

Starr Aero Non-Owned Aircraft Liability Policy



Arranged by:

Issued by:



STARR AERO NON-OWNED AIRCRAFT LIABILITY POLICY DECLARATIONS

Underwritten by:



A Member Company of CV Starr & Company, Inc.

ISSUED BY: Federal Insurance Company 15 Mountain View Road Warren, NJ 07059	Policy Number Previous Policy Number
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This page together with Starr Aero Non-Owned Aircraft Policy Provisions (01/10) and all endorsements attached hereto completes this numbered aviation liability policy, issued by the **Company** as indicated above (hereinafter called the Company).

ITEM 1. **NAMED INSURED AND MAILING ADDRESS:**

ITEM 2. POLICY PERIOD: FROM: _____ TO: _____ 12:01 A.M. Standard Time at the address in Item 1. The insurance afforded is only with respect to the following coverages as are indicated by specified premium charge or charges. The limit of the **Company's** liability against such coverage shall be as stated herein, subject to all of the terms of this policy.

ITEM 3. Liability Coverages

	<u>Premium</u>
A. Single Limit Bodily Injury and Property Damage for Non-Owned Aircraft	
\$ _____ each occurrence including passenger bodily injury limited to \$ _____ each passenger	\$ _____
B. Liability for Non-Owned Aircraft Physical Damage	
\$ _____ each Non-Owned Aircraft	\$ _____
C. Medical Expense including crew	
\$ _____ each passenger	\$ _____

State and Local Premium Taxes:(if applicable) \$ _____	Premium shown is payable at inception - Total Policy Premium \$ _____ (Subject to a minimum earned of 50%)
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ITEM 4. The aircraft will be used only for **non-commercial** use.

ITEM 5. While the **aircraft** is in **flight** it will be piloted only by the person(s) meeting the provisions of the Approved Pilot Endorsement.

ITEM 6. Endorsements and forms forming a part of this policy on its effective date:

Date of Issue	Approved By:
Starr Aero Non-Owned Aircraft Declarations (01/10)	(Authorized Representative)

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STARR AERO NON-OWNED AIRCRAFT LIABILITY POLICY PROVISIONS

Throughout this policy the words “you” and “your” refer to the Named Insured shown in Item 1 of 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 Company providing this insurance.

Words and phrases that appear in **bold** print have special meanings and are defined in the Definitions section of this policy.

In consideration of the payment of the premium, in reliance upon the statements and representations made in the Application and the Declarations made a part hereof, and subject to all of the terms of this policy including the applicable limits of liability, we agree with you with respect to those coverages indicated in Items 3 and 4 of the Declarations as follows:

PART ONE - BASIC AIRCRAFT COVERAGE - INSURING AGREEMENTS

I. LIABILITY COVERAGE

COVERAGE A – SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE FOR NON-OWNED AIRCRAFT

We will pay damages for **bodily injury** and **property damage** for which an **insured** is legally liable, caused by an **occurrence** arising from your use of **non-owned aircraft**, but excluding any **physical damage** to **non-owned aircraft** used by you.

COVERAGE B - LIABILITY FOR NON-OWNED AIRCRAFT PHYSICAL DAMAGE

We will pay damages for **physical damage** to the **non-owned aircraft** for which the insured is legally liable, caused by an **occurrence** arising from your use of such **non-owned aircraft**, including loss of use of the **non-owned aircraft**.

II. MEDICAL EXPENSE COVERAGE

COVERAGE C – MEDICAL EXPENSE

We will pay for reasonable and necessary **medical expense** incurred within one year from the date of injury, to or for each **passenger**, including crew, who sustains **bodily injury** caused by a covered **occurrence**, provided the **non-owned aircraft** is being used by you.

III. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS AND SUITS

We have the right and duty to defend, investigate and settle any claim or suit against an **insured** covered by this insurance. But, when the applicable limit of liability has been exhausted by payment of judgments or settlements, we then are not obligated to pay any claim or judgment, or to provide any defense or pay any expenses. We have no obligation to defend, pay any expense, investigate or settle any claim or suit not covered in this policy.

IV. SUPPLEMENTARY PAYMENTS

While we are obligated to defend a covered claim under Coverage A or B, we will also pay in addition to the applicable limit:

- A. reasonable and necessary expenses incurred at our request, but not loss of earnings, or wages or salaries of your employees;
- B. all expenses incurred by us, all costs taxed against you in any suit defended by us and all interest on the entire amount of any judgment thereon which accrues after entry of the judgment and before we have paid or tendered payment or deposited in court that part of the judgment which does not exceed the limit of our liability thereon;

- C. premiums on bonds to release attachments and to appeal judgments we elect to appeal, and on bail bonds due to your violation of a law or regulation in connection with a covered **occurrence**, but not for more than \$2,500 each bail bond. But, we are not obligated to apply for or to provide these bonds; and
- D. your costs for necessary first aid to others at a covered **occurrence**.

