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Proposed Standardized Aviation Insurance Policy

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PROPOSED STANDARDIZED AVIATION INSURANCE POLICY

In consideration of the payment of the premium, in reliance upon the statements in the Declarations made a part hereof and subject to the Limits of Liability, Exclusions, Conditions and all the other terms of this Policy, the Insurers agree with Named Insured to afford those of the following coverages as are specified in the Declarations:

INSURING AGREEMENTS

1. Coverage A—Bodily Injury Liability Excluding Occupants:
   To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages to compensate anyone for the bodily injury, sickness, disease or death of a person other than an occupant as defined herein, caused by an occurrence and arising out of the ownership, maintenance or use of the aircraft. Under no circumstances do the Insurers agree to pay on behalf of the Insured any sums which the Insured becomes legally obligated to pay as punitive or exemplary damages.

Coverage B—Occupant Bodily Injury Liability:
   To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages to compensate anyone for the bodily injury, sickness, disease or death of any occupant as defined herein, caused by an occurrence and arising out of the ownership, maintenance or use of the aircraft. Under no circumstances do the Insurers agree to pay on behalf of the Insured any sums which the Insured becomes legally obligated to pay as punitive or exemplary damages.

Coverage C—Property Damage Liability:
   To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages to compensate anyone for injury to or destruction of property, including loss of use thereof, caused by an occurrence and arising out of the ownership, maintenance or use of the aircraft. Under no circumstances do the Insurers agree to pay on behalf of the Insured any sums which the Insured becomes legally obligated to pay as punitive or exemplary damages.

Coverage D—Single Limit Bodily Injury (Excluding Occupants) and Property Damage Liability:
   To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages to compensate anyone for the bodily injury, sickness, or disease or death of a person other than occupant as defined herein, and for damages to compensate anyone for injury to or destruction of property, including loss of use thereof, caused by an occurrence and arising out of the ownership, maintenance or use of the aircraft. Under no circumstances do the Insurers agree to pay on behalf of the Insured any sums which the Insured becomes legally obligated to pay as punitive or exemplary damages.
Coverage E—Single Limit Bodily Injury (Including Occupants) and Property Damage Liability:
To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages to compensate anyone for the bodily injury, sickness, disease or death of a person including occupants as defined herein, caused by an occurrence and arising out of the ownership, maintenance or use of the aircraft. Under no circumstances do the Insurers agree to pay on behalf of the Insured any sums which the Insured becomes legally obligated to pay as punitive or exemplary damages.

Coverage F—Medical Payments:
To pay all reasonable expenses incurred within one year from the date of occurrence for necessary medical, surgical, x-ray and dental services, including prosthetic devices, and necessary hospital, ambulance, professional nursing service and funeral service to or for each occupant who sustains bodily injury, sickness or disease, caused by an occurrence, while in, upon, entering, or alighting from the aircraft.

Coverage G—Non-ownership Bodily Injury Liability Excluding Occupants:
To pay on behalf of the Named Insured only all sums which the Named Insured shall become legally obligated to pay as damages to compensate anyone for the bodily injury, sickness, disease or death of a person other than an occupant as defined herein, caused by an occurrence and arising out of the operation by the Named Insured of a fixed-wing aircraft bearing a “Standard” Airworthiness Certificate and which is the property of others. Under no circumstances do the Insurers agree to pay on behalf of the Insured any sums which the Insured becomes legally obligated to pay as punitive or exemplary damages.

Coverage H—Non-ownership Occupant Bodily Injury Liability:
To pay on behalf of the Named Insured only all sums which the Named Insured shall become legally obligated to pay as damages to compensate anyone for the bodily injury, sickness, disease or death of any occupant as defined herein, caused by an occurrence and arising out of the operation by the Named Insured of a fixed-wing aircraft bearing a “Standard” Airworthiness Certificate and which is the property of others. Under no circumstances do the Insurers agree to pay on behalf of the Insured any sums which the Insured becomes legally obligated to pay as punitive or exemplary damages.

Coverage I—Non-ownership Property Damage Liability:
To pay on behalf of the Named Insured only all sums which the Named Insured shall become legally obligated to pay as damages to compensate anyone for injury to or destruction of property, including loss of use thereof, caused by an occurrence and arising out of the operation by the Named Insured of a fixed-wing aircraft bearing a “Standard” Airworthiness Certificate and which is the property of others. Under no circumstances do the Insurers agree to pay on behalf of the Insured any sums which the
STANDARD AVIATION POLICY

Insured becomes legally obligated to pay as punitive or exemplary damages.

Coverage J—Non-ownership Aircraft Damage Liability:
To pay on behalf of the Named Insured only all sums which the Named Insured shall become legally obligated to pay as damages to compensate anyone for injury to or destruction, including loss of use thereof, of a fixed-wing aircraft bearing a "Standard" Airworthiness Certificate and which is the property of others, caused by an occurrence while the aircraft is in the care and custody of the Named Insured and arising out of the use of the aircraft by the Named Insured.

Coverage X: All Risks While Not in Motion:
To pay for direct loss of or damage to the aircraft, hereinafter called loss, occurring while the aircraft engine is not operating and while the aircraft is not in motion under its own power or momentum, excluding fire which follows motion of the aircraft under its own power or momentum out of which a collision occurs with any object. The amount specified as the deductible in the Declarations shall not apply to loss or damage caused by fire or theft.

