AVIATION HULL AND SPARES ALL RISKS AND LIABILITY INSURANCE

〇〇〇 and/or 〇〇〇 AIRLINES
and as more fully set forth herein

POLICY NUMBER: 〇〇〇〇〇〇〇〇〇〇

PERIOD: FROM 1 DECEMBER, 2011 TO 30 NOVEMBER 2012
BOTH DAYS INCLUSIVE LOCAL STANDARD TIME
AT THE INSURED'S ADDRESS
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POLICY SCHEDULE

Policy No.  _______________________

Item 1.  Name of the Insured

○○○○and/or ○○○○ AIRLINES and their associated and managed and affiliated and subsidiary companies now as existing or as may be hereinafter acquired, created or constituted, jointly and severally for their respective rights and interests or as agreed by Contract Leader.

Address of the Insured

○○th Floor, No ○○, ○○ W Road, Taipei City 111, Taiwan

Item 2.  Policy Period

From 1 December 2011 To 30 November 2012 Both days inclusive at Local Standard Time at the Insured’s address.

Item 3.  Limits of Insurers’ Liability

(a)  Section One:  Hull and Spares Coverage

(1)  Hull:  Agreed values as per the Schedule of Aircraft subject to a maximum agreed value of USD ○○ any one Aircraft.

(2)  Spares  USD ○○ any one occurrence.

(b)  Section Two:  Liability Coverage

Combined Single Limit (Bodily Injury/Property Damage) (including declared values on cargo and baggage):

USD ○○ (or currency equivalent) any one Occurrence.

but

(1)  the combined single limit set forth above shall apply separately in respect of each Aircraft in respect of claims arising out of the Insured’s ownership, operation or use of Aircraft;

(2)  the combined single limit set forth above shall apply in the aggregate in respect of all Occurrences during the Policy Period in respect of Products Liability.

(3)  Personal Injury shall be subject to a limit of USD ○○ any one offence and in the aggregate in respect of all offences during the Policy Period, being within the combined single limit and not in addition thereto, however such sub-limit is not applicable in respect of passengers to whom the full Policy limit shall apply.
(c) Section Three: Excess Liability

USD ○○ any one Occurrence in excess of the limits of the underlying insurance specified in the Schedule of Underlying Insurance. The limit applies in the aggregate in respect of each hazard subject to an aggregate limit under the underlying insurance. This limit is included within the combined single limit applicable to Section Two and not in addition thereto.

Item 4. Geographical Limits

Worldwide.

Item 5. Address for Notices

All notices pursuant to the terms and conditions of this Policy shall be given to:

Item 6. Pilots

Captains - Any properly certificated Captain subject to a minimum ○○ total time, ○○ hours Pilot in Command Multi-Engine Jet and ○○ hours make and model.

Co-Pilots - Any properly certificated Co-pilot subject to a minimum ○○ total time, ○○ hours Multi-Engine Turbine and 100 hours make and model.

Item 7. Uses

As required by the Insured.

Crew training and/or familiarisation flights and / or delivery / demonstration / private charter / test / ferry flights as required by the Insured.
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<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Delivery Date</th>
<th>Registration Number</th>
<th>MSN</th>
<th>Pass Seats</th>
<th>Total Agreed Value</th>
<th>Pro Rata Value</th>
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<tr>
<td>1</td>
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<td>USD ○○</td>
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<td>2</td>
<td>B757-200</td>
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<td>XU-TSD</td>
<td>26705</td>
<td>205</td>
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<td>3</td>
<td>B757-200</td>
<td>March 2012 *</td>
<td>XU-TSE</td>
<td>27599</td>
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<td></td>
<td></td>
<td>USD ○○</td>
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</tbody>
</table>

Total Value: USD ○○ USD ○○

Item 2 to be covered for Passenger Legal Liability only will be deleted after 4 months.

* to be agreed by Insurers

### SCHEDULE OF UNDERLYING INSURANCE

Subject to prior agreement by Insurers.
PREMIUM SCHEDULE

1. Premium

USD _______________________. Premium payable as follows:

In instalments subject Premium Payment Clause AVN 6A (Amended).

1) It is understood and agreed that the premium due at the inception of this Insurance shall be payable in the following instalments:

2) In the event of a claim hereunder which exceeds the instalments of premium paid on this Policy, the instalments of premium then outstanding shall become payable forthwith.

   Instalment 1: ○○% Due Date: 1 December 2011
   Instalment 2: ○○% Due Date: 1 March 2012
   Instalment 3: ○○% Due Date: 1 June 2012
   Instalment 4: ○○% Due Date: 1 September 2012

3) Notwithstanding any cancellation provision contained within the Insurance, in the event that an instalment of premium is not paid by its due date insurers shall have the right to terminate the cover afforded by the Insurance to the Insured and any other party(ies) protected thereby, whether by endorsement or otherwise, by the giving of not less than Thirty (30) days notice in writing to the Insured. Notice shall be deemed to commence from the date such notice is given by the Insurers.

2. Additions and Deletions (Combined)

1. The insurance afforded by this Policy is automatically extended to include at pro rata additional premium further Aircraft added during the currency of this Policy provided such Aircraft are owned or operated by the Insured and are of the same type as Aircraft already covered hereunder, of no greater seating capacity and not exceeding a maximum agreed value of USD ○○ any one Aircraft

2. The inclusion of additional Aircraft of other types or greater values or seating capacity shall be subject to special agreement and rating by Insurers prior to attachment.

3. Under the Aircraft loss or physical damage Section of this Policy Aircraft which have been sold or disposed of shall be deleted from this Policy and the Insured shall be entitled to pro rata return of premium provided no claim has arisen and become payable in respect of such Aircraft under the Aircraft loss or physical damage Section of this Policy and that this Policy is not cancelled by virtue of such deletion.

4. Under the liability Section(s) of this Policy Aircraft which have been sold or disposed of shall be deleted from this Policy and the Insured shall be entitled to pro rata return of premium.

Provided always that

(i) Notwithstanding the foregoing provisions for additions and deletions the premium in respect of each separate period of Flight risk insurance on any Aircraft covered during the currency of this Policy shall in no case be less than fifteen days' pro rata premium.
(ii) In the event of a claim arising in respect of any Aircraft added hereto being settled on a total loss basis the full twelve months' Aircraft loss or physical damage premium shall be paid hereunder in respect of such Aircraft.

(iii) Notice of the addition or deletion of any Aircraft under the provisions of Paragraphs 1, 3 and 4 respectively shall be given to the Insurers or their representatives in writing within ten days of attachment or deletion.

AVN 19A (Amended) 18.3.02

3. Aircraft Laying-Up Returns Clause
(Applicable upon attachment of second aircraft under Section One)

In the event of the Aircraft hereby insured being laid up, the Flight and Taxying cover under all Sections of this insurance will be suspended during the period of lay-up and credit therefor will be adjusted on expiry of this insurance subject to the following conditions:-

1. Notice must be given to the Insurers by the Insured upon termination of lay-up.

2. No return of premium shall be made:-
   
   (a) in respect of the period of the annual renewal of the Certificate of Airworthiness including any work necessitated thereby

   (b) unless the period of lay-up is of at least 15 consecutive days (but 3 consecutive days in the event of strike action or grounding for safety reasons), but should the period defined in (a) occur during lay-up then the Insured shall be entitled to add the lay-up days prior to and subsequent to the period defined in (a) in computing the period of 15 days (but 3 consecutive days in the event of strike action or grounding for safety reasons) or more for which a return may be made

   (c) if a claim in respect of the Aircraft concerned has been made on this insurance.

Subject always to the foregoing conditions the return shall be 100 per cent of pro rata of the difference between the annual hull risk premium and the annual ground risk premium (as agreed by the Insurers) for the actual period of lay-up as defined above.

In the event of the Aircraft being laid up for a period of 15 consecutive days (but 3 consecutive days in the event of strike action or grounding for safety reasons) or more, a part only of which attaches to this insurance and part to the annual renewal insurance, then this insurance shall return premium for such proportion of the total period of lay-up as the number of days attaching hereto bears to such total period.

AVN 26 (Amended) 1.10.96

Aircraft covered for ground risks hereon are permitted to perform non-commercial flights and subject to such flights not exceeding 3 hours per aircraft in any 10 day period, the lay-up period is deemed to be continuous for the purposes of calculation of any return premium due.

Definitions

Flight means from the time the Aircraft moves forward in taking off or attempting to take off, whilst in the air and until the Aircraft completes its landing run.

Taxying means movement of the Aircraft under its own power other than in Flight.
Ground means when not in Flight or Taxying.
SECTION ONE
HULL AND SPARES COVERAGE

1. Hull Coverage

This Section One covers Aircraft as per the Schedule of Aircraft, against all risks of physical loss or damage howsoever occasioned, except as hereinafter excluded, sustained during the Policy Period.

2. Exclusions

This Section One does not cover:-

(a) loss of or damage to any part of an Aircraft which is due and confined to wear and tear, deterioration, freezing, mechanical, structural, or electrical breakdown or failure, howsoever caused, but this exclusion shall not apply to any resultant loss or damage caused by such wear and tear, deterioration, freezing, mechanical, structural, or electrical breakdown or failure.

For the purposes of this exclusion

(1) damage caused by, or attributed to, the ingestion of stones, grit, dust, sand, ice or any corrosive or abrasive material, or any other substance which has a progressive or cumulative damage effect is deemed to be wear, tear, or deterioration and is excluded from this Policy. Nevertheless, damage caused by the accidental, sudden, immediate, and unexpected ingestion of an object or objects, attributable to a single recorded incident requiring the immediate withdrawal of the engine from service or if this is impractical upon first landing thereafter is covered hereunder.

(2) each Aircraft engine inclusive of the ancillaries necessary for its operation as an engine shall be regarded as a single Aircraft part.

(b) loss of use consequential upon loss, damage or disappearance of the Aircraft.

(c) claims excluded by the WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION) AVN 48B attached to this Policy.

(d) claims excluded by the NUCLEAR RISKS EXCLUSION CLAUSE AVN 38B attached to this Policy.

(e) claims excluded by the DATE RECOGNITION EXCLUSION CLAUSE AVN 2000A attached to this Policy.

(f) claims excluded by the CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 EXCLUSION CLAUSE AVN 72 attached to this Policy.

3. Agreed Value - Total Loss

(a) In the event of a claim adjustable on the basis of a total loss the Insurers will pay the agreed value of the Aircraft as set forth in the Schedule of Aircraft. Following such payment the Insurers may elect to take the Aircraft (together with all documents of record, registration and title thereto) as salvage.
(b) A ‘Constructive Total Loss’ is deemed to have occurred when the estimate of total costs of the Hull Loss, is equal to or greater than 75% of the Agreed Value declared hereon.

However, it is understood and agreed that the Insured and Insurers may mutually agree to declare a Constructive Total Loss where the estimate of total costs, as stated above, is less than 75% of the total loss.

4. Cost of Repair - Partial Loss

With respect to partial loss the Insurers will pay for repairs less any applicable deductible as set forth in Clause 5., as follows:-

(a) In the event of damage to the Aircraft being repaired by the Insured (including work being carried out under paragraph 10.(a) of this Section One) wages will be allowed at normal rates plus 250% with no addition for overtime or overhead expenses. Materials and parts shall be allowed at actual cost plus 30%.

