

Aviation Insurance – Policy Wording

Index of available cover

Aircraft Policy Wording Index

- Section I - Loss of or Damage to Aircraft
- Section II - Legal Liability to Third Parties (other than passengers)
- Section III - Legal Liability to Passengers
- Section IV - General exclusions, warranties, conditions, definitions, special clauses
- Section V - War Risks

Aviation Insurance – Policy Wording Summary

In Consideration of the payment of the premium by or on behalf of the Insured (named in the Schedule) prior to the inception date and the Insured having by proposal or declaration, which shall form the basis of this insurance and are deemed to be incorporated herein, applied to the Guardrisk Insurance Company Limited (hereinafter called the Insurer) for the insurance hereinafter set out, the Insurer agrees subject to the Terms, Conditions, Warranties, Exclusions, Deletions, Definitions, Clauses and Limitations contained herein or endorsed into indemnify or compensate the Insured for any physical loss, damage or liability as provided for in the Policy but only in respect of an accident (as defined) occurring during the Period of Insurance as stated in the Schedule hereto.

Specific conditions and provisions shall override general exceptions, conditions and provisions.

For and on behalf of the
Guardrisk Insurance Company Limited

Page 2

Aviation Insurance – Policy Wording

Section 1 – Loss of or Damage to an Aircraft

1. Coverage

- (a) **The Insurer will at its option pay for, replace or repair accidental loss of or damage to the Aircraft described** in the Schedule hereto arising from the risks covered as stated in the Schedule hereto, including disappearance if the Aircraft is unreported, missing or its whereabouts unknown for seven days after the commencement of flight, but not exceeding the amount insured as stated in the Schedule hereto and subject to the amount to be deducted shown below in paragraph 3 (iii).
- (b) If the Aircraft is insured hereby for the risks of “flight” (hereinafter defined) the Insurer will in addition pay reasonable emergency expenses necessarily incurred by the Insured for the immediate safety of the Aircraft consequent upon damage or forced or emergency landing up to ten per cent (10%) of the amount insured as stated in the Schedule hereto subject to a maximum of R50 000.

2. Exclusions applicable to this section only

The Insurer shall not be liable for:

- (a) **wear and tear, breakdown** - wear and tear, deterioration, breakdown, defect or failure howsoever caused and the consequences thereof within the “aircraft” and/or any “unit” (hereinafter defined);
- (b) damage to any unit by anything which has a progressive or cumulative effect but damage attributable to a single recorded incident is covered under paragraph 1 (a) above;
- (c) **modifications or inspections** - any expense or loss incurred in connection with or directly arising out of the replacement of any undamaged part or parts or unit of the Aircraft which, in terms of Service Bulletins and/or Civil Aviation Regulations and/or Airworthiness Directives and/or orders and requirements issued by any competent authority, is required to be repaired or replaced at the time that the repair of accidental damage to the Aircraft is carried out.
- (d) Any debt, failure to provide bond or security or any other perceived financial cause under court order or otherwise.
- (e) The repossession or attempted repossession of the Aircraft either by any title holder, or arising out of any contractual agreement to which any Insured protected under this Policy may be party.

However accidental loss of or damage to the Aircraft consequent upon 2 (a) or (b) above is covered under paragraph 1(a) hereof.

3. Conditions applicable to this section only

- (a) **Dismantling and repairs** - if the Aircraft is damaged
- no dismantling or repairs shall be commenced without the consent of the Insurer except whatever is necessary in the interest of safety or to prevent further damage or to comply with orders issued by the appropriate authority.
 - The Insurer will pay for the repairs and transport of labour and materials by the most economical method unless the Insurer agrees otherwise with the Insured.
- (b) **Payments or replacement** - if the Insurer exercises its option to pay for or replace the Aircraft
- the insurer may take the Aircraft (together with all documents and/or records, registration and title thereto) as salvage.
 - the cover afforded by this section is terminated in respect of the Aircraft even if the aircraft is retained by the Insured for valuable consideration or otherwise.
 - the replacement Aircraft shall be of the same model and type and in reasonably like condition unless otherwise agreed with the Insured.

- (c) **Amounts to be deducted from claims** - there shall be deducted from each claim under paragraph 1(a) of this section
- (i) the amount specified in the Schedule hereto and;
 - (ii) such portion of the "overhaul cost" (hereinafter defined) of any unit repaired or replaced as the used time bears to the "overhaul life" (hereinafter defined) of the unit.
- This sub paragraph shall not apply to claims settled on a total, constructive or arranged total loss basis.
- (d) **Engine** - any claim in respect of an engine is restricted to loss or damage caused by theft, lightning, flood, outbreak of fire external to the engine or by sudden and unexpected impact with a foreign object requiring immediate withdrawal of the engine from service.
As used herein "engine" means an engine for propulsion or auxiliary power complete with all parts necessary for test cell running.
- (e) **No abandonment** - unless the Insurer elects to take the Aircraft as salvage the Aircraft shall at all times remain the property of the Insured who shall have no right of abandonment to the Insurer. The fact that the Insurer has dealt with the Aircraft in any way whatsoever shall not be construed in such a manner so as to warrant the conclusion that the Insurer has made an election in terms of this Policy.
- (f) **Other insurance** - **No claim shall be payable under this Section if other insurance which is payable in consequence of loss or damage covered under this Section has been or shall be effected by or on behalf of the Insured without the knowledge or consent of the Insurer.**

Aviation Insurance – Policy Wording

Section II – Legal Liability to Third Parties (other than Passengers)

1. Coverage

The Insurer will indemnify the Insured for all sums which the Insured shall become legally liable to pay and shall pay as compensatory damages (including costs awarded against the Insured) in respect of accidental bodily injury (fatal or otherwise) and accidental damage to property caused by the Aircraft or by any person or object falling therefrom.

2. Exclusions applicable to this Section only

(a) **Employees and others** - The Insurer shall not be liable for

- (i) injury (fatal or otherwise) or loss sustained by any director or employee of the Insured or partner in the Insured's business or members whilst acting in the course of his employment with or duties for the Insured.
- (ii) **operational crew** - injury (fatal or otherwise) or loss sustained by any member of the flight, Cabin, medical personnel or other crew member whilst engaged in the operation of the Aircraft or while such crew member is in any way engaged in his capacity as such.
- (iii) **passengers** - injury (fatal or otherwise) or loss sustained by any passenger whilst entering, on board or alighting from the Aircraft.
- (iv) **property** - loss of or damage to any property belonging to or in the care, custody or control of the Insured.