Coverage Y—All Risks While in Motion:
To pay for direct loss or theft of or damage to the aircraft, hereinafter called loss, occurring while the aircraft engine is operating and while the aircraft is in motion under its own power or momentum, including fire which ensues and including disappearance if the aircraft is missing and not located nor its whereabouts reported for sixty (60) days after the last known take-off.

2. Defense, Settlement, Supplementary Payments:
With respect to such insurance as is afforded by this policy for bodily injury and for property damage liability, the Insurers shall:

(A) Defend any claim or suit covered by this insurance and brought against the Insured, until the Insurers elect to pay up to the Limits of Liability as stated in Item 4 of the Declarations, whether groundless or not, or whether false or fraudulent or not; but the Insurers shall have the right to make such investigation, negotiation and settlement of any claim as it deems expedient; and further, it shall have the right to conduct such investigation, negotiation, settlement or defense without the waiver of any of the provisions of this policy upon written notice to the Insured as soon as practicable.

(B) (1) Pay all premiums on bonds, not in excess of the applicable limit of this Policy, necessary to release attachments or take an appeal in any such defended suit and the cost of bail bonds required of the Insured in the event of an occurrence or a violation of a law or regulation for civil aviation during the policy period, not to exceed $200 per bail bond, but without any obligation to apply for or furnish any such bonds;

(2) Pay all expenses incurred by the Insurers, all costs taxed
against the Insured in any such suit, except attorney's fees awarded in any suit and taxed against the Insured, and all interest accruing after entry of judgment until the Insurers have or tendered or deposited in court such part of such judgment as does not exceed the limits of the Insurers' liability thereon:

(3) Pay expenses incurred by the Insured for such immediate medical and surgical relief to others as shall be imperative at the time of the accident:

(4) Reimburse the Insured for all reasonable expenses, other than loss of earnings, incurred at the Insurers' request and the amounts so incurred, except settlement of claims and suits, are payable by Insurers in addition to the applicable limit of liability of this policy.

3. Persons Insured

The unqualified word "Insured" wherever used in this Policy with respect to Coverages A, B, C, D, and E includes the Named Insured and any person while using or riding in the aircraft and any person or organization legally responsible for its use, provided the actual use is with the permission of the Named Insured. The insurance with respect to any person or organization other than the Named Insured does not apply to:

(A) Bodily injury, sickness, disease or death of any person who is a Named Insured;

(B) Any person or organization, or any agent or employee thereof, engaged in the manufacture or sale of aircraft accessories, or operating an aircraft repair shop, airport, hangar, aircraft sales agency, commercial flying service or flying school with respect to any occurrence or accident arising out of the manufacture or operation thereof:

(C) Any employee with respect to injury or death of another employee of the same employer injured in the course of such employment in an occurrence arising out of the maintenance or use of the aircraft in the business of such employer.

(D) To any person operating the aircraft for any purpose for which a charge is made which is intended to result in financial profit to the Named Insured.

4. Policy Period, Territory, Purposes of Use:

This policy applies only to occurrences and to direct loss of or damage to the aircraft during the policy period, as stated in Item 2 of the Declarations herein, while the aircraft is within the continental United States of America (excluding Hawaii and Alaska), Canada or the Republic of Mexico, within 100 miles of the Mexican-United States international boundary, and is owned, maintained and used for the purposes stated as applicable hereto in the Declarations, and shall also apply, while the aircraft, when dismantled, is being transported between the ports thereof.
This Policy does not apply:

1. To any occurrence or to any loss or damage occurring while the aircraft is operated, while in motion, by other than the pilot or pilots set forth under Item 7 of the Declarations,

2. To any Insured:
   
   (A) Who operates or permits the aircraft to be operated for any purpose other than as specified in the Declarations.
   
   (B) Who operates or permits the operation of the aircraft while in motion unless at such time there is in full force and effect for the aircraft a "Standard" Airworthiness Certificate issued by the Federal Aviation Administration, unless such certificate is specifically endorsed on this policy.
   
   (C) Who operates or permits the aircraft to be operated for smuggling, carrying of contraband or other similar unlawful purposes.

3. Under Coverages A, B, C, D, E, G, H, I, and J to any liability assumed by the Insured under any contract or agreement unless such liability would have attached to the Insured even in the absence of such agreement.

4. Under Coverages A, B, D, E, F, G, and H to bodily injury or death of any employee of the Insured or to any employee of any business organization in which the Insured owns a majority interest, injured in the course of his employment.

5. Under Coverages C, D, E, I, and J to injury or destruction of property owned by the Insured or any business organization in which the Insured owns a majority interest.

6. Under Coverages C, D, E, and I to any loss or damage to any aircraft, the use of which is the subject of this policy.

7. Under Coverages J, X, and Y, to loss due to conversion, embezzlement or secretion by any person in lawful possession of the aircraft under a lease or rental agreement, conditional sale, purchase agreement, mortgage or other encumbrance.

8. Under Coverages X and Y, to any loss or damage to the aircraft resulting from confiscation, detention or any attempt thereat, or the consequences thereof by governmental authority or claimed authority.

9. Under Coverages X and Y, while the aircraft is subject to any lease, lien, conditional sales, mortgage or other encumbrance not specifically declared and described in this policy or if the interest of the Named Insured be or become other than as stated in the Declarations.

10. Under Coverages J, X, and Y, to any damage to the aircraft due and confined to wear and tear or deterioration or to freezing or mechanical or electrical breakdown or failure, unless such loss or damage is the direct result of other physical damage, covered by this policy, to the aircraft.
DEFINITIONS

1. Aircraft. The word "aircraft" means that aircraft stated in Item 5 of the Application/Declarations herein and shall include the engines, propellers, operation and navigation instruments and radio equipment and navigation instruments and radio equipment usually attached to that aircraft, including parts detached and not replaced by similar parts.