(b) In the event of any other firm effecting repairs, the cost of repairs shall be the actual amount of the account plus the reasonable cost to the Insured for supervising the repairs.

(c) The cost of repairs to the Aircraft shall include the cost of transportation of personnel, materials, tools and equipment required to effect the repairs to and from the place where the Aircraft is to be repaired and/or the cost of transporting the Aircraft or damaged parts to and/or from the place where the repairs are to be carried out. Transportation shall be by the most practical means, be it by surface or by air.

Insurers will in addition pay

(a) for necessary test flights and the cost of obtaining reinstatement of the certificate of airworthiness.

(b) for the return of the Aircraft to its home airport or the nearest airport to the place where the loss occurred suitable for the operation of the Aircraft, whichever is the most practicable.

In no event shall the amount due with respect to any loss covered by this Clause 4. exceed the agreed value of the Aircraft less the amount of the applicable deductible.

5. Deductible

The deductible to be borne by the Insured in respect of each and every loss (other than total loss, arranged total loss and constructive total loss) which becomes payable under Clause 4. or 10.(a) of this Section One is as follows:

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>B737-700</td>
<td>USD ○○</td>
</tr>
<tr>
<td>B757-200</td>
<td>USD ○○</td>
</tr>
</tbody>
</table>

Nevertheless in the event of an occurrence arising involving the application of more than one deductible then one deductible shall apply being the highest deductible applicable to the occurrence. This deductible shall be applied as an aggregate deductible for all losses arising out of that occurrence.
6. **No Abandonment**

In the event of loss or damage the Insured may not abandon any Aircraft to the Insurers.

7. **Protection of Aircraft**

In the event of loss or damage to an Aircraft, whether or not such loss or damage is covered under this Section One, the Insured shall take all reasonable precautions to protect the Aircraft from other or further loss or damage, and any such other or further loss or damage due to the Insured's failure to so protect, shall not be recoverable under this Section One.

8. **Definition**

"Aircraft" includes the propulsion system and equipment usually installed in or on the aircraft (including Passenger in-flight entertainment systems)

(a) while installed in or on the Aircraft;

(b) while temporarily detached from the Aircraft prior to being refitted;

(c) while detached from the Aircraft for replacement until such time as fitting the replacement item has commenced at which time the replacement item shall be considered a part of the Aircraft. The fitting of the replacement item shall be deemed to have commenced from the moment the part ceases to be in contact with the ground or the trolley/stand on which it is located when the process of fitting it to the aircraft has commenced;

also tools and equipment in the Aircraft which have been specially designed for the Aircraft and which are ordinarily carried therein.

9. **Disappearance**

If any Aircraft takes off and is missing and not reported for a period of 48 hours it shall be deemed to be a total loss due to a peril covered by this Section One.

10. **Supplementary Payments**

This Section One also covers:-

(a) the cost, less any applicable deductible as set forth in Clause 5, of dismantling the Aircraft in the event of the Aircraft through force majeure or error in judgement having alighted in any place from which it is unable to take off again together with the cost of transport from the place of alighting to the nearest place suitable for the operation of the Aircraft and the cost of reassembling there even if no damage has been sustained. Costs incurred under this Clause 11 (a), together with the cost(s) to repair, shall not exceed the agreed value of the Aircraft as set forth in the Schedule of Aircraft.

(b) salvage charges and expenses incurred by or on behalf of the Insured in or about the defence, safety, preservation and recovery of the Aircraft. Charges and expenses incurred under this Clause 11.(b) shall be in addition to any other amounts which may be payable under this Section One.
11. Leased Engines or Components

It is agreed that where required by the Insured in the event that an Aircraft insured hereon is fitted with a Leased Engine(s) and/or spare part(s)/component(s) the agreed value of the Aircraft to which such Leased Engine(s) and/or spare part(s)/component(s) is attached is automatically increased by the agreed value of the Leased Engine(s) and/or spare part(s)/component(s) for the period it is installed, at pro rata additional premium subject always to maximum agreed value not being exceeded.

In the event of a total loss, constructive total loss or arranged total loss, Insurers to retain rights of Salvage in respect of removed Engine and/or spare part/component, however the foregoing shall not increase the stated Agreed Value of the aircraft when applying any constructive total loss clause hereon.

12. Buyer Furnished Equipment

The Insurers will pay for physical loss of or damage to buyer furnished equipment prior to, whilst being installed and after installation in new/additional or existing aircraft before such aircraft are accepted by/delivered to the Insured sustained during the Period of Insurance, up to a maximum limit of USD any one aircraft in addition to the hull agreed value of the aircraft. The deductibles for Section One are not applicable to this extension but the extension is subject to a deductible of USD each and every claim, which is not applicable in the event of a total loss of the aircraft to which the equipment is fitted.

13. Spares Coverage

Subject to its terms, conditions and exclusions this Section One also covers Spares as hereinafter defined being the property of the Insured or property of others whilst in the care, custody or control of the Insured against all risks of physical loss or damage including whilst in transit by whatever means.

(a) Additional Exclusions applicable to Spares Coverage

This Clause 13. does not cover:-

(1) loss of or damage to property occurring at any time after the commencement of the operation of fitting it to or placing it on board the Aircraft to form part of the Aircraft. This exclusion is not applicable to flight spares kits as insured hereon.

(2) loss of or damage to property which has been detached from an Aircraft and which is intended to be refitted to the Aircraft and not to be replaced by other property. This exclusion is not applicable to flight spares kits as insured hereon.

(3) property fitted to or forming part of an Aircraft for the operation of the Aircraft.

(4) the property of others carried or stored by the Insured for hire or reward.

(5) mysterious disappearance or unexplained shortage disclosed upon taking an inventory.
(b) **Limit of Liability / Basis of Valuation applicable to Spares Coverage**

The limit of Insurers' liability shall be the cost of repair or the cost of replacement or the insured value, whichever shall be the least amount, in respect of any one item of property subject to the limit of the Insurers' liability as set forth in the Policy Schedule. The Basis of Valuation shall be replacement cost or as contractually required by any Lease / Finance Agreement.

(c) **Deductible applicable to Spares Coverage**

The deductible to be borne by the Insured in respect of each and every claim which becomes payable under this Clause 13., shall be USD \( \text{XXX} \). However, claims in respect of Ingestion damage to spare engines sustained during engine running shall be subject to the same deductible as would apply to the engine when installed in its specific aircraft type (as set forth above). No deductible shall apply, however, to a spare engine which is a total loss, constructive total loss or arranged total loss as a result of ingestion.

Nevertheless in the event of an incident arising hereon involving the application of more than one deductible the highest deductible shall apply as an aggregate deductible for all losses arising out of that incident.

No deductibles shall apply to claims arising out of storm, tempest, tornado, wind, cyclone, typhoon, flood, hail, lightning, theft, earthquake, tsunami, tidal wave or explosion nor to claims arising out of an accident to the carrying aircraft or conveyance.

(d) **Definitions applicable to Spares Coverage**

1. "Spares" means spare parts, engines, on board spares and flight spares kits, ground support equipment (including unlicensed vehicles), tools, components and equipment destined to be fitted to or to form part of an aircraft and/or to be used in connection with the servicing, maintenance or repair of aircraft being the property of the Insured or the property of others for which the Insured has agreed to be responsible whilst such property is in the care, custody or control of the Insured, whilst at the premises of others, or whilst in transit by any means of conveyance including by the Insured's aircraft. Spares shall also include on board spares and flight spares kits whilst on board aircraft or whilst temporarily removed and not replaced.

2. "commencement of the operation of fitting" means from the moment the part ceases to be in contact with the ground or the trolley/stand on which it is located when the process of fitting it to the Aircraft is commenced.

3. "detached from" means from the moment such part is in contact with the ground or the trolley/stand on which it is to be located when the process of removing it from the Aircraft is completed and it is totally disconnected from the Aircraft and the replacement part is deemed to form part of the Aircraft as defined in Clause 13.(d)(3) above.
SECTION TWO

LIABILITY COVERAGE

1. Bodily Injury and Property Damage Liability Coverage

Subject always to the limits of Insurers' liability as set forth in the Policy Schedule the Insurers will pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages for Bodily Injury and/or Property Damage caused by an Occurrence and arising out of the Insured's aviation operations.

2. Exclusions

This Section Two does not cover:-

(a) the Insured's liability unless it arises from one or more of the following:-

   (1) Occurrences involving Aircraft as per the Schedule of Aircraft or parts or equipment relating thereto

   (2) Occurrences arising at airport locations

   (3) Occurrences arising at any other location in connection with the Insured's business of transporting passengers or goods by air

   (4) Occurrences arising out of the supply of goods or services to others

      (i) in connection with the use and/or operation of Aircraft

      (ii) involved in the air transport industry.

(b) liability assumed by the Insured under any contract or agreement (other than as provided for under Clause 6. of the General Policy Conditions) unless such liability would have attached to the Insured even in the absence of such contract or agreement.

(c) Bodily Injury in respect of any employee arising out of and in the course of his/her employment or liability arising under any Employers Liability, Workmans Compensation Act or similar legislation.

(d) liability for Bodily Injury and/or Property Damage arising from the use of vehicles and automobiles to the extent that there is a requirement under any applicable law relating to road traffic to effect insurance or provide security in respect of such use.

(e) liability for Property Damage to property owned, rented, leased, loaned or occupied by the Insured.

For the purpose of this exclusion property leased, conditionally sold or otherwise supplied to others under terms which are intended to transfer the risk of loss or damage to others shall be deemed not to be owned by, loaned to, rented to or leased to the Insured.
(f) liability arising from

(1) illegal or criminal activities or dishonest acts alleged or otherwise committed by or at the direction of or with the knowledge and consent of the management or directors and officers of the Insured;

(2) any fiduciary responsibility.

(g) the cost of repairing or replacing any defective goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured or any defective part or parts thereof.

(h) liability arising from

(1) the ownership or operation of hotels, leisure resorts, social clubs and sport complexes;

(2) tour operators'/travel agents' activities except with respect to the provisions of a contract of carriage by air;

(3) shops and restaurants except those owned by or operated by the Insured at airport premises or at off-airport check-in facilities (for the purposes of this exclusion ticket offices shall not be considered as shops);

(4) advertising activities, but this exclusion is not applicable to Bodily Injury or Property Damage;

(5) promotional and/or sponsorship activities except those directly related to the operation of Aircraft or such activities conducted on airport premises.

(i) Bodily Injury and/or Property Damage arising out of improper or inadequate performance, design or specification but this exclusion shall be deemed not to apply to Bodily Injury and/or Property Damage as insured hereby resulting therefrom.

(j) the cost of making good any faulty workmanship for which the Insured may be liable (but this limitation shall not exclude resulting Bodily Injury and/or Property Damage arising out of such faulty workmanship).

(k) claims excluded by the WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION) AVN 48B attached to this Policy.

(l) claims excluded by the NUCLEAR RISKS EXCLUSION CLAUSE AVN 38B attached to this Policy.