V. POLICY TERRITORY

This policy only applies to **occurrences** which are sustained within the **policy territory**.

VI. POLICY PERIOD

This policy applies only to **bodily injury** or **property damage** which occurs, and to **liability for non-owned aircraft physical damage** which is sustained, during the policy period shown in Item 2 of the Declarations.

PART TWO - EXPANDED COVERAGES

Except as otherwise indicated below, each of the following Expanded Coverages described below is part of, and not in addition to, the Limits of Liability set forth in the Declarations.

I. DEDUCTIBLE LIABILITY COVERAGE FOR NON-OWNED AIRCRAFT

Coverage B is extended to include compensation to the owner or lessor of the **non-owned aircraft** used by you, for their insurance deductible caused by an **occurrence** from your use of such **non-owned aircraft** for not more than \$5,000 any one **occurrence**, or the limit of liability shown in Item 3.B. on the Declarations page whichever is less.

II. BAGGAGE & HANGAR COVERAGE

Coverage A is extended to include coverage for **property damage** for which an **insured** is legally liable, caused by an **occurrence** arising from your use of **non-owned aircraft** where such **property damage** is to:

- A. **passengers'** "baggage" for not more than \$1,000 each **passenger** in any one **occurrence**; and
- B. hangars and the contents thereof, being the property of others, in the care, custody or control of you, for not more than \$25,000 each **occurrence**.

This Expanded Coverage does not include **property damage** to aircraft.

"Baggage" means handbags, suitcases, valises, briefcases and other forms of baggage or personal effects usually carried by travelers, and the contents thereof, but excluding accounts, bills, jewelry, deeds, evidences of debt, letters of credit, passports, documents, coupons, money, credit cards, notes, securities, manuscripts, valuable papers, airline and other tickets.

Baggage & Hangar Coverage is excess over any other valid and collectible insurance available to the **insured**.

III. PERSONAL INJURY COVERAGE

Coverage A is extended to include coverage for "personal injury" for which an **insured** is legally liable, caused by an offense that is first committed during the policy period and arising from the operation of **non-owned aircraft** by you.

- A. The most we will pay under this Expanded Coverage for all offenses committed during the policy period is the lesser of:
 - 1. the Limit of Liability for Bodily Injury and Property Damage shown in Item 3 of the Declarations; or
 - 2. \$1,000,000.
- B. "Personal injury" means injury, other than **bodily injury**, arising from false arrest, false detention, false imprisonment, malicious prosecution, or eviction of a person from an aircraft. "Personal injury" does not include any offense:

1. arising out of the willful violation of a penal statute or ordinance committed by or with the consent of any **insured**;
 2. for which any **insured** has agreed to assume the tort liability of others; or
 3. arising out of the past, present or future employment of anyone.
- C. In addition to the exclusions in the policy applying to Coverage A, this Expanded Coverage does not apply to "Personal Injury" that arises out of that part of an offense that continues or resumes after the later of the end of the policy period of:
1. this insurance; or
 2. a subsequent, continuous renewal or replacement of this insurance that:
 - a. is issued to you by us or by an affiliate of ours;
 - b. remains in force while the offense continues; and
 - c. would otherwise apply to "Personal Injury".

The insurance provided by this Expanded Coverage will be excess over any other valid and collectible insurance available to you.

IV. RUNWAY FOAMING COVERAGE

With respect to the use of a **non-owned aircraft**, we shall pay the expense of runway foaming or aircraft foaming for the purpose of minimizing **non-owned aircraft physical damage** under this policy. Our Limit of Liability shall not exceed \$25,000 in any one **occurrence** for such foaming. This Limit shall be in addition to the limit of liability shown in Item 3.B. Liability for **Non-Owned Aircraft Physical Damage**. The exclusions applicable to Coverage B shall apply to this Expanded Coverage.

V. SEARCH AND RESCUE COVERAGE

If there is a limit of insurance for Coverage B on the Declarations, with respect to the use of a **non-owned aircraft**, we shall pay the expense of any search and rescue operations performed by you or at your request, subject to prior notice to and agreement by us. Coverage afforded by this Expanded Coverage shall not apply until such time as all governmental authorities' search and rescue operations have been discontinued. Our Limit of Liability shall not exceed \$25,000 in any one **occurrence** for such expenses. This Limit shall be in addition to the limit of liability shown in Item 3.B. of the Declarations. The exclusions applicable to Coverage B shall apply to this Extended Coverage.