(b) **Noise and pollution and other perils exclusion clause** - This Policy does not apply to claims directly or indirectly occasioned by happening through or in consequence of

- (i) noise (whether audible to the human ear or not), vibration, sonic boom, and any phenomena associated therewith;
- (ii) pollution and contamination of any kind whatsoever;
- (iii) electrical and electromagnetic interference;
- (iv) interference with the use of property;

unless caused by or resulting in a crash, fire, explosion or collision, or a recorded inflight emergency causing abnormal aircraft operation. Nothing in this paragraph shall override General Exclusion 9.

3. Limits of indemnity applicable to this Section only

Limits - the liability of the Insurer under this Section shall not exceed the amount stated in the Schedule hereto. The Insurer will in addition defray any legal costs and expenses incurred with its written consent in defending any action which may be brought against the Insured in respect of any claim for compensatory damages covered by this Section but should the amount paid or awarded in settlement of such claims exceed the limit of indemnity then the liability of the Insurer in respect of such legal costs and expenses shall be limited to such proportion of the said legal costs and expenses as the limit of indemnity bears to the amount paid for compensatory damages.

Aviation Insurance – Policy Wording

Section III – Legal Liability to Passengers

1. Coverage

The Insurer will indemnify the Insured in respect of all sums which the Insured shall become legally liable to pay and shall pay as compensatory damages (including costs awarded against the Insured) in respect of

(a) accidental bodily injury (fatal or otherwise) to passengers whilst entering, on board or alighting from the Aircraft and;

(b) loss of or damage to the baggage and personal articles of passengers arising out of an accident to the Aircraft.

Provided always that

(i) **documentary precautions** - before a passenger boards the Aircraft for a flight for reward including flights being conducted in terms of a license permit or authority held by the Insured duly issued by the competent authority of the country in which the Aircraft is registered authorizing carriage of passengers and/or goods and/or any other air service operated for hire or reward, the Insured shall **insofar as it is legally competent to do so and in any event in respect of all carriage that is not “international” as defined in the Warsaw Convention referred to below**, limit its liability for claims under (a) and (b) above up to the maximum amount prescribed in Article 22 (1), (2) (a) and (b) and (3) of the Warsaw Convention dated 12th October 1929 as amended by the Hague Protocol dated 28th September 1955, or the minimum amount prescribed by the law of the country in which the Aircraft is registered, whichever the greater.

(ii) If the measures referred to in proviso (a) above include the issue of a passenger ticket/baggage check the same shall be delivered correctly completed to the passenger a reasonable time before the passenger boards the Aircraft.

Effect of non-compliance - In the event of failure to comply with proviso (a) or (b) the limit of indemnity by the Insurer under this section shall not exceed the amount of the legal liability if any that would have existed had the proviso been complied with.

Flying instruction - Whenever the Aircraft mentioned in the Schedule hereto is being used for the purpose of flying instruction the liability of the Insurer in terms of this Section is not extended to either the instructor or the pilot undergoing such instruction neither of those being regarded as a passenger.

2. Exclusions applicable to this Section only

The Insurer shall not be liable for injury or loss

(a) sustained by any

(i) **employees and others** - members of the household or family of the Insured.

(ii) director, members, employee or partner of the Insured or member in the Insured's business whilst acting in the course of their employment with or duties for the Insured.

(iii) member of the flight, cabin or other crew member whilst engaged in the operation of the Aircraft, or while such crew member is in any way engaged in his capacity as such.

(b) **number of passengers** - whilst the total number of passengers being carried in the Aircraft exceeds the declared maximum number of passenger seats stated in the Schedule hereto.

3. Limits of indemnity applicable to this Section only

The liability of the Insurer under this Section shall not exceed the amount stated in the Schedule hereto.

The Insurer will in addition defray any legal costs and expenses incurred with its written consent in defending any action which may be brought against the Insured in respect of any claim for compensatory damages covered by this Section but should the amount paid or awarded in settlement of such claims exceed the limit of indemnity then the liability of the Insurer in respect of such legal costs and expenses shall be limited to such proportion of the said legal costs and expenses as the limit of indemnity bears to the amount paid for compensatory damages.

Aviation Insurance – Policy Wording

Section IV

1. General exclusions applicable to all Sections

This Policy does not apply:

- (a) **Purpose and manner of use** - whilst the Aircraft is being used for any illegal purpose or for any purpose other than that stated in the Schedule hereto and as defined in the Definitions hereto.
- (b) **Licences** - whilst the Aircraft is being operated and/or used for reward in contravention of any statutory licence and operating requirements pertaining to pilots, crew and operators, issued by the appropriate aviation authorities.
- (c) **Geographical limits** - whilst the Aircraft is outside the geographical limits stated in the Schedule hereto.
- (d) **Pilots** - whilst the Aircraft is being piloted by any person other than as stated in the Schedule hereto except that the Aircraft may be operated on the ground by any person competent for that purpose and entitled by law to do so.
- (e) **Transportation by other conveyance** - whilst the Aircraft is being transported by any means of conveyance (excluding conveyance by its own motive power) except if it is then transported by other conveyance as the result of an accident giving rise to a claim under Section I of this policy.
- (f) **Landing and take-off areas** - whilst the Aircraft is landing or taking off or attempting to do so either at or from a place which does not comply with the recommendations laid down by the manufacturer of the Aircraft or at an unlicensed landing ground at night, unless due to force majeure.
- (g) **Contractual liability** - to liability assumed or rights waived by the Insured under any agreement (other than passenger ticket/baggage check issued under Section III hereof) except to the extent that such liability would have attached to the Insured in the absence of such agreement.
HOWEVER this exclusion shall not apply in the event of the Insured or the employees or agents of the Insured accepting conditions which exclude or limit liability in respect of loss of or damage to the Aircraft imposed by
 - (i) repair, servicing or maintenance organisations (who undertake any repairs to or maintenance of the Aircraft.
 - (ii) hangar keepers and suppliers of fuel.
 - (iii) any airport owner or airport licence holder.
- (h) **Non-contribution** - to claims which are payable under any policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this insurance not been effected.
- (i) **In respect of**
 - (i) **Radioactivity** - to loss of or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
 - (ii) in respect of any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
 - (1) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
 - (2) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.
- (j) **War, hijacking and other perils** - to claims caused by
 - (i) war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power, or attempts at usurpation of power.
 - (ii) 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.
 - (iii) strikes, riots, civil commotions or labour disturbances.
 - (iv) any act of one or more persons whether or not agents of a sovereign power for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
 - (v) any malicious act

Aviation Insurance – Policy Wording

Section IV

- (vi) act of sabotage
- (vii) confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil, military or de facto) or public or local authority.
- (viii) hijacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the insured. Furthermore this Policy does not cover claims arising whilst the Aircraft is outside the control of the insured by reason of any of the above perils. The Aircraft shall be deemed to have been restored to the control of the Insured on the safe return of the Aircraft to the Insured at an airfield not excluded by the geographical limits of this Policy and entirely suitable for the operation of the Aircraft as prescribed by the manufacturers of the Aircraft (such safe return shall require that the Aircraft be parked free of duress with engines shut down).
- (k) Any debt, failure to provide bond or security or any other perceived financial cause under court order or otherwise
- (l) The repossession or attempted repossession of the Aircraft either by any title holder, or arising out of any contractual agreement to which any Insured protected under this Policy may be party.