(m) claims excluded by the NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE AVN 46B attached to this Policy. But this clause is not applicable to aircraft passengers, passenger and crew baggage, cargo and mail and paragraph 1.(b) of this Clause AVN 46B does not apply to pollution or contamination of a product or products sold or supplied by the Insured.

(n) claims excluded by the DATE RECOGNITION EXCLUSION CLAUSE AVN 2000A attached to this Policy.

(o) claims excluded by the CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 EXCLUSION CLAUSE AVN 72 attached to this Policy.
(p) claims excluded by the ASBESTOS EXCLUSION CLAUSE 2488AGM00003 attached to this Policy.

(q) claims arising out of financial default or insolvency.

(r) liability caused by ships, vessels or craft owned, chartered, used or operated by or on behalf of the Insured.

(s) liability arising out of construction of, demolition of or alterations to buildings, runways or installations by the Insured (other than normal maintenance operations).

(t) the Insured’s liability for Property Damage to tangible property which has not been physically injured or destroyed

(i) arising from a delay in or lack of performance by or on behalf of the Insured of any contract or agreement

(ii) arising from improper or inadequate performance of goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured

But this exclusion does not apply to loss of use of other tangible property arising from the sudden and accidental physical injury or destruction of the Insured's goods or products after they have been put to their intended use by somebody other than the Insured.

3. Defence, Settlement and Supplementary Payments

With respect to the insurance afforded under this Section Two the Insurers shall

(a) have the right and obligation to defend in the name of and on behalf of the Insured any suit or other proceedings against the Insured, even if any of the allegations thereof are groundless, false or fraudulent, but the Insurers shall have the right to make such investigation, negotiation and settlement of any claim or suit as they deem expedient;

(b) pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of the Insurers' liability and all premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds;

(c) pay the cost of any bail and/or guarantee (but excluding any kind of ransom) required to obtain the release of an aircraft or crew member or their property or to secure the departure of the aircraft where the crew member is arrested or the departure of the aircraft is prevented by the relevant authorities in connection with Bodily Injury or Property Damage as insured hereunder.

(d) pay all costs taxed against the Insured in any such suit or proceedings and all interest accruing after entry of judgement until the Insurers have paid, tendered or deposited in court, such part of such judgement as does not exceed the applicable limit of the Insurers' liability; provided that in the event of the amount of such judgement exceeding the applicable limit of the Insurers’ liability, the Insurers shall only be liable to pay for that proportion of the said costs and interest which the applicable limit of the Insurers liability bears to the amount of such judgement;
(e) pay all expenses incurred by the Insurers for investigation, adjustment and defence, and reimburse the Insured for all reasonable expenses, other than loss of earnings, incurred at the Insurers' request;

(f) Pay expenses incurred by or on behalf of the Insured, as required under the U.S. Foreign Air Carrier Family Support Act of 1997 as a result of an occurrence to which this insurance

The amounts incurred under this Clause 3. (except settlements of claims and suits) are payable by the Insurers in addition to the limits of liability applicable to this Section Two. Nevertheless, in respect of coverages subject to an aggregate limit the Insurers shall not be obligated to defend any suit or pay any costs and expenses incurred after such aggregate limit has been exhausted and in this event the Insured shall have the right to take over control of proceedings from Insurers.

4. Definitions

(a) The term "Insured" means

(1) the Insured as named in Item 1. of the Policy Schedule.

(2) any board member, director, officer, employee, pilot or crew member whilst acting within the scope of his duties on behalf of the Insured specified in (1) above, and

(3) any person or organisation who is required to be included as an Insured under the terms of a contract or agreement but only to the extent and for the purposes specified in such agreement and provided such contract or agreement has been previously agreed by the Insurers or by insurers under the policy of which this Policy is a renewal or under policies prior thereto, pursuant to General Policy Condition 6.

(4) in respect of Section Three shall include shareholders of the organisations stated in the Policy Schedule, but only in respect of the aviation operations of such organisations.

(b) The term "Bodily Injury" means bodily injury, mental anguish, fright, shock, sickness, disease or disability, including death at any time resulting therefrom.

(c) The term “Property Damage” means (a) loss of or damage to property including loss of use thereof and with respect to baggage and cargo includes loss or damage occasioned by delay and (b) loss of use of property which has not been lost or damaged provided that the loss of use is caused by an Occurrence.

(d) The term "Occurrence" means an accident or a continuous or repeated exposure to conditions occurring during the Policy period which results in Bodily Injury and/or Property Damage which is neither expected nor intended from the standpoint of the Insured.

All Bodily Injury and/or Property Damage arising out of substantially the same general conditions shall be deemed to arise out of one Occurrence.

(e) The term “Products Liability” means legal liability arising out of goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured after such goods or products have ceased to be in the possession or under the control of the Insured. However liability arising out of the supply by the Insured of food or drink at their aviation premises or on the Aircraft to which this Policy applies shall not be considered Products Liability.
5. **Deductible**

The following Deductibles shall apply except in respect of claims arising from out of storm, tempest, tornado, wind, cyclone, typhoon, flood, hail, lightning, theft, earthquake, tsunami, tidal wave or explosion nor to claims arising out of an accident to the carrying aircraft or conveyance or under the Extended Coverage Endorsement (Aviation Liabilities) AVN 52E.

- **Passenger Baggage:** USD 00 each and every claim.
- **Cargo:** USD 00 each and every claim.

6. **Documentation of passengers, baggage, cargo and mail**

The Insured shall take all reasonable steps to ensure that all passengers, passengers’ baggage, cargo and mail are carried subject to passenger tickets and/or air waybills limiting the carrier’s liability in respect of Bodily Injury or Property Damage to the amounts as prescribed by the applicable law or as otherwise permitted by this Policy in respect of the carriage to be performed.

7. **Carriage of passengers, baggage, personal effects, cargo and mail**

This Policy includes the Insured's liability arising out of the transportation of any passenger, baggage, personal effects, cargo and mail by any vehicle in connection with their contract of carriage by air excluding Road Traffic Act or local equivalent.

It is agreed that the term 'passenger' includes fare paying and non fare paying passengers including i) the Insured's employees carried in the aircraft, embarking or disembarking without performing any direct or supervisory duties on board, ii) persons not in the employ of the Insured who fly as authorised observers, iii) any prospective employees requiring flight test prior to employment by the Insured and v) cargo attendants.

Passenger liability coverage shall include babes in arms, subject to relevant legislation not being breached.

In respect of Cargo/Mail Legal Liability coverage:-

- i) agents are included as additional Insureds where required; ii) all cargo and mail is protected from the time the Insured interest comes under the control of the Insured until the time of delivery to ultimate consignee at final destination including whilst in custody of successive carriers, if any;

- ii) coverage includes the Insureds' liability arising out of the carriage of cargo by any means of conveyance, subject to an air waybill being issued.

8. **Liability to authorised officers (inspectors and examiners)**

Coverage also includes the Insured's liability in respect of Bodily Injury/Personal Injury of authorised officers (inspectors and examiners) whilst performing observation and/or inspection of the Insured's operations.

9. **Automatic Personal Accident Insurance**

It is agreed that to enable the Insured to comply with any local legislation requiring automatic personal accident insurance for passengers this Policy is extended to include such automatic personal accident Insurance up to the statutory limits prescribed by such legislation - subject to the policy limits not being exceeded.
10. **Use of vehicles outside precincts airport or airfield in an emergency situation**

Notwithstanding anything contained herein to the contrary this Policy is extended to include the liability of the Insured arising out of the use of vehicles outside of the precincts of any airport or airfield whilst attending their aircraft in an emergency situation but only to the extent that cover is not afforded by any motor vehicle liability insurance.
SECTION THREE
EXCESS NON AVIATION LIABILITY

1. Coverage

Subject always to the limits of Insurers' liability as set forth in the Policy Schedule the Insurers will pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages for Bodily Injury or Property Damage caused by an Occurrence arising from the risks and hazards covered by the underlying legal liability Policy(ies) stated in the Schedule of Underlying Insurance arising from Occurrences happening during the period of this Policy but the Insurers will only pay up to an Ultimate Net Loss to the Insured of the amount stated in Item 3(c) of the Policy Schedule excess of an Ultimate Net Loss to the Insured of the limit of liability of the relevant underlying policy.

If any of the hazards covered by this section are subject to an aggregate limit of liability in the Underlying insurance then the limit of liability under this Policy shall, as respects such hazard, apply in the aggregate for the period of this Policy.

Nevertheless in respect of any liabilities covered under Section Two and for which cover is also provided under the underlying Policy(ies), this Policy shall pay the difference between amounts recoverable under the underlying Policy(ies) and the limit of Insurers' Liability as set forth in Item 3(b) of the Policy Schedule.

2. Conditions

Incurring of Costs

In the event of claim or claims arising which appear likely to exceed the underlying limits, no Costs shall be incurred by Insured without consent of Insurers.

Apportionment of Costs

1. Costs incurred by or on behalf of the Insured with the consent of Insurers, and for which the Insured is not covered by the underlying insurers, shall be apportioned as follows:-

2. Should any claim or claims become adjustable prior to the commencement of trial for not more than the underlying limit(s) then no Costs shall be payable by the Insurers.

3. Should, however, the amount for which the said claim or claims may be so adjustable exceed the underlying limit(s) then the Insurers shall contribute to the Costs incurred by or on behalf of the Insured in ratio to that of their proportion of the Ultimate Net Loss as finally adjusted bears to the whole amount of such Ultimate Net Loss

4. In the event that Insurers elect not to appeal a judgement in excess of the underlying limit(s) the Insurers may elect to conduct such appeal at their own cost and expense and shall be liable for the taxable court costs and interest incidental thereto, but in no event shall the total liability of the Insurers exceed their limit(s) of liability as provided for herein, plus the expenses of such appeal.
Application of Recoveries

All recoveries or payments recovered or received subsequent to a loss settlement under this section shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and Insurers, provided always that nothing herein shall be construed to mean that losses under this section are not payable until the Insured’s Ultimate Net Loss has been finally ascertained.

Attachment of Liability

Liability to pay under this section shall not attach unless and until the underlying insurers shall have admitted liability for the underlying limit(s) or unless and until the Insured has by final judgement been adjudged to pay an amount which exceeds such underlying limits and then only after the underlying insurers have paid or have been held liable to pay the full amount of the underlying limit(s).

Maintenance of Underlying Insurance

It is a condition of this Policy that the underlying policies shall be maintained in full effect during the currency of this Section except for any reduction of any aggregate limits contained therein solely by payment of claims in respect of Occurrences happening during the period of this Policy. If the underlying policies are not so maintained in full effect at all times during the currency of this Policy, coverage under this Policy shall immediately cease.

This section is subject to the same warranties, terms and conditions (except as regards the premium, the obligation to investigate and defend, the renewal agreement, if any, the amount and limits of liability other than the deductible or self-insurance provisions, where applicable, and except as otherwise provided herein) as are contained in or as may be added to the underlying policy(ies).

