

LONDON AIRCRAFT INSURANCE POLICY

HEADINGS AND MARGINAL CAPTIONS ARE INSERTED FOR THE PURPOSE OF CONVENIENT REFERENCE ONLY AND ARE NOT TO BE DEEMED PART OF THIS POLICY.

CERTAIN WORDS AND PHRASES USED IN THIS POLICY HAVE SPECIAL MEANINGS WHICH CAN BE FOUND IN SECTION IV(D) DEFINITIONS.

The Insurers agree to insure against loss, damage or liability, arising out of an Accident occurring during the Period of Insurance to the extent and in the manner provided in this Policy.

SECTION I LOSS OF OR DAMAGE TO AIRCRAFT

1. Coverage

- (a) The Insurers will at their option pay for, replace or repair, accidental loss of or damage to the Aircraft described in the Schedule arising from the risks covered, including disappearance if the Aircraft is unreported for sixty days after the commencement of Flight, but not exceeding the Amount Insured as specified in Part 2(5) of the Schedule and subject to the amounts to be deducted specified in Condition 3(c).
- (b) If the Aircraft is insured hereby for the risks of Flight, the Insurers will, in addition, pay reasonable emergency expenses necessarily incurred by the Insured for the immediate safety of the Aircraft consequent upon damage or forced landing, up to 10 per cent of the Amount Insured as specified in Part 2(5) of the Schedule.

2. Exclusions applicable to this Section only

The Insurers shall not be liable for

Wear and Tear, Breakdown

- (a) wear and tear, deterioration, breakdown, defect or failure howsoever caused in any Unit of the Aircraft and the consequences thereof within such Unit;
- (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.
HOWEVER accidental loss of or damage to the Aircraft consequent upon 2(a) or (b) above is covered under paragraph 1(a) above.

3. Conditions applicable to this Section only

The Insurers shall not be liable for

Dismantling Transport and Repairs

- (a) If the aircraft is damaged

- (i) no dismantling or repairs shall be commenced without the consent of the Insurers except whatever is necessary in the interests of safety, or to prevent further damage, or to comply with orders issued by the appropriate authority
- (ii) the Insurers will pay only for repairs and transport of labour and materials by the most economical method unless the Insurers agree otherwise with the Insured.

Payment or Replacement

- (b) If the Insurers exercise their option to pay for or replace the Aircraft
 - (i) the Insurers may take the Aircraft (together with all documents of record, registration and title thereto) as salvage.
 - (ii) 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;
 - (iii) the replacement aircraft shall be of the same make and type and in reasonably like condition unless otherwise agreed with the Insured.

Amounts to be deducted from the claim

- (c) Except where the Insurers exercise their option to pay for or replace the Aircraft, there shall be deducted from the claim under paragraph 1(a) of this the Section
 - (i) the amount specified in Part 6(B) of the Schedule and
 - (ii) such proportion of the Overhaul Cost of any Unit repaired or replaced as the used time bears to the Overhaul Life of the Unit.

No Abandonment

- (d) Unless the Insurers elect 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 Insurers.

Other Insurance

- (e) 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 Insurers.

See also Section IV

SECTION II LEGAL LIABILITY TO THIRD PARTIES (OTHER THAN PASSENGERS)

1. Coverage

The Insurers 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

The Insurers shall not be liable for

Employees and Others

- (a) injury (fatal or otherwise) or loss sustained by any director or employee of the Insured or partner in the Insured's business whilst acting in the course of his employment with or duties for the Insured

Operational Crew

- (b) injury (fatal or otherwise) or loss sustained by any member of the flight, cabin or other crew whilst engaged in the operation of the Aircraft

Passengers

- (c) injury (fatal or otherwise) or loss sustained by any passenger whilst entering, on board, or alighting from the Aircraft

Property

- (d) loss of or damage to any property belonging to or in the care, custody or control of the Insured;

Noise and Pollution and Other Perils

- (e) claims excluded by the attached Noise and Pollution and Other Perils Pollution and Exclusion Clause.

3. Limit of Indemnity applicable to this Section

The liability of the Insurers under this Section shall not exceed the amount stated in Part 6(C) of the Schedule, less any amounts under Part 6(B). The Insurers will defray in addition any legal costs and expenses incurred with their 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 claim exceed the Limit of Indemnity then the liability of the Insurers 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.