PART THREE - EXCLUSIONS

This insurance does not apply:

- I. under any Coverage with respect to:
 - A. any **insured** while the aircraft is in **flight** with the knowledge and consent of such **insured** for any unlawful purpose, or any purpose not so designated in Item 4 of the Declarations.
 - B. **bodily injury, property damage** or **physical damage** arising out of an act that:
 1. is intended by the **insured**; or
 2. would be expected from the standpoint of a reasonable person in the circumstances of the **insured**;
to cause **bodily injury, property damage** or **physical damage**, even if the actual **bodily injury, property damage** or **physical damage** is of a different degree or type than intended by the **insured**.

This exclusion does not apply to **bodily injury, property damage** or **physical damage** resulting from the use of reasonable force to prevent dangerous interference with aircraft operations.
 - C. any **insured** while the **non-owned aircraft** is in **flight** with your knowledge and consent:
 1. if piloted by anyone other than you;

2. if piloted by you unless you have:
 - a. the appropriate **FAA** pilot's certificate for the make and model being flown; and
 - b. a current and valid **FAA** medical certificate (if required);
 3. if piloted by a **student pilot** when:
 - a. any **passenger** is not a Certificated Flight Instructor or an FAA Examiner providing dual flight instruction or a FAA checkride for the **student pilot**; or
 - b. the **student pilot** is not under the direct supervision of a Certificated Flight Instructor for the flight involved; or
 4. if you know the Airworthiness Certificate of the aircraft is not in full force and effect.
- D. any aircraft being used for or in connection with:
1. aerial advertising;
 2. a commercial aircraft sales company you own or operate;
 3. towing of objects or towing sailplanes;
 4. photography intended to be sold commercially or used in your business;
 5. aerial application of any substance;
 6. hunting, herding or spotting of animals of any kind, including birds and fish;
 7. patrol or surveillance of any kind, including power lines, pipelines, traffic or fires;
 8. skydiving, parachuting or closed course racing, other than long cross-country races sanctioned by the Experimental Aircraft Association or the Ninety-Nines in the United States of America;
 9. flights off-shore in support of an off-shore business; or
 10. external transportation of persons or property.
- E. any damages excluded by the following Nuclear Risk Exclusion Clause:
1. This policy does not cover:
 - a. loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss; or
 - b. any legal liability of whatsoever nature,
directly or indirectly caused by or contributed to by or arising from:
 - (i) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
 - (ii) 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
 - (iii) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.
 2. It is understood and agreed that such radioactive material or other radioactive source in paragraphs E.1. (i), (ii) and (iii) above shall not include:
 - a. depleted uranium and natural uranium in any form; or
 - b. radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.
 3. This policy, however, does not cover loss of, or destruction of, or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:
 - a. the **insured** under this policy is also an **insured** or an additional insured under any other insurance policy, including any nuclear energy liability policy, notwithstanding such other policy has terminated upon exhaustion of its limit of liability;

- b. any person or organization is required to maintain financial protection pursuant to legislation in any country; or
 - c. the **insured** under this policy is, or had this policy not been issued would be, entitled to indemnification from any government or agency thereof.
4. Loss, destruction, damage, expense or legal liability in respect of the nuclear risks not excluded by reason of paragraph 2. shall (subject to all other terms, conditions, limitations, warranties and exclusions of this policy) be covered, provided that:
- a. in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereof, such carriage 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;
 - b. this policy shall only apply to an incident happening during the period of this policy and where any claim by the **Insured** against the Company or by any claimant against the **Insured** arising out of such incident shall have been made within three years after the date thereof;
 - c. in the case of any claim for the loss of or destruction of or damage to or loss of use of an aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

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

- d. the cover afforded hereby may be cancelled at any time by the Company giving seven days notice of cancellation.

F. claims caused by:

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; or

7. hi-jacking or any unlawful seizure or wrongful exercise of control of the **non-owned aircraft** or crew in **flight** (including any attempt at such seizure or control) made by any person who is on board the **non-owned aircraft** without your consent.

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

G. a **non-owned aircraft** while it is subject to a flight testing period.

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

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

unless caused by a crash or collision of aircraft or a recorded in **flight** emergency causing abnormal aircraft operation.

With respect to any provision in the policy concerning our duty to investigate or defend claims, such provision shall not apply and we shall not be required to defend a claim or claims covered by the policy when combined with any claims excluded by paragraphs H.1. through 4. above (referred to as "Combined Claims").

In respect of any Combined Claims, we shall (subject to proof of loss and the limits of the policy) reimburse the **insured** for that portion of the following items, which may be allocated to the claim or claims covered by the policy:

- a. damages awarded against the **insured**; and
- b. defense fees and expenses incurred by the **insured**.

