

## AIRCRAFT INSURANCE POLICY TABLE OF CONTENTS

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## PART 1. YOUR POLICY AND COVERAGES

This is your Aircraft Insurance Policy; it is designed to meet a variety of your business and personal aircraft insurance needs.

A number of different coverages are available under this policy. Some protect you against physical damage or loss to your aircraft. Others offer you protection against claims by someone else against you for **property damage** or **bodily injury**. The different coverages available are described in the text of the policy.

The phrase "on the Coverage Data Page" means the page titled "Coverage Data Page" and also includes any amendment added to this policy.

**You have only those coverages for which a premium is shown on the Coverage Data Page.**

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 help you understand the coverage.

Throughout this policy, the words "you" and "your" mean the person(s) or organization(s) named in the **Named Insured** section on the Coverage Data Page. "We", "us" and "our" mean Old Republic Insurance Company of Canada. Some of the terms appearing in this policy have a specific meaning and are defined for you in the **Glossary** located on page 19.

### Your Aircraft

When we refer to "your aircraft" in this policy, we mean your airplane or helicopter described on the Coverage Data Page, including the following:

- the radio, navigation and operational equipment usually attached;
- any temporarily detached parts even if they have been replaced by similar parts. *This coverage shall be excess insurance over any other valid and collectible insurance available to you;*
- any repair equipment or tools that are standard by the manufacturer for your aircraft and that are located in your aircraft.

You must own your aircraft solely or in part or you must have the right to use it under a written lease of at least one year.

### Purpose of flight

Your aircraft, or any Substitute, Other or Newly Acquired Aircraft covered in this policy, must be used either for personal or business purposes, including the transportation of executives, employees, customers and guests. However, you cannot charge any person or organization for using your aircraft for anything other than reimbursement of the direct operating expenses of the aircraft. If your aircraft is used for any other purpose and you or anyone else protected by this policy knows about this unauthorized use and agrees to it, we will not provide any coverage under this policy.

If you or anyone else protected by this policy knowingly uses your aircraft to unlawfully traffic in, or carry, persons, drugs, narcotics or other contraband, we will not provide any coverage under this policy.

### Who can fly your aircraft

When your aircraft is in flight, your aircraft must be operated by the pilot or pilots named in the Pilot Qualification Amendment attached to this policy, or who meet the minimum qualifications described in that amendment; otherwise, there is no coverage.

While your aircraft is being held by others for repair, storage, maintenance, or servicing by a Transport Canada approved repair facility for the purpose of maintenance or repair, the Pilot Qualification Amendment will not apply, provided you do nothing that would affect our rights under the Recovering Damages from Other People section of your policy.

### When your aircraft is in flight

A fixed wing airplane is in flight from the time it enters the runway to start its takeoff run until the time it completes its landing run and exits the runway. A helicopter is in flight from the time the rotors start to revolve under power for the purpose of flight until they stop revolving.

### Where you can fly your aircraft

You are covered during the **policy period** while your aircraft is within the following territorial limits: Canada, the French Islands of St. Pierre and Miquelon, the United States of America and its territories and possessions, Puerto Rico, Mexico, the Bahamas, Caribbean islands and Central America. You are also covered while traveling between these points.

You are covered if your aircraft flies outside the policy territory only if it does so because of:

- a navigational error, or
- necessary pilot action that could not reasonably have been avoided.

### **Mexico Insurance Warning**

#### **When you fly your aircraft to Mexico.**

Mexico has specific requirements regarding aircraft insurance. It may be necessary for you to secure insurance coverage from a company licensed under the laws of Mexico in order to avoid complications that could include the possible impoundment of your aircraft and even time in jail. Speak to your agent or broker about current requirements and obtaining proper evidence of coverage.

## PART 2. AIRCRAFT PHYSICAL DAMAGE COVERAGE

This part of the policy describes the two kinds of coverage that are available under the policy to protect you against direct and accidental physical damage to or loss of your aircraft. These two kinds of coverage are Comprehensive Physical Damage Coverage and Limited Physical Damage Coverage.

**The type of coverage you have is the one for which premium is shown on the Coverage Data Page.**

### Comprehensive Physical Damage Coverage

If you have this kind of coverage, you are protected if your aircraft suffers any kind of direct and accidental physical damage or loss. You are also protected if your aircraft is stolen or if it disappears after takeoff and is not found or heard from within 60 days. However, you are not protected against the types of losses described in the **Losses Not Covered** section below.

### Limited Physical Damage Coverage

If you have this kind of coverage, you are only protected if your aircraft suffers any kind of direct and accidental physical damage or loss, or is stolen, while it is not **in motion**.

However, you are not protected against the type of losses described in the **Losses Not Covered** section below.

### Losses Not Covered

Whether you have Comprehensive or Limited Physical Damage Coverage, we will not cover the following:

**Loss of Use.** We will not cover any loss, expense or damage that results because your aircraft cannot be used.

**Consequential Loss of Value.** We will not cover any residual depreciation or diminution in the value of your aircraft, either before or after repairs have been made.

**Other Landing Gear Configurations.** We will not cover any loss while the aircraft is being operated on floats or skis unless declared as such on the Coverage Data Page or as amended.

**Personal effects.** We will not cover loss of clothing or other personal items including but not limited to money, jewelry, legal papers, business documents, passports or tickets.

**Wear and Tear.** We will not cover damage to your aircraft caused by and confined to freezing, deterioration, corrosion, erosion, mold, mildew or any other form of wear and tear. However, if the wear and tear results in damage that would otherwise be covered by this policy, we will cover the resulting damage.

**Example:** Corrosion found on a control surface such as an elevator would not be covered. However, if the elevator fell apart and caused the aircraft to crash, we would cover the crash damage but not the elevator.

**Example:** Your aircraft engine fails and the wing becomes damaged during the resulting off airport landing. The engine failure is not covered, but the resulting damages to the wing would be covered through this policy.

**Mechanical Breakdown.** We will not cover damage to your aircraft caused by and confined to mechanical, pneumatic, structural, electrical, electronic or any other form of breakdown, malfunction or failure. This includes any damage caused in whole or in part by a defective product or an act of negligence. However, if the breakdown, malfunction or failure results in damage that would otherwise be covered by this policy, we will cover the resulting damage. Any system or group of components comprising a system will be considered a single unit and not covered.

