

SERFF Tracking Number: AGNY-125650211 State: Arkansas
 First Filing Company: American International South Insurance State Tracking Number: EFT \$50
 Company, ...
 Company Tracking Number: AIC-08-AV-03
 TOI: 22.0 Aircraft Sub-TOI: 22.0000 Aircraft
 Product Name: Silver Medallion Comprehensive Aviation Program - 034706250032
 Project Name/Number: Silver Medallion Comprehensive Aviation Program /AIC-08-AV-03

The filing companies ("the Companies") submit for your review their Silver Medallion Comprehensive Aviation Program ("the Program"). This program was originally filed and approved by the department as the Very Light Jet (VLJ) Comprehensive Aircraft Program (AIC-06-AV-02). At this time we wish to advise the department that we are changing the name of the program to the Silver Medallion Comprehensive Aviation Program. The originally filed forms are being reviewed to reflect the new program prefix and revision date (e.g., SILXXX - 12-07). The attached Forms List denotes the prior approved VLJ forms and the matching Silver Medallion forms.

We have included for your review and approval one (1) new endorsement and six (6) previously approved endorsements which are being revised to clarify the terms of coverage within the overall program.

Company and Contact

Filing Contact Information

Monique Myers, Filings Analyst Monique.Myers@AIG.com
 175 Water Street (212) 458-6346 [Phone]
 New York, NY 10038 (212) 458-7077[FAX]

Filing Company Information

American International South Insurance Company	CoCode: 40258	State of Domicile: Pennsylvania
70 Pine Street	Group Code:	Company Type:
New York, NY 10270	Group Name:	State ID Number:
(212) 770-7000 ext. [Phone]	FEIN Number: 02-6008643	

Commerce and Industry Insurance Company	CoCode: 19410	State of Domicile: New York
70 Pine Street	Group Code:	Company Type:
New York, NY 10270	Group Name:	State ID Number:
(212) 770-7000 ext. [Phone]	FEIN Number: 13-1938623	

Granite State Insurance Company	CoCode: 23809	State of Domicile: Pennsylvania
70 Pine Street	Group Code:	Company Type:
New York, NY 10270	Group Name:	State ID Number:
(212) 770-7000 ext. [Phone]	FEIN Number: 02-0140690	

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Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: \$50.00 per Form filing
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American International South Insurance Company	\$50.00	06/23/2008	21036760
Commerce and Industry Insurance Company	\$0.00	06/23/2008	
Granite State Insurance Company	\$0.00	06/23/2008	
National Union Fire Insurance Company of Pittsburgh, Pa.	\$0.00	06/23/2008	
New Hampshire Insurance Company	\$0.00	06/23/2008	
The Insurance Company of the State of Pennsylvania	\$0.00	06/23/2008	
American Home Assurance Company	\$0.00	06/23/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	06/26/2008	06/26/2008

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Disposition

Disposition Date: 06/26/2008
Effective Date (New): 07/28/2008
Effective Date (Renewal): 07/28/2008
Status: Approved
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Blacklines	Approved	Yes
Form	Silver Medallion Comprehensive Aircraft Policy Declaration page	Approved	Yes
Form	Silver Medallion Comprehensive Aircraft Policy	Approved	Yes
Form	Extended Coverage Endorsement (Aviation Liabilities) ANV52E	Approved	Yes
Form	Extended Coverage Endorsement (Aviation Liabilities) Amendment to Liability Limits for Operations Within the European Union	Approved	Yes
Form	Managed Aircraft Endorsement	Approved	Yes
Form	Overhead and Supervision Endorsement	Approved	Yes
Form	Passenger Voluntary Settlements	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Silver Medallion Comprehensive Aircraft Policy Declaration page	SIL01	03/08	Declaration Replaced s/Schedule	Replaced Form #:0.00 VLJ01 (7/06) Previous Filing #: AIC-06-AV-02		SIL01 (3-08).pdf
Approved	Silver Medallion Comprehensive Aircraft Policy	SIL02	03/08	Policy/Coverage Replaced Form	Replaced Form #:0.00 VLJ02 (7/06) Previous Filing #: AIC-06-AV-02		SIL02 (3-08).pdf
Approved	Extended Coverage Endorsement (Aviation Liabilities) ANV52E	SIL52E	03/08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 VLJ52E (7/06) Previous Filing #: AIC-06-AV-02		SIL52E (3-08).pdf
Approved	Extended Coverage Endorsement (Aviation Liabilities) Amendment to Liability Limits for Operations Within the European Union	SIL942	03/08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 VLJ942 (7/06) Previous Filing #: AIC-06-AV-02		SIL942_3-08_.pdf
Approved	Managed Aircraft Endorsement	SIL946	03/08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 VLJ946 (7/06) Previous Filing #: AIC-06-AV-02		SIL946_3-08_.pdf
Approved	Overhead and Supervision Endorsement	SIL953	03/08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 VLJ953 (7/06) Previous Filing #: AIC-06-AV-02		SIL953 (3-08).pdf

Foreword

Your Aircraft Insurance Policy

This is your aircraft insurance policy. This policy has been designed and structured to meet and fulfill a variety of insurance needs in the continued operation of your Eclipse aircraft both in the pursuit of your business and for your personal pleasure.

For your convenience, your policy has been designed to help you locate information quickly and easily. It has also been written in clear, readable English to assist you in understanding your insurance coverages for both physical damage to your aircraft and any liability you may incur in the operation of your aircraft.

The Declarations pages to your policy are designed to provide you, the policy holder, with a quick reference or coverage summary for those coverages you have purchased. The Contents provides you with the specific pages providing the details of the coverage. The Contents page also provides you with policy location about your responsibilities as the policy holder, what needs to be done in the event of any accident or incident, and the responsibilities of the Company. If you have purchased coverage that may be in addition to the standard coverages offered, those coverages will have been added to your policy by an endorsement. However, some endorsements are a normal part of all policies. Some words throughout your policy will appear in bold print. Bold print indicates that this is a defined word or phrase and such definition will be detailed in the definitions portion of your policy.

Throughout this policy, the words 'you' and 'your' mean the person, persons, or organization named in Item 1 of the Declarations pages. 'We', 'us', and 'our' mean the insurance company named on the first page of the Declarations pages.

The policy and the attached endorsements provided you with several different coverages. Some of these protect you against physical damage to your aircraft. Others offer you protection against property damage or injury that may have happened to others. All of these will be described in the text of your policy; however, you have only that coverage for which you, the policy holder, have paid a premium.

Review your Aircraft Insurance Policy carefully and fully to ensure that it contains and provides the coverage you have purchased.

If you have any questions, please contact your personal insurance representative for answers or any clarification that you may need.

**SILVER MEDALLION COMPREHENSIVE
AIRCRAFT POLICY**

FOR

POLICY NUMBER

INSURED BY

ISSUED BY

ARRANGED BY

- American Home Assurance Company
- American International South Insurance Company
- Illinois National Insurance Co.
- Commerce & Industry Insurance Company
- The Insurance Company of the State of Pennsylvania
- National Union Fire Insurance Company of Pittsburgh, Pa.
- New Hampshire Insurance Company

(Each of the above being a capital stock company)

Executive Offices: 70 Pine Street, New York,
 NY 10270
 Telephone No. 212-770-7000

DECLARATIONS

Policy Number _____

Previous Policy Number _____

This section along with the Policy Provisions and any attached endorsements completes this numbered Silver Medallion Comprehensive Aircraft Policy, issued by the company as indicated above (hereinafter called the Company throughout the Declarations and we, us or our thereafter).

ITEM 1. Named Insured:

ITEM 2. Address:

ITEM 3. Policy Period: From:
 Until:

both at 12:01 AM standard time at the first address shown in ITEM 2. above

ITEM 4. Limit of the Company's Liability:

The limit of the Company's liability provided by each coverage part will not exceed:

PART ONE - LIABILITY COVERAGES

Coverage A: Liability Coverage for **Scheduled Aircraft**

\$ Each **Occurrence**

Coverage B: Liability for the Use of **Non-Owned Aircraft** and **Temporary Substitute Aircraft**

\$ Each **Occurrence**

Maximum Number of Seats:

Reporting Grace Period: consecutive days

Coverage C: Liability for Property Damage to Non-Owned Aircraft

\$ Each Occurrence

\$ Each Occurrence

Reporting Grace Period: consecutive days

This limit is part of, and not in addition to, the limit provided for Coverage B.

Coverage D: Liability for Property Damage to Temporary Substitute Aircraft

\$ Each Occurrence

Coverage E: Liability for Aviation Premises

\$ Each Occurrence

\$ Any One Fire

Coverage F: Hangarkeepers' Liability

\$ Each Aircraft / Each Auto

\$ Each Occurrence

Deductible: \$ Each Occurrence

Coverage G: Liability for Non-Owned Hangars and Their Contents

\$ Each Occurrence

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss

Coverage H: Liability for the Sale of Aircraft and Aircraft Products and Services

\$ Each Occurrence

Coverage I: Liability for the Operation of Mobile Equipment

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

This limit is part of, and not in addition to, the limit provided for Coverage E.

Coverage J: Liability for Personal Injury

\$ Each Offense and in the annual aggregate

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

Coverage K: Personal Effects and Baggage Expense

\$ Each **Passenger**

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

PART TWO - PHYSICAL DAMAGE COVERAGES

Coverage L: Physical Damage Coverage for Scheduled Aircraft

FAA Cert. Number	Make & Model	Year Built	Seats Crew / Pass	Insured Value	Not In- Motion	In-Motion/ Ingestion
				\$	\$	\$

Coverage M: Physical Damage Coverage for Spare Parts and Mechanic's Tools

\$ Each Occurrence

Deductible: \$ Each Occurrence

Coverage N: Newly Acquired Aircraft

Maximum **Physical Damage** Limit: \$
any one Aircraft without prior approval.

Maximum number of seats:

Reporting Grace Period: consecutive days

Coverage O: Physical Damage Coverage for Increased Value of **Scheduled Aircraft**

Scheduled Aircraft Maximum Automatic **Physical Damage** Limit:

PART THREE - ADDITIONAL COVERAGES

Coverage P: Temporary Replacement Parts Rental Expense

\$ _____ Each Loss

Minimum required repair period: _____ days

Coverage Q: Replacement **Aircraft** Rental Expense

\$ _____ Each day for no more than a maximum coverage period
_____ of consecutive days, not to exceed:

\$ _____ Each Loss

Minimum required repair period: _____ days

Coverage R: Search and Rescue Expenses

\$ _____ Each Loss

Coverage S: Runway/**Aircraft** Foaming, Airport Crash, Fire & Rescue

\$ _____ Each Loss

Coverage T: Trip Interruption Expense

\$ _____ Each **Passenger** Each Loss

PART FOUR - MEDICAL EXPENSES

Coverage U: Medical Expenses

A) With respect to any **Scheduled Aircraft** or **Temporary Substitute Aircraft**:

Each Passenger :	\$	Each Occurrence
Each Crew Member :	\$	Each Occurrence

B) With respect to any **Non-Owned Aircraft**:

Each Passenger :	\$	Each Occurrence
Each Crew Member :	\$	Each Occurrence

C) With respect to any **Aviation Premises**:

\$	Each Person
\$	Each Occurrence

ITEM 5. Pilots:

The pilot requirements in ITEM 5. shall apply only while **Aircraft** is **In-Flight**.

The pilot requirements in ITEM 5. shall not apply to **Non-Owned Aircraft, Temporary Substitute Aircraft**, or to **Scheduled Aircraft** while such **Scheduled Aircraft** is under the care, custody, or control of an **FAA** approved repair station for the purpose of maintenance, repair or test flight.

ITEM 6. Policy Premium: \$

Due and Payable

Amount

ITEM 7. Endorsements Attached as of Inception:

Producer

Countersigned _____

At _____

By _____
(Authorized Representative)

Approved By _____
(Authorized Representative)

Date of Issue _____

- | | |
|---|---|
| <input type="checkbox"/> American Home Assurance Company | <input type="checkbox"/> The Insurance Company of the State of Pennsylvania |
| <input type="checkbox"/> American International South Insurance Company | <input type="checkbox"/> National Union Fire Insurance Company of Pittsburgh, Pa. |
| <input type="checkbox"/> Illinois National Insurance Co. | <input type="checkbox"/> New Hampshire Insurance Company |
| <input type="checkbox"/> Commerce & Industry Insurance Company | |

(Each of the above being a capital stock company)

Executive Offices: 70 Pine Street, New York,
NY 10270

Telephone No. 212-770-7000

SILVER MEDALLION COMPREHENSIVE AIRCRAFT POLICY

This Policy provides several Coverages. Unless otherwise stated, the Policy Provisions shall apply to all Coverages. Any provisions under a specific Coverage shall pertain only to that Coverage unless otherwise stated.

The word "Insured" means any person or organization qualifying as such under Part One – Liability Coverages WHO IS AN INSURED.

SECTION I DEFINITIONS

Aircraft	means any Scheduled Aircraft and any other aircraft for which insurance is provided under this Policy. Aircraft includes propulsion system, parts, equipment installed in or on the Aircraft , parts that are temporarily removed, and tools and repair equipment standard for the Aircraft normally carried on the Aircraft .
Actual Cash Value	means the cost to replace with new property of like and quality, less depreciation.
Auto	means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But auto does not include Mobile Equipment .
Aviation Managers	means AIG Aviation, Inc. or any of its subsidiary or affiliated companies, branch offices or authorized representatives.
Aviation Premises	means the portions of airports, buildings or areas used by the Insured directly in connection with the ownership, operation, maintenance, or use of any Aircraft for which insurance is provided under this policy.
Bodily Injury	means physical injury sustained by any person caused by an Occurrence during the policy period including sickness, disease, mental anguish, or emotional distress including death resulting from any of these at any time.
Coverage Territory	means the United States, Canada, Mexico, the Bahamas and the Caribbean Islands or while traveling between any point(s).
Disappearance	means Aircraft or flight which is missing and not reported for thirty (30) days after the commencement of a flight.
FAA	means the duly constituted authority of the United States of America having jurisdiction over civil aviation or the Federal Aviation Administration's duly constituted equivalent in any other country.

In-Flight

means that period of time commencing from the start of the take-off run to the **Aircraft** and continuing until it has completed its landing roll.

In-Motion

means while the **Aircraft** is moving under the power of the momentum generated from the **Aircraft**, or while the **Aircraft** is **In-Flight**.

Ingestion

means **Physical Damage** to turbine engines or turbine auxiliary power units, caused by objects or substances which are not part of the engine or its accessories, and is the result of a single incident of sufficient severity, when such damage is sustained or upon its discovery, to require repair before further use.

Insured Contract

means:

1. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an **Insured Contract**;
2. A contract for the temporary storage or minor servicing of a **Scheduled Aircraft** or **Temporary Substitute Aircraft**;
3. Any easement or license agreement, except in connection with construction or demolition operations on or within fifty (50) feet of a railroad;
4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

Medical Expense

means expenses for first aid administered at the time of the accident; necessary medical, surgical, x-ray and dental services, including prosthetic devices and necessary ambulance, hospital, professional nursing services, or funeral services.

Mechanic's Tools

means tools that are owned, leased or rented by the mechanics employed by the **Named Insured** and that are in the care, custody, and control of the **Named Insured** or their employed mechanics while acting in their course and scope of duty as such.

Mobile Equipment

means a land vehicle, including any machinery or apparatus attached, whether or not self-propelled, used in connection with the maintenance or operation of **Aircraft** or **Aviation Premises** that is:

1. Not subject to motor vehicle registration, or;
2. Used exclusively on **Aviation Premises** owned by or rented to you including the roadways or property immediately adjoining; or
3. Designed for use principally off public roads.

Named Insured	means the person(s) or organization(s) shown in ITEM 1. of the Declarations.
Non-Owned Aircraft	means any Aircraft except: <ol style="list-style-type: none"> 1. Aircraft owned in whole or in part by or registered to the Named Insured; 2. Aircraft having a seating configuration including all Crew Members and Passenger seats that exceeds the Maximum Number of Seats shown in the Declarations for Coverage B; or 3. Scheduled Aircraft.
Occurrence	means an accident during the policy period, including continuous or repeated exposure to substantially the same general harmful conditions which results in Bodily Injury or Property Damage .
Partial Loss	means any Physical Damage loss which is not a Total Loss .
Passenger	means any person in, on, or boarding the Aircraft for the purpose of flight or attempted flight.
Personal Injury	means injury, including consequential Bodily Injury , arising out of one or more of the following offenses committed during the policy period: <ol style="list-style-type: none"> 1. False arrest, detention, or imprisonment; 2. Malicious prosecution; 3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor; 4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a persons' or organization's goods, products, or services.
Physical Damage	means accidental, direct physical loss of or damage to Scheduled Aircraft , Spare Parts , Autos or Mechanic's Tools during the policy period. Physical Damage does not include loss of use or any residual decrease in value after repairs have been made.
Pilot-In-Command	means the pilot aboard the Aircraft who is responsible for the Aircraft's operation.
Pleasure and Business	means used in your business including personal and pleasure uses but excluding any operation for hire or reward. Cost reimbursement shall be included within the definition of Pleasure and Business provided that such cost reimbursement is limited to: <ol style="list-style-type: none"> 1. Fuel, oil, lubricants, and other additives; 2. Travel expenses of the crew, including food, lodging, and ground transportation;

3. Hangar and tie-down cost away from the **aircraft's** base of operation;
4. Insurance obtained for the specific flight;
5. Landing fees, airport taxes, and similar assessments;
6. Customs, foreign permits, and similar fees directly related to the flight;
7. **In Flight** food and beverages;
8. **Passenger** ground transportation;
9. Flight Planning and weather contract services; and
10. An additional charge equal to 100% of the expenses listed in subparagraph 1. of this paragraph.

Property Damage

means accidental damage to or destruction of the tangible property of others caused by an **Occurrence** during the policy period and the resultant loss of use of the property. Property Damage also means the loss of use of the tangible property of others that is not physically damaged but that is caused by an **Occurrence** during the policy period.

Salvage Value

means the value of damaged property prior to any repairs.

Scheduled Aircraft

means **Aircraft** listed in the Declarations under Coverage L.

Spare Parts

means parts or accessories specifically designed for installation in or on **Aircraft** or **Mobile Equipment**.

Temporary Substitute Aircraft

means any **Aircraft** other than a **Non-Owned Aircraft** or **Scheduled Aircraft** that is not owned in whole or in part by you or registered to you, but only while used in place of **Scheduled Aircraft** that is temporarily withdrawn from use because of its damage, breakdown, repair, modification, inspection, servicing, **Physical Damage**, or destruction, except:

1. **Aircraft** owned in whole or in part by or registered to the **Named Insured**;
2. **Aircraft** having a seating configuration that exceeds the Maximum Number of Seats shown in the Declarations for Coverage B; or
3. **Scheduled Aircraft**.

Total Loss

means any **Physical Damage** loss for which the cost to repair when added to the Salvage Value equals or exceeds:

1. The insured value of a **Scheduled Aircraft**, or
2. The **Actual Cash Value** or the agreed insured value of any other insured property.

Theft of the property or **Disappearance** of the entire **Aircraft** is considered a **Total Loss**.

Transportation Costs

means the cost of transportation, by the least expensive means of:

1. Damaged parts from the site of the loss to and from the most practicable place of repair;
2. Replacement parts from the nearest available source to the site of the loss; or
3. The damaged property to the most practicable place for repair and, then to the site of the loss or to the Insured's home airport, whichever is closer.

We may mutually agree with you to transport damaged parts, replacement parts or damaged property to or from locations other than those referenced above.

SECTION II COVERAGES

PART ONE - LIABILITY COVERAGES

COVERAGE A. Liability Coverage for **Scheduled Aircraft**

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** caused by an **Occurrence** arising out of the ownership, maintenance, or use of **Scheduled Aircraft**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE B. Liability for the Use of **Non-Owned Aircraft** and **Temporary Substitute Aircraft**

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** caused by an **Occurrence** arising out of the use of **Non-Owned Aircraft** or **Temporary Substitute Aircraft** by or on behalf of an Insured.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

2. Exclusions for Coverage B

This coverage shall not pay for any claim:

- a. For **Bodily Injury** or **Property Damage** which is caused by or results from the design, manufacture, modification, repair, sale, handling, distribution or disposal of goods or products by you or by others trading under your name or from services performed by or on behalf of you, including any materials, parts or equipment furnished in connection with such services. This exclusion does not apply to **Temporary Substitute Aircraft**.
- b. Arising out of the use of any **Non-owned Aircraft** that is the subject of a lease or regular use agreement in excess of the Reporting Grace Period shown in the Declarations for Coverage B unless reported to the **Aviation Managers** in accordance with Condition 3. of Coverage B.

