

OLD REPUBLIC INSURANCE COMPANY

CORPORATE AIRCRAFT INSURANCE POLICY
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SECTION I - YOUR POLICY AND COVERAGES

Various provisions in the Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout the Policy the words “you” and “your” refer to the **Named Insured** shown on your **Coverage Data Page** and any other person or organization qualifying as a **Named Insured** under the Policy. The words “we”, “us”, and “our” refer to the **Company** providing this insurance.

Some of the terms appearing in the Policy have a specific meaning and are defined in the **GLOSSARY**.

In consideration of your payment of premium and in reliance upon the statements and representations on your **Coverage Data Page**, which the Policy incorporates, we agree to provide you with the insurance defined by all of the terms of the Policy, including the applicable limits of insurance.

You have only those coverages for which a premium was paid and limits of insurance are shown on your **Coverage Data Page**.

The headings, titles of paragraphs, and labels in the Policy are for convenience only.

USE OF AIRCRAFT

Any **Scheduled Aircraft** or **temporary substitute aircraft** must be used for the **aircraft** use as indicated on your **Coverage Data Page** under **Scheduled Aircraft**.

With respect to **temporary substitute aircraft** the **aircraft** use is the same as the **Scheduled Aircraft** it is substituting.

Any **Non-owned Aircraft** must be used for the **aircraft** use as indicated on your **Coverage Data Page** under **Aircraft Use**.

If any **aircraft** described above are used for any other purpose than as described on your **Coverage Data Page**, and you or anyone else protected by the Policy knows about this use and agrees to it, we will not provide any coverage under the Policy.

WHO CAN FLY AIRCRAFT COVERED BY YOUR POLICY

When a covered **aircraft** is **in-flight** it must be operated by a pilot or pilots described in the **Pilot Conditions** on your **Coverage Data Page**, otherwise there is no coverage.

While a **Scheduled Aircraft** is being held for repair, storage, maintenance, or servicing by an FAA approved repair facility for the purpose of maintenance or repair, the **Pilot Conditions** will not apply, provided you do nothing that would affect the **Our Rights of Recovery** provision found in **Section VII – Other Conditions of Insurance**, paragraph 6. of the Policy.

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COVERAGE TERRITORY

You are covered during the Policy period while the covered **aircraft** is within the coverage territory appearing under **Territory** on your **Coverage Data Page**. You are also covered while traveling between these points.

You are covered if your **aircraft** flies outside the Policy territory only if the deviation results from:

1. a navigational error, or
2. necessary pilot action that could not reasonably be avoided.

POLICY PERIOD

The Policy period is the inclusive dates that the Policy is in effect as shown on your **Coverage Data Page**.

SECTION II – INSURING AGREEMENTS

PART ONE: LIABILITY COVERAGES

Coverage 1. Liability For Scheduled Aircraft

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** to which this insurance applies but only if the **Bodily Injury** or **Property Damage**:

1. arises out of the ownership, maintenance or use of **Scheduled Aircraft** or **temporary substitute aircraft**; and
2. is caused by an **occurrence** that takes place during the Policy period and in the coverage territory.

Coverage 2. Liability For The Use Of Non-Owned Aircraft

We will pay on behalf of the **insured**, as defined below, all sums which the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** to which this insurance applies but only if the **Bodily Injury** or **Property Damage**:

1. is caused by an **occurrence** during the Policy period; and
2. arises out of the use of **non-owned aircraft** by or on behalf of the **insured**.

Coverage does not include any **Physical Damage** to **non-owned aircraft** used by you or on your behalf.

1. The definition of **insured** for **Liability For The Use Of Non-Owned Aircraft**, is changed to read:
 - a. the **Named Insured**;
 - b. any officer, director, stockholder, employee, partner, or agent of the **Named Insured** while that person is acting in their capacity as such.

However, no person or organization will be an **insured** while using any **aircraft** that is:

- a. owned in whole or in part by;
- b. that is under any lease purchase option agreement by;
- c. that is registered to;

that organization, person or, any household member of that person that is an **insured**.

2. The following conditions apply:
 - a. The insurance provided by **Liability For The Use Of Non-owned Aircraft** will not apply to any claim or loss arising out of an **insured's** product liability hazard including any products designed, manufactured, sold, distributed, serviced or handled by or on behalf of any **insured**.

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- b. You will promptly advise us of an exclusive lease of, or the use of, any **Non-owned Aircraft** that exceeds the reporting grace period shown on your **Coverage Data Page**.
 - c. We may request additional information and charge an additional premium for this use.
 - d. Inadvertent failure to report this use will not void this coverage provided that you advise us as soon as possible after the omission is discovered.
3. The insurance provided by **Liability For The Use Of Non-Owned Aircraft** is **Excess Insurance** and will not apply to any loss, **Bodily Injury** or **Property Damage** covered elsewhere in the Policy.

Coverage 3. Automatic Insurance For Newly Acquired Aircraft

If, during the Policy period shown on your **Coverage Data Page**, you become the:

1. owner of an additional **aircraft**; or
2. exclusive lessee of an additional **aircraft**, and
3. you are required to provide liability insurance for such **aircraft**;

coverage will apply to that **aircraft** at the time of such acquisition, provided that you report such acquisition to us within the number of days specified on your **Coverage Data Page**.

Unless you and we agree otherwise, the coverages that apply to that newly acquired **aircraft** will be the same as are provided for **Scheduled Aircraft**.

We may charge an additional premium for the newly acquired **aircraft**.

Coverage 4. Medical Payments For Scheduled And Non-Owned Aircraft

We will pay on behalf of the **insured** all the reasonable **Medical Expenses** incurred within one (1) year from the date of injury for each covered **passenger** who sustains **Bodily Injury** caused by an **occurrence** during the Policy period.

We will make these payments regardless of fault.

The insurance provided by this coverage will not apply for the benefit of a **crew-member** on **non-owned aircraft** unless your **Coverage Data Page** shows a specific limit for **crew-member** under the **non-owned aircraft** section of **Medical Payments For Scheduled And Non-Owned Aircraft** and:

1. the **crew-member** is an officer, director, stockholder, employee, partner, or agent of the **Named Insured** while acting in the scope of employment, or
2. the person is a **crew-member** who would normally be operating a **Scheduled Aircraft** but is operating a **Non-owned Aircraft** on behalf of the **Named Insured**.

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The following provisions apply:

1. medical payments will not be made to anyone until all medical benefits available under a workers' compensation or similar law have been exhausted;
2. as soon as reasonably possible, the injured person or someone on their behalf will give us written proof of claim, under oath if required, and will, if requested by us, authorize us to obtain medical reports and copies of records.
3. The injured person will submit to examination by physicians selected by us if and when we may reasonably require;
4. we may pay the injured person or any person or organization rendering the services.
5. The total liability for all **Medical Expenses** incurred by or on behalf of each covered **passenger** or person who sustains **Bodily Injury** will not exceed the applicable Limit of Liability as stated on your **Coverage Data Page** under **Medical Payments For Scheduled And Non-Owned Aircraft** for that **passenger** or person.

Any payments made under this coverage does not constitute an admission of liability by any **insured**, person, organization, or us.

Coverage 5. Liability For Use Of Premises

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** resulting from your **Aviation Operations** to which this insurance applies but only if the **Bodily Injury** or **Property Damage**:

1. is caused by an **occurrence** during the Policy period; and
2. arises out of the ownership, maintenance or use of **premises**.

Insurance provided by **Liability For Use Of Premises** is **Excess Insurance** and will not apply to any loss, **Bodily Injury** or **Property Damage** covered elsewhere in the Policy.

Coverage 6. Premises Medical Payments

We will pay on behalf of the **insured** all reasonable **Medical Expenses** incurred within one (1) year from the date of injury for each person who:

1. sustains **Bodily Injury** caused by an **occurrence** during the Policy period; and
2. which arises:
 - a. out of your **Aviation Operations**; and
 - b. your ownership, maintenance or use of your **premises**.

We will make these payments regardless of fault.

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The following provisions apply:

1. medical payments will not be made until all medical benefits available under a workers' compensation or similar law have been exhausted;
2. as soon as reasonably possible, the injured person or someone on their behalf will give us written proof of claim, under oath if required and will, if requested by us, authorize us to obtain medical reports and copies of records;
3. the injured person will at our expense, submit to examination by physicians selected by us if and when we may reasonably require;
4. we may pay the injured person or any person or organization rendering the medical services;
5. the total liability for all **Medical Expenses** incurred by or on behalf of each covered person who sustains **Bodily Injury** will not exceed the applicable Limit of Liability as stated on your **Coverage Data Page** under **Premises Medical Payments** for that person.

Any payment made under this coverage does not constitute an admission of liability by any **insured**, person, organization, or us.

Coverage 7. Personal And Advertising Injury Liability

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **personal and advertising injury** resulting from your **Aviation Operations**.

We will have the right and duty to defend the **insured** against any **suit** seeking those damages.

However, we will have no duty to defend the **insured** against any **suit** seeking damages for **personal and advertising injury** to which this insurance does not apply.

We may, at our discretion, investigate any offense and settle any claim or **suit** that may result, however:

1. the amount we will pay for damages is limited as described in **SECTION V – LIMITS OF THE COMPANY'S LIABILITY** of the Policy and will not exceed the applicable Limit of Liability as stated on your **Coverage Data Page** under **Personal And Advertising Injury Liability**.
2. our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under **Personal And Advertising Injury Liability** or **Medical Expenses** under **Medical Payments For Scheduled And Non-Owned Aircraft**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SECTION III - DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS** of the Policy.

This insurance applies to **personal and advertising injury** caused by an offense arising out of your **Aviation Operations** but only if the offense was committed in the coverage territory during the Policy period.

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Exclusions – Personal And Advertising Injury Liability

This insurance does not apply under this coverage with respect to:

1. **Known Violation Of Rights Of Another**

Personal and advertising injury caused by or at the direction of the **insured** with the knowledge that the act would violate the rights of another and would inflict **personal and advertising injury**.

2. **Material Published With Knowledge Of Falsity**

Personal and advertising injury arising out of oral or written publication of material, if done by or at the direction of the **insured** with knowledge of its falsity.

3. **Material Published Prior To Policy Period**

Personal and advertising injury arising out of oral or written publication of material whose first publication took place before the beginning of the Policy period.

4. **Criminal Acts**

Personal and advertising injury arising out of a criminal act committed by or at the direction of the **insured**.

5. **Contractual Liability**

Personal and advertising injury for which the **insured** has assumed liability in a contract or agreement.

This exclusion does not apply to liability for damages that the **insured** would have in the absence of the contract or agreement.

6. **Breach Of Contract**

Personal and advertising injury arising out of a breach of contract, except an implied contract to use another's advertising idea in your **advertisement**.

7. **Quality Or Performance Of Goods - Failure To Conform To Statements**

Personal and advertising injury arising out of the failure of goods, products, or services to conform with any statement of quality or performance made in your **advertisement**.

8. **Wrong Description Of Prices**

Personal and advertising injury arising out of the wrong description of the price of goods, products, or services stated in your **advertisement**.