2. Warranties applicable to all Sections

The Insured warrants:

- (a) **Compliance with Air Navigation Orders etc.** - compliance with all air transportation, air navigation and airworthiness orders and requirements issued by any competent authority affecting the safe operation of the Aircraft and shall ensure that
 - (i) the Aircraft is airworthy at the commencement of each flight.
 - (ii) all log books and other records in connection with the Aircraft which are required by any official regulations in force from time to time shall be kept up to date and shall be produced to the insurers or their agents on request.
 - (iii) the employees and agents of the insured comply with such orders and requirements. \
- (b) **Variation in risk** - that should there be any change in the circumstances or nature of the risks which are the basis of this contract the insured shall give immediate notice thereof to the insurer and no claim arising subsequent to such change shall be recoverable hereunder unless such change has been expressly accepted by the insurer.
- (c) **Instruction** - that any flying instruction of whatsoever nature shall be effected by or under the supervision of a duly qualified licenced instructor only.

Aviation Insurance – Policy Wording

Section IV

3. General conditions applicable to all Sections

- (a) **Due observance - The due observance and fulfilment of the terms, conditions and endorsements of this Policy shall be a condition precedent to any liability of the Insurer to make any payment under this Policy.**
- (b) **Claims procedure** - immediate notice of any event likely to give rise to a claim under this Policy shall be given to the Insurer. In all cases the Insured shall
 - (i) furnish full particulars in writing of such event and forward immediately notice of any claim (by a third party or passenger) with any letters or documents relating thereto.
 - (ii) give notice of any impending prosecution.
 - (iii) render such further information and assistance as the Insurer may reasonably require.
 - (iv) not act in any way to the detriment of or prejudice to the interest of the Insurer.

The Insured shall not make any admission of liability or payment or offer or promise of payment without the written consent of the Insurer.
- (c) **Control of proceedings** - the Insurer shall be entitled (if it so elects) at any time for as long as it desires to take absolute control of all negotiations, proceedings and litigation affecting the Insured and to deal with such matters as it deems fit. This includes the right to settle, defend or pursue any claim or prosecution in the name of the Insured.
- (d) **Subrogation** - upon an indemnity being given or a payment being made by the Insurer under this Policy it shall be subrogated to the rights and remedies of the Insured who shall cooperate with and do all things necessary to assist the Insurer to exercise such rights and remedies.
- (e) **More than one insured** - notwithstanding the inclusion herein of more than one Insured whether by endorsement or otherwise the total liability of the Insurer in respect of any or all Insureds shall not exceed the limit(s) of indemnity stated in the Schedule hereto.
- (f) **False and fraudulent claims** - if the Insured or his agent or employee shall make any claim knowing the same to be false or fraudulent as regards amount or otherwise this Policy shall become void and all claims hereunder shall be forfeited.
- (g) **Cancellation** - the Policy may be cancelled by either the Insurer or the Insured giving 10 days' notice in writing of such cancellation. If cancelled by the insurer it will return a pro rata portion of the premium in respect of the unexpired period of the Policy. If cancelled by the Insured a return of premium shall be at the discretion of the Insurer. There will be no return of premium in respect of any Aircraft on which a loss exceeding the annual policy premium has been paid or is payable under this Policy.
- (h) **Assignment** - this Policy shall not be assigned in whole or in part except with the consent of the Insurer verified by endorsement hereon.
- (i) **Not marine insurance** - this Policy is not and the parties hereto expressly agree that it shall not be construed as a policy of marine insurance.
- (j) **Interpretation** - wording in the margins is purely for reference purposes and shall not be used in the interpretation of this Policy.
- (k) **Due diligence** - the Insured shall at all times use due diligence and do and concur in doing everything reasonably practicable to avoid or diminish any loss hereon.
- (l) **Prescription** - in the event of an incident which may or does give rise to a claim or claims under any Section of the Policy, the Insured shall comply with the obligations set out in General Condition 2. If after due and proper notice has been given by the Insured to the insurer, the latter concludes and advises that the Insured is not entitled to any protection or indemnity under the Policy in its entirety or under any Section thereof, albeit for claims at that time or at any time in the future, all benefit under this Policy, under all Sections thereof, shall be forfeited by the Insured unless legal action for protection under the Policy is instituted within nine months of the date of the insurers advising the Insured or its agent of the decision not to afford any benefit whatsoever to the Insured.

Aviation Insurance – Policy Wording

Section IV

- (m) **Premium payment** - the premium under this Policy is payable on or before inception date or renewal date as the case may be. The Insurer shall not be obliged to accept premium tendered to it after such date but may do so upon terms as it, in its sole discretion may determine.
- (n) **Full premium if loss** - it is understood and agreed that in the event of a claim arising in terms of this Policy the full annual premium less the amount of premium already paid, shall become due and payable forthwith.
- (o) **South African jurisdiction** - this insurance policy shall be governed exclusively by the law of the Republic of South Africa whose courts shall have exclusive jurisdiction in any dispute arising hereunder.
- (p) **Penalties** - this Policy will not indemnify the Insured in respect of fines, penalties, punitive, exemplary or vindictive damages.

4. Definitions

Definitions (f), (g) and (m) constitute “**Standard Uses**” and do not include instruction, patrol (including but not limited to security, traffic, power line and anti-poaching patrol), firefighting/spotting/control, all forms of racing including speed trials, record attempts, aerial or cloud seeding, crop dusting or spraying, hunting, shooting, herding, counting, capture, fish spotting, experimenting with or testing new parts

(other than replaced standard parts) or new devices or new designs, sequence display or aerobatic flying, parachute dropping, vehicle tracking, medical evacuation flying activities (medevac), aerial survey/filming or photography, underslung and/or winching operations, offshore servicing, any use which requires prior permission from competent authority and additionally any other use involving abnormal hazard but when cover is provided details of such use(s) are stated under “**Special Uses**” in the Schedule hereto.