3. Conditions for Coverage B

- a. You must report to us the lease or regular use of any **Non-Owned Aircraft** that will exceed the Reporting Grace Period stated in the Declarations for Coverage B. We reserve the right to extend or to not extend coverage for the change in exposure.
- b. We may ask for additional information for any change in Coverage B reported to the **Aviation Managers**. We reserve the right to charge an additional premium for any such change in Coverage B.
- c. Inadvertent failure to report this additional information will not void this Coverage provided that you advise us as soon as practical after the omission is discovered.

COVERAGE C. Liability for **Property Damage to Non-Owned Aircraft**

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage to Non-Owned Aircraft**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

2. Exclusions for Coverage C

This coverage shall not pay for any claim:

- a. For **Property Damage** which is caused by or results from the design, manufacture, modification, repair, sale, handling, distribution or disposal of goods or products by you or by others trading under your name or from services performed by or on behalf of you, including any materials, parts or equipment furnished in connection with such services. This exclusion does not apply to **Temporary Substitute Aircraft**.
- b. Arising out of the use of any **Non-Owned Aircraft** that is the subject of a lease or regular use agreement in excess of the Reporting Grace Period shown in the Declarations for Coverage C unless reported to the **Aviation Managers** in accordance with Condition 3. of Coverage C.

3. Conditions for Coverage C

- a. You must report to us the lease or regular use of any **Non-Owned Aircraft** that will exceed the Reporting Grace Period stated in the Declarations for Coverage C. We reserve the right to extend or to not extend coverage for the change in exposure.
- b. We may ask for additional information for any change in Coverage C reported to the **Aviation Managers**. We reserve the right to charge an additional premium for any such change in Coverage C.
- c. Inadvertent failure to report this additional information will not void this Coverage provided that you advise us as soon as practical after the omission is discovered.

COVERAGE D. Liability for **Property Damage to Temporary Substitute Aircraft**

Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage** arising out of an **Occurrence to Temporary Substitute Aircraft**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE E. Liability for **Aviation Premises**

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury and Property Damage** due to an **Occurrence** arising out of the ownership, maintenance or use of **Aviation Premises**. The use of **Aviation Premises** shall also include the operation of an **Auto** while on an airport.

Notwithstanding Exclusion 6. of Exclusions for Part One - Liability Coverages and Defense, Settlement and Supplementary Payments, we will pay those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage** by fire to Premises while rented to you or temporarily occupied by you with the permission of the owner.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

2. Definition for Coverage E

Premises means any premises that is rented by you or temporarily occupied by you with the permission of the owner and used in your **Aviation Operations**.

3. Exclusions for Coverage E

This coverage shall not apply to:

- a. **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any **Auto** owned, operated by or on behalf of or rented or loaned to any Insured while the **Auto** is on public roadways or public parking areas.
- b. **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any **Auto** owned, operated by or on behalf of or rented or loaned to any Insured while the **Auto** is off of an airport.

Exclusions 3. a. and b. of Coverage E apply even if the claim against the Insured alleges negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured, if the **Occurrence** which caused the **Bodily Injury** or **Property Damage** involved the ownership, maintenance, use or entrustment to others of any **Auto**.

Exclusions 3. a. and b. of Coverage E do not apply to parking of an **Auto** on or on the ways next to an airport Premises you own or rent provided the **Auto** is not owned by or rented or loaned to you or the Insured.

COVERAGE F. Hangarkeepers' Liability

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of loss to an **Aircraft** or **Auto** due to an **Occurrence** while such **Aircraft** or **Auto** is in the care, custody, or control of the Insured at an insured **Aviation Premises** for the purpose of parking, safekeeping, storage, service or repair.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

2. Exclusions for Coverage F

This coverage shall not pay for:

- a. loss or damage to an **Aircraft** or **Auto** or any parts of any **Aircraft** or **Auto** owned by, leased to, rented to, or loaned to the Insured;
- b. loss to **Aircraft** while **In-Flight**;
- c. loss to an **Aircraft** or **Auto** which is caused by or results from the design, manufacture, modification, repair, sale, handling, distribution or disposal of goods or products by you or by others trading under your name or from services performed by or on behalf of you, including any materials, parts or equipment furnished in connection with such services.

COVERAGE G. Liability for Non-Owned Hangars and Their Contents

Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage** to hangars and their contents not owned by an Insured arising out of an **Occurrence**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE H. Liability for the Sale of Aircraft and Aircraft Products and Services

Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** arising out of an **Occurrence** and arising out of:

1. The sale or relinquishment from exclusive written lease by you, of any **Aircraft**, or
2. The furnishing to others by you of any materials, parts, equipment, fuel, lubricants, maintenance, or services used for or in connection with **Aircraft**, **Aviation Premises**, or **Mobile Equipment**, but only if the **Bodily Injury** or **Property Damage** occurs away from your **Aviation Premises** after physical possession of such **Aircraft**, materials, parts, equipment, fuel, or lubricants have been relinquished to others and any maintenance or services have been completed.
3. The furnishing to others by an Insured of food or beverages in connection with the operation of **Aircraft** or **Aviation Premises** insured by this policy.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE I. Liability for the Operation of **Mobile Equipment**

Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** arising out of the ownership, maintenance or use of **Mobile Equipment**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE J. Liability for **Personal Injury**

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of a **Personal Injury** offense to which this policy applies arising out of the ownership, maintenance or use of **Scheduled Aircraft, Non-Owned Aircraft, Temporary Substitute Aircraft, or Aviation Premises**.

2. Exclusions for Coverage J

This coverage shall not apply to:

- a. **Personal Injury** caused by or at the direction of the Insured with the knowledge that the act would violate the rights of another and would inflict **Personal Injury**.
- b. **Personal Injury** arising out of a criminal act committed by or at the direction of the Insured.
- c. **Personal Injury** for which the Insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the Insured would have in the absence of the contract or agreement.
- d. **Personal Injury** arising out of the failure of goods, products or services to conform with any statement of quality or performance.

COVERAGE K. Personal Effects and Baggage Expense

Insuring Agreement

We shall pay on behalf of the Insured those sums for which you are legally obligated to pay, or you agree to pay, to others for **Property Damage** to the personal effects and baggage **Passenger(s)** while the personal effects and baggage are in the care, custody, or control of an Insured.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

WHO IS AN INSURED

1. Each of the following is an Insured for all coverages:
 - a) the **Named Insured**
 - b) if an individual, you and your spouse are insureds; and
 - c) any director, officer, partner, or employee of the **named insured** while that person is acting in their official capacity as such.
2. for all Part One - Liability Coverages except Coverages C, D, and H (**Non-Owned Aircraft Liability Coverages and Products Liability Coverages**) , who is an insured includes:
 - a) any person or organization while riding in, using, or legally responsible for a **scheduled aircraft or temporary substitute aircraft** provided that the use is within the scope of the permission of the **named insured**;
 - b) any other person or organization but only for their legal liability covered by this policy which arises solely out of the acts or omissions of a person or organization describe in Paragraph A above.

WHO IS NOT AN INSURED

None of the following is considered to be an insured regardless of Paragraph 2. a) above:

- a) any person or organization or their agents or employees engaged in the design, manufacture, maintenance, repair, or sale of **Aircraft, Aircraft engines, components, or accessories**, or engaged in the operation of any **Aircraft, hangar, flight school, flight service, or piloting service** with respect to any **Occurrence** arising out of such activity, or
- b) the owner, lessor, or their agents or employees of any **Non-Owned Aircraft** covered by this policy.

DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS OF LIABILITY CLAIMS

We have the right and duty to defend any suit against an Insured seeking damages because of **Bodily Injury, Personal Injury or Property Damage** covered by this policy, even if any allegations of the suit are groundless, false or fraudulent. We may make any investigation and settlement of any claim or suit as we deem expedient. We will not be obligated to pay any expense, claim or judgment or to defend any suit after the applicable limit of liability has been exhausted by the payment of judgment or settlements.

We will promptly pay in addition to the applicable limit of liability:

1. All of the expenses and costs taxed against an Insured in any suit we are required to defend including:
 - a) Any prejudgment interest awarded against an Insured on that part of the judgment we are required to pay under the terms of this policy;
 - b) All interest on the amount of any judgment that we are required to pay under the terms of this policy which occurred after the entry of the judgment and before we have paid, tendered or deposited in court;
 - c) Any costs for arbitration alleging damages covered by this policy which an Insured must or may submit to;

2. Premium on appeal bonds required or premiums on bonds to release attachment in any suit defended by us for any amount not to exceed the applicable limit of liability;
3. The cost of bail bonds not to exceed \$2,500. required of an Insured, because of an **Occurrence** or violation of laws or regulations for civil aviation arising out of the use of **Scheduled Aircraft, Temporary Substitute Aircraft** or **Aviation Premises**. However, we have no obligation to furnish or apply for bail bonds;
4. Expenses incurred by an Insured for first aid, medical and surgical relief that is imperative at the time of an accident because of **Bodily Injury** covered by this policy;
5. All reasonable expenses incurred by an Insured at our request. However, we will not pay more than \$250. per day for each of an Insured's employees for the loss of earnings, wages or salaries; or
6. Any and all other expenses incurred by an Insured that have been approved in advance by us.

EXCLUSIONS FOR PART ONE - LIABILITY COVERAGES AND DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS

This insurance does not apply to:

1. **Bodily Injury** or **Property Damage** expected or intended from the standpoint of the Insured. This exclusion does not apply to **Bodily Injury** or **Property Damage** resulting from the use of reasonable force to protect persons or property or to prevent the dangerous interference with the use of an **Aircraft** or operation of an **Aviation Premises** insured by this policy.
2. **Bodily Injury** or **Property Damage** for which the Insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - a. That the Insured would have in the absence of the contract or agreement; or
 - b. Assumed in a contract or agreement that is an **Insured Contract**, provided the **Bodily Injury** or **Property Damage** occurs subsequent to the execution of the contract or agreement.
3. any obligation of the Insured under workers compensation, disability benefits or unemployment compensation law or similar law.
4. any Insured under the policy who is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability.
5. **Bodily Injury** or **Personal Injury** to:
 - a. An employee of the Insured arising out of and in the course of:
 - i. employment by the Insured; or
 - ii. performing duties related to the conduct of the Insured's business; or
 - b. The spouse, child, parent, brother or sister of that employee as a consequence of paragraph a. above.

This exclusion applies:

- i. Whether the Insured may be liable as an employer or in any other capacity; and
- ii. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the Insured in any agreement required by a military or governmental authority as a prerequisite for using an airport or an airport facility or to liability assumed under an **Insured Contract**.

6. to **Property Damage** to property the Insured owns, rents or occupies or is loaned to, used by, transported by or in the care, custody or control of the Insured, or to which the Insured is for any reason exercising physical control. This exclusion will not apply to the extent that insurance is provided under Coverage A except as provided for under Coverage C. Liability for **Property Damage to Non-Owned Aircraft**, Coverage D. Liability for **Property Damage to Temporary Substitute Aircraft**, Coverage F. Hangarkeepers' Liability, Coverage E. Liability for Non-Owned Hangars and Their Contents, Coverage K. Personal Effects and Baggage Expense.

7. **Bodily Injury or Personal Injury** to:

- a. A person arising out of any
 - i. Refusal to employ;
 - ii. Termination of employment;
 - iii. Demotion, reassignment, disciplinary action, performance evaluation, and other employment related acts;
 - iv. Coercion, harassment, humiliation, defamation, discrimination.
- b. the spouse, parent, child, brother or sister of that person as a consequence of **Bodily Injury or Personal Injury** to that person at whom any of the employment related practices described in Exclusion 7. a. i. through iv. above is directed.

This exclusion 7. applies :

- i. whether the Insured may be liable as an employer or in any other capacity; and
- ii. to any obligation to share damages or repay someone else who must pay damages because of injury.

8. **Bodily Injury or Property Damage** for which any Insured may be held liable by reason of:

- a. Causing or contributing to the intoxication of any person;
- b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- c. Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

Serving or furnishing alcoholic beverages incidental to your **Aviation Operations** shall not be considered in the business of manufacturing, distributing, selling, or serving alcoholic beverages.

LIMITS OF LIABILITY FOR PART ONE - LIABILITY COVERAGES

Total for all Part One - Liability Coverages

1. The limits shown in the Declarations shall apply separately to each insured **Aircraft** and each Insured.
2. Regardless of:
 - a. The number of Insureds;
 - b. Persons or organizations who sustain **Bodily Injury, Personal Injury or Property Damage**;

- The number of claims made or suits brought because of **Bodily Injury, Personal Injury or Property Damage**;
 - c. **Damage**;

Our total liability for all damages because of **Bodily Injury** and **Property Damage** sustained by one or more persons or organizations as a result of any one **Occurrence** shall not exceed the limit of liability as set forth in the Declarations for the applicable coverage part as applicable to each **Occurrence**;

The aggregate limit shown in the Declarations for any specific coverage is the most we will pay, during the policy period, for the sum of all damages under that coverage because of damages for **Bodily Injury, Property Damage, or Personal Injury** to which that coverage applies;

3. All **Bodily Injury, Personal Injury and Property Damage** arising out of continuous or repeated exposure to the same general conditions shall be considered arising out of one **Occurrence**.
4. The Any One Fire limit shown on the Declarations for Coverage E is the most we will pay under Coverage E because of **Property Damage** to Premises rented by or temporarily occupied by you and arising out of any one **Occurrence** because of fire.
5. The Hangarkeepers' each loss limit is the most we will pay for the sum of damages under Coverage F because of any one loss. Subject to each loss limit above, the Hangarkeepers' each **Aircraft** limit is the most we will pay for the sum of damages under Coverage F because of loss to any one **Aircraft** in any one loss.

PART TWO - PHYSICAL DAMAGE COVERAGES

COVERAGE L. Physical Damage Coverage for Scheduled Aircraft

We shall pay for **Physical Damage** or **Disappearance** to a **Scheduled Aircraft**.

COVERAGE M. Physical Damage Coverage for Spare Parts and Mechanic's Tools

We shall pay for **Physical Damage** to **Spare Parts** which are owned by you.

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage** to **Spare Parts** which are owned by others for which you are or have agreed to be legally responsible.

We shall pay for **Physical Damage** to **Mechanic's Tools** .

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE N. Newly Acquired Aircraft

1. Insuring Agreement

We shall extend the insurance provided by this policy if, during the policy period, you become the owner or exclusive lessee for an **aircraft** for a period not in excess of the Reporting Grace Period as stated in the Declarations.

2. Exclusions for Coverage N

No coverage shall apply or be extended to any newly acquired **Aircraft** that has a combined total Passenger seating capacity greater than the maximum number of seats shown in the Declarations for Coverage N.

3. Conditions for Coverage N

- a. You shall notify us as soon as practicable of the acquisition or exclusive lease;
- b. The Limits of Liability for all Part One - Liability Coverages and Part Four - Medical Expenses pertaining to the newly acquired **Aircraft** shall be the same as the highest limits provided for any one **Scheduled Aircraft**;
- c. The **Physical Damage** insured value of the newly acquired **Aircraft** shall be the actual cost of the **Aircraft** to you and shall not exceed the **Maximum Physical Damage** Limit shown on the Declarations for Coverage F; and
- d. You shall pay any additional premium required for the newly acquired **Aircraft**.

COVERAGE O. Physical Damage Coverage for Increased Value of Scheduled Aircraft

1. Insuring Agreement

If the value of a **Scheduled Aircraft** is increased during the policy period because of modifications or the addition of equipment, the insurance provided under Coverages L. **Physical Damage** Coverage for **Scheduled Aircraft** of this policy will apply to the increased value.

2. Definition for Coverage O

Modification means a physical change to a **Scheduled Aircraft** to enhance or improve performance. **Modification** does not include routine and scheduled maintenance.

3. Conditions for Coverage O

This coverage shall only apply if:

- a. You report to us any increase in value as soon as reasonably practicable after completion of modifications or additions; and
- b. Any additional premiums for the increased values are paid by you.
- c. Your inadvertent failure to report to us any increase in value shall not prejudice coverage provided you notify us as soon as practical after the failure to report is discovered by you or your insurance manager.

EXCLUSIONS FOR PART TWO - PHYSICAL DAMAGE COVERAGES

This insurance does not apply:

1. to loss or damage to tires except where such loss or damage is caused by fire, theft, windstorm or vandalism or is the direct result of **Physical Damage** covered by this policy;
2. to loss or damage which is due and confined to
 - a. wear, tear, deterioration, freezing;
 - b. any electrical malfunction or failure of any electronic component(s), accessory(ies), or electrically powered equipment;
 - c. any mechanical, hydraulic, pneumatic, or structural malfunction or failure,

unless any such loss or damage in a., b. and c. is the direct result of other **Physical Damage** covered by this policy.

Damage resulting from electrical malfunction or failure of an electrical component(s), accessory(ies), or electrically powered equipment is considered breakdown of the entire electrical system containing such electronic component(s), accessory(ies), or electrically powered equipment.

Damage resulting from the breakdown, failure or malfunction of any engine component, accessory or part is considered mechanical breakdown of the entire engine.

3. to loss or damage to turbine aircraft engines and auxiliary power units insured under this policy if such damage is caused by:
 - a. foreign objects unless a result of **Ingestion**;
 - b. heat or temperature change from the operation, attempted operation or shutdown of the engine;

unless any such loss or damage is the direct result of other **Physical Damage** covered by this policy.

LIMITS OF LIABILITY FOR PART TWO - PHYSICAL DAMAGE COVERAGES

Total for all Part Two - **Physical Damage** Coverages

1. In the event of a **Total Loss**, we shall pay you no more than:
 - a. The insured value of the **Scheduled Aircraft** less any applicable deductible; or
 - b. Your financial interest in any **Spare Part(s)**, less any applicable deductible, but not to exceed its **Actual Cash Value** or the limit of liability for the applicable Coverage shown in the Declarations, whichever is less.
 - c. Your employees' financial interest in any **Mechanic's Tools**, less any applicable deductible, but not to exceed its **Actual Cash Value** or the limit of liability for the applicable Coverage shown in the Declarations, whichever is less.

In no event shall our liability be less than the amount required to be insured in any lease, mortgage or other finance agreement under which the Insured has a current obligation subject to a maximum amount equal to the limit for the Maximum Automatic **Physical Damage** Limit for Coverage L. as respects **Scheduled Aircraft**, or the stipulated value required for any **Spare Part** subject to a maximum of the each **Occurrence** limit for Coverage M.

Once a **Total Loss** has been paid our liability with respect to such property will terminate.

2. In the event of a **Partial Loss** to **Scheduled Aircraft**, **Spare Part(s)**, or **Mechanic's Tools** our liability will not exceed:
 - a. If repairs are made by an Insured, the total of the following items, less any applicable deductible:
 - i. The Insured's net costs for necessary material and parts of like kind and quality;
 - ii. Reasonable **Transportation Costs** for replacement parts;
 - iii. The reasonable costs of food, lodging and transportation for the Insured's employees required for the actual period of repair, if the loss occurs away from the Insured's base of operation; and
 - iv. The actual wages paid for labor at the place of repair plus the reasonable cost of required supervision and overhead.
 - b. If repairs are not made by an Insured, the total of the following items, less any applicable deductible:
 - i. The Insured's net cost to make repairs with material and parts of like kind and quality;
 - ii. Reasonable **Transportation Costs** for replacement parts; and
 - iii. The reasonable costs of transportation, food and lodging expenses for a necessary representative(s) of the Insured to inspect or authorize repairs or test fly the **Aircraft** but not exceeding 5% of the repair cost estimate or \$5,000., whichever is less. This paragraph shall not apply unless the **Aircraft** is being repaired away from its primary base of operations.

- c. The insured value of the **Scheduled Aircraft**; or with respect to Coverage M. **Physical Damage Coverage for Spare Parts and Mechanic's Tools**, your financial interest in any **Spare Part**, its **Actual Cash Value**, or the applicable limit of liability shown in the Declarations, whichever is less.
 - d. If we pay a claim for a **Partial Loss** in an amount equal to the sum payable for a **Total Loss**, we shall, at our option, be entitled to the salvage. There will, however, be no abandonment of the salvage to us without our prior consent.
3. In the event of any **Partial Loss**, whether or not such loss is covered by this policy, the insured value of the **Scheduled Aircraft** shall be reduced at the time of the loss by the amount of the loss. When repairs begin, the insured value shall increase by the value of the completed repairs until the insured value of the **Scheduled Aircraft** is fully restored.
 4. With respect to any **Partial Loss** or **Total Loss**:
 - a. the amount due under this policy shall not exceed the amount due were the loss payable as a **Total Loss**;
 - b. any salvage value remaining shall inure to our benefit and the **Named Insured** shall provide clear title thereto;
 - c. any equipment attached to the **Aircraft**, even if subsequent to the effective date of coverage, shall be considered a part of the **Aircraft**;
 - d. there shall be no abandonment of any damaged property without our consent.
 5. The amount specified as a deductible, if any, for any **Scheduled Aircraft** shall not apply to any **Total Loss**, arranged **Total Loss**, or loss caused by fire, lightning, explosion, transportation of parts, theft, robbery, or pilferage. Any **Total Loss** caused by fire or explosion, resulting directly or indirectly from the collision or crash of an **Aircraft** while **In-Motion**, shall be subject to the **In-Motion** deductible, if any. The **Scheduled Aircraft** deductible shall not apply in the event of a collision with any other aircraft insured by us under another policy.