2. Occupant. The word "occupant" means any person in, or entering the aircraft for the purpose of riding or flying therein, or alighting therefrom following a ride, flight or attempted flight therein.

3. Named Insured. The phrase "Named Insured" means the individual(s) or organization(s) named in Item 1 of the Declarations, including if an organization the officers, directors, and employees thereof while acting within the scope and course of their employment with the Named Insured.

4. Occurrence. The word "occurrence" means the happening of a bodily injury, property damage, direct loss or damage to or theft of the aircraft during the period stated in Item 2 of the Application/Declarations which is the result of a sudden, unforeseen, unexpected event, occurring without the will or design of the Insured, or a continuous or repeated exposure to such events. Under no circumstances is there an occurrence unless the bodily injury, property damage, direct loss or damage to, or theft thereof is incurred during this policy period.

5. Theft. The word "theft" includes theft, robbery, larceny, and pilferage, including damage done by thieves.

CONDITIONS

Liability and Medical Payments
(applicable to Coverages A, B, C, D, E, F, G, H, I, and J unless otherwise indicated)

1. Insured's Duties in the Event of Occurrence, Claim or Suit:
In the event of an occurrence, claim or suit the Insured shall:

   (A) Give written notice to the Company or any of its authorized agents as soon as practicable containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof and the names and addresses of the pilot, passengers injured, and witnesses. The Named Insured shall promptly take at his expense all reasonable steps to prevent other bodily injury or property damage from arising out of the same or similar conditions, but such expenses shall not be recoverable under this policy;

   (B) Immediately forward to the Company every demand, notice, summons or other process received by him or his representative;

   (C) Cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured because of bodily injury.
injury or property damage with respect to which insurance is afforded under this policy; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Insured shall not, except at his own cost, voluntarily make any payments, assume any obligation or incur any expense other than for first aid to others at the time of accident.

2. Limit of Liability:
Regardless of the number of (1) Insureds under this policy, (2) persons or organizations who sustain bodily injury or property damage, (3) claims made or suits brought on account of bodily injury or property damage, or (4) aircraft to which this policy applies, the Company's liability is limited as follows:

Coverages A, B, G and H. The total liability of the Company for all damages, including damages for care and loss of services, because of bodily injury, sickness or disease, including death at any time resulting therefrom sustained by any one person as the result of any one occurrence shall not exceed the limit of liability stated in the Declarations as applicable to "each person." Subject to the above provision respecting "each person," the total liability of the Company for all damages, including damages for care and loss of services, because of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by two or more persons as the result of any one occurrence shall not exceed the limit of liability stated in the Declaration as applicable to "each occurrence."

Coverages C, D, E and I. The limit of liability stated in the Declarations for "each occurrence" is the total of the Company's liability for all damages arising out of any one occurrence.

Coverage F. The total liability of the Company for all expenses incurred by or on behalf of each passenger who sustains bodily injury, sickness or disease, including death at any time resulting therefrom, as the result of any one occurrence shall not exceed the limit of liability stated in the Declarations as applicable to "each person."

Coverage J. The total liability of the Company stated in the Declarations, Item 4, Coverage J, is the total of the Company's liability for all damages to the aircraft arising out of any one occurrence.

When two (2) or more aircraft are insured hereunder the terms of this policy shall apply separately to each.

The insurance applies separately to each Insured against whom claim is made or suit is brought, but the inclusion herein of more than one Insured shall not operate to increase the limit of the Company's liability.

The Company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the Company's liability has been exhausted by payment of judgment or settlements.
3. Proof, Reports, and Payment of Claims for Medical Payments—Coverage F:

The injured person or someone on his behalf shall, as soon as practicable after each request from the Company, furnish reasonably obtainable information pertaining to the accident and injury, and execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company when and as often as the Company may reasonably require.

As soon as practicable after completion of the services or after the rendering of services which in cost equal or exceed the medical payments limit for each person or after the expiration of one year from the date of the accident, whichever is the first, the injured person or someone on his behalf shall give to the Company written proof of claim under oath, stating the name and address of each person and organization which has rendered services, the nature and extent and the dates of rendition of such services, the itemized charges therefor and the amounts paid thereon.

The Company shall have the right to make payment at any time to the injured person or to any such person or organization on account of the services rendered, and a payment so made shall reduce to the extent thereof the amount payable hereunder for such injury. Payment shall not constitute an admission of liability of the Insured or the Company.

4. Financial Responsibility Law:

Such insurance as is afforded by this policy shall comply with the provisions of any financial responsibility law of any State or Province which shall be applicable with respect to any such liability arising out of the ownership, maintenance or use of the aircraft during the policy period, to the extent of the coverage and limits of liability required by such law, but in no event in excess of the limits of liability stated in this policy. The Insured agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

Physical Damage
(applicable to Coverages X and Y, unless otherwise indicated)

5. Insured’s Duties When Loss Occurs:

When Loss occurs the Insured shall:

(A) Protect the aircraft whether or not the loss is covered by this policy, and any further loss due to the Insured’s failure to protect shall not be recoverable under this policy; where the loss or damage is covered by this policy, reasonable expenses incurred for such protection shall be deemed incurred at the Company’s request and shall be payable in addition to the applicable limit of liability;

(B) Give notice thereof as soon as practicable to the Company or any of its authorized agents and also, in the event of theft, robbery, or pilferage, to the police;

(C) Provide the Company with particulars sufficient to identify the In-
sured, the time, place and details of the loss, names and addresses of the pilot, passengers, and witnesses;  
(D) File proof of loss with the Company within ninety (90) days after the occurrence of loss, unless such time is extended in writing by the Company, in the form of a sworn statement of the insured setting forth the interest of the Insured and of all others in the property affected, the amount of any encumbrance thereon, and the description and amount of all other insurance covering such property.

