

GLOBAL AEROSPACE



Claims Service: Delivering on Our Promise

At Global Aerospace, how we handle your claim is one way we can make the greatest difference to you. Our claims philosophy is to work closely with our customers to resolve claims promptly and efficiently. We never forget that we are judged by how well we respond to our customers' needs. Our reputation reflects our strong commitment to this responsibility.

Your insurance agent or broker can assist you with prompt reporting of all claims to expedite quick settlement and assure proper protection of your interests.

Global Aerospace maintains regional offices across the country and our seasoned claims professionals have a unique blend of aviation and insurance knowledge. In event of a loss, our expert advice and assistance will be immediately available to expedite repairs to damaged UAS and to advise regarding any legal liability. Global Aerospace claims staff has the expertise, experience and authority to handle your claim.

Your insurance agent or broker and the Global Aerospace UAS Claims Office should be notified immediately of the full details of any loss:

For Claims Service Contact:

Global Aerospace, Inc.
10895 Grandview Drive
Building 24, Suite 150
Overland Park, Kansas 66210

Phone: 913-451-9660
or
888-228-2281

Fax: 913-327-7041

e-mail: uasclaims@global-aero.com

This notice is provided to assist you in reporting a claim. It is not part of your policy, and neither this notice nor prompt reporting guarantees coverage or compliance with the terms and conditions of your policy. You are therefore urged to read your entire policy, and consult with your agent or broker for a full explanation of coverage.

Privacy Statement

Global Aerospace, Inc. is the underwriter of your aircraft insurance policy.

A new federal law requires financial services companies, such as banks and insurance companies, to provide their customers with a written statement explaining how their personal information is collected and used.

Your privacy has always been important to Global Aerospace. For that reason we do not sell or share your personal information to any other organization for marketing purposes.

Thank you for choosing Global Aerospace as your provider of aircraft insurance. We appreciate your business, and will continue to protect your privacy and the confidentiality of your information.

Global Aerospace Inc. appreciates the trust you placed in us when you asked us to underwrite your aircraft insurance. We are committed to protecting your private personal information. Global Aerospace does not sell your personal information to other companies.

Information We Have About You

We collect personal information about you from several sources:

- Information we receive from you or your insurance broker or agent on applications or other forms, and
- Information about your transactions with us, such as your payment and claims history.

How We Protect Your Personal Information

We treat your personal information with respect for your privacy. We do not disclose your personal information (whether you are a current or former customer) to anyone, except as permitted by law. Examples of circumstances when we are permitted by law to share your personal information are:

- We may share your information with our affiliated companies – the other companies that make up the Global Aerospace group, and
- We may also disclose your personal information to companies that perform services on our behalf – such as a claim adjusting company that may contact to you if you have filed a claim.

Questions

If you have any questions about our privacy practices and procedures, please do not hesitate to call us at 1-973-490-8500.

**AVIATION INSURANCE POLICY
UNMANNED AIRCRAFT SYSTEMS**

THROUGH

GLOBAL AEROSPACE, INC.

US HOME OFFICE: ONE SYLVAN WAY
PARSIPPANY, NJ 07054

REGIONAL OFFICE: One Sylvan Way
Third Floor
Parsippany, NJ 07054
(973) 490-8500

FOR

Specimen Policy 2018

ARRANGED BY:

GLOBAL AEROSPACE INC

ONE SYLVAN WAY
3RD FLOOR
PARSIPPANY, NJ 07054

AVIATION INSURANCE POLICY UNMANNED AIRCRAFT SYSTEMS

GUIDE TO THE PROVISIONS OF YOUR POLICY

PROVISION

PAGE

This guide has been prepared to help you in reading your policy. It is not a part of the policy nor does it make reference to all of the provisions which might affect your insurance. You are therefore urged to read the entire policy carefully.

DECLARATIONS

Item 1.	NAMED INSURED AND ADDRESS OF NAMED INSURED	i
Item 2.	POLICY PERIOD	i
Item 3.	LIMIT OF INSURANCE	ii
Item 4.	DESCRIPTION OF INSURED AIRCRAFT	ii
Item 5.	AIRCRAFT USE	iii
Item 6.	PILOTS	iii
Item 7.	COVERAGE TERRITORY	iii
Item 8.	POLICY ISSUING OFFICE	iii
Item 9.	PREMIUM	iii
	Listing of Endorsements issued at Policy Inception	iv

SECTION I - COVERAGES

PART 1 - LIABILITY

COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY

Insuring Agreement	1
---------------------------	---

Exclusions	2
-------------------	---

SUPPLEMENTARY PAYMENTS	3
-------------------------------	---

PART 2 - PHYSICAL DAMAGE

COVERAGE B - PHYSICAL DAMAGE TO SCHEDULED AIRCRAFT	4
---	---

Insuring Agreement	4
---------------------------	---

Exclusions	5
-------------------	---

Conditions	5
-------------------	---

Your Additional Duties	5
------------------------	---

Adjustment and Payment	5
------------------------	---

Appraisal	5
-----------	---

AVIATION INSURANCE POLICY UNMANNED AIRCRAFT SYSTEMS

GUIDE TO THE PROVISIONS OF YOUR POLICY

<u>PROVISION</u>	<u>PAGE</u>
No Benefit to Others	6
Salvage	6
Recovered Property	6
Application of Deductible	6
Automatic Increase in Insured Value of Scheduled Aircraft	6
Automatic Reinstatement	6
SECTION II – GENERAL POLICY EXCLUSIONS	7
TRADE OR ECONOMIC SANCTIONS AND CONFORMITY WITH LAW	7
GENERAL EXCLUSIONS APPLICABLE TO ALL COVERAGES	7
WAR, HI-JACKING AND OTHER PERILS EXCLUSION	7
ELECTRONIC DATE RECOGNITION	7
NUCLEAR RISKS	8
MUNITIONS	9
GENERAL EXCLUSIONS APPLICABLE TO PART 1 - LIABILITY ONLY	9
ASBESTOS	9
NOISE, POLLUTION AND OTHER PERILS	9
EMPLOYMENT RELATED PRACTICES	10
SECTION III – WHO IS AN INSURED	10
SECTION IV – LIMITS OF INSURANCE	11
SECTION V – POLICY CONDITIONS	12
Conformity With Law	12
Titles of Paragraphs	12
Representations	12
Premiums	12
Changes	12
Cancellation	12
Transfer of Your Rights and Duties Under this Policy	13
Bankruptcy	13
Legal Action Against Us	13

AVIATION INSURANCE POLICY UNMANNED AIRCRAFT SYSTEMS

GUIDE TO THE PROVISIONS OF YOUR POLICY

<u>PROVISION</u>	<u>PAGE</u>
Transfer of Rights of Recovery Against Others to Us	13
Separation of Insureds	13
Duties in the Event of Occurrence, Physical Damage, Claim or Suit	14
Inspections and Surveys	14
Examination of Your Books and Records	15
Premium Audit	15
Other Insurance	15
Automatic Insurance for Newly Acquired Aircraft	16
Failure to Give Notice	16
Financial Responsibility Laws	16
Two or More Scheduled Aircraft	16
SECTION VI – DEFINITIONS	17

**AVIATION INSURANCE POLICY
UNMANNED AIRCRAFT**

**POLICY NUMBER:
9001414**

DECLARATIONS

The insurance afforded by this policy is provided by separate insurers described below and hereinafter referred to as “we”, “us” or “our.” The liability of these insurers is several and not joint and is specifically set out below.

THE INSURERS

American Alternative Insurance Corporation	Wilmington, Delaware	44.96%
American Commerce Insurance Company	Columbus, Ohio	10.00%
Mitsui Sumitomo Insurance Company of America	New York, New York	9.28%
National Indemnity Company of the South	Jacksonville, Florida	23.39%
Tokio Marine America Insurance Company	New York, New York	12.37%

Item 1. (a) NAMED INSURED: Specimen Policy 2018

(b) ADDRESS OF NAMED INSURED: ONE SYLVAN WAY
PARSIPPANY, NJ 07054

Item 2. POLICY PERIOD:

From October 01, 2018 to October 01, 2019

This insurance shall commence and cease on the dates shown at 12:01 A.M. local time at the address of the Named Insured shown in Item 1 (b) above.

DECLARATIONS OF POLICY NUMBER 9001414 (Continued)

Item 3. LIMITS OF INSURANCE:

The limits of the insurance afforded by this policy are:

PART I - LIABILITY

1. Each **Occurrence** Limit: \$1,000,000
2. Each **occurrence** sub-limit and deductible applicable to damaged property:

Damage to **Cargo** Limit: NIL

Cargo Deductible: NIL

The sub-limit described above is part of and not in addition to the Each **Occurrence** Limit.

3. Supplementary payment limits for emergencies and search and rescue operations related to **scheduled aircraft**:
 - (a) NIL is the most we will pay for expenses incurred under an emergency condition for:
 - (1) Application of foam on a runway;
 - (2) Fire and crash control and rescue; or
 - (b) The lesser of NIL or the **insured value** of the **scheduled aircraft** is the most we will pay for repositioning expenses incurred following a landing made under emergency conditions at a location where a safe takeoff cannot be made.
 - (c) NIL is the most we will pay for expenses incurred for search and rescue operations.

PART 2 - PHYSICAL DAMAGE

Scheduled Aircraft:

- (a) Subject to Paragraph (b) below, the limit of insurance for a **scheduled aircraft** is its **insured value**, less any applicable deductible.
- (b) The **insured value** of any **newly acquired aircraft** or any **scheduled aircraft** modified during the policy period is subject to the Maximum **Insured Value** Limit which shall be the highest **insured value** of any **scheduled aircraft** insured at the time such **newly acquired aircraft** is acquired or such modified **scheduled aircraft** is modified.

Item 4. DESCRIPTION OF INSURED AIRCRAFT:

The insurance afforded is only as respects the **scheduled aircraft** shown in the Aircraft Schedule(s) made part of this policy and to any **newly acquired aircraft**.

DECLARATIONS OF POLICY NUMBER 9001414 (Continued)

Item 5. AIRCRAFT USE:

All operations of the Named Insured.

Item 6. PILOTS:

The policy shall not apply while a *scheduled aircraft* is in *flight* unless the *pilot in command* is approved by the Named Insured.

Item 7. COVERAGE TERRITORY:

Worldwide

Item 8. POLICY ISSUING OFFICE:

This policy has been issued on our behalf through:

Global Aerospace, Inc
One Sylvan Way
Third Floor
Parsippany, NJ 07054

Reports or notices required to be made by you or any other insured to the Policy Issuing Office are to be made to this organization at the address shown.

Item 9. PREMIUM:

Total Premium at Inception: \$931
NJ Surcharge: \$6

The premium and rates for all aircraft insured by this policy, other than *newly acquired aircraft*, are as have been agreed upon. As respects *newly acquired aircraft* or the modification of a *scheduled aircraft*, the premium and rates applying shall be as agreed upon between the first Named Insured and us.

This policy is completed by attachment of form UAS, the Aircraft Schedule(s) described in Item 4 and the following endorsements made part of this policy on its effective date:

UASA121
UASA125
UASC022
UASC023
UASC025
UASC036
UASC039
UASC061
UASC064
UASC066
UASC095
UASC096
UASC097
UASC041
UASN015
UASN004
UASD004
UASS048

Sample

IN WITNESS WHEREOF, we have caused this policy to be executed on our behalf by Global Aerospace, Inc., but this policy shall not be valid unless signed by a duly authorized representative of Global Aerospace, Inc.



Anthony R. Moschetta, Secretary
Global Aerospace, Inc.



Jeffrey S. Bruno, President
Global Aerospace, Inc.