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9. Infringement Of Copyright, Patent, Trademark Or Trade Secret

Personal and advertising injury arising out of the infringement of copyright, patent, trademark, trade secret or other **intellectual property law or rights**.

However, this exclusion does not apply to infringement in your **advertisement** of copyright, trade dress, or slogan.

10. Insureds In Media And Internet Type Businesses

Personal and advertising injury committed by an **insured** whose business is:

- a. advertising, broadcasting, publishing, or telecasting;
- b. designing or determining content of websites for others; or
- c. an Internet search, access, content, or service provider.

However, this exclusion does not apply to Paragraphs a., b., and c. of the **personal and advertising injury** definition in the **GLOSSARY**.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising for you or others anywhere on the Internet is not, by itself, considered the business of advertising, broadcasting, publishing, or telecasting.

11. Electronic Chatrooms Or Bulletin Boards

Personal and advertising injury arising out of an electronic chatroom or bulletin board the **insured** hosts, owns, or over which the **insured** exercises control.

12. Unauthorized Use Of Another's Name Or Product

Personal and advertising injury arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

13. Employment-Related Practices

Personal and advertising injury to:

- a. a person arising out of any:
 - (1) refusal to employ that person;
 - (2) termination of that person's employment;
 - (3) employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination directed at that person; or

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- b. the spouse, child, parent, brother, or sister of that person as a consequence of **personal and advertising injury** to that person at whom any of the employment-related practices described in Paragraphs a. (1), a. (2), or a. (3) above is directed.

This exclusion applies:

- (1) whether you may be held liable as an employer or in any other capacity; and
- (2) to any obligation to share damages with or to repay someone else who must pay damages because of the injury.

14. Taking Of Or Exercising Of Property Rights

Personal and advertising injury arising out of the taking of or exercising of the property rights of others by overflight or other operation of **aircraft**.

Coverage 8. Passenger Voluntary Settlements For Scheduled And Non-Owned Aircraft

We will pay those sums that you request us to pay to, or for the benefit of, each covered **passenger** who sustains **Bodily Injury** to which this insurance applies but only if the **Bodily Injury** arises out of:

1. the ownership, maintenance or use of **Scheduled Aircraft**; or the use of **Non-owned Aircraft** by you or on your behalf; and
2. death, **permanent total disability**, **loss of one body part**, or **loss of two or more body parts**, or directly and independently of all other causes results in death, such disability or such loss; and
3. an **occurrence** that takes place during the Policy period and within the coverage territory.

We will make these payments regardless of fault.

Limit of Insurance:

If a specified limit of insurance for **Passenger Voluntary Settlements For Scheduled And Non-Owned Aircraft** is shown on your **Coverage Data Page** for a **passenger** and if the **Bodily Injury** to which this insurance applies causes that injured **passenger** to become **totally disabled**, we will reimburse you for payments you choose to make to the injured **passenger** for the loss of earnings as a result of the disability.

We will only be liable for up to eighty percent (80%) of the average weekly wage of that **passenger** not to exceed the **Maximum Weekly Indemnity Limit** shown on your **Coverage Data Page** under **Passenger Voluntary Settlements For Scheduled And Non-Owned Aircraft**.

Payments will be made for the period of continuous **total disability** for up to the **Maximum Indemnity Period** shown on your **Coverage Data Page** under **Passenger Voluntary Settlements For Scheduled And Non-Owned Aircraft**.

If the injured **passenger** is a covered **crew-member**, your employee or a temporary worker when the **occurrence** takes place, the applicable limit of insurance under this coverage will be reduced by the amount of any payments that are made under this paragraph.

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The insurance provided under **Passenger Voluntary Settlements For Scheduled And Non-Owned Aircraft** is subject to the following provisions:

1. We will only make payments under **Passenger Voluntary Settlements For Scheduled And Non-Owned Aircraft** to or on behalf of any person if such person or their legal representative will, if requested:
 - a. authorize us to obtain medical reports and copies of records;
 - b. the injured person will at our expense, submit to examinations by physicians selected by us if and when we may reasonably require; and
 - c. execute a full release approved by us for all claims or **suits** that may be made or brought by or on behalf of such person against any **insured** or against any other person or organization being indemnified by any **insured** for **Bodily Injury** to which this insurance applies.
2. If within one-hundred-twenty (120) days after an offer of payment is made under this coverage;
 - a. the payment offer is not accepted or is rejected; or
 - b. if at any time a claim is made in writing or a **suit** is brought by or on behalf of a **passenger** against any **insured** for **Bodily Injury** to which this insurance applies;this coverage will not apply to, or for the benefit of, that **passenger**.
3. This coverage will not apply to, or for the benefit of, any **crew-member** on any **Non-owned Aircraft** unless your **Coverage Data Page** indicates a specified **Each Crew-Member** Limit of Insurance under **Passenger Voluntary Settlements For Scheduled And Non-Owned Aircraft** for **Non-owned Aircraft** and:
 - a. the **crew-member** is a professional pilot who is a regular employee of the **insured** and is acting in his or her capacity as such, or
 - b. the **crew-member** would normally be operating a **Scheduled Aircraft**, but is operating a **Non-owned Aircraft** on your behalf.

Coverage 9. Liability For Property Damage To Non-Owned Aircraft And Temporary Substitute Aircraft

We will pay on behalf of the **insured** all sums which the **insured**, as defined below, becomes legally obligated to pay as damages arising out of **Property Damage** to which this insurance applies caused by an **occurrence** during the Policy period to **Non-owned Aircraft** or **temporary substitute aircraft**.

This coverage section will not apply while the **aircraft** is **in-flight** unless the aircraft is operated by a person described in the **Pilot Conditions** on your **Coverage Data Page**.

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1. For this coverage, the definition of **insured** is changed to read:
 - a. with respect to any **temporary substitute aircraft**, means the same as **insured**;
 - b. with respect to all other **Non-owned Aircraft** means:
 - (1) the **Named Insured**;
 - (2) any officer, director, stockholder, employee, partner, or agent of the **Named Insured** while that person is acting in their capacity as such.

However, no person or organization will be an **insured** while using any **aircraft** that is:

- (1) owned in whole or in part by;
- (2) that is under any lease purchase option agreement by;
- (3) that is registered to;

that organization, person or, any household member of that person.

2. This insurance will not apply to any claim or loss arising out of an **insured's** product liability hazard including any products designed, manufactured, sold, distributed, serviced or handled by or on behalf of an **insured**. This includes **Hangarkeepers' Liability** provided by the Policy.
3. You will promptly advise us of an exclusive lease of, or the use of, any **Non-owned Aircraft** that exceeds the reporting grace period shown on your **Coverage Data Page**.
4. We may request additional information and charge an additional premium for this use.
5. Inadvertent failure to report this use will not void this insurance provided that you advise us as soon as possible after the omission is discovered.
6. The insurance provided under this coverage is **Excess Insurance** and will not apply to any loss **Bodily Injury or Property Damage** covered elsewhere in the Policy.

Coverage 10. Liability For Property Damage To Hangars And Their Contents

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay for **Property Damage** to hangars and their contents which are:

1. not owned by an **insured**; and
2. caused by an **occurrence** resulting from your **Aviation Operations** during the Policy period.

The insurance provided under this coverage is **Excess Insurance** and will not apply to any loss, or **Property Damage** covered elsewhere in the Policy.

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Coverage 11. Liability For Property Damage By Fire

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **Property Damage** caused by fire provided the fire:

1. constitutes an **occurrence** resulting from your **Aviation Operations** during the Policy period; and
2. arises out of **Property Damage** to structures or portions thereof rented to or leased to the **Named Insured**, including fixtures permanently attached thereto.

The insurance provided under this coverage will not apply to liability assumed by the **insured** under any contract or agreement.

The insurance provided under this coverage will be **Excess Insurance** and will not apply to any loss, **Bodily Injury** or **Property Damage** covered elsewhere in the Policy.

Coverage 12. Liability For The Sale Of Aircraft And Aircraft Products And Services

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** to which this insurance applies caused by an **occurrence** resulting from your **Aviation Operations** during the Policy period arising out of the:

1. sale or relinquishment from exclusive written lease, by the **Named Insured**, of a **Scheduled Aircraft** or any **aircraft** sold or relinquished prior to the Policy period;
2. furnishing to others, by the **insured**, any materials, parts, equipment, fuel, maintenance, **aircraft** services, used for or in connection with **aircraft**, aviation **premises** or **Mobile Equipment**;
3. furnishing to others, by the **insured**, of food or beverages in connection with the operation of **aircraft** or **premises**.

Coverage will apply only if the **Bodily Injury** or **Property Damage**:

1. occurs away from the **insured's** premises; and
2. after physical possession of the **aircraft**, materials, parts, equipment, fuel, food or beverages have been relinquished to others; and
3. any services have been completed.

The insurance provided under this coverage is **Excess Insurance** and will not apply to any loss, **Bodily Injury** or **Property Damage** covered elsewhere in the Policy.

Coverage 13. Liability For Mobile Equipment

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** caused by an **occurrence** resulting from your **Aviation Operations** during the Policy period arising out of the ownership, maintenance or use of **Mobile Equipment**.

The insurance provided under this coverage is **Excess Insurance** and will not apply to any loss, **Bodily Injury** or **Property Damage** covered elsewhere in the Policy.

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Coverage 14. Liability For Use Of An Auto On Aviation Premises

We will pay on behalf of the **insured** all sums that the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** to which this insurance applies, but only if the **Bodily Injury** and **Property Damage**:

1. arises out of the use of an **auto** while such **auto** is on aviation **premises**, other than public roadways or parking areas; and
2. is caused by an **occurrence** that takes place during the Policy period and in the coverage territory.

The insurance provided under this coverage is **Excess Insurance** and will not apply to any loss, **Bodily Injury** or **Property Damage** covered elsewhere in the Policy.

Coverage 15. Liability For Contractual Agreements

1. We will promptly pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** caused by an **occurrence** which takes place during the Policy period and arises out of liability assumed by the **Named Insured** or their legal representative in a contract or agreement relating to the ownership, maintenance or use of **Scheduled Aircraft** or the use of **Non-owned Aircraft** by the **insured**.
2. **Our Rights of Recovery** found in **SECTION VII - Other Conditions of Insurance**, paragraph 6., of the Policy will not apply to the extent that it is addressed in any contract or agreement that the **Named Insured** or its legal representative has entered into relating to **Physical Damage** of property insured by the Policy.
3. The **Named Insured** agrees to submit a copy of all such contracts or agreements to us as soon as possible. Inadvertent failure to do so will not void this insurance provided by this coverage as long as the contract or agreement is submitted as soon as possible after the omission is discovered.
4. We reserve the right to charge an additional premium for any such contract or agreement.
5. We will not require copies of temporary **aircraft** storage or minor servicing agreements, military or governmental agreements for the use of an airport, lease of **premises** agreements or agreements approved by us prior to the effective date of the Policy.