See also Section IV

SECTION III LEGAL LIABILITY TO PASSENGERS

1. Coverage

The Insurers 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 baggage and personal articles of passengers arising out of an Accident to the Aircraft

Provided always that

Documentary Precautions

- (i) before a passenger boards the Aircraft the Insured shall take such measures as are necessary to exclude or limit liability for claims under (a) and (b) above to the extent permitted by law;
- (ii) if the measures referred to in proviso (i) 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 (i) or (ii) the liability of the Insurers under this Section shall not exceed the amount of the legal liability, if any, that would have existed had the proviso been complied with.

2. Exclusions applicable to this Section Only

The Insurers shall not be liable for injury (fatal or otherwise) or loss sustained by any

Employees and Others

- (a) director or employee of the Insured or partner in the Insured's business whilst acting in the course of his employment with or duties for the Insured;

Operational Crew

- (b) member of the flight, cabin or other crew whilst engaged in the operation of the Aircraft.

3. Limit of Indemnity applicable to this Section

The liability of the Insurers under this Section shall not exceed the amount stated in Part 6(C) of the Schedule, less any amounts under Part 6(B). The Insurers will defray in addition any legal costs and expenses incurred with their 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 claim exceed the Limit of Indemnity then the liability of the Insurers 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.

See also Section IV

SECTION IV

(A) GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS

This Policy does not apply:-

Illegal Uses

- 1 Whilst the Aircraft is being used for any illegal purpose or for any purpose other than those stated in Part 3 of the Schedule and as defined in the Definitions

Geographical Limits

- 2 Whilst the Aircraft is outside the geographical limits stated in Part 5 of the Limits Schedule unless due to force majeure

Pilots

- 3 Whilst the Aircraft is being piloted by any person other than as stated in Part 4 of the Schedule except that the Aircraft may be operated on the ground by any person competent for that purpose.

Transportation by Other Conveyance

- 4 Whilst the Aircraft is being transported by any means of conveyance except by Other as the result of an Accident giving rise to a claim under Section I of this Policy.

Landing and Take-Off Areas

- 5 Whilst the Aircraft is landing on or taking off or attempting to do so from a place which does not comply with the recommendations laid down by the manufacturer of the Aircraft except as a result of force majeure.

Contractual Liability

- 6 To liability assumed or rights waived by the Insured under any agreement (other than a 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.

Number of Passengers

- 7 Whilst the total number of passengers being carried in the Aircraft exceeds the declared maximum number of passengers stated in Part 2(4) of the Schedule.

Non-Contribution

- 8 To claims which are payable under any other 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 Policy not been effected.

Nuclear Risks

- 9 To claims excluded by the attached Nuclear Risks Exclusion Clause.

War, Hijacking and Other Perils

- 10 To claims 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) 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.
 - (c) Strikes, riots, civil commotions or labour disturbances.
 - (d) 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.
 - (e) Any malicious act or act of sabotage.
 - (f) 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.
 - (g) 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.

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 (such safe return shall require that the Aircraft be parked with engines shut down and under no duress).

(B) CONDITIONS PRECEDENT APPLICABLE TO ALL SECTIONS

It is necessary that the Insured observes and fulfils the following Conditions before the Insurers have any liability to make any payment under this Policy.

Due Diligence

- 1 The Insured shall at all times use due diligence and do and concur in doing everything reasonably practicable to avoid accidents and to avoid or diminish any loss hereon.

Compliance with Air Navigation Orders, etc.

- 2 The Insured shall comply with all air navigation and airworthiness orders and requirements issued by any competent authority affecting the safe operation of the Aircraft and shall ensure that
- (a) the Aircraft is airworthy at the commencement of each Flight
 - (b) 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;

- (c) (c) the employees and agents of the Insured comply with such orders and requirements.

Claims Procedure

- 3 Immediate notice of any event likely to give rise to a claim under this Policy shall be given as stated in Part 8 of the Schedule. In all cases the Insured shall
 - (a) furnish full particulars in writing of such event and forward immediately notice of any claim with any letters or documents relating thereto;
 - (b) give notice of any impending prosecution;
 - (c) render such further information and assistance as the Insurers may reasonably require;
 - (d) not act in any way to the detriment or prejudice of the interest of the Insurers.