For Global Aerospace, Inc.

Countersignature (Where Required)

**AIRCRAFT SCHEDULE
(For Owned or Leased Aircraft)**

1. Description of Aircraft:

Please note: **Physical Damage** deductibles expressed in percent format are percentages of the **Insured Value**.

<u>Year, Make and Model</u>	Identification Number	Insured Value (100%)	<u>Deductibles</u>	
			In Motion	Not In Motion
2016 DJI INNOVATIONS INSPIRE 1	FA3W91838	\$1,000	5.0%	5.0%

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This schedule is effective: October 1, 2018

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

By: 

UASSA (May 1, 2016)

Various provisions in this policy may restrict or limit coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. The Declarations, these provisions and any attached Aircraft Schedules and endorsements complete the policy.

Throughout this policy:

1. Words and phrases that appear in ***bold italicized*** type have special meaning (Refer to SECTION VI - DEFINITIONS);
2. The words “we”, “us” and “our” refer to the insurers providing this insurance;
3. The word “insured” means the persons or organizations qualifying as such under SECTION III – WHO IS AN INSURED;
4. The words:
 - (a) “First Named Insured” refer only to the first person or organization shown in Item 1 of the Declarations;
 - (b) “Named Insured” refer to each person or organization shown in Item 1 of the Declarations;
 - (c) “You” and “your” refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy; and
5. If:
 - (a) Newly formed or acquired organizations are not included in the description of the Named Insured in Item 1 of the Declarations, and
 - (b) During the policy period, a Named Insured forms or acquires any organization other than a partnership, joint venture, or limited liability company,the words “Named Insured,” “you” and “your” shall refer in like manner to any such organization formed or acquired by a Named insured. However, insurance afforded by this policy (1) applies only if there is no other insurance, similar to the insurance afforded by this policy, available to the newly formed or acquired organization and (2) continues only until the 60th day after the organization’s formation or acquisition or the end of the policy period, whichever is earlier.

The insurance afforded by this policy as respects any newly formed or acquired organization applies only to ***bodily injury*** or ***property damage*** that occurs and ***physical damage*** sustained after the organization’s formation or acquisition.

SECTION I - COVERAGES

In consideration of the payment of the premium, in reliance upon the statements in the Declarations made part of this policy, subject to all of the terms of this policy including the applicable limits of insurance, we agree with you as respects those coverages shown in Item 3 of the Declarations as follows:

PART 1 - LIABILITY

COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement.

- (a) We will pay those sums that the insured becomes legally obligated to pay as damages because of ***bodily injury*** or ***property damage*** that occurs during the policy period and is caused by an ***occurrence*** that takes place in the ***coverage territory*** arising out of the ownership, maintenance, or use of a ***scheduled aircraft***.

We will have the right and duty to defend the insured against any *suit* seeking those damages. However, we will have no duty to defend the insured against any *suit* seeking damages for *bodily injury* or *property damage* to which this insurance does not apply or when this insurance is excess. We may, at our discretion, investigate any *occurrence* and settle any claim or *suit* that may result. But, the amount we will pay for damages is limited as described in SECTION IV - LIMITS OF INSURANCE. Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A.

- (b) Our obligation to pay damages on behalf of any insured applies only to the amount of damages in excess of any deductible amounts stated in this policy. The terms of this insurance apply irrespective of the application of the deductible amount. We may pay any part or the entire deductible amount to effect settlement of any claim or *suit* and, upon notification that we have made any such payment, the first Named Insured shall promptly reimburse us for any deductible amount we paid.
- (c) No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for in SUPPLEMENTARY PAYMENTS below.

2. Exclusions.

In addition to the exclusions contained in SECTION II – GENERAL POLICY EXCLUSIONS, the following exclusions apply to Coverage A.

This insurance does not apply to:

(a) EXPECTED OR INTENDED INJURY

Bodily injury or *property damage* expected or intended from the standpoint of the insured. This exclusion (a) does not apply to *bodily injury* or *property damage* resulting from the use of reasonable force to protect persons or property.

(b) CONTRACTUAL LIABILITY

Bodily injury or *property damage* for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion (b) does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an *insured contract*, provided the *bodily injury* or *property damage* occurs subsequent to the execution of the contract or agreement.

(c) WORKERS COMPENSATION AND SIMILAR LAWS

Any obligation for which the insured or any carrier as the insured's insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law.

(d) EMPLOYER'S LIABILITY

Bodily injury to:

- (1) An employee of the insured arising out of and in the course of employment by the insured; or
- (2) The spouse, child, parent, brother or sister of that employee as a consequence of Paragraph (d) (1) above.

This exclusion (d) applies:

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

This exclusion (d) does not apply to liability for damages assumed in a contract or agreement that is an *insured contract*, provided the *bodily injury* or *property damage* occurs subsequent to the execution of the contract or agreement.

(e) DAMAGE TO PROPERTY

Property damage to property owned, occupied, rented or used by the insured or in the care, custody, or control of the insured.

Subject to the Damage to **Cargo** Limit and the **Cargo** Deductible shown in the Declarations, as respects property the insured does not own, this exclusion (e) does not apply to accidental physical loss of, injury to, or destruction of **cargo** while in the insured's care, custody, or control other than accidental physical loss of, injury to, or destruction of **cargo** caused by or resulting from:

- (1) Delay, loss of market, loss of use, or any consequential loss;
- (2) Gradual deterioration, moths, vermin, inherent vice, marring or scratching; or
- (3) Misappropriation, secretion, conversion, infidelity or any dishonest act on the part of the insured or any of its agents or employees.

(f) DISPENSABLE LOADS

Bodily injury or **property damage** resulting from the release of a **dispensable load** from the aircraft component of an **unmanned aircraft system**.

Provided no part of the **dispensable load** consists of munitions, this exclusion (f) shall not apply to any claim or **suit** caused by or resulting in an aircraft crash, fire, explosion, or collision or a recorded in **flight** emergency causing abnormal aircraft operation.

SUPPLEMENTARY PAYMENTS

1. We will pay, as respects any claim against an insured we investigate or settle, or any **suit** against an insured we investigate, defend or settle:
 - (a) All expenses we incur.
 - (b) Up to \$5,000 for the cost of bail bonds required because of **occurrences** or violations of laws or regulations for civil aviation arising out of the use of an aircraft component of an **unmanned aircraft system** to which insurance for **bodily injury** is afforded by Part 1. We do not have to furnish these bonds.
 - (c) The cost of bonds to release attachments but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or settlement of the claim or the investigation, defense or settlement of the **suit**, including actual loss of earnings up to \$500 per day, per employee because of time off from work.
 - (e) All costs taxed against the insured in the **suit**.
 - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

2. We will also pay, as respects any aircraft component of an **unmanned aircraft system** to which this insurance applies:
 - (a) Up to the amount shown in Paragraph 3 (a) of Item 3 of the Declarations for expenses incurred by the insured under emergency conditions for charges made by other than an insured but limited to those expenses associated with labor, materials, rental of equipment, vehicles or tools for:
 - (1) Application of foam on a runway; or
 - (2) Fire and crash control and rescue.
 - (b) Up to the amount shown in Paragraph 3 (b) of Item 3 of the Declarations for expenses incurred by the insured for relocating such aircraft component of an **unmanned aircraft system** to a safe takeoff location agreed to in advance by us following a landing made under emergency conditions at a location where a safe takeoff cannot be made.
 - (c) Up to the amount shown in Paragraph 3 (c) of Item 3 of the Declarations for expenses incurred by the insured for search and rescue operations connected with any such aircraft component of an **unmanned aircraft system** to which this insurance applies, which is missing and presumed crashed, provided such expenditures are agreed to in advance by us.

However, the payments described in:

 - (1) Paragraphs (a), (b) and (c) above, do not include payments for:
 - a. Any medical, hospital or funeral expense; or
 - b. **Bodily injury** sustained by any person;
 - (2) Paragraphs (a) and (c) above, do not include payments for salvage of all or part of such aircraft component of an **unmanned aircraft system**;
 - (3) Paragraph (b) above, do not include payments for any expense which qualifies as an element of the **cost to repair** (including any expense associated with dismantling and reassembly) if the aircraft component of an **unmanned aircraft system** is a **scheduled aircraft** which sustains **physical damage** to which the insurance afforded under Coverage B applies; and
 - (4) Paragraph (c) above, do not include:
 - a. Loss of or damage to equipment used in search and rescue operations; or
 - b. Expense incurred after it has been reasonably established that there are no survivors.
3. The supplementary payments described in Paragraphs 1 and 2 will not reduce the limits of insurance.

PART 2 – PHYSICAL DAMAGE

COVERAGE B - PHYSICAL DAMAGE TO SCHEDULED AIRCRAFT

1. Insuring Agreement.

We will pay for **physical damage** to the **scheduled aircraft** sustained anywhere in the **coverage territory** during the policy period. But, the amount we will pay for **physical damage** to the **scheduled aircraft** is limited as described in SECTION IV - LIMITS OF INSURANCE.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for in Conditions below.

2. Exclusions

In addition to the exclusions contained in SECTION II – GENERAL POLICY EXCLUSIONS, the following exclusions apply to Coverage B.

This insurance does not apply to *physical damage*:

DAMAGE TO TIRES

To tires installed on the *scheduled aircraft* caused by any peril other than fire, theft, vandalism or malicious mischief. This exclusion does not apply if such *physical damage* is the direct result of other *physical damage* covered by this policy.

3. Conditions.

In addition to the conditions contained in SECTION V - POLICY CONDITIONS, the following conditions apply to Coverage B:

(a) Your Additional Duties.

You shall:

- (1) Protect the damaged property whether or not the insurance afforded by this policy applies and if you fail to do so, we shall have no obligation to pay for any further *physical damage* due to your failure to protect the damaged property; reasonable expenses incurred in affording such protection shall be deemed to be incurred at our request.
- (2) File with us within ninety-one (91) days after *physical damage*, sworn proof of loss in such form and including such information as we may reasonably require and shall, upon our request, submit to examination under oath, exhibit the damaged property and produce for our examination all pertinent records and invoices, permitting copies of such documents to be made, all at such reasonable times and places as we shall designate.
- (3) Do all things necessary to arrange for transfer of your interest in any salvage to us or our nominee.

(b) Adjustment and Payment.

- (1) We will adjust all claims for *physical damage* for which insurance is afforded by this policy with the first Named Insured only; and
- (2) Any payment we make for *physical damage* will be made to the first Named Insured for the account of all interests.

(c) Appraisal.

If we fail to reach agreement with the first Named Insured as to the value of the damaged property, or the *cost to repair the physical damage*, an appraisal may be demanded by either party. In this event, each party shall select a competent appraiser. The appraisers shall select a competent and impartial umpire. The appraisers shall appraise the value of the damaged property, or the *cost to repair the physical damage* and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the value of the damaged property, or the *cost to repair the physical damage*. Each party will pay its chosen appraiser and shall bear equally the other expenses of the appraisal and the umpire. We shall not be held to have waived any of our rights by any act relating to appraisal.

(d) No Benefit to Others.

No person or organization, other than you, having custody of property insured under Part 2 will benefit from this insurance.

(e) Salvage.

After we have made payment for **physical damage**, we become the beneficiary of all salvaged property. There shall be no abandonment without our consent.

(f) Recovered Property.

If either you or we recover any property after we have made payment for **physical damage**, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the limits of insurance.

(g) Application of Deductible.

In the event that two or more **scheduled aircraft** are covered by this policy, the applicable deductible shall apply separately to each. The amount specified as a deductible does not apply to **physical damage** caused by:

- (1) Lightning, theft, robbery or pilferage; or
- (2) Fire or explosion, if such fire or explosion is not the result of collision of the aircraft while **in motion**.