- (a) “**AIRCRAFT**” shall mean the Aircraft specified in the Schedule hereto together with its engine(s) and standard instruments and equipment including any extra equipment or accessories specifically mentioned in the Schedule.
- (b) “**ACCIDENT**” means any one accident or series of accidents arising out of one event.
- (c) “**UNIT**” means a part or an assembly of parts (including any sub-assemblies) of the Aircraft which has been assigned an overhaul life as a part or an assembly. Nevertheless an engine complete with all parts normally attached when removed for the purpose of overhaul or replacement shall together constitute a single unit.
- (d) “**OVERHAUL LIFE**” means the amount of use or operational and/or calendar time which according to the Airworthiness Authority, determines when overhaul or replacement of a unit is required.
- (e) “**OVERHAUL COST**” means the costs of labour and materials which are or would be incurred in overhaul or replacement (whichever is necessary) at the end of the overhaul life of the damaged or a similar unit.
- (f) “**PRIVATE, PLEASURE**” means the use for private and pleasure purposes but not use for any business or profession nor for hire or reward.
- (g) “**BUSINESS**” means the uses stated in “Private, Pleasure” and use for the purpose of the insured’s business or profession but not use for the aircraft for hire or reward.
- (h) “**COMMERCIAL OR CHARTER**” means the uses stated in “Private, Pleasure” and “Business” and use for the carriage by the Insured of passengers, baggage accompanying passengers and cargo, all for hire or reward, in terms of a licence issued by a competent aviation authority.
- (i) “**RENTAL**” means rental, lease, charter, or hire by the insured to any person, company, or organisation for “Private Pleasure” and “Business” uses only where the operation of the Aircraft is not under the control of the Insured. Rental for any other purpose is not insured under this Policy unless specifically declared to the Insurer and stated under “**SPECIAL USES**” in the Schedule.
- (j) “**SALES AND DEMONSTRATION**” means the situation arising whenever the Aircraft is made available for sale by one party to another which includes negotiations arising therefrom as well as the demonstration of the Aircraft or parts thereof on the ground or in the air whilst the Aircraft is actually flown. Sales and Demonstration is not insured under this Policy unless specifically

Aviation Insurance – Policy Wording

Section IV

- (k) “**AB INITIO OR LICENCE REINSTATEMENT INSTRUCTION**” means practical or theoretical tuition to a person who is undergoing flying training on the Aircraft for the purpose of obtaining or reinstating a private or higher pilot’s licence.
- (l) “**CONVERSION TO TYPE INSTRUCTION**” means use for instruction to a pilot for the purpose of obtaining a type or category rating in respect of the Aircraft in compliance with legal regulations for type and category ratings. It does not include “AB INITIO INSTRUCTION”.
- (m) “**ADVANCED INSTRUCTION**” means additional flying training for the purpose of enabling a pilot to exercise rating privileges other than those already held by him in terms of an existing licence rating, or recurring training but does not include “Ab initio”, “Reinstatement of licence” or “Conversion to type instruction”.
- (n) “**FLIGHT**” means from the time the Aircraft moves forward in taking off or attempting to take off, whilst in the air, and until the Aircraft completes its landing run.
- (o) “**TAXYING**” means movement of the Aircraft under its own power other than flight as defined. Taxying shall not be deemed to cease merely by reason of a temporary halting of the Aircraft.
- (p) “**GROUND**” means while the Aircraft is not in flight or taxying as defined.

5. Special Clauses

Pilot’s Indemnity Clause (if stated in the schedule to be included)

It is hereby declared and agreed that the indemnity granted under Section II - Legal Liability to Third Parties (other than Passengers) and Section III - Legal Liability to Passengers - if incorporated herein shall extend to include the legal liability of any pilot (as described in the Schedule hereto) who flies the Aircraft with the express knowledge and consent of the Insured in respect of injury or damage as defined in the relative Section but not so as to increase the liability of the Insurer beyond the amount which it would have been liable to pay in respect of such injury or damage if liability had devolved upon the Insured.

Provided always that

- (a) at the time of any accident giving rise to a claim under this extension the said pilot
 - (i) is not entitled to indemnity under any other policy.
 - (ii) shall as though he were the Insured observe, fulfil and be subject to all warranties, terms, exclusions, deletions, definitions, conditions and clauses contained in the Policy so far as they can apply.
- (b) the Insurer shall not be liable under this extension for any loss suffered by the Insured.
- (c) for the purpose of this extension the word “Insured” wherever it appears in the Exclusions appearing in Sections II and III shall be understood to mean
 - (i) the Insured named in the Schedule hereto and/or
 - (ii) any pilot as aforesaid in respect of whom this extension is operative.

Unlicensed Landing Grounds Suitability Clause (if stated in the schedule to be included)

It is hereby declared and agreed that the landing on and taking off of the Aircraft by day from landing grounds other than duly licensed airports is covered under this Policy subject to each such landing ground being surveyed from the ground or from the air by the Insured and/or pilot immediately prior to landing or taking off as the case may be. In the event of a claim being made under this Policy arising out of the use of any such landing ground the onus of proving its suitability as such shall rest entirely on the Insured.

Aviation Insurance – Policy Wording

Section IV

Airfreight of Spares (if stated in the schedule to be included)

In the event of the Insured Aircraft sustaining damage constituting a valid claim in terms of Section I of this Policy and necessitating the importation and/or exportation of aircraft spare parts and/or components the Insurer shall be liable for the cost of transportation by air of such spare parts and/or components up to ten per cent (10%) of the Sum Insured of such damaged Aircraft subject to a maximum of R75 000.

No Claim Bonus on Renewal (Applicable to Section I only excluding extensions) (if stated in the schedule to be included)

Subject to there being no claim settled or outstanding or expenses incurred in connection with any claim on this Policy and provided this Policy has been in force for twelve consecutive months and subject to this insurance having been renewed with the Insurer on a similar basis for a further period of twelve consecutive months a no claim bonus calculated at the rate stated in the Schedule hereto shall be allowed to the Insured, it being understood that no obligation on the Insurer or the Insured to renew is implied.

Voluntary Air Transport Squadron Flying (Applicable to Section I only) (if stated in the schedule to be included)

The cover provided by Section I of this Policy includes the use of the Aircraft for Voluntary Air Transport Squadron duties authorised on the order of and under the general control of the Chief of the Air Force/Commissioner of Police of the Republic of South Africa. It is further agreed that such authorised duties are:

- (i) flights at training courses;
- (ii) ad hoc tasks flown in support of or at the request of the Civil Aviation Authority, South African National Defence Force, South African Police Services and National Sea Rescue Institute of South Africa;

subject to all such duties being carried out in compliance with all Civil Aviation Regulations notwithstanding any Regulations or section of the Civil Aviation Act No. 13 of 2009 which purports or attempts to purport to exclude compliance therewith.