Other Insurance

To the extent that there is other insurance providing coverage to the subject claim (other than underlying insurance or insurance that is specifically intended to be excess of this Policy), the liability of the Insurers under this Policy shall be limited to their rateable proportion of the claim.

3. Exclusion

This Policy does not apply to any loss suffered by the Insured as a result of the inability, refusal or failure to pay of the underlying policy Insurers for any reason whatsoever including, without limitation, any financial impairment, insolvency or liquidation.

4. Definition

"Property Damage" - the term "Property Damage" shall have the same meaning as is attributed to it in the underlying Policy(ies).
GENERAL POLICY CONDITIONS

1. Compliance with Air Navigation and Airworthiness Orders

The Insured shall comply with all air navigation and airworthiness orders and requirements issued by any competent authority affecting the safe operation of the Aircraft and shall ensure that

(a) the Aircraft is airworthy at the commencement of each Flight;

(b) all Log Books and other records in connection with the Aircraft which are required by any official regulations in force from time to time shall be kept up to date and shall be produced to the Insurers or their Agents on request;

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

2. Claims - Insured’s Duties

(a) Upon the happening of an event likely to give rise to a claim hereunder notice containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof shall be given by or for the Insured to the Insurers at the address as set forth in the Policy Schedule as soon as reasonably possible. In the event of theft, robbery or pilferage the Insured shall also promptly give notice to the police.

(b) If a claim is made or a suit is brought against the Insured, the Insured shall immediately forward to the Insurers every demand, notice, summons or other process received by them or their representatives.

(c) The Insured shall co-operate with the Insurers and upon request will assist in making settlements, and in the conduct of suits; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtain the attendance of witnesses.

(d) The Insured shall render such further information and assistance as the Insurers may reasonably require and shall not act in any way to the detriment or prejudice of the interest of the Insurers. No admission, offer, promise or payment shall be made by the Insured without the written consent of the Insurers.

3. Due Diligence

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

4. Assignment

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

5. Subrogation

Insurer’s rights of subrogation shall be with the agreement of the Insured which agreement shall not be unreasonably withheld.
6. **Contractual Agreements**  
*(Not applicable to Section 3)*

This Policy shall automatically include contractual requirements of standard IATA agreements with ground handling agents and servicing agents as required by the Insured and all other agreements entered into by the Insured within the normal scope of their aviation operations.

Insurers agree to automatically include charterers as additional insureds on liability with waivers of subrogation under Section One as required by the Insured.

In connection with ferry flights, manufacturers' employees and pilots automatically included as additional insureds on liability with waivers of subrogation under Section One as required.

New aircraft lease or finance agreements shall be subject to Airline Finance/Lease Contract Endorsement AVN 67B or AVN 67C as may be agreed by Insurers, but where aircraft are acquired from other operators or parties and are subject to pre-existing agreements other than AVN 67B or AVN 67C, then this Policy shall automatically incorporate such pre-existing agreements.

This Policy shall also include continuing liability subject Aircraft Finance/Lease Contract - Continuing Liability Endorsement AVN 99, or as may be agreed by Insured (and Insurers).

Loss payable clauses, hold harmless agreements, breach of warranty cover, waivers of subrogation, additional insureds, contractual agreements automatically shall be held covered subject to be agreement by Insurers as soon as practicable (inadvertent omission accepted).

Nothing herein shall override the PASSENGER LIABILITY (MUTUAL REVISION AND SPECIAL CONTRACTS) CLAUSE AVN 44A (Amended) attached to this Policy.

7. **Other Insurance**  
*(Not applicable to Section 3)*

Where the coverage provided by this Policy is also provided by other policy or policies, then this Policy shall only pay that amount which is in excess of the amount(s) which would have been payable under such other policy(ies) had this insurance not been effected.

8. **Limitation of Liability**

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

9. **Law and Jurisdiction / Arbitration**

This insurance shall be governed by and construed in accordance with the law of Taiwan and each party agrees to submit to the exclusive jurisdiction of the Courts of Taiwan, unless both parties agree to refer the matter to arbitration.

Any dispute between the parties arising out of or in connection with this Policy, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration.
Each party shall appoint one arbitrator and the two arbitrators so appointed should appoint a third arbitrator.

10. False or Fraudulent Claim

An Insured shall not in the presentation and furtherance of any claim:

(a) deliberately or recklessly conceal from Insurers any information which he knows or ought to know might be material to their consideration of any claim;

(b) provide to Insurers information, which he knows to be false, with respect either to any event relied upon as a cause of loss or as to the amount claimed; nor

(c) otherwise use fraudulent means or devices, including suppressing a known defence to Insurers' liability.

In any such event the Insurers shall have the option to refuse to pay the whole or any part of the claim to such Insured.

In the circumstances set out in sub-paragraph (b) above, Insurers shall also have the option to:

(i) terminate the cover provided by all sections of the Policy to such Insured with effect from the date of the event relied upon for the claim;

(ii) recover any sums paid to such Insured in respect of losses occurring on or after the date of the event relied upon for the claim; and

(iii) retain any and all premium paid by such Insured.

If any provision of this clause is in conflict with the law governing the Policy it shall be of no effect to the extent of such conflict.

11. Alteration of risk

Should there be any material change in the circumstances or nature of the risks which are the basis of this contract the Insured shall give immediate notice thereof to the Insurers. Inadvertent failure to do so shall not invalidate cover under this policy which shall continue at terms to be agreed when such change is made known.

12. Severability of Interest

For the purposes of this Policy, each Insured shall be considered as a separate and distinct entity and the Policy terms and conditions shall apply separately to each Insured against whom claim is made or suit is brought in the same manner as if a separate Policy had been issued to each of the said parties, and the Insurers hereby agree to waive all rights of subrogation or rights of recovery which it may have or acquire against any of the aforesaid parties arising out of any accident in respect of which any claim is made hereunder PROVIDED NEVERTHELESS that nothing in this Paragraph shall be deemed to increase the limit of the Insurer's liability set forth elsewhere in this Policy.

13. Reasonable Acts

The coverage provided by this Insurance shall not be invalidated by any reasonable act by or on behalf of the Insured for the purpose of protecting persons or property.
14. **Cancellation**

This Policy may be cancelled at the request of the Insured at any time by written notice to the Insurers stating when thereafter such cancellation shall be effective. This Policy may be cancelled by the Insurers by 30 (thirty) days notice in writing to the Insured at the address as shown in this Policy. Such notice shall apply with effect from the date and time of its receipt by either the Insured or the Insurers. There will be no return of premium in respect of any Aircraft on which a loss is paid or is payable under this Policy.

In the event that this Policy is cancelled by the Insured the Insurers shall receive or retain that proportion of the premium as set forth in the Policy Schedule calculated in accordance with the attached short rate scale.

In the event that this Policy is cancelled by Insurers, the Insurers shall receive or retain the pro rata proportion of the premium as set forth in the Policy Schedule.
This Policy does not cover claims caused by

(a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.

(b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

(c) Strikes, riots, civil commotions or labour disturbances.

(d) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.

(e) Any malicious act or act of sabotage.

(f) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil military or de facto) or public or local authority.

(g) Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured.

Furthermore this Policy does not cover claims arising whilst the Aircraft is outside the control of the Insured by reason of any of the above perils. The Aircraft shall be deemed to have been restored to the control of the Insured on the safe return of the Aircraft to the Insured at an airfield not excluded by the geographical limits of this Policy, and entirely suitable for the operation of the Aircraft (such safe return shall require that the Aircraft be parked with engines shut down and under no duress)

AVN 48B  1.10.96
ATTACHMENT NO. 2

NUCLEAR RISKS EXCLUSION CLAUSE

(1) This Policy does not cover:

(i) loss of or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss

(ii) any legal liability of whatsoever nature
directly or indirectly caused by or contributed to by or arising from:

(a) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

(b) 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;

(c) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

(2) It is understood and agreed that such radioactive material or other radioactive source in paragraph (1)(b) and (c) above shall not include:

(i) depleted uranium and natural uranium in any form;

(ii) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.

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

(i) the Insured under this Policy is also an insured or an additional insured under any other insurance policy, including any nuclear energy liability policy; or

(ii) any person or organisation is required to maintain financial protection pursuant to legislation in any country; or

(iii) the Insured under this Policy is, or had this Policy not been issued would be, entitled to indemnification from any government or agency thereof.

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

(i) in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereto, such carriage shall in all respects have complied with the full International Civil Aviation Organisation "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;
(ii) this Policy shall only apply to an incident happening during the period of this Policy and where any claim by the Insured against the Insurers or by any claimant against the Insured arising out of such incident shall have been made within three years after the date thereof;

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

<table>
<thead>
<tr>
<th>Emitter</th>
<th>Maximum permissible level of non-fixed radioactive surface contamination (Averaged over 300 cm²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(IAEA Health and Safety Regulations)</td>
<td></td>
</tr>
<tr>
<td>Beta, gamma and low toxicity alpha emitters</td>
<td>Not exceeding 4 Becquerels/cm² (10⁴ microcuries/cm²)</td>
</tr>
<tr>
<td>All other emitters</td>
<td>Not exceeding 0.4 Becquerels/cm² (10⁵ microcuries/cm²)</td>
</tr>
</tbody>
</table>

(iv) the cover afforded hereby may be cancelled at any time by the Insurers giving seven days' notice of cancellation.

AVN 38B 22.7.96
ATTACHMENT NO. 3

NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE

1. This Policy does not cover claims directly or indirectly occasioned by, happening through or in consequence of:-
   
   (a) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
   
   (b) pollution and contamination of any kind whatsoever,
   
   (c) electrical and electromagnetic interference,
   
   (d) interference with the use of property;
   
   unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation.

2. With respect to any provision in the Policy concerning any duty of Insurers to investigate or defend claims, such provision shall not apply and Insurers shall not be required to defend
   
   (a) claims excluded by Paragraph 1 or
   
   (b) a claim or claims covered by the Policy when combined with any claims excluded by Paragraph 1 (referred to below as “Combined Claims”).

3. In respect of any Combined Claims, Insurers shall (subject to proof of loss and the limits of the Policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the Policy:
   
   (i) damages awarded against the Insured and
   
   (ii) defence fees and expenses incurred by the Insured.

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

AVN 46B  1.10.96
ATTACHMENT NO. 4

DATE RECOGNITION EXCLUSION CLAUSE

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

(a) the failure or inability of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) accurately or completely to process, exchange or transfer year, date or time data or information in connection with any change of year, date or time;

whether on or before or after such change of year, date or time;

(b) any implemented or attempted change or modification of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) in anticipation of or in response to any such change of year, date or time, or any advice given or services performed in connection with any such change or modification;

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

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

AVN 2000A 14.3.01
ATTACHMENT NO. 5

CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 EXCLUSION CLAUSE

The rights of a person who is not a party to this insurance or reinsurance to enforce a term of this insurance or reinsurance and/or not to have this insurance or reinsurance rescinded, varied or altered without his consent by virtue of the provisions of the Contracts (Rights of Third Parties) Act 1999 are excluded from this insurance or reinsurance.