Exclusions- Liability For Contractual Agreements

The insurance provided under this coverage will not apply to liability assumed:

1. under any oral contract or agreement, unless the agreement is a contract which is required by a military or governmental body for the **insured's** use of an airport or an agreement with another party relating to the temporary storage or minor servicing of a **Scheduled Aircraft** while it is away from its home base;

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2. under any written contract or agreement:
 - a. that is with or for the benefit of any **passenger, crew-member** or their heirs. However, subparagraph 1. above will not apply:
 - i. if the contract or agreement is required by a military or governmental body for the **insured's** use of an airport; or
 - ii. for our right of recovery as stated under the **Liability For Contractual Agreements** in paragraph 2. of the insuring agreement;
 - b. to the extent that it applies to major alterations or major repairs as defined in the Federal Aviation Regulations;
 - c. that is with or for the benefit of any manufacturer of an **aircraft** or any **aircraft** parts or equipment, or their employees or agents, to the extent that it relate to their products liability hazard;
 - d. that relates to the sale of an **aircraft**;
 - e. that is entered into after a loss to the extent that it relates to that loss.

Coverage 16. Liability For Charter Referral

We will pay on behalf of the **insured** all sums that the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** to which this insurance applies but only if the **Bodily Injury** or **Property Damage** is:

1. caused by an **occurrence** during the Policy period; and
2. arises out of your arrangement for use of a **Non-owned Aircraft** by and on behalf of another person or organization.

Coverage 17. Hangarkeepers' Liability

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of "loss" to **aircraft** occurring while the **aircraft** is in the care, custody or control of the **insured** for safekeeping, storage or repair during the Policy period.

We will pay such sums only if they exceed the deductible shown on your **Coverage Data Page** if any, unless such "loss" results from:

1. fire;
2. explosion; or
3. while the **aircraft** is dismantled and being transported.

The amount we will pay for damages for **Hangarkeepers Liability** coverage is found under Item 1. **Limits of the Company's Liability**, on your **Coverage Data Page**.

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If repairs are made by the **insured**, we will not pay more than:

- a. the **insured's** actual net cost for necessary material and parts of like kind and quality; and
- b. the **insured's** actual wages for labor at current straight time rates with no premium for overtime, plus two-hundred percent (200%) of such wages as an allowance for overhead and supervision.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SECTION III - DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS** of the Policy.

Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements for **Hangarkeepers' Liability** found under Item 1. **Limits of the Company's Liability** on your **Coverage Data Page**.

Exclusions – Hangarkeepers' Liability

Insurance does not apply under this coverage with respect to:

1. the **insured's** liability under any agreement to be responsible for "loss";
2. "loss" to robes, wearing apparel, personal effects or merchandise;
3. "loss" or damage to **aircraft** or parts of any **aircraft**:
 - a. owned by, leased to, rented to or loaned to the **insured** or partner(s) of the **insured**; or
 - b. owned by, leased to, rented to or loaned to an officer or employee of the **insured** unless the property is an **aircraft** in your custody under an agreement for which a charge has been made;
4. "loss" due to theft or conversion caused in any way by the **insured's** employees, partners or shareholders;
5. "loss" to **insured's** work, arising out of it or any part of it;
6. "loss" to **aircraft** while **in-flight**; or
7. liability for **Property Damage to Non-owned Aircraft** and **temporary substitute aircraft** under **Liability for Property Damage to Non-Owned Aircraft and Temporary Substitute Aircraft**.

As used herein "loss" means direct and accidental loss of or damage to **Tangible Property**.

Coverage 18. Garagekeepers' Liability

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **Property Damage** to an **auto** occurring while such **auto** is in the care, custody or control of the **insured** for:

1. valet parking, towing, safekeeping, storage; or
2. while on airport **premises** for any other incidental use by the **insured**.

OLD REPUBLIC INSURANCE COMPANY

Exclusions – Garagekeepers' Liability

Insurance does not apply under this coverage with respect to:

1. the **insured's** liability under any agreement to be responsible for "loss";
2. "loss" to robes, wearing apparel, personal effects or merchandise;
3. "loss" or damage to an **auto** or parts of any **auto**:
 - a. owned by, leased to, rented to or loaned to the **insured** or partner(s) of the **insured**;
 - b. owned by, leased to, rented to or loaned to an officer or employee of the **insured** unless the **auto** is in your custody due to towing, or for valet parking for which a charge has been made.
4. "loss" due to theft or conversion caused in any way by the **insured**, its employees, its partners or shareholders.

As used herein "loss" means direct and accidental loss of or damage to **Tangible Property**.

Coverage 19. Cargo Liability

We will pay on behalf of the **insured** all sums that the **insured** becomes legally obligated to pay as damages because of direct physical loss of or damage to **cargo** to which this insurance applies.

This insurance applies to direct physical loss of or damage to **cargo** only if the loss or damage:

1. occurs while the **cargo** is in the **insured's** care, custody or control and is:
 - a. on a covered **aircraft**; or
 - b. on aviation **premises** prior to loading on, while loading on or unloading from, or after unloading from, covered **aircraft**; and
2. is caused by an **occurrence** that takes place during the Policy period.

Our obligation under **Cargo Liability** to pay damages applies only to the amount of damages in excess of any deductible amount shown for **Cargo Liability** on your **Coverage Data Page**.

Any such deductible amount applies to all damages because of direct physical loss of or damage to **cargo** arising out of any one **occurrence**, regardless of the number of persons or organizations who sustained loss or damage because of that **occurrence**.

We may pay any part or the entire deductible amount to effect settlement of any claim or **suit**.

Upon notification of such action taken; you will reimburse us for such part of the deductible amount as has been paid by us.

We will have no other obligation or liability to pay sums or perform acts or services unless explicitly provided for under the **SECTION III - DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS** of the Policy.

OLD REPUBLIC INSURANCE COMPANY

The insurance provided under this coverage is **Excess Insurance** and will not apply to any loss, or damage to property covered elsewhere in the Policy.

Exclusions – Cargo Liability

Insurance does not apply under this coverage with respect to:

1. Direct physical loss of or damage to any of the following **cargo**:
 - a. money, securities, precious stones, precious metals, jewelry, fine art or antiques of any kind; including the personal effects or baggage of any **passenger**;
 - b. perishables, livestock; or
 - c. slung loads.
2. Direct physical loss of or damage to **cargo** arising out of:
 - a. any dishonest or criminal act of the **insured** or the **insured's** employee, temporary worker or agent; or
 - b. wear, tear, deterioration or extremes of temperature or pressure, or due to the perishable or hazardous nature of the property.
3. Consequential loss of any kind, or delay or loss of market because of direct physical loss of or damage to any **cargo**.
4. Any loss in excess of the actual cost of reproducing or replacing destroyed or damaged manuscripts, notes, checks, securities, accounts, bills, deeds or any other valuable papers.

Coverage 20. Incidental Medical Malpractice Liability

We will pay on behalf of the **insured** all sums which the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** to which this insurance applies caused by an **occurrence** resulting from your **Aviation Operations** during the Policy period arising out of **Incidental Medical Malpractice**.

Incidental Medical Malpractice means injury arising out of the rendering of or failure to render, the following services:

1. medical, automatic external defibrillator, surgical, dental, x-ray, or nursing service or treatment or the furnishing of food or beverages in connection therewith; or
2. the furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

OLD REPUBLIC INSURANCE COMPANY

Exclusions – Incidental Medical Malpractice Liability

Insurance does not apply under this coverage with respect to:

1. expenses incurred by the **insured** for first-aid to others at the time of an accident;
2. any **insured** engaged in the business or occupation of providing any of the services described under **Incidental Medical Malpractice** above;
3. injury caused by an indemnitee if such indemnitee is engaged in the business or occupation of providing any of the services described under **Incidental Medical Malpractice** above; or
4. the failure to render automatic external defibrillator treatment, if the **aircraft** or **premises** are not equipped with automatic external defibrillator units.

Coverage 21. Host Liquor Liability

We will pay on behalf of the **insured** all sums that the **insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** only if:

1. the **Bodily Injury** or **Property Damage** arises out of the serving, selling or giving of any alcoholic beverages at your **Aviation Operations** during the Policy period; and
2. the **Bodily Injury** or **Property Damage** is caused by an **occurrence** during the Policy period.

The insurance provided this coverage is **Excess Insurance** and will not apply to any loss, **Bodily Injury** or **Property Damage** covered elsewhere in the Policy.

Coverage 22. Liability For Foreign Repatriation Of Passengers As A Result Of Bodily Injury

We will pay for reasonable and necessary expenses for the transportation of a **passenger** from the place of a covered **occurrence** to the place of trip origin for each **passenger** who sustains **Bodily Injury** caused by a covered **occurrence** during the Policy period and which arises from the occupancy, operation or use of an **aircraft** by you or on your behalf.

Expenses must be incurred within one year from the date of the **Bodily Injury**.

The insurance provided by this coverage is **Excess Insurance** and will not apply to any **Bodily Injury** covered elsewhere in the Policy.

OLD REPUBLIC INSURANCE COMPANY

PART TWO: HULL PHYSICAL DAMAGE COVERAGE

Physical Damage Coverage For Scheduled Aircraft (Including Ingestion And Emergency Landing)

Comprehensive Coverage Type:

We will pay for any **Physical Damage** to a **Scheduled Aircraft** that occurs during the Policy period including:

1. its disappearance; or
2. its theft;

less any applicable deductible.

A **Scheduled Aircraft** will be considered missing under disappearance; or stolen under theft if such **aircraft** is unable to be located for fifteen (15) days after reported missing or stolen. In addition, if an unexpected event causes a **Scheduled Aircraft** to make a landing in a location where it cannot safely depart and there is no **Physical Damage**, we will pay the reasonable costs of transporting the **Scheduled Aircraft** to the nearest suitable airport.

Limited Coverage Type:

We will pay, less any applicable deductible, for any **Physical Damage** to a **Scheduled Aircraft** that occurs during the Policy period while the **aircraft** is not **in-motion**.

Physical Damage Coverage for Spare Engines and Spare Parts Including Transit

We will pay, less any applicable deductible, for **Physical Damage** to or theft of **Spare Engines** and **Spare Parts** that are owned by the **Named Insured** or for which the **Named Insured** is legally responsible.

The insurance provided is **Excess Insurance** and will not apply to any loss, or **Physical Damage** covered elsewhere in the Policy.

Automatic Insurance For Newly Purchased Or Leased Aircraft

If, during the Policy period as shown in your **Coverage Data Page**, you become the:

1. owner of an additional **aircraft**; or
2. exclusive lessee of an additional **aircraft**, and you are required to provide **Physical Damage** insurance.

This insurance will apply to that **aircraft** at the time of such acquisition, provided that you report such acquisition to us within the number of days specified on your **Coverage Data Page**.

The insured value of the additional **aircraft** will be:

1. the actual cost of the **aircraft**; to the **Named Insured**; but
2. not to exceed the Maximum Physical Damage Limit shown under **Automatic Insurance For Newly Purchased Or Leased Aircraft** on your **Coverage Data Page**.

OLD REPUBLIC INSURANCE COMPANY

This insurance will apply to the same extent as **Physical Damage** insurance applicable to a **Scheduled Aircraft**, including all coverage extensions.

Payment will be made less any deductible that may apply under **Automatic Insurance For Newly Purchased Or Leased Aircraft** on your **Coverage Data Page** or any coverage extension.