The Insured shall cooperate with the Company and upon the Company's request shall assist in the recovery of property insured hereunder either by means of replevin proceeding or otherwise, in effecting settlement, securing evidence, obtaining attendance of witnesses, and prosecuting suits to such an extent and in such a manner as is deemed desirable by the Company. Any such act or acts of the Insured, the Company, or its agents, including recovery, saving or preserving the property described herein shall be construed as having been done for the benefit of all concerned and without prejudice to the rights of either party, and where loss or damages suffered constitutes a claim under this policy, then all reasonable expenses thus incurred shall also constitute a claim under this policy, provided that the Company shall not be responsible for the payment of any reward offered for recovery of the Insured property unless such reward is authorized by the Company.

Upon the Company's request, the Insured shall exhibit the damaged property to the Company and submit to examinations under oath by anyone designated by the Company, subscribe the same and produce for the Company's examination all pertinent records and sales invoices or certified copies if originals be lost, permitting copies thereof to be made, all at such reasonable times and places as the Company shall designate.

6. Limit of Liability:
In the event of total loss, the Company will pay to the Insured the Amount of Insurance applicable to the aircraft, less deductible, if any. In the event of partial loss, the Company's liability shall not exceed the actual cost to repair or replace the damaged property with parts and material of a like kind and quality, including transportation costs, but excluding any discounts, depreciation, labor charges for overtime and deductible, if any. In no event shall the Company's liability for partial loss exceed the amount for which the Company would be liable if the aircraft were a total loss. The cost of transporting new or damaged parts or material or of transporting the damaged aircraft to the place of repair and return to the site of loss or home airport, whichever is nearer, shall be limited to the least expensive method of reasonable transportation. The Company may pay for the loss in money or may repair the aircraft or replace any loss or damaged part thereof, or may return any lost or stolen property and pay for any resultant damage thereto, if such property be found before the loss is otherwise settled with the Insured.
The value of all salvaged property shall inure to the benefit of the Company; however, there shall be no abandonment without the prior consent of the Company.

7. Deductibles:
If an amount deductible is indicated in the coverage section of the Declarations of this policy as applying to any coverage such amount shall be deducted from the amount of each and every loss otherwise under such coverage. In the event two or more aircraft are insured hereunder, the applicable deductibles shall apply separately to each.

8. Return Premium for Total Loss:
In the event of a total loss hereunder, the Company shall pay to the Insured all unearned premium, computed pro-rata.

9. No Benefit to Bailee:
The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any insurer or bailee liable for loss to the aircraft.

10. Automatic Reinstatement:
When the aircraft is damaged, whether or not such damage is covered by this policy, the Amount of Insurance applying to the aircraft shall be reduced as of the date of loss by the amount of such loss and such reduced value shall continue until repairs are commenced. The insurance shall be increased by the value of the completed repairs until the Amount of Insurance is fully reinstated or the policy has expired.

11. Appraisal:
If in the event of loss or damage covered under this policy the Insured and the Company shall fail to agree to the amount of loss, then on the written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen (15) days to agree upon such umpire, then, on request of the Insured or the Company, such umpire shall be selected by a judge of a court of record in the State or Province in which the property covered is located. The appraisers shall then appraise the loss, stating separately the loss to each item; and, failing to agree, shall submit their differences to the umpire. An award in writing, so itemized, of any two when filed with the Company shall determine the amount of loss. Each appraiser shall be paid by the party selecting him, and the expenses of appraisal and umpire shall be paid by the parties equally.

12. Automatic Insurance for Increased Value:
If the value of the aircraft is increased during the policy period by modifications or the addition of equipment, such insurance as is afforded by this policy under Coverages X and Y shall apply to the increased value and the Amount of Insurance in the Declarations shall automatically increase by
the cost of the Insured of such modifications or equipment as evidenced by
records of the Named Insured; provided, however, that;

(A) the Insured reports to the Company any such increase of value
within thirty (30) days after completion of modifications or addi-
tions;

(B) the maximum automatic increase of value shall not exceed twenty-
five (25) percent of the Amount of Insurance shown in the Decla-
rations.

The Insured shall pay any additional premium required because of the
application of the insurance to such increased value.

13. Supplementary Payments:
As respects the insurance afforded by the other terms of this policy, the
Company shall pay, in the event of theft, whether the aircraft is damaged
or not, in addition to the applicable limit of liability, reasonable expenses
incurred by the Insured to return the aircraft to the place of theft, or the
home airport, whichever is nearer. Such expenses shall be limited to the
least expensive method of reasonable transportation but in no event more
than 1% of the Amount of Insurance on the stolen aircraft.

General Conditions
(Applicable to all Coverages unless otherwise indicated)

14. Terms of Policy Conformed to Statute:
Terms of this policy which are in conflict with the statutes of the State or
Province wherein this policy is issued are hereby amended to conform to
such statutes.