(h) Automatic Increase in Insured Value of Scheduled Aircraft.

Subject to the Maximum **Insured Value** Limit shown in the Declarations, the **insured value** of any **scheduled aircraft** that is modified shall automatically increase to reflect the additional cost, if any, of such modification, provided that you notify the Policy Issuing Office shown in the Declarations of such increase in the **insured value** within sixty (60) days following the completion of such modification and the first Named Insured agrees to pay the additional premium we require.

(i) Automatic Reinstatement.

In the event of **physical damage** that is not a **total loss**, whether or not Coverage B of this policy applies, the **insured value** of the **scheduled aircraft** shall be reduced as of the time of **physical damage** by the **cost to repair** the **physical damage**. Upon the commencement of repairs, the **insured value** shall be increased by the value of the completed repairs until the **insured value** of the **scheduled aircraft** is fully restored or this policy terminates, whichever occurs first.

(j) Premium Fully Earned After Total Loss.

In the event of a **total loss** to a **scheduled aircraft**, after the Company has made payment in accordance with the provisions of this policy, the premium for such **scheduled aircraft** shall be fully earned.

SECTION II – GENERAL POLICY EXCLUSIONS

Other provisions of this policy may limit or exclude insurance coverage. You are therefore urged to read the entire policy carefully.

1. TRADE OR ECONOMIC SANCTIONS AND CONFORMITY WITH LAW

This policy does not apply to the extent that trade or economic sanctions or other laws or regulations, including but not limited to those administered and enforced by the Office of Foreign Asset Control of the United States Treasury Department, prohibit us from providing insurance or paying claims. If the provisions of this policy are in conflict with any other laws or regulations in force in any jurisdiction where this policy is in effect, this policy will conform to those laws or regulations.

2. GENERAL EXCLUSIONS APPLICABLE TO ALL COVERAGES:

This policy does not cover any claim, damage, injury, loss, cost, expense or liability of any nature whatsoever arising from, occasioned by or in consequence of (whether directly or indirectly and whether wholly or partly):

(a) WAR, HI-JACKING AND OTHER PERILS EXCLUSION

- (1) 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.
- (2) 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.
- (3) Strikes, riots, civil commotions or labor disturbances.
- (4) 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.
- (5) Any malicious act or act of sabotage.
- (6) Confiscation, nationalization, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil, military or de facto) or public or local authority.
- (7) Hi-jacking or any unlawful seizure or wrongful exercise of control of the aircraft or any of its crew members in *flight* (including any attempt at such seizure or control) made by any person or persons acting without the consent of the insured.

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

(b) ELECTRONIC DATE RECOGNITION

- (1) The failure or inability to correctly recognize, process, distinguish, interpret or accept any change of year, date or time, including but not limited to:
 - a. The change of year from 1999 to 2000; or
 - b. The change of date from August 21, 1999 to August 22, 1999;

By any computer system, hardware, program or software, microprocessor, integrated circuit or similar device, whether in computer equipment or non-computer equipment, whether the property of any insured or of others; or

- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by any insured or for any insured or by any third party to determine, rectify or test for any potential or actual problems described in Paragraph (1) above.

(c) NUCLEAR RISKS

(1) Injury or damage:

- a. With respect to which the insured under this policy is also an insured under any:
 - (i) Nuclear energy liability policy, or
 - (ii) Other policy that affords insurance equivalent to that described in Paragraphs A. and B. below.
- b. Resulting from the hazards described in Paragraphs (2), (3) and (4) below with respect to which:
 - (i) Any person or organization is required to maintain financial protection pursuant to legislation in any country; or
 - (ii) The insured under this policy is, or had this policy not been issued would be, entitled to indemnification from any government or agency thereof;
- (2) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
- (3) The radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto; or
- (4) Ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

This exclusion (c) is subject to the following:

- A. Any such radioactive material or other radioactive source referred to in Paragraphs (3) and (4) 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.
- B. ***Bodily injury, property damage, or physical damage*** in respect of the nuclear risks not excluded by reason of the preceding paragraph 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 Organization "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;
 - (ii) This policy shall only apply to an incident happening during the period of this policy and where any claim by the insured against us 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 **physical damage** 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:

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

- (iv) We may cancel coverage afforded hereby by mailing or delivering to the first Named Insured written notice of cancellation at least seven days before the effective date of cancellation.

(d) MUNITIONS

Any discharge or release of munitions whether intentional or unintentional.

3. **GENERAL EXCLUSIONS APPLICABLE TO PART 1 - LIABILITY ONLY:**

This policy does not cover any claim, damage, injury, loss, cost, expense or liability of any nature whatsoever arising from, occasioned by or in consequence of (whether directly or indirectly and whether wholly or partly):

(a) ASBESTOS

- (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 3.(a) shall not apply to any claim or **suit** caused by or resulting in an aircraft crash, fire, explosion, or collision or a recorded in **flight** emergency causing abnormal aircraft operation.

Notwithstanding any other provisions of this policy, we will have no duty to investigate, defend or pay defense costs in respect of:

- A. Any claim or **suit** excluded under Paragraphs (1) or (2) above; or
- B. Any such obligation, request, demand, order, or statutory or regulatory requirement described in Paragraph (2) above.

(b) NOISE, POLLUTION AND OTHER PERILS

- (1) Noise (whether audible to the human ear or not) or vibration, sonic boom, and any phenomena associated therewith,
- (2) Pollution and contamination of any kind whatsoever,
- (3) Electrical and electromagnetic interference, or
- (4) Interference with the use of property,

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

Nothing in this exclusion 3(b) shall override any radioactive contamination or other exclusion clause made part of this policy.

(c) **EMPLOYMENT RELATED PRACTICES**

Employment-related practice directed at, termination of the employment of, or refusal to employ any person; or any injury to any other person resulting from any such practice, termination, or refusal.

This exclusion 3(c) applies:

- (1) Whether the injury takes place before, during or after a person's employment;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of injury.

SECTION III – WHO IS AN INSURED

1. You are an insured as respects all coverages.
2. As respects PART 1 - LIABILITY, the following are insureds if you are:
 - (a) An individual: your spouse and your employees, if any, but only with respect to their duties as your employees. If you die:
 - (1) Until your legal representative has been appointed, any person or organization having proper temporary custody of your property is an insured, but only with respect to liability arising out of the maintenance or use of that property; and
 - (2) Upon their appointment, your legal representative is an insured, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
 - (b) A partnership or joint venture: your members or partners and employees, but only with respect to their duties as your members, partners, or employees.
 - (c) A limited liability company: your members, managers and employees, but only with respect to their duties as your members, managers, or employees.
 - (d) An organization other than a partnership, joint venture or limited liability company: your stockholders, directors, executive officers and employees, but only with respect to their duties as your stockholders, directors, executive officers, or employees.
 - (e) A trust: your trustees and employees, but only with respect to their duties as your trustees or employees.

SECTION IV – LIMITS OF INSURANCE

1. As respects PART 1 - LIABILITY:
 - (a) The Limits of Insurance shown in the Declarations or Aircraft Schedule(s) made part of this policy and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) Claims made or *suits* brought; or
 - (3) Persons or organizations making claims or bringing *suits*.
 - (b) The Each **Occurrence** Limit is the most we will pay for damages under Coverage A, because of all ***bodily injury*** and ***property damage*** arising out of any one ***occurrence***.
 - (c) If any aggregate limits of insurance and aggregate deductibles are shown in this policy, they apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case the additional period will be deemed part of the last preceding period for purposes of determining the limit of insurance or deductible. No aggregate limit shall be increased by successive claims or *suits* or from ***occurrence*** to ***occurrence***.
 - (d) The limits that shall automatically apply to a ***newly acquired aircraft*** are the same as those applicable to the first ***scheduled aircraft*** of the same make and model shown in the Aircraft Schedule(s).
2. As respects PART 2 - PHYSICAL DAMAGE, the Limits of Insurance shown in the Declarations and Aircraft Schedule(s) and the rules below fix the most we will pay for ***physical damage*** to the ***scheduled aircraft*** insured under Coverage B:
 - (a) The most we will pay is the least of the ***cost to repair*** the ***physical damage***, the ***insured value*** of the ***scheduled aircraft*** or the actual cost to replace the ***scheduled aircraft*** with an aircraft of the same make and type. However, our obligation to pay for ***physical damage*** will be reduced by the applicable deductible, if any, shown in this policy. Upon paying for a ***total loss***, we will have no obligation to pay for further ***physical damage*** to such ***scheduled aircraft***.
 - (b) Any increase in ***insured value*** due to modification of the ***scheduled aircraft*** is subject to the Maximum ***Insured Value*** Limit shown in the Declarations.

SECTION V – POLICY CONDITIONS

This policy is subject to the following conditions:

1. Conformity With Law.

If the terms of this policy are in conflict with or inconsistent with the laws of any jurisdiction where this policy is in effect, this policy will conform to those laws.

2. Titles of Paragraphs.

The titles of the various paragraphs of this policy are inserted solely for reference and are not to be deemed in any way to limit or affect the provisions to which they relate.

3. Representations.

By accepting this policy, you agree:

- (a) The statements in the Declarations are accurate and complete;
- (b) Those statements are based upon representations you made to us; and
- (c) We have issued this policy in reliance upon your representations.

4. Premiums.

The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

5. Changes.

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

6. Cancellation.

- (a) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- (b) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) ten (10) days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) thirty (30) days before the effective date of cancellation if we cancel for any other reason.
- (c) We will mail or deliver our notice to the last mailing addresses known to us for the first Named Insured.
- (d) Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- (e) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- (f) If notice is mailed, proof of mailing shall be sufficient proof of notice.

7. Transfer of Your Rights and Duties Under This Policy.

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

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having lawful temporary custody of your property will have your rights and duties applicable to PART 1 - LIABILITY but only with respect to that property.

8. Bankruptcy.

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

9. Legal Action Against Us.

No person or organization has a right under this policy to join us as a party or otherwise bring us into a *suit* asking for damages from an insured or to sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance.

An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

Each of the insurers appoints the Policy Issuing Office shown in the Declarations, as duly authorized agent for service of process. Service of process shall be made upon Policy Issuing Office at the address shown in the Declarations. However, we do not waive our right to commence an action in any court or venue of competent jurisdiction or to seek a transfer to another court or venue as permitted by law.

10. Transfer of Rights of Recovery Against Others to Us.

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring *suit* or transfer those rights to us and help us enforce them.

11. Separation of Insureds.

Except with respect to the limits of insurance and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- (a) As if each Named Insured were the only Named Insured; and
- (b) Separately to each insured against whom claim is made or *suit* is brought.

12. Duties in the Event of Occurrence, Physical Damage, Claim or Suit.

- (a) You must see to it that the Policy Issuing Office shown in the Declarations is notified as soon as practicable of an **occurrence** that may result in a claim or **suit**, or of any **physical damage** sustained that may result in a claim. In the event of theft, robbery or pilferage you shall also give notice to the police. To the extent possible, notice should include:
 - (1) How, when and where the **occurrence** or **physical damage** took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the **occurrence** or **physical damage**.
- (b) If a claim is made or **suit** is brought against any insured, you and any other involved insured must immediately:
 - (1) Record the specifics of the claim or **suit** and the date received; and
 - (2) Send copies of any demands, notices, summonses or legal papers received in connection with the claim or **suit** to the Policy Issuing Office shown in the Declarations.
- (c) You and any other involved insured must:
 - (1) Authorize the Policy Issuing Office shown in the Declarations to obtain records and other information;
 - (2) Cooperate with the Policy Issuing Office shown in the Declarations in the investigation or settlement of the claim or defense against the **suit**; and
 - (3) Assist the Policy Issuing Office shown in the Declarations, upon its request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- (d) No insured will, except at that insured's own cost, voluntarily make any payment, assume any obligation, or incur any expense, other than for first aid, without the consent of the Policy Issuing Office shown in the Declarations.