II. under Coverages A and B to contractual liability or any liability an **insured** assumes, except, under Coverage A, written agreements with governmental or military authorities necessary to use an airport, provided the **bodily injury** or **property damage** occurs after the execution and prior to the termination of the contract;

III. under Coverage A to:

- A. any obligation for which the **insured** or any insurer may be held liable under any worker's compensation, unemployment compensation or disability benefits law, or under any similar law;
- B. **bodily injury** to any of your employees arising out of and in the course of such employment; provided that this exclusion does not apply to liability assumed by you under any **insured contract**;
- C. your **bodily injury**;
- D. **property damage** to property owned, occupied, rented, or used by an **insured** or in the care, custody or control of an **insured** or as to which an **insured** is for any purpose exercising physical control, or transported by an **insured**. But we will pay for a **passenger's** personal effects and **property damage** to a hangar you rent and its contents you do not own as specified in the BAGGAGE & HANGAR Expanded Coverage;
- E. claims arising out of the **insured's** products manufactured, sold, distributed or handled by any **insured**;
- F. liability assumed by the **insured** except in an **insured contract**, unless endorsed by us in writing to the policy; or
- G. loss or damage to any material furnished by the **insured** or to any work performed by the **insured** out of which an **occurrence** arises.

IV. under Coverage B:

- A. to claims arising from conversion, embezzlement or secretion by any person or organization with legal right to possession of such **non-owned aircraft** under bailment, lease, conditional sale, purchase agreement, mortgage or other legal agreement that governs the use, sale or lease of the aircraft.
- B. to **physical damage** which is due and confined to:
1. wear, tear, deterioration, freezing;
 2. any electrical malfunction or failure of any electronic component, accessory, or electrically powered equipment; or
 3. any mechanical, hydraulic, pneumatic, or structural malfunction or failure,
- unless any such **physical damage** is the direct result of other **physical damage** covered by this policy.
- Damage resulting from electrical malfunction or failure of an electrical component, accessory, or electrically powered equipment is considered breakdown of the entire electrical system containing such electronic component, accessory, or electrically powered equipment.
- Damage resulting from the breakdown, failure or malfunction of any engine component, accessory or part is considered mechanical breakdown of the entire engine.
- C. to **physical damage** to aircraft engines and auxiliary power units if such damage is caused by heat or temperature change from the operation, attempted operation or shutdown of the engine, unless any such damage is the direct result of other **physical damage** covered by this policy;

PART FOUR – LIMITS OF LIABILITY

Only the Coverages that you have purchased and for which a premium is shown on the Declarations are provided by this policy.

I. COVERAGE A

In any one **occurrence**, the number of claims or claimants does not increase or change the Limits beyond the Each Occurrence Limit shown in Item 3 on the Declarations, which applies as follows:

- A. The Limit shown for Each Passenger is the most we will pay for all damages arising out of **bodily injury** to each **passenger** in one **occurrence**, including all **related claims**, no matter how many separate claims may be involved, subject to a **passenger bodily injury occurrence** limit equal to the Each Passenger Limit multiplied by the total number of seats for the **aircraft** involved;
- B. The Limit shown for Each Occurrence is the most we will pay for all damages arising out of **bodily injury**, including **bodily injury** to **passengers**, and **property damage** combined in one **occurrence**, including all **related claims**, no matter how many separate claims may be involved.

All **bodily injury** and **property damage** arising out of continuous or repeated exposure to the same general conditions shall be deemed to be one **occurrence**.

II. COVERAGE B

The most we will pay for Liability for **non-owned aircraft physical damage** is the limit of liability shown on the Declarations Page for each **non-owned aircraft** in any one **occurrence**.

III. COVERAGE C

We will not pay more than the applicable Limit shown in Item 3 on the Declarations for **medical expense** for each **passenger**, including crew, who has sustained **bodily injury** in any one **occurrence**.

PART FIVE - CONDITIONS

I. APPLICABLE TO COVERAGE A (BODILY INJURY AND PROPERTY DAMAGE LIABILITY)

A. ACTION AGAINST THE COMPANY

No person or organization has the right under this policy:

1. to join us as a party or otherwise bring us into a suit asking for damages from an **insured**; or
2. to sue on this policy unless all if 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** obtained after an actual trial; 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. Service of process may be made upon the **aviation managers** on behalf of us. However, we do not waive our right to commence an action in any court of competent jurisdiction or to seek a transfer to another court as permitted by law.

B. FINANCIAL RESPONSIBILITY

If this policy is certified as proof of insurance under any governmental financial responsibility law applicable to aircraft, we will pay the minimum amounts required by that law which do not exceed the Limit Of Liability of this policy. You agree to reimburse us promptly for any amounts we pay pursuant to this clause.

C. NOTICE OF OCCURRENCE, LOSS, CLAIM OR SUIT

1. You must see to it that we or our **aviation managers** are promptly notified in writing at the office whose address is listed on the back of the policy cover, of an **occurrence** that may result in a claim. Notice shall include:
 - a. particulars sufficient to identify the **insured**;
 - b. how, when and where the **occurrence** took place; and
 - c. the names and