CONDITIONS FOR PART TWO - PHYSICAL DAMAGE COVERAGES

1. STOLEN PROPERTY

We have the right to return stolen property any time before the loss is paid with payment for any resultant **Physical Damage**.

2. APPRAISAL

If we and the **Named Insured** fail to agree on the amount of a loss, either may, within sixty (60) days after a proof of loss is filed, demand an appraisal of the loss. We and the **Named Insured** shall each select a competent appraiser and the appraisers shall select a competent and disinterested umpire. The appraisers shall each judge the amount of the loss. If they do not agree, they shall submit their difference to the umpire. Agreement in writing of any two of the three shall determine the amount of the loss. We and the **Named Insured** shall each pay our chosen appraiser and shall bear equally the expenses of the appraisal and the umpire. We shall not be held to have waived any of our rights by any act relating to appraisal.

PART THREE - ADDITIONAL COVERAGES

COVERAGE P. Temporary Replacement Parts Rental Expense

1. Insuring Agreement

We shall pay your additional expenses if a **Scheduled Aircraft** sustains **Physical Damage** covered under this policy and the time required for repairs exceeds the Minimum Required Repair Period indicated in the Declarations.

2. Definition for Coverage P

Additional Expenses means the cost of renting or leasing, installing, removing and transporting temporary replacement component part(s) that are necessary due to **Physical Damage** loss to which this policy applies.

3. Condition for Coverage P

- a. This Coverage applies only if you have made reasonable attempts to rent or lease component parts to replace the parts that are damaged.
- b. The time required to repair the damaged **Scheduled Aircraft** exceeds the Minimum Required Repair Period shown under this Coverage in the Declarations.

4. Exclusions applicable to Coverage P

This coverage shall not apply

- a. to any necessary replacement part being insured under Coverage M as a **Spare Part**;
- b. to parts under existing rental, lease, or exchange agreements;
- c. to charges for wear, tear, or depreciation, damage, loss of use, maintenance, repairs, or operating costs; or
- d. to charges incurred while such **Aircraft** or temporary replacement part is unusable on account of an Airworthiness Directive, factory Service Bulletin, airworthiness inspection, breakdown, malfunction, or unsuitability.

COVERAGE Q. Replacement Aircraft Rental Expense

1. Insuring Agreement

We shall pay your extra expense arising out of **Physical Damage** to **Scheduled Aircraft**.

2. Definition for Coverage Q

Extra expense means the cost of leasing or renting a temporary replacement **Aircraft** which exceeds the cost you would have incurred if you could have operated the **Scheduled Aircraft** had it not been damaged.

3. Exclusions applicable to Coverage Q

We shall not pay for any extra expense(s):

- a. Unless the time required to repair the damaged **Scheduled Aircraft** exceeds the Minimum Required Repair Period shown under this Coverage in the Declarations;
- b. If another **Aircraft** is available at no extra charge for its use;
- c. If you acquire through ownership, lease, lease-purchase option, or otherwise, a permanent replacement for the damaged **Scheduled Aircraft**;
- d. Any expenses if the **Scheduled Aircraft** is a **Total Loss** and we have offered the **Named Insured** a proof of loss;
- e. For expenses incurred more than seven(7) days after we have tendered payment for a **Total Loss**;
or
- f. Beyond the Maximum Coverage Period shown in the Declarations.

COVERAGE R. Search and Rescue Expenses

1. Insuring Agreement

We shall reimburse the Insured for incurred expenses for search and rescue operations authorized by you for **Aircraft** covered under this Policy.

2. Exclusions for Coverage R

We shall not pay for any claim, cost or expense:

- a. Arising out of any governmental or military search and rescue operations;
- b. Arising out of any loss, disappearance, theft, or damage to any equipment used in connection with the search and rescue operations;
- c. Arising out of **Bodily Injury** or death of any persons involved in the search and rescue operations;
- d. Incurred after it is reasonably assumed that there are no survivors; or
- e. Associated with any salvage operations.

COVERAGE S. Runway / Aircraft Foaming, Airport Crash Fire & Rescue

1. Insuring Agreement

We shall reimburse expenses incurred by the Insured for the application of runway or **Aircraft** foaming or airport crash, fire and rescue services provided for a **Scheduled Aircraft, Temporary Substitute Aircraft** or **Non-owned Aircraft**.

2. Exclusions for Coverage S

We shall not pay for any claim arising out of expenses incurred to correct any mechanical difficulty.

3. Conditions for Coverage S

We reserve the right to pay a **Total Loss** for any **Scheduled Aircraft** requiring expenses in excess of the insured value for any or all of the reimbursable expenses in Coverage S.

COVERAGE T. Trip Interruption Expense

We shall reimburse the Insured for trip interruption expenses for **Passengers** if a **Scheduled Aircraft** incurs a covered **Physical Damage** loss or in the case of a **Temporary Substitute Aircraft** or **Non-Owned Aircraft** that suffers a covered **Property Damage** loss. The reimbursable trip interruption expenses shall be limited to the reasonable expenses of food, clothing, lodging, communication services and travel, incurred from the time of loss and required to continue from the place where an **Aircraft** sustains a covered loss to the intended final destination of the damaged **Aircraft** or, back to the place **Passenger(s)** originally boarded the **Aircraft** if the trip is discontinued or any other location requested by you and agreed in advance by us.

PART FOUR - MEDICAL EXPENSES

COVERAGE U. Medical Expenses

1. Insuring Agreement

We shall pay reasonable **Medical Expenses** to or for each person who sustains **Bodily Injury** caused by an **Occurrence**, for the period of one (1) year from the date of the **Occurrence**, arising out of the use of **Scheduled Aircraft, Non-Owned Aircraft, and Temporary Substitute Aircraft**, provided such use is with your permission or arising out of your operations on the **Aviation Premises** you own or rent including ways next to the **Aviation Premises** you own or rent.

2. Exclusions for Coverage U

This coverage shall not apply to any claims:

- a. For **Medical Expenses** incurred by or for any employee of the Insured to the extent that any such expenses are payable under any workers compensation or disability benefits law or under any similar law.
- b. for any Insured who is also insured under any contract of nuclear energy liability insurance, in effect at the time of the **Occurrence**, issued by the Nuclear Energy Liability Insurance Association or the Mutual Atomic Energy Liability Underwriters that covers the claim, loss, damage or expense or would cover the claim, loss, damage or expense if such policy's Limits of Liability were not exhausted.

3. Conditions for Coverage U

- a. **Medical Expense** payments will not be made to anyone until all valid and collectible medical benefits available under a worker's compensation or similar law(s) have been exhausted.
- b. The injured person or their representative shall give us written proof of claim and, if requested, authorize us to obtain medical reports and copies of records.
- c. The injured person shall submit to physical examination by physicians selected by us when we may reasonably require.
- d. We may pay the injured person or organization directly who rendered the services. Any payments made under this Coverage do not constitute an admission of liability of any person, organization, or us.

LIMITS OF LIABILITY FOR PART FOUR - MEDICAL EXPENSES

Total for all Part Four - Medical Expenses

The limit of liability shown in the Declarations is the most we shall pay for all **Medical Expenses** costs or expenses incurred by or on your behalf for this Coverage.

SECTION III GENERAL POLICY EXCLUSIONS

1. War, Hijacking and Other Perils Exclusion Clause

This policy does not cover 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 labor 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, nationalization, 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).

2. Nuclear Risks Exclusion Clause

This policy does not cover:

- a. loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
- b. any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:
 - i. the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
 - ii. the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;
 - iii. ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

It is understood and agreed that such radioactive material or other radioactive source in paragraph b.,ii. and iii. above shall not include:

- a. depleted uranium and natural uranium in any form;
- b. radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.

This policy, however, does not cover loss of or destruction of or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:

- a. the Insured under this policy is also an insured or an additional insured under any other insurance policy, including any nuclear energy liability policy; or
- b. any person or organization is required to maintain financial protection pursuant to legislation in any country; or
- c. the Insured under this policy is, or had this policy not been issued would be, entitled to indemnification from any government or agency thereof.

Loss, destruction, damage, expense or legal liability in respect of the nuclear risks not excluded by reason of paragraph 2. shall (subject to all other terms, conditions, limitations, warranties and exclusions of this policy) be covered, provided that:

- a. in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereof, such carriage shall in all respects have complied with the full International Civil Aviation Organization "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;
- b. this policy shall only apply to an incident happening during the period of this policy and where any claim by the Insured against the Company or by any claimant against the Insured arising out of such incident shall have been made within three (3) years after the date thereof;
- c. in the case of any claim for the loss of or destruction of or damage to or loss of use of an aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

Emitter (IAEA Health and Safety Regulations)	Maximum permissible level of non-fixed radioactive surface contamination (Averaged over 300 cm ²)
Beta, gamma and low toxicity alpha emitters	Not exceeding 4 becquerels / cm ² (10 ⁴ microcuries / cm ²)
All other alpha emitters	Not exceeding 0.4 becquerels / cm ² (10 ⁵ microcuries / cm ²)

- d. the cover afforded hereby may be cancelled at any time by the Company giving seven (7) days' notice of cancellation.

3. NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE

This policy does not cover claims directly or indirectly occasioned by, happening through or in consequence of:

- a. noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
- b. pollution and contamination of any kind whatsoever,
- c. electrical and electromagnetic interference,
- d. interference with the use of property;

unless caused by or resulting in a crash, fire, explosion or collision or a recorded **In-Flight** emergency causing abnormal **Aircraft** operation.

With respect to any provision in the policy concerning any duty of the Company to investigate or defend claims, such provision shall not apply and the Company shall not be required to defend:

- a. claims excluded by paragraph 1., or
- b. a claim or claims covered by the policy when combined with any claims excluded by paragraph 1. (referred to below as "Combined Claims").

In respect of any Combined Claims, the Company shall (subject to proof of loss and the limits of the policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the policy:

- a. damages awarded against the Insured and
- b. defense fees and expenses incurred by the Insured.

Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this policy.

4. ASBESTOS EXCLUSION

This policy does not cover any claims of any kind whatsoever directly or indirectly relating to, arising out of or in consequence of:

- a. The actual, alleged or threatened exposure to or presence of asbestos in any form whatsoever, including, but not limited to, asbestos fibers or asbestos dust, or any material or product containing, or alleged to contain, asbestos; or
- b. Any obligations, request, demand, order, or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, neutralize, protect against or in any other way respond to the actual, alleged or threatened exposure to or presence of asbestos in any form whatsoever, including, but not limited to, asbestos fibers or asbestos dust, or any material or product containing, or alleged to contain, asbestos.

However, the exclusion shall not apply to any claim for asbestos exposure caused by or resulting from a crash, fire, explosion, or collision or a recorded **In-Flight** emergency causing abnormal aircraft operations.

Notwithstanding any other provisions of this policy, Insurers will have no duty to investigate, defend or pay defense costs in respect of any claim excluded in whole or in part under paragraphs 1. or 2. hereof.

5. COVERAGE TERRITORY

This policy does not cover claims that occur outside of the **Coverage Territory**.

6. APPROVED PILOT EXCLUSION

This policy shall not apply while an **Aircraft** insured by this policy is **In-Flight** unless operated by pilots that meet the minimum requirements in ITEM 5. of the Declarations.

SECTION IV GENERAL POLICY CONDITIONS

1. BANKRUPTCY

Bankruptcy or insolvency of the Insured or of the Insured's estate will not relieve us of our obligations under this policy.

2. CANCELLATION

- a. The First **Named Insured** shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the First **Named Insured** written notice of cancellation at least:
 - i. ten (10) days before the effective date of cancellation if we cancel for non-payment of premium; or
 - ii. ninety (90) days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the First **Named Insured's** last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If this policy is cancelled, we will send the First **Named Insured** any premium refund due. If we cancel, the refund will be pro rata. If the First **Named Insured** cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

3. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The First **Named Insured** shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

4. COUNTRY AND TERRITORIAL JURISDICTION CLAUSE

If coverage for a claim under this policy is in violation of any United States of America's economic or trade sanctions, including but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), then coverage for that claim shall be null and void.

5. CROSS LIABILITY

This policy shall cover claims by one Insured against another Insured and shall provide the Coverage as if a separate policy had been issued to each Insured. In no event, however, shall this act to increase or change the limit of liability nor shall it change any of the other terms, conditions or exclusions of this policy.

6. DEDUCTIBLE

- A. You shall be responsible for each applicable deductible amount shown in the Declarations. All claims arising from a single **Occurrence** shall be subject to one deductible.
- B. We may pay all or part of the deductible to settle a claim or suit. You agree to repay us promptly after we notify you of the settlement.

7. DUTIES OF THE INSURED IN THE EVENT OF **OCCURRENCE**, CLAIM, LOSS OR SUIT

In the event of any accident, **Occurrence**, claim, suit, or loss the Insured and/or their legal representatives shall:

- a. Not assume any obligation or liability, nor offer to pay any reward except at the Insured's expense, nor incur any expense other than those items listed in this policy.
- b. Promptly contact us and follow up with prompt written notice including the:
 - i. Time, place and description of events;
 - ii. Names and locations of **Passengers**, witnesses, injured or deceased persons; and
 - iii. Location or description of any damaged property and/or **Aircraft**.
- c. Immediately forward to us every demand, notice, summons, legal paper or any other process they receive;
- d. Cooperate and assist us in all matters of any claim or suit;
- e. Authorize us to obtain any records relating to a loss;
- f. Not abandon the **Aircraft** or any other salvage without our prior consent;
- g. Take all reasonable precautions to protect the Aircraft or other insured property after any accident or loss. Reasonable expenses incurred in providing such protection will be deemed, "incurred at our request". Any further loss or damage due to an Insured's failure to reasonably protect the insured property will not be covered by this policy;
- h. Promptly report any suspected theft or vandalism to the local police;

- i. Allow us the option to inspect any **Aircraft** or insured property before any repairs begin or its disposal;
- j. File with us within ninety (90) days after the loss a sworn proof of loss including the information and in the form we reasonably require and, upon our request, submit to examination under oath;
- k. Exhibit the damaged property and produce for our examination all pertinent records and invoices, permitting copies to be made, at reasonable times and places as we designate;
- l. If requested, provide clear title to us for any property salvage at the time **Total Loss** payment is made by us; and
- m. Allow us to inspect **Aircraft** records, repair and service invoices, sales receipts and log books as may be required in the settlement of any claim.

8. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during this policy period and up to three (3) years afterward.

9. FINANCIAL RESPONSIBILITY LAWS

Upon certification as proof of future financial responsibility under the provisions of any **Aircraft** responsibility law, all coverages under this policy shall apply, but only up to the applicable limit of liability. The **Named Insured** agrees to reimburse us for any payment made which we would not have been obligated to make under the terms of this policy except for the agreement in this provision.

10. INSPECTIONS AND SURVEYS

- a. We have the right to:
 - i. Make inspections and surveys at any time;
 - ii. Give you reports on the conditions we find; and
 - iii. Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - i. Are safe or healthful; or
 - ii. Comply with laws, regulations, codes or standards.

Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

Paragraph b. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

11. LEGAL ACTION AGAINST US

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an Insured; or
- b. To sue us on this policy unless there has been full compliance with all policy terms.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an Insured; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant or the claimant's legal representative.

Liability Coverages - With respect to Part One - Liability Coverages, no action will lie against us until the amount of your obligation to pay has been finally determined either by judgment against you after actual trial or, by written agreement of you, the claimant and us. Any person, organization, or their legal representative who has secured such judgment or written agreement will be entitled to recover under this policy to the extent of the coverages provided by this Policy. No person or organization will have any right under this policy to join us as a party to any action against you to determine your liability, nor will we be impleaded by you or your legal representative.

Physical Damage Coverages - With respect to Part Two - **Physical Damage** Coverages, no action will lie against us, nor will payment for loss be required, until thirty (30) days after the required proof of loss is filed with us and the amount of loss is determined as described in this policy. Any action against us must be taken within one (1) year after the date of loss.

Additional Coverages - With respect to all other Coverages, no action will lie against us, nor will payment for loss be required, until thirty (30) days after any required proofs of claims have been filed with us. Any action against us must be taken within one (1) year after the date of loss.

12. OTHER INSURANCE

If other valid and collectible insurance is available to the Insured for a loss we cover by this policy, then our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when 2. below applies. If this insurance is primary, our obligations are not affected unless the other insurance is also primary. Then we will share with all that other insurance by the method described in 3. below.

b. Excess Insurance

This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis:

- (i) if the loss arises out of any **Temporary Substitute Aircraft** or **Non-Owned Aircraft**;
- (ii) if the loss arises out of:

- (a) aircraft that you have either sold or relinquished from an exclusive written lease, or
- (b) materials, parts, equipment, fuel, lubricants or services for aircraft of others provided or performed by you to the extent that insurance is afforded by Coverage H. Liability for the Sale of Aircraft and Aircraft Products and Services.
- (iii) if there is any other primary insurance available to you covering liability for damages arising out of your ownership maintenance or use of **Scheduled Aircraft, Temporary Substitute Aircraft, or Non-Owned Aircraft** operations under which you have been included as an Insured or added as an additional Insured by endorsement.

When this insurance is excess, then we will have no duty arising from any coverage afforded by this policy to defend the Insured against any suit if any other insurer has a duty to defend the Insured against that suit. If no other insurer defends, then we will undertake to do so, but we will be entitled to the Insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (i) the total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (ii) the total of all deductible and self-insured amounts set forth in other insurance.

Using the method described in 3. below, we will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the limits of liability shown in this policy.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, then we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of liability or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, then we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of liability to the total applicable limits of liability of all insurers.

- d. If the other insurance is written through the Aviation Managers as primary insurance, the total limit of our liability will not exceed the greatest limit on any one policy.

13. PREMIUMS

The First **Named Insured** shown in the Declarations:

- 1. Is responsible for the payment of all premiums; and
- 2. Will be the payee for any return premiums we pay.

14. RECOVERING DAMAGES FROM A THIRD PARTY

In the event of any payment made under this policy, we will assume all of your rights of recovery against any person or organization. You will execute and deliver instruments and papers and do whatever else is necessary to enforce these rights.

15. REPRESENTATION

By accepting this policy, you agree that the statements in the Application and Declarations are true and they are your agreements and representations.

You agree this policy is issued in reliance upon the truth of those representations. This policy includes all of the agreements between you and us or our authorized agents concerning this insurance.

16. SEPARATION OF INSUREDS

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the First **Named Insured**, this insurance applies:

1. As if each **Named Insured** were the only **Named Insured**; and
2. Separately to each Insured against whom claim is made or suit is brought.

17. STATE STATUTES

If the terms of this policy are in conflict with or inconsistent with the statutes of any state where this policy is in effect, we will conform to the minimum standards of those statutes.

18. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual **Named Insured**.

If you die, your rights and duties shall be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

19. UNITED STATES ARMY, AIR FORCE AND NAVY INSURANCE REQUIREMENTS

If the Aviation Managers on behalf of the Company issues a Department of Defense certificate of insurance DD Form 2400 or any substitute or replacement thereof, then the insurance policy provisions required by the regulations referred to in the certificate shall be deemed to be incorporated into this policy and substituted for any policy provisions which are inconsistent with the provisions required by the regulations.

20. TWO OR MORE **AIRCRAFT** INSURED BY THIS POLICY

In the event that two or more **Aircraft** are insured by this policy, the applicable limit of liability and deductibles, if any, will apply separately to each.

21. WHEN WE DECIDE NOT TO RENEW

When we decide not to renew the insurance provided under this policy, we will mail or deliver to the **First Named Insured** shown in the Declarations written notice of the non renewal not less than sixty (60) days before expiration.

By signing below, the President, Secretary and the Canadian Chief Agent of the Insurer agree on behalf of the Insurer to all the terms of this policy.

This policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer on the Declarations page of the policy.

EXTENDED COVERAGE ENDORSEMENT (Aviation Liabilities) AVN52E

In consideration of an additional premium of \$ _____, this policy is amended as follows:

The policy of which this endorsement forms part includes War, Hi-jacking and Other Perils Exclusion Clause AVN48B:

1. With effect from _____, all sub-paragraphs other than (b) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B:
2. EXCLUSION applicable only to any coverage extended in respect of the deletion of sub-paragraph (a) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B:

Coverage 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**.