13. Inspections and Surveys.

- (a) We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- (b) We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. We do not warrant that conditions are safe or healthful or comply with laws, regulations, codes or standards.
- (c) Paragraphs (a) and (b) of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
- (d) Paragraph (b) of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

14. Examination of Your Books and Records.

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

15. Premium Audit.

- (a) We will compute all premiums for this policy in accordance with our rules and rates.
- (b) Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- (c) The first Named Insured must keep records of the information we need for premium computation and send us copies of those records at such times as we may request.

16. Other Insurance.

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

(a) Primary Insurance

This insurance is primary except when Paragraph (b) below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph (c) below.

(b) Excess Insurance

This insurance is excess over any other primary insurance available to you, covering liability for damages to which this policy applies, for which you have been added as an insured.

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

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

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

When the insurance afforded by this policy is excess over any other insurance, then the limits of insurance shown in this policy shall be reduced by the applicable limits of such other insurance if such other insurance shall have been written through Global Aerospace Underwriting Managers Limited or any of its subsidiaries or subsidiaries thereof.

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

(c) Method of Sharing

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

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

17. Automatic Insurance for Newly Acquired Aircraft.

- (a) The coverages that shall automatically apply to the **newly acquired aircraft** are the same as those applicable to the first **scheduled aircraft** of the same make and model shown in the Aircraft Schedule(s).
- (b) Refer to SECTION IV - LIMITS OF INSURANCE for the limits of insurance applicable to **newly acquired aircraft**.

18. Failure to Give Notice.

Inadvertent failure to give notice or other information to the Policy Issuing Office shown in the Declarations, as required by this policy will not relieve us of our obligations set forth in this policy, provided that any such inadvertent failure is corrected as soon as possible after coming to the attention of the you or your Insurance Department, if any.

19. Financial Responsibility Laws.

When this policy is certified as proof of financial responsibility for the future under the provisions of any financial responsibility law applicable to aircraft, such insurance as is afforded by this policy for **bodily injury** liability and **property damage** liability shall comply with the provisions of such law to the extent of the coverage and limits of insurance required by such law, but in no event in excess of the Limits of Insurance shown in the Declarations of this policy. The insured agrees to reimburse us for any payment made by us which we would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

20. Two or More Scheduled Aircraft.

When the insurance afforded by this policy applies to two or more **scheduled aircraft**, the terms of this policy shall apply separately to each.

SECTION VI – DEFINITIONS

When appearing in this policy:

Bodily injury means physical injury sustained by a person and includes

- (a) Mental anguish, sickness or disease; or
- (b) Death

resulting therefrom.

Cargo:

- (a) Means property while being loaded, unloaded, or carried on board the aircraft component of an **unmanned aircraft system**.
- (b) Does not include:
 - (1) Property installed on the aircraft component of an **unmanned aircraft system**;
 - (2) Live animals, birds, reptiles, fish, or plants;
 - (3) Accounts, deeds, evidences of debt, mail, money, notes, securities, bullion, credit cards, furs, fur garments, jewelry, precious stones, valuable papers and records, paintings, statuary or other works of art, or other articles of extraordinary value; or
 - (4) **Payload**

Cost to repair:

- (a) Means the sum of:
 - (1) The necessary cost of transporting, by the least expensive reasonable means, the damaged property, replacement parts and tools to the place of repair and the repaired property from the place of repair to the nearest of the place of accident or home airport or heliport; and
 - (2) The actual cost of:
 - a. Inspection, required by a manufacturer, to investigate the full extent of **physical damage**;
 - b. Using materials and parts of like kind and quality to repair or replace damaged property or replace missing property;
 - c. Labor charged at straight time rates to effect such repair or replacement; and
 - d. Reasonable overhead, but only for that portion of the repairs actually made by you.
- (b) Does not include the cost of:
 - (1) That part of any repair or replacement that results in better than like kind and quality; or
 - (2) Repair or replacement of any property that has not sustained **physical damage**.

Coverage territory means the territory shown in the Declarations.

Civil aviation authority means the duly constituted agency or authority of a sovereign power having jurisdiction over civil aviation within its borders.

Dispensable load means **cargo** configured to be dispensed from an aircraft in **flight**.

Flight means:

- (a) As respects any aircraft other than a glider without self-launch capability or lighter-than-air aircraft, the time commencing with the application of power for takeoff and continuing until (1) the completion of the decelerating run after touching down or (2) touching down in the case of a vertically landed aircraft;
- (b) As respects a glider without self-launch capability, the time commencing with the application of power for takeoff to the tow aircraft and continuing until the glider comes to rest after landing; and
- (c) As respects a lighter-than-air aircraft, the time commencing with the release of moorings and continuing until the application of moorings.

In motion means:

- (a) While the aircraft is in **flight**, moving under its own power or the momentum generated therefrom, or on water and not moored; or
- (b) If the aircraft is a rotorcraft, anytime that the rotors are rotating.

Insured contract means a hold harmless agreement required by a military or governmental authority as a prerequisite to the use of an airport, heliport or a related facility.

Insured value means:

- (a) As respects any **scheduled aircraft** which is shown in the Aircraft Schedule(s), the amount shown as part of the description of the aircraft; or
- (b) As respects any **scheduled aircraft** which is a **newly acquired aircraft**, the lesser of the Maximum **Insured Value** Limit shown in the Declarations or:
 - (1) If purchased by you, the actual cost to you.
 - (2) If leased to you, the amount for which you have agreed to insure the property, as required by the lease.

Newly acquired aircraft means the aircraft component of an **unmanned aircraft system** that has been certified for **flight** by a **civil aviation authority**, which you acquire after the beginning of the policy period by purchase or by exclusive written lease for a period in excess of thirty (30) days; but, only if:

- (a) It is in addition to and of the same make and model as an aircraft component of an **unmanned aircraft system** shown in the Aircraft Schedule(s);
- (b) On the acquisition date, there is no other insurance, similar to the insurance afforded by this policy, in effect for such aircraft; and
- (c) You report the acquisition to the Policy Issuing Office shown in the Declarations within sixty (60) days of the acquisition and agree to pay the additional premium we require.

Occurrence means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

Payload means equipment that is capable of enhancing the utility of the aircraft component of an **unmanned aircraft system** on which it may or may not be installed, the value of which is to be treated separately from that of a **scheduled aircraft** and not included in the **insured value** thereof. However, **payload** shall not include **dispensable loads**.

Physical damage:

(a) Means direct, physical, and accidental:

- (1) Loss of, or
- (2) Damage to

all or part of the property insured under PART 2 – PHYSICAL DAMAGE.

(b) Does not include any of the following, however caused:

- (1) Loss of use.
- (2) Any residual decrease in value after repairs are completed.
- (3) Loss of the aircraft component of an **unmanned aircraft system** that has disappeared after the commencement of a **flight** you permitted until it has been missing and not reported for thirty (30) days.
- (4) The damage confined to wear and tear, freezing, depletion, rust, corrosion, erosion, or any other form of gradual deterioration.
- (5) The damage confined to mechanical or electrical breakdown, failure, or malfunction
- (6) The damage confined to an aircraft engine or auxiliary power unit or any component, accessory, or part thereof resulting from mechanical or electrical breakdown, failure, or malfunction of any of its components, accessories, or parts
- (7) Heat damage to an aircraft engine or auxiliary power unit or any component, accessory, or part thereof which occurs during the operation, attempted operation, or shutdown of the engine or unit.
- (8) The damage to an aircraft engine or auxiliary power unit or any component, accessory, or part thereof that has been contacted by a foreign object except where such damage is the result of a single recorded incident sustained during the policy period which is of sufficient severity, when such damage is discovered, to require immediate repairs in compliance with the requirements of the engine or unit manufacturer.

Pilot in command means the pilot responsible for the operation and safety of the aircraft.

Property damage means:

- (a) Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- (b) Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the **occurrence** that caused it.

Scheduled aircraft means the aircraft component of an **unmanned aircraft system** that has been certified for **flight** by a **civil aviation authority** and which is shown in the Aircraft Schedule(s), and also

- (a) any **newly acquired aircraft**;
- (b) the propulsion system and parts and equipment installed in or on the aircraft component of the **unmanned aircraft system**:
 - (1) while installed; and
 - (2) while temporarily removed until replacement has commenced:
 - a. removed parts which are intended to be replaced with similar parts shall not be considered part of the aircraft component of an **unmanned aircraft system** from the moment that the replacement part comes into physical contact with the aircraft component of an **unmanned aircraft system**;
 - b. removed parts which are not intended to be refitted to or replaced on the aircraft component of an **unmanned aircraft system** shall not be considered part of the aircraft component of an **unmanned aircraft system** from the moment that such parts are no longer in physical contact with the aircraft component of an **unmanned aircraft system**;
- (c) tools and equipment in the aircraft component of an **unmanned aircraft system** which have been designed for use with the aircraft component of an **unmanned aircraft system** and are ordinarily carried therein.

However, **scheduled aircraft** shall not include **payload**.

Suit means a civil proceeding in which damages because of **bodily injury** or **property damage** to which this insurance applies are alleged, and

- (a) An arbitration proceeding in which such damages are claimed;
 - (b) Any other alternative dispute resolution proceeding in which such damages are claimed;
- and to which the insured must submit or does submit with our consent.

Total loss means **physical damage** to **scheduled aircraft**:

- (a) Resulting in loss of the entire **scheduled aircraft**, or
- (b) Where the **cost to repair** exceeds 75% of the **insured value** of the **scheduled aircraft**.

Unmanned aircraft system means a complete system, certified as such by a **civil aviation authority**, consisting of an aircraft and the associated equipment needed for its operation and remote control.

ADDITIONAL INSURED - CHARTER AGREEMENT ENDORSEMENT

As respects any agreement pertaining to your operations entered into between you and any other person or organization, hereinafter referred to as "the Customer", it is agreed that the following provisions shall apply, but

- (a) only to the extent required in the agreement between you and the Customer; and
 - (b) only if the agreement is reported to Global Aerospace, Inc. and a certificate of insurance is issued describing the applicable provisions:
1. As respects COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, policy SECTION III – WHO IS AN INSURED is amended to include the Customer as an insured, but only as respects the liability of the Customer because of your acts or omissions while the *scheduled aircraft* is actually being used by you on behalf of the Customer.
 2. As respects the interests of the Customer, the insurance afforded by this policy under PART I – LIABILITY shall be primary without right of contribution by any other valid and collectible insurance available to that person or organization.
 3. Unless otherwise indicated in the policy, we waive any right to recovery we may have against the Customer because of payments we make for *physical damage* in accordance with Coverage B - PHYSICAL DAMAGE TO SCHEDULED AIRCRAFT, but only to the same extent that you have waived your right of recovery for such *physical damage* against such person or organization.
 4. If we cancel this policy, we will give written notice to the Customer at least:
 - (a) ten (10) days before the effective date of cancellation if we cancel for non-payment of premium; or
 - (b) thirty (30) days before the effective date of cancellation if we cancel for any other reason.
 5. If we require any material change that is adverse to the interest of the Customer, we will give thirty (30) days written notice to the Customer.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASA121 (February 1, 2016)

Endorsement No. 1

Page 1 of 1

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AMENDMENT OF DEFINED TERMS

In consideration of the payment of the premium for this policy, it is agreed that the definitions of *Scheduled aircraft*, *Newly acquired aircraft* and *Unmanned aircraft system* that appear in SECTION VI - DEFINITIONS are deleted in their entirety and replaced with the following:

Scheduled aircraft means the aircraft component of an *unmanned aircraft system* that is shown in the Aircraft Schedule(s), and also

- (a) any *newly acquired aircraft*;
- (b) the propulsion system and parts and equipment installed in or on the aircraft component of the *unmanned aircraft system*:
 - (1) while installed; and
 - (2) while temporarily removed until replacement has commenced:
 - a. removed parts which are intended to be replaced with similar parts shall not be considered part of the aircraft component of an *unmanned aircraft system* from the moment that the replacement part comes into physical contact with the aircraft component of an *unmanned aircraft system*;
 - b. removed parts which are not intended to be refitted to or replaced on the aircraft component of an *unmanned aircraft system* shall not be considered part of the aircraft component of an *unmanned aircraft system* from the moment that such parts are no longer in physical contact with the aircraft component of an *unmanned aircraft system*;
- (c) tools and equipment in the aircraft component of an *unmanned aircraft system* which have been designed for use with the aircraft component of an *unmanned aircraft system* and are ordinarily carried therein.