**Example:** An electrical surge due to a malfunctioning voltage regulator causes the landing gear not to operate. The damage from the gear-up landing would be covered, but the repair of the voltage regulator, electrical system and avionics would not.

**Engines.** The Wear and Tear and Mechanical Breakdown provisions described above apply to engines and to any engine component, accessory, exhaust system, turbocharger or part of the engine, all of which are considered to be one mechanical unit.

**Example:** An alternator gear fails and causes the engine to become contaminated with metal. There is no coverage for the alternator or the removal of contamination from the internal engine components or subsequent catastrophic failure of the engine.

**Example:** The turbocharger fails and the turbocharger blades are ingested into the engine. There is no coverage for the turbocharger or the engine as they are considered one mechanical unit.

In addition, the following types of engine damage are not covered:

- Heat damage caused by the operation, attempted operation or shutdown of the engine.
- Ingestion of any engine part, engine component or engine accessory. Damage caused by ingestion of other foreign objects is covered, provided such damage results from a single recorded event noted during ground run-up or while the aircraft is **in motion** and the engine requires immediate repairs in compliance with the manufacturer's requirements. The **in motion** deductible shown on the Coverage Data Page will apply. If the damage is discovered at the time of inspection or overhaul, you must establish that the damage occurred during your **Policy Period** and that the foreign object's initial damage area exceeds the manufacturer's acceptable limits for continued service.

**War, Hijacking and other Perils.** We will not cover any physical damage claim that results from:

- (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
  - i) hostile detonation of any device employing atomic or nuclear fission and/or fusion or other like reaction,
  - ii) hostile use of radioactive contamination or matter,
  - iii) hostile use of an electromagnetic pulse,
  - iv) use of chemical or biological materials that are poisonous or pathogenic arising from 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, or use of such materials for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (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 or control of the aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the aircraft acting without the consent of the Insured. For the purpose of this exclusion (g) only, an aircraft is considered to be in flight at any time from the moment when all its external doors are closed following embarkation until the moment when any such door is opened for disembarkation or when the aircraft is in motion. A rotor-wing aircraft shall be deemed to be in flight when the rotors are **in motion** as a result of engine power, the momentum gathered therefrom, or autorotation.

Furthermore this Policy does not cover claims arising while 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).

**Date Recognition.** This Policy does not cover any claim, damage, injury, loss, cost, expense or liability (whether in contract, tort, negligence, product liability, misrepresentation, fraud or otherwise) of any nature whatsoever arising from or occasioned by or in consequence of (whether directly or indirectly and whether wholly or partly):

- (a) the failure or inability of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) to accurately or completely process, exchange or transfer year, date or time data or information in connection with any change of year, date or time; whether on or before or after such change of year, date or time;
- (b) any implemented or attempted change or modification of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) in anticipation of or in response to any such change of year, date or time, or any advice given or services performed in connection with any such change or modification;

- (c) any non-use or unavailability for use of any property or equipment of any kind whatsoever resulting from any act, failure to act or decision of the Insured or of any third party related to any such change of year, date or time;

and any provision in this Policy concerning any duty of Insurers to investigate or defend claims shall not apply to any claims so excluded.

**Conversion, Embezzlement, Sale or Disposition.** If someone comes into possession of your aircraft, legally and subsequently interferes with your right of possession or sells or disposes of your aircraft, we will not cover any loss, expense or damage you sustain as a result of that sale, disposal or deprivation of use.

**Financial interest.** We will not cover damage or loss to your aircraft unless all financial interests anyone has in your aircraft are fully disclosed on the Coverage Data Page.

**Third parties.** Your Physical Damage Coverage is designed to protect you and any lienholder named on the Coverage Data Page. We will not make payment under Physical Damage Coverage to anyone not named on the Coverage Data Page for any losses suffered by someone else who is legally using your aircraft or holding it for repair, storage, maintenance, or servicing.

## Payments under Physical Damage Coverage

In this section, we describe the payments we will make if your aircraft suffers a total or partial loss, or if it is stolen.

**Coverage limit.** The coverage limit for Physical Damage Coverage is shown on the Coverage Data Page. This amount is the most we will pay for a loss of or damage to your aircraft.

**Total loss.** Your aircraft is a total loss or constructive total loss if:

- it disappears after takeoff and is not found or its whereabouts are unknown for 60 days; or
- it is stolen and not recovered within 60 days; or
- the cost to repair it, plus the amount determined by us to be the value of its salvage, is greater than or equal to your coverage limit.

If your aircraft is a total loss or a constructive total loss, we will pay your coverage limit minus any deductible that applies.

**Partial loss – you make repairs.** If your aircraft is damaged, but is not a total loss or a constructive total loss, and you elect to repair your aircraft, we will pay you the following items, less any deductible that applies:

- the cost of required material and parts of similar kind and quality; and
- actual wages paid at the current straight-time rate, at the place of repair, plus 100% of this amount to cover the cost of any overhead including supervision. We will not pay any overtime paid by you.

**Partial loss – someone else makes repairs.** If your aircraft is damaged, but is not a total loss or a constructive total loss, and someone else makes repairs, we will pay for repairs to your aircraft with material and parts of a similar kind and quality, less any deductible that applies. We will not pay any overtime charged to you nor will we pay for repair costs that exceed the reasonable and necessary costs to repair the aircraft.

Whether you or someone else makes repairs to your aircraft, we will also reimburse you for the cost to transport your aircraft by the least expensive of the following means:

- the cost of transporting damaged parts from the site of the loss to the most practical place where they can be repaired;
- the cost of transporting replacement parts from the place nearest the site of the loss; or
- the cost of transporting the aircraft to the most practical place where it can be repaired and then back to the place of the loss or your home airport, whichever is closer.

Whether you or someone else makes repairs, the words “similar kind and quality” mean similar kind and quality, less any allowance for physical deterioration and depreciation. If the repair or replacement of damaged parts results in better than similar kind and quality, you must pay for any **betterment**.

**Theft.** If your aircraft is stolen and later found, we will pay the cost of the least expensive method to return it to the place from which it was stolen or to its home airport, whichever is closer. We will do this after any necessary repairs have been completed if required.

**Deductible.** The deductible is the amount that we will subtract from any payment that we make for a covered loss. There

is no deductible for losses that are caused by fire (not started in or by your aircraft), lightning, explosion, transportation, theft, robbery or pilferage. However, if a deductible is shown on the Coverage Data Page, the deductible will apply if your aircraft catches fire or explodes due to damages that would otherwise be recoverable under this policy.