15. Fraud or Misrepresentation:
This policy shall be void if the Insured has concealed or misrepresented any
material fact or circumstance concerning this insurance or the subject
thereof or in case of any fraud, attempted fraud or false swearing by the
Insured touching any matter relating to this insurance or the subject thereof,
whether before or after a loss.

16. Changes:
Notice to any agent or knowledge possessed by any agent or by any other
person shall not effect a waiver or a change in any part of this policy or
estop the Company from asserting any right under the terms of this policy;
nor shall the terms of this policy be waived or changed, except by endorse-
ment issued to form a part of this policy.

17. Subrogation:
In the event of any payment under this policy, the Company shall be sub-
rogated to all the Insured's rights of recovery therefor against any person
or organization and the Insured shall execute and deliver instruments and
papers and do whatever else is necessary to secure such rights. The Insured
shall do nothing to prejudice such rights.

With respect to Coverages J, X and Y, this insurance shall not be inval-
dated by the Insured waiving in writing prior to loss any or all rights of
recovery against a third party for loss that may occur to the property insured hereunder, when such waiver is given at the time of an impending emergency for the purpose of protecting said property.

18. Assignment:

Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the Named Insured shall die or be adjudged bankrupt or insolvent within the policy period, this policy, unless cancelled, shall, if written notice be given to the Company within sixty (60) days after the date of such death or adjudication, cover (1) the Named Insured's legal representative as the Named Insured, and (2) under Coverages A, B, C, D, E and F, subject otherwise to the provisions of the Definition of Insured, any person having proper temporary custody of the aircraft, as an Insured, until the appointment and qualification of such legal representative but in no event for a period of more than sixty (60) days after the date of such death or adjudication.

19. Inspection and Audit:

The Company shall be permitted but not obligated to inspect the Named Insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Named Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation. The Company shall be permitted to examine and audit the Named Insured's books and records at any time during the policy period and extensions thereof and within three (3) years after the final termination of this policy, or until final settlement of all claims hereunder, whichever is later, as far as they relate to the subject matter of this insurance.

20. Other Insurance:

If the Insured has other insurance (except insurance purchased to apply in excess of the limit of liability hereunder) against a loss covered by this policy the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability of this policy bears to the total applicable limit of liability of all valid and collectible insurance against such loss; provided, however, that with respect to aircraft not owned in whole or in part by the Named Insured, the Named Insured's spouse, or a member of the Named Insured's household, this insurance shall be excess insurance over any other valid and collectible insurance available to the Insured either as an Insured under a policy applicable with respect to the aircraft or otherwise, against a loss covered hereunder.

If collectible insurance (other than insurance purchased to apply in excess hereof) under any other policy of the Company is available to the Insured covering a loss covered hereunder, the Company's total liability shall in no event exceed the greater or greatest limit of liability applicable to such loss under this or any other such policy.
21. Action Against Company:
No action shall lie against the Company unless, as a condition precedent thereto, the Insured shall have fully complied with all of the terms of this policy, and,

(A) with respect to the Liability Coverages, until the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded thereby. Nothing contained in this policy shall give any person or organization a right to join the Company as co-defendant in an action against the Insured to determine the Insured's liability nor shall the Company be impeded by the Insured or his legal representative. Bankruptcy or insolvency of the Insured or the Insured's estate shall not relieve the Company of its obligations herein.

(B) with respect to the Medical Coverage, until thirty (30) days after the required proof of claim has been filed with the Company.

(C) with respect to the Hull Coverages, unless such action for recovery is commenced within twelve (12) months following the physical happening of the occurrence which gave rise to the loss or claim.
If any limitation of time stated herein is prohibited by the laws of the State wherein this policy is issued, then, in that event, no suit or action on this policy shall be sustainable unless commenced within the shortest limitation permitted under the laws of such State.

22. Cancellation:
This policy may be cancelled by the Named Insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the Named Insured at the address shown in this policy written notice stating when not less than thirty (30) days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of the surrender or the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Named Insured or by the Company shall be equivalent to mailing.

If the Named Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. Cancellation of the policy for non-payment of premium shall be deemed cancellation by the Named Insured. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
23. Declarations:
By acceptance of this policy the Insured agrees that the statements in the Declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Company or any of its agents relating to this insurance.
In Witness Whereof, the Company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized agent of the Company.

The coverage provided by this policy is subject to the specific terms and conditions of the entire contract which should be carefully read.

The Index is designed only for the policy holder's convenience in locating items which may be of importance or interest.

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<td>Policy Period, Territory,</td>
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<td>Liability and Medical Payments</td>
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| General Conditions                   |      |
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| Fraud or Misrepresentation           | 11   |
| Changes                               | 11   |
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| Action Against Company               | 13   |
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APPLICATION/DECLARATIONS

Item 1. Name and Address of Named Insured(s):

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

☐ Individual  ☐ Partnership  ☐ Corporation

Item 2. The Policy shall be from 12:01 A.M. local time on _____________________________

........................................................................................................................................ at the address shown in Item 1 to 11:59 P.M.

local time on ............................................................................................................................ at that address.

Item 3. The aircraft will usually be based at ________________________________________

........................................................................................................................................

where it ____________________________ regularly hangared.

(will or will not be)

Item 4. The insurance afforded is only with respect to such and so many of those coverages for which a specific premium charge is indicated below. These premium charges are for those coverages requested by the Named Insured, quoted by the Insurers and accepted by the Named Insured as the limit of the Insurers' liability. The limit of the Insurers' liability against each such coverage shall be as stated herein, subject to all of the terms of this Policy and endorsements to it. When two or more aircraft are insured hereunder, the terms of this Policy shall apply separately to each.