The Insured shall not make any admission of liability or payment or offer or promise of payment without the written consent of the Insurers.

(C) GENERAL CONDITIONS APPLICABLE TO ALL SECTIONS

Claims Control

- 1 The Insurers shall be entitled (if they so elect) at any time and for so long as they desire to take absolute control of all negotiations and proceedings and in the name of the Insured to settle, defend or pursue any claim.

Subrogation

- 2 Upon an indemnity being given or a payment being made by the Insurers under this Policy, they shall be subrogated to the rights and remedies of the Insured who shall co-operate with and do all things necessary to assist the Insurers to exercise such rights and remedies.

Variation in Risk

- 4 Should there be any change in the circumstances or nature of the risks which Risk are the basis of this contract the Insured shall give immediate notice thereof to the Insurers and no claim arising subsequent to such change shall be recoverable hereunder unless such change has been accepted by the Insurers.

Cancellation

- 5 This Policy may be cancelled by either the Insurers or the Insured giving 10 days notice in writing of such cancellation. If cancelled by the Insurers they 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 Insurers. There will be no return of premium in respect of any Aircraft on which a loss is paid or is payable under this Policy

Assignment

- 6 This Policy shall not be assigned in whole or in part except with the consent of the Insurers verified by endorsement hereon

Not Marine Insurance

- 7 This Policy is not and the parties hereto expressly agree that it shall not be construed as a policy of marine insurance.

Arbitration

- 8 This Policy shall be construed in accordance with English Law and any dispute or difference between the Insured and the Insurers shall be submitted to arbitration in London in accordance with the Statutory provision for arbitration for the time being in force.

Two or More Aircraft

- 9 When two or more Aircraft are insured hereunder the terms of this Policy apply separately to each.

Limit(s) of Indemnity

- 10 Notwithstanding the inclusion herein of more than one Insured, whether by endorsement or otherwise, the total liability of the Insurers in respect of any or all Insureds shall not exceed the Limit(s) of Indemnity stated in this Policy.

False and Fraudulent Claims

- 11 If the Insured 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.

DEFINITIONS

- 1 "ACCIDENT" means any one accident or series of accidents arising out of one event.
- 2 "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.
- 3 "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.
- 4 "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.
- 5 "PRIVATE PLEASURE" means use for private and pleasure purposes but NOT use for any business or profession nor for hire or reward.
- 6 "BUSINESS" means the uses stated in Private Pleasure and use for business or professional purposes but NOT use for hire or reward.
- 7 "COMMERCIAL" means the uses stated in Private Pleasure and Business and use for the carriage by the Insured of passengers, baggage accompanying passengers and cargo for hire or reward.
- 8 "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 Insurers and the detail of such use(s) stated in Part 3 of the Schedule under SPECIAL RENTAL USES.

Definitions 5, 6, 7 and 8 constitute Standard Uses and do not include instruction, aerobatics, hunting, patrol, fire-fighting, the intentional dropping, spraying or release

of anything, any form of experimental or competitive flying, and any other use involving abnormal hazard, but when cover is provided details of such use(s) are stated in Part 3 of the Schedule under SPECIAL USES.

- 9 "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. A rotary-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.
- 10 "TAXIING" means movement of the Aircraft under its own power other than in Flight as defined above. Taxiing shall not be deemed to cease merely by reason of a temporary halting of the Aircraft.
- 11 "MOORED" means, in the case of aircraft designed to land on water, whilst the Aircraft is afloat and is not in Flight or Taxiing as defined above, and includes the risks of launching and hauling up.
- 12 "GROUND" means whilst the Aircraft is not in Flight or Taxiing or Moored as defined above.

WE, UNDERWRITERS AT LLOYD'S, London, agree with the Insured, named in the Declarations made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the Declarations and subject to the limits of liability, Exclusions, Conditions and other Terms of this Policy.

INSURING AGREEMENTS

I. COVERAGE A—BODILY INJURY LIABILITY (EXCLUDING PASSENGERS)

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages, including damages for care and loss of services, because of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any person, excluding any passenger, caused by an occurrence and arising out of the ownership, maintenance or use of the Aircraft.