This Policy does not cover loss or damage to the above-mentioned Aircraft as a result of or in the course of operational, hostile or malicious action of or against insurgents or other persons.

Hail Damage (if stated in the schedule to be included)

It is hereby agreed and accepted that in the event of any Aircraft (Insured in terms of this Policy) having been damaged due to hail strike on the ground and not being fully and completely repaired and reinstated in its condition immediately prior to the said hail strike at the time of the inception of the risk under this Policy all and any further hail damage of whatever nature sustained to the Aircraft whilst on the ground, is specifically excluded. The Insurer's obligation to indemnify the Insured in respect of such further hail damage shall only come into being in the event of the Insured discharging its onus to satisfy the Insurer that the hail damage caused prior to the inception of the risk, has been fully and completely repaired and the Aircraft reinstated. In the event of the insured Aircraft suffering any additional hail damage on the ground subsequent to the inception of the risk and in consequence of which it is rendered unairworthy, the Insurer agrees to make good the repairs to render the Aircraft airworthy insofar as it relates to the said hail damage.

Contingent Pilots Clause (Piston Engine Fixed Wing Aircraft only) (if stated in the schedule to be included)

It is hereby declared and agreed that the Permitted Pilot and Purpose of Use provisions in this Policy are extended to include the following:

- (i) Any type-rated commercially licenced pilot solely for the purpose of collection and/or delivery and/or test flights in connection with overhaul, maintenance or repair of the Aircraft.
- (ii) Any type-rated privately licenced pilot solely for the purpose of collection and/or delivery and/or test flights required in connection with overhaul, maintenance or repair of the Aircraft provided that the pilot has been specifically approved by the Civil Aviation Authority for this purpose.

Aviation Insurance – Policy Wording

Section IV

Aggravation of Injury / Illness / Medical Malpractice Exclusion (if stated in the schedule to be included)

Notwithstanding anything contained herein to the contrary, it is hereby understood and agreed that this Policy shall exclude coverage in respect of the Insured's liability for medical malpractice or aggravation of existing injuries or illness of any passenger carried by the Insured/Pilot as the result of such passenger entering into, alighting from or flying in the Aircraft.

Search and Rescue Expenses (if stated in the schedule to be included)

Sections II and III of this Policy are extended to indemnify the Insured for any reasonable expenses incurred in rescue work (including the cost of search) necessitated by an accident during the Policy Period to the insured Aircraft whilst within the geographical limits as stated in the Schedule to the Policy.

The word "accident" as used herein shall mean any occurrence which prevents the completion of a flight from point of origin to destination and involves either a forced landing or crash away from the premises of any recognised airfield and which necessitates searching for the Aircraft or rescuing any persons involved in such forced landing or hospitalisation (if necessary) or the nearest point of public transportation.

The liability of the Insurer under this extension is limited to the amount as indicated in the schedule in the aggregate. Nothing contained herein shall increase the liability of the Insurer beyond the limits as stated in the Schedule.

Breach of Civil Air Regulations Clause (if stated in the schedule to be included)

It is understood and agreed that coverage under this Policy remains in full force and effect in the event of any of the Insured's servants and/or pilots of the aircraft (provided not the named Insured) nor any of its partners, members or directors committing a Breach of any air transportation, air navigation, air worthiness order and/or requirement issued by any competent authority which would otherwise make this policy void.

Provided always that the Insured and/or directors and/or the management of the Insured has no prior knowledge of the circumstances in which the breach has been committed and that the agent or servants or pilot has acted contrary to express instructions laid down by the Insured. The onus of proof that the requirements of this clause have been met, shall rest solely upon the Insured. Nothing in the Clause shall extend this Policy to indemnify the individual causing any such breach.

Unauthorised Use Clause (Theft only) (if stated in the schedule to be included)

This Policy includes cover for loss, damage and liability of the Insured as defined herein whilst the Insured Aircraft is used in place and/or in a manner and/or by a person not permitted by this Policy following the Theft of the Aircraft and provided that the Insured takes reasonable precautions to prevent such theft. Nothing in this clause shall extend this Policy to indemnify an unauthorised person in respect of any claims for which he may be liable.

Legal Liability to Employees (if stated in the schedule to be included)

If at any time during the period of this insurance any employee of the Insured shall sustain bodily injury (fatal or non-fatal) whilst travelling as a passenger in the Aircraft (including entering or alighting from the Aircraft) in the course of his employment by the Insured and if the Insured shall become legally liable to pay and shall pay as compensation (including costs awarded against the Insured) in respect of such injury, the Insurer will indemnify the Insured in terms of Section III in respect of all sums for which the Insured shall be so liable up to but not exceeding the limit of indemnity as described in the Schedule.

Provided always that

The indemnity provided by this extension shall not apply if the liability of the Insured arises under any law requiring compensation to be paid for injury to workmen.

Excesses all Losses (if stated in the schedule to be included)

It is hereby declared and agreed that the excesses to be borne by the Insured in respect of each and every claim shall equally apply in the event of a total or constructive total loss.

Aviation Insurance – Policy Wording

Section IV

Agreed Value (if stated in the schedule to be included)

The amount shown in the Policy Schedule shall be deemed to be the value agreed between the Insured and the Insurer. In each and every event giving rise to a claim the Insurer shall have the sole discretion to pay the Insured the value of the aircraft as stated in the Policy less any applicable excess, irrespective of whether the aircraft is repairable or a total/constructive total loss.

Cross Liabilities (if stated in the schedule to be included)

The parties comprising the Insured shall each be considered as a separate and distinct unit and the words “The Insured” shall be considered as applying to each party and in the same manner as if a separate Policy had been issued to each of the parties.

It is expressly understood and agreed that the Insurer will not be liable under this Policy for any claim, which but for this extension would otherwise fall under any other insurance. Nothing contained herein shall increase the liability of the Insurer beyond the limit(s) stated in the Schedule.

In the event of more than one Insured being named in the Policy and should an incident occur which might give rise to a claim under any section of the Policy, it is agreed that should the Insured calling for indemnity be in breach of any term, condition, warranty or stipulation contained in the said Policy, such insured shall not be entitled to any form of indemnity under the Policy in its entirety. It is furthermore agreed that in the event of the Insurer indemnifying an Insured under any of the sections comprising the Policy, in such event, the Insurer shall be subrogated to all rights in terms of all monies paid to or on behalf of the Insured claiming indemnity as against the Insured who acted in breach of the aforesaid terms, conditions, warranties or stipulations.