The additional coverage will end when either of the following first occurs:

1. the number of reporting days specified on your **Coverage Data Page** lapses after you purchase or lease the **aircraft**.
2. you report the newly purchased or leased **aircraft** to us.

We will charge you additional premium from the date you purchased or leased the **aircraft**.

Automatic Insurance Leased, Loaned Or Rented Engines

Provided that you report the leased, loaned or rented engine to us within the number of days specified on your **Coverage Data Page**; we will pay, less any applicable deductible, for **Physical Damage** resulting from loss of or damage to any leased, loaned or rented engine for which the **insured** is legally liable. The loss must occur during the Policy period.

1. We will cover the **Physical Damage** to the additional engine(s) up to the actual cost of the additional engine(s) as evidenced by the **Named Insured's** records, not to exceed the Maximum Limit of Insurance for **Automatic Insurance Leased, Loaned Or Rented Engines** on your **Coverage Data Page**.
2. The owner/lessor of the engine(s) is included as an additional **insured** with respect to liability coverages provided by the Policy, but only as respects **Aviation Operations** of the **Insured**.

However this insurance will not apply to, and the engine owner will not be covered for **Bodily Injury** or **Property Damage** which arises from the design, manufacture, modification, repair, sale or servicing of products by the engine owner/lessor.

3. Loss, if any, will be payable to the **Named Insured**, the engine owner/lessor and any lienholder of record.
4. **Our Rights of Recovery** found in **SECTION VII – Other Conditions of Insurance**, paragraph 6, of the Policy, are hereby waived against the engine owner/lessor, but only to the extent the **Insured** has waived their rights of recovery against the engine owner/lessor.

However, this waiver will not prejudice our right of recovery for damages arising from the design, manufacture, modification, repair, sale, or servicing of products by the engine owner/lessor.

This insurance does not apply to any **Physical Damage** to engines covered elsewhere in the Policy.

Runway Foaming And Crash Control Expense

We will reimburse the **insured** for their actual incurred cost of runway or **aircraft** foaming and fire, crash control, or rescue expenses, for the purpose of minimizing a **Physical Damage** or **Bodily Injury** loss covered by the Policy.

OLD REPUBLIC INSURANCE COMPANY

Automatic Insurance For Increased Value Of, Scheduled Aircraft Or Spare Engines And Spare Parts

If the value of a **Scheduled Aircraft** is increased during the Policy period because:

1. of modifications;
2. the addition of equipment; or
3. the **Named Insured** modifies or acquires additional **Spare Engines** or **Spare Parts**;

then the applicable insurance provided by the Policy under HULL PHYSICAL DAMAGE COVERAGE will apply to the increased value.

The amount of insurance on your **Coverage Data Page** will automatically increase by the actual cost to the **Named Insured** of the modifications, equipment or additional **Spare Engines** or **Spare Parts** as evidenced by the **Named Insured's** records, provided:

1. the **Named Insured** reports to us any increase in value as soon as possible after completion of modifications or additions and:
2. unless we agreed in advance, the automatic increase of value will not exceed:
 - a. the limit stated on your **Coverage Data Page** under HULL PHYSICAL DAMAGE COVERAGE as shown under **Automatic Insurance For Increased Value Of, Scheduled Aircraft or Spare Engines and Spare Parts** with respect to **Scheduled Aircraft** will be the maximum limit for **Scheduled Aircraft Physical Damage** coverage inclusive of the increased value.
 - b. the limit stated on your **Coverage Data Page** under HULL PHYSICAL DAMAGE COVERAGE as shown under **Automatic Insurance For Increased Value Of, Scheduled Aircraft or Spare Engines and Spare Parts** with respect to **Spare Engines** and **Spare Parts** will be the maximum limit for **Spare Engines and Spare Parts Physical Damage** coverage inclusive of the increased value.
3. Additional premiums for the increased limits are paid by the **Named Insured**.

Removal Expense

If a **Scheduled Aircraft** suffers a **Total Loss** caused by an **occurrence** that takes place during the Policy period and in the coverage territory, to which the Policy applies, we will pay any reasonable expenses incurred for the purpose of attempted or actual raising, removal, disposal, or destruction of the wreck of such **aircraft** and its contents.

We will not pay more under this additional coverage than the **Removal Expense** Limit shown on your **Coverage Data Page**. This limit is in addition to the limit of insurance applicable to the covered **aircraft**.

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Trip Interruption Expense

We will reimburse the **insured** for their reasonable expenses for:

1. food;
2. travel by commercial carrier; and
3. the lodging of **passengers**;

from the place where an **aircraft** suffers a covered **Physical Damage** loss to the intended final destination of the damaged **aircraft**, or back to the place the **passengers** originally boarded the **aircraft** if the trip is discontinued.

The insurance provided by **Trip Interruption Expense** will not apply to any cost or expense for replacement **aircraft** rental for which payment is expected or made under your coverage for **Extra Expense Replacement Aircraft Rental or Leasing Expense**.

Hurricane, Wildfire, Flood, Or Other Natural Disaster Relocation Expense

It is agreed that if any national, regional, or local authority responsible for the safety and well-being of persons and property issues an event watch or warning for the area where the **Scheduled Aircraft** or **temporary substitute aircraft** is principally based, and the **aircraft** is relocated to avoid damage from the event, reasonable costs incurred will be reimbursed provided:

1. the **aircraft** is covered for **Physical Damage**;
2. the **aircraft** is relocated from its principal base to another airport which is out of the actual or projected path of the event, and which is not under the event watch or warning; and
3. original documentation and receipts are furnished within ninety (90) days from the event watch or warning date for all costs to be reimbursed.

We will reimburse the **insured** fifty percent (50%) of the reasonable direct operating expenses incurred for:

1. fuel;
2. hangar or tie down cost; and
3. the cost of hiring a pilot excluding any employee pilot.

Hurricane, Wildfire, Flood, Or Other Natural Disaster Relocation Expense event means:

1. named hurricane;
2. uncontained wildfire;
3. impending flood or other natural disaster which could result in significant **Property Damage**.

Our liability will not exceed the limits stated in your **Coverage Data Page** under **Hurricane, Wildfire, Flood, Or Other Natural Disaster Relocation Expense**.

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Mechanics Tools

This insurance is extended to cover tools of the **insured's** employee mechanics against:

1. direct and accidental physical loss; and
2. damage from external causes;

while such tools are in the care, custody and control of the **Named Insured** or such employee while acting within the scope of employment.

Our liability will not exceed the limits stated on your **Coverage Data Page** under **Mechanics Tools**.

Exclusions – Coverage Mechanics Tools

The insurance will not apply to claims caused by or arising from:

1. wear, tear, deterioration, rust, or inherent vice;
2. delay, depreciation, or loss of use;
3. mechanical, electrical, hydraulic, pneumatic or structural breakdown or failure;
4. artificial electric current;
5. extremes of temperature and humidity;
6. mysterious disappearance, loss or shortage disclosed upon taking inventory;
7. infidelity, dishonesty of the **insured** or anyone in the service of the **insured**;
8. wrongful taking or **secretion** by any person or organization in lawful possession thereof; or
9. failure to save and protect such property from further loss or harm after an **occurrence** takes place during the Policy period.

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PART THREE: COVERAGE EXTENSIONS

Personal Effects And Baggage

We will pay on behalf of or reimburse the **Named Insured** for all sums which the **Named Insured** is liable for or pays to others for the loss of or **Physical Damage** to the personal effects and baggage of a **passenger**.

Personal Effects And Baggage Coverage will only apply if the loss or damage occurred during the Policy period and while the personal effects and baggage were in the care, custody or control of an **insured**.

Search And Rescue Expense

We will reimburse you for your actual incurred expenses for search and rescue operations for any **passengers**, performed by you, or at your request, because of actual or suspected **Bodily Injury** to such **passengers** that arises out of the use of your covered **aircraft**.

We will pay such expenses only if you incur them after search and rescue operations have been abandoned by all governmental authorities that normally conduct such operations.

We will make these payments regardless of fault.

Exclusions – Search And Rescue Expense

This insurance will not apply to:

Any damage, loss, cost or expense relating to search and rescue operations, except as provided under **Search And Rescue Expense**.

Additionally, insurance provided under **Search And Rescue Expense** does not apply to any expense:

1. for any governmental or military search and rescue operations;
2. arising out of loss or damage to any equipment used in connection with the search and rescue operations;
3. arising out of the injury or death of any persons involved in the search and rescue operations;
4. incurred after it is reasonably assumed that there are no survivors; or
5. associated with salvaging the covered **aircraft** or any other property.

Family Assistance Expense

We will offer on your behalf and at your request all reasonable **Family Assistance Expenses** that a spouse, children, brothers, sisters or parents of a **passenger** incur within one (1) year from the date of an **occurrence** taking place during the Policy period involving the fatality of a **passenger**.

The **aircraft** involved in the **occurrence** must have been used by you or with your permission.

This coverage is in addition to the Limits of Liability for **Liability for Scheduled Aircraft**, **Liability for Use of Non-owned Aircraft**, or **Liability for Use of Premises** shown on your **Coverage Data Page**.

OLD REPUBLIC INSURANCE COMPANY

Temporary Replacement Parts Rental Expense

If a **Scheduled Aircraft** suffers a **Physical Damage** loss covered by the Policy, we will pay the **Named Insured's** additional expenses of renting or leasing, for the period of repair, temporary replacement component part(s), to replace the part(s) damaged in the loss.

This includes the **Named Insured's** cost of installation, removal and transportation.

Temporary Replacement Parts Rental Expense will not apply unless the actual time required for the repair exceeds the minimum required repair period shown for **Temporary Replacement Parts Rental Expense** on your **Coverage Data Page**.

Temporary Replacement Parts Rental Expense will not apply to rental expense incurred after the maximum coverage period has expired.

The maximum coverage period begins immediately following the minimum required repair period.

Extra Expense Replacement Aircraft Rental Or Leasing Expense

If a **Scheduled Aircraft** suffers a **Physical Damage** loss covered under the Policy, we will pay the **Named Insured's Extra Expense** of leasing or renting a **temporary substitute aircraft** while the **Scheduled Aircraft** is being repaired.

The most we will pay for **Extra Expense Replacement Aircraft Rental Or Leasing Expense** incurred in any one day is the Each Day Limit of Insurance shown on your **Coverage Data Page**.

We will not pay more in any one loss under this coverage extension than the Each Loss limit of Insurance shown on your **Coverage Data Page**.

These limits are in addition to the limit of insurance applicable to the covered **aircraft**.

Exclusions - Extra Expense Replacement Aircraft Rental Or Leasing Expense

This insurance will not apply to **Extra Expense** incurred:

1. unless the actual time required to repair the damaged **aircraft** exceeds the minimum required repair period shown under **Extra Expense Replacement Aircraft Rental Or Leasing Expense** on your **Coverage Data Page**;
2. if another **aircraft** is available at no extra charge for its use;
3. if the **Named Insured** acquires through ownership, lease, lease-purchase option, or otherwise, a permanent replacement for the damaged **aircraft**;
4. if the **Scheduled Aircraft** is a **Total Loss** and we have offered the **Named Insured** a proof of loss;
5. beyond the **Maximum Coverage Period** shown under **Extra Expense Replacement Aircraft Rental Or Leasing Expense** as shown on your **Coverage Data Page**.