AVN 72  9.2.00
ATTACHMENT NO. 6

ASBESTOS EXCLUSION CLAUSE

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

1. the actual, alleged or threatened presence of asbestos in any form whatsoever, or any material or product containing, or alleged to contain, asbestos; or

2. 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, this exclusion shall not apply to any claim caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation.

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

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

2488AGM00003
ATTACHMENT NO. 7

AIRLINE FINANCE/LEASE CONTRACT ENDORSEMENT

It is noted that the Contract Party(ies) have an interest in respect of the Equipment under the Contract(s). Accordingly, with respect to losses occurring during the period from the Effective Date until the expiry of the Insurance or until the expiry or agreed termination of the Contract(s) or until the obligations under the Contract(s) are terminated by any action of the Insured or the Contract Party(ies), whichever shall first occur, in respect of the said interest of the Contract Party(ies) and in consideration of the Additional Premium it is confirmed that the Insurance afforded by the Policy is in full force and effect and it is further agreed that the following provisions are specifically endorsed to the Policy:-

1. Under the Hull and Aircraft Spares Insurances

1.1 In respect of any claim on Equipment that becomes payable on the basis of a Total Loss, settlement (net of any relevant Policy Deductible) shall be made to, or to the order of the Contract Party(ies). In respect of any other claim, settlement (net of any relevant Policy Deductible) shall be made with such party(ies) as may be necessary to repair the Equipment unless otherwise agreed after consultation between the Insurers and the Insured and, where necessary under the terms of the Contract(s), the Contract Party(ies).

Such payments shall only be made provided they are in compliance with all applicable laws and regulations.

1.2 Insurers shall be entitled to the benefit of salvage in respect of any property for which a claims settlement has been made.

2. Under the Legal Liability Insurance

2.1 Subject to the provisions of this Endorsement, the Insurance shall operate in all respects as if a separate Policy had been issued covering each party insured hereunder, but this provision shall not operate to include any claim howsoever arising in respect of loss or damage to the Equipment insured under the Hull or Spares Insurance of the Insured. Notwithstanding the foregoing the total liability of Insurers in respect of any and all Insureds shall not exceed the limits of liability stated in the Policy.

2.2 The Insurance provided hereunder shall be primary and without right of contribution from any other insurance which may be available to the Contract Party(ies).

2.3 This Endorsement does not provide coverage for the Contract Party(ies) with respect to claims arising out of their legal liability as manufacturer, repairer, or servicing agent of the Equipment.

3. Under ALL Insurances

3.1 The Contract Party(ies) are included as Additional Insured(s).

3.2 The cover afforded to each Contract Party by the Policy in accordance with this Endorsement shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of any other person or party which results in a breach of any term, condition or warranty of the Policy PROVIDED THAT the Contract Party so protected has not caused, contributed to or knowingly condoned the said act or omission.
3.3 The provisions of this Endorsement apply to the Contract Party(ies) solely in their capacity as financier(s)/lessor(s) in the identified Contract(s) and not in any other capacity. Knowledge that any Contract Party may have or acquire or acts that it may take or fail to take in that other capacity (pursuant to any other contract or otherwise) shall not be considered as invalidating the cover afforded by this Endorsement.

3.4 The Contract Party(ies) shall have no responsibility for premium and Insurers shall waive any right of set-off or counterclaim against the Contract Party(ies) except in respect of outstanding premium in respect of the Equipment.

3.5 Upon payment of any loss or claim to or on behalf of any Contract Party(ies), Insurers shall to the extent and in respect of such payment be thereupon subrogated to all legal and equitable rights of the Contract Party(ies) indemnified hereby (but not against any Contract Party). Insurers shall not exercise such rights without the consent of those indemnified, such consent not to be unreasonably withheld. At the expense of Insurers such Contract Party(ies) shall do all things reasonably necessary to assist the Insurers to exercise said rights.

3.6 Except in respect of any provisions for Cancellation or Automatic Termination specified in the Policy or any endorsement thereof, cover provided by this Endorsement may only be cancelled or materially altered in a manner adverse to the Contract Party(ies) by the giving of not less than Thirty (30) days notice in writing to the Appointed Broker. Notice shall be deemed to commence from the date such notice is given by the Insurers. Such notice will NOT, however, be given at normal expiry date of the Policy or any endorsement.

EXCEPT AS SPECIFICALLY VARIED OR PROVIDED BY THE TERMS OF THIS ENDORSEMENT:-

1. THE CONTRACT PARTY(IES) ARE COVERED BY THE POLICY SUBJECT TO ALL TERMS, CONDITIONS, LIMITATIONS, WARRANTIES, EXCLUSIONS AND CANCELLATION PROVISIONS THEREOF.

2. THE POLICY SHALL NOT BE VARIED BY ANY PROVISIONS CONTAINED IN THE CONTRACT(S) WHICH PURPORT TO SERVE AS AN ENDORSEMENT OR AMENDMENT TO THE POLICY.

SCHEDULE IDENTIFYING TERMS USED IN THIS ENDORSEMENT

1. Equipment:
2. Policy Deductible applicable to physical damage to the Equipment:
3. (a) Contract Party(ies):
   AND (b), in addition, in respect of Legal Liability Insurances:
4. Contract(s):
5. Effective Date:
6. Additional Premium:
7. Appointed Broker:

AVN 67B 28.9.94
AIRLINE FINANCE/LEASE CONTRACT ENDORSEMENT

It is noted that the Contract Party(ies) have an interest or interests in respect of the Equipment under the Contract(s). Accordingly, with respect to losses occurring during the period from the Effective Date until (i) the date and time at which the Insurance expires or, if earlier, (ii) the date and time at which the Insured has no further obligation to insure the Equipment under the Contract(s), as notified in writing by the Designated Contract Party to the Insurers (via the Appointed Broker, if any) (such notification to be given promptly and in any event within 30 days after such date), and in consideration of the Additional Premium, it is confirmed in respect of the said interest(s) of the Contract Party(ies) that the Insurance afforded by the Policy is in full force and effect, and it is further agreed that the following provisions are specifically endorsed to the Policy:

1. **Under the Hull and Aircraft Spares Insurances**
   
   1.1 In respect of any claim on Equipment that becomes payable on the basis of a Total Loss, settlement (net of any relevant Policy Deductible) shall be made to, or to the order of the Contract Party(ies). In respect of any other claim, settlement (net of any relevant Policy Deductible) shall be made with such party(ies) as may be necessary to repair the Equipment unless otherwise agreed after consultation between the Insurers and the Insured and, where necessary under the terms of the Contract(s), the Contract Party(ies).

   Such payments shall only be made provided they are in compliance with all applicable laws and regulations.

   1.2 Insurers shall be entitled to the benefit of salvage in respect of any property for which a claims settlement has been made.

2. **Under the Legal Liability Insurance**

   2.1 Subject to the provisions of this Endorsement, the Insurance shall operate in all respects as if a separate Policy had been issued covering each party insured hereunder, but this provision shall not operate to include any claim howsoever arising in respect of loss or damage to the Equipment insured under the Hull or Spares Insurance of the Insured. Notwithstanding the foregoing the total liability of Insurers in respect of any and all Insureds shall not exceed the limits of liability stated in the Policy.

   2.2 The Insurance provided hereunder shall be primary and without right of contribution from any other insurance which may be available to the Contract Party(ies).

   2.3 This Endorsement does not provide coverage for any Contract Party with respect to claims arising out of its legal liability as manufacturer of, or performer of maintenance, repairs or other operational activities on, the Equipment.

   2.4 The coverage afforded by the Policy is amended by this Endorsement to provide coverage in respect of the liability of the Contract Party(ies) to the pilots and crew of the Equipment (excluding liability to those pilots and crew employed by the Contract Party(ies)), on the basis that for the purposes of providing such coverage under this Endorsement, such pilots and crew shall be deemed to be passengers.

3. **Under the Hull and Aircraft Spares Insurances and the Legal Liability Insurances**

   3.1 The Contract Party(ies) are included as Additional Insured(s).
3.2 The cover afforded to each Contract Party by the Policy in accordance with this Endorsement shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of any other person or party which results in a breach of any term, condition or warranty of the Policy PROVIDED THAT the Contract Party so protected has not caused, contributed to or knowingly condoned the said act or omission.

3.3 Nevertheless, no Contract Party shall be entitled to claim a loss by theft or alleged theft of the Equipment under the hull insurances by reason of the actual or alleged dispossession or refusal or failure to redeliver the Equipment by the Insured or any other Contract Party, but this shall not exclude any claim by a Contract Party by reason of loss of or damage to the Equipment (other than loss by such theft) during the period of this Endorsement.

3.4 The provisions of this Endorsement apply to each Contract Party solely in its capacity as financier, lessor or lease servicer or manager under the Contract(s) and not in any other capacity. Knowledge that any Contract Party may have or acquire or actions that it may take or fail to take in that other capacity (pursuant to any other contract or otherwise) shall not be considered as invalidating the cover afforded by this Endorsement. For this purpose “lease servicer or manager” means a Contract Party who is appointed by one or more other Contract Party(ies) to provide services relating to the Equipment in connection with the Contract(s) (other than services of a kind specified in paragraph 2.3 above).

3.5 The Contract Party(ies) shall have no responsibility for premium, and Insurers shall waive any right of set-off or counterclaim against the Contract Party(ies) except in respect of outstanding premium in respect of the Equipment.

3.6 Upon payment of any loss or claim to or on behalf of any Contract Party(ies), Insurers shall to the extent and in respect of such payment be thereupon subrogated to all legal and equitable rights of the Contract Party(ies) indemnified hereby (but not against any Contract Party). Insurers shall not exercise such rights without the consent of those indemnified, such consent not to be unreasonably withheld. At the expense of Insurers such Contract Party(ies) shall do all things reasonably necessary to assist the Insurers to exercise said rights.

3.7 Except in respect of any provision for Cancellation or Automatic Termination specified in the Policy or any endorsement thereof, cover provided by this Endorsement may only be cancelled or materially altered in a manner adverse to the Contract Party(ies) by the Insurers giving not less than 30 days’ notice in writing to the Contract Party(ies) (via the Appointed Broker, if any). Notice shall be deemed to commence from the date such notice is given by the Insurers. Such notice will NOT, however, be given at normal expiry date of the Policy or any endorsement.

EXCEPT AS SPECIFICALLY VARIED OR PROVIDED BY THE TERMS OF THIS ENDORSEMENT:

1. THE CONTRACT PARTY(IES) ARE COVERED BY THE POLICY SUBJECT TO ALL TERMS, CONDITIONS, LIMITATIONS, WARRANTIES, EXCLUSIONS AND CANCELLATION PROVISIONS THEREOF.

2. THE POLICY SHALL NOT BE VARIED BY ANY PROVISIONS CONTAINED IN THE CONTRACT(S) WHICH PURPORT TO SERVE AS AN ENDORSEMENT OR AMENDMENT TO THE POLICY.
SCHEDULE IDENTIFYING TERMS USED IN THIS ENDORSEMENT

1. Equipment ¹:

2. Policy Deductible applicable to physical damage to the Equipment ²:

3. (a) Contract Party(ies):

   AND (b), in addition, in respect of Legal Liability Insurances:

4. Contract(s):

    and references in this Endorsement to “the Contract(s)” mean the contract(s) listed above, as amended or supplemented from time to time.

