else is necessary to secure such rights. You will 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 does not waive or change any part of this Policy or prohibit us from asserting any right under the terms of this Policy; nor are the terms of this Policy waived or changed, except by endorsement issued to form a part of this Policy signed by the **Aviation Managers**.
18. **ASSIGNMENT** - Assignment of interest under this Policy will not bind us until our consent is endorsed hereon by the **Aviation Managers**; if, however, you die or are adjudged bankrupt or insolvent within the Policy Period and written notice is provided to us within sixty (60) days after the date of such death or adjudication, this Policy, unless cancelled, will cover (1) your 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** - You may cancel this Policy by mailing to the **Aviation Managers**, written notice stating the date thereafter on which such cancellation will be effective. We, or the **Aviation Managers**, may cancel this Policy, by mailing written notice to you at the address shown in the Policy stating when not less than thirty (30) days (10 days for non-payment) thereafter such cancellation will be effective. The mailing of such notice will be sufficient proof of notice and the Policy Period will end at the effective date and hour of cancellation stated in the notice. Delivery of such written notice either by you, us or the **Aviation Managers** will be equivalent to mailing.  
  
If **Aviation Managers** or we cancel, earned premium will be computed on a pro rata basis. 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. If you cancel the Policy, we will compute earned premium in accordance with the customary short rate table and procedure. Cancellation for non-payment of premium shall be considered cancellation by the **Named Insured**.
20. **TOTAL LOSS**. Irrespective of anything to the contrary in this Policy, we will not return any unearned **Physical Damage** premium relative to an **Aircraft** on which a **Total Loss** has been paid unless required to do so by State regulation.
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.