3. LIMITATION OF LIABILITY

The limit of the Company's liability in respect of the coverage provided by this Endorsement shall be US \$ _____ or the applicable policy limit, whichever the lesser, any one **Occurrence** and in the annual aggregate (the "sub-limit"). This sub-limit shall apply within the full policy limit and not in addition thereto.

To the extent coverage is afforded to an Insured under the policy, this sub-limit shall not apply to such Insured's liability:

- a) to the **Passengers** (and for their baggage and personal effects) of any aircraft operator to whom the policy affords cover for liability for such cargo and mail arising out of its operation of **Aircraft**.
- b) for cargo and mail while it is on board the **Aircraft** of any aircraft operator to whom the policy affords cover for liability for such cargo and mail arising out of its operations of **Aircraft**.

Notwithstanding any other liability for which coverage is afforded under this policy, coverage provided under this Endorsement shall apply solely to the following:

PART ONE- LIABILITY COVERAGE'S.
PART THREE – ADDITIONAL COVERAGE UNDER COVERAGE R; SEARCH AND RESCUE EXPENSES, COVERAGE S: RUNWAY/**AIRCRAFT** FOAMING, AIRPORT CRASH, FIRE & RESCUE, AND COVERAGE T: TRIP INTERRUPTION EXPENSE.
PART FOUR – **MEDICAL EXPENSES**.

4. AUTOMATIC TERMINATION

To the extent provided below, coverage by this Endorsement shall TERMINATE AUTOMATICALLY in the following circumstances:

- (i) All coverage

Upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following countries: France, the People's Republic of China, the Russian Federation, the United Kingdom, the United States of America:

(ii) Any coverage extended in respect of the deletion of sub-paragraph (a) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B

- upon the hostile detonation of any weapon of the war employing or nuclear fission and/of fusion or other like reaction or radioactive force or matter whosoever or whomsoever such detonation may occur and whether or not the insured aircraft may be involved:

(iii) All coverage 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 (i), (ii) or (iii) occurs, then the coverage 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.

5. REVIEW AND CANCELLATION

(a) Review of Premium and/or Geographical Limits (7 Days)

The Company or its **Aviation Managers** 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 G.M.T. on the day on which notice is given.

(b) Limited Cancellation (48 hours)

Following a hostile detonation as specified in paragraph 4. (iii) above, the Company or its **Aviation Managers** may give notice of cancellation of one or more parts of the coverage provided by paragraph 1. of this Endorsements by reference to sub-paragraph (c) ,(d) , (e), (f) and /or (g) of War, Hi-jacking and Other Perils Exclusion Claus AVN48B – such notice to become effective on the expiry of forty-eight hours from 23.59 hours G.M. T. on the day on which notice is given.

(c) Cancellation (7 Days)

The coverage provided by this Endorsement may be cancelled by either the Company, its **Aviation Managers** or the insured by giving notice to become effective on the expiry of seven days from 23.59 hours G.M.T. on the day on which such notice is given.

(d) Notices

All notices referred to herein shall be in writing.

All other provisions of this policy remain the same.

This endorsement becomes effective _____ to be attached to and hereby made a part of Policy No. _____ issued to _____

By _____

Endorsement No. _____

Date of Issue _____

By  _____

**EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)
AMENDMENT TO LIABILITY LIMITS FOR OPERATIONS WITHIN THE
EUROPEAN UNION**

In consideration of _____ premium of \$ _____, this policy is amended as follows:

1. The limits extended by this endorsement shall apply only:

- a) During the period of:
- b) While a **Scheduled Aircraft** is:
 - i) on the ground within;
 - ii) in the Airspace of; or
 - iii) over the territory including the International Waters of:

Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, The Netherlands and United Kingdom or any member state of the European Union (as defined by those countries who are bound by Regulation (EC) 785/2004 of the European Parliament and of the council of 21 April 2004.

With respect to the following schedule of **Aircraft**:

FAA Cert. Number	Make & Model	Year Built	Seats Crew/Pass
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2. AMENDMENT OF LIMITS FOR **SCHEDULED AIRCRAFT, PREMISES AND MOBILE EQUIPMENT**

Coverage limits as set forth in the declarations are amended as follows:

Coverage A	Liability Coverage for Scheduled Aircraft	USD \$	Each Occurrence
Coverage E	Liability for Aviation Premises	USD \$	Each Occurrence
Coverage I	Liability for the Operation of Mobile Equipment	USD \$	Each Occurrence

3. AMENDMENT OF LIMITS FOR THIRD PARTY **BODILY INJURY AND PROPERTY DAMAGE** UNDER AVN52E.

- a) The limit of the Company's liability as set forth in Paragraph 3. LIMITATION OF LIABILITY of Extended Coverage Endorsement (Aviation Liabilities) ANV52E shall be amended to read

\$

but shall not exceed \$ 300,000,000. or the limit set forth on the Declarations, which ever is lesser, any one **occurrence** (the "sub-limit"). This sub-limit shall apply within the full policy limit and not in addition thereto.

To the extent coverage is afforded to an **Insured** under the policy, this sub-limit shall not apply to such **Insured's** liability:

- (i) to the **Passengers** (and for their baggage and personal effects) of any aircraft operator to whom the policy affords cover for liability to its **Passengers** arising out of its operation of Aircraft;
 - (ii) for cargo and mail while it is on board the **Aircraft** of any aircraft operator to whom the policy affords cover for liability for such cargo and mail arising out of its operations of **Aircraft**.
- b) Notwithstanding any other liability for which coverage is afforded under this policy, coverage provided under Item 3. of this Endorsement shall apply solely to the following:

PART ONE - LIABILITY COVERAGES.
PART THREE - ADDITIONAL COVERAGES UNDER COVERAGE R: SEARCH AND RESCUE EXPENSES, COVERAGE S: RUNWAY/**AIRCRAFT** FOAMING, AIRPORT CRASH, FIRE & RESCUE EXPENSES, AND COVERAGE T: TRIP INTERRUPTION EXPENSE COVERAGE.
PART FOUR - **MEDICAL EXPENSES**.

- c) All other terms and conditions of Extended Coverage Endorsement (Aviation Liabilities) AVN52E not affected nor altered by this endorsement shall remain in effect as currently written.

This endorsement becomes effective _____ to be attached to and hereby made a part of Policy No. _____ issued to _____

By _____

Endorsement No. _____

Date of Issue _____


By _____

MANAGED AIRCRAFT ENDORSEMENT

This policy is amended as follows:

- 1) The "Management Company" scheduled in Item 1. has entered into an Aircraft Management Agreement with the person(s) or organization(s) described below and referred to an " Insured Owner":

"Management Company"

"Insured Owner"

- 2) The "Insured Owner" (referred to as you and your below) is included as an Insured for all coverage and if designated in Item 1 as:
 - a. An individual, you and your spouse are Insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an Insured. Your members, your partners, and their spouses are also Insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an Insured. Your members are also Insureds, but only with respect to the conduct of your business. Your managers are Insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture, or limited liability company, you are an Insured. Your executive officers and directors are Insureds, but only with respect to their duties as your officers or directors. Your stockholders are also Insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an Insured. Your trustees are also Insureds, but only with respect to their duties as trustees.

The Insured status granted to the "Insured Owner" shall be further qualified to apply solely as respects to the Coverage and Limits as described in this endorsement and:

a. With respect to any **Non-Owned Aircraft** shall be an Insured only if:

1. The **Aircraft** is being operated by the "Management Company" on behalf of the " Insured Owner" or the flight is arranged by the "Management Company" on behalf of the " Insured Owner" , and
2. The **Aircraft** being operated on behalf of the " Insured Owner" is not owned in whole or in part by or registered to the " Insured Owner" , and
3. The seating capacity of the **Aircraft** does not exceed the "maximum number of seats shown in the Declarations" for Coverage C: **Non Owned Aircraft** (regardless of the number of **Passengers** on board the **Non Owned Aircraft**).

b. With respect to Coverage H. Liability for the Sale of **Aircraft** and Aircraft Products and Services shall be Insured only for:

1. The sale or relinquishment from an exclusive written lease by you, of any aircraft; or
 2. The furnishing to others by you of any materials, parts, equipment, fuel, lubricants, maintenance, or services used for or in connection with aircraft, **Aviation Premises**, or **Mobile Equipment**, but only if the **Bodily Injury** or **Property Damage** occurs away from your **Aviation Premises** after physical possession of such aircraft materials, parts, equipment, fuel, or lubricants have been relinquished to others and any maintenance or services have been completed.
 3. The furnishing to others by the "Insured Owner" of food or beverages in connection with the operation of **Aviation Premises** or an **Aircraft** scheduled in the endorsement or another **Aircraft** insured by this policy but only while operated or arranged by the "Management Company" on behalf of the "Insured Owner".
- 3) The insurance afforded by this policy for the interest of the "Insured Owner" described in Item 1. of this endorsement shall not be invalidated by any act or neglect of the "Management Company" listed in Item 1. of this endorsement provided that the "Insured Owner" described in Item 1. of this endorsement did not consent to such act or neglect which would otherwise invalidate the insurance provided by this policy or that the "Insured Owner" described in Item 1. of this endorsement had no knowledge that such act or neglect to which they consented would invalidate the insurance provided by this policy.

The insurance afforded by this policy for the interest of the "Management Company" listed in Item 1. of this endorsement shall not be invalidated by any act or neglect of the "Insured Owner" described in Item 1. of this endorsement provided that the "Management Company" listed in Item 1. of the policy Declarations did not consent to such act or neglect which would otherwise invalidate the insurance provided by this policy.

4) The Limits of Insurance as scheduled in this endorsement shall apply:

- a. For the interest of the "Insured Owner" at all times
- b. For the interest of the "Management Company" but only while operating a **Scheduled Aircraft**, **Non-Owned Aircraft** or **Temporary Substitute Aircraft** on behalf of the "Insured Owner".

Such limits as scheduled in this endorsement are part of and not in addition to the limits described elsewhere in the policy for the same coverage. The total limit of our liability shall not exceed the greater of the limits scheduled in this endorsement or the limits described elsewhere in the policy for the same coverage.

5) Schedule of Limits and Coverage:

PART ONE - LIABILITY COVERAGES

Coverage A: Liability Coverage for **Scheduled Aircraft**

\$ Each **Occurrence**

Coverage B: Liability for the Use of **Non-Owned Aircraft** and **Temporary Substitute Aircraft**

\$ Each **Occurrence**

Maximum Number of Seats:

Reporting Grace Period: consecutive days

Coverage C: Liability for **Property Damage** to **Non-Owned Aircraft**

\$ Each **Occurrence**

\$ Each **Occurrence**

Reporting Grace Period: consecutive days

This limit is part of, and not in addition to, the limit provided for Coverage B.

Coverage D: Liability for **Property Damage** to **Temporary Substitute Aircraft**

\$ Each **Occurrence**

Coverage E: Liability for **Aviation Premises**

\$ Each **Occurrence**

\$ Any One Fire

Coverage F: Hangarkeepers' Liability

\$ Each **Aircraft** / Each **Auto**

\$ Each **Occurrence**

Deductible: \$ Each **Occurrence**

Coverage G: Liability for Non-Owned Hangars and Their Contents

\$ Each **Occurrence**

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss

Coverage H: Liability for the Sale of Aircraft and Aircraft Products and Services

\$ Each **Occurrence**

Coverage I: Liability for the Operation of **Mobile Equipment**

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

This limit is part of, and not in addition to, the limit provided for Coverage E.

Coverage J: Liability for **Personal Injury**

\$ Each **Offense** and in the annual aggregate

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

Coverage K: Personal Effects and Baggage Expense

\$ Each **Passenger**

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

PART TWO - PHYSICAL DAMAGE COVERAGES

Coverage L: Physical Damage Coverage for **Scheduled Aircraft**

FAA Cert. Number	Make & Model	Year Built	Seats Crew / Pass	Insured Value	Not In- Motion	In-Motion/ Ingestion
				\$	\$	\$

Coverage M: Physical Damage Coverage for **Spare Parts and **Mechanic's Tools****

\$ Each **Occurrence**

Deductible: \$ Each **Occurrence**

Coverage N: Newly Acquired Aircraft

Maximum **Physical Damage** Limit: \$
any one **Aircraft** without prior approval.

Maximum number of seats:

Reporting Grace Period: consecutive days

Coverage O: Physical Damage Coverage for Increased Value of **Scheduled Aircraft**

Scheduled Aircraft Maximum Automatic **Physical Damage** Limit:

PART THREE – ADDITIONAL COVERAGES

Coverage P: Temporary Replacement Parts Rental Expense

\$ Each Loss

Minimum required repair period: _____ days

Coverage Q: Replacement Aircraft Rental Expense

\$ Each day for no more than a maximum coverage period
_____ of consecutive days, not to exceed:

\$ Each Loss

Minimum required repair period: _____ days

Coverage R: Search and Rescue Expenses

\$ Each Loss

Coverage S: Runway/Aircraft Foaming, Airport Crash Fire & Rescue

\$ Each Loss

Coverage T: Trip Interruption Expense

\$ Each **Passenger** Each Loss

PART FOUR - MEDICAL EXPENSES

Coverage U: Medical Expenses

A) With respect to any **Scheduled Aircraft** or **Temporary Substitute Aircraft**:

Each Passenger :	\$	Each Occurrence
Each Crew Member :	\$	Each Occurrence

B) With respect to any **Non-Owned Aircraft**:

Each Passenger :	\$	Each Occurrence
Each Crew Member :	\$	Each Occurrence

C) With respect to any **Aviation Premises**:

\$	Each Person
\$	Each Occurrence

All other provisions of this policy remain the same.

This endorsement becomes effective _____ to be attached to and hereby made a part of Policy No. _____ issued to _____

By _____

Endorsement No. _____

Date of Issue _____

By  _____

OVERHEAD AND SUPERVISION AMENDMENT

This policy is amended as follows:

Items 2. a. of the LIMITS OF LIABILITY FOR PART TWO - **PHYSICAL DAMAGE COVERAGES** are amended to read as follows:

- 2. In the event of a **Partial Loss to Scheduled Aircraft, Spare Part(s), or Mechanic's Tools** our liability will not exceed:
 - a. If repairs are made by an Insured, the total of the following items, less any applicable deductible:
 - i. The Insured's net costs for necessary material and parts of like kind and quality;
 - ii. Reasonable **Transportation Costs** for replacement parts;
 - iii. The reasonable costs of food, lodging and transportation for the Insured's employees required for the actual period of repair, if the loss occurs away from the Insured's base of operation;
 - iv. The actual wages paid for labor at the place of repair; and
 - v. _____ % of item 2. a. iv. for the cost of required supervision and overhead.

All other provisions of this policy remain the same.

This endorsement becomes effective _____ to be attached to and hereby made a part of Policy No. _____ issued to _____

By _____

Endorsement No. _____

Date of Issue _____

By  _____
(Authorized Representative)

PASSENGER VOLUNTARY SETTLEMENTS

In consideration of additional premium of \$ _____, this policy is amended as follows:

We shall offer to pay on behalf of the Insured those sums requested by the **Named Insured**, to or for the benefit of each covered **Passenger**, who sustains bodily injury caused by an **Occurrence** arising out of the ownership, maintenance, or use of **Scheduled Aircraft, Temporary Substitute Aircraft** or **Non-Owned Aircraft** by or on behalf of an Insured.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

DEFINITIONS

When used in this endorsement, the terms in italics and bold shall be defined as stated below:

Body part(s) means a hand, foot or eye.

Crew Member means the **Pilot-In-Command**, co-pilot, flight engineer, flight attendant, or **Passenger** required for or assisting in aircraft operations.

Loss means:

- a) with respect to the severance of a hand or foot, at or above the wrist or ankle; or
- b) the entire and irrecoverable loss of sight or an eye.

Permanent Total Disability means the inability of the injured **Passenger**, after twelve (12) months of being continuously *totally disabled*, to perform every duty pertaining to the occupation the person was hired to perform for the rest of that person's life.

Settlement Limit means the maximum amount the Company will pay to or for each **Passenger** stated in the Limits of Liability section of this endorsement.

Totally Disabled means the complete inability to perform any duty pertaining to one's occupation.

Bodily Injury means physical injury caused by an **Occurrence** during the policy period, that directly or independently from all other causes results in the loss of two or more body parts, death, or permanent total disability.

EXCLUSIONS

In addition to the exclusions applicable to liability coverages within the policy provisions, the following exclusions shall also be applicable to coverage provided by this endorsement.

This coverage shall not pay for any claim:

1. To or on behalf of any *Crew Member* on any **Non-Owned Aircraft** unless this endorsement states a *Settlement Limit for Non-Owned Aircraft* and for *Crew Members* and
 - (a) the *Crew Members* are professional pilots who are regular employees of the Insured acting in their capacity as professional pilots; or
 - (b) they are *Crew Members* who routinely operate a **Scheduled Aircraft** for an Insured, but are operating **Non-Owned Aircraft** on behalf of an Insured at the time of the **Occurrence**.

CONDITIONS

1. If requested, the injured **Passenger** or his or her legal representative shall authorize us to obtain his or her medical records.
2. The injured **Passenger(s)** shall submit to physical examination by the physicians selected by us when we may reasonably require before any payment is made.
3. All injured **Passenger(s)** or their legal representative(s) shall execute a full release approved by us, before any payment shall be made by us. This shall not apply to recipients of weekly indemnity payments.
4. If the injured **Passenger(s)** or their legal representative(s) rejects or does not accept an offer from the **Named Insured** within ninety (90) days of receipt of the offer, or if a claim is made or suit is brought by the injured **Passenger** or on his or her behalf, this coverage shall not apply.
5. The coverage provided by this endorsement applies to injuries covered by workers compensation, unemployment compensation or disability benefit law or under any similar law. But, the coverage provided by this endorsement may not be used by the Insured to satisfy the Insured's obligation under workers compensation, unemployment compensation or disability benefit law or under any similar laws.

LIMITS OF LIABILITY

If the **bodily injury** is direct and independent of all other causes and results in death, *Permanent Total Disability* or *Loss of Body Parts*:

- (a) We shall offer to pay up to the Settlement Limit for death or *Permanent Total Disability* of the **Passenger**;
- (b) We shall offer to pay up to the Settlement Limit for Loss of two or more *Body Parts*; or
- (c) We shall offer to pay up to one-half of the *Settlement Limit for Loss of one Body Part*.

SERFF Tracking Number: AGNY-125650211 State: Arkansas
First Filing Company: American International South Insurance State Tracking Number: EFT \$50
Company, ...
Company Tracking Number: AIC-08-AV-03
TOI: 22.0 Aircraft Sub-TOI: 22.0000 Aircraft
Product Name: Silver Medallion Comprehensive Aviation Program - 034706250032
Project Name/Number: Silver Medallion Comprehensive Aviation Program /AIC-08-AV-03

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 06/26/2008

Comments:

Attachment:

P&C Transmittal Document - AR.pdf

Satisfied -Name: Blacklines **Review Status:** Approved 06/26/2008

Comments:

Attachments:

VLJ01 (Blackline).pdf
VLJ02 (Blackline).pdf
VLJ52E (Blackline).pdf
VLJ942 (Blackline).pdf
VLJ946 (Blackline).pdf
VLJ953 (Blackline).pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #

4.	Company Name(s)	Domicile	NAIC #	FEIN #
	American Home Assurance Company	NY	012-19380	13-5124990
	American International South Insurance Company	PA	012-40258	02-6008643
	Commerce and Industry Insurance Company	NY	012-19410	13-1938623
	Granite State Insurance Company	PA	012-23809	02-0140690
	National Union Fire Insurance Company of Pittsburgh, Pa.	PA	012-19445	25-0687550
	New Hampshire Insurance Company	PA	012-23841	02-0172170
	The Insurance Company of the State of Pennsylvania	PA	012-19429	13-5540698

5. Company Tracking Number	AIC-08-AV-03
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Monique Myers 175 Water Street, 17 th Floor New York, NY 10038	Filing Analyst	(212) 458-6346	(212)458-7077	Monique.Myers@aig.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Monique Myers

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	22.0 Aircraft
10.	Sub-Type of Insurance (Sub-TOI)	22.0000 Aircraft
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	Gold Medallion Comprehensive Business Aircraft Program
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: July 28, 2008 Renewal: July 28, 2008
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	June 23, 2008
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	AIC-08-AV-03
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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The filing companies (“the Companies”) submit for your review their Silver Medallion Comprehensive Aviation Program (“the Program”). This program was originally filed and approved by the department as the Very Light Jet (VLJ) Comprehensive Aircraft Program (AIC-06-AV-02). At this time we wish to advise the department that we are changing the name of the program to the Silver Medallion Comprehensive Aviation Program. The originally filed forms are being reviewed to reflect the new program prefix and revision date (e.g., SILXXX - 12-07). The attached Forms List denotes the prior approved VLJ forms and the matching Silver Medallion forms.