<table>
<thead>
<tr>
<th>Coverages</th>
<th>Limits of Liability</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. BODILY INJURY LIABILITY</td>
<td>$____,000 each person and</td>
<td></td>
</tr>
<tr>
<td>EXCLUDING OCCUPANTS</td>
<td>$____,000 each occurrence</td>
<td></td>
</tr>
<tr>
<td>B. OCCUPANT BODILY INJURY LIABILITY</td>
<td>$____,000 each occupant</td>
<td></td>
</tr>
</tbody>
</table>
C. PROPERTY DAMAGE LIABILITY

D. SINGLE LIMIT BODILY INJURY (EXCLUDING OCCUPANTS) AND PROPERTY DAMAGE

E. SINGLE LIMIT BODILY INJURY (INCLUDING OCCUPANTS) AND PROPERTY DAMAGE

F. MEDICAL PAYMENTS

G. NON-OWNERSHIP BODILY INJURY LIABILITY EXCLUDING OCCUPANTS

H. NON-OWNERSHIP OCCUPANT BODILY INJURY LIABILITY

I. NON-OWNERSHIP PROPERTY DAMAGE LIABILITY

J. NON-OWNERSHIP AIRCRAFT DAMAGE LIABILITY

X. ALL RISKS WHILE NOT IN MOTION

Y. ALL RISKS WHILE IN MOTION

Item 5. Description of Aircraft. The insurance afforded hereby applies to the following aircraft but only while licensed under a “Standard” category airworthiness certificate issued by the Federal Aviation Administration and while the Named Insured is the sole and unconditional owner thereof except as otherwise stated in this Policy.

Item 6. Purpose of Use. This Policy shall apply only while the aircraft is used for the personal, pleasure, family and business purposes of the Insured, but the Policy shall not apply if the aircraft is being used with the knowledge and consent of the Insured for any purpose involving a charge intended to result in financial profit to such Insured unless otherwise indicated herein.
Item 7. Pilots. The Policy will not apply while the aircraft is in flight unless the pilot in command holds an effective certificate issued by the Federal Aviation Administration designating him or her a ____________________________ (or better) pilot with ____________________________

Item 8. During the past five years no insurer has cancelled, declined or refused to renew any aircraft insurance for the Named Insured. Exception if any:

** ____________________________

Item 9. Loss, if any, under Coverages X and Y shall be payable as interest may appear, to the Named Insured and to ____________________________

I/We (has-have) read the above Application/Declarations in their entirety and agree to the terms expressed therein. I/We represent that those facts expressed in Items 1, 3, 4, 5, 8 and 9 are true and correct.

Dated: ____________________________ ____________________________

Producer____________________________

Address_____________________________ Insurers

Countersigned by_____________________ Approved by____________________

________________________________________ Date____________________

Authorized Representative of Company

*Examples
(1) Not less than 200 hours flight experience of which at least 10 hours were as pilot in command in the same model as the insured aircraft.
(2) An instrument rating.
(3) A multi-engine rating.

**Absence of an entry means no exceptions.
BREACH OF WARRANTY AND/OR
LOSS PAYABLE ENDORSEMENT
(Lienholder’s Policy)

Aircraft Physical Damage Coverage
Loss or damage, if any, to any aircraft insured under this policy shall be payable as interest may appear to the Insured and........................................
providing the latter has a financial interest in such aircraft as a Bailment Lessor, Conditional Vendor or Mortgagee, or Assignee of Bailment Lessor, Conditional Vendor or Mortgagee and who hereinafter shall be called the Lienholder.

I. The insurance provided the Leinholder by this policy is the insurance afforded the Named Insured except that the interests of said Lienholder shall not be invalidated by any act or neglect of the Lessee, Mortgagor or Owner of the within described aircraft nor by the change in the title or ownership of the property; provided, however, that:

A. The wrongful conversion, embezzlement or secretion by Purchaser, Mortgagor or Lessee in possession under a mortgage, conditional sale or lease agreement of the aircraft insured is not covered under this policy, unless specifically insured against and premium paid therefor; and,

B. In case the Lessee, Mortgagor or Owner shall neglect to pay any premium due under such policy the Lienholder shall, on demand, pay the same; and,

C. The Leinholder shall notify the Company of any change of ownership or increase of hazard which shall come to the knowledge of said Lienholder, and unless permitted by this policy, it shall be noted thereon and the Lienholder shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise such policy shall be null and void; and,

D. If the Named Insured fails to render proof of loss within the time required by the policy, the Lienholder shall do so within sixty (60) days thereafter, in form and manner as provided by the policy, and further, shall be subject to the provisions of the policy relating to appraisal and time of payment and of bringing suit.

II. Whenever the Company shall be liable to the Lienholder for any sum for loss or damage and shall claim that as to the Named Insured no liability therefor existed, the Company’s liability under the terms of this endorsement shall not in any event exceed the lesser of the following:

A. $__________, the amount of the lien, less the amount of all matured installments other than any unpaid installments not more than thirty (30) days overdue at the time of loss and less unearned interest or carrying charges and unearned financed insurance premium, or
B. ____ percent of the Amount of Insurance applicable to the aircraft.

III. The Company reserves the right to cancel this policy at any time as provided by its terms, but in such case the Company shall notify the Lienholder when not less than thirty (30) days thereafter such cancellation shall be effective as to the interest of said Lienholder therein and the Company shall have the right, on like notice, to cancel this agreement.