You may have an **in motion** and/or a **not in motion** deductible shown on your Coverage Data Page. Each time your aircraft suffers a covered loss we will subtract the applicable deductible amount and pay the rest of the covered loss up to the applicable coverage limit shown on the Coverage Data Page. If you have several aircraft covered under this policy, and two or more of them suffer a loss, a deductible will apply separately to each aircraft.

**When we will pay.** We will pay for a covered loss within 60 days after we reach an agreement with you about the amount of the loss, or a final court judgment is entered, or an appraisal award is filed with us. You must comply with all terms of this policy before we pay.

**Recovered loss.** If any lost or stolen property is found before we pay for it, we have a right to return the property to you and pay for any damage to it. If any lost or stolen property is found after we pay for it, we have the right to take possession of the property and sell it for whatever value we can get.

**Salvage.** If your aircraft has suffered a total loss or a constructive total loss, and we have paid for that loss, we have the right to take possession of the wreckage and sell it for whatever salvage value we can get, but you agree not to abandon the damaged aircraft to us without our consent. Also, we will not be responsible for the wreckage unless we agree to assume that responsibility.

## Amount of Insurance after a Loss

If your aircraft is damaged, we will reduce the amount of coverage on your aircraft by the amount of the damage. We will do this as of the date of the damage, whether or not it is covered by this policy. As repairs are completed, we will increase the amount of coverage by the value of these repairs until the original amount of coverage is restored or this policy expires.

**Example:** Suppose one wing, the fuselage and the landing gear are damaged in an accident. The amount of the damage is \$6,000. If your coverage limit is \$50,000, we would reduce that coverage limit by \$6,000 to \$44,000. If the wing is repaired and valued at \$2,000, we would increase your coverage limit by this amount. Your coverage limit would now be \$44,000 + \$2,000 = \$46,000. As the other repairs are completed, the value of your coverage limit will increase until the \$50,000 coverage limit is restored.

## Appraisal

If there is damage to or a loss of your aircraft, and we cannot agree with you on the amount of the damage or loss, the following procedure will be utilized to settle the disagreement.

1. Either you or we can request in writing that the dispute be settled by appraisal within 60 days of the time we receive your proof of loss. Each side will then select an appraiser and notify the other of that choice within 21 days of the initial request for appraisal.
2. The appraisers will select an impartial umpire who is experienced in valuing aircraft, their equipment and parts. If the two appraisers cannot agree on an umpire within 15 days, either you or we can ask that a qualified umpire be appointed by a judge of the state or province where the aircraft is located.
3. The two appraisers will independently assess the loss for each item and submit any differences to the umpire. Subsequent agreement by any two of these three persons will determine the amount of the loss.
4. You will pay your appraiser and we will pay ours. Each side will share equally any other costs of the appraisal and the cost of the umpire.

## PART 3. AIRCRAFT LIABILITY COVERAGE

This part of the policy describes this policy's Liability Coverage which protects you against certain types of claims that someone else makes against you.

### Who Is Covered

Besides you, certain other people and organizations are covered under this part of the policy. They are:

- Any person who is a **passenger** in your aircraft with your permission;
- Any person or organization that uses your aircraft with your permission for a covered purpose or is legally responsible for the use of your aircraft for a covered purpose.
- Any of your employees while they are performing work for you.

For purposes of this part of the policy only, the words "you" and "your" include these other people and organizations.

If two or more people or organizations are covered by this part of the policy, each one is covered separately. But the most we will pay for all covered claims resulting from any one **occurrence**, no matter how many people are covered by this part of the policy, is the Liability Coverage limit shown on the Coverage Data Page.

### Who Is Not Covered

We will not cover certain people and organizations. They are:

- Any person or organization that manufactures or sells aircraft, aircraft engines or accessories, or that is engaged in an aircraft repair shop, aerial application service, airport, hangar, aircraft sales agency, pilot training center, commercial flying or commuter air service or flying school; or any person or organization providing pilot services or flight instruction, if the occurrence arises from these activities;
- Any officer, director, or employee of a company we cover under this part of the policy who, while in the course of his or her work for that company, causes **bodily injury** to another employee, officer or director of the same company.

### What We Will Pay

This section describes the kinds of claims we will cover, and the coverage limits that apply, provided you have Liability Coverage shown on the Coverage Data Page.

If you have two or more aircraft, your Liability Coverage limits apply separately to each aircraft.

### Bodily Injury and Property Damage Coverage

This coverage will pay on your behalf any claim that someone else makes against you for **bodily injury** or **property damage** to someone else's property, if you are legally liable for that bodily injury or property damage, and also if the **bodily injury** or **property damage** takes place during the **policy period** as a result of an **occurrence** involving your aircraft.

**Single limit coverage.** If you purchased **bodily injury** and **property damage** coverage without coverage limits for "each **passenger**" and without coverage limits for "each person," then the single limit on coverage for **bodily injury** and **property damage** is the amount indicated by the "each **occurrence**" limit shown on the Coverage Data Page. This coverage limit is the most we will pay for all **bodily injury** and **property damage** losses that result from an **occurrence**, regardless of the number of persons bringing a claim or the number of claims made against you, as a result of any one **occurrence**.

**Example:** Suppose your single limit coverage for **bodily injury** and **property damage** is \$1,000,000 and the Coverage Data Page does not indicate that your policy has an "each **passenger**" or "each person" coverage limit. An **occurrence** results in a covered **bodily injury** claim for \$700,000 and a covered **property damage** claim for \$500,000. Even though the total amount claimed or awarded is \$1,200,000, the most we will pay is your "each **occurrence**" coverage limit of \$1,000,000.

**Each Passenger Coverage limits.** If the Coverage Data Page shows a coverage limit for "each **passenger**," that amount

is the most we will pay for all claims and all **derivative claims** arising or resulting from **bodily injury** to any one **passenger** in an **occurrence**. The “each **occurrence**” limit is the most we will pay for all **bodily injury** and **property damage** claims that result from any **occurrence**, regardless of the number of persons bringing claims or the number of claims made against you.