We have included for your review and approval one (1) new endorsement and six (6) previously approved endorsements which are being revised to clarify the terms of coverage within the overall program.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: EFT
Amount: \$50.00

Refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state’s checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

Forms Listing

Form Title	Form No.	Revision Date	Form Type	New or Replacement	Form No. Being Replaced	Revision Date	Mandatory or Optional	Restricts, Broadens or Clarifies	Rate or Premium Impact	Description of Form
Silver Medallion Comprehensive Aircraft Policy Declaration page	SIL01	3/08	Declaration page	R	VLJ01	7/06	M	C	Y	Outline coverages and premium that are applicable to the insured -- Forward overview the purpose and finite points of the policy
Silver Medallion Comprehensive Aircraft Policy	SIL02	3/08	Policy Provisions	R	VLJ02	7/06	M	C	N	Outline policy coverages
Additional Insured Endorsement	SIL934	12/07	Endorsement	R	VLJ934	7/06	O	B	N	Amends policy by adding additional insureds
Aircraft Addition/Deletion Endorsement	SIL702	12/07	Endorsement	R	VLJ702	7/06	O	C	Y	Used to add or delete aircraft after inception as respects Physical Damage
Aircraft Amendatory Endorsement	SIL746	12/07	Endorsement	R	VLJ746	7/06	O	C	Y	Used to amend limits of coverage for aircraft after inception - as respects Liability
Amendment of Limits of Coverage A	SIL967	12/07	Endorsement	R	VLJ967	7/06	O	C	Y	Amends limits as shown on Declaration page
Annual Review Endorsement	SIL803	12/07	Endorsement	R	VLJ803	7/06	O	C	N	Notification that we will review policy rates or premium at least 30 days before expiration if the policy is a multi-period policy.
Annual Review Endorsement - Illinois	SIL803IL	12/07	Endorsement	R	VLJ803IL	7/06	O	C	N	Notification that we will review policy rates or premium at least 60 days before expiration if the policy is a multi-period policy. Specific to Illinois
Annual Review Endorsement - New Hampshire	SIL803NH	12/07	Endorsement	R	VLJ803NH	7/06	O	C	N	Notification that we will review policy rates or premium at least 60 days before expiration if the policy is a multi-period policy. Specific to New Hampshire
Annual Review Endorsement - Washington	SIL803WA	12/07	Endorsement	R	VLJ803WA	7/06	O	C	N	Notification that we will review policy rates or premium at least 50 days before expiration if the policy is a multi-period policy. Specific to Washington
Cancellation Amendment Endorsement	SIL935	12/07	Endorsement	R	VLJ935	7/06	O	B	N	Amends policy cancellation clause
Cancellation Amendment Endorsement - Illinois	SIL935IL	12/07	Endorsement	R	VLJ935IL	7/06	O	B	N	Amends policy cancellation clause - state specific to Illinois
Cancellation Endorsement	SIL167	12/07	Endorsement	R	UE167	1/05	O	C	N	Endorsement used to return premium to the Named Insured for cancellation
Certificate of Insurance - Hong Kong	SIL30HK	12/07	Certificate	N			O	C	N	Verifies what coverages the named insured carries - specific to the Hong Kong Civil Aviation Department

Forms Listing

Contractual Liability Endorsement	SIL34	12/07	Endorsement	R	VLJ34	7/06	O	B	N	Provides Contractual Liability for specific contracts listed on the endorsement
Deductible Endorsement	SIL41	12/07	Endorsement	R	VLJ41	7/06	O	B	N	Allows amendment of deductibles
Diminution in Value Coverage Endorsement	SIL873	12/07	Endorsement	R	VLJ873	7/06	O	B	Y	Adds coverage for Diminution of value resulting from a Physical Damage loss
Disappearance Amendment of Definition	SIL645	12/07	Endorsement	R	VLJ645	7/06	O	B	N	Amends Definition of Disappearance
Extended Coverage Endorsement (Aviation Liabilities) AVN52E	SIL52E	3/08	Endorsement	R	VLJ52E	7/06	O	B	Y	Provides Liability War Risk Coverage
Extended Coverage Endorsement (Aviation Liabilities) Amendment to Liability Limits for Operations Within the European Union	SIL942	3/08	Endorsement	R	VLJ942	7/06	O	B	Y	Provides War Risk Liability Coverage to meet European Union Requirements
Extended Coverage Endorsement, War Risk for Physical Damage Coverage, Extortion, and Hi-jacking Extra Expense Coverage	SIL426	12/07	Endorsement	R	VLJ426	7/06	O	B	Y	Provides Physical Damage War Risk Coverage
Extended Coverage Endorsement, War Risk for Physical Damage Coverage, Extortion, and Hi-jacking Extra Expense Coverage (South Dakota)	SIL426SD	3/08	Endorsement	N			O	B	Y	Provides Physical Damage War Risk Coverage specific to South Dakota
Extended Coverage Endorsement, War Risk for Physical Damage Coverage, Extortion, and Hi-jacking Extra Expense	SIL426WV	12/07	Endorsement	R	VLJ426WV	7/06	O	B	Y	Provides Physical Damage War Risk Coverage specific to West Virginia
Extended Coverage Endorsement (Aviation Liabilities) Amendment to Limitation of Liability	SIL853	12/07	Endorsement	R	VLJ853	7/06	O	B	Y	Amends the limit for war liability (See VLJ52E) - Adds sublimit for Non Owned Aircraft.
Extended Coverage Endorsement (Aviation Liabilities) Amendment to Limitation of Liability	SIL869	12/07	Endorsement	R	VLJ869	7/06	O	B	Y	Amends the limit for war liability (See VLJ52E)
Illinois Amendatory Endorsement	SIL985	12/07	Endorsement	R	VLJ985	7/06	M	C	N	State Regulatory Requirement
Illinois Amendatory Endorsement	SIL993	12/07	Endorsement	R	VLJ993	7/06	M	C	N	State Regulatory Requirement
Illinois Amendatory Legal Action Against Us Endorsement	SIL984	12/07	Endorsement	R	VLJ984	7/06	M	C	N	State Regulatory Requirement
Incidental Medical Malpractice Liability Endorsement	SIL881	12/07	Endorsement	R	VLJ881	7/06	O	B	Y	Provides Incidental Medical Malpractice Liability
Knowledge of Occurrence and Failure to Report	SIL834	12/07	Endorsement	R	VLJ834	7/06	O	C	N	Amends the Knowledge of Occurrence and Failure to Report
Lay-Up Return Endorsement	SIL717	12/07	Endorsement	R	VLJ717	7/06	O	B	N	Amends coverage to provide a credit for aircraft that are down for a certain amount of time
Lessor Endorsement	SIL74	12/07	Endorsement	R	VLJ74	7/06	O	B	N	Provides owners of an aircraft leased to the Named Insured with additional insured and loss payee status
Lienholder's Interest Endorsement	SIL23	12/07	Endorsement	R	VLJ23	7/06	O	B	N	Amends policy to include coverage for lienholders interest
Loss Payable Endorsement	SIL83	12/07	Endorsement	R	VLJ83	7/06	O	B	N	Amends by adding loss payee coverage
Louisiana Amendatory Endorsement	SIL409	12/07	Endorsement	R	VLJ409	7/06	M	C	N	State Regulatory Requirement
Managed Aircraft Endorsement	SIL946	3/08	Endorsement	R	VLJ946	7/06	O	B	Y	Extends coverage to the owner of a aircraft managed by the Named Insured,

Forms Listing

Mechanical Breakdown Endorsement (Turbine Engines)	SIL84	12/07	Endorsement	R	VLJ84	7/06	O	B	Y	Amends physical damage to cover turbine engines of aircraft scheduled on the policy.
Multiple Year Policy Endorsement	SIL800	12/07	Endorsement	R	VLJ800	7/06	O	B	N	Amends policy to extend annual policy period
No Claims Bonus Endorsement	SIL95	12/07	Endorsement	R	VLJ95	7/06	O	B	N	Amends coverage to return percentage in the event of no claims
Non-Aviation Liability Clause	SIL615	12/07	Endorsement	R	VLJ615	7/06	O	C	N	Amends to clarify what aviation occurrences are covered
Overhead and Supervision Endorsement	SIL953	3/08	Endorsement	R	VLJ953	7/06	O	B	N	Amends the Company's Liability in the event of a partial loss and the repairs are made by the Named Insured.
Passenger Voluntary Settlements	SIL75	12/07	Endorsement	N			O	B	Y	At the request of the Named Insured, the Company will offer to pay to or for the benefit of each passenger the limits that are shown on the endorsement who sustains Bodily Injury (death, permanent total disability or loss of body parts) caused by an occurrence arising out of the use of scheduled aircraft, temporary substitute aircraft or non owned aircraft.
Physical Damage Coverage Endorsement	SIL732	12/07	Endorsement	R	VLJ732	7/06	O	B Or R	Y	Amends the description of aircraft and physical damage
Pilot Warranty Endorsement	SIL347	12/07	Endorsement	R	VLJ347	7/06	O	B	Y	Amends the pilot warranty
Pilot Warranty Endorsement - WEST VIRGINIA	SIL347WV	12/07	Endorsement	R	VLJ347WV	7/06	O	B	Y	Amends the pilot warranty - state specific to West Virginia
Quota Share Endorsement	SIL261	12/07	Endorsement	R	VLJ261	7/06	O	C	N	Amends policy to cover quota share coverage
Quota Share Endorsement - West Virginia	SIL261WV	12/07	Endorsement	R	VLJ261WV	7/06	O	C	N	Amends policy to cover quota share coverage - state specific to West Virginia
Registration Number Revision	SIL664	12/07	Endorsement	R	VLJ664	7/06	O	C	N	Amends aircraft registration number
Sales Demonstration Definition	SIL132	12/07	Endorsement	R	VLJ132	7/06	O	C	N	Clarifies the definition of Sales Demonstration
San Francisco Endorsement	SIL815	12/07	Endorsement	R	VLJ815	7/06	O	B	N	Provides coverage to the City and County of San Francisco and the Airport Commissioners involved
South Dakota Amendatory Endorsement	SIL987	12/07	Endorsement	R	VLJ987	7/06	M	C	N	State Regulatory Requirement
Special Cancellation Endorsement	SIL936	12/07	Endorsement	R	VLJ936	7/06	O	B	N	Provides Notice of cancellation to third parties listed on the endorsement
Special Cancellation Endorsement - Illinois	SIL936IL	12/07	Endorsement	R	VLJ936IL	7/06	O	B	N	Provides Notice of cancellation to third parties listed on the endorsement - state specific to Illinois
Territorial Exclusion	SIL352	12/07	Endorsement	R	VLJ352	7/06	O	R	N	Exclusion of selected territories (example, if there are U.S. sanctions against certain countries)

Forms Listing

Vermont Amendatory Endorsement	SIL944	12/07	Endorsement	R	VLJ944	7/06	M	C	N	State Regulatory Requirement
Waiver of Subrogation - Physical Damage	SIL147	12/07	Endorsement	R	VLJ147	7/06	O	B	N	Amends policy to waive right to subrogate loss under physical damage
War Physical Damage Geographic Areas Exclusion Clause	SIL874	12/07	Endorsement	R	VLJ874	7/06	O	R	Y	Limits Territory for War Risk Coverages
Washington Amendatory Endorsement	SIL889	3/08	Endorsement	R	VLJ889	7/06	M	C	N	State Regulatory Requirement
Work in Progress Endorsement	SIL151	12/07	Endorsement	R	VLJ151	7/06	O	R	Y	Adds physical damage coverage for aircraft undergoing repairs

Foreword

Your Aircraft Insurance Policy

This is your aircraft insurance policy. This policy has been designed and structured to meet and fulfill a variety of insurance needs in the continued operation of your Eclipse aircraft both in the pursuit of your business and for your personal pleasure.

For your convenience, your policy has been designed to help you locate information quickly and easily. It has also been written in clear, readable English to assist you in understanding your insurance coverages for both physical damage to your aircraft and any liability you may incur in the operation of your aircraft.

The Declarations pages to your policy are designed to provide you, the policy holder, with a quick reference or coverage summary for those coverages you have purchased. The Contents provides you with the specific pages providing the details of the coverage. The Contents page also provides you with policy location about your responsibilities as the policy holder, what needs to be done in the event of any accident or incident, and the responsibilities of the Company. If you have purchased coverage that may be in addition to the standard coverages offered, those coverages will have been added to your policy by an endorsement. However, some endorsements are a normal part of all policies. Some words throughout your policy will appear in bold print. Bold print indicates that this is a defined word or phrase and such definition will be detailed in the definitions portion of your policy.

Throughout this policy, the words 'you' and 'your' mean the person, persons, or organization named in Item 1 of the Declarations pages. 'We', 'us', and 'our' mean the insurance company named on the first page of the Declarations pages.

The policy and the attached endorsements provided you with several different coverages. Some of these protect you against physical damage to your aircraft. Others offer you protection against property damage or injury that may have happened to others. All of these will be described in the text of your policy; however, you have only that coverage for which you, the policy holder, have paid a premium.

Review your Aircraft Insurance Policy carefully and fully to insure that it contains and provides the coverage you have purchased.

If you have any questions, please contact your personal insurance representative for answers or any clarification that you may need.

~~VERY LIGHT JET~~ SILVER MEDALLION COMPREHENSIVE
AIRCRAFT POLICY

FOR

POLICY NUMBER

INSURED BY

ISSUED BY

ARRANGED BY

- American Home Assurance Company
- American International South Insurance Company
- Illinois National Insurance Co.
- Commerce & Industry Insurance Company
- The Insurance Company of the State of Pennsylvania
- National Union Fire Insurance Company of Pittsburgh, Pa.
- New Hampshire Insurance Company

(Each of the above being a capital stock company)

Executive Offices: 70 Pine Street, New York,
 NY 10270
 Telephone No. 212-770-7000

DECLARATIONS

Policy Number _____ Previous Policy Number _____

This section along with the Policy Provisions and any attached endorsements completes this numbered ~~Very Light Jet~~ Silver Medallion Comprehensive Aircraft Policy, issued by the company as indicated above (hereinafter called the Company throughout the Declarations and we, us or our thereafter).

ITEM 1. Named Insured:

ITEM 2. Address:

ITEM 3. Policy Period: From:
 Until:

both at 12:01 AM standard time at the first address shown in ITEM 2. above

ITEM 4. Limit of the Company's Liability:

The limit of the Company's liability provided by each coverage part will not exceed:

PART ONE - LIABILITY COVERAGES

Coverage A: Liability Coverage for **Scheduled Aircraft**

\$ Each **Occurrence**

Coverage B: Liability for the Use of **Non-Owned Aircraft** and **Temporary Substitute Aircraft**

\$ Each **Occurrence**

Maximum Number of Seats:

Reporting Grace Period: consecutive days

Coverage C: Liability for Property Damage to Non-Owned Aircraft

\$ Each Occurrence

\$ Each Occurrence

Reporting Grace Period: consecutive days

This limit is part of, and not in addition to, the limit provided for Coverage B.

Coverage E: Liability for Aviation Premises

\$ Each Occurrence

\$ Any One Fire

Coverage F: Hangarkeepers' Liability

\$ Each Aircraft / Each Auto

\$ Each Occurrence

Deductible: \$ Each Occurrence

Coverage G: Liability for Non-Owned Hangars and Their Contents

\$ Each Occurrence

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss

Coverage H: Liability for the Sale of Aircraft and Aircraft Products and Services

\$ Each Occurrence

Coverage I: Liability for the Operation of Mobile Equipment

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

This limit is part of, and not in addition to, the limit provided for Coverage E.

Coverage J: Liability for Personal Injury

\$ Each Offense and in the annual aggregate

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

Coverage K: Personal Effects and Baggage Expense

\$ Each **Passenger**

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

PART TWO -PHYSICAL DAMAGE COVERAGES

Coverage L: Physical Damage Coverage for Scheduled Aircraft

FAA Cert. Number	Make & Model	Year Built	Seats Crew / Pass	Insured Value	Not In- Motion	In-Motion/ Ingestion
				\$	\$	\$

Coverage M: Physical Damage Coverage for Spare Parts and Mechanic's Tools

\$ Each Occurrence

Deductible: \$ Each Occurrence

Coverage N: Automatic Insurance for Newly Acquired Aircraft

Maximum **Physical Damage** Limit: \$
any one Aircraft without prior approval.

Maximum number of seats:

Reporting Grace Period: consecutive days

A) With respect to any **Scheduled Aircraft** or **Temporary Substitute Aircraft**:

Each Passenger :	\$	Each Occurrence
Each Crew Member :	\$	Each Occurrence

B) With respect to any **Non-Owned Aircraft**:

Each Passenger :	\$	Each Occurrence
Each Crew Member :	\$	Each Occurrence

C) With respect to any **Aviation Premises**:

\$	Each Person
\$	Each Occurrence

ITEM 5. Pilots:

The pilot requirements in ITEM 5. shall apply only while **Aircraft** is **In-Flight**.

The pilot requirements in ITEM 5. shall not apply to **Non-Owned Aircraft, Temporary Substitute Aircraft**, or to **Scheduled Aircraft** while such **Scheduled Aircraft** is under the care, custody, or control of an **FAA** approved repair station for the purpose of maintenance, repair or test flight.

ITEM 6. Policy Premium: \$

Due and Payable

Amount

ITEM 7. Endorsements Attached as of Inception:

Producer

Countersigned _____

At _____

By _____
(Authorized Representative)

Approved By _____
(Authorized Representative)

Date of Issue _____

- American Home Assurance Company
- American International South Insurance Company
- Illinois National Insurance Co.
- Commerce & Industry Insurance Company
- The Insurance Company of the State of Pennsylvania
- National Union Fire Insurance Company of Pittsburgh, Pa.
- New Hampshire Insurance Company

(Each of the above being a capital stock company)

Executive Offices: 70 Pine Street, New York,
 NY 10270
 Telephone No. 212-770-7000

VERY LIGHT JET SILVER MEDALLION COMPREHENSIVE AIRCRAFT POLICY

This Policy provides several Coverages. Unless otherwise stated, the Policy Provisions shall apply to all Coverages. Any provisions under a specific Coverage shall pertain only to that Coverage unless otherwise stated.

The word "Insured" means any person or organization qualifying as such under Part One – Liability Coverages WHO IS AN INSURED.

SECTION I DEFINITIONS

Aircraft	means any Scheduled Aircraft and any other aircraft for which insurance is provided under this Policy. Aircraft includes propulsion system, parts, equipment installed in or on the Aircraft , parts that are temporarily removed, and tools and repair equipment standard for the Aircraft normally carried on the Aircraft .
Actual Cash Value	means the cost to replace with new property of like and quality, less depreciation.
Auto	means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But auto does not include Mobile Equipment .
Aviation Managers	means AIG Aviation, Inc. or any of its subsidiary or affiliated companies, branch offices or authorized representatives.
Aviation Premises	means the portions of airports, buildings or areas used by the Insured directly in connection with the ownership, operation, maintenance, or use of any Aircraft for which insurance is provided under this policy.
Bodily Injury	means physical injury sustained by any person caused by an Occurrence during the policy period including sickness, disease, mental anguish, or emotional distress including death resulting from any of these at any time.
Coverage Territory	means the United States, Canada, Mexico, the Bahamas and the Caribbean Islands or while traveling between any point(s).
Disappearance	means Aircraft or flight which is missing and not reported for thirty (30) days after the commencement of a flight.
FAA	means the duly constituted authority of the United States of America having jurisdiction over civil aviation or the Federal Aviation Administration's duly constituted equivalent in any other country.

In-Flight

means that period of time commencing from the start of the take-off run to the **Aircraft** and continuing until it has completed its landing roll.

In-Motion

means while the **Aircraft** is moving under the power of the momentum generated from the **Aircraft**, or while the **Aircraft** is **In-Flight**.

Ingestion

means **Physical Damage** to turbine engines or turbine auxiliary power units, caused by objects or substances which are not part of the engine or its accessories, and is the result of a single incident of sufficient severity, when such damage is sustained or upon its discovery, to require repair before further use.

Insured Contract

means:

1. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an **Insured Contract**;
2. A contract for the temporary storage or minor servicing of a **Scheduled Aircraft** or **Temporary Substitute Aircraft**;
3. Any easement or license agreement, except in connection with construction or demolition operations on or within fifty (50) feet of a railroad;
4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

Medical Expense

means expenses for first aid administered at the time of the accident; necessary medical, surgical, x-ray and dental services, including prosthetic devices and necessary ambulance, hospital, professional nursing services, or funeral services.