IV. In case of any other insurance upon the within described aircraft the Company shall not be liable under this policy for a greater proportion of any loss or damage sustained than the sum hereby insured bears to the whole amount of valid and collectible insurance on said aircraft, issued to or held by any party or parties having an insurable interest therein, whether as Owner, Lienholder, or otherwise.

V. Whenever the Company shall pay the Lienholder any sum for loss or damage under this policy and shall claim that, as to the Lessee, Mortgagor or Owner, no liability thereof existed except by the provision of Paragraph I:

A. The Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the debt, or may at its option, pay to the Lienholder the whole principal due or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the Lienholder to recover the full amount of its claim; and,

B. The Named Insured agrees upon demand of the Company to reimburse the Company to the full amount of such payment.

Nothing herein contained shall vary, alter or extend any provision or condition of the policy other than as above stated.

Authorized Agent
AMENDATORY ENDORSEMENT FOR PART 298 OPERATIONS

As respects the Named Insured's operations which are subject to Part 298 (including prescribed forms and certificates), and any amendments thereto, of the Economic Regulations of the Civil Aeronautics Board (CAB), it is agreed that:

1. The Company, at the request of the Named Insured, has amended this policy by the addition of CAB Standard Endorsement Form 262 and has filed with the CAB the prescribed Certificate of Insurance Form 257;

2. The insurance afforded by this policy to any Insured other than the Named Insured shall respond only to the extent that the liability of the Named Insured under CAB Form 262 and the liability of all other Insureds does not in the aggregate exceed the Company's limit of liability set forth in the policy.

Nothing herein contained shall vary, alter or extend any provision or condition of the policy other than as above stated.

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>Part of Policy No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the hour specified in the policy</td>
<td></td>
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</tbody>
</table>

Issued to

Authorized Agent
STANDARD ENDORSEMENT

Air Taxi Operator Policies of Insurance for Aircraft Bodily Injury and Property Damage Liability

The policy to which this endorsement is attached is hereby amended to assure compliance by the Named Insured, an air taxi operator providing services in air transportation, with the provision of Part 298 of the Economic Regulations of the Civil Aeronautics Board, and is to be considered automatically amended to comply with any changes in such provisions effective after the date hereof.

1. In consideration of the premium stated in the policy to which this endorsement is attached, the Insurer hereby agrees to pay, within the limits of liability for coverages specified in the policy, all sums which the Named Insured shall become legally obligated to pay as damages for bodily injury to or death of persons or for loss of or damage to property of others, resulting from the Named Insured's negligent operation, maintenance, or use of aircraft in "air transportation," as that term is defined in the Federal Aviation Act of 1958. The liability of the Insurer is not contingent upon the solvency or freedom from bankruptcy of the Named Insured.

2. The Insurer also agrees that, unless replaced in accordance with the Civil Aeronautics Board's Economic Regulations 298.45(b), the policy to which this endorsement is attached shall not be cancelled or withdrawn, or modified to reduce the limits of liability, by the Insurer, until after 10 days' written notice by the Insurer, to the Board's Bureau of Operating Rights at its office in Washington, D.C., which 10-day notice period shall commence to run from the date such notice is actually received at the office of the Board. In addition, the Insurer agrees to notify the Board 10 days before the expiration date of the attached policy of insurance, unless the policy has been renewed. Further, the Insurer agrees to notify the Board within 10 days after receipt of notice of cancellation of the policy by the Insured of this action by the Insured.

3. The Insurer further agrees that, within the limits of liability for coverages specified in the policy, no term, condition, limitation, stipulation or other provision contained in the policy or any endorsement attached thereto or any violation thereof by the Named Insured, except the Exclusions contained in this endorsement, shall relieve the Insurer of liability with respect to such bodily injury or property damage. In this connection, the Insurer expressly agrees that no violation by the Named Insured of any safety or economic rule, regulation, order, or other legally imposed requirement of the Federal Aviation Administration or the Civil Aeronautics Board, and no special waiver issued by the Federal Aviation Administration or the Civil Aeronautics Board, shall affect the insurance afforded under this policy.

4. The Insurer further agrees that, while an aircraft owned by the Named Insured and declared in this policy is withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction, such insurance as is afforded by this policy with respect to such aircraft applies also with respect to another aircraft of similar type, horse-power, and seating capacity,
whether or not owned by the Insured, while temporarily used as the sub-
stitute for such aircraft.

5. The Exclusions of the policy to which this endorsement is attached are
deleted and are replaced by the following exclusions:

"Exclusions. Unless otherwise provided in the policy of insurance, the lia-
bility insurance afforded under this policy shall not apply to:

(A) Any loss against which the Named Insured has other valid and col-
collectible insurance, except that the limits of liability provided under
this policy shall be excess of the limits provided by such other
valid and collectible insurance up to the limits certified in a certifi-
cate of insurance, but in no event exceeding the limits of liability
expressed elsewhere in this policy;

(B) (Reserved);

(C) Liability assumed by the Named Insured under any contract or
agreement, unless such liability would have attached to the Insured
even in the absence of such contract or agreement: Provided, how-
ever, that this exclusion shall not apply to the Named Insured's
waiver of liability limitations under the Warsaw Convention by
signing a counterpart to the agreement of carriers (Agreement CAB
18900), as approved by Board Order E-23680, May 13, 1966,
agreeing to a minimum liability for injury or death of passengers
of $75,000 per passenger, or any amendment or amendments to
such agreement which may be approved by the Board and to which
the Named Insured becomes a party;