**Example:** Suppose you have an “each **passenger**” limit of \$100,000 and an “each **occurrence**” limit of \$1,000,000. Four **passengers** and two persons on the ground are physically injured in an **occurrence**. The most we will pay for claims by any one of the four passengers, together with derivative claims by that passenger’s family members is \$100,000. The most we will pay for all claims resulting from injuries to all four passengers, including **derivative claims** by family members is \$400,000. Finally, the most we will pay for all claims under the policy inclusive of claims for passenger bodily injury is \$1,000,000.

**Each Person Coverage limits.** If the Coverage Data Page shows a coverage limit for “each person,” that amount is the most we will pay for all claims and all **derivative claims** arising or resulting from **bodily injury** to any one person in an **occurrence**. The “each **occurrence**” limit is the most we will pay for all **bodily injury** and **property damage** claims that result from any **occurrence**, regardless of the number of persons bringing claims or the number of claims made against you.

**Example:** Suppose you have an “each person” limit of \$100,000 and an “each **occurrence**” limit of \$500,000. Four **passengers** and two persons on the ground are physically injured in an **occurrence**. The most we will pay for claims by any one of those six persons, together with **derivative claims** by that person’s family members, is \$100,000. The most we will pay for all claims resulting from injuries to all six persons, including **derivative claims** by family members, is \$500,000.

**Airport premises accidents.** If you are legally liable for **bodily injury** or **property damage** that takes place during the **policy period** as the result of an **occurrence** involving your use or maintenance of the premises where you park or store your aircraft, we will pay on your behalf any such legal liability for that **bodily injury** or **property damage**. This coverage is part of and not in addition to the Liability Coverage limit, and the total amount we will pay for all **bodily injury** and **property damage** arising from any one **occurrence** is the “each **occurrence**” amount indicated on the Coverage Data Page. If you have more than one aircraft insured under this policy, the most we will pay is still one “each **occurrence**” limit.

## Additional Liability Coverage

In addition to the Liability Coverage limit shown on the Coverage Data Page, this policy provides the additional coverages described in this section.

**Defending lawsuits.** If a lawsuit is brought against you that is covered by this part of the policy, we will pay to defend you against the lawsuit even if the lawsuit is groundless or false. We will also pay any post-judgment interest that you owe on that part of a judgment we pay.

We may investigate and settle any claims against you in any way we think reasonable and appropriate. We will not pay a claim or defend a lawsuit after we have paid the applicable Liability Coverage limit by settlement or judgment.

**Loss of salary.** We may make a specific request that you assist us in connection with a claim or lawsuit. If we do this, we will reimburse you for your actual loss of salary or wages and for reasonable costs you incur, but not for loss of other income.

**Example:** If you must take time off from your job as an aircraft designer, and lose part of your regular salary, we will reimburse you. But if you lose a commission because you are unavailable during the trial, we will not reimburse you.

**Payments for bonds.** We will pay premiums on appeal bonds and bonds to release any property and personal effects that are being held as security. But we will not pay more than the applicable Liability Coverage limit.

We will also pay up to \$500 for each bail bond you need as a result of an **occurrence** or violation of a civil aviation rule involving your aircraft. But we have no obligation to apply for or furnish such bonds.

**Financial responsibility laws.** If your policy is certified as proof of insurance under any aircraft financial responsibility law, we will pay up to the minimum amounts required by such laws, even if we must pay more than your coverage limits under this policy. If we do, you agree to reimburse us for the amount we pay that is greater than what we would otherwise have paid under this policy.

## Liability Losses Not Covered

There are certain types of claims we will not cover.

**Bodily Injury to the Named Insured.** We will not cover any claim for **bodily injury**, including death, to any **Named Insured**.

**Property.** We will not cover damage to any property that the **Named Insured** owns, rents, controls, transports, uses or legally possesses. But we will cover the personal effects of each **passenger** involved in an **occurrence** up to a limit of \$5,000, and we will also pay up to \$25,000 for damage during the **policy period** to hangars and their contents you do not own, but these limits are part of the Liability Coverage limit shown on the Coverage Data Page, not in addition to that limit.

**Contracts.** If you sign an agreement that obligates you to assume any liability of someone else, we will not cover that liability unless:

- The government requires you to sign an agreement before you can use an airport; or
- You would have had that liability whether or not you signed the agreement.

**Losses by employees, officers and directors.** We will not cover the following:

- Claims for **bodily injury** by any of your employees, officers or directors, if they were hurt or died in the course and scope of their work for you; or
- Claims for which you or any insurance company as your insurer is responsible under any unemployment compensation, workers' compensation, disability benefits or other similar laws.

**Intentional injury.** We will not cover any **bodily injury** or **property damage** that you intentionally caused, or that is intentionally caused at your direction. However, if you attempt to prevent interference with the safe operation of your aircraft (for example, the prevention of a hijacking), we will cover any **bodily injury** that arises in connection with that attempt.

**Professional services.** We will not cover any claim that results from the performance of any professional services, or the failure to render such services. Professional services include medical treatment by a doctor, nurse or other professional qualified to perform these services.

However, if you are legally liable for damage to a corpse carried in an aircraft covered under this policy, you will be covered under Liability Coverage for damage to the corpse, provided you have this coverage as shown on the Coverage Data Page.

**Noise and Related Phenomena.** We will not cover any claim for **property damage** or **bodily injury** directly or indirectly caused by:

- noise (whether heard by the human ear or not), vibration, sonic boom or similar phenomena caused by the movement or operation of an aircraft or any of its parts; and,
- any interference with the quiet enjoyment of the property of others caused by noise resulting from or related to the operation of an aircraft or any of its parts.

**Pollution and Contamination.** We will not cover any claim for **bodily injury** or **property damage** directly or indirectly caused by pollution and/or contamination of any kind whatsoever directly or indirectly caused by or arising from the actual, alleged or threatened presence, discharge, dispersal, seepage, migration, release or escape of "pollutants" and/or "contaminants", no matter how caused, no matter where, no matter by whom:

- (a) at, within or from any aircraft, premises, site or location which is or was at any time owned, occupied by, or rented or loaned to any "insured";
- (b) at, within or from any aircraft, premises, site or location which is or was at any time used by or for any person or organization for the handling, storage, disposal, processing or treatment of waste;
- (c) which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom an insured may be legally responsible;
- (d) at, within or from any aircraft, premises, site or location on which an "insured" or any person or organization or contractors or subcontractors working directly or indirectly on an insured's behalf are performing operations:
  - (i) if the "pollutants" or contaminants are brought on, within or to the aircraft, premises, site or location or the atmosphere in connection with such operations of any person or organization, contractor or subcontractor; or,
  - (ii) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants" or asbestos.