Payment by Monthly Debit Order (if stated in the schedule to be included)

By accepting to pay the Annual Premium in monthly instalments by means of a debit order it is understood and agreed that

- (i) the Insured authorises Azriel Aviation Africa Underwriting Agency (Pty) Ltd, on behalf of Guardrisk Insurance Company Limited (hereinafter called The Insurer), to draw the monthly premium required by The Insurer on the Insured’s or other’s bank account or the account of the institution nominated by the Insured, as authorised by the Insured in terms of the signed debit order authority, provided that if the said bank or institution fails to make such payment this Policy shall be deemed to have lapsed on the last day of the month proceeding the month in which such failure occurs without further notice to the Insured and The Insurer shall retain all premiums paid.
- (ii) in the event of a claim hereunder which exceeds the instalments of the premium paid on this Policy, the balance of the full annual premium shall become due and payable forthwith.

Warranty (if stated in the schedule to be included)

It is hereby warranted that all named pilots must be accident / incident free for the last 5 (five) years.

No Claim Bonus at Inception Clause (if stated in the schedule to be included)

A No Claim Bonus has been allowed at inception per the policy schedule.

It is understood and agreed that in the event of a claim being reported in terms of this Policy, then the No Claim Bonus allowed at inception shall be reversed and become due and payable to Insurers immediately.

Aviation Insurance – Policy Wording

Section IV

Extended Coverage Endorsement (Aviation Liabilities) (if stated in the schedule to be included)

- (a) **Whereas** the Policy of which this Endorsement forms part includes the War, Hi-Jacking and Other Perils Exclusion Clause (Clause AVN 48B), all sub-paragraphs other than (b) of Clause AVN 48B and General Exclusion 10 forming part of this Policy are deleted SUBJECT TO all terms and conditions of this Endorsement.
- (b) **Exclusion** applicable only to any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN 48B and General Exclusion 10.
Cover shall not include liability for damage to any form of property on the ground situated outside Canada and the United States of America unless caused by or arising out of the use of aircraft.
- (c) **Limitation of Liability**
The limit of Insurers' liability in respect of the coverage provided by this Endorsement shall be the applicable Policy limit anyone Occurrence and in the annual aggregate except with respect to passengers to whom the full Policy limit(s) shall apply. This sub-limit shall apply within the full Policy limit and not in addition thereto.
- (d) **Automatic Termination**
To the extent provided below, cover extended by this Endorsement shall terminate automatically in the following circumstances:
- (i) **All cover**
upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following States, namely, France, the People's Republic of China, the Russian Federation, the United Kingdom, the United States of America.
 - (ii) **Any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN 48B and General Exclusion 10**
upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter whosoever or whenever such detonation may occur and whether or not the Insured Aircraft may be involved.
 - (iii) **All cover in respect of any of the Insured Aircraft requisitioned for either title or use**
upon such requisition.
Provided that if an Insured Aircraft is in the air when (a), (b) or (c) occurs, then the cover provided by this Endorsement (unless otherwise cancelled, terminated or suspended) shall continue in respect of such an Aircraft until completion of its first landing thereafter and any passengers have disembarked.
- (e) **Review And Cancellation**
- (i) **Review of Premium and/or Geographical Limits (7 days)**
Insurers may give notice to review premium and/or geographical limits -such notice to become effective on the expiry of seven days from 23.59 hours GMT on the day on which notice is given.
 - (ii) **Limited Cancellation (48 hours)**
Following a hostile detonation as specified in 4(b) above, Insurers may give notice of cancellation of one or more parts of the cover provided by paragraph 1 of this Endorsement by reference to sub-paragraphs (c), (d), (e), (f) and/or (g) of Clause AVN 48B and General Exclusion 10 - such notice to become effective on the expiry of forty-eight hours from 23.59 hours GMT on the day on which notice is given.
 - (iii) **Cancellation (7 days)**
The cover provided by this Endorsement may be cancelled by either Insurers or the Insured giving notice to become effective on the expiry of seven days from 23.59 hours GMT on the day on which such notice is given.
 - (iv) **Notices**
All notices referred to herein shall be in writing.

Aviation Insurance – Policy Wording

Section IV

Breach of Warranty (if stated in the schedule to be included)

The Insurer agrees to extend the cover provided by this Policy to include Breach of Warranty Cover in respect of the aircraft as indicated in the schedule.

It is understood and agreed that

- (a) The insurance afforded by the Policy shall not be invalidated as regards the interest of the Bank (refer to policy schedule) by any act or neglect of the Insured except that any change in title or ownership of the Aircraft, conversion or embezzlement or secretion by the Insured in possession of the Aircraft are not covered hereunder provided however that:
- (i) If the Insured fails on demand of the Insurer to pay any premium due under this Policy, the Bank shall pay such premium; and
 - (ii) the Bank shall notify the Insurer of any increase of hazard which comes to the Bank's attention and if not permitted by this Policy, it will be endorsed thereon, the Bank agreeing to pay any additional required premium, if the Insured shall fail to do so on demand of the Insurer.
 - (iii) The Bank, prior to their lodging any claim against the Insurer in terms of this endorsement shall have fully exercised all their legal rights and remedies in terms of the Credit or Instalment Sale Agreement referred to in the Credit or Instalment Sale Agreement. No sums expended by the Banks in this matter shall be recoverable hereunder. **However**, the Insurer reserves the right to delete this provision of the endorsement without giving prior notice.
It is, however, further understood and agreed by the parties concerned that the protection afforded to the Bank by the terms of this endorsement is limited to the perils covered under the Policy and for which a specific premium charge has been made.
- (b) If the Insured fails to render proof of loss within the time granted in the policy conditions, the Bank shall do so within 60 days thereafter, in form and manner provided by the Policy and further shall be subject to the provisions of the Policy relating to appraisal and time of payment and of bringing suit.
- (c) Whenever the Insurer shall be liable to the Bank for any sum for loss or damage under this Policy and the Insurer shall claim that as to the Insured, no liability therefore existed, its liability under the terms of this endorsement shall not in any event exceed the amount of the lien set forth above, less the amount of all matured instalments and less unearned interests or carrying charges and unearned financed insurance premium if any. (Less any excess or deductible, which would have applied in terms of Section I of this Policy).
- (d) The Insurer reserves the right to cancel this Policy at any time as provided by its terms but in such case notification shall be given to the Bank when not less than 10 days thereafter such cancellation shall be effective as to the interest of said Bank therein and the Insurer shall have the right, on like notice, to cancel this endorsement.
- (e) Upon payment of any sum to the Bank as provided hereunder by the Insurer shall to the extent of such payment be thereupon legally subrogated to all the rights of the Bank under all securities held as collateral to the debt and the Bank shall assign and transfer to the Insurer all instruments of security pertaining to the Aircraft; but no subrogation shall impair the right of the Bank to recover the full amount of their claim.