COVERAGE B—PROPERTY DAMAGE LIABILITY

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of injury to or destruction of property, including the loss of use thereof, caused by an occurrence and arising out of the ownership, maintenance or use of the Aircraft.

COVERAGE C—PASSENGER BODILY INJURY LIABILITY

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages, including damages for care and loss of services, because of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any passenger, caused by an occurrence and arising out of the ownership, maintenance or use of the Aircraft.

COVERAGE D—SINGLE LIMIT-BODILY INJURY (INCLUDING PASSENGERS) AND PROPERTY DAMAGE LIABILITY

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages, including damages for care and loss of services, because of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any person, and for damages because of injury to or destruction of property, including loss of use thereof, caused by an occurrence and arising out of the ownership, maintenance or use of the Aircraft.

COVERAGE E—SINGLE LIMIT—BODILY INJURY (EXCLUDING PASSENGERS) AND PROPERTY DAMAGE LIABILITY

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages, including damages for care and loss of services, because of bodily injury, sickness or

disease, including death at any time resulting therefrom, sustained by any person, excluding any passenger, and for damages because of injury to or destruction of property, including loss of use thereof, caused by an occurrence and arising out of the ownership, maintenance or use of the Aircraft.

COVERAGE F—MEDICAL PAYMENTS

To pay all reasonable expenses incurred within one year from the date of accident for necessary medical, surgical, ambulance, hospital, professional nursing and funeral services, to or for each person except the pilot or crew unless specifically stated as "included" in the Declaration, who sustains bodily injury, sickness or disease, caused by accident, while in, entering or alighting from the Aircraft if the Aircraft is being used by the Named Insured or with his permission.

With respect to Insuring Agreements IV and V the insurance afforded by this coverage shall be excess insurance over any other valid and collectible medical payments insurance applicable thereto.

II. DEFENSE, SETTLEMENT, SUPPLEMENTARY PAYMENTS

Coverage A, B, C, D and E.

As respects such insurance as is afforded by the other terms of this Policy the Underwriters shall:

- (a) defend in the name of and on behalf of the Insured any suit or other proceedings, even if groundless, false or fraudulent, brought against the Insured alleging such injury, sickness, disease or destruction and seeking damages on account thereof; but the Underwriters shall have the right to make such investigation, negotiation and settlement of any claim or suit as they deem expedient;
- (b) pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this Policy, all premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds;
- (c) pay all costs taxed against the Insured in any such suit or proceedings and all interest accruing after entry of judgment until the Underwriters have paid, tendered or deposited in court, such part of such judgment as does not exceed the applicable limit of Underwriters' liability as stated herein; provided that in the event of the amount of such judgment exceeding the applicable limit of Underwriters' liability, the Underwriters shall only be liable to pay for that proportion of the said costs and interest which the applicable limit of Underwriters' liability bears to the amount of such judgment;
- (d) pay expenses incurred by the Insured for such immediate medical and surgical relief to others as shall be imperative at the time of the accident;
- (e) pay all expenses incurred by the Underwriters for investigation, adjustment and defense, and reimburse the Insured for all reasonable expenses, other than loss of earnings, incurred at the Underwriters' request.

The amounts incurred under this Insuring Agreement, except settlements of claims and suits, are payable by the Underwriters in addition to the applicable limit of liability of this Policy.

III DEFINITION OF INSURED

The term Named Insured shall mean only the Insured specified in Declaration 1.

The unqualified term Insured wherever used in this Policy with respect to Coverages A, B, C, D and E includes not only the Named Insured but also, within the scope of the Declarations, any person while using the Aircraft on behalf of or with approval of the Named Insured, or any person or organization legally responsible for its use, provided the actual use is with the expressed permission of the Named Insured.