We will not cover any loss, cost or expense arising out of any:

- (a) request, demand or order that any person or organization test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "contaminants"

(b) claim or suit by or on behalf of a governmental authority for damages because of testing, detoxifying or neutralizing, or in any way responding to, or assessing the effects of “pollutants”, “contaminants”

“Pollutants” and “contaminants” mean any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, smoke, vapor, silica, soot, fumes, acids, alkalis, fuels, oil, bacteria, fungus, chemicals and waste; or any material which is identified in any private or governmental study or report as requiring removal or remediation, or any material listed as a possible or probable carcinogenic by any private or governmental agency. Waste includes materials to be recycled, reconditioned or reclaimed, whether or not the materials have been disposed of by an insured or any person or organization handling the material.

However, only as respects operation of an aircraft by an insured, this section will not apply to pollution or contamination resulting from a crash or collision of the aircraft, or which results from an emergency causing abnormal operation of the aircraft.

**Asbestos.** We will not cover any claim for **bodily injury** or **property damage** directly or indirectly caused by asbestos or the exposure to asbestos, asbestos fibers, asbestos dust, or any product or material containing asbestos or the failure of any product or material containing asbestos or the existence of asbestos in any place or thing in the atmosphere, land, or any water course or body of water.

In addition, we will not pay for any loss, cost or expense incurred out of the testing for, monitoring, cleaning up, containing, treating, protecting against, or removing asbestos or any product or material containing asbestos.

We will not cover any obligation to defend or indemnify due in whole or in part to any claim or suit against you alleging damages arising from or related to asbestos that has been excluded in the paragraphs above.

**Interference with the use of property.** We will not cover any claim for **bodily injury** or **property damage** directly or indirectly caused by:

- the interference with the use of any property;
- any trespass to person or property committed by or at your instruction.

**Mold.** We will not cover any claim for **bodily injury** or **property damage** directly or indirectly caused by mold or mildew.

**War, Hijacking and other perils exclusion clause (Aviation).** 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
  - i) hostile detonation of any device employing atomic or nuclear fission and/or fusion or other like reaction,
  - v) hostile use of radioactive contamination or matter,
  - vi) hostile use of an electromagnetic pulse,
  - vii) use of chemical or biological materials that are poisonous or pathogenic arising from 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, or use of such materials for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (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 or control of the aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the aircraft acting without the consent of the Insured. For the purpose of this exclusion (g) only, an aircraft is considered to be in flight at any time from the moment when all its external doors are closed following embarkation until the moment when any such door is opened for disembarkation or when the aircraft is in motion. A rotor-wing aircraft shall be deemed to be in flight when the rotors are **in motion** as a result of engine power, the momentum gathered therefrom, or autorotation.

Furthermore this Policy does not cover claims arising while 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).

**Date Recognition.** This Policy does not cover any claim, damage, injury, loss, cost, expense or liability (whether in contract, tort, negligence, product liability, misrepresentation, fraud or otherwise) of any nature whatsoever arising from or occasioned by or in consequence of (whether directly or indirectly and whether wholly or partly):

- (a) the failure or inability of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) to accurately or completely process, exchange or transfer year, date or time data or information in connection with any change of year, date or time; whether on or before or after such change of year, date or time;
- (b) any implemented or attempted change or modification of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) in anticipation of or in response to any such change of year, date or time, or any advice given or services performed in connection with any such change or modification;
- (c) any non-use or unavailability for use of any property or equipment of any kind whatsoever resulting from any act, failure to act or decision of the Insured or of any third party related to any such change of year, date or time;

and any provision in this Policy concerning any duty of Insurers to investigate or defend claims shall not apply to any claims so excluded.

## PART 4. MEDICAL COVERAGE

This part of the policy describes the Medical Coverage available under this policy. Medical Coverage payments are made no matter who is responsible for causing an **occurrence**.

**If you have Medical Coverage, it will be shown on the Coverage Data Page.**

### What We Will Pay

We will pay the kinds of medical expenses described below, up to the applicable coverage limit, provided that you have this type of coverage shown on the Coverage Data Page.

**Medical Expenses.** If **passengers** sustain **bodily injury** as the result of an **occurrence**, we will pay the reasonable medical expenses they incur within a year of the **occurrence**. But we will pay these expenses only up to the applicable coverage limits. Reasonable medical expenses include:

- Fees for doctors, surgeons, and dentists;
- Costs for ambulance, x-ray and hospital services;
- Fees for professional nurses;
- Costs for prosthetic devices.

If a **passenger** dies within a year of an occurrence, as a result of injuries suffered in that occurrence, we will pay reasonable funeral expenses to the passenger's surviving spouse, or to his or her estate.

**Coverage limits.** Your Medical Coverage has a limit for "each **passenger**" shown on the Coverage Data Page. This limit is the most we will pay for all medical and funeral expenses incurred by each **passenger** as the result of any one **occurrence**. If we make any payments, we will apply them against your Medical Coverage limit.

We have the right to pay the injured **passenger** directly or to pay the organization or person providing the medical service. Any payment we make will not be an admission of your legal liability.

**Proof of medical services.** Before we make any payments under your Medical Coverage, we require that the injured **passenger**, or someone representing him or her, give us a written statement proving that medical services were received. The statement must reach us within 90 days after we request it and must include:

- the name and address of each person or organization providing the services;
- the dates the services were provided; and
- the amounts paid for the services.

Also, the statement must give us permission to obtain medical reports and copies of records.

We must receive proof of the services as soon as:

- the medical services are completed; or
- the cost of these services equals or exceeds the "each **passenger**" limit; or
- one year passes from the date of the **occurrence**.

## PART 5. SUBSTITUTE, OTHER AND NEWLY ACQUIRED AIRCRAFT

This part of the policy describes the coverage you have for aircraft not described on the Coverage Data Page. For example, you may rent a substitute aircraft if your aircraft is temporarily unavailable for use. Or you may use other aircraft even when your aircraft is available. Or you may acquire one or more additional aircraft after the beginning of the **policy period**.

The kind of coverage you have under these circumstances is described in this part.