Mechanic's Tools

means tools that are owned, leased or rented by the mechanics employed by the **Named Insured** and that are in the care, custody, and control of the **Named Insured** or their employed mechanics while acting in their course and scope of duty as such.

Mobile Equipment

means a land vehicle, including any machinery or apparatus attached, whether or not self-propelled, used in connection with the maintenance or operation of **Aircraft** or **Aviation Premises** that is:

1. Not subject to motor vehicle registration, or;
2. Used exclusively on **Aviation Premises** owned by or rented to you including the roadways or property immediately adjoining; or
3. Designed for use principally off public roads.

Named Insured	means the person(s) or organization(s) shown in ITEM 1. of the Declarations.
Non-Owned Aircraft	means any Aircraft except: <ol style="list-style-type: none"> 1. Aircraft owned in whole or in part by or registered to the Named Insured; 2. Aircraft having a seating configuration including all Crew Members and Passenger seats that exceeds the Maximum Number of Seats shown in the Declarations for Coverage B; or 3. Scheduled Aircraft.
Occurrence	means an accident during the policy period, including continuous or repeated exposure to substantially the same general harmful conditions which results in Bodily Injury or Property Damage .
Partial Loss	means any Physical Damage loss which is not a Total Loss .
Passenger	means any person in, on, or boarding the Aircraft for the purpose of flight or attempted flight.
Personal Injury	means injury, including consequential Bodily Injury , arising out of one or more of the following offenses committed during the policy period: <ol style="list-style-type: none"> 1. False arrest, detention, or imprisonment; 2. Malicious prosecution; 3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor; 4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a persons' or organization's goods, products, or services.
Physical Damage	means accidental, direct physical loss of or damage to Scheduled Aircraft, Spare Parts, Autos or Mechanic's Tools during the policy period. Physical Damage does not include loss of use or any residual decrease in value after repairs have been made.
Pilot-In-Command	means the pilot aboard the Aircraft who is responsible for the Aircraft's operation.
Pleasure and Business	means used in your business including personal and pleasure uses but excluding any operation for hire or reward. Cost reimbursement shall be included within the definition of Pleasure and Business provided that such cost reimbursement is limited to: <ol style="list-style-type: none"> 1. Fuel, oil, lubricants, and other additives; 2. Travel expenses of the crew, including food, lodging, and ground transportation;

3. Hangar and tie-down cost away from the **aircraft's** base of operation;
4. Insurance obtained for the specific flight;
5. Landing fees, airport taxes, and similar assessments;
6. Customs, foreign permits, and similar fees directly related to the flight;
7. **In Flight** food and beverages;
8. **Passenger** ground transportation;
9. Flight Planning and weather contract services; and
10. An additional charge equal to 100% of the expenses listed in subparagraph 1. of this paragraph.

Property Damage

means accidental damage to or destruction of the tangible property of others caused by an **Occurrence** during the policy period and the resultant loss of use of the property. **Property Damage** also means the loss of use of the tangible property of others that is not physically damaged but that is caused by an **Occurrence** during the policy period.

Salvage Value

means the value of damaged property prior to any repairs.

Scheduled Aircraft

means **Aircraft** listed in the Declarations under Coverage L.

Spare Parts

means parts or accessories specifically designed for installation in or on **Aircraft** or **Mobile Equipment**.

Temporary Substitute Aircraft

means any **Aircraft** other than a **Non-Owned Aircraft** or **Scheduled Aircraft** that is not owned in whole or in part by you or registered to you, but only while used in place of **Scheduled Aircraft** that is temporarily withdrawn from use because of its damage, breakdown, repair, modification, inspection, servicing, **Physical Damage**, or destruction, except:

1. **Aircraft** owned in whole or in part by or registered to the **Named Insured**;
2. **Aircraft** having a seating configuration that exceeds the Maximum Number of Seats shown in the Declarations for Coverage B; or
3. **Scheduled Aircraft**.

Total Loss

means any **Physical Damage** loss for which the cost to repair when added to the Salvage Value equals or exceeds:

1. The insured value of a **Scheduled Aircraft**, or
2. The **Actual Cash Value** or the agreed insured value of any other insured property.

Theft of the property or **Disappearance** of the entire **Aircraft** is considered a **Total Loss**.

SECTION II COVERAGES

PART ONE - LIABILITY COVERAGES

COVERAGE A. Liability Coverage for **Scheduled Aircraft**

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** caused by an **Occurrence** arising out of the ownership, maintenance, or use of **Scheduled Aircraft**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE B. Liability for the Use of **Non-Owned Aircraft** and **Temporary Substitute Aircraft**

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** caused by an **Occurrence** arising out of the use of **Non-Owned Aircraft** or **Temporary Substitute Aircraft** by or on behalf of an Insured.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

2. Exclusions for Coverage B

This coverage shall not pay for any claim:

- a. For **Bodily Injury** or **Property Damage** which is caused by or results from the design, manufacture, modification, repair, sale, handling, distribution or disposal of goods or products by you or by others trading under your name or from services performed by or on behalf of you, including any materials, parts or equipment furnished in connection with such services. This exclusion does not apply to **Temporary Substitute Aircraft**.
- b. Arising out of the use of any **Non-owned Aircraft** that is the subject of a lease or regular use agreement in excess of the Reporting Grace Period shown in the Declarations for Coverage B unless reported to the **Aviation Managers** in accordance with Condition 3. of Coverage B.

3. Conditions for Coverage B

- a. You must report to us the lease or regular use of any **Non-Owned Aircraft** that will exceed the Reporting Grace Period stated in the Declarations for Coverage B. We reserve the right to extend or to not extend coverage for the change in exposure.
- b. We may ask for additional information for any change in Coverage B reported to the **Aviation Managers**. We reserve the right to charge an additional premium for any such change in Coverage B.
- c. Inadvertent failure to report this additional information will not void this Coverage provided that you advise us as soon as practical after the omission is discovered.

COVERAGE C. Liability for **Property Damage to Non-Owned Aircraft**

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage to Non-Owned Aircraft**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

2. Exclusions for Coverage C

This coverage shall not pay for any claim:

- a. For **Property Damage** which is caused by or results from the design, manufacture, modification, repair, sale, handling, distribution or disposal of goods or products by you or by others trading under your name or from services performed by or on behalf of you, including any materials, parts or equipment furnished in connection with such services. This exclusion does not apply to **Temporary Substitute Aircraft**.
- b. Arising out of the use of any **Non-Owned Aircraft** that is the subject of a lease or regular use agreement in excess of the Reporting Grace Period shown in the Declarations for Coverage C unless reported to the **Aviation Managers** in accordance with Condition 3. of Coverage C.

3. Conditions for Coverage C

- a. You must report to us the lease or regular use of any **Non-Owned Aircraft** that will exceed the Reporting Grace Period stated in the Declarations for Coverage C. We reserve the right to extend or to not extend coverage for the change in exposure.
- b. We may ask for additional information for any change in Coverage C reported to the **Aviation Managers**. We reserve the right to charge an additional premium for any such change in Coverage C.
- c. Inadvertent failure to report this additional information will not void this Coverage provided that you advise us as soon as practical after the omission is discovered.

COVERAGE D. Liability for **Property Damage to Temporary Substitute Aircraft**

Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage** arising out of an **Occurrence to Temporary Substitute Aircraft**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE E. Liability for **Aviation Premises**

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** due to an **Occurrence** arising out of the ownership, maintenance or use of **Aviation Premises**. The use of **Aviation Premises** shall also include the operation of an **Auto** while on an airport.

Notwithstanding Exclusion 6. of Exclusions for Part One - Liability Coverages and Defense, Settlement and Supplementary Payments, we will pay those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage** by fire to Premises while rented to you or temporarily occupied by you with the permission of the owner.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

2. Definition for Coverage E

Premises means any premises that is rented by you or temporarily occupied by you with the permission of the owner and used in your **Aviation Operations**.

3. Exclusions for Coverage E

This coverage shall not apply to:

- a. **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any **Auto** owned, operated by or on behalf of or rented or loaned to any Insured while the **Auto** is on public roadways or public parking areas.
- b. **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any **Auto** owned, operated by or on behalf of or rented or loaned to any Insured while the **Auto** is off of an airport.

Exclusions 3. a. and b. of Coverage E apply even if the claim against the Insured alleges negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured, if the **Occurrence** which caused the **Bodily Injury** or **Property Damage** involved the ownership, maintenance, use or entrustment to others of any **Auto**.

Exclusions 3. a. and b. of Coverage E do not apply to parking of an **Auto** on or on the ways next to an airport Premises you own or rent provided the **Auto** is not owned by or rented or loaned to you or the Insured.

COVERAGE F. Hangarkeepers' Liability

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of loss to an **Aircraft** or **Auto** due to an **Occurrence** while such **Aircraft** or **Auto** is in the care, custody, or control of the Insured at an insured **Aviation Premises** for the purpose of parking, safekeeping, storage, service or repair.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

2. Exclusions for Coverage F

This coverage shall not pay for:

- a. loss or damage to an **Aircraft** or **Auto** or any parts of any **Aircraft** or **Auto** owned by, leased to, rented to, or loaned to the Insured;
- b. loss to **Aircraft** while **In-Flight**;
- c. loss to an **Aircraft** or **Auto** which is caused by or results from the design, manufacture, modification, repair, sale, handling, distribution or disposal of goods or products by you or by others trading under your name or from services performed by or on behalf of you, including any materials, parts or equipment furnished in connection with such services.

COVERAGE G. Liability for Non-Owned Hangars and Their Contents

Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage** to hangars and their contents not owned by an Insured arising out of an **Occurrence**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE H. Liability for the Sale of Aircraft and Aircraft Products and Services

Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** arising out of an **Occurrence** and arising out of:

1. The sale or relinquishment from exclusive written lease by you, of any **Aircraft**, or
2. The furnishing to others by you of any materials, parts, equipment, fuel, lubricants, maintenance, or services used for or in connection with **Aircraft**, **Aviation Premises**, or **Mobile Equipment**, but only if the **Bodily Injury** or **Property Damage** occurs away from your **Aviation Premises** after physical possession of such **Aircraft**, materials, parts, equipment, fuel, or lubricants have been relinquished to others and any maintenance or services have been completed.
3. The furnishing to others by an Insured of food or beverages in connection with the operation of **Aircraft** or **Aviation Premises** insured by this policy.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE I. Liability for the Operation of **Mobile Equipment**

Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** arising out of the ownership, maintenance or use of **Mobile Equipment**.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE J. Liability for **Personal Injury**

1. Insuring Agreement

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of a **Personal Injury** offense to which this policy applies arising out of the ownership, maintenance or use of **Scheduled Aircraft, Non-Owned Aircraft, Temporary Substitute Aircraft, or Aviation Premises**.

2. Exclusions for Coverage J

This coverage shall not apply to:

- a. **Personal Injury** caused by or at the direction of the Insured with the knowledge that the act would violate the rights of another and would inflict **Personal Injury**.
- b. **Personal Injury** arising out of a criminal act committed by or at the direction of the Insured.
- c. **Personal Injury** for which the Insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the Insured would have in the absence of the contract or agreement.
- d. **Personal Injury** arising out of the failure of goods, products or services to conform with any statement of quality or performance.

COVERAGE K. Personal Effects and Baggage Expense

Insuring Agreement

We shall pay on behalf of the Insured those sums for which you are legally obligated to pay, or you agree to pay, to others for **Property Damage** to the personal effects and baggage **Passenger(s)** while the personal effects and baggage are in the care, custody, or control of an Insured.

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

WHO IS AN INSURED

1. Each of the following is an Insured for all coverages:
 - a) the **Named Insured**
 - b) if an individual, you and your spouse are insureds; and
 - c) any director, officer, partner, or employee of the **named insured** while that person is acting in their official capacity as such.
2. for all Part One - Liability Coverages except Coverages C, D, and H (**Non-Owned Aircraft Liability Coverages and Products Liability Coverages**) , who is an insured includes:
 - a) any person or organization while riding in, using, or legally responsible for a **scheduled aircraft** or **temporary substitute aircraft** provided that the use is within the scope of the permission of the **named insured**;
 - b) any other person or organization but only for their legal liability covered by this policy which arises solely out of the acts or omissions of a person or organization describe in Paragraph A above.

WHO IS NOT AN INSURED

None of the following is considered to be an insured regardless of Paragraph 2. a) above:

- a) any person or organization or their agents or employees engaged in the design, manufacture, maintenance, repair, or sale of **Aircraft**, **Aircraft** engines, components, or accessories, or engaged in the operation of any **Aircraft**, hangar, flight school, flight service, or piloting service with respect to any **Occurrence** arising out of such activity, or
- b) the owner, lessor, or their agents or employees of any **Non-Owned Aircraft** covered by this policy.

DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS OF LIABILITY CLAIMS

We have the right and duty to defend any suit against an Insured seeking damages because of **Bodily Injury, Personal Injury or Property Damage** covered by this policy, even if any allegations of the suit are groundless, false or fraudulent. We may make any investigation and settlement of any claim or suit as we deem expedient. We will not be obligated to pay any expense, claim or judgment or to defend any suit after the applicable limit of liability has been exhausted by the payment of judgment or settlements.

We will promptly pay in addition to the applicable limit of liability:

1. All of the expenses and costs taxed against an Insured in any suit we are required to defend including:
 - a) Any prejudgment interest awarded against an Insured on that part of the judgment we are required to pay under the terms of this policy;
 - b) All interest on the amount of any judgment that we are required to pay under the terms of this policy which occurred after the entry of the judgment and before we have paid, tendered or deposited in court;
 - c) Any costs for arbitration alleging damages covered by this policy which an Insured must or may submit to;

2. Premium on appeal bonds required or premiums on bonds to release attachment in any suit defended by us for any amount not to exceed the applicable limit of liability;
3. The cost of bail bonds not to exceed \$2,500. required of an Insured, because of an **Occurrence** or violation of laws or regulations for civil aviation arising out of the use of **Scheduled Aircraft, Temporary Substitute Aircraft or Aviation Premises**. However, we have no obligation to furnish or apply for bail bonds;
4. Expenses incurred by an Insured for first aid, medical and surgical relief that is imperative at the time of an accident because of **Bodily Injury** covered by this policy;
5. All reasonable expenses incurred by an Insured at our request. However, we will not pay more than \$250. per day for each of an Insured's employees for the loss of earnings, wages or salaries; or
6. Any and all other expenses incurred by an Insured that have been approved in advance by us.

EXCLUSIONS FOR PART ONE - LIABILITY COVERAGES AND DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS

This insurance does not apply to:

1. **Bodily Injury or Property Damage** expected or intended from the standpoint of the Insured. This exclusion does not apply to **Bodily Injury or Property Damage** resulting from the use of reasonable force to protect persons or property or to prevent the dangerous interference with the use of an **Aircraft** or operation of an **Aviation Premises** insured by this policy.
2. **Bodily Injury or Property Damage** for which the Insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - a. That the Insured would have in the absence of the contract or agreement; or
 - b. Assumed in a contract or agreement that is an **Insured Contract**, provided the **Bodily Injury or Property Damage** occurs subsequent to the execution of the contract or agreement.
3. any obligation of the Insured under workers compensation, disability benefits or unemployment compensation law or similar law.
4. any Insured under the policy who is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability.
5. **Bodily Injury or Personal Injury** to:
 - a. An employee of the Insured arising out of and in the course of:
 - i. employment by the Insured; or
 - ii. performing duties related to the conduct of the Insured's business; or
 - b. The spouse, child, parent, brother or sister of that employee as a consequence of paragraph a. above.

This exclusion applies:

- i. Whether the Insured may be liable as an employer or in any other capacity; and
- ii. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the Insured in any agreement required by a military or governmental authority as a prerequisite for using an airport or an airport facility or to liability assumed under an **Insured Contract**.

6. to **Property Damage** to property the Insured owns, rents or occupies or is loaned to, used by, transported by or in the care, custody or control of the Insured, or to which the Insured is for any reason exercising physical control. This exclusion will not apply to the extent that insurance is provided under Coverage A except as provided for under Coverage C. Liability for **Property Damage to Non-Owned Aircraft**, Coverage D. Liability for **Property Damage to Temporary Substitute Aircraft**, Coverage F. Hangarkeepers' Liability, Coverage E. Liability for Non-Owned Hangars and Their Contents, Coverage K. Personal Effects and Baggage Expense.

7. **Bodily Injury or Personal Injury** to:

- a. A person arising out of any
 - i. Refusal to employ;
 - ii. Termination of employment;
 - iii. Demotion, reassignment, disciplinary action, performance evaluation, and other employment related acts;
 - iv. Coercion, harassment, humiliation, defamation, discrimination.
- b. the spouse, parent, child, brother or sister of that person as a consequence of **Bodily Injury or Personal Injury** to that person at whom any of the employment related practices described in Exclusion 7. a. i. through iv. above is directed.

This exclusion 7. applies :

- i. whether the Insured may be liable as an employer or in any other capacity; and
- ii. to any obligation to share damages or repay someone else who must pay damages because of injury.

8. **Bodily Injury or Property Damage** for which any Insured may be held liable by reason of:

- a. Causing or contributing to the intoxication of any person;
- b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- c. Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

Serving or furnishing alcoholic beverages incidental to your **Aviation Operations** shall not be considered in the business of manufacturing, distributing, selling, or serving alcoholic beverages.

LIMITS OF LIABILITY FOR PART ONE - LIABILITY COVERAGES

Total for all Part One - Liability Coverages

1. The limits shown in the Declarations shall apply separately to each insured **Aircraft** and each Insured.

2. Regardless of:

a. The number of Insureds;

b. Persons or organizations who sustain **Bodily Injury, Personal Injury or Property Damage;**

c. The number of claims made or suits brought because of **Bodily Injury, Personal Injury or Property Damage;**

Our total liability for all damages because of **Bodily Injury** and **Property Damage** sustained by one or more persons or organizations as a result of any one **Occurrence** shall not exceed the limit of liability as set forth in the Declarations for the applicable coverage part as applicable to each **Occurrence;**

The aggregate limit shown in the Declarations for any specific coverage is the most we will pay, during the policy period, for the sum of all damages under that coverage because of damages for **Bodily Injury, Property Damage, or Personal Injury** to which that coverage applies;

3. All **Bodily Injury, Personal Injury and Property Damage** arising out of continuous or repeated exposure to the same general conditions shall be considered arising out of one **Occurrence.**

4. The Any One Fire limit shown on the Declarations for Coverage E is the most we will pay under Coverage E because of **Property Damage** to Premises rented by or temporarily occupied by you and arising out of any one **Occurrence** because of fire.

5. The Hangarkeepers' each loss limit is the most we will pay for the sum of damages under Coverage F because of any one loss. Subject to each loss limit above, the Hangarkeepers' each **Aircraft** limit is the most we will pay for the sum of damages under Coverage F because of loss to any one **Aircraft** in any one loss.

PART TWO - PHYSICAL DAMAGE COVERAGES

COVERAGE L. Physical Damage Coverage for Scheduled Aircraft

We shall pay for **Physical Damage or Disappearance** to a **Scheduled Aircraft.**

COVERAGE M. **Physical Damage** Coverage for **Spare Parts** and **Mechanic's Tools**

We shall pay for **Physical Damage** to **Spare Parts** which are owned by you.

We shall pay on behalf of the Insured those sums which the Insured becomes legally obligated to pay as damages because of **Property Damage** to **Spare Parts** which are owned by others for which you are or have agreed to be legally responsible.

We shall pay for **Physical Damage** to **Mechanic's Tools** .

If we are not permitted by law or statute to pay on behalf of the Insured, we will indemnify the Insured for those sums permitted by law.

COVERAGE N. **Newly Acquired Aircraft**

1. **Insuring Agreement**

We shall extend the insurance provided by this policy if, during the policy period, you become the owner or exclusive lessee for an **aircraft** for a period not in excess of the Reporting Grace Period as stated in the Declarations.

2. **Exclusions for Coverage N**

No coverage shall apply or be extended to any newly acquired **Aircraft** that has a combined total Passenger seating capacity greater than the maximum number of seats shown in the Declarations for Coverage N.

3. **Conditions for Coverage N**

- a. You shall notify us as soon as practicable of the acquisition or exclusive lease;
- b. The Limits of Liability for all Part One - Liability Coverages and Part Four - Medical Expenses pertaining to the newly acquired **Aircraft** shall be the same as the highest limits provided for any one **Scheduled Aircraft**;
- c. The **Physical Damage** insured value of the newly acquired **Aircraft** shall be the actual cost of the **Aircraft** to you and shall not exceed the Maximum **Physical Damage** Limit shown on the Declarations for Coverage F; and
- d. You shall pay any additional premium required for the newly acquired **Aircraft**.