OLD REPUBLIC INSURANCE COMPANY

The **Maximum Coverage** Period begins immediately following the Minimum Required Repair Period and will continue without interruption until the **aircraft** that suffered the **Physical Damage** is returned to service or the **Maximum Coverage Period** has expired;

6. unless such **Extra Expense** is actually incurred by the **Named Insured**; or
7. for replacement of any commercial revenue generating charter or Title 14 CFR Part 135 operation, unless such flight is solely for the **aircraft** owner's personal use.

Lay-Up Credit For Scheduled Aircraft

If a **Scheduled Aircraft** is not used **in-flight**, due to:

1. maintenance;
2. inspection;
3. servicing;
4. alteration;
5. repair; or
6. intended sale;

for more than the Required Minimum Period of Lay-up shown on your **Coverage Data Page** the **Named Insured** agrees to notify us as soon as practicable.

At the end of the Policy period, we will return a pro-rata percentage credit of the applicable premium for the entire period the **aircraft** was out of service under the **Lay-Up Credit for Scheduled Aircraft** on your **Coverage Data Page**.

The insurance provided by **Lay-Up Credit for Scheduled Aircraft** will not apply to any **Scheduled Aircraft** that was out of service because of any loss or damage covered by the Policy.

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Loss Of Technical Records Coverage

The **Physical Damage Coverage for Scheduled Aircraft (Including Ingestion and Emergency Landing)** is extended to apply to those costs and expenses described below that arise out of loss of or **Physical Damage** to the **Technical Records** of **Scheduled Aircraft**.

This coverage will not apply to any **Scheduled Aircraft** not covered for Physical Damage Coverage.

We will reimburse you for the following costs or expenses arising out of the loss of or **physical damage** to **Technical Records** in an amount not exceeding the limit stated on your **Coverage Data Page** for **Loss of Technical Records Coverage** less any applicable deductible for this coverage;

1. reasonable costs for inspections or maintenance necessary to bring the **Technical Records** into compliance with the standards set forth in the applicable Federal Aviation Administration Airworthiness requirement;
2. reasonable costs of updating or reconstruction the **Technical Records**;
3. reasonable and necessary expenses incurred by the minimum required flight crew in positioning the **Scheduled Aircraft** for inspections or maintenance made necessary by loss of or **Physical Damage** to **Technical Records** and flights necessary for the completion of such maintenance; and
4. the direct operating costs of the **Scheduled Aircraft** for the flight described in 3. above.

The limit and coverage is determined with respect to the **Scheduled Aircraft** to which the **Technical Records** pertained.

SECTION III - DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS

DEFENSE, INVESTIGATION, AND SETTLEMENT OF CLAIMS AND SUITS

If a **suit** is brought against you for **Bodily Injury, personal injury and advertising injury** or **Property Damage** covered by the Policy, we will pay to defend an **insured** even if the **suit** is groundless, false or fraudulent.

We will pay any interest that is owed on the amount of a judgment we are paying and investigate and settle a loss in any way we think is reasonable and appropriate however, we will not pay a loss or defend a **suit** after we have paid the coverage limit by way of judgement or settlement.

SUPPLEMENTARY PAYMENTS

While we are obligated to defend a covered claim, we will also pay in addition to the applicable limit of liability:

1. reasonable and necessary expenses incurred at our request, but excluding loss of earnings, or wages, or salaries of your employees;
2. all expenses incurred by us, all costs taxed against you in any **suit** defended by us, and all of the following:
 - a. all interest on the entire amount of any judgment thereon which accrues after entry of the judgment and before we have paid or tendered payment or deposited in court that part of the judgment which does not exceed the limit of our liability thereon;
 - b. prejudgment interest awarded against the **insured** on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer;
 - c. any costs for arbitration alleging damages covered by the Policy which the **insured** must or may submit to;
3. the cost of bail bonds, up to the limit for each bond as stated for Bail Bonds on your **Coverage Data Page** as required of the **insured** because of a covered **occurrence** taking place during the Policy period involving a violation of law or civil aviation regulation arising out of the **insured's Aviation Operations** and involving the use of covered **aircraft** or aviation **premises** which is covered by the Policy. However, we have no obligation to furnish or apply for any bail bonds.
4. expenses incurred by the **insured** for necessary first aid to others for a covered **occurrence** taking place during the Policy period;
5. all reasonable expenses incurred by the **insured** at our request to assist us in the investigation or defense of a claim or **suit**, including actual loss of earnings up to the Each Day limit as stated under Loss of Earnings on your **Coverage Data Page** because of time off from work;
6. premium on appeal bonds required or, premiums on bonds to release attachments in any **suit** defended by us for any amount not exceeding the applicable limit of liability; and
7. all reasonable expenses the **insured** is required to pay as a result of any public inquiry or any inquiry by the Federal Aviation Administration or other authority, into an **occurrence** taking place during the Policy period involving a covered **aircraft**.

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AVIATION CRIMINAL DEFENSE EXPENSE AND REPATRIATION EXPENSE REIMBURSEMENT

In addition to the above expenses, we will also pay for:

Criminal Defense

Criminal defense, including the reimbursement of reasonable expenses incurred by the **insured** in providing a defense to a criminal investigation or prosecution by any agency, ministry or any department of any foreign sovereign of one or more **crew-members** employed by the **insured** that arises out of an **occurrence** taking place during the Policy period to which the insurance afforded by your **Liability for Scheduled Aircraft** coverage of the Policy applies.

Notwithstanding any other provision of the Policy we have no obligation to provide or arrange for any criminal defense. The total amount of reimbursement for this insurance is as stated on your **Coverage Data Page**.

Repatriation Expense Reimbursement

Repatriation Expense Reimbursement of reasonable expenses incurred by the **insured** in transporting one or more **crew-members** employed by the **insured** to the nearest port of entry in the United States following a criminal investigation or prosecution by any agency, ministry or department of any foreign sovereign that arises out of an **occurrence** taking place during the Policy period to which the insurance afforded by the **Liability for Scheduled Aircraft** coverage of the Policy applies.

However, the insurance afforded by this paragraph does not apply to any expense incurred in transporting any **crew-member** who has been convicted of any crime, whether by plea or otherwise, arising out of an **occurrence** taking place during the Policy period to which the insurance afforded by the **Liability for Scheduled Aircraft** coverage of the Policy applies.

Notwithstanding any other provision of the Policy we have no obligation to provide or arrange for any repatriation.

The total amount of reimbursement for this insurance is as stated on your **Coverage Data Page**.

The insurance afforded for aviation criminal defense expense and repatriation expense reimbursement is limited to reimbursement of expenses as described herein.

We have no obligation to pay any fine, penalty, restitution, judgment or any similar sums arising from any criminal investigation, prosecution, plea or conviction.

The insurance afforded for aviation criminal defense expense and repatriation expense reimbursement is excess over any other valid and collectible insurance available to the **insured** for the payments described herein, unless such other insurance was specifically purchased to apply in excess of this insurance.

SECTION IV - EXCLUSIONS

GENERAL EXCLUSIONS

The insurance provided by the Policy will not apply to loss caused directly or indirectly by the following:

1. **Unlawful Acts**

Illegal, criminal or dishonest acts or activities, alleged or otherwise, committed by or at the direction of or with the knowledge and consent of directors or officers of the **insured** and with the knowledge at the time that such act was illegal or criminal, but with respect to the **Named Insured** this exclusion will apply only if such activities or acts are with the knowledge and consent of an officer or director of the **Named Insured**;

2. **Intentional Acts**

Bodily Injury or **Property Damage** expected or intended from the standpoint of the **insured**. This exclusion does not apply to **Bodily Injury** or **Property Damage** resulting from the use of reasonable force to protect persons or property, and to **Bodily Injury** or **Property Damage** resulting from efforts to prevent dangerous interference with the operation of the **aircraft**;

3. **Airworthiness Certificate**

While the **aircraft** is in flight with the knowledge and consent of the **Named Insured**, if the **aircraft** does not possess a valid airworthiness certificate unless the **aircraft** is being operated on a reposition, ferry or test flight, provided a special permit or waiver has been granted by the Federal Aviation Administration or its foreign equivalent for such flight and such flights are for the sole purpose of reinstatement or renewal of the airworthiness certificate.

This exclusion will not apply while:

- a. the **aircraft** is in the care, custody or control of the Federal Aviation Administration or its foreign equivalent Approved Repair Station for the purpose of maintenance, repair or test flights, or
- b. **aircraft** that are owned, operated or managed specifically for a public entity that is exempt from Airworthiness Certificate requirements.

4. **Asbestos Exclusion Clause**

Any claims of any kind whatsoever directly or indirectly relating to, or arising from:

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

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

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Notwithstanding any other provisions of the Policy, we will have no duty to investigate, defend or pay defense costs in respect of any claim excluded in whole or in part under paragraphs 4. a. and 4. b. above.

5. Noise And Pollution And Other Perils Exclusion Clause

a. Any claims directly or indirectly occasioned by, happening through, or in consequence of:

- (1) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith;
- (2) **pollution** or contamination of any kind whatsoever;
- (3) electrical and electromagnetic interference; and/or
- (4) interference with the use of property;

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

b. With respect to any provision in the Policy concerning any duty of the **Company** to investigate or defend claims, such provision will not apply and the **Company** will not be required to defend:

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

c. In respect of any Combined Claims, the **Company** will (subject to proof of loss and the limits of the Policy) reimburse the **insured** for that portion of the following items which may be allocated to the claims covered by the Policy:

- (1) damages awarded against the **insured**, and
- (2) defense fees and expenses incurred by the **insured**.

d. Nothing herein will override any radioactive contamination or other exclusion clause attached to or forming part of the Policy.

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6. Nuclear Risk Exclusion Clause

- a. Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:
 - (1) the radioactive, toxic, explosive, or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
 - (2) the radioactive properties of, or a combination of radioactive properties with toxic, explosive, or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto; or
 - (3) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.
- b. It is understood and agreed that such radioactive material or other radioactive source in paragraph a. (2) and a. (3) above will not include:
 - (1) depleted uranium and natural uranium in any form; or
 - (2) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational, or industrial purpose.
- c. The Policy does not cover loss of or destruction of or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:
 - (1) the **insured** under the Policy is also an **insured** or an additional **insured** under any other insurance policy, including any nuclear energy liability policy, notwithstanding such other policy has terminated upon exhaustion of its limit of liability;
 - (2) any person or organization is required to maintain financial protection pursuant to legislation in any country; or
 - (3) the **insured** under the Policy is, or had the Policy not been issued would be, entitled to indemnification from any government or agency thereof.
- d. Loss, destruction, damage, expense, or legal liability in respect of the nuclear risks not excluded by reason of paragraph b. above will (subject to all other terms, conditions, limitations, warranties, and exclusions of the Policy) be covered, provided that:
 - (1) in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereof, such carriage will in all respects have complied with the full International Civil Aviation Organization Technical Instructions for the Safe Transport of Dangerous Goods by Air, unless the carriage will have been subject to any more restrictive legislation, when it will in all respects have complied with such legislation;
 - (2) the Policy will only apply to an **occurrence** happening during the period of the Policy and where any claim by any **insured** against us or by any claimant against any **insured** arising out of such **occurrence** will have been made within three (3) years after the date thereof;

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(3) in the case of any claim for the loss of or destruction of or damage to or **loss of use** of an **aircraft** caused by or contributed to by radioactive contamination, the level of such contamination will have exceeded the maximum permissible level set out in the following scale:

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

(4) the coverage afforded hereby may be cancelled at any time by us giving seven days' notice of cancellation.