5. Designated Contract Party:

6. Effective Date ³:

7. Additional Premium:

8. Appointed Broker:

AVN 67C  2.08.07
It is noted that the Contract Party(ies) had an interest or interests in respect of the Equipment under the Contract(s) when the Equipment was being operated by the Insured pursuant to the Contract(s). Accordingly, in respect of the said interest(s) of the Contract Party(ies), with respect to losses occurring during the period from the Effective Date until (i) the date and time at which the Insurance expires or, if earlier, (ii) the date and time at which the Insured has no further obligation to insure the said interest(s) of the Contract Party(ies), as notified by the Designated Contract Party to the Insurers (via the Appointed Broker, if any) (such notification to be given promptly and in any event within 30 days after such date), and in consideration of the Additional Premium, it is confirmed that, as required by the Contract(s), the Legal Liability Insurance afforded by the Policy is in full force and effect, and it is further agreed that the following provisions are specifically endorsed to the Legal Liability Insurance section of the Policy:

1. The Contract Party(ies) are included as Additional Insured(s).

2. Subject to the provisions of this Endorsement, the Insurance shall operate in all respects as if a separate Policy had been issued covering each party insured hereunder. Notwithstanding the foregoing the total liability of Insurers in respect of any and all Insureds shall not exceed the limits of liability stated in the Policy.

3. The Insurance provided hereunder shall be primary and without right of contribution from any other insurance which may be available to the Contract Party(ies).

4. This Endorsement does not provide coverage for any Contract Party with respect to claims arising out of its legal liability as manufacturer of, or performer of maintenance, repairs or other operational activities on, the Equipment.

5. The coverage afforded by the Policy is amended by this Endorsement to provide coverage in respect of the liability of the Contract Party(ies) to the pilots and crew of the Equipment (excluding liability to those pilots and crew employed by the Contract Party(ies)), on the basis that for the purposes of providing such coverage under this Endorsement, such pilots and crew shall be deemed to be passengers.

6. The cover afforded to each Contract Party by the Policy in accordance with this Endorsement shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of any other person or party which results in a breach of any term, condition or warranty of the Policy PROVIDED THAT the Contract Party so protected has not caused, contributed to or knowingly condoned the said act or omission.

7. The provisions of this Endorsement apply to each Contract Party solely in its capacity as former financier, former lessor or former lease servicer or manager under the Contract(s), and not in any other capacity. Knowledge that any Contract Party may have or acquire or actions that it may take or fail to take in that other capacity (pursuant to any other contract or otherwise) shall not be considered as invalidating the cover afforded by this Endorsement. For this purpose “lease servicer or manager” means a Contract Party who is appointed by one or more other Contract Party(ies) to provide services relating to the Equipment in connection with the Contract(s) (other than services of a kind specified in paragraph 4 above).

8. The Contract Party(ies) shall have no responsibility for premium, and Insurers shall waive any right of set-off or counterclaim against the Contract Party(ies).
9. Upon payment of any loss or claim to or on behalf of any Contract Party(ies), Insurers shall to the extent and in respect of such payment be thereupon subrogated to all legal and equitable rights of the Contract Party(ies) indemnified hereby (but not against any Contract Party). Insurers shall not exercise such rights without the consent of those indemnified, such consent not to be unreasonably withheld. At the expense of Insurers such Contract Party(ies) shall do all things reasonably necessary to assist the Insurers to exercise said rights.

10. Except in respect of any provision for Cancellation or Automatic Termination specified in the Policy or any endorsement thereof, cover provided by this Endorsement may only be cancelled or materially altered in a manner adverse to the Contract Party(ies) by the Insurers giving not less than thirty (30) days’ notice in writing to the Contract Party(ies) (via the Appointed Broker, if any). Notice shall be deemed to commence from the date such notice is given by the Insurers. Such notice will NOT, however, be given at normal expiry date of the Policy or any endorsement.

EXCEPT AS SPECIFICALLY VARIED OR PROVIDED BY THE TERMS OF THIS ENDORSEMENT:

1. THE CONTRACT PARTY(IES) ARE COVERED BY THE POLICY SUBJECT TO ALL TERMS, CONDITIONS, LIMITATIONS, WARRANTIES, EXCLUSIONS AND CANCELLATION PROVISIONS THEREOF.

2. THE POLICY SHALL NOT BE VARIED BY ANY PROVISIONS CONTAINED IN THE CONTRACT(S) WHICH PURPORT TO SERVE AS AN ENDORSEMENT OR AMENDMENT TO THE POLICY.

SCHEDULE IDENTIFYING TERMS USED IN THIS ENDORSEMENT

1. Equipment:

2. Contract Party(ies):

3. Designated Contract Party:

4. Contract(s):

    and references in this Endorsement to “the Contract(s)” mean the contract(s) listed above, as amended or supplemented from time to time.

5. Effective Date:

6. Appointed Broker:

7. Additional Premium:

    AVN 99 2.08.07
ATTACHMENT NO.8

PASSENGER LIABILITY (MUTUAL REVISION & SPECIAL CONTRACTS) CLAUSE

1. As used herein “Warsaw Convention” means the Convention for the Unification of Certain Rules relating to International Carriage by Air signed at Warsaw, October 12th, 1929, or any amendment or supplement to that Convention whether by means of Protocol, additional, new or supplemental Convention or otherwise.

2. MUTUAL REVISION. If at any time during the currency of this Policy the Insured’s legal liability may be effected by any one or any combination of the following events:

   (a) Any ratification or denunciation of, or accession or adherence to, the Warsaw Convention or if the Warsaw Convention ceases to apply in respect of any State or Territory where it was previously in force.

   (b) Any alteration of liability by national legislation or in conformity with any Government or other official requirement.

Then notwithstanding any other provisions of the Policy, and in contemplation of any of the above events, either the Insured or the Insurers shall have the right to request a revision of terms and conditions. Revised terms and conditions agreed by the parties hereto shall, unless otherwise agreed, become operative if and when the events (or event) relevant to the aforesaid revision become(s) effective.

If no agreement is reached on revised terms and conditions on the expiry of 60 days from the date of a written request for the aforesaid revision, then either party shall have the right to give 30 days’ notice of cancellation of the policy.

3. SPECIAL CONTRACTS. Subject to the prior approval of Insurers and in consideration of additional premium this Policy may be extended to cover the Insured’s legal liability in respect of Special Contracts. As used herein “Special Contracts” means

   (i) an agreement between the Insured and a passenger for a higher limit of liability in accordance with Article 22(1) of the Warsaw Convention, or

   (ii) any other agreement between the Insured and a Passenger whereby the Insured assumes increased legal liability in respect of the passenger’s death or injury.

Special Contracts already approved are as follows:

As required including automatically the IATA Inter-Carrier Agreement, Montreal Convention, unspecified liability and similar requirements within existing premium hereunder.

4. Nothing herein shall be deemed to alter the limits of Insurers’ liability as specified in the Policy. Any condition of the Policy relating to contractual agreements is varied only as may be necessary to the extent herein provided.

AVN 44A (Amended) 1.10.96
## US SHORT RATE CANCELLATION TABLE

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<th>DAYS POLICY IN FORCE</th>
<th>PER CENT OF ONE YEAR PREMIUM</th>
<th>DAYS POLICY IN FORCE</th>
<th>PER CENT OF ONE YEAR PREMIUM</th>
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<td>150-153 (5 months)</td>
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</table>
Endorsement No. 1

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES
and as more fully set forth herein.

SUPPLEMENTARY PAYMENTS CLAUSE

It is understood and agreed that this Policy is extended to cover as more fully set forth under those paragraph(s) identified below. It is expressly understood that no cover is provided under those paragraphs of this Clause which have not been identified below.

The Insurers agree to indemnify the Insured for

(a) any reasonable expenses incurred for the purpose of search and rescue operations for an Aircraft insured hereunder determined to be missing;

(b) any reasonable expenses incurred for the purpose of runway and/or Aircraft foaming to prevent or mitigate possible loss or damage because of malfunction or suspected malfunction of an Aircraft insured hereunder;

(c) any reasonable expenses incurred for the purpose of attempted or actual raising, removal, disposal or destruction of the wreck of an Aircraft insured hereunder and the contents thereof;

(d) any reasonable expenses which the Insured may be called upon to pay in respect of any public inquiry or inquiry by the Civil Aviation Authority or any other relevant authority into an Accident involving an Aircraft insured hereunder.

(e) Costs and expenses arising out of the diversion of an aircraft due to sudden passenger or crew member illness, for safety or humanitarian purposes, other passenger action or other unspecified onboard incident.

(f) Costs and expenses incurred by the Insured or assumed under contract arising out of a loss covered hereunder for (1) the use of an emergency procedures centre and/or (2) the use of a crisis management centre.

(g) Any reasonable costs and expenses incurred by or on behalf of the Insured for fire and crash control operations related to an aircraft insured hereunder.

(h) Any reasonable costs and expenses for medical, funeral, burial and/or repatriation of bodies and injured persons and any other acts of humanity, reasonably incurred following an Occurrence for which indemnity for the Legal Liability of the Insured is provided by this Policy. Such expenses include the costs of transportation and accommodation for visits to the accident scene following an accident subject to coverage hereunder.

Coverage is provided under paragraphs (a), (b), (c), (d) and (e) above.

Provided always that Insurers' liability shall not exceed USD ○○ in the aggregate over all paragraphs insured. All amounts payable under this clause are payable within the Combined Single Limit shown in Item 3(b) of the Policy Schedule.

AVN 76 (Amended) 09.02.01
Endorsement No. 2

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES
and as more fully set forth herein.

EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)

1. WHEREAS the Policy of which this Endorsement forms part includes the War, Hi-Jacking and Other Perils Exclusion Clause (Clause AVN 48B), IN CONSIDERATION of an Additional Premium of included herein, it is hereby understood and agreed that with effect from inception, all sub-paragraphs other than (b) of Clause AVN 48B forming part of this Policy are deleted SUBJECT TO all terms and conditions of this Endorsement.

2. EXCLUSION applicable only to any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN 48B.

   Cover shall not include liability for damage to any form of property on the ground situated outside Canada and the United States of America unless caused by or arising out of the use of aircraft.

3. LIMITATION OF LIABILITY

   The limit of Insurers’ liability in respect of the coverage provided by this Endorsement shall be USD ○○○ (or currency equivalent) or the applicable policy limit whichever the lesser any one Occurrence and in the aggregate (the “sub-limit”). This sub-limit shall apply within the full Policy limit and not in addition thereto.

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

   (a) to the passengers (and for their baggage and personal effects) of any aircraft operator to whom the Policy affords cover for liability to its passengers arising out of its operation of aircraft;

   (b) for cargo and mail while it is on board the aircraft of any aircraft operator to whom the Policy affords cover for liability for such cargo and mail arising out of its operation of aircraft.

