



## ***Air Venture Hull and Liability Summary For Instruction & Rental and Other Commercial Accounts***

Below is a summary of our revised Air Venture provisions. Air Venture is intended to address the needs of our most basic commercial use clients including Instruction and Rental. The policy form features plain modern language and incorporates a number of the most requested coverage enhancements all within a single document. Fewer endorsements are needed to provide a full spectrum of protection. Expanded coverage might be available to eligible clients on request. Some of the standard features of the new **Instruction and Rental** policy include:

### **LIABILITY COVERAGE**

- Airport Premises Liability - includes hangars & mobile equipment used in connection with covered aircraft.
- Non-owned Aircraft Liability / Pilot Warranties Waived
- Passengers' Personal Effects and Baggage (up to \$1,500 each passenger)
- Cargo Liability – applies to loss or damage while onboard an insured aircraft or during loading and unloading. (\$25,000 per occ. subject to \$1,000 deductible)
- Contractual Liability – for contracts required by a military or governmental authority or required to use an airport or an airport facility.
- Negligent Instruction (\$1,000,000 CSL with sublimit of \$100,000 each passenger)
- Student Renter Liability (\$100,000 each occ. / Waiver of Subrogation for Students and Renters)

### **PHYSICAL DAMAGE COVERAGE**

- Spare Parts - including engines which are intended for use on covered aircraft. (\$25,000 each loss subject to \$2,500 deductible)
- Parts Temporarily Detached - covers parts temporarily detached from insured aircraft including engines. \$25,000 each loss subject to \$2,500 deductible)
- Fire and Crash Emergency Expenses - including runway or aircraft foaming. (\$50,000 each occ.)
- Emergency Off-Airport Landing Expenses – applies when a pilot is forced to make an emergency off airport landing where no physical damage occurs. Includes cost to move the aircraft to the nearest airport. (\$50,000 each occ.)
- Search and Rescue – applies to the incurred expenses for Search and Rescue operations performed by you or at your request in connection with a covered loss. (\$50,000 each occ.)
- Non-owned Aircraft, Physical Damage Legal Liability is included subject to the terms of the policy provisions. (\$100,000 max. subject to \$2,500 deductible)

All Instruction and Rental business effective on or after April 1, 2016 will use the policy provisions summarized above. We believe that W. Brown & Associates offers a combination of expertise, convenience and coverage that is unmatched in the marketplace. Please contact your underwriter to learn how our new forms could benefit you and your clients.

***This summary is provided for your information only and is subject to change without notice. It confers no insurance coverage whatsoever. The insurance described above are all subject to the overall terms and conditions of the actual policy. All coverage is subject to regulatory approval where applicable and may not be available as described in all States and sublimits may apply.***

# AIR VENTURE 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, C 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 use of Airport **Premises** including hangars and **Mobile Equipment** which you use in connection with an **Aircraft** insured hereunder. 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. **Non-Owned Aircraft Liability** - It is agreed that, with respect to Coverages A, B and D in Section I of the Policy, coverage will apply to any aircraft you use but which is not declared in Item 5 of the Declarations always provided that you have no interest in the aircraft as owner in whole or in part and exercise no part in the servicing or maintenance of the aircraft.

Our liability for losses under this coverage with respect to non-owned aircraft is subject to the Limits of Liability shown in Item 4 of the Declarations and does not increase the maximum amount we will pay.

No coverage hereunder applies:

- a) To liability arising out of any product you manufacture, sell, handle or distribute.

- b) To any aircraft having seating capacity exceeding that of the **Aircraft** covered hereunder with the largest number of seats.
- c) To liability for loss of or damage to the aircraft or any consequential loss arising therefrom.
- d) To any rotorwing aircraft or, amphibious aircraft.

Solely as respects Non-Owned Aircraft, it is agreed that Item 6, Pilots, of the Declarations shall not apply provided you do nothing to prejudice our subrogation rights.

Non-Owned Aircraft Liability coverage hereunder will be excess over any other valid and collectible Insurance available to you.

3. **Passengers' Personal Effects and Baggage** - Notwithstanding anything to the contrary in Exclusion 14 (b), we agree to pay damages for which you are legally liable arising from the loss of or damage to the personal effects or **Baggage** of any **Passenger** on any **Aircraft** shown in Item 5 of the Declarations subject to a Limit of Liability not to exceed \$1,500 each **Passenger**.
4. **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.