7. War, Hijacking And Other Perils Exclusion Clause

- a. war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power;
- b. any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- c. strikes, riots, civil commotions or labor disturbances;
- d. any act of one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional;
- e. any malicious act or act of sabotage;
- f. confiscation, nationalization, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government (whether civil, military or de facto) or public or local authority;
- g. hi-jacking or any unlawful seizure or wrongful exercise of control of the **aircraft** or crew **in-flight** (including any attempt at such seizure or control) made by any person or persons on board the **aircraft** acting without the consent of the **insured**.

Furthermore, the Policy does not cover claims arising while an **aircraft** is outside the control of the **insured** by reason of any of the perils referenced in 7. a. through g. above.

An **aircraft** will be deemed to have been restored to the control of the **insured** on the safe return of that **aircraft** to the **insured** at an airfield not excluded by the geographical limits of the Policy, and entirely suitable for the operation of that **aircraft** (such safe return will require that the **aircraft** be parked with engines shut down and under no duress).

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8. Date Recognition Exclusion Clause

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 in whole or in part):

- 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 any third party) to accurately or completely process, exchange or transfer 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 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; and/or
- 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.

Any provision in the Policy concerning any duty of the insurer to investigate or defend claims will not apply to any claim excluded by the Date Recognition Exclusion Clause.

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LIABILITY EXCLUSIONS

With respect to **PART ONE – LIABILITY COVERAGES** and **SECTION III - DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS** the insurance provided by the Policy will not apply to:

1. Damage To Property

Property Damage or direct physical loss or damage to property owned, occupied, used, rented, transported by or in the care, custody, or control of an **insured** except as provided under the following coverages:

- a. **Liability For The Use of Non-owned Aircraft;**
- b. **Liability For Property Damage to Non-Owned Aircraft And Temporary Substitute Aircraft;**
- c. **Liability For Property Damage To Hangars And Their Contents;**
- d. **Liability For Property Damage By Fire;**
- e. **Hangarkeepers Liability;**
- g. **Garagekeepers Liability;**
- h. **Cargo Liability.**

2. Agreements

any liability assumed by the **insured** in any type of agreement except as provided by **Liability for Contractual Agreements** coverage;

3. Workers' Compensation and Similar Laws

any obligation of the **insured** under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

4. Employment-Related Practices

- a. **Bodily Injury** to a person arising out of any:
 - (1) refusal to employ that person;
 - (2) termination of that person's employment;
 - (3) employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- b. the spouse, child, parent, brother or sister of a person as a consequence of **Bodily Injury** to that person at whom any of the employment-related practices described in Paragraphs a. (1), a. (2), a. (3) above are directed.

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This exclusion applies to:

- a. you whether or not you may be held liable as an employer or in any other capacity; and
- b. any obligation to share damages with or to repay someone else who must pay damages because of the injury.

5. Employer's Liability

- a. **Bodily Injury** to an employee of the **insured** arising out of the course and scope of employment by the **insured** or performing duties related to the conduct of the **insured's** business.
- b. the spouse, child, parent, brother or sister of the employee as a consequence of **Bodily Injury** described in paragraph a. above.

This exclusion applies to:

- a. you whether or not you may be held liable as an employer or in any other capacity; and
- b. any obligation to share damages with or to repay someone else who must pay damages because of the injury.

This exclusion does not apply to:

- a. liability assumed by the **insured** in any agreement required by a military or governmental authority as a prerequisite for using an airport or an airport facility;
- b. liability assumed by you under any contractual agreements covered under the Policy, provided that the **Bodily Injury** occurs after the execution of the contract or agreement;
- c. the provisions of the **Passenger Voluntary Settlements For Scheduled And Non-Owned Aircraft** coverage.

6. Recording And Distribution Of Material Or Information In Violation Of Law Clause

Any claim arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. the Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. the CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- c. the Fair Credit Reporting Act (FCRA) and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- d. any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

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HULL EXCLUSIONS

With respect to **PART TWO: HULL PHYSICAL DAMAGE COVERAGE** the insurance provided by the Policy will not apply to any loss, damage, claim or expense:

1. **Wear and Tear**

Which is due and confined to wear and tear, deterioration, mechanical or electrical breakdown of the insured property, its equipment, components or accessories, or to tires, unless the damage is caused by fire, malicious mischief, vandalism or theft or unless the loss or damage is the direct result of other **Physical Damage**, including **ingestion**, covered by the Policy.

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

2. **Radioactive Contamination**

For any loss or damage due to radioactive contamination.

3. **Conversion**

Caused by the embezzlement, **secretion** or conversion of the insured property.

4. **Loss of Use and Depreciation**

Due to depreciation in the value of, or arising from the loss of use of the insured property.

5. **Turbine Engine Overheat**

Due to damage to turbine engines caused by excessive heat which results from operation, attempted operation or shutdown of the engine including a turbine powered auxiliary power unit.

6. **Personal Property**

To wearing apparel and other personal effects.

7. **Governmental Taking**

Due to:

- a. capture or confiscation;
- b. seizure, arrest, restraint or detention or the consequences thereof or of any attempt thereat; or
- c. any taking of the property insured;
- d. damage to or destruction thereof;

by any government or governmental authority or agent (whether secret or otherwise); or by any military, naval or usurped power, whether any of the foregoing be done by way of requisition or otherwise and whether in time of peace or war and whether lawful or unlawful.

SECTION V - LIMITS OF THE COMPANY'S LIABILITY

A. Other Insurance

Except with respect to coverage provided by the Policy as **Excess Insurance**, if there is other insurance including any formal self-insurance program or self-insured retention plan in the **insured's** name or otherwise, against any loss, liability or expense covered by the Policy, we will not be liable under the Policy for a greater proportion of such loss, liability or expense than what the applicable limit of our liability under the Policy bears to the total applicable limits of all other valid and collectible insurance.

B. Total Liability for Part One – Liability Coverage

The limits apply separately to:

1. each insured **aircraft**; and
2. each **insured**;

regardless of the number of:

1. **insureds** under the Policy;
2. persons or organizations who sustain **Bodily Injury, personal and advertising injury, or Property Damage**; or
3. claims made, or **suits** brought because of **Bodily Injury, personal and advertising injury or Property Damage**.

Our total liability for all damages, including damages for care and loss of services, as the result of any one **occurrence** will not exceed the limit of liability stated on your **Coverage Data Page** as applicable to "each **occurrence**", and in the annual aggregate if specified.

For the purpose of determining the limit of our total liability, all **Bodily Injury, personal and advertising injury** and **Property Damage** arising out of continuous or repeated exposure to the same general conditions taking place during the Policy period will be considered arising out of one **occurrence**.

Each Passenger Coverage limits.

If your **Coverage Data Page** shows a coverage limit for "each **passenger**," than 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.

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Each Person Coverage limits.

If your **Coverage Data Page** shows a coverage limit for "each person", than 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.

C. Total Liability for Part Two – Physical Damage Coverage

1. In the event of a **Total Loss**, we will pay the **Named Insured**, less any applicable deductible:

- a. the insured value of the **Scheduled Aircraft** as shown under **Physical Damage Coverage for Scheduled Aircraft (Including Ingestion and Emergency Landing)** on your **Coverage Data Page**;
- b. the **Named Insured's** financial interest in any **Spare Engine** or **Spare Part** not to exceed its actual cash value or the limits for the applicable coverage on your **Coverage Data Page** whichever is less.

In addition, we will refund the pro-rated unearned premium for any **Scheduled Aircraft** that is a **Total Loss**.

At the time of payment of a **Total Loss** by us, our exposure, under **Physical Damage Coverage for Scheduled Aircraft (Including Ingestion and Emergency Landing)**, ceases.

2. In the event of a **Partial Loss**, our liability will not exceed:

- a. The total of the following items, less any applicable deductible, if the repairs are made by an **insured**:
 - i. the **insured's** net costs for necessary material and parts of like kind and quality;
 - ii. the cost of transportation, by the least expensive reasonable means of:
 - (1) damaged parts from the site of the loss to and from the most practicable place for repair;
 - (2) replacement parts from the nearest available source to the site of the loss; or
 - (3) the damaged property to the most practicable place for repair and then to the site of the loss or to the **insured's** home airport; whichever is closer.
 - iii. the reasonable costs of food, lodging and transportation of the **insured's** employees required for the actual period of repair if the loss occurs away from the **insured's** base of operations and actual wages paid for labor at the current straight time rates at the place of repair plus the reasonable cost of required supervision and overhead;

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- b. the total of the following items, less any applicable deductible, if the repairs are made by other than the **insured**:
- i. the net cost to the **insured**, to make repairs with material and parts of like kind and quality;
 - ii. the reasonable cost of transportation, food and lodging expenses incurred for a necessary representative(s) of the **insured** to:
 - (1) inspect or authorize repairs and/or test fly the **aircraft**, not to exceed five percent (5%) of the repair cost estimate or \$5,000., whichever is less. This paragraph only applies if the **aircraft** is being repaired away from its primary base of operations;
 - (2) any additional **transportation costs** incurred related to the repairs.
3. In no event will our liability for a **Partial Loss** exceed:
- a. the insured value of the **Scheduled Aircraft**; or
 - b. with respect to **Physical Damage Coverage for Spare Engines and Spare Parts Including Transit, the Named Insured's**:
 - i. financial interest in any **Spare Engine** or **Spare Part**;
 - ii. its actual cash value; or
 - iii. the applicable limit;

shown under **Physical Damage Coverage for Spare Engines and Spare Parts Including Transit** on your **Coverage Data Page**, whichever is less.

In the event of a **Partial Loss**, whether or not such loss is covered by the Policy, the value of the **Scheduled Aircraft** will automatically be reduced at the time of the loss by the amount of the loss.

When repairs begin, the insured value will automatically increase by the value of the completed repairs until the insured value of the **Scheduled Aircraft** is fully restored.

4. If we pay a claim, whether for a **Partial Loss** or a **Total Loss**, we are entitled to all salvage. There will, however, be no abandonment of the salvage to us without our prior consent.
5. We have the right to return stolen property any time before the loss is paid with payment for any resultant **Physical Damage**.
6. The amount specified as a deductible (if any) for **Scheduled Aircraft** does not apply to a **Total Loss**, constructive **Total Loss** or any loss caused by fire, lightning, explosion, transportation of parts or theft, robbery or pilferage.

However, any **Partial Loss** caused by fire or explosion, resulting directly or indirectly from the collision or crash of an **aircraft** while **in-motion**, will be subject to the in-motion deductible, if any.