Notwithstanding the provisions of this Insuring Agreement the coverage provided by this Policy for persons or organizations other than the Named Insured does not apply:—

- (a) to any person or organization with respect to bodily injury, sickness, disease or death of any person who is a Named Insured;
- (b) to any employee or official of an Insured with respect to any action brought against said employee or official because of bodily injury, sickness, disease or death of another employee of the same Insured injured in the course of such employment in an occurrence arising out of the maintenance or use of the Aircraft in the business of such Insured;
- (c) to any person or organization, or to any agent or employee thereof (other than agents or employees of the Named Insured) engaged in the manufacture of aircraft, aircraft engines, or aircraft accessories, or operating an aircraft repair shop, airport, hangar, aircraft sales agency, flying club or flying school, with respect to any occurrence arising out of such manufacture or operation;
- (d) to any person receiving instruction, either dual or solo, nor to any renter pilot, unless such use is declared in (D) of Item 4 of the Declarations;
- (e) to any person or organization with respect to any loss against which he has other valid and collectible insurance.

IV TEMPORARY USE OF SUBSTITUTE AIRCRAFT

While an Aircraft owned by the Named Insured is withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction, such insurance as is afforded by this Policy with respect to such Aircraft applies also with respect to another Aircraft of similar type, horse-power, and seating capacity, not so owned while temporarily used as the substitute for such Aircraft. This Insuring Agreement does not cover as an Insured the owner of the substitute Aircraft or any agent or employee of such owner.

V AUTOMATIC INSURANCE OF NEWLY ACQUIRED AIRCRAFT

(1) If the Named Insured who is the owner of the Aircraft the uses of which are declared under Item 4 of the Declarations acquires ownership of another Aircraft of similar type, horse-power, and seating capacity, and so notifies the Underwriters within thirty days following the date of its delivery to him, such insurance as is afforded by this Policy applies also to such Aircraft as of such delivery date;

- (a) if it replaces an Aircraft described in this Policy, but only to the extent the insurance is applicable to the replaced Aircraft, or
- (b) if it is an additional Aircraft and if the Underwriters insure all Aircraft owned by the Named Insured at such delivery date, but only to the extent the insurance is applicable to all such previously owned Aircraft. In no event, however, shall the Underwriters be liable under this provision for more

than the highest limit applicable for each person or accident as stated in the Declarations of this Policy.

(2) This Insuring Agreement does not apply:

(a) to any loss against which the Named Insured has other valid and collectible insurance, or

(b) except during the Policy period, but if such delivery date is prior to the effective date of this Policy, the insurance applies as of such effective date.

The Named Insured shall pay the prescribed additional premium required because of the application of the insurance to such other Aircraft.

The insurance terminates upon the replaced Aircraft on such delivery date.

VI POLICY PERIOD, TERRITORY, PURPOSES OF USE

This Policy applies only in respect of accidents or occurrences happening during the Policy period while the Aircraft is within the Continental limits of the United States of America (excluding Alaska), Canada, or the Republic of Mexico, and is owned, maintained and used for the purposes stated as applicable thereto in the Declarations.

VII TWO OR MORE AIRCRAFT

When two or more Aircraft are insured hereunder the terms of this Policy shall apply separately to each.

EXCLUSIONS

THIS POLICY DOES NOT APPLY:-

(1) To liability assumed by the Insured under any contract or agreement unless such liability would have attached to the Insured even in the absence of such Agreement.

(2) While the Aircraft is in flight unless its Airworthiness Certificate is in full force and effect.

(3) While the Aircraft is used for any unlawful purpose or is operated otherwise than in compliance with the terms of its Airworthiness Certificate and the approved operating limitations contained in its Airplane Flight Manual or other documents associated with the Airworthiness Certificate or is being operated by any person other than the pilot(s) stated in Item 5 of the Declarations (other than taxiing by certificated pilots or licensed mechanics) or is operated by any such person in violation of the terms and limitations of his Pilot's Certificate or Medical Certificate, as issued by the appropriate authority.

(4) If the total number of passengers carried in the Aircraft at the time of the happening of any loss or damage exceeds the Declared Maximum stated in Item 3 of the Declarations.

(5) While with the knowledge and consent of the Insured or of any executive officer or partner if the Insured be a corporation or partnership the Aircraft is being operated in violation of the Civil Air Regulations applying to acrobatic flying, instrument flying, repairs, maintenance, inspection, alterations and night flying.

(6) While the Aircraft is used for any purpose other than as stated in the Declarations.