However, *scheduled aircraft* shall not include *payload*.

Newly acquired aircraft means the aircraft component of an *unmanned aircraft system* which you acquire after the beginning of the policy period by purchase or by exclusive written lease for a period in excess of thirty (30) days; but, only if:

- (a) It is in addition to and of the same make and model as an aircraft component of an *unmanned aircraft system* shown in the Aircraft Schedule(s);
- (b) On the acquisition date, there is no other insurance, similar to the insurance afforded by this policy, in effect for such aircraft; and
- (c) You report the acquisition to the Policy Issuing Office shown in the Declarations within sixty (60) days of the acquisition and agree to pay the additional premium we require.

Unmanned aircraft system means a complete system consisting of an aircraft and the associated equipment needed for its operation and remote control.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASA125 (November 15, 2017)

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Endorsement No. 2
Page 2 of 2

LIABILITY COVERAGE
(Applicable to the WAR, HI-JACKING AND OTHER PERILS EXCLUSION)

In consideration of the payment of the premium for this policy, it is agreed that sub-paragraphs (1), (3), (4), (5), (6) and (7) of GENERAL EXCLUSIONS APPLICABLE TO ALL COVERAGES, exclusion (a) WAR, HI-JACKING AND OTHER PERILS EXCLUSION are deleted as respects the Liability Coverages afforded by this policy. This insurance is subject to the following provisions which are applicable only to the insurance afforded by this endorsement and which shall be in addition to all other applicable provisions not amended in this endorsement:

1. Exclusion applicable only to any insurance afforded as respects the deletion of sub-paragraph (1) of GENERAL EXCLUSIONS APPLICABLE TO ALL COVERAGES, exclusion (a) WAR, HI-JACKING AND OTHER PERILS EXCLUSION:

This insurance 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.

2. Limitation of Liability:

The limit of our liability as respects the insurance afforded by this endorsement shall be a sub-limit of \$50,000,000 or the applicable policy limit whichever the lesser any one *occurrence* and in the annual aggregate. This sub-limit shall apply within the full policy limit and not in addition thereto.

3. Automatic Termination:

To the extent provided below, insurance afforded by this endorsement shall terminate automatically in the following circumstances:

- (a) All insurance:

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

- (b) Any insurance afforded in respect of the deletion of sub-paragraph (1) of GENERAL EXCLUSIONS APPLICABLE TO ALL COVERAGES, exclusion (a) WAR, HI-JACKING AND OTHER PERILS EXCLUSION:

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 an aircraft may be involved;

- (c) All insurance in respect of any aircraft requisitioned for either title or use:

Upon such requisition;

provided that if an aircraft is in the air when (a), (b) or (c) occurs, then the insurance afforded by this endorsement (unless otherwise canceled, terminated or suspended) shall continue in respect of such aircraft until completion of its first landing thereafter.

4. Review and Cancellation:

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

We may give notice to review premium and/or geographical limits - such notice to become effective on the expiry of seven (7) days from 12:01 A.M. local time at the address of the First Named Insured set forth in the policy on the day after which notice is given.

(b) Limited Cancellation (48 hours)

Following a hostile detonation as specified in 3 (b) above, we may give notice of cancellation of one or more parts of the insurance afforded by this endorsement by reference to sub-paragraphs (3), (4), (5), (6) and/or (7) of GENERAL EXCLUSIONS APPLICABLE TO ALL COVERAGES, exclusion (a) WAR, HI-JACKING AND OTHER PERILS EXCLUSION - such notice to become effective on the expiry of forty-eight (48) hours from 12:01 A.M. local time at the address of the First Named Insured set forth in the policy on the day after which notice is given.

(c) Cancellation (7 days)

The insurance afforded by this endorsement may be canceled by either us or the First Named Insured giving notice to become effective on the expiry of seven (7) days from 12:01 A.M. local time at the address of the First Named Insured set forth in the policy on the day after which notice is given.

(d) Notices

All notices referred to in this endorsement shall be in writing.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

PHYSICAL DAMAGE COVERAGE
(Applicable to the War, Hi-jacking and Other Perils Exclusion)

In consideration of the payment of the premium for this policy, and solely as respects the aircraft, *ground equipment* and *payloads* described in the schedule of this endorsement, it is agreed that sub-paragraphs (1), (3), (4), (5), (6) and (7) of **SECTION II – GENERAL POLICY EXCLUSIONS**, Exclusion 2(a), the War, Hi-jacking and Other Perils Exclusion, of this policy are deleted as respects the Physical Damage Coverage afforded by this policy. This insurance is subject to the following provisions which are applicable only to the insurance afforded by this endorsement and which shall be in addition to all other applicable provisions not amended in this endorsement:

1. This insurance shall only apply to the extent that the loss or damage is not otherwise excluded by sub-paragraph (2) of **SECTION II – GENERAL POLICY EXCLUSIONS**, Exclusion 2(a), the War, Hi-jacking and Other Perils Exclusion.
2. The limits of our liability as respects the insurance afforded by this endorsement shall not exceed, in the aggregate during the policy period, the lesser of:
 - (a) the sum of the *Insured Values* of the aircraft, *ground equipment* and *payloads* described in the schedule of this endorsement on the date of loss, or
 - (b) \$300,000,000.
3. (a) Amendment of Terms or Cancellation:

We may give notice, effective on the expiry of seven (7) days from 12:01 A.M. local time at the address of the first Named Insured set forth in the policy on the day after which notice is issued, to review the rate of premium and/or the geographical limits. In the event of the review of the rate of premium and/or the geographical limits not being accepted by the first Named Insured then at the expiry of the said seven (7) days, this endorsement shall become canceled at that date.

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- (b) Automatic Review of Terms or Cancellation:

Notwithstanding 3 (a) above, this endorsement is subject to automatic review by us of the rate of premium and/or conditions and/or geographical limits effective on the expiry of seven (7) days from the time of 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 wheresoever or whensoever such detonation may occur and whether or not an aircraft described in the schedule of this endorsement may be involved. In the event of the review of the rate of premium and/or conditions and/or the geographical limits not being accepted by the first Named Insured then at the expiry of the said seven (7) days, this endorsement shall become canceled at that date.

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- (c) Cancellation by Notice:

This endorsement may be canceled by us or the first Named Insured giving notice not less than seven (7) days prior to the end of each period of three (3) months from inception.

4. Automatic Termination:

Whether or not such notice of cancellation has been given, this endorsement shall terminate automatically upon the outbreak of war (whether there be a declaration of war or not) between any of the following states: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China. Provided that if an aircraft described in the schedule of this endorsement is in *flight* when such outbreak of war occurs then this endorsement, subject to its terms and conditions and provided it is not otherwise canceled, terminated or suspended, will be continued as respects such aircraft until such aircraft has completed its first landing thereafter.

5. As used in this endorsement, *ground equipment* means the non-aircraft components of an *unmanned aircraft system*. However, *ground equipment* shall not include *payload*.

SCHEDULE

Year, Make, Model & Identification Number

2016 DJI INNOVATIONS INSPIRE 1, FA3W91838
FUTABA 14SG, 12345
ZENMUSE GH4, 54321

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

**ELECTRONIC DATE RECOGNITION EXCLUSION
LIMITED COVERAGE ENDORSEMENT**

In consideration of the premium charged and to the extent such coverage is afforded by the policy, the Electronic Date Recognition Exclusion shall not apply to:

1. any of the Physical Damage coverages, if any, provided by the policy; or
2. any sums which the *insured* shall become legally obligated to pay as damages because of *bodily injury* or *property damage* caused by an *occurrence*.

Notwithstanding paragraph 2 above, this endorsement shall not apply to:

- (a) any coverage for loss of use caused by an *occurrence* during the policy period arising out of subparagraph (1) or (2) of the Electronic Date Recognition Exclusion unless such loss of use also arises out of additional injury in the form of physical injury to or destruction of tangible property; or
- (b) any coverage for grounding; or
- (c) any coverage applying in excess of any scheduled underlying insurance.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

MEDICAL EXPENSES COVERAGE

In consideration of the premium, it is agreed that we will pay all reasonable *medical expenses* incurred within one (1) year from the date of injury, to or for each person who sustains *bodily injury* caused by an *occurrence* arising out of the *premises hazard* or the ownership, maintenance or use of a *scheduled aircraft*.

1. EXCLUSION

In addition to the exclusions contained in **SECTION II – GENERAL POLICY EXCLUSIONS**, the insurance afforded by this endorsement does not apply to *medical expenses* incurred by or for any employee of the insured to the extent that any such expenses are payable under any worker's compensation or disability benefits law, or under any similar law.

2. LIMITS OF LIABILITY

Our total liability for all *medical expenses* incurred by or on behalf of each person as the result of any one *occurrence* shall not exceed \$5,000.

3. CONDITION

In addition to the Conditions contained in **SECTION V – POLICY CONDITIONS**, the following condition applies to the insurance afforded by this endorsement:

Medical Reports: Proof and Payment of Claim.

As soon as practicable the injured person or someone on that person's behalf shall give to us written proof of claim, under oath if required, and shall, after each request from us, execute authorization to enable us to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by us when and as often as we may reasonably require. We may pay the injured person or any person or organization rendering the services and such payment shall reduce the amount payable for such injury. Payment for *medical expenses* shall not constitute an admission of liability of any person or organization or of us.