COVERAGE O. **Physical Damage** Coverage for Increased Value of **Scheduled Aircraft**

1. **Insuring Agreement**

If the value of a **Scheduled Aircraft** is increased during the policy period because of modifications or the addition of equipment, the insurance provided under Coverages L. **Physical Damage** Coverage for **Scheduled Aircraft** of this policy will apply to the increased value.

2. **Definition for Coverage O**

Modification means a physical change to a **Scheduled Aircraft** to enhance or improve performance. **Modification** does not include routine and scheduled maintenance.

3. Conditions for Coverage O

This coverage shall only apply if:

- a. You report to us any increase in value as soon as reasonably practicable after completion of modifications or additions; and
- b. Any additional premiums for the increased values are paid by you.
- c. Your inadvertent failure to report to us any increase in value shall not prejudice coverage provided you notify us as soon as practical after the failure to report is discovered by you or your insurance manager.

EXCLUSIONS FOR PART TWO - PHYSICAL DAMAGE COVERAGES

This insurance does not apply:

1. to loss or damage to tires except where such loss or damage is caused by fire, theft, windstorm or vandalism or is the direct result of **Physical Damage** covered by this policy;
2. to loss or damage which is due and confined to
 - a. wear, tear, deterioration, freezing;
 - b. any electrical malfunction or failure of any electronic component(s), accessory(ies), or electrically powered equipment;
 - c. any mechanical, hydraulic, pneumatic, or structural malfunction or failure,

unless any such loss or damage in a., b. and c. is the direct result of other **Physical Damage** covered by this policy.

Damage resulting from electrical malfunction or failure of an electrical component(s), accessory(ies), or electrically powered equipment is considered breakdown of the entire electrical system containing such electronic component(s), accessory(ies), or electrically powered equipment.

Damage resulting from the breakdown, failure or malfunction of any engine component, accessory or part is considered mechanical breakdown of the entire engine.

3. to loss or damage to turbine aircraft engines and auxiliary power units insured under this policy if such damage is caused by:
 - a. foreign objects unless a result of **Ingestion**;
 - b. heat or temperature change from the operation, attempted operation or shutdown of the engine;

unless any such loss or damage is the direct result of other **Physical Damage** covered by this policy.

LIMITS OF LIABILITY FOR PART TWO - PHYSICAL DAMAGE COVERAGES

Total for all Part Two - **Physical Damage** Coverages

1. In the event of a **Total Loss**, we shall pay you no more than:
 - a. The insured value of the **Scheduled Aircraft** less any applicable deductible; or
 - b. Your financial interest in any **Spare Part(s)**, less any applicable deductible, but not to exceed its **Actual Cash Value** or the limit of liability for the applicable Coverage shown in the Declarations, whichever is less.
 - c. Your employees' financial interest in any **Mechanic's Tools**, less any applicable deductible, but not to exceed its **Actual Cash Value** or the limit of liability for the applicable Coverage shown in the Declarations, whichever is less.

In no event shall our liability be less than the amount required to be insured in any lease, mortgage or other finance agreement under which the Insured has a current obligation subject to a maximum amount equal to the limit for the Maximum Automatic **Physical Damage** Limit for Coverage L. as respects **Scheduled Aircraft**, or the stipulated value required for any **Spare Part** subject to a maximum of the each **Occurrence** limit for Coverage M.

Once a **Total Loss** has been paid our liability with respect to such property will terminate.

2. In the event of a **Partial Loss** to **Scheduled Aircraft**, **Spare Part(s)**, or **Mechanic's Tools** our liability will not exceed:
 - a. If repairs are made by an Insured, the total of the following items, less any applicable deductible:
 - i. The Insured's net costs for necessary material and parts of like kind and quality;
 - ii. Reasonable **Transportation Costs** for replacement parts;
 - iii. The reasonable costs of food, lodging and transportation for the Insured's employees required for the actual period of repair, if the loss occurs away from the Insured's base of operation; and
 - iv. The actual wages paid for labor at the place of repair plus the reasonable cost of required supervision and overhead.
 - b. If repairs are not made by an Insured, the total of the following items, less any applicable deductible:
 - i. The Insured's net cost to make repairs with material and parts of like kind and quality;
 - ii. Reasonable **Transportation Costs** for replacement parts; and
 - iii. The reasonable costs of transportation, food and lodging expenses for a necessary representative(s) of the Insured to inspect or authorize repairs or test fly the **Aircraft** but not exceeding 5% of the repair cost estimate or \$5,000., whichever is less. This paragraph shall not apply unless the **Aircraft** is being repaired away from its primary base of operations.

- c. The insured value of the **Scheduled Aircraft**; or with respect to Coverage M. **Physical Damage** Coverage for **Spare Parts** and **Mechanic's Tools**, your financial interest in any **Spare Part**, its **Actual Cash Value**, or the applicable limit of liability shown in the Declarations, whichever is less.
 - d. If we pay a claim for a **Partial Loss** in an amount equal to the sum payable for a **Total Loss**, we shall, at our option, be entitled to the salvage. There will, however, be no abandonment of the salvage to us without our prior consent.
3. In the event of any **Partial Loss**, whether or not such loss is covered by this policy, the insured value of the **Scheduled Aircraft** shall be reduced at the time of the loss by the amount of the loss. When repairs begin, the insured value shall increase by the value of the completed repairs until the insured value of the **Scheduled Aircraft** is fully restored.
4. With respect to any **Partial Loss** or **Total Loss**:
- a. the amount due under this policy shall not exceed the amount due were the loss payable as a **Total Loss**;
 - b. any salvage value remaining shall inure to our benefit and the **Named Insured** shall provide clear title thereto;
 - c. any equipment attached to the **Aircraft**, even if subsequent to the effective date of coverage, shall be considered a part of the **Aircraft**;
 - d. there shall be no abandonment of any damaged property without our consent.
5. The amount specified as a deductible, if any, for any **Scheduled Aircraft** shall not apply to any **Total Loss**, arranged **Total Loss**, or loss caused by fire, lightning, explosion, transportation of parts, theft, robbery, or pilferage. Any **Total Loss** caused by fire or explosion, resulting directly or indirectly from the collision or crash of an **Aircraft** while **In-Motion**, shall be subject to the **In-Motion** deductible, if any. The **Scheduled Aircraft** deductible shall not apply in the event of a collision with any other aircraft insured by us under another policy.

CONDITIONS FOR PART TWO - PHYSICAL DAMAGE COVERAGES

1. **STOLEN PROPERTY**

We have the right to return stolen property any time before the loss is paid with payment for any resultant **Physical Damage**.

2. **APPRAISAL**

If we and the **Named Insured** fail to agree on the amount of a loss, either may, within sixty (60) days after a proof of loss is filed, demand an appraisal of the loss. We and the **Named Insured** shall each select a competent appraiser and the appraisers shall select a competent and disinterested umpire. The appraisers shall each judge the amount of the loss. If they do not agree, they shall submit their difference to the umpire. Agreement in writing of any two of the three shall determine the amount of the loss. We and the **Named Insured** shall each pay our chosen appraiser and shall bear equally the expenses of the appraisal and the umpire. We shall not be held to have waived any of our rights by any act relating to appraisal.

PART THREE - ADDITIONAL COVERAGES

COVERAGE P. Temporary Replacement Parts Rental Expense

1. Insuring Agreement

We shall pay your additional expenses if a **Scheduled Aircraft** sustains **Physical Damage** covered under this policy and the time required for repairs exceeds the Minimum Required Repair Period indicated in the Declarations.

2. Definition for Coverage P

Additional Expenses means the cost of renting or leasing, installing, removing and transporting temporary replacement component part(s) that are necessary due to **Physical Damage** loss to which this policy applies.

3. Condition for Coverage P

- a. This Coverage applies only if you have made reasonable attempts to rent or lease component parts to replace the parts that are damaged.
- b. The time required to repair the damaged **Scheduled Aircraft** exceeds the Minimum Required Repair Period shown under this Coverage in the Declarations.

4. Exclusions applicable to Coverage P

This coverage shall not apply

- a. to any necessary replacement part being insured under Coverage M as a **Spare Part**;
- b. to parts under existing rental, lease, or exchange agreements;
- c. to charges for wear, tear, or depreciation, damage, loss of use, maintenance, repairs, or operating costs; or
- d. to charges incurred while such **Aircraft** or temporary replacement part is unusable on account of an Airworthiness Directive, factory Service Bulletin, airworthiness inspection, breakdown, malfunction, or unsuitability.

COVERAGE Q. Replacement Aircraft Rental Expense

1. Insuring Agreement

We shall pay your extra expense arising out of **Physical Damage** to **Scheduled Aircraft**.

2. Definition for Coverage Q

Extra expense means the cost of leasing or renting a temporary replacement **Aircraft** which exceeds the cost you would have incurred if you could have operated the **Scheduled Aircraft** had it not been damaged.

3. Exclusions applicable to Coverage Q

We shall not pay for any extra expense(s):

- a. Unless the time required to repair the damaged **Scheduled Aircraft** exceeds the Minimum Required Repair Period shown under this Coverage in the Declarations;
- b. If another **Aircraft** is available at no extra charge for its use;
- c. If you acquire through ownership, lease, lease-purchase option, or otherwise, a permanent replacement for the damaged **Scheduled Aircraft**;
- d. Any expenses if the **Scheduled Aircraft** is a **Total Loss** and we have offered the **Named Insured** a proof of loss;
- e. For expenses incurred more than seven(7) days after we have tendered payment for a **Total Loss**;
or
- f. Beyond the Maximum Coverage Period shown in the Declarations.

COVERAGE R. Search and Rescue Expenses

1. Insuring Agreement

We shall reimburse the Insured for incurred expenses for search and rescue operations authorized by you for **Aircraft** covered under this Policy.

2. Exclusions for Coverage R

We shall not pay for any claim, cost or expense:

- a. Arising out of any governmental or military search and rescue operations;
- b. Arising out of any loss, disappearance, theft, or damage to any equipment used in connection with the search and rescue operations;
- c. Arising out of **Bodily Injury** or death of any persons involved in the search and rescue operations;
- d. Incurred after it is reasonably assumed that there are no survivors; or
- e. Associated with any salvage operations.

COVERAGE S. Runway / Aircraft Foaming, Airport Crash Fire & Rescue

1. Insuring Agreement

We shall reimburse expenses incurred by the Insured for the application of runway or **Aircraft** foaming or airport crash, fire and rescue services provided for a **Scheduled Aircraft, Temporary Substitute Aircraft or Non-owned Aircraft**.

2. Exclusions for Coverage S

We shall not pay for any claim arising out of expenses incurred to correct any mechanical difficulty.

3. Conditions for Coverage S

We reserve the right to pay a **Total Loss** for any **Scheduled Aircraft** requiring expenses in excess of the insured value for any or all of the reimbursable expenses in Coverage S.

COVERAGE T. Trip Interruption Expense

We shall reimburse the Insured for trip interruption expenses for **Passengers** if a **Scheduled Aircraft** incurs a covered **Physical Damage** loss or in the case of a **Temporary Substitute Aircraft** or **Non-Owned Aircraft** that suffers a covered **Property Damage** loss. The reimbursable trip interruption expenses shall be limited to the reasonable expenses of food, clothing, lodging, communication services and travel, incurred from the time of loss and required to continue from the place where an **Aircraft** sustains a covered loss to the intended final destination of the damaged **Aircraft** or, back to the place **Passenger(s)** originally boarded the **Aircraft** if the trip is discontinued or any other location requested by you and agreed in advance by us.

PART FOUR - MEDICAL EXPENSES

COVERAGE U. Medical Expenses

1. Insuring Agreement

We shall pay reasonable **Medical Expenses** to or for each person who sustains **Bodily Injury** caused by an **Occurrence**, for the period of one (1) year from the date of the **Occurrence**, arising out of the use of **Scheduled Aircraft, Non-Owned Aircraft, and Temporary Substitute Aircraft**, provided such use is with your permission or arising out of your operations on the **Aviation Premises** you own or rent including ways next to the **Aviation Premises** you own or rent.

2. Exclusions for Coverage U

This coverage shall not apply to any claims:

- a. For **Medical Expenses** incurred by or for any employee of the Insured to the extent that any such expenses are payable under any workers compensation or disability benefits law or under any similar law.
- b. for any Insured who is also insured under any contract of nuclear energy liability insurance, in effect at the time of the **Occurrence**, issued by the Nuclear Energy Liability Insurance Association or the Mutual Atomic Energy Liability Underwriters that covers the claim, loss, damage or expense or would cover the claim, loss, damage or expense if such policy's Limits of Liability were not exhausted.

3. Conditions for Coverage U

- a. **Medical Expense** payments will not be made to anyone until all valid and collectible medical benefits available under a worker's compensation or similar law(s) have been exhausted.
- b. The injured person or their representative shall give us written proof of claim and, if requested, authorize us to obtain medical reports and copies of records.
- c. The injured person shall submit to physical examination by physicians selected by us when we may reasonably require.
- d. We may pay the injured person or organization directly who rendered the services. Any payments made under this Coverage do not constitute an admission of liability of any person, organization, or us.

LIMITS OF LIABILITY FOR PART FOUR - MEDICAL EXPENSES

Total for all Part Four - Medical Expenses

The limit of liability shown in the Declarations is the most we shall pay for all **Medical Expenses** costs or expenses incurred by or on your behalf for this Coverage.

SECTION III GENERAL POLICY EXCLUSIONS

1. War, Hijacking and Other Perils Exclusion Clause

This policy does not cover 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 labor 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, nationalization, 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).

2. Nuclear Risks Exclusion Clause

This policy does not cover:

- a. loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
- b. any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:
 - i. the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
 - ii. the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;
 - iii. ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

It is understood and agreed that such radioactive material or other radioactive source in paragraph b.,ii. and iii. above shall not include:

- a. depleted uranium and natural uranium in any form;
- b. radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.

This policy, however, does not cover loss of or destruction of or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:

- a. the Insured under this policy is also an insured or an additional insured under any other insurance policy, including any nuclear energy liability policy; or
- b. any person or organization is required to maintain financial protection pursuant to legislation in any country; or
- c. the Insured under this policy is, or had this policy not been issued would be, entitled to indemnification from any government or agency thereof.

Loss, destruction, damage, expense or legal liability in respect of the nuclear risks not excluded by reason of paragraph 2. shall (subject to all other terms, conditions, limitations, warranties and exclusions of this policy) be covered, provided that:

- a. in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereof, such carriage shall in all respects have complied with the full International Civil Aviation Organization "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;
- b. this policy shall only apply to an incident happening during the period of this policy and where any claim by the Insured against the Company or by any claimant against the Insured arising out of such incident shall have been made within three (3) years after the date thereof;
- c. in the case of any claim for the loss of or destruction of or damage to or loss of use of an aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

Emitter	<u>Maximum permissible level of non-fixed radioactive surface contamination (Averaged over 300 cm²)</u>
(IAEA Health and Safety Regulations) Beta, gamma and low toxicity alpha emitters	Not exceeding 4 becquerels / cm ² (10 ⁴ microcuries / cm ²)
All other alpha emitters	Not exceeding 0.4 becquerels / cm ² (10 ⁵ microcuries / cm ²)

- d. the cover afforded hereby may be cancelled at any time by the Company giving seven (7) days' notice of cancellation.

3. NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE

This policy does not cover claims directly or indirectly occasioned by, happening through or in consequence of:

- a. noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
- b. pollution and contamination of any kind whatsoever,
- c. electrical and electromagnetic interference,
- d. interference with the use of property;

unless caused by or resulting in a crash, fire, explosion or collision or a recorded **In-Flight** emergency causing abnormal **Aircraft** operation.

With respect to any provision in the policy concerning any duty of the Company to investigate or defend claims, such provision shall not apply and the Company shall not be required to defend:

- a. claims excluded by paragraph 1., or
- b. a claim or claims covered by the policy when combined with any claims excluded by paragraph 1. (referred to below as "Combined Claims").

In respect of any Combined Claims, the Company shall (subject to proof of loss and the limits of the policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the policy:

- a. damages awarded against the Insured and
- b. defense fees and expenses incurred by the Insured.

Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this policy.

4. ASBESTOS EXCLUSION

This policy does not cover any claims of any kind whatsoever directly or indirectly relating to, arising out of or in consequence of:

- a. The actual, alleged or threatened exposure to or presence of asbestos in any form whatsoever, including, but not limited to, asbestos fibers or asbestos dust, or any material or product containing, or alleged to contain, asbestos; or
- b. Any obligations, request, demand, order, or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, neutralize, protect against or in any other way respond to the actual, alleged or threatened exposure to or presence of asbestos in any form whatsoever, including, but not limited to, asbestos fibers or asbestos dust, or any material or product containing, or alleged to contain, asbestos.

However, the exclusion shall not apply to any claim for asbestos exposure caused by or resulting from a crash, fire, explosion, or collision or a recorded **In-Flight** emergency causing abnormal aircraft operations.

Notwithstanding any other provisions of this policy, Insurers will have no duty to investigate, defend or pay defense costs in respect of any claim excluded in whole or in part under paragraphs 1. or 2. hereof.

5. COVERAGE TERRITORY

This policy does not cover claims that occur outside of the **Coverage Territory**.

6. APPROVED PILOT EXCLUSION

This policy shall not apply while an **Aircraft** insured by this policy is **In-Flight** unless operated by pilots that meet the minimum requirements in ITEM 5. of the Declarations.

SECTION IV GENERAL POLICY CONDITIONS

1. BANKRUPTCY

Bankruptcy or insolvency of the Insured or of the Insured's estate will not relieve us of our obligations under this policy.

2. CANCELLATION

- a. The First **Named Insured** shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the First **Named Insured** written notice of cancellation at least:
 - i. ten (10) days before the effective date of cancellation if we cancel for non-payment of premium;
or
 - ii. ninety (90) days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the First **Named Insured's** last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If this policy is cancelled, we will send the First **Named Insured** any premium refund due. If we cancel, the refund will be pro rata. If the First **Named Insured** cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

3. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The First **Named Insured** shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

4. COUNTRY AND TERRITORIAL JURISDICTION CLAUSE

If coverage for a claim under this policy is in violation of any United States of America's economic or trade sanctions, including but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), then coverage for that claim shall be null and void.

5. CROSS LIABILITY

This policy shall cover claims by one Insured against another Insured and shall provide the Coverage as if a separate policy had been issued to each Insured. In no event, however, shall this act to increase or change the limit of liability nor shall it change any of the other terms, conditions or exclusions of this policy.

6. DEDUCTIBLE

- A. You shall be responsible for each applicable deductible amount shown in the Declarations. All claims arising from a single **Occurrence** shall be subject to one deductible.
- B. We may pay all or part of the deductible to settle a claim or suit. You agree to repay us promptly after we notify you of the settlement.

7. DUTIES OF THE INSURED IN THE EVENT OF **OCCURRENCE**, CLAIM, LOSS OR SUIT

In the event of any accident, **Occurrence**, claim, suit, or loss the Insured and/or their legal representatives shall:

- a. Not assume any obligation or liability, nor offer to pay any reward except at the Insured's expense, nor incur any expense other than those items listed in this policy.
- b. Promptly contact us and follow up with prompt written notice including the:
 - i. Time, place and description of events;
 - ii. Names and locations of **Passengers**, witnesses, injured or deceased persons; and
 - iii. Location or description of any damaged property and/or **Aircraft**.
- c. Immediately forward to us every demand, notice, summons, legal paper or any other process they receive;
- d. Cooperate and assist us in all matters of any claim or suit;
- e. Authorize us to obtain any records relating to a loss;
- f. Not abandon the **Aircraft** or any other salvage without our prior consent;
- g. Take all reasonable precautions to protect the Aircraft or other insured property after any accident or loss. Reasonable expenses incurred in providing such protection will be deemed, "incurred at our request". Any further loss or damage due to an Insured's failure to reasonably protect the insured property will not be covered by this policy;
- h. Promptly report any suspected theft or vandalism to the local police;

- i. Allow us the option to inspect any **Aircraft** or insured property before any repairs begin or its disposal;
- j. File with us within ninety (90) days after the loss a sworn proof of loss including the information and in the form we reasonably require and, upon our request, submit to examination under oath;
- k. Exhibit the damaged property and produce for our examination all pertinent records and invoices, permitting copies to be made, at reasonable times and places as we designate;
- l. If requested, provide clear title to us for any property salvage at the time **Total Loss** payment is made by us; and
- m. Allow us to inspect **Aircraft** records, repair and service invoices, sales receipts and log books as may be required in the settlement of any claim.

8. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during this policy period and up to three (3) years afterward.