### Use of Substitute Aircraft

If we insure all aircraft that you own or lease, we will extend your Liability and Medical Coverages to include your permissive and lawful use of a substitute aircraft if your aircraft is lost or destroyed, or if it is disabled or being repaired or serviced. But the following conditions will apply:

- The substitute aircraft must not be owned in whole or in part by you, or furnished to you for your regular use.
- The substitute aircraft must have a Certificate of Airworthiness issued by Transport Canada or have an equivalent certificate issued by another government.
- The substitute aircraft cannot be leased by you.
- If your aircraft described on the Coverage Data Page is a fixed wing aircraft, the substitute aircraft must also be a fixed wing aircraft though it may not be an Ultra-light, advanced Ultra-light, Amateur Built, Homebuilt or any aircraft which falls under the Owner Maintenance Program as defined by Transport Canada.
- The substitute aircraft cannot be a helicopter, unless your policy already covers a helicopter.
- If your aircraft which was withdrawn from use is a single-engine aircraft, the substitute aircraft must also be a single-engine aircraft. However, if your aircraft which was withdrawn from use is a multi-engine aircraft, the substitute aircraft may be either a single-engine or multi-engine aircraft.
- If your aircraft described on the Coverage Data Page is powered by a reciprocating engine, the substitute aircraft must also be powered by a reciprocating engine. However, if your aircraft described on the Coverage Data Page is powered by a turbine powered engine, the substitute aircraft may be powered by either a reciprocating engine or a turbine powered engine.
- The substitute aircraft must not have a maximum type certificated gross take off weight of more than 12,500 pounds nor can it have a maximum type certificated seating capacity (including crew) of more than 7 seats.
- This policy does not cover the owner of the substitute aircraft or any of that owner's employees, officers or directors.

### Use of Other Aircraft

If we insure all aircraft that you own or lease, we will extend your Liability and Medical Coverages to include your permissive and lawful use of another aircraft. If the **Named Insured** on the Coverage Data Page is an individual, we will also extend this coverage to the **Named Insured's** spouse (if he or she lives in your household) and to both the **Named Insured** and his or her spouse if another aircraft is used on behalf of the **Named Insured** or his or her spouse. But the following conditions must be satisfied in order for this extension of coverage to apply:

- The other aircraft must not be owned in whole or in part by you, or furnished to you for your regular use.
- The other aircraft must have a Certificate of Airworthiness issued by Transport Canada or have an equivalent certificate issued by another government.
- The other aircraft cannot be leased by you, your spouse or any other member of your household.
- If your aircraft described on the Coverage Data Page is a fixed wing aircraft, the substitute aircraft must also be a fixed wing aircraft though it may not be an Ultra-light, advanced Ultra-light, Amateur Built, Homebuilt or any aircraft which falls under the Owner Maintenance Program as defined by Transport Canada.
- The other aircraft cannot be a helicopter, unless your policy already covers a helicopter.
- If your aircraft described on the Coverage Data Page is a single-engine aircraft, the other aircraft must also be a single-engine aircraft. However, if your aircraft described on the Coverage Data Page is a multi-engine aircraft, the

other aircraft may be either a single-engine or multi-engine aircraft.

- If your aircraft described on the Coverage Data Page is powered by a reciprocating engine, the other aircraft must also be powered by a reciprocating engine. However, if your aircraft described on the Coverage Data Page is powered by a turbine powered engine, the other aircraft may be powered by either a reciprocating engine or a turbine powered engine.
- The other aircraft must not have a maximum type certificated gross take off weight of more than 12,500 pounds nor can it have a maximum type certificated seating capacity (including crew) of more than 7 seats.
- This policy does not cover the owner of the other aircraft or any of that owner's employees, officers or directors.

### **Physical Damage Liability Coverage for Substitute or Other Aircraft**

If we insure all aircraft that you own or lease and you have Comprehensive Physical Damage Coverage on one or more aircraft shown on the Coverage Data Page, we will pay for damages to a substitute or other aircraft that is permissibly and lawfully in your control up to 110% of the highest Coverage Limit amount shown under PHYSICAL DAMAGE COVERAGE on the Coverage Data Page, less a deductible of \$1,000. The following conditions will apply:

- The substitute or other aircraft must not be owned in whole or in part by you, or furnished to you for your regular use.
- The substitute or other aircraft must have a Certificate of Airworthiness issued by Transport Canada or have an equivalent certificate issued by another government.
- If your aircraft described on the Coverage Data Page is a fixed wing aircraft, the substitute or other aircraft must also be a fixed wing aircraft though it may not be an Ultra-light, advanced Ultra-light, Amateur Built, Homebuilt or any aircraft which falls under the Owner Maintenance Program as defined by Transport Canada.
- The substitute or other aircraft cannot be a helicopter, unless your policy already covers a helicopter.
- If your aircraft described on the Coverage Data Page is a single-engine aircraft, the substitute or other aircraft must also be a single engine aircraft. However, if your aircraft described on the Coverage Data Page is a multi-engine aircraft, the substitute or other aircraft may be either a single-engine or multi-engine aircraft.
- If your aircraft described on the Coverage Data Page is powered by a reciprocating engine, the substitute or other aircraft must also be powered by a reciprocating engine. However, if your aircraft described on the Coverage Data Page is powered by a turbine powered engine, the substitute or other aircraft may be powered by either a reciprocating engine or a turbine powered engine.
- The substitute or other aircraft must not have a maximum type certificated gross take off weight of more than 12,500 pounds nor can it have a maximum type certificated seating capacity (including crew) of more than 7 seats.
- This policy does not cover the owner of the substitute or other aircraft or any of that owner's employees, officers or directors.
- The Canadian Aviation Regulations must not require the pilot of the substitute or other aircraft to have a valid type rating.

## Newly Acquired Aircraft

If you buy or lease an aircraft and notify us within 30 days, we will automatically extend your coverage from the date you acquire the additional aircraft. But we will do this only if, at the beginning of the **Policy Period**, we insure all of the aircraft you own or lease. In return, you agree to pay us an additional premium for this increased coverage.

We will cover a newly acquired helicopter only if you already have a helicopter covered under this policy. And we will cover newly acquired multi-engine aircraft only if your policy already covers multi-engine aircraft.

The following coverage limits will apply to newly acquired aircraft:

- The Physical Damage Coverage limit shall be the actual cost of the newly acquired aircraft to the **Named Insured**, but shall not exceed 125% of the highest insured value of any aircraft described on the Coverage Data Page.
- The Liability and Medical Coverage limits applicable to your aircraft with the largest seating capacity shown on the Coverage Data Page.