Scheduled Aircraft deductibles will not apply in the event of a collision with any other **aircraft** insured by us under another policy.

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D. Total Liability for Part Three – Coverage Extensions

Our total liability for all costs or expenses incurred by or on behalf of the **Named Insured** will not exceed the Limit of Liability on your **Coverage Data Page** that applies to each applicable coverage extension.

E. Severability of Interests

The limits and coverage apply separately to each **insured**, but the inclusion within the Policy of more than one **insured** will not increase the applicable limits of our total liability.

F. Two of More Aircraft Insured by the Policy

In the event that two or more **aircraft** are **insured** by the Policy, the applicable limits of liability and deductibles (if any) will apply separately to each.

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SECTION VI - NOTICE OF CLAIMS AND OTHER DUTIES OF AN INSURED

In the event of any accident, **occurrence**, claim, **suit** or loss, the **insured(s)** and/or the **insured's** legal representative(s) agree to:

- A. not assume any obligation or liability, nor offer to pay any reward except at the **insured's** expense, nor incur any expense other than those items listed in **SECTION III - DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS** of the Policy;
- B. promptly contact us and follow up with prompt written notice including (if known) the:
 - 1. time, place and description of events;
 - 2. names and locations of **passengers**, witnesses, injured or deceased persons, and
 - 3. location and description of any damaged property and/or **aircraft**;
- C. immediately forward to us every demand, notice, summons, legal paper, or any other process they receive;
- D. cooperate and assist us in all matters of any claim or **suit**;
- E. do nothing after the accident or loss to harm our right of recovery against any person or organization who may be liable to the **insured**;
- F. authorize us to obtain any records relating to a loss;
- G. not abandon the **aircraft** or any other salvage without our prior consent;
- H. take all reasonable precautions to protect the **aircraft** or other insured property after any accident or loss. Reasonable expenses incurred in providing such protection will be reimbursed by us. Any further loss or damage due to the **insured's** failure to reasonably protect the insured property will not be covered by the Policy;
- I. promptly report any suspected or actual theft or burglary of the **aircraft**, breaking and entering or vandalism to the local police;
- J. allow us the option to inspect any **aircraft** or insured property before any repairs begin or its disposal;
- K. file with us within ninety (90) days after the loss a sworn proof of loss including the information and in the form we reasonably require and, upon our request, submit to examination under oath;
- L. exhibit the damaged property and produce for our examination all pertinent records and invoices, permitting copies to be made, at reasonable times and places as we designate;
- M. if requested, provide clear title to us for any salvaged property at the time **Total Loss** payment is made by us;
- N. allow us to inspect **aircraft** records, repair and service invoices, sales receipts, and log books as may be required in the settlement of any claim.

SECTION VII - OTHER CONDITIONS OF INSURANCE

1. Appraisal of Loss

If we fail to agree with the **Named Insured** on the amount of the loss, either may, within sixty (60) days after a proof of loss is filed, demand an appraisal of the loss.

Both we and the **Named Insured** will each select a competent **aircraft** appraiser. The appraisers will select a competent and impartial umpire.

The appraisers will judge the amount of the loss. If they do not agree, they will submit their difference to the umpire. Agreement in writing of any two of the three will determine the amount of the loss.

The **Named Insured** and we will each pay our chosen appraiser and will bear equally the expenses of the appraisal and the umpire.

We will not be held to have waived any of our rights by any act relating to appraisal.

2. Action Against the Company

No action will be taken against us unless, prior to such action, the **insured** has:

1. fully complied with all of the terms and conditions of the Policy; and
2. the amount of loss has been determined as set forth below:

Part One - Liability Coverages:

No action will lie against us until the amount of the **insured's** obligation to pay has been finally determined either by judgment against the **insured** after actual trial or, by written agreement of the **insured**, the claimant and us.

Any person, organization or their legal representative who has secured such judgment or written agreement will be entitled to recover under the Policy to the extent of the coverage provided by the Policy.

No person or organization will have any right under the Policy to join us as a party to any action against the **insured** to determine the **insured's** liability, nor will we be impleaded by the insured or its legal representative.

Bankruptcy or insolvency of the **insured** or of the **insured's** estate will not relieve us of any of our obligations under the Policy.

Part Two – Hull Physical Damage Coverage:

No **insured** covered under the Policy may file **suit** against us, nor will payment for loss be required until thirty (30) days after the required proof of loss is filed with us and the amount of loss is determined as described in **Part Two – Hull Physical Damage Coverage**.

Any action against us must be taken within one (1) year after the date of the loss.

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Part Three – Coverage Extensions:

No **insured** covered under the Policy may file **suit** against us nor will payment for loss be required until thirty (30) days after any required proof of claim has been filed with us.

Any action against us must be taken within one (1) year after the date of the loss.

3. Cancellation and Non-Renewal of the Policy

1. Cancellation

The Policy may be cancelled by the **Named Insured** by mailing prior written notice to us stating when the cancellation will be effective. The Policy may be cancelled by us by mailing to the first **Named Insured** at the first address shown for the **Named Insured** on your **Coverage Data Page** stating when, not less than ninety (90) days thereafter, the cancellation will be effective. However, only ten (10) days prior written notice will be provided if the cancellation is for non-payment of any premium due. The effective date and hour of cancellation stated in the notice will become the end of the Policy period.

If the **Named Insured** cancels the Policy, earned premium will be computed in accordance with the customary short rate table and procedure. If the **Company** cancels, earned premium will be computed on a pro-rata basis. 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 by us is not a condition required for the cancellation to be effective.

2. Non-Renewal

We will mail written notice to the first **Named Insured** at least sixty (60) days prior to the expiration date of the Policy in the event either decides not to renew the Policy.

The proof of mailing or delivering notice of non-renewal or cancellation to the first **Named Insured** by the **Company** will be sufficient proof of notice to all **insureds**.

4. Certificates of Insurance

A Certificate of Insurance issued by us for or on behalf of the **Named Insured**, including any certificates required by military or governmental authorities, automatically provides the insurance as is evidenced in that certificate.

5. Changing the Policy

The Policy contains all agreements between you and us concerning the insurance afforded. The first **Named Insured** shown on your **Coverage Data Page** is authorized to make changes in the terms of the Policy with our written consent. The Policy's terms can be amended or waived only by amendment issued by us and made a part of the Policy.

6. Our Rights of Recovery

In the event of any payment made under the Policy, we will assume all of the **insured's** rights of recovery against any person or organization. The **insured** will execute and deliver instruments and papers and do whatever else is necessary to enforce those rights.

7. Cross Liability

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The Policy will cover claims by one **insured** against another **insured**.

However, in no event will this provision:

1. increase or change the limits of our liability; nor
2. will it change any of the Declarations, Insuring Agreements, Exclusions, Conditions, Limits of Liability or other terms of the Policy.

8. Financial Responsibility Laws

(applicable to **Part One - Liability Coverages**)

When the Policy is certified as proof of financial responsibility under the provisions of any **aircraft** financial responsibility law the insurance afforded by the Policy for **Bodily Injury** or **Property Damage** will comply as necessary with the provisions of the law, but in no event will insurance be in excess of the limits of liability stated on your **Coverage Data Page**.

The **Named Insured** agrees to reimburse us for any payment made which we would not have been obligated to make under the terms of the Policy except for the agreement in this paragraph.

9. Inspection

We or our authorized representative will be permitted to inspect the insured property and any of its records during the Policy period and for one year afterward.

10. Mexican Operations Warning

Although the Policy provides coverage in Mexico, the Mexican Government requires proof of **aircraft** liability written through a Mexican insurance company.

If the **insured** does not have proof of Mexican liability insurance, the **aircraft** can be confiscated by the Mexican authorities and any **passengers** jailed or detained.

It is a good practice for the **insured** to contact their agent or broker to arrange coverage if any flights are planned into or near Mexican airspace.

Mexican liability coverage is available for purchase through us if needed.

11. Policy Compliance with State Law

If the terms of the Policy conflict with the **Named Insured's** state or province law, the Policy's terms are deemed amended as necessary to comply with that law.

12. OFAC Notice

Payment of loss under the Policy will only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

13. Transfer of the Policy to Others

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Interest in the Policy may not be transferred without prior written agreement from us.

If the **Named Insured** dies or is judged legally bankrupt or insolvent and the **Named Insured** or their legal representative notifies the **Company** within sixty (60) days of the judgment or death, effective the date of the judgment or death, the **Named Insured** will become:

1. any person or organization having custody of the **Scheduled Aircraft** until a legal agent is appointed; or
2. the **Named Insured's** legal representative.

14. Acceptance of Policy

By acceptance of the Policy, the **Named Insured** agrees that:

1. the statements on your **Coverage Data Page** are its representations;
2. the Policy is issued in reliance upon the truth of the representations; and
3. the Policy embodies all agreements by and between us and the **Named Insured** and of the **Named Insureds** agents.

15. Fraud or Misrepresentation

The Policy will be void if the **Named 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 **Named Insured** touching any matter relating to the insurance or the subject thereof, whether before or after a loss.

16. When We Will Pay

We will pay for a covered loss within thirty (30) days from the date upon which notice and proof of claim are furnished to us or within thirty (30) days after we reach an agreement with the **Named Insured** or a final court judgment is entered or an appraisal award is filed with us.

The **Named Insured** must comply with all the terms of the Policy before we pay.

SECTION VIII – GLOSSARY

1. **Advertisement** means a notice that is broadcast or published to the general public or to specific market segments about your goods, products or services for the purpose of attracting customers or supporters.

For the purpose of this definition, notices that are published include material placed on the Internet or on similar electronic means of communication.

2. **Aircraft** means any **Scheduled Aircraft** and any other **aircraft** for which insurance is provided under the Policy. This includes:
 - a. the **aircraft**;
 - b. the **aircraft's** propulsion system; and
 - c. parts and equipment installed in or on the **aircraft**.

Parts that are temporarily removed are also included even if replaced by similar parts.

Tools and repair equipment standard for the **aircraft** and normally carried on the **aircraft** are also included.

3. **Auto** means:
 - a. a land motor vehicle; or
 - b. a trailer or semi-trailer;

designed for travel on public roads, including any attached machinery or equipment.

Auto does not include **Mobile Equipment**.

4. **Asbestos** means any form of the mineral known as **asbestos** or any form of impure magnesium silicate including but not limited to any material, waste, equipment, device or product containing **asbestos** or any dust or particles containing **asbestos** whether or not the **asbestos** is friable and whether or not the **asbestos** is in or on any structure or in the air, soil or groundwater; or in any other media.
5. **Aviation Operations** means all operations arising from:
 - a. the ownership;
 - b. maintenance; or
 - c. use of locations or **aircraft**;

for aviation activities including that portion of roads or other accesses that adjoin these locations.

Aviation Operations include all operations necessary or incidental to aviation activities.