5. **Cargo Liability** - We agree to pay on your behalf those sums which you will become legally liable to pay (but limited to your legal liability under the applicable tariff document, airway bill of lading or shipping receipt, if any) for direct **Physical Damage** or loss from external cause to cargo, caused by an **Occurrence**, and while on-board or being loaded onto or unloaded from **Aircraft** shown in Item 5 of the Declarations.

Our Limit of Liability for this coverage extension is \$25,000 each **Occurrence**. A deductible of \$1,000 applies to each loss. The Limits of Liability applicable to Cargo Liability are included within the Policy's Limits of Liability applicable to **Property Damage** Liability and are not in addition thereto.

Coverage afforded hereunder will be secondary to and excess over any other valid and collectible insurance available to you.

In addition to the exclusions appearing elsewhere in the Policy applicable to all Liability coverages, our obligations under this section do not apply to any liability for:

- a) loss of use, loss of market, delay, inherent vice, extremes of temperature or pressure, or deterioration;
  - b) loss, damage or expense caused by or resulting from infidelity or dishonesty of any person in the employment or service of the **Insured**;
  - c) loss in excess of the actual cost of reproducing or replacing destroyed or damaged manuscripts, notes, securities, accounts, bills, deeds, or any other valuable papers;
  - d) property you own;
  - e) **Passenger Baggage**;
  - f) loss of or damage to cargo which is considered dangerous or harmful and for which a special permit or waiver from a federal, state, county, or municipal authority is required; or
  - g) loss of cargo that disappears mysteriously.
6. **Contractual Liability** - With respect to such coverage as is provided by Coverages A, B, C and D in Section I of this Policy, we will also pay those sums that you become legally obligated to pay as damages because you have assumed those obligations in a written contract or agreement required by a military or governmental authority as a prerequisite to the use of an airport or an airport facility.
7. **Negligent Instruction Liability** - Notwithstanding anything to the contrary appearing elsewhere in this Policy, coverage provided hereunder shall apply to negligent instruction.

The term "Negligent Instruction", wherever used herein, shall mean the alleged failure of the **Insured** to properly instruct a pilot with respect to the safe operation of the **Aircraft**. The term shall apply to both ground and flight instruction, provided such instruction is given by a Certified Flight Instructor on behalf of the **Named Insured**.

The most we will pay with respect to Negligent Instruction is \$1,000,000 Single Limit **Bodily Injury** and **Property Damage** Each **Occurrence**, with **Passenger** Liability limited to \$100,000 each Person. The coverage limits afforded hereunder shall be included within and not in addition to the limits applicable to the **Named Insured**.

8. **Student / Renter Liability** - It is agreed that notwithstanding the provisions of paragraph d) of Definition 10, **Insured**, liability coverages provided herein are extended to include as "**Insured**" any person operating the **Aircraft** under the terms of any rental agreement or training program which provides any remuneration to the **Named Insured** for the use of such **Aircraft**. It is also agreed that renter pilots are provided with a Waiver of Subrogation as respects **Physical Damage Coverage**.

The most we will pay in connection with student / renter liability is \$100,000 per Person and **Occurrence**.

Coverage such as is afforded by Items 1 through 8 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**.

It is further agreed that the insurance provided by Coverage F and Coverage G is extended to include the following:

1. **Spare Parts** - Coverage for **Physical Damage** to or loss of spare parts, including engines, you own or for which you are legally liable, and which are intended for use in the **Aircraft** insured by this Policy. Our liability for losses covered by this paragraph will in no event exceed \$25,000 in respect to any one **Occurrence** subject to a deductible of \$2,500 per loss.
2. **Parts Temporarily Detached** - Coverage for **Physical Damage** to or loss of parts temporarily detached from **Aircraft** covered hereunder, including engines, you own or for which you are legally liable. Our liability for losses covered by this paragraph will in no event exceed \$25,000 in respect to any one **Occurrence** subject to a deductible of \$2,500 per loss.
3. **Fire and Crash Emergency Expenses** - The cost of fire and crash emergency expenses including runway foaming or **Aircraft** foaming for the purpose of minimizing **Physical Damage** loss or a **Bodily Injury** loss under this Policy. Our Limit of Liability will not exceed \$50,000 any one **Occurrence**.
4. **Emergency Off-Airport Landing Expenses** - In the event the pilot in command is forced to make an emergency off airport landing and no **Physical Damage** to the **Aircraft** occurs, Coverage F is hereby amended so that we will pay the expenses of transporting the **Aircraft** to the nearest suitable airport provided that such expenditures must be agreed to in advance by us and our Limit of Liability will not exceed \$50,000 any one **Occurrence**.
5. **Search and Rescue** - We will pay the actual incurred expenses for Search and Rescue operations performed by you or at your request provided such expenses arise in connection with an **Occurrence** otherwise covered by this Policy. Coverage afforded by this paragraph will not apply until such time as all governmental authorities and military Search and Rescue operations have been abandoned. Our Limit of Liability for Search and Rescue operations will not exceed \$50,000 any one **Occurrence**.
6. **Non-Owned Aircraft - Physical Damage Legal Liability** - It is agreed that such insurance as is afforded by Coverages F and G described in Section III of the Policy is extended to apply to liability imposed by law upon the **Insured** for damage to or destruction of any aircraft (including resultant loss of use) which is the property of others and which at the time of the loss is in your custody for use by you.

As respects Non-Owned Aircraft only, this Policy does not apply to:

- a) Loss of or damage to robes, wearing apparel, personal effects or merchandise of any description, whether the aircraft in which they are contained is stolen or damaged.
- b) Loss of or damage to any aircraft owned by you in whole or in part, or leased under a long term lease to you or your family or if you are a co-partnership, by any member thereof or his or her family or if you are a corporation, by any officer or his or her family.
- c) Loss of or damage to any material you furnish or any work you perform out of which the accident arises.
- d) Liability you assume under any contract or agreement not identified specifically or by definition under this Policy.

The most we will pay in connection with Non-Owned Physical Damage Liability is \$100,000 per **Occurrence**. A deductible of \$2,500 shall apply to each loss.

The coverage extensions described in Items 1 through 6 are subject to the limits and deductibles shown for each item and do not further increase the Limits of Liability shown in Item 5 of the Declarations.

#### **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, Canada, Mexico, the Bahamas and the Caribbean excluding Cuba and Haiti 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 the 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.

In the event that the aircraft has a **Passenger** capacity greater than that of any **Aircraft** listed in the Declarations, then our liability under Coverages D and E for **Passenger** claims will 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.

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 not designated in the Declarations.
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 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, 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,
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 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 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**.

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; or



- c) to **Bodily Injury** or death of anyone appearing in the Declarations as a **Named Insured**.
12. Under Coverages B and D 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**, but this exclusion does not apply, as respects the **Named Insured**, to damages up to \$1,500 for damage or loss of the personal effects and **Baggage** of any **Guest Passenger** in any one **Occurrence**.
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;
  - 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;
- 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. **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**.
2. **Aviation Managers** means W. Brown & Associates Insurance Services.
3. **Baggage** means handbags, suitcases, valises, briefcases and other forms of **Baggage** usually carried by travelers and the contents thereof.
4. **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.
5. **Disappearance** means missing and not reported by sixty (60) days after commencing the last known flight.
6. **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.
7. **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.
8. **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.

9. **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.
10. **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, 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**.
11. **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.
12. **Mobile Equipment** means any of the following types of land vehicles, including any attached machinery or equipment:
- a) bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
  - b) vehicles maintained for use solely on or next to airport **Premises**;
  - c) vehicles that travel on crawler treads;
  - d) vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted power cranes, shovels, loaders, diggers or drillers;
  - e) road construction or resurfacing equipment such as graders, scrapers or rollers;
  - f) vehicles not described above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types; air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well service equipment;
  - g) cherry pickers and similar devices used to raise or lower workers; or
  - h) vehicles not described above maintained primarily for purposes other than the transportation of persons or cargo.
13. **Named Insured** means the person or organization named in Item 1 of the Declarations.
14. **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**.
15. **Partial Loss** means any **Physical Damage** loss which is not a **Total Loss**.
16. **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).

17. **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.
18. **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.
19. **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**.
- 19) **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**.
- 20) **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" are 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 you cancel, we will compute earned premium in accordance with the customary short rate table and procedure. If we or the **Aviation Managers** 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.

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.