9. FINANCIAL RESPONSIBILITY LAWS

Upon certification as proof of future financial responsibility under the provisions of any **Aircraft** responsibility law, all coverages under this policy shall apply, but only up to the applicable limit of liability. The **Named Insured** agrees to reimburse us for any payment made which we would not have been obligated to make under the terms of this policy except for the agreement in this provision.

10. INSPECTIONS AND SURVEYS

- a. We have the right to:
 - i. Make inspections and surveys at any time;
 - ii. Give you reports on the conditions we find; and
 - iii. Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - i. Are safe or healthful; or
 - ii. Comply with laws, regulations, codes or standards.

Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

Paragraph b. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

11. LEGAL ACTION AGAINST US

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an Insured; or
- b. To sue us on this policy unless there has been full compliance with all policy terms.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an Insured; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant or the claimant's legal representative.

Liability Coverages - With respect to Part One - Liability Coverages, no action will lie against us until the amount of your obligation to pay has been finally determined either by judgment against you after actual trial or, by written agreement of you, the claimant and us. Any person, organization, or their legal representative who has secured such judgment or written agreement will be entitled to recover under this policy to the extent of the coverages provided by this Policy. No person or organization will have any right under this policy to join us as a party to any action against you to determine your liability, nor will we be impleaded by you or your legal representative.

Physical Damage Coverages - With respect to Part Two - Physical Damage Coverages, no action will lie against us, nor will payment for loss be required, until thirty (30) days after the required proof of loss is filed with us and the amount of loss is determined as described in this policy. Any action against us must be taken within one (1) year after the date of loss.

Additional Coverages - With respect to all other Coverages, no action will lie against us, nor will payment for loss be required, until thirty (30) days after any required proofs of claims have been filed with us. Any action against us must be taken within one (1) year after the date of loss.

12. OTHER INSURANCE

If other valid and collectible insurance is available to the Insured for a loss we cover by this policy, then our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when 2. below applies. If this insurance is primary, our obligations are not affected unless the other insurance is also primary. Then we will share with all that other insurance by the method described in 3, below.

b. Excess Insurance

This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis:

- (i) if the loss arises out of any **Temporary Substitute Aircraft** or **Non-Owned Aircraft**;
- (ii) if the loss arises out of:

- (a) aircraft that you have either sold or relinquished from an exclusive written lease, or
- (b) materials, parts, equipment, fuel, lubricants or services for aircraft of others provided or performed by you to the extent that insurance is afforded by Coverage H. Liability for the Sale of Aircraft and Aircraft Products and Services.
- (iii) if there is any other primary insurance available to you covering liability for damages arising out of your ownership maintenance or use of **Scheduled Aircraft, Temporary Substitute Aircraft, or Non-Owned Aircraft** operations under which you have been included as an Insured or added as an additional Insured by endorsement.

When this insurance is excess, then we will have no duty arising from any coverage afforded by this policy to defend the Insured against any suit if any other insurer has a duty to defend the Insured against that suit. If no other insurer defends, then we will undertake to do so, but we will be entitled to the Insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (i) the total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (ii) the total of all deductible and self-insured amounts set forth in other insurance.

Using the method described in 3. below, we will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the limits of liability shown in this policy.

c. **Method of Sharing**

If all of the other insurance permits contribution by equal shares, then we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of liability or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, then we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of liability to the total applicable limits of liability of all insurers.

- d. If the other insurance is written through the Aviation Managers as primary insurance, the total limit of our liability will not exceed the greatest limit on any one policy.

13. **PREMIUMS**

The First **Named Insured** shown in the Declarations:

- 1. Is responsible for the payment of all premiums; and
- 2. Will be the payee for any return premiums we pay.

14. RECOVERING DAMAGES FROM A THIRD PARTY

In the event of any payment made under this policy, we will assume all of your rights of recovery against any person or organization. You will execute and deliver instruments and papers and do whatever else is necessary to enforce these rights.

15. REPRESENTATION

By accepting this policy, you agree that the statements in the Application and Declarations are true and they are your agreements and representations.

You agree this policy is issued in reliance upon the truth of those representations. This policy includes all of the agreements between you and us or our authorized agents concerning this insurance.

16. SEPARATION OF INSURED

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the First **Named Insured**, this insurance applies:

1. As if each **Named Insured** were the only **Named Insured**; and
2. Separately to each Insured against whom claim is made or suit is brought.

17. STATE STATUTES

If the terms of this policy are in conflict with or inconsistent with the statutes of any state where this policy is in effect, we will conform to the minimum standards of those statutes.

18. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual **Named Insured**.

If you die, your rights and duties shall be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

19. UNITED STATES ARMY, AIR FORCE AND NAVY INSURANCE REQUIREMENTS

If the Aviation Managers on behalf of the Company issues a Department of Defense certificate of insurance DD Form 2400 or any substitute or replacement thereof, then the insurance policy provisions required by the regulations referred to in the certificate shall be deemed to be incorporated into this policy and substituted for any policy provisions which are inconsistent with the provisions required by the regulations.

20. TWO OR MORE AIRCRAFT INSURED BY THIS POLICY

In the event that two or more **Aircraft** are insured by this policy, the applicable limit of liability and deductibles, if any, will apply separately to each.

21. WHEN WE DECIDE NOT TO RENEW

When we decide not to renew the insurance provided under this policy, we will mail or deliver to the **First Named Insured** shown in the Declarations written notice of the non renewal not less than sixty (60) days before expiration.

By signing below, the President, Secretary and the Canadian Chief Agent of the Insurer agree on behalf of the Insurer to all the terms of this policy.

This policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer on the Declarations page of the policy.

Extended Coverage Endorsement (Aviation Liabilities) AVN52E

In consideration of an additional premium of \$ _____, this policy is amended as follows:

The policy of which this endorsement forms part includes War, Hi-jacking and Other Perils Exclusion Clause AVN48B:

1. With effect from _____, all sub-paragraphs other than (b) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B:
2. EXCLUSION applicable only to any coverage extended in respect of the deletion of sub-paragraph (a) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B:

Coverage 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**.

3. LIMITATION OF LIABILITY

The limit of the Company's liability in respect of the coverage provided by this Endorsement shall be US \$ _____ or the applicable policy limit, whichever the lesser, any one **Occurrence** and in the annual aggregate (the "sub-limit"). This sub-limit shall apply within the full policy limit and not in addition thereto.

To the extent coverage is afforded to an Insured under the policy, this sub-limit shall not apply to such Insured's liability:

- a) to the **Passengers** (and for their baggage and personal effects) of any aircraft operator to whom the policy affords cover for liability for such cargo and mail arising out of its operation of **Aircraft**.
- b) for cargo and mail while it is on board the **Aircraft** of any aircraft operator to whom the policy affords cover for liability for such cargo and mail arising out of its operations of **Aircraft**.

Notwithstanding any other liability for which coverage is afforded under this policy, coverage provided under this Endorsement shall apply solely to the following:

PART ONE- LIABILITY COVERAGE'S.

PART THREE – ADDITIONAL COVERAGE UNDER COVERAGE ~~¶ R~~; SEARCH AND RESCUE EXPENSES, COVERAGE ~~¶ S~~: RUNWAY / **AIRCRAFT** FOAMING, AIRPORT CRASH FIRE & RESCUE, ~~COVERAGE V: EMERGENCY OR UNEXPECTED LANDING~~, AND COVERAGE ~~¶ T~~: TRIP INTERRUPTION EXPENSE.

PART FOUR – **MEDICAL EXPENSES**.

4. AUTOMATIC TERMINATION

To the extent provided below, coverage by this Endorsement shall TERMINATE AUTOMATICALLY in the following circumstances:

- (i) All coverage

Upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following countries: France, the People's Republic of China, the Russian Federation, the United Kingdom, the United States of America:

(ii) Any coverage extended in respect of the deletion of sub-paragraph (a) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B

- upon the hostile detonation of any weapon of the war employing or nuclear fission and/of fusion or other like reaction or radioactive force or matter whosoever or whomsoever such detonation may occur and whether or not the insured aircraft may be involved:

(iii) All coverage 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 (i), (ii) or (iii) occurs, then the coverage 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.

5. REVIEW AND CANCELLATION

(a) Review of Premium and/or Geographical Limits (7 Days)

The Company or its **Aviation Managers** 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 G.M.T. on the day on which notice is given.

(b) Limited Cancellation (48 hours)

Following a hostile detonation as specified in paragraph 4. (iii) above, the Company or its **Aviation Managers** may give notice of cancellation of one or more parts of the coverage provided by paragraph 1. of this Endorsements by reference to sub-paragraph (c) ,(d) , (e), (f) and /or (g) of War, Hi-jacking and Other Perils Exclusion Claus AVN48B – such notice to become effective on the expiry of forty-eight hours from 23.59 hours G.M. T. on the day on which notice is given.

(c) Cancellation (7 Days)

The coverage provided by this Endorsement may be cancelled by either the Company, its **Aviation Managers** or the insured by giving notice to become effective on the expiry of seven days from 23.59 hours G.M.T. on the day on which such notice is given.

(d) Notices

All notices referred to herein shall be in writing.

All other provisions of this policy remain the same.

This endorsement becomes effective _____ to be attached to and hereby made a part of Policy No. _____ issued to _____

By _____

Endorsement No. _____

Date of Issue By _____

By _____
(Authorized Representative)

**EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)
AMENDMENT TO LIABILITY LIMITS FOR OPERATIONS WITHIN THE
EUROPEAN UNION**

In consideration of _____ premium of \$ _____, this policy is amended as follows:

1. The limits extended by this endorsement shall apply only:

- a) During the period of:
- b) While a **Scheduled Aircraft** is:
 - i) on the ground within;
 - ii) in the Airspace of; or
 - iii) over the territory including the International Waters of

Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, The Netherlands and United Kingdom or any member state of the European Union (as defined by those countries who are bound by Regulation (EC) 785/2004 of the European Parliament and of the council of 21 April 2004.

With respect to the following schedule of **Aircraft**:

FAA Cert. Number	Make & Model	Year Built	Seats Crew / Pass
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2. AMENDMENT OF LIMITS FOR **SCHEDULED AIRCRAFT, PREMISES AND MOBILE EQUIPMENT**

Coverage limits as set forth in the declarations are amended as follows:

Coverage A	Liability Coverage for Scheduled Aircraft	USD \$	Each Occurrence
Coverage F <u>E</u>	Liability Coverage for the use of Aviation Premises	USD \$	Each Occurrence
Coverage I	Liability for Contractual Agreements	USD \$	Each Occurrence
Coverage J <u>I</u>	Liability Coverage for the <u>o</u> peration of Mobile Equipment	USD \$	Each Occurrence

3. AMENDMENT OF LIMITS FOR THIRD PARTY **BODILY INJURY AND PROPERTY DAMAGE** UNDER AVN52E.

- a) The limit of the Company's liability as set forth in Paragraph 3. LIMITATION OF LIABILITY of Extended Coverage Endorsement (Aviation Liabilities) ANV52E shall be amended to read

\$

but shall not exceed \$ 300,000,000. or the limit set forth on the Declarations, which ever is lesser, any one **occurrence** (the "sub-limit"). This sub-limit shall apply within the full policy limit and not in addition thereto.

To the extent coverage is afforded to an **Insured** under the policy, this sub-limit shall not apply to such **Insured's** liability:

- (i) to the **Passengers** (and for their baggage and personal effects) of any aircraft operator to whom the policy affords cover for liability to its **Passengers** arising out of its operation of Aircraft;
 - (ii) for cargo and mail while it is on board the **Aircraft** of any aircraft operator to whom the policy affords cover for liability for such cargo and mail arising out of its operations of **Aircraft**.
- b) Notwithstanding any other liability for which coverage is afforded under this policy, coverage provided under Item3 of this Endorsement shall apply solely to the following:

PART 4 ONE -LIABILITY COVERAGES.
PART 4 THREE -ADDITIONAL COVERAGES UNDER COVERAGE R: SEARCH AND RESCUE EXPENSES, COVERAGE S: RUNWAY / **AIRCRAFT** FOAMING AND CRASH CONTROL FIRE & RESCUE EXPENSES, AND COVERAGE T: TRIP INTERRUPTION EXPENSE COVERAGE.
PART 5 FOUR -**MEDICAL EXPENSES**.

- c) All other terms and conditions of Extended Coverage Endorsement (Aviation Liabilities) AVN52E not affected nor altered by this endorsement shall remain in effect as currently written.

All other provisions of this policy remain the same.

This endorsement becomes effective _____ to be attached to and hereby made a part of Policy No. _____ issued to _____

By _____



Endorsement No. _____

Date of Issue _____

By _____

MANAGED AIRCRAFT ENDORSEMENT

This policy is amended as follows:

- 1) The "Management Company" scheduled in Item 1. has entered into an Aircraft Management Agreement with the person(s) or organization(s) described below and referred to an " Insured Owner":

"Management Company"

" Insured Owner"

- 2) The " Insured Owner" (referred to as you and your below) is included as an Insured for all coverage and if designated in Item 1 as:
 - a. An individual, you and your spouse are Insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an Insured. Your members, your partners, and their spouses are also Insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an Insured. Your members are also Insureds, but only with respect to the conduct of your business. Your managers are Insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture, or limited liability company, you are an Insured. Your executive officers and directors are Insureds, but only with respect to their duties as your officers or directors. Your stockholders are also Insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an Insured. Your trustees are also Insureds, but only with respect to their duties as trustees.

The Insured status granted to the " Insured Owner" shall be further qualified to apply solely as respects to the Coverage and Limits as described in this endorsement and:

- a. With respect to any **Non-Owned Aircraft** shall be an Insured only if:
 1. The **Aircraft** is being operated by the "Management Company" on behalf of the " Insured Owner" or the flight is arranged by the "Management Company" on behalf of the " Insured Owner" , and
 2. The **Aircraft** being operated on behalf of the " Insured Owner" is not owned in whole or in part by or registered to the " Insured Owner" , and
 3. The seating capacity of the **Aircraft** does not exceed the "maximum number of seats shown in the Declarations" for Coverage C: **Non Owned Aircraft** (regardless of the number of **Passengers** on board the **Non Owned Aircraft**).
- b. With respect to Coverage H. Liability for the Sale of Aircraft and Aircraft Products and Services shall be Insured only for:

Coverage C: Liability for Property Damage to Non-Owned Aircraft

\$ Each Occurrence

Reporting Grace Period: consecutive days

This limit is part of, and not in addition to, the limit provided for Coverage B.

Coverage D: Liability for Property Damage to Temporary Substitute Aircraft

\$ Each Occurrence

This limit is part of, and not in addition to, the limit provided for Coverage B.

Coverage E: Liability for Aviation Premises

\$ Each Occurrence
\$ Any One Fire

Coverage F: Hangarkeepers' Liability

\$ Each Aircraft / Each Auto
\$ Each Occurrence

Deductible: \$ Each Occurrence

Coverage G: Liability for Non-Owned Hangars and Their Contents

\$ Each Occurrence

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss

Coverage H: Liability for the Sale of Aircraft and Aircraft Products and Services

\$ Each Occurrence

Coverage I: Liability for the Operation of Mobile Equipment

\$ Each Occurrence

This limit is part of, and not in addition to, the limit provided for Coverage E.

Coverage J: Liability for Personal and Advertising Injury

\$ Each Offense and in the annual aggregate

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

Coverage K: ~~Cargo Liability~~

\$ _____ Each **Occurrence**

Deductible: \$ _____ Each **Occurrence**

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss

Coverage ~~LK~~: Personal Effects and Baggage Expense

\$ _____ Each **Passenger** and **Crew Member**

This limit is part of, and not in addition to, the limit provided for Coverage A, B, or E, whichever applies to the loss.

Coverage M: ~~Passenger~~ Voluntary Settlements

____ Settlement Limits:

____ A) With respect to any ~~Scheduled Aircraft~~ or ~~Temporary Substitute Aircraft~~:

Each ~~Non-Crew Member Passenger~~: \$ _____ Each **Occurrence**

Each ~~Crew Member~~: \$ _____ Each **Occurrence**

____ B) With respect to any ~~Non-Owned Aircraft~~ except a ~~Temporary Substitute Aircraft~~:

____ Each ~~Non-Crew Member Passenger~~: \$ _____ Each **Occurrence**

____ Each ~~Crew Member~~: \$ _____ Each **Occurrence**

____ Total All ~~Non-Owned Aircraft Crew Members~~ and ~~Non-Crew Member Passengers~~ Combined: \$ _____ Each **Occurrence**

Maximum Weekly Indemnity Limit: \$ _____ Each **Passenger**

Maximum Indemnity Period: _____ consecutive weeks

These limits are part of, and not in addition to, the limit provided for Coverage A or B, whichever applies to the loss.

PART TWO - PHYSICAL DAMAGE COVERAGES

Coverage ~~NL~~: Physical Damage Coverage for Scheduled Aircraft

FAA Cert. Number	Make & Model	Year Built	Seats Crew / Pass	Insured Value	Not In- Motion	Deductibles In-Motion/ Ingestion
				\$	\$	\$

Coverage OM: Physical Damage Coverage for **Spare Engines, Spare Parts** and **Mechanic's Tools**

\$ Each **Occurrence**

Deductible: \$ Each **Occurrence**

Coverage PN: Automatic Insurance for Newly Acquired Aircraft

Maximum **Physical Damage** Limit: \$
any one **Aircraft** without prior approval.

Maximum number of seats:

Reporting Grace Period: consecutive days

Coverage QO: Physical Damage Coverage for Increased Value of **Scheduled Aircraft**

Scheduled Aircraft Maximum Automatic **Physical Damage** Limit:

\$ any one **Aircraft** without prior approval

PART THREE - ADDITIONAL COVERAGES

Coverage RP: Temporary Replacement Parts Rental Expense

\$ Each Loss

Minimum required repair period: _____ days

Coverage SQ: Replacement Aircraft Rental Expense

\$ Each day for no more than a maximum coverage period _____ of consecutive days, not to exceed:

\$ Each Loss

Minimum required repair period: _____ days

Coverage TR: Search and Rescue Expenses

\$ Each Loss

Coverage US: Runway / Aircraft Foaming, Airport Crash Fire & Rescue and Emergency or Unexpected Landing

\$ Each Loss

Coverage VT: Trip Interruption Expense

\$ Each **Crew Member** or **Passenger** Each Loss

Coverage W: Lay Up Credit for Scheduled Aircraft

~~_____ A pro-rated return of _____% of the applicable premium at policy expiration if the Scheduled Aircraft is laid up for _____ or more consecutive days.~~

PART FOUR - MEDICAL EXPENSES

Coverage XU: Medical Expenses

A) With respect to any **Scheduled Aircraft** or **Temporary Substitute Aircraft**:

Each **Non-Crew Member Passenger**: \$ _____ Each **Occurrence**
Each **Crew Member**: \$ _____ Each **Occurrence**

B) With respect to any **Non-Owned Aircraft**:

Each **Non-Crew Member Passenger**: \$ _____ Each **Occurrence**
Each **Crew Member**: \$ _____ Each **Occurrence**

C) With respect to any **Aviation Premises**:

\$ _____ Each **Person**
\$ _____ Each **Occurrence**

All other provisions of this policy remain the same.

This endorsement becomes effective _____ to be attached to and hereby made a part of
Policy No. _____ issued to _____

By _____

Endorsement No. _____

Date of Issue By _____



By _____
(Authorized Representative)

OVERHEAD AND SUPERVISION AMENDMENT

This policy is amended as follow s:

Items 2. (a) ~~a.~~ of the LIMITS OF THE COMPANY'S LIABILITY FOR PART TWO - Total Liability for Part 3 - Physical Damage Coverages **PHYSICAL DAMAGE COVERAGES** are amended to read as follows:

2. In the event of a **Partial Loss to Scheduled Aircraft, Spare Part(s) or Mechanic's Tools**, the ~~Company's Liability~~ **our liability** will not exceed:

a) ~~the total of the following items, less any applicable deductible, if the repairs are made by an insured:~~ **If repairs are made by an Insured Insured, the total of the following items, less any applicable deductible;**

i) ~~The insured's, Insured's~~ net costs for necessary material and parts of like kind and quality;

ii) **Reasonable Transportation Costs for replacement parts;**

iii) ~~The reasonable costs of food, lodging, and transportation of for the insured's Insured's~~ employees required for the actual period of repair if the loss occurs away from the ~~insured's~~ **Insured's** base of operations and;

iv) ~~The actual wages paid for labor at the current straight time rates at the place of repair; and~~

v) _____% of item 2 (a) (iv) for the cost of required supervision and overhead.

All other provisions of this policy remain the same.

This endorsement becomes effective _____ to be attached to and hereby made part of Policy No. _____ issued to _____

By _____

Endorsement No. _____

Date of Issue _____ By _____
(Authorized Representative)

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