## PART 6. GENERAL PROVISIONS

This part of the policy describes certain obligations you have under this policy and certain limitations on the use of your aircraft. It also explains our rights under the policy. These general provisions apply to all parts of this policy.

### Certificate of Airworthiness

Your aircraft must have a Certificate of Airworthiness issued by Transport Canada, or it must have an equivalent certificate issued by another government. Your aircraft must also have been subjected to the appropriate airworthiness inspection(s) as required under current applicable Canadian Aviation Regulations, or its foreign equivalent, for the operations involved.

### Increased Value of Your Aircraft

If you modify or add equipment to your aircraft, and the change does not affect the Certificate of Airworthiness issued by Transport Canada, we will automatically increase your Physical Damage Coverage limit shown on the Coverage Data Page to reflect the value of the addition. You must notify us of any such change to your aircraft within 30 days and agree to pay us an additional premium for the increased coverage.

This increased coverage, however, cannot be for more than 25% of your Physical Damage Coverage limit.

### Other Insurance

The following rules apply to all losses covered by any other insurance policies available to you or anyone else covered under Part 3 of the policy, but these rules do not apply to your Medical Coverage or Voluntary Payments for Bodily Injury Coverage (if Voluntary Payments for Bodily Injury Coverage is added to your policy). Also, if there are two or more policies issued by us that cover the same loss, damage or claim we will only pay up to the highest applicable coverage limit for a covered loss, damage or claim.

**For your aircraft.** The most we will pay for loss or damage to your aircraft, or on your behalf for a covered claim against you by someone else if the loss, damage or claim is also covered by other insurance, is computed this way:

1. We will determine the percentage that this policy's applicable coverage limit represents of the total valid and collectible insurance that is payable for the covered loss, damage or claim.
2. We will then multiply the amount of the loss, damage or claim by this percentage. The result is the amount we will pay.

**Example:** Assume your coverage for **bodily injury** and **property damage** claims under this policy is \$300,000. You also have another policy with a \$200,000 coverage limit for these types of claims. The total of your coverage limits is \$500,000. If there is a \$100,000 **bodily injury** or **property damage** claim against you, and the claim is covered under both policies, we will pay 60% ( $\$300,000/\$500,000$ ) of the claim, which is \$60,000.

However, if you bought the other policy as excess insurance to apply only after your applicable coverage limit on this policy has been exhausted, we will not use the other policy when we compute the amount we will pay after a loss, damage or claim.

**For substitute aircraft and other aircraft.** If there is a covered claim against you for your use of substitute aircraft or other aircraft, we will not pay for that claim under this policy until all other valid and collectible insurance has been exhausted.

## Transfer of Legal Rights

You agree not to transfer any legal rights you have under this policy without our prior written consent.

If we are notified in writing within 60 days of your death, or within 60 days of your being declared bankrupt, we will provide the following coverage:

- We will cover your legal representative against any damage or loss covered under this policy.
- We will cover any person who has temporary legal custody of your aircraft for up to 60 days after your death or after bankruptcy. In any event, we will cover this person until a qualified legal representative is appointed.

## Inspection and Audit

You agree to let us inspect your property and operations at any reasonable time. These inspections are made for our benefit. You cannot use them as proof or as a guarantee by us that you have complied with any safety, health, or legal regulation.

You also agree to let us examine the books and records you keep that concern the use, ownership, and maintenance of your aircraft. We can make these audits:

- Up to three years after the end of the **policy period**; or
- Until we settle all claims for losses.

## Actions Against the Company

Neither you nor anyone else may bring a lawsuit against us unless before bringing the lawsuit, you have fully complied with all the terms of this policy. Neither you nor anyone else may bring a lawsuit against us until the amount of your obligation to pay has been finally determined by either a judgment against you after actual trial or a written agreement between you, us and the claimant. Any person, organization or their legal representative who has secured a judgment or written agreement, as the claimant, may be entitled to recover under this policy but only up to the amount of insurance allowed by this policy. Nothing in this policy gives any person or organization any right to join us as a co-defendant in any action against you to determine your liability.

Your bankruptcy or insolvency will not relieve us of any of our obligations under this policy.

## Recovering Damages from Other People

If we pay for a loss under this policy, and someone else is responsible for causing the loss or damage to your aircraft, you agree to transfer all your rights to recover from this other person to us and to do whatever else is necessary to secure those rights. You agree to do nothing to prejudice or waive those rights.

But if, in order to protect your aircraft in a time of emergency, you agree in writing before the loss happens, to give up your right to recover from a third person who damages your aircraft, the Physical Damage Coverage shown on the Coverage Data Page will still apply.

## Voiding the Policy

This policy will be void if you do not fully and accurately disclose, whether before or after a loss, damage or claim, all of the important information we have requested. This policy will also be void if you lie under oath about anything that relates to this policy or the application for insurance.

## Warning – Offences

It is an offence under the Insurance Act to knowingly make a false or misleading statement or representation to an Insurer in connection with the person's entitlement to a benefit under a contract of insurance, or to willfully fail to inform the Insurer of a material change in circumstances within 14 days, in connection with such entitlement. The offence is punishable on conviction by a maximum fine of \$100,000 for the first offence and a maximum fine of \$200,000 for any subsequent conviction.

It is an offence under the federal Criminal Code for anyone to knowingly make or use a false document with the intent it be acted on as genuine and the offence is punishable, on conviction, by a maximum of 10 years imprisonment.

It is an offence under the federal Criminal Code for anyone, by deceit, falsehood or other dishonest act, to defraud or to attempt to defraud an insurance company. The offence is punishable, on conviction, by a maximum of 10 years imprisonment for cases involving an amount over \$5,000 or otherwise a maximum of 2 years imprisonment.

## Changes

If you simply notify us or your agent about a change or waiver, this will not alter this policy. Nor will it prevent us from exercising our rights under this policy. You can, however, change or waive your coverage by having amendments added to this policy. Contact us or your agent for information about policy amendments.

## Applicable law

If necessary, the terms of this policy are amended to comply with the laws of the province where this policy is issued.