4. DEFINITIONS

The following definition is added to **SECTION VI - DEFINITIONS**:

Medical Expenses means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices, and necessary ambulance, hospital, professional nursing and funeral services.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASC036 (February 1, 2016)

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Endorsement No. 6

Page 1 of 1

LIABILITY FOR SALE OF UNMANNED AIRCRAFT SYSTEMS, PARTS OR SERVICES

In consideration of the premium paid for this policy, it is agreed that:

1. We will pay those sums that the insured becomes legally obligated to pay as damages because of ***bodily injury*** or ***property damage*** that occurs during the policy period and is caused by an ***occurrence*** that takes place in the ***coverage territory*** arising out of:
 - (a) ***unmanned aircraft systems*** that you have either sold or relinquished from an exclusive written lease; or
 - (b) materials, parts, equipment, fuel, lubricants or services for ***unmanned aircraft systems*** of others provided or performed by you on a not-for-profit basis,but only if the ***bodily injury*** or ***property damage*** occurs after physical possession of such ***unmanned aircraft systems***, materials, parts, equipment, fuel or lubricants has been relinquished to others or any services have been completed.
2. The insurance afforded by this endorsement does not apply to liability for ***bodily injury*** or ***property damage*** arising out of the sale or relinquishment from an exclusive written lease of ***unmanned aircraft systems*** if the insured is in the business of the manufacture, distribution or sale of ***unmanned aircraft systems***.
3. The limit of the insurance afforded by this endorsement is \$1,000,000 each ***occurrence***, which shall be part of and not in addition to the Each ***Occurrence*** limit shown in the Declarations.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASC039 (August 15, 2016)

Endorsement No. 7

Page 1 of 1

PERSONAL AND ADVERTISING INJURY LIABILITY

In consideration of the payment of the premium for this policy, and subject to the following provisions which are applicable only to the insurance afforded by this endorsement and which shall be in addition to all other applicable provisions not amended in this endorsement, it is agreed that:

1. Insuring Agreement.

(a) We will pay those sums that the insured becomes legally obligated to pay as damages because of **personal and advertising injury** to which this insurance applies. We will have the right and duty to defend the insured against any **suit** seeking those damages. However, we will have no duty to defend the insured against any **suit** seeking damages for **personal and advertising injury** to which this insurance does not apply or when this insurance is excess. We may at our discretion investigate any offense and settle any claim or **suit** that may result. But:

- (1) The amount we will pay for damages is limited as described in paragraph 5 of this endorsement, and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS** in **PART 1 – LIABILITY**.

(b) This insurance applies to **personal and advertising injury** caused by an offense arising out of use of any **unmanned aircraft system** by you or on your behalf, but only if the offense was committed in the **coverage territory** and during the policy period.

2. The following definitions are added to the policy:

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

- (a) Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- (b) Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

Personal and advertising injury means injury, including consequential **bodily injury**, arising out of one or more of the following offenses:

- (a) False arrest, detention or imprisonment;
- (b) Malicious prosecution;
- (c) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- (d) Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- (e) Oral or written publication, in any manner, of material that violates a person's right of privacy;
- (f) The use of another's advertising idea in your **advertisement**; or
- (g) Infringing upon another's copyright, trade dress or slogan in your **advertisement**.

3. Exclusions.

In addition to the exclusions contained in **SECTION II - GENERAL POLICY EXCLUSIONS**, including those applicable to **PART 1 - LIABILITY ONLY**, the insurance afforded by this endorsement does not apply to:

(a) KNOWING VIOLATION OF RIGHTS OF ANOTHER

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

(b) MATERIAL PUBLISHED WITH KNOWLEDGE OF FALSITY

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

(c) MATERIAL PUBLISHED PRIOR TO POLICY PERIOD

Personal and advertising injury arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

(d) CRIMINAL ACTS

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

(e) CONTRACTUAL LIABILITY

Personal and advertising injury for which the insured has assumed liability in a contract or agreement. This exclusion (e) does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

(f) BREACH OF CONTRACT

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

(g) QUALITY OR PERFORMANCE OF GOODS – FAILURE TO CONFORM TO STATEMENTS

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

(h) WRONG DESCRIPTION OF PRICES

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

(i) INFRINGEMENT OF COPYRIGHT, PATENT, TRADEMARK OR TRADE SECRET

Personal and advertising injury arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. This exclusion (i) does not apply to infringement, in your *advertisement*, of copyright, trade dress or slogan.

(j) INSUREDS IN MEDIA AND INTERNET TYPE BUSINESSES

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

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web-sites for others; or
- (3) An Internet search, access, content or service provider.

This exclusion (j) does not apply to Paragraphs (a), (b) and (c) of the definition of *personal and advertising injury*.

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

(k) ELECTRONIC CHATROOMS OR BULLETIN BOARDS

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

(l) UNAUTHORIZED USE OF ANOTHER'S NAME OR PRODUCT

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

(m) RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW

Personal and advertising injury arising directly or indirectly out of any action or omission that violates or is alleged to violate:

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

4. Paragraph 1 (b) of the section entitled **SUPPLEMENTARY PAYMENTS in PART 1 – LIABILITY** is amended to read as follows:

(b) Up to \$5,000 for the cost of bail bonds required because of **occurrences**, offenses or violations of laws or regulations for civil aviation arising out of the use of an aircraft component of an **unmanned aircraft system** to which insurance for **bodily injury** is afforded by Part 1. We do not have to furnish these bonds.

5. Limits of our Liability.

Regardless of the number of:

- (a) persons or organizations who are **Insureds**,
- (b) persons or organizations who sustain **personal and advertising injury**, or
- (c) claims made or **suits** brought on account of **personal and advertising injury**,

our liability is limited as follows:

- (i) the PERSONAL AND ADVERTISING INJURY AGGREGATE LIMIT shown in the schedule of this endorsement shall be a part of and not in addition to the Each Occurrence limit of liability for Coverage A, set forth in the Declarations. Our Each Occurrence limit of liability for Coverage A is the most we will pay for the sum of damages under Coverage A because of all **bodily injury** and **property damage** arising out of any one **occurrence** and damages because of **personal and advertising injury**, if damages because of **personal and advertising injury** are also sought in any claim or **suit** seeking damages because of **bodily injury or property damage**.
- (ii) subject to (i) above, the PERSONAL AND ADVERTISING INJURY AGGREGATE LIMIT shown in the schedule of this endorsement is the most we will pay for damages because of all **personal and advertising injury**.

Aggregate limits described in this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case the additional period

will be deemed part of the last preceding period for purposes of determining the Limit of Insurance or deductible. No aggregate limit shall be increased by successive claims or **suits** or from offense to offense.

6. **SECTION V – POLICY CONDITIONS**, paragraph 12 is amended to read as follows:

12. Duties in the Event of Occurrence, Offense, Physical Damage, Claim or Suit.

- (a) You must see to it that the Policy Issuing Office shown in the Declarations is notified as soon as practicable of an **occurrence** or offense that may result in a claim or **suit**, or of any **physical damage** sustained that may result in a claim. In the event of theft, robbery or pilferage you shall also give notice to the police. To the extent possible, notice should include:
 - (1) How, when and where the **occurrence**, offense or **physical damage** took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the **occurrence**, offense or **physical damage**.
- (b) If a claim is made or **suit** is brought against any insured, you and any other involved insured must immediately:
 - (1) Record the specifics of the claim or **suit** and the date received; and
 - (2) Send copies of any demands, notices, summonses or legal papers received in connection with the claim or **suit** to the Policy Issuing Office shown in the Declarations.
- (c) You and any other involved insured must:
 - (1) Authorize the Policy Issuing Office shown in the Declarations to obtain records and other information;
 - (2) Cooperate with the Policy Issuing Office shown in the Declarations in the investigation or settlement of the claim or defense against the **suit**; and
 - (3) Assist the Policy Issuing Office shown in the Declarations, upon its request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- (d) No insured will, except at that insured's own cost, voluntarily make any payment, assume any obligation, or incur any expense, other than for first aid, without the consent of the Policy Issuing Office shown in the Declarations.

Schedule of Limits

PERSONAL AND ADVERTISING INJURY AGGREGATE LIMIT \$1,000,000

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASC061 (October 15, 2016)

Endorsement No. 8

Page 4 of 4

PREMISES COVERAGE

1. In consideration of the premium, it is agreed that the COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY Insuring Agreement is deleted and replaced with the following:

1. **Insuring Agreement.**

- (a) We will pay those sums that the insured becomes legally obligated to pay as damages because of ***bodily injury*** or ***property damage*** that occurs during the policy period and is caused by an ***occurrence*** that takes place in the ***coverage territory*** arising out of the ownership, maintenance, or use of a ***scheduled aircraft*** or the ***premises hazard***.
We will have the right and duty to defend the insured against any ***suit*** seeking those damages. However, we will have no duty to defend the insured against any ***suit*** seeking damages for ***bodily injury*** or ***property damage*** to which this insurance does not apply or when this insurance is excess. We may, at our discretion, investigate any ***occurrence*** and settle any claim or ***suit*** that may result. But, the amount we will pay for damages is limited as described in SECTION IV - LIMITS OF INSURANCE. Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under COVERAGE A.
- (b) Our obligation to pay damages on behalf of any insured applies only to the amount of damages in excess of any deductible amounts stated in this policy. The terms of this insurance apply irrespective of the application of the deductible amount. We may pay any part or the entire deductible amount to effect settlement of any claim or ***suit*** and, upon notification that we have made any such payment, the first Named Insured shall promptly reimburse us for any deductible amount we paid.
- (c) No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for in SUPPLEMENTARY PAYMENTS under COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY.

2. The following definitions are added to **SECTION VI – DEFINITIONS**:

Auto means a land vehicle, including any trailer, that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

Mobile equipment:

- (a) means a vehicle which is maintained for use exclusively on or next to ***premises*** on an airport or heliport;
- (b) includes any special use vehicle designed for the maintenance, servicing or handling of ***scheduled aircraft***; and
- (c) does not include an ***auto***.

Premises means locations you use in connection with the storage, maintenance, or use of ***scheduled aircraft***.

Premises hazard means the ownership, maintenance, or use of ***premises***, including the use of an ***auto*** and the use of ***mobile equipment***, other than ***bodily injury*** or ***property damage*** arising out of

- (a) the ownership, maintenance, use, or entrustment to others of an ***auto*** other than on that part of an airport or heliport normally restricted to the movement, parking or storage of aircraft;
- (b) Goods or products designed, manufactured, sold, handled or distributed by:
 - (1) you or by others trading under your name, or
 - (2) the insured, other than you, or by others trading under its name, after physical possession of the goods or products had been relinquished to others.

- (c) Services:
- (1) you have performed or that others have performed on your behalf, or
 - (2) the insured, other than you, has performed or that others have performed on its behalf, including any materials, parts or equipment furnished in connection with such services, after any such service has been completed.

3. In addition to the exclusions contained in SECTION II – GENERAL POLICY EXCLUSIONS, the following exclusions apply to the insurance afforded by this endorsement.

In respect of the *Premises Hazard*, this insurance does not apply to:

- (a) ***bodily injury*** or ***property damage*** arising out of the use of ships, vessels, craft or aircraft owned, chartered, used or operated by or on account of you in the care, custody or control of or while being serviced, handled or maintained by you;
- (b) ***bodily injury*** or ***property damage*** arising out of construction of, demolition of or alterations to buildings, runways or installations;
- (c) ***bodily injury*** or ***property damage*** arising out of any air meet, air race, air show or any stand used for the accommodation of spectators in connection therewith; or
- (d) the cost of making good any faulty workmanship, but this exclusion shall not apply to ***bodily injury*** or ***property damage*** caused by an ***occurrence*** and caused by such faulty workmanship.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

FIRE LEGAL LIABILITY

In consideration of the payment of the premium, it is agreed:

1. Notwithstanding PART 1 – LIABILITY, paragraph 2, exclusion (e), Coverage A is extended to apply to **property damage** caused by fire to any premises rented or leased to you and used by you in connection with the storage, maintenance or operation of **scheduled aircraft**. Our limit of liability as respects such **property damage** shall not exceed \$100,000 each **occurrence**, which shall be a part of and not in addition to the Each **Occurrence** Limit for PART 1 – LIABILITY shown in the Declarations.
2. The insurance afforded by this endorsement is excess over other valid and collectible insurance that is available to you, whether primary, excess, contingent or on any other basis, that is Fire, Extended Coverage, Builder's Risk, or Installation Risk insurance for premises rented or leased to the insured.
3. The insurance afforded by this endorsement does not apply to liability assumed in any written contract or written agreement for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented or leased to the insured.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASC066 (July 15, 2016)

Endorsement No. 10

Page 1 of 1

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EXPANDED CONTRACTUAL LIABILITY ENDORSEMENT

In consideration of the premium, it is agreed that the policy definition of *Insured contract* is deleted and replaced by the following:

Insured contract means:

- (a) A hold harmless agreement required by a military or governmental authority as a prerequisite to the use of an airport, heliport or a related facility;
- (b) A written contract for the temporary storage or minor servicing of a *scheduled aircraft* or non-owned aircraft;
- (c) That part of any other written contract or agreement pertaining to a *scheduled aircraft*, non-owned aircraft, or airport premises (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the liability of another party to pay for *bodily injury* or *property damage* to a third person or organization, provided that you submit a copy of any such contract or agreement to the Policy Issuing Office shown in the Declarations within thirty (30) days of coming to your attention or that of your Insurance Department, if any. We reserve the right to charge an additional premium for any such contract or agreement. We waive the submission requirement as respects agreements we have approved prior to the effective date of this policy.