(7) While the Aircraft is being used for or in connection with any race, speed or endurance test, any attempt at record breaking, acrobatic flying, crop dusting, spraying, seeding, fertilization, hunting, bird or fowl herding unless such use is declared in (D) of Item 4 of the Declarations; or any use in respect of

which a waiver or special authority issued by the Civil Aeronautics Authority or the appropriate Authority is required, whether granted or not.

(8) To bodily injury to or sickness, disease or death of any employee of the Insured arising out of and in the course of his employment, or to any obligation for which the Insured or any company as his insurer may be held liable under any workmen's compensation law.

(9) To injury to or destruction of property owned, rented, occupied or used by or in the care, custody or control of the Insured or carried in or on the Aircraft.

(10) To loss or damage or any liability of the Insured directly or indirectly occasioned by, happening through or in consequence of military, naval or usurped power whether in time of peace or war and whether lawful or unlawful, war, invasion, civil war, revolution, rebellion, insurrection or warlike operations, whether there be a declaration of war or not.

CONDITIONS

1. NOTICE OF ACCIDENT

When an accident or an occurrence takes place which is liable to result in a claim under this Policy, written notice shall be given by or on behalf of the Insured to the Underwriters or any of their representatives as soon as practicable. Such notice shall contain particulars sufficient to identify the Insured and also reasonably obtainable information respecting the time, place and circumstances of the accident or occurrence, the names and addresses of the injured and of available witnesses

2. NOTICE OF CLAIM OR SUIT—EXCEPT IN RESPECT TO COVERAGE F

If claim is made or suit is brought against the Insured the Insured shall immediately forward to the Underwriters or any of their representatives every demand, notice, summons or other process received by him or his representative.

3. MEDICAL REPORTS; PROOF AND PAYMENT OF CLAIM—IN RESPECT TO COVERAGE F ONLY

As soon as practicable, the injured person or someone on his behalf shall give to the Underwriters or any of their representatives written proof of claim, under oath if required, and shall, after each request from the Underwriters, execute authorization to enable the Underwriters to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Underwriters when and as often as the Underwriters may reasonably require. The Underwriters may pay the injured person or any person or organization on account of the services rendered and such payment shall reduce the amount payable hereunder to or for such injured person for such injury. Such payment shall not constitute admission of liability of the Insured or of the Underwriters under any other Coverage hereunder.

4. ASSISTANCE AND CO-OPERATION OF THE INSURED EXCEPT IN RESPECT OF COVERAGE

The Insured shall co-operate with the Underwriters and, upon the Underwriters' request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. The Insured shall not, except at his own cost, voluntarily make any payment assume any obligation or incur any expense, other than for such immediate medical and surgical relief to others as shall be imperative at the time of accident.

5. LIMITS OF LIABILITY

(a) The limit of liability stated in the Declarations for Coverage A and C as applicable to "each person" is the limit of the Underwriters' liability for all damages arising out of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by one person in any one occurrence; the limit of such liability stated as applicable to "each occurrence" is, subject to the above provision respecting each person, the total limit of the Underwriters' liability for all damages, arising out of bodily injury, sickness, or disease, including death at any time resulting therefrom, sustained by two or more persons in any one occurrence.

(b) The limit of liability stated in the Declarations for Coverage B is the limit of the Underwriters' liability for all damages arising out of any one occurrence.

(c) The limit of liability stated in the Declarations for Coverage D & E is the limit of the Underwriters' liability for all damages arising out of any one occurrence.

(d) The limit of liability stated in the Declarations for Coverage F as applicable to "each person" is the limit of the Underwriters' liability for all expenses incurred by or on behalf of each person who sustains bodily injury, sickness or disease, including death resulting therefrom, in any one accident; the limit of liability stated herein as applicable to "each accident" is, subject to the above provision respecting each person, the total limit of the Underwriters' 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 accident.

Notwithstanding the inclusion herein of more than one Insured whether by endorsement or otherwise, the total liability of the Underwriters under each Coverage in respect of any or all Insureds shall not exceed the limit(s) stated in the Declarations.