Credit / Instalment Sale Agreement Endorsement (if stated in the schedule to be included)

It is hereby declared and agreed that the bank as reflected in the clauses and extensions schedule (hereinafter referred to as "The Owners") are the Owners of the Aircraft described in the Schedule hereto and that the said Aircraft is the subject of a Credit / Instalment Sale Agreement made between the Owners of the one part and the Insured of the other part. It is further declared and agreed that the said Owners are interested in any monies which but for this Endorsement would be payable to the Insured under the Policy in respect of the loss of or damage to the said Aircraft (which loss or damage is not made good by repair, reinstatement or replacement) and such monies shall be paid to the said Owners as long as they are the Owners or regarded as the Owners under the Credit / Instalment Sale Agreement of the Aircraft and their receipt shall be full and final discharge to the Insurer in respect of such loss or damage. Save as by this Endorsement expressly agreed nothing herein shall modify or affect the rights or liabilities of the Insured or the Insurer respectively under or in connection with the Policy or any condition or terms thereof.

Aviation Insurance – Policy Wording

Section IV

Nuclear losses exclusion clause (if stated in the schedule to be included)

The policy exception/exclusion relating to nuclear losses is restated as follows:

This policy does not cover any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from

- (i) ionising, radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel;
- (ii) nuclear material, nuclear fission or fusion, nuclear radiation;
- (iii) nuclear explosives or any nuclear weapon;
- (iv) nuclear waste in whatever form;

regardless of any other cause or event contributing concurrently or in any other sequence to the loss. For the purpose of this exception only, combustion shall include any self-sustaining process of nuclear fission.

Asbestos exclusion clause (if stated in the schedule to be included)

This policy does not apply to and does not cover any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of, or in any way involving asbestos, or materials containing asbestos in whatever form or quantity provided that the loss or losses are caused or contributed to by the hazardous nature of asbestos.

Nuclear/chemical/biological terrorism exclusion clause (if stated in the schedule to be included)

It is agreed that, regardless of any contributory cause(s), this Policy does not cover any claim(s) in any way caused or contributed to by an act of terrorism involving the use or release or the threat thereof of any nuclear weapon or device or chemical or biological agent.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or ethnic purposes or reasons including the intention to influence any government and/or to put to the public, or any section of the public, in fear.

If the Insurers allege that by reason of this exclusion any claim is not covered by this Policy the burden of proving the contrary shall be upon the Insured.

Institute radioactive contamination, chemical, biological, bio-chemical and electromagnetic weapons exclusion clause (if stated in the schedule to be included)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

(a) In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from

- (i) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel.
- (ii) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.
- (iii) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (iv) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes
- (v) any chemical, biological, bio-chemical, or electromagnetic weapon.

Aviation Insurance – Policy Wording

Section IV

VAT in addition basis clause (if stated in the schedule to be included)

It is understood and agreed that notwithstanding the Agreed Value Clause that may be contained in the policy the Insurer agrees that VAT, calculated at 15% (or as may amended by the Government from time to time), will be paid in addition to the sum insured as stated in the schedule in the event of the aircraft being a total or constructive total loss. In respect of partial losses VAT will be added to the deductible where such deductible is expressed as a percentage of the sum insured. The foregoing is subject to Guardrisk Insurance Company Limited reserving the right to amend the terms of this Policy if it is determined by the appropriate authorities that this principle is in violation of any laws in South Africa.

Sanctions and embargo clause

Notwithstanding anything to the contrary in the Policy the following shall apply:

- (a) If, by virtue of any law or regulation which is applicable to an Insurer at the inception of this Policy or becomes applicable at any time thereafter, providing coverage to the Insured is or would be unlawful because it breaches an embargo or sanction, that Insurer shall provide no coverage and have no liability whatsoever nor provide any defence to the Insured or make any payment of defence costs or provide any form of security on behalf of the Insured, to the extent that it would be in breach of such law or regulation.
- (b) In circumstances where it is lawful for an Insurer to provide coverage under the Policy, but the payment of a valid and otherwise collectable claim may breach an embargo or sanction, then the Insurer will take all reasonable measures to obtain the necessary authorisation to make such payment.
- (c) In the event of any law or regulation becoming applicable during the Policy period which will restrict the ability of an Insurer to provide coverage as specified in paragraph 1, then both the Insured and the Insurer shall have the right to cancel its participation on this Policy in accordance with the laws and regulations applicable to the Policy provided that in respect of cancellation by the Insurer a minimum of 30 days' notice in writing be given. In the event of cancellation by either the Insured or the Insurer, the Insurer shall retain the pro rata proportion of the premium for the period that the Policy has been in force. However, in the event that the incurred claims at the effective date of cancellation exceed the earned or pro rata premium (as applicable) due to the Insurer, and in the absence of a more specific provision in the Policy relating to the return of premium, any return premium shall be subject to mutual agreement. Notice of cancellation by the Insurer shall be effective even though the Insurer makes no payment or tender of return premium.

Aviation Insurance – Policy Wording

Section V – War Risks

1. Loss of or Damage to Aircraft

Subject to the terms, conditions and limitations set out below, this Section covers certain loss of or damage to the Aircraft stated in the Schedule against certain claims excluded from the Insured's Hull "All Risks" Section as caused by:

- (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
- (b) Strikes, riots, civil commotions or labour disturbances.
- (c) Any act of one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (d) Any malicious act or act of sabotage.
- (e) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government (whether civil, military or de facto) or public or local authority.
- (f) Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured. For the purpose of this paragraph (f) only, an aircraft is considered to be in flight at any time from the moment when all its external doors are closed following embarkation until the moment when any such door is opened for disembarkation or when the aircraft is in motion. A rotor-wing aircraft shall be deemed to be in flight when the rotors are in motion as a result of engine power, the momentum generated therefrom, or autorotation.

Furthermore this Section covers claims excluded from the Hull "All Risks" Section from occurrences whilst the Aircraft is outside the control of the Insured by reason of any of the above perils. The Aircraft shall be deemed to have been restored to the control of the Insured on the safe return of the Aircraft to the Insured at an airfield not excluded by the geographical limits of this Policy, and entirely suitable for the operation of the Aircraft (such safe return shall require that the Aircraft be parked with engines shut down and under no duress).