(D) Bodily injury, sickness, disease, mental anguish or death of any em-
ployee of the Named Insured while engaged in the duties of his
employment, or any obligation for which the Named Insured or
any company as his Insurer may be held liable under any work-
men's compensation or occupational disease law;

(E) Loss or damage to property owned, rented, occupied or used by,
or in the care, custody or control of the Named Insured, or carried
in or on any aircraft with respect to which the insurance afforded
by this policy applies;

(F) Personal injuries or death, or damage to or destruction of property,
caused directly or indirectly, by hostile or warlike action, including
action in hindering, combating or defending against an actual, im-
pending or expected attack by any government or sovereign power,
de jure or de facto, or military, naval, or air forces, or by an agent
of such government, power, authority or forces; the discharge, ex-
plosion or use of any weapon of war employing atomic fission or
atomic fusion, or radioactive materials; insurrection, rebellion,
revolution, civil war or usurped power, including any action in
hindering, combating, or defending against such an occurrence; or
confiscation by any government or public authority;

(G) Any loss arising from operations within any geographic areas other
than the following:

(1) between points in the 48 contiguous states, District of Colum-
bia, Canada and Mexico; and
(2) between any other points in the 'area of operation' described in the Operations Specifications issued by the Federal Aviation Administration in conjunction with its issuance of the ATCO Operating Certificate to the air taxi operator named herein;

*And provided, further,* That a loss caused by mere misadventure in flying over or landing in any geographic area not specified in (1) or (2) above shall not be excluded;

(H) Any loss arising from operations by the Named Insured to or from installations of the Distant Early Warning System (DEW line) or the Ballistic Missile Early Warning System (BMEWS);

(I) Any loss arising from operation of an aircraft (1) without a co-pilot, if one is required under the attached policy of insurance or (2) by a pilot (or pilot and copilot) not named in or meeting the qualification, experience, and currency requirements provided in the attached policy of insurance;

(J) Any loss arising from the ownership, maintenance or use of any aircraft of a type or class not specified for coverage in the policy, or any aircraft not declared to the Insurer in accordance with the terms and conditions of this policy, other than substitute aircraft as authorized in paragraph 4 hereof;

(K) Any loss arising from operations other than the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft, in interstate, overseas, or foreign air transportation;

(L) Any loss arising from operation with aircraft for which an airworthiness certificate has not been issued, has been surrendered, or has been suspended or revoked by the Administrator of the Federal Aviation Administration, or has expired by its terms."

6. The Named Insured will promptly reimburse the Insurer for payments made by the Insurer which the Insurer would not have been obligated to make except for the provisions of this endorsement.

7. Any exclusions, conditions or provisions of this endorsement that have the effect of restricting or nullifying the coverage granted by this policy in the absence of this endorsement shall not apply.

Attached to the forming part of Policy No(s) ..........................................................

Issued by: ..............................................................................................................

To: ......................................................................................................................

Date: ......................................................... By: .................................................

(Authorized Representative of Insurer)
CERTIFICATE OF INSURANCE

Air Taxi Operator Policies of Insurance for Aircraft Bodily Injury and Property Damage Liability

This Certifies That:

(Name and address of Insurer)

has issued a policy or policies of Aircraft Liability Insurance to .................

(Name and address of Air Taxi Operator)

(Named Insured)

effective from ___________________________ to ___________________________

The Insurer is licensed to issue aircraft insurance policies ( ) or is an approved surplus line insurer ( ) in the State(s) of ___________________________.

The types and limits of liability assumed by the Insurer under such policy or policies are as follows:

(include amount of single liability coverage if applicable)

<table>
<thead>
<tr>
<th>Separate Policy No. Coverages</th>
<th>Type of Liability</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bodily Injury excluding passengers</td>
<td>$75,000 each person</td>
<td>$300,000 each occurrence</td>
</tr>
<tr>
<td>Property Damage</td>
<td>$100,000 each occurrence</td>
<td></td>
</tr>
<tr>
<td>Passenger Bodily Injury</td>
<td>$75,000 each person</td>
<td>$75,000 × 75% of passenger seats for each occurrence</td>
</tr>
</tbody>
</table>

Combined Coverages

Combined Single Limit for Bodily Injury excluding Passengers, Property Damage and Passenger Bodily Injury

The single occurrence limit is the sum of the occurrence limits for the separate coverages, subject to a Passenger Bodily Injury limit of not more than $ each person.
(1) The Policies listed in this certificate insure operations conducted with aircraft falling within the following groups:

OR (2) The following aircraft are covered by the above policy or policies:

<table>
<thead>
<tr>
<th>FAA Registration</th>
<th>Manufacturer's Type</th>
<th>Passenger Seats Installed**</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAA Registration</td>
<td>Manufacturer's Type</td>
<td>Passenger Seats Installed**</td>
</tr>
</tbody>
</table>

** Include co-pilot seat if available for passenger.

Each policy listed in this certificate has been amended by attachment of a Standard Endorsement Form and does not cover operations except

(1) In the geographic area of operations set forth in the Operations Specifications issued by the FAA in conjunction with its issuance of the ATCO operating certificate to the air taxi operator listed on page 1 of this certificate (specify applicable geographic areas)

.................................................................; and

(2) In the following operations:

(Specify area) .................................................................

.................................................................

(Name of Insurer)

(Name of Broker, if applicable)

Date: ................................................................. By: .................................................................

(Officer, or authorized representative)
Comments and Case Notes