However, an *insured contract* does not include that part of any contract or agreement described in this paragraph:

- (1) That is with or for the benefit of any person who is in, on or boarding an aircraft for the purpose of riding or flying therein, or alighting therefrom after a ride, flight or attempted flight therein, or any such person's heirs;
- (2) That pertains to the purchase or sale of aircraft;
- (3) That indemnifies any person or organization, or any agent or employee thereof, engaged in:
 - a. The design or manufacture of aircraft or aircraft parts, or
 - b. Making "major alterations" or "major repairs," as those terms are defined in the Federal Aviation Regulations of the United States, to aircraft, for *bodily injury* or *property damage* caused by an *occurrence* arising out of such activity;
- (4) That indemnifies a railroad for *bodily injury* or *property damage* arising out of construction or demolition operations within fifty (50) feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (5) That indemnifies an architect, engineer or surveyor for *bodily injury* or *property damage* arising out of:
 - a. Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications, or
 - b. Giving directions or instructions, or failing to give them, if that is the primary cause of the bodily injury or property damage; or

- (6) Under which the insured, if an architect, engineer or surveyor, assumes liability for ***bodily injury*** or ***property damage*** arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (5) above and supervisory, inspection, architectural or engineering activities.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018

Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

GROUND EQUIPMENT PHYSICAL DAMAGE ENDORSEMENT

In consideration of the payment of the premium, it is agreed that COVERAGE B is extended to apply to **physical damage** to **ground equipment** described in the below Schedule, sustained anywhere in the **coverage territory** during the policy period, which you own or for which you are legally responsible, provided that the **ground equipment** is for use in connection with a **scheduled aircraft**.

This insurance is subject to the following provisions which are applicable only to the insurance afforded by this endorsement and which shall be in addition to all other applicable provisions not amended in this endorsement:

1. As used in this endorsement, **ground equipment** means the non-aircraft components of an **unmanned aircraft system**. However, **ground equipment** shall not include **payload**.

2. SCHEDULE OF GROUND EQUIPMENT:

<u>Equipment Make & Model</u>	<u>Serial Number</u>	<u>Insured Value</u>	<u>Deductible</u> <u>(each and every loss)</u>
FUTABA 14SG	12345	\$300	5%

3. The rules below fix the most we will pay for **physical damage** to **ground equipment** described in this endorsement:

(a) The most we will pay is the least of the **cost to repair** the **physical damage**, the **insured value** of the **ground equipment** or the actual cost to replace the **ground equipment** with equipment of the same make and type. However, our obligation to pay for **physical damage** will be reduced by the applicable deductible, if any, shown in this endorsement. Upon paying the **insured value** of the **ground equipment** or the actual cost to replace the **ground equipment**, we will have no obligation to pay for further **physical damage** to such **ground equipment** and the premium for such **ground equipment** shall be fully earned.

(b) Any increase in **insured value** due to modification of the **ground equipment** is subject to the Maximum **Insured Value** Limit shown in the Declarations.

4. As used in this endorsement, **cost to repair**:

(a) Means the sum of:

(1) the necessary cost of transporting, by the least expensive reasonable means, the damaged **ground equipment**, replacement parts and tools to the place of repair and the repaired **ground equipment** from the place of repair to the nearest of the place of accident or home airport or heliport; and

(2) if the repairs are made by you, the actual cost of:

- using materials and parts of like kind and quality to repair or replace damaged property or replace missing property,
- labor charged at straight time rates to effect such repair or replacement, and
- reasonable overhead, but only for that portion of the repairs actually made by you.

- (3) if repairs are not made by the you, the actual cost of:
 - a. using materials and parts of like kind and quality to repair or replace damaged property or replace missing property, and
 - b. labor charged at straight time rates to effect such repair or replacement.
- (b) Does not include the cost of:
 - (1) that part of any repair or replacement that results in better than like kind and quality, or
 - (2) repair or replacement of any property that has not sustained *physical damage*.
- 5. Solely as respects the insurance afforded by this endorsement, *insured value* means the value of each item of *ground equipment* shown in Paragraph 2. SCHEDULE OF GROUND EQUIPMENT.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASC096 (May 15, 2018)

Endorsement No. 12

Page 2 of 2

PAYLOAD PHYSICAL DAMAGE ENDORSEMENT

In consideration of the payment of the premium, it is agreed that COVERAGE B is extended to apply to **physical damage** to **payload** described in the below Schedule sustained anywhere in the **coverage territory** during the policy period, which you own or for which you are legally responsible, provided that the **payload** is:

- (a) installed on a **scheduled aircraft**;
- (b) being transported for use on a **scheduled aircraft**; or
- (c) being stored for use on a **scheduled aircraft** provided it is not used for any other purpose.

This insurance is subject to the following provisions which are applicable only to the insurance afforded by this endorsement and which shall be in addition to all other applicable provisions not amended in this endorsement:

1. SCHEDULE OF PAYLOAD:

<u>Make & Model</u>	<u>Serial Number</u>	<u>Insured Value</u>	<u>Deductible</u> <u>(each and every loss)</u>
ZENMUSE GH4	54321	\$500	5%

2. The rules below fix the most we will pay for **physical damage** to **payload** described in this endorsement:

- (a) The most we will pay is the least of the **cost to repair** the **physical damage**, the **insured value** of the **payload** or the actual cost to replace the **payload** with equipment of the same make and type. However, our obligation to pay for **physical damage** will be reduced by the applicable deductible, if any, shown in this endorsement. Upon paying the **insured value** of the **payload** or the actual cost to replace the **payload**, we will have no obligation to pay for further **physical damage** to such **payload** and the premium for such **payload** shall be fully earned.
- (b) Any increase in **insured value** due to modification of the **payload** is subject to the Maximum **Insured Value** Limit shown in the Declarations.

3. As used in this endorsement, **cost to repair**:

- (a) Means the sum of:
 - (1) the necessary cost of transporting, by the least expensive reasonable means, the damaged **payload**, replacement parts and tools to the place of repair and the repaired **payload** from the place of repair to the nearest of the place of accident or home airport or heliport; and

- (2) if the repairs are made by you, the actual cost of:
 - a. using materials and parts of like kind and quality to repair or replace damaged property or replace missing property,
 - b. labor charged at straight time rates to effect such repair or replacement, and
 - c. reasonable overhead, but only for that portion of the repairs actually made by you.
- (3) if repairs are not made by you, the actual cost of:
 - a. using materials and parts of like kind and quality to repair or replace damaged property or replace missing property, and
 - b. labor charged at straight time rates to effect such repair or replacement.

(b) Does not include the cost of:

- (1) that part of any repair or replacement that results in better than like kind and quality, or
- (2) repair or replacement of any property that has not sustained *physical damage*.

4. CONDITION applicable to the insurance afforded by this endorsement:

The insurance afforded by this endorsement does not apply to *physical damage* to *payload* installed on a *scheduled aircraft* unless *physical damage* is sustained by such *scheduled aircraft* at the same time.

5. Solely as respects the insurance afforded by this endorsement, *insured value* means the value of each item of *payload* shown in Paragraph 1. SCHEDULE OF PAYLOAD.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

PHYSICAL DAMAGE TO SPARE ENGINES AND SPARE PARTS

In consideration of the premium, it is agreed that:

1. Insuring Agreement.

We will pay for *physical damage* to *spare engines* or *spare parts*, which are owned by you or for which you are legally responsible, sustained anywhere in the *coverage territory* during the policy period. But, the amount we will pay for *physical damage* to *spare engines* or *spare parts* is limited as described below.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for in the Conditions referenced below.

2. Exclusions.

The exclusions contained in SECTION II - GENERAL POLICY EXCLUSIONS and the exclusions applicable to Coverage B apply to the insurance afforded by this endorsement.

3. Conditions.

The conditions contained in SECTION V - POLICY CONDITIONS and Conditions (a) through (f), applicable to Coverage B, apply to the insurance afforded by this endorsement.

4. Limits of Insurance.

For all *physical damage* to *spare engines* or *spare parts* resulting from any one accident, we will pay the least of:

- (a) Your financial interest in the property,
- (b) The replacement cost of the property as of the time of *physical damage*, less depreciation and any unrepaired damage,
- (c) The *cost to repair* the property, or
- (d) The *spare engines* and *spare parts* Limit of \$500

less a deductible of 5.0%

5. **Definitions.**

As used in this endorsement:

Spare engines means propulsion engines which have been or which are intended to be installed in a ***scheduled aircraft*** and which are not included in the definition of ***scheduled aircraft***.

Spare parts means parts or accessories intended to be installed in a ***scheduled aircraft*** and which are not included in the definition of ***scheduled aircraft***, but does not include ***payload***.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASC041 (April 1, 2015)

Endorsement No. 14

Page 2 of 2

LIABILITY FOR DAMAGE TO UNMANNED AIRCRAFT SYSTEMS THAT YOU DO NOT OWN

In consideration of the payment of the premium for this policy, it is agreed:

1. The provisions of Exclusion (e) applicable to Coverage A shall not apply to *property damage* to any *unmanned aircraft system* shown in the Schedule below while such *unmanned aircraft system* is in your care, custody or control.
2. The most we will pay for damages because of *property damage* to any *unmanned aircraft system* shown in the Schedule below is the limit shown in the Schedule below, which shall be part of and not in addition to the “Each **Occurrence**” limit shown in the Declarations.
3. The insurance afforded by this endorsement is excess over any other valid and collectible insurance available to you and is subject to the provisions of paragraphs (b) and (c) of Policy Condition 16. Other Insurance.
4. The insurance afforded by this endorsement does not apply:
 - (a) to *property damage* to any *unmanned aircraft system* owned in whole or in part or leased for more than thirty (30) days by any insured;
 - (b) to *property damage* to *scheduled aircraft*

Sample

SCHEDULE

UNMANNED AIRCRAFT SYSTEM DESCRIPTION:

ANY **UNMANNED AIRCRAFT SYSTEM** THAT DOES NOT EXCEED 55LBS IN WEIGHT

LIMIT OF LIABILITY:

Property Damage Limit: \$1,000

Applicable only to **property damage** to **Unmanned Aircraft Systems** shown in the Schedule and subject to a deductible of 5.0% each **occurrence**.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASN015 (June 1, 2016)

Endorsement No. 15

Page 2 of 2

NON-OWNED AIRCRAFT LIABILITY- UNMANNED AIRCRAFT SYSTEM

In consideration of the premium, it is agreed:

1. Subject to the terms of this endorsement and all other applicable provisions of this policy, when an *unmanned aircraft system* shown in the Schedule is used by you or on your behalf, such insurance as is afforded by Coverage A shall apply to liability for *bodily injury* or *property damage* caused by an *occurrence* resulting from such use.
2. As respects the insurance afforded by this endorsement:
 - (a) Notwithstanding the provisions of **SECTION III – WHO IS AN INSURED**, the owner or lessor of any *unmanned aircraft system* shown in the Schedule below is not an insured under this policy;
 - (b) The most we will pay for damages because of *bodily injury* or *property damage* is the limit shown in the Schedule below, which shall be part of and not in addition to the “Each *Occurrence*” limit shown in the Declarations; and
 - (c) The insurance afforded by this endorsement is excess over any other valid and collectible insurance available to you and is subject to the provisions of paragraphs (b) and (c) of Policy Condition 16. Other Insurance.
3. The insurance afforded by this endorsement does not apply to liabilities arising from any *unmanned aircraft system* owned in whole or in part or leased for more than thirty (30) days by any insured.