6. FINANCIAL RESPONSIBILITY LAWS—COVERAGES A, B, C, D AND E

Such insurance as is afforded by this Policy under coverage A, B, C, D and E shall comply with the provisions of any Financial Responsibility Law, or other Law applicable to Aircraft with respect to financial responsibility or liability arising out of the ownership, maintenance or use of Aircraft during the Policy period. However, the foregoing shall not apply to any type of coverage not afforded by this Policy nor shall it apply to any amount or amounts in excess of the limit or limits of liability provided in the Policy. The Insured agrees to reimburse the Underwriters for any payment made by the

Underwriters which the Underwriters would not have been obligated to make under the terms of this Policy but for the agreement contained in this paragraph.

7. OTHER INSURANCE

If the Insured has other insurance against a loss covered by this Policy, the Underwriters shall not be liable under this Policy for a greater proportion of such loss than the applicable limit of liability stated in the Declarations bears to the total applicable limit of liability of all valid and collectible insurance against such loss; provided, however, the insurance under Insuring Agreement?) IV and V shall be excess insurance over any other valid and collectible insurance available to the Insured, either as an Insured under a Policy applicable with respect to the Aircraft or otherwise against a loss covered under either or both of said Insuring Agreements.

8. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or estop the Underwriters from asserting any right under this Policy; nor shall any part of this Policy be waived or changed, except by endorsement signed by the Underwriters and issued to form part of this Policy.

9. ASSIGNMENT

This Policy shall not be assigned in whole or in part except with the consent of the Underwriters verified by endorsement signed by the Underwriters and issued to form part of this Policy; if, however, the Named Insured shall die or be adjudged bankrupt or insolvent within the Policy period, this Policy, unless cancelled, shall, if written notice be given to the Underwriters within thirty days after the date of such death or adjudication, cover (a) the Named Insured's legal representative as the Named Insured and (b) under Coverage A, B, C, I) and E subject otherwise to the provisions of Insuring Agreement III, any person having proper temporary custody of the Aircraft, as an Insured, and under Coverage F while the Aircraft is used by such person, until the appointment and qualification of such legal representative but in no event for a period of more than thirty days after the date of such death or adjudication.

10. CANCELLATION

This Policy may be cancelled by the Named Insured by surrender thereof or by mailing to the Underwriters written notice stating when thereafter such cancellation shall be effective. This Policy may be cancelled by the Underwriters by mailing to the Named Insured at the address shown in this Policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date and hour of cancellation stated in the notice shall become the end of the Policy period. Delivery of such written notice either by the Named Insured or by the Underwriters shall be equivalent to mailing.

If the Named Insured cancels, earned premiums shall be computed in accordance with the customary short rate table and procedure. If the Underwriters cancel, earned premiums shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Underwriters' check or the

check of their representative mailed or delivered as aforesaid shall be sufficient tender of any refund of premium due to the Named Insured.

11. SERVICE OF SUIT

It is agreed that in the event of the failure of the Underwriters to pay any amount claimed to be due hereunder, the Underwriters, at the request of the Named Insured, will submit to the jurisdiction of any Court of competent jurisdiction within the United States and will comply with all requirements necessary to give such Court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such Court.

that in any suit instituted against any one of them upon this Policy, the Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of the Underwriters in any such suit and/or upon the request of the Named Insured to give written undertaking to the Named Insured that they will enter a general appearance upon the Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Underwriters hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this Policy and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

12. ACTION AGAINST UNDERWRITERS—COVERAGE A, B, C, D AND E

No action shall lie against the Underwriters unless, as a condition precedent thereto, the Insured shall have fully complied with all of the terms of this Policy, nor until the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the Claimant and the Underwriters. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. Nothing contained in this Policy shall give any person or organization any right to join the Underwriters as a co-defendant in any action against the Insured to determine the Insured's liability. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Underwriters of any of their obligations hereunder.

13. ACTION AGAINST UNDERWRITERS IN RESPECT TO COVERAGE

No action shall lie against the Underwriters unless as a condition precedent thereto, there shall have been in full compliance with all the terms of this Policy, nor until thirty days after the required statements of claim have been filed with the Underwriters.

14. SCHEDULE OF STATEMENTS

By acceptance of this Policy the Named Insured agrees that the statements in the Declarations are his agreements and representations, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between himself and the Underwriters relating to this insurance.

15. MISREPRESENTATION AND FRAUD

This Policy shall be void if the Named Insured has concealed or misrepresented any material fact or circumstance whether under the Declarations or not concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.