2. Extortion and Hi-Jack Expenses

- (a) This Section will also indemnify the Insured subject to the terms, conditions, exclusions and limitations set out below, and up to the limit stated in the Schedule, for 90% of any payment properly made in respect of
 - (i) threats against any Aircraft stated in the Schedule or its passengers or crew made during the currency of this Section
 - (ii) extra expenses necessarily incurred following confiscation, etcetera (as Section 1(e)) or hi-jacking, etcetera (as Section 1(f)) of any Aircraft stated in the Schedule.
- (b) No cover will be provided under this Section of the Policy in any territory where such insurance is not lawful, and the Insured is at all times responsible for ensuring that no arrangements of any kind are made which are not permitted by the proper authorities.

Aviation Insurance – Policy Wording

Section V – War Risks

3. General Exclusions

This Section excludes loss, damage or expense caused by one or any combinations of any of the following:

- (a) War (whether there be a declaration of war or not) between any of the following States: the United Kingdom, the United States of America, France, the People's Republic of China; nevertheless, if any Aircraft is in the air when an outbreak of such war occurs, this exclusion shall not apply in respect of such Aircraft until the said Aircraft has completed its first landing thereafter.
- (b) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the authority of the Government(s) stated in the Schedule, or any public or local authority under its jurisdiction.
- (c) The emission, discharge, release or escape of any chemical, biological or biochemical materials or the threat of same but this exclusion shall not apply
 - (i) if such materials are used or threatened to be used solely and directly in
 - (1) the hi-jacking, unlawful seizure or wrongful exercise of control of an Aircraft in flight and then only in respect of loss of or damage to such Aircraft the subject of a valid claim under clause (f) Section One above; or
 - (2) any threat against an Aircraft stated in the Schedule or its passengers or crew and then only in respect of payments as are insured under Section Two above.
 - (ii) other than as provided for in sub-paragraph (1) above, to loss of or damage to an Aircraft if the use of such materials is hostile and originates solely and directly
 - (1) on board such Aircraft, whether it is on the ground or in the air, or
 - (2) external to such Aircraft and causes physical damage to the Aircraft whilst the Aircraft's wheels are not in contact with the ground.

Any emission, discharge, release or escape originating external to the Aircraft that causes damage to the Aircraft as a result of contamination without other physical damage to the Aircraft exterior is not covered by this Section.

- (d) Any debt, failure to provide bond or security or any other perceived financial cause under court order or otherwise.
- (e) The repossession or attempted repossession of the Aircraft either by any title holder, or arising out of any contractual agreement to which any Insured protected under this Policy may be party.
- (f) Delay, loss of use, or except as specifically provided in Section Two any other consequential loss; whether following upon loss of or damage to the Aircraft or otherwise.
- (g) Any use, hostile or otherwise, of radioactive contamination or matter but this exclusion shall not apply to loss of or damage to an Aircraft if such use is hostile and originates solely and directly
 - (i) on board such Aircraft, whether it is on the ground or in the air, or
 - (ii) external to such Aircraft and causes physical damage to the Aircraft whilst the Aircraft's wheels are no longer in contact with the ground.

Any such use originating external to the Aircraft that causes damage to the Aircraft as a result of contamination without other physical damage to the Aircraft exterior is not covered by this Section.

- (h) Any use, hostile or otherwise, of an electromagnetic pulse but this exclusion shall not apply to loss of or damage to an Aircraft if such use originates solely and directly on board such Aircraft, whether it is on the ground or in the air.
- (i) Any detonation, hostile or otherwise, of any device employing atomic or nuclear fission and/or fusion or other like reaction, and notwithstanding (g) and (h) above, any radioactive contamination and electromagnetic pulse resulting directly from such detonation is also excluded by this Section.

Aviation Insurance – Policy Wording

Section V – War Risks

4. General Conditions

- (a) This Section is subject to the same warranties, terms and conditions (except as regards the premium, the obligations to investigate and defend, the renewal agreement (if any), the amount of deductible or self-insurance provision where applicable AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or may be added to the Insured's Hull "All Risks" Section.
- (b) Should there be any Material Change in the nature or area of the Insured's operations, the Insured shall give immediate notice of such Change to the Insurer; no claim arising subsequent to a Material Change over which the Insured had control shall be recoverable hereunder unless such change has been accepted by the Insurer. "Material Change" shall be understood to mean any change in the operation of the Insured which might reasonably be regarded by the Insurer as increasing their risk in degree or frequency, or reducing possibilities of recovery or subrogation.
- (c) The due observance and fulfilment of the terms, provisions, conditions and endorsements of this Section shall be conditions precedent to any liability of the Insurer to make any payment under this Section: in particular the Insured should use all reasonable efforts to ensure that he complies and continues to comply with the laws (local or otherwise) of any country within whose jurisdiction the Aircraft may be, and to obtain all permits necessary for the lawful operation of the Aircraft.
- (d) Subject always to the provisions of Section Five of the War Risks Section, and the Schedule, the Insurer hereon agree to follow the Hull "All Risks" Section in respect of Breach of Warranty Cover, Hold Harmless Agreements and Waivers of Subrogation.

5. Cancellation Revision and Automatic Termination

- (a) **Amendment of Terms or Cancellation** - The Insurer may give notice, effective on the expiry of 7 days from midnight G.M.T. on the day on which notice is issued, to review the rate of premium and/or the geographical limits. In the event of the review of the rate of premium and/or geographical limits not being accepted by the Insured then at the expiry of the said 7 days, this Section shall become cancelled at that date.
- (b) **Automatic Review of Terms or Cancellation** - Notwithstanding 1(a) above, this Section is subject to automatic review by the Insurer of the rate of premium and/or conditions and/or geographical limits effective on the expiry of 7 days from the time of any hostile detonation of any device including any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter whosoever or whenever such detonation may occur and whether or not the insured Aircraft may be directly affected. In the event of the review of the rate of premium and/or conditions and/or geographical limits not being accepted by the Insured then at the expiry of the said 7 days, this Section shall become cancelled at that date.
- (c) **Cancellation by Notice** - This Section may be cancelled by the Insured or the Insurer giving notice not less than 7 days prior to the end of each period of 3 months from inception.
- (d) **Automatic Termination** - Whether or not such notice of cancellation has been given this Insurance shall TERMINATE AUTOMATICALLY. Upon the outbreak of war (whether there be a declaration of war or not) between any of the following States, namely, the United Kingdom, the United States of America, France, the People's Republic of China. **PROVIDED THAT** if the Aircraft is in the air when such outbreak of war occurs then this insurance, subject to its terms and conditions and provided not otherwise cancelled, terminated or suspended, will be continued in respect of such Aircraft until the said Aircraft has completed its first landing thereafter.