SCHEDULE

UNMANNED AIRCRAFT SYSTEM DESCRIPTION:

ANY **UNMANNED AIRCRAFT SYSTEM** THAT DOES NOT EXCEED 55LBS IN WEIGHT

LIMIT OF LIABILITY:

Each <i>Occurrence</i> Limit:	\$1,000,000
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ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

TRIA DISCLOSURE
(Does Not Provide Any Insurance Coverage)

THIS DISCLOSURE PROVIDES A SUMMARY OF THE PROVISIONS OF THE "TERRORISM RISK INSURANCE ACT", AS AMENDED. THIS DISCLOSURE IS MADE A PART OF THIS POLICY. EXCEPT AS EXPRESSLY PROVIDED, NOTHING IN THIS DISCLOSURE CHANGES ANY OF THE TERMS OR CONDITIONS OF THIS POLICY, AND UNDER NO CIRCUMSTANCES DOES THIS DISCLOSURE AFFORD ANY TERRORISM COVERAGE OR ANY OTHER COVERAGE.

I. Terrorism Risk Insurance Act Notice

Under the Terrorism Risk Insurance Act, as amended, (referred to herein as TRIA), you have a right to purchase insurance coverage from us for losses arising out of an "Act of Terrorism" as defined in Section 102(1) of TRIA.

For purposes of this disclosure and to ensure compliance with TRIA, the term "Act of Terrorism" means:

- A. Certification - Any act that is certified by the Secretary of the Treasury of the United States, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States:
- (1) to be an act of terrorism;
 - (2) to be a violent act or an act that is dangerous to:
 - (a) human life;
 - (b) property; or
 - (c) infrastructure;
 - (3) to have resulted in damage within the United States, or outside of the United States in the case of:
 - (a) an air carrier or commercial vessel defined as one principally based in the United States, on which United States income tax is paid, and whose insurance coverage is subject to regulation in the United States;
 - (b) the premises of a United States mission; and
 - (4) to have been committed by an individual(s) as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B. Limitation - No act shall be certified by the Secretary as an act of terrorism if:
- (1) the act is committed as part of the course of war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or
 - (2) property and casualty insurance losses resulting from the act, in aggregate, do not exceed \$5,000,000.
- C. Determinations Final - Any certification of, or determination not to certify, an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.
- D. No delegation - The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

Federal Share of Compensation

If coverage is purchased (see Section III below), payments made under this policy, for losses caused by a certified "Act of Terrorism", will be reimbursed in part by the United States Government to us using a formula established by federal law. Under this formula, if the aggregate insured losses exceed a trigger amount (\$100,000,000 through 2015; \$120,000,000 beginning on January 1, 2016; \$140,000,000 beginning on January 1, 2017; \$160,000,000 beginning on January 1, 2018; \$180,000,000 beginning on January 1, 2019; and \$200,000,000 beginning on January 1, 2020), the United States Government generally reimburses a percentage (85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020) of covered terrorism losses exceeding the statutorily established deductible paid by us for losses arising from certified "Acts of Terrorism".

\$100 Billion Program Cap

TRIA contains a program cap of \$100,000,000,000 that limits United States Government reimbursement as well as our liability for losses resulting from certified "Acts of Terrorism" when the amount of such losses in any one calendar year exceeds the program cap. If the aggregated insured losses for all insurers exceed the program cap, coverage (if purchased) for "Acts of Terrorism" may be reduced.

II. Conditional Termination of this Disclosure

- A. The provisions of TRIA state that the Terrorism Risk Insurance Program "shall terminate on December 31, 2020." Unless the program is renewed, extended or otherwise continued by the federal government, this disclosure terminates upon the first occurrence of any of the following conditions:
- (1) the policy period ends; or
 - (2) the federal Terrorism Risk Insurance Program has terminated either in its entirety or with respect to the type of insurance afforded by this policy; or
 - (3) a renewal, extension or continuation of the Terrorism Risk Insurance Program has become effective without a requirement to make terrorism coverage available with respect to the type of insurance afforded by this policy.
- B. If none of the conditions set forth in paragraph II. A. above occur, this disclosure will remain in effect unless we notify you of changes in response to federal law.

III. TRIA Terrorism Coverage

As required by TRIA, an offer of terrorism coverage within the terms of TRIA ("TRIA Terrorism Coverage") was included in our quote. No insurance is afforded by this notice and no TRIA Terrorism Coverage is afforded under this policy unless such offer was accepted and TRIA Terrorism Coverage was purchased.

If TRIA Terrorism Coverage was purchased, TRIA endorsement(s) are attached to this policy and the premium for such coverage will be as stated in the binder as respects any such endorsement(s).

If TRIA Terrorism Coverage was not purchased, coverage for terrorism is excluded as provided in the policy, unless, as permitted by TRIA, alternative terrorism coverage was negotiated, in which case one or more endorsement(s) to this policy include the negotiated coverage for terrorism ("Alternative Terrorism Coverage"). If purchased, such Alternative Terrorism Coverage, includes portions which fall within TRIA (the "TRIA Portion"), as well as other coverage outside of TRIA, and the premium corresponding to the TRIA Portion of the Alternative Terrorism Coverage is 10% of the total premium for the endorsements providing the Alternative Terrorism Coverage.

Any TRIA Terrorism Coverage and the TRIA Portion of any Alternative Terrorism Coverage is subject to all of the disclosures and limitations set forth in Section I above.

IV. Application

Nothing contained in this disclosure shall vary, waive, alter, or extend any of the terms, conditions, agreements or provisions of this policy, other than as above stated.

Notwithstanding anything in the policy to the contrary, as used in this disclosure, the words “you” and “your” refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy. The words “we”, “us” and “our” refer to the insurers shown in the Declarations, providing this insurance.

Sample

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASD004 (May 1, 2015)

Endorsement No. 17

Page 3 of 3

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NEW JERSEY AMENDATORY

1. Pursuant to New Jersey law, this policy cannot be cancelled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the insured. The underwriting reasons or guidelines that an insurer can use to cancel or nonrenew this policy are maintained by the insurer in writing and will be furnished to the insured and/or the insured's lawful representative upon written request.

This provision shall not apply to any policy which has been in effect for less than sixty (60) days at the time notice of cancellation is mailed or delivered, unless the policy is a renewal policy.

2. **SECTION V- POLICY CONDITIONS**, Paragraph 6. Cancellation is deleted in its entirety and replaced by the following:
 6. Cancellation and Nonrenewal.
 - I. Cancellation.
 - (a) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
 - (b) If this policy has been in effect for less than sixty (60) days, we may cancel this policy for any reason subject to the following:
 - (1) We may cancel this policy by mailing or delivering to the first Named Insured and any person entitled to notice under this policy written notice, of cancellation, at least:
 - a. ten (10) days before the effective date of cancellation if we cancel for:
 - (i) Nonpayment of premium; or
 - (ii) Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f) as follows:
 - A. "The risk, danger or probability that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. Any change in the circumstances of an insured that will increase the probability of such a destruction may be considered a 'moral hazard'"; and
 - B. "The substantial risk, danger or probability that the character, circumstances or personal habits of the insured may increase the possibility of loss or liability for which an insurer will be held responsible. Any change in the character or circumstances of an individual, corporate, partnership or other insured that will increase the probability of such a loss or liability may be considered a 'moral hazard'".
 - b. thirty (30) days before the effective date of cancellation if we cancel for any other reason.
 - (2) In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation.

(c) Cancellation of Policies in Effect for Sixty (60) Days or More

- (1) If this policy has been in effect for sixty (60) days or more, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f);
 - c. Material misrepresentation or nondisclosure to us of a material fact at the time of acceptance of the risk;
 - d. Increased hazard or material change in the risk assumed which we could not have reasonably contemplated at the time of assumption of the risk;
 - e. Substantial breaches of contractual duties, conditions or warranties that materially affect the nature and/or insurability of the risk;
 - f. Lack of cooperation from the insured on loss control matters materially affecting insurability of the risk;
 - g. Fraudulent acts against us by the insured or its representative that materially affect the nature of the risk.
 - h. Loss of or reduction in available insurance capacity;
 - i. Material increase in exposure arising out of changes in statutory or case law subsequent to the issuance of the insurance contract or any subsequent renewal;
 - j. Loss of or substantial changes in applicable reinsurance;
 - k. Failure by the insured to comply with any Federal, State or local fire, health, safety or building or construction regulation, law or ordinance with respect to an insured risk which substantially increases any hazard insured against within sixty (60) days of written notification of a violation of any such law, regulation or ordinance;
 - l. Failure by the insured to provide reasonable and necessary underwriting information to us upon written request therefor and a reasonable opportunity to respond;
 - m. Agency termination, provided:
 - (i) We document that replacement coverage at comparable rates and terms has been provided to the first Named Insured, and we have informed the first Named Insured, in writing, of the right to continue coverage with us; or
 - (ii) We have informed the first Named Insured, in writing, of the right to continue coverage with us and the first Named Insured has agreed, in writing, to the cancellation or nonrenewal based on the termination of the first Named Insured's appointed agent.
 - n. Any other reasons in accordance with our underwriting guidelines for cancellation of commercial lines coverage.
- (2) If we cancel this policy based on Paragraphs (c) (1) a. or b. above, we will mail or deliver a written notice, to the first Named Insured and any person entitled to notice under this policy, at least ten (10) days before the effective date of cancellation. If we cancel this policy for any other reason listed above, we will mail or deliver a written notice to the first Named Insured and any person entitled to notice under this policy, not more than one hundred twenty (120) days nor less than thirty (30) days before the effective date of cancellation.

- (3) In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation. For cancellation due to the nonpayment of premium, the notice will state the effect of nonpayment by the due date. Cancellation for nonpayment of premium will not be effective if payment of the amount due is made before the effective date set forth in the notice.
- (4) Notice will be sent to the last mailing addresses known to us, by:
 - a. Certified mail; or
 - b. First class mail, if we have obtained from the post office a date stamped proof of mailing showing names and addresses.

II. Nonrenewal.

- (a) We may elect not to renew this policy for any reason permitted to cancel it. If we elect not to renew this policy, we will mail a notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least thirty (30) days but not more than one hundred twenty (120) days before the expiration date of this policy. If this policy does not have a fixed expiration date, it shall be deemed to expire annually on the anniversary of its inception.
- (b) This notice will be sent to the first Named Insured at the last mailing address known to us by:
 - (1) Certified mail; or
 - (2) First class mail, if we have obtained from the post office a date stamped proof of mailing showing the first Named Insured's name and address.
- (c) We need not mail or deliver this notice if the first Named Insured has:
 - (1) Replaced coverage elsewhere; or
 - (2) Specifically requested termination.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

This endorsement is effective: October 1, 2018 Endorsement Premium: Included

Attached to and made part of Policy No.: 9001414

Issued to: Specimen Policy 2018

Global Aerospace, Inc.

BY: 

UASS048 (June 1, 2014)

Endorsement No. 18

Page 3 of 3

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