## Cancellation

Either you or we can cancel this policy at any time by giving the other party written notice. If we cancel, notice may be delivered to you or mailed to you at your mailing address shown on the Coverage Data Page. Proof of mailing of the notice or delivery of the notice will be proof that you were informed of the cancellation. We must mail notice to you at least 30 days before the effective date of the cancellation.

If the premium is not paid and we cancel this policy as a result, we must mail notice to you at least 10 days before the effective date of the cancellation. Proof of mailing of the notice to you at your mailing address shown on the Coverage Data Page will be proof that you were informed of the cancellation.

A copy of any notice of cancellation will also be mailed to the lienholder, if any.

## Return of Unearned Premium

If we cancel this policy, the unearned premium will be returned to you. The return will be on a pro-rata basis, which is computed this way:

1. First, we calculate how much time there is remaining between the effective date of the cancellation and the day this policy expires.
2. We then figure out the percentage of your **policy period** that this remaining time represents.
3. Finally, we multiply this percentage by the amount of your premium. The result is the unearned premium that we return to you.

If you cancel this policy, we will compute the return premium by calculating the unearned premium on a pro-rata basis, then subtracting 10%.

**Return of unearned premium after a loss.** If your aircraft suffers a total loss or a constructive total loss, we will return the unearned part of your insurance premium on a pro-rata basis.

## PART 7. WHAT TO DO IN CASE OF AN ACCIDENT OR SUIT

### Physical Damage to Aircraft

If there is physical damage or loss to your aircraft follow these steps:

- Protect your aircraft, whether or not you think the loss is covered under this policy. Any further loss or damage that results because you fail to protect your aircraft will not be covered under this policy.
- Notify us or your agent immediately. You must also notify the police immediately if there is any theft, robbery, or pilferage of your aircraft.
- Within 90 days after the loss, send us a sworn proof of loss including the following:
  1. the time, place, and nature of the loss;
  2. your interest in the damaged or lost aircraft;
  3. the interest anyone else has in the damaged or lost aircraft; and,
  4. any other insurance you have on your aircraft.

**Recovery.** You also agree to cooperate with us in any legal action to recover your aircraft. We will reimburse you for all reasonable expenses you incur in recovering your aircraft, provided the loss is covered under this policy. But we will not pay for any reward you offer without our consent.

**Proof.** If we ask, you agree to let us see any damaged property. You also agree to be questioned under oath by someone we choose, and to let us see all relevant records and invoices, or copies of these if the originals are lost.

### Liability Claim or Suit

In the event of an **occurrence** or a claim or a lawsuit is filed against you, you agree to do the following:

- Take reasonable steps to prevent **bodily injury** or **property damage** from arising out of the same or similar conditions. However, you must take these steps at your own expense unless we agree to pay for them.
- Notify us or your agent immediately. State the time, place, and circumstances of the **occurrence**, the name and address of anyone who is injured, and any known witnesses.
- Promptly send us any legal papers that you receive in connection with any claim or lawsuit.

**Examination and proof.** The injured person or his or her representative will, at the earliest reasonable date, give us any available information about the occurrence and injuries, and will help us obtain medical reports or copies of these. In the case of Medical Coverage, we have the right to have the injured **passenger** medically examined at our own expense as often as is reasonable while we are making payments to that person. If there is a death that we cover under Voluntary Payments for Bodily Injury Coverage (if Voluntary Payments for Bodily Injury Coverage is added to your policy) we have the right to require an autopsy where the law allows us to do so.

**Cooperation and Settlement of claims.** You agree to cooperate with us and help us with the settlement of a claim or the defense of a lawsuit. You agree, for example, to attend hearings and trials, obtain and give evidence, and help us get witnesses to testify. You also agree to help us collect payment in a reasonable manner from any person or organization that is liable for any claim covered by this policy. You agree not to obstruct or limit our reasonable defense of you.

Also, you agree that you will not make any payments of any kind, except for first-aid given within the first 24 hours following an **occurrence**, or whenever survivors of an **occurrence** are found, without our permission. You also agree not to assume any legal responsibility. If you do, we may not reimburse you even if a claim would have been covered by this policy.

## PART 8. GLOSSARY

The glossary provides definitions of several key words that are used in this policy.

**“Bodily injury”** means physical injury to someone's body, death, disease and mental anguish.

**“Betterment”** means a reduction in the claim payment arising out of the overhaul or replacement of a part or component during the repair process which is worn or has a specified time life by the manufacturer and must be overhauled or replaced with new or overhauled part. *For example, if a propeller that has a time-life specified by its manufacturer of 2,000 operational hours/6 years and had accumulated 1,000 hours/ 3 years at the time of the accident it will be subject to a reduction in the claim payment of 50% based upon the average overhaul cost or replacement cost assuming the propeller would be eligible for overhaul at the end of it's time life period.*

**“Derivative claim”** means a claim for **bodily injury** asserted by a person who was not physically injured in an **occurrence** and was not exposed to an unreasonable risk of physical injury in that **occurrence** by direct contact with your aircraft.

**“Holding Company”** means a corporation formed primarily for the ownership and operation of aircraft and whose principal asset is the aircraft insured by this policy.

**“In Motion”** means any time your aircraft is in flight or the aircraft is moving under its own power, or momentum from this power, on the ground. If your aircraft is a helicopter, **“in motion”** means any time the engines are operating or attempting to operate or the rotors are rotating or attempting to rotate.

**“Named Insured”** means the person, persons, or organization named in the **Named Insured** section on the Coverage Data Page and is referred to throughout the policy as “you” and “your”. If the **Named Insured** is a partnership, the term **Named Insured** will include any partner thereof. If the **Named Insured** is a corporation, it will include any officer, director or employee of the **Named Insured**. If the **Named Insured** is a **Holding Company**, the term **Named Insured** shall include any officer, director, employee, owner, stockholder or member of the corporation.

**“Not In Motion”** means all circumstances not covered by **in motion**.

**“Occurrence”** means a sudden, unforeseen accident, or a series of accidents arising from that accident that must occur within the policy period and which results in bodily injury or property damage. All injury or damage resulting from the same conditions will be considered one occurrence.

**“Passenger”** means someone, including crew, who is either inside your aircraft or is entering or leaving your aircraft before or after a flight.

**“Policy Period”** means the inclusive dates that this policy is in effect. These dates are shown on the Coverage Data Page.

**“Property Damage”** means damage to or destruction of tangible property belonging to someone other than you; it includes the loss of use of that property.