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6. **Bodily Injury** means:
- Physical harm, including sickness or disease, sustained by a person, caused by an **occurrence** during the Policy period; and
 - Mental anguish, injury or illness, or emotional distress, resulting at any time from such physical harm, sickness or disease.
7. **Cargo** means **Tangible Property** of others accepted for transportation by you for a charge under a tariff bill of lading or shipping receipt issued by you.
8. **Crew-member** means any **passenger**, who is required for, or assisting in, **aircraft** operations, such as the **pilot in command**, co-pilot, flight engineer or flight attendant.
9. **Commercial Use** means any use of an **aircraft** for which a charge is made, including **Non-Commercial Use**.
10. **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**.
11. **Excess Insurance** means insurance that only applies when all other valid and collectible insurance, including any formal self-insurance program deductible, or self-insured retention plan, available to the **Named Insured** and or **insured** has been exhausted (other than insurance specifically purchased by the **Named Insured** to apply as excess over the Policy). If no such insurance or self-insurance exists, **Excess Insurance** coverage provided by the Policy will act as primary. If the other insurance is written through us as primary insurance, the total limit of the **Company's** or companies' liability will not exceed the greatest or greater limit on any one policy.
12. **Extra Expense** means that a portion of the actual reasonable incurred cost of leasing or renting a replacement **aircraft** of similar kind and quality which exceeds the cost of operating **aircraft** the **Named Insured** would have incurred if the **Scheduled Aircraft** had not been damaged.
13. **In-flight** means:
- With respect to fixed-wing **aircraft**, the time commencing from the start of the take-off run of the **aircraft** and continuing until the **aircraft** has completed its landing roll.
 - With respect to rotorcraft, any time the rotors are moving under power for lift-off or flight of the **aircraft**, until the rotors cease revolving after landing.
 - With respect to any other **aircraft**, any time the **aircraft** is off a supporting surface as a result of propulsion, buoyancy or aerodynamic reaction.
14. **In-motion** means:
- Any time the **aircraft** is moving under its own power or by the momentum generated by its own power, or while it is **in-flight**.
 - With respect to rotorcraft, it is anytime the rotors are moving under power or by the momentum generated by such power.

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15. **Ingestion** means **Physical Damage** to:

- a. a turbine engine; or
- b. a turbine auxiliary power unit;

if they are included within the definition of **aircraft**, caused by objects or substances that are not or were not part of the engine or its accessories, which is the result of a single incident of sufficient severity to require, or would require if its severity were known at the time, immediate repair before further use.

16. **Insured** means:

- a. for all coverage:

- (1) the **Named Insured**;

- (2) any director, officer, partner, employee, agent or stockholder of the **Named Insured** while that person is acting within their official capacity as such;

- b. with respect to **Part One: Liability Coverages** except for: **Coverage 2. Liability For The Use Of Non-Owned Aircraft**; **Coverage 8: Passenger Voluntary Settlements For Scheduled And Non-owned Aircraft**; and **Coverage 9: Liability For Property Damage To Non-Owned Aircraft And Temporary Substitute Aircraft** an **insured** also includes:

- (1) any person or organization while riding in, using or legally responsible for a **Scheduled Aircraft** or **temporary substitute aircraft** provided that the use is within the scope of the permission of the **Named Insured**; and

- (2) any other person or organization but, only for their legal liability covered by the Policy which arises solely out of the acts or omissions of a person or organization in 16. a. above.

- c. other than any persons or organizations described in paragraph 16. a. above, none of the following is considered an **insured** regardless of subparagraph b. (1) above:

- (1) any person or organization or their agents or employees engaged in the design, manufacture, maintenance, repair, or sale of **aircraft**, **aircraft** engines, components or accessories, or engaged in the operation of any **aircraft**, airport, hangar, flight school, flight service, or piloting service, with respect to any **occurrence** arising out of such activity; or

- (2) any person or organization or their agents or employees who are engaged in the activity of instruction, evaluation, examination or certification of any pilot or **crew-member** or prospective pilot or **crew-member**; or

- (3) any person or organization or their agents or employees who charge a fee and/or receives any remuneration or benefit for providing any type of service whatsoever in connection with the ownership, maintenance, or use of the covered **aircraft**; or

- (4) any person or organization or their agents or employees operating the covered **aircraft** under the terms of any rental agreement or training program which provides any remuneration to the **Named Insured** for the use of covered **aircraft**; or

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(5) the owner, lessor or their agents or employees, of any **Non-owned Aircraft** covered by the Policy.

17. **Intellectual property law or rights** means any:

- a. certification mark, copyright, patent or trademark (including collective or service marks);
- b. right to, or judicial or statutory law recognizing an interest in, any trade secret or confidential or proprietary non-personal information;
- c. other right to, or judicial or statutory law recognizing an interest in, any expression, idea, likeness, name, slogan, style of doing business, symbol, title, trade dress or other intellectual property; or,
- d. other judicial or statutory law concerning piracy, unfair competition or other similar practices.

18. **Loss of one body part** means:

- a. Severance of a hand at or above the wrist;
- b. Severance of a foot at or above the ankle; or
- c. The entire and irrecoverable loss of sight of an eye.

19. **Loss of two or more body parts** means a loss that:

- a. Is any combination of Paragraphs a., b. or c. in the definition of **loss of one body part**; or
- b. Meets the requirements of either of those paragraphs for more than one hand, foot or eye.

20. **Medical Expense** means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices and necessary ambulance, hospital, professional nursing and/or funeral services.

21. **Mobile Equipment** means a land vehicle (including any machinery or apparatus attached), whether or not self-propelled, used in connection with the maintenance or operation of **aircraft** or **premises** that is:

- a. Not subject to motor vehicle registration;
- b. Used exclusively on **premises** owned by or rented to the **Named Insured** including the roadways or property immediately adjoining; or
- c. Designed for use principally off public roads.

22. **Named Insured** means the person(s) or organizations(s) shown on your **Coverage Data Page** as the "**Named Insured**".

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23. **Non-Commercial Use** means private, pleasure and business use, excluding any use of the **aircraft** for hire, money or any form of reward or compensation from others.

However, being reimbursed for or sharing the following expenses of a flight if the sum of these expenses does not result in a profit, is not excluded:

- a. fuel, oil, lubricants and additives;
- b. hangar and tie-down charges away from the **aircraft's** home base;
- c. insurance specially bought for the flight;
- d. airport landing fees;
- e. customs, foreign permit, and other similar fees for the flight;
- f. in flight food and drinks; and
- g. weather and flight planning services.

24. **Non-owned Aircraft** means any **aircraft** except:

- a. any **Scheduled Aircraft**;
- b. any **aircraft** owned in whole or in part by, or registered to, you; or
- c. any **aircraft** having a seating configuration exceeding the Maximum Number of Seats shown on your **Coverage Data Page** for:

(1) **Liability For Use of Non-owned Aircraft**; and

(2) **Liability For Property Damage to Non-owned Aircraft And Temporary Substitute Aircraft**

regardless of the actual number of **passengers** on the **aircraft**.

25. **Occurrence** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions including **Bodily Injury** or **Property Damage** resulting from the efforts to prevent dangerous interference with any **Aviation Operations**.

26. **Partial Loss** means any **Physical Damage** loss which is not a **Total Loss**.

27. **Passenger** means any person in, on or boarding the **aircraft** for the purpose of riding, flying in or exiting from it after a ride, flight or attempted flight.

28. **Permanent total disability** means, after 12 months of being continuously **totally disabled**, the inability of the injured **passenger**, for the rest of that person's life, to perform every duty pertaining to his or her occupation at the time the **occurrence** takes place.

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29. **Personal and advertising injury** means injury, including consequential **Bodily Injury**, arising out of one or more of the following offenses:
- a. false arrest, detention, or imprisonment;
 - b. malicious prosecution;
 - c. the wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;
 - e. oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f. the use of another's advertising idea in your **advertisement**;
 - g. infringing upon another's copyright, trade dress or slogan in your **advertisement**; or
 - h. misdirection of a person to an **aircraft** or other conveyance.
30. **Physical Damage** means accidental, direct physical loss of or damage to **Scheduled Aircraft, Spare Engines or Spare Parts** during the Policy period including **ingestion**.
- It does not include the loss of use or any residual depreciation in value either before or after any repairs have been made.
31. **Pilot in Command** means the pilot aboard the covered **aircraft** who is responsible for its **in-flight** operation.
32. **Pollution** means any pollutants which may be in the form of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
33. **Premises** means the portions of airports, buildings or areas used by the **Named Insured** directly in connection with the ownership, operation, maintenance or use of any **aircraft** and the **Named Insured's Aviation Operations**.
34. **Property Damage** means
- a. accidental damage to; or
 - b. destruction of the **Tangible Property** of others;
- caused by an **occurrence** during the Policy period and the resultant loss of use of the property.
- Property Damage** also includes the loss of use of the **Tangible Property** of others that is not physically damaged but that is caused by an **occurrence** during the Policy period.
35. **Salvage value** means the value of the damaged property prior to any repairs.

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36. **Scheduled Aircraft** means any aircraft:

- a. listed under **Scheduled Aircraft** coverage; or
- b. covered under **Automatic Insurance For Newly Acquired Aircraft**; or
- c. covered under **Coverage Automatic Insurance For Newly Purchased Or Leased Aircraft**;

as may be found on your **Coverage Data Page**.

37. **Secretion** means hiding property from its rightful owner.

38. **Spare Engines** means:

- a. propulsion engines; and
- b. auxiliary power units;

which have been or which are intended to be installed in or on a **Scheduled Aircraft** or **temporary substitute aircraft** and which are not included within the Policy definition of an **aircraft**.

39. **Spare Parts** means parts or accessories, except **Spare Engines**, specifically designed for installation in or on **aircraft** or **Mobile Equipment** which are not included within the Policy definition of an **aircraft** or **Mobile Equipment**.

40. **Suit** means a civil proceeding in which damages are alleged because of:

- a. **Bodily Injury**;
- b. **Property Damage**;
- c. **personal and advertising injury**; and/or
- d. direct physical loss or damage.

Suit includes:

- a. an arbitration proceeding in which such damages are claimed and to which the **insured** must submit or submits with our consent; and
- b. any other alternative dispute resolution proceeding in which such damages are claimed and to which the **insured** submits with our consent.

41. **Tangible Property** does not include data.

42. **Temporary substitute aircraft** means any **Non-owned Aircraft** used in place of a **Scheduled Aircraft** that is temporarily withdrawn from use because of its damage, breakdown, repair, modification, inspection, servicing, loss or destruction.

43. **Technical Records** means any written records pertaining to **Scheduled Aircraft** that are required to be maintained by the applicable Federal Aviation Administration regulations.

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44. **Total Loss** means any **Physical Damage** loss for which the cost to repair when added to the **salvage value** equals or exceeds:
- a. the insured value of a **Scheduled Aircraft**, or
 - b. the actual cash value of any other insured property.
- Theft or disappearance of the entire **aircraft** is considered a **Total Loss**.
45. **Totally disabled** or **total disability** means the complete inability to perform any duty pertaining to one's occupation.
46. **Transportation Costs** means the cost of transportation, by the least expensive reasonable means of:
- a. damaged parts from the site of the loss to and from the most practicable place for repair;
 - b. replacement parts from the nearest available source to the site of the loss; or
 - c. the damaged property to the most practicable place for repair and, then, to the site of the loss or to your home airport, whichever is closer.
47. **Unsolicited Communication** means any communication, in any form, that the recipient of such communication did not specifically request to receive.