4. AUTOMATIC TERMINATION

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

   (i) All cover

       - upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following States, namely, France, the People’s Republic of China, the Russian Federation, the United Kingdom, the United States of America

   41
(ii) Any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN 48B

- upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter wheresoever or whensoever such detonation may occur and whether or not the Insured Aircraft may be involved

(iii) All cover in respect of any of the Insured Aircraft requisitioned for either title or use

- upon such requisition

Provided that if an Insured Aircraft is in the air when (i), (ii) or (iii) occurs, then the cover provided by this Endorsement (unless otherwise cancelled, terminated or suspended) shall continue in respect of such an Aircraft until completion of its first landing thereafter and any passengers have disembarked.

5. REVIEW AND CANCELLATION

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

Insurers may give notice to review premium and/or geographical limits - such notice to become effective on the expiry of seven days from 23.59 hours GMT on the day on which notice is given.

(b) Limited Cancellation (48 hours)

Following a hostile detonation as specified in 4 (ii) above, Insurers may give notice of cancellation of one or more parts of the cover provided by paragraph 1 of this Endorsement by reference to sub-paragraphs (c), (d), (e), (f) and/or (g) of Clause AVN 48B - such notice to become effective on the expiry of forty-eight hours from 23.59 hours GMT on the day on which notice is given.

(c) Cancellation (7 days)

The cover provided by this Endorsement may be cancelled by either Insurers or the Insured giving notice to become effective on the expiry of seven days from 23.59 hours GMT on the day on which such notice is given.

(d) Notices

All notices referred to herein shall be in writing.

AVN 52E 12.12.01

Subject to the policy terms, conditions, limitations and exclusions.
Endorsement No. 3

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES
and as more fully set forth herein.

CIVIL AVIATION (CARRIERS’ LIABILITY) ACT 1959 - AUSTRALIA
(applicable to Passenger Liability only)

IT IS UNDERSTOOD AND AGREED THAT:-

1. The Policy to which this endorsement is attached is hereby amended to provide coverage in compliance with the prescribed requirements referred to in Part IVA subsection 41C(2) of the Civil Aviation (Carriers’ Liability) Act 1959.

2. Such coverage shall be within the limits of liability in the Policy and not in addition to or in excess thereof.

3. Such coverage shall continue until cancelled by Insurers or their authorised representative giving the appropriate notice.

4. Unless the Policy otherwise provides the following exclusions not prohibited by the provisions of the said Act shall apply:-

   4.1 War Exclusion Clause AVN 48B paragraphs (a) and (b) or equivalent clause(s).

   4.2 Noise and Pollution and Other Perils Exclusion Clause AVN 46B or equivalent clause(s).

   4.3 Nuclear Risks Exclusion Clause AVN 38B or equivalent clause(s).

   4.4 Bodily Injury to or sickness, disease or death of any employee arising out of and in the course of his/her employment.

5. The coverage for personal injury as required by the said Act to be provided by the Policy to which this endorsement is attached shall be understood to mean bodily injury, sickness, disease, fright, shock or mental anguish including death resulting therefrom.

6. If Insurers are called upon to provide coverage to the Insured in compliance with the said Act including the defence and legal costs associated therewith and if by reason of the terms, conditions, limitations and exclusions of the Policy such coverage would not have been provided except for this endorsement then the Insured will reimburse Insurers for such payments made in providing coverage under the said Act.

7. The terms, conditions, limitations and exclusions of the Policy shall apply to claims made under the Policy which (a) are in excess of the limits specified in the said Act or (b) are not governed by the provisions of the said Act.

AVN 57A (Australia) 1.10.96
Endorsement No. 4

Attaching to Policy No.

In the name of ___________ and/or _______ AIRLINES
and as more fully set forth herein.

DATE RECOGNITION LIMITED COVERAGE CLAUSE

WHEREAS the Policy of which this Endorsement forms part includes the Date Recognition Exclusion Clause (Clause AVN 2000A), it is hereby understood and agreed that, subject to all terms and provisions of this Endorsement, Clause AVN 2000A shall not apply:

(1) to any accidental loss of or damage to an aircraft defined in the Policy Schedule ("Insured Aircraft");

(2) to any sums which the Insured shall become legally liable to pay, and (if so required by the Policy) shall pay (including costs awarded against the Insured) in respect of:

(a) accidental bodily injury, fatal or otherwise, to passengers caused by an accident to an Insured Aircraft; and/or

(b) loss of or damage to baggage and personal articles of passengers, mail and cargo caused by an accident to an Insured Aircraft; and/or

(c) accidental bodily injury, fatal or otherwise, and accidental damage to property caused by an Insured Aircraft; or by any person or object falling therefrom.

PROVIDED THAT:

1. Coverage provided pursuant to this Endorsement shall be subject to all terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Policy (except as specifically provided herein), and nothing in this Endorsement extends coverage beyond that which is provided by the Policy.

2. Nothing in this Endorsement shall provide any coverage:

   (a) in respect of grounding of any aircraft; and/or

   (b) in respect of loss of use of any property unless it arises out of physical damage to or destruction of property in the accident giving rise to a claim under the Policy.

3. The Insured agrees that it has an obligation to disclose in writing to the Insurers during the Policy period any material facts relating to the Date Recognition Conformity of the Insured’s operations, equipment and products.

AVN 2001A 21.3.01
(Applicable to Hull and Aircraft Liability Coverage)

SUBJECT TO THE POLICY TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS.
DATE RECOGNITION LIMITED COVERAGE CLAUSE

WHEREAS the Policy of which this Endorsement forms part includes the Date Recognition Exclusion Clause (Clause AVN 2000A), it is hereby understood and agreed that, subject to all terms and provisions of this Endorsement, Clause AVN 2000A shall not apply to any sums which the Insured shall become legally liable to pay, and (if so required by the Policy) shall pay (including costs awarded against the Insured) in respect of:

(1) accidental bodily injury, fatal or otherwise, or loss of or damage to property caused by an aircraft accident occurring during the Policy period and arising out of a risk insured under the Policy; and/or

(2) accidental bodily injury, fatal or otherwise, or loss of or damage to property caused by an accident, other than an aircraft accident, occurring during the Policy period and arising out of a risk insured under the Policy. For the avoidance of doubt, solely for the purposes of this paragraph (2) and without prejudice to the meaning of the words in any other context, “bodily injury” shall mean only physical corporeal injury and unless arising directly therefrom shall not include mental or psychological injury.

PROVIDED THAT:

1. Coverage provided pursuant to this Endorsement shall be subject to all terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Policy (except as specifically provided herein), and nothing in this Endorsement extends coverage beyond that which is provided by the Policy.

2. Nothing in this Endorsement shall provide any coverage:

   (a) applying in excess of any scheduled underlying insurance and/or in respect of any non aviation risks; and/or

   (b) in respect of grounding of any aircraft; and/or

   (c) in respect of loss of use of any property unless it arises out of physical damage to or destruction of property in the accident giving rise to a claim under the Policy.

3. The Insured agrees that it has an obligation to disclose in writing to the Insurers during the Policy period any material facts relating to the Date Recognition Conformity of the Insured’s operations, equipment and products.

AVN 2002A  21.3.01
(Applicable to non Aircraft Liability only)

SUBJECT TO THE POLICY TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS.
Endorsement No. 6

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES and as more fully set forth herein.

PASSENGER VOLUNTARY SETTLEMENT ENDORSEMENT

1. In consideration of an additional premium of included herein, it is agreed that the Insurers will at the request of and regardless of legal liability of the Named Insured offer settlement on the basis of the benefits hereinafter set forth in respect of bodily injury sustained by any passenger caused by an Accident provided that at the time of such Accident causing such bodily injury the Passenger Liability Section of the Policy is effective in respect of such Accident.

2. LIMITS OF SETTLEMENT

For death or for total loss of two limbs or total loss of sight of two eyes or total loss of one limb and total loss of sight of one eye (or any combination thereof) the amount offered shall not exceed the amount expressed as the limit of settlement for “each passenger” shown below; or

For total loss of one limb or total loss of sight of one eye the amount offered shall not exceed one half of the amount expressed as the limit of settlement for “each passenger” shown below.

For permanent total disablement other than by loss of limbs or sight the amount offered shall not exceed the amount expressed as the limit of settlement for “each passenger” shown below.

Subject to the limit for “each passenger” the total of the amounts which the Insurers shall offer on account of bodily injury sustained by two or more passengers in any one Accident shall not exceed the amount expressed as the limit of settlement for “each Accident” shown below.

3. DEFINITIONS

“ACCIDENT” means any one accident or series of accidents arising out of one event.

“LOSS OF A LIMB” means loss by physical separation of a hand at or above the wrist or of a foot at or above the ankle.

“TOTAL LOSS OF SIGHT” means loss of sight which is certified as being entire and irrecoverable by a licensed ophthalmologist.

“PERMANENT TOTAL DISABLEMENT” means disablement which has for twelve months from the date of the Accident necessarily and continuously disabled the passenger from attending to business or occupation of any and every kind or if he has no business or occupation confined him immediately and continuously to the house and prevented him from attending to any of his usual duties (if any) and at the expiry of that twelve months period being beyond hope of improvement.
4. ADDITIONAL EXCLUSIONS

The Insurers shall not be liable under the terms of this Endorsement

(a) for any payment which may be used to satisfy that obligation for which the Insured or any Company as his insurer may be held liable under workers compensation, employers liability, unemployment compensation or disability benefits law or any similar law;

(b) for bodily injury to any passenger caused by his suicide or attempted suicide or intentional self-injury or own criminal or felonious act or by his own act whilst in a state of insanity or intoxication;

(c) for bodily injury to any passenger caused by disease or natural causes, or medical or surgical treatment (except where such treatment is rendered necessary by bodily injury caused by Accident within the scope of this Endorsement);

(d) for bodily injury to any passenger carried for hire or reward;

(e) for bodily injury to any member of the flight or cabin crew.

5. ADDITIONAL CONDITIONS

(a) The Insured shall furnish, as soon as practicable after each request from the Insurers, reasonably obtainable information pertaining to bodily injury sustained by passengers. In the event of death immediate notice must be sent to the Insurers.

(b) In consideration of any settlement under the provisions of this Endorsement and as a condition precedent thereto, the Insurers shall be provided with a full legal release for all claims for damages against the Insured and/or any other party(ies) protected by this Policy from the injured passenger and/or any person having a cause of action for such bodily injury. If the injured passenger or any person claiming by, through or under him shall fail to accept in writing within thirty (30) days from the date of offering the voluntary settlement under the provisions of this Endorsement or to execute the necessary release then the Insurers may, at their option, withdraw the offered voluntary settlement, without notice, in which circumstances the Insurers will no longer be bound by the undertakings expressed in the preceding paragraphs. If subsequent to an offer of voluntary settlement being made in respect of any passenger any claim suit or demand is made or prosecuted against the Insured for damages on account of such bodily injury, such claim suit or demand shall be considered as refusal to accept such voluntary settlement and the obligations of the Insurers as expressed in the Passenger Liability Section of the Policy to which this Endorsement is attached, shall be available as fully and completely as if this Endorsement had not been issued.

Limits of Settlement

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<tr>
<th>Each passenger</th>
<th>Each Accident</th>
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<td>USD ○○</td>
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It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this Endorsement is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

AVN 34A 30.4.02

SUBJECT TO POLICY TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS.
Endorsement No. 7

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES

and as more fully set forth herein.

CONTINGENT LIABILITY COVERAGE

(A) It is agreed that the coverage afforded to the Insured under Section Two of the Policy for liability arising out of the operation of aircraft is extended to apply to such liability of the Insured arising from the operation of such aircraft while they are leased or sub-leased to other person(s) or organisation(s) (hereinafter referred to as “Lessee”) under a lease agreement that requires:

The Lessee to effect liability insurance for such liability arising in connection with the aircraft whilst it is leased to the Lessee.

In respect of such liability the Insured is added as additional Insured on the Lessee’s insurance and that such insurance will be primary and without right of contribution from any other insurance that is available to the Insured.

That the insurance effected by the Lessee is for a limit of liability that is not less than that applicable to this Section of the Policy or such lower limit as may be agreed by Insurers.

That the coverage afforded to the Insured under the Lessee’s insurance shall not be invalidated by any act or omission of any other person or organisation which results in a breach of any term, condition or warranty of such insurance provided that the Insured has not caused, contributed to or knowingly condoned the said act or omission.

This extension of coverage does not apply to:

(a) any amount which is recoverable as a claim under the insurance required to be effected by the Lessee pursuant to the provisions of the lease agreement between the Insured and the Lessee.

(b) any amount which is not recoverable (in whole or in part) as a claim under the policy effected by the Lessee by reason of bankruptcy or the insolvency of an insurer or insurers.

(c) any liability of the Lessee.

The liability of the Insurers shall not exceed the limit of liability applicable to Section Two less any amount recoverable as a claim under the Lessee’s insurance.

(B) It is agreed that the coverage afforded to the Insured under Section Two for liability arising out of the operation of aircraft is extended to apply to such liability of the Insured arising from the operation of aircraft while leased to the Insured by other person(s) or organisation(s) (hereinafter in this extension “Lessor”) and operated by the Lessor under a lease agreement that requires:

The Lessor to effect aircraft third party liability insurance for liability arising in connection with the aircraft whilst it is leased to the Insured.

In respect of such liability the Insured is added as an additional Insured on the Lessor’s insurance and that such insurance will be primary and without right of contribution from any other insurance that is available to the Insured.
That the insurance effected by the Lessor is for a limit of liability that is not less than that applicable to Section Two or such lower limit as may be agreed by Insurers.

That the coverage afforded to the Insured under the Lessor’s insurance shall not be invalidated by any act or omission of any other person or organisation which results in a breach of any term, condition or warranty of such insurance provided that the Insured has not caused, contributed to or knowingly condoned the said act or omission.

This extension of coverage does not apply to:

(a) any amount which is recoverable as a claim under the insurance required to be effected by the Lessor pursuant to the provisions of the lease agreement between the Insured and the Lessor.

(b) any amount which is not recoverable (in whole or in part) as a claim under the policy effected by the Lessor by reason of bankruptcy or the insolvency of an insurer or insurers.

(c) any liability of the Lessor.

The liability of the Insurers shall not exceed the limit of liability applicable to Section Two less any amount recoverable as a claim under the Lessor’s insurance.

SUBJECT TO POLICY TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS.
Endorsement No. 8

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES
and as more fully set forth herein.
PERSONAL INJURY EXTENSION

The insurance provided by this Policy extends to indemnify the Insured for legal liability for damages awarded to any person arising out of one or more of the following offences committed during the Policy period but only where such offences are committed in connection with that part of the Insured's aviation operations or interests for which other coverage is granted by the Policy:-

1. False arrest, restraint, detention or imprisonment.
2. Malicious prosecution.
3. Wrongful entry, eviction or other invasion of the right of private occupancy.
4. Inadvertent discrimination with respect to withholding or refusal of transportation except with respect to overbooking.
5. The publication or utterance of a libel or slander or of other defamatory or disparaging material in violation of an individual's right of privacy except publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Insured.
6. Incidental medical malpractice error or mistake by a physician, surgeon, nurse, medical technician or other person performing medical services but only for or on behalf of the Insured in the provision of emergency medical relief.

The following additional exclusions shall apply to this extension:-

(a) liability assumed by the Insured by agreement under any contract unless such liability would have attached to the Insured even in the absence of such agreement,
(b) liability arising out of the wilful violation of penal statute or ordinance committed by or with the knowledge or consent of the Insured
(c) liability arising out of offence 5 above
   (i) if the first injurious publication or utterance of the same or similar material was made prior to the effective date of this insurance
   (ii) if such publication or utterance was made by or at the direction of the Insured with the knowledge of the false nature thereof
(d) liability directly or indirectly related to the past, present or potential employment of such person by the Insured.
The limit of liability applicable to Personal Injury claims shall be as stated in Item 3(b)(3) of the Policy Schedule.

All other terms and conditions of this Policy remain unchanged.

AVN 60A (Amended) 24.12.2004

Paragraph 6. of the above clause shall be extended at the request of the Insured to include the legal liability of the person performing such medical services. Coverage provided by this policy in this regard shall be excess of any valid and collectable insurance held by the person performing such medical services.

SUBJECT TO POLICY TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS.
Endorsement No. 9

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES
and as more fully set forth herein.

LIABILITY TO PILOTS AND CREW CLAUSE

It is understood and agreed that notwithstanding any exclusion specifically relating to pilots and operational crew in the Section of this Policy covering the liability of the Insured to passengers, such coverage shall extend to include the liability of the Insured to the pilots and operational crew of the insured Aircraft, but excluding liability required to be insured under the terms of any employers’ liability or workman’s compensation legislation or any similar legislation.

AVN 73 09.02.01

SUBJECT TO POLICY TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS.
Endorsement No. 10

Attaching to Policy No.

In the name of ○○○○○ and/or ○○○○○ AIRLINES
and as more fully set forth herein.

NON-OWNED AIRCRAFT ENDORSEMENT

In consideration of an additional premium of included herein it is understood and agreed that in addition to the Aircraft declared hereunder, cover granted under this Policy applies to Aircraft used by the Named Insured but not so declared, ALWAYS PROVIDED the Named Insured:

1. has no interest in the Aircraft as owner in whole or in part
2. exercises no part in the servicing or maintenance of the Aircraft
3. exercises no part in the appointment or provision of personnel for the operation of the Aircraft.

THIS ENDORSEMENT does not apply:

(a) to liability arising out of any product manufactured, sold, handled or distributed by the Named Insured
(b) to any Aircraft having a seating capacity, including crew, in excess of the Aircraft's certificate of airworthiness.
(c) to liability for loss of or damage to the Aircraft or any consequential loss arising therefrom
(d) when the Aircraft is used by the Named Insured for hire and reward.

All other terms and conditions of the Policy remain unchanged.

AVN 54  1.10.96
Endorsement No. 11

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES
and as more fully set forth herein.

BREACH OF AIR NAVIGATION REGULATIONS CLAUSE

The cover afforded to each Insured by the Policy shall not be invalidated by any act or omission which results in a breach of any air navigation or airworthiness orders or requirements issued by any competent authority affecting the safe operation of the Aircraft provided that the Insured so protected has not caused, contributed to or knowingly condoned the said act or omission. Any Insured who has caused, contributed to or knowingly condoned the said act or omission shall not be entitled to indemnity under the Policy.

Except as specifically varied by this clause, all other terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Policy apply.

AVN 94 30.4.02
Endorsement No. 12

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES
and as more fully set forth herein.

PILOT INDEMNITY CLAUSE

The Sections of this Policy covering bodily injury liability, including to passengers, and property damage liability are extended to cover, as if he/she were the Insured, any pilot authorised by the Insured under the terms of the Policy in respect of injury or damage arising out of the operation of the Aircraft described in the Schedule to the Policy, but not so as to increase the liability of Insurers beyond the amount which would otherwise have been payable under this Policy had liability been incurred by the Insured.

Provided always that

1. At the time of any accident giving rise to a claim under this Clause the said pilot
   (a) shall as though he/she were the Insured, observe, fulfil and be subject to the terms, conditions and exclusions contained in the Policy, and
   (b) is not entitled to indemnity under any other policy.

2. There shall be no indemnity under this Clause in respect of claims made against the pilot by the Insured and/or with respect to the Aircraft described in the Schedule to the Policy.

AVN 74 09.02.01
Endorsement No. 13

Attaching to Policy No.

In the name of COMPANY and/or AIRLINES and as more fully set forth herein.

SANCTIONS AND EMBARGO CLAUSE

Notwithstanding anything to the contrary in the Policy the following shall apply:

1. If, by virtue of any law or regulation which is applicable to an Insurer at the inception of this Policy or becomes applicable at any time thereafter, providing coverage to the Insured is or would be unlawful because it breaches an embargo or sanction, that Insurer shall provide no coverage and have no liability whatsoever nor provide any defence to the Insured or make any payment of defence costs or provide any form of security on behalf of the Insured, to the extent that it would be in breach of such law or regulation.

2. In circumstances where it is lawful for an Insurer to provide coverage under the Policy, but the payment of a valid and otherwise collectable claim may breach an embargo or sanction, then the Insurer will take all reasonable measures to obtain the necessary authorisation to make such payment.

3. In the event of any law or regulation becoming applicable during the Policy period which will restrict the ability of an Insurer to provide coverage as specified in paragraph 1, then both the Insured and the Insurer shall have the right to cancel its participation on this Policy in accordance with the laws and regulations applicable to the Policy provided that in respect of cancellation by the Insurer a minimum of 30 days notice in writing be given. In the event of cancellation by either the Insured or the Insurer, the Insurer shall retain the pro rata proportion of the premium for the period that the Policy has been in force. However, in the event that the incurred claims at the effective date of cancellation exceed the earned or pro rata premium (as applicable) due to the Insurer, and in the absence of a more specific provision in the Policy relating to the return of premium, any return premium shall be subject to mutual agreement. Notice of cancellation by the Insurer shall be effective even though the Insurer makes no payment or tender of return premium.

AVN 111 01.10.10
Endorsement No. 14

Attaching to Policy No.

In the name of ○○○○ and/or ○○○○ AIRLINES
and as more fully set forth herein.
INNOCENT OPERATORS COVERAGE CLAUSE

This Policy is extended to cover physical damage to the Aircraft hereby insured arising from the action of any Government, Government Department, Authority or Agency by reason of actual or alleged infringement of Customs, Quarantine or Public Health regulations.

Warranted the Insured shall

(a) not knowingly carry cargo incorrectly described or labelled;

(b) take reasonable precautions to adhere to any Customs, Quarantine or Public Health regulations.

AVN 89 09.02.01
Endorsement No. 15

Attaching to Policy No.

In the name of ☐☐☐ and/or ☐☐☐ AIRLINES
and as more fully set forth herein.
MILITARY AND/OR UNSCHEDULED AIRPORTS FOR EMERGENCY AND/OR
SAFETY PURPOSES

It is understood and agreed that this Insurance shall remain in effect if the Insured uses military
and/or unscheduled airports for emergency and/or safety purposes.

SUBJECT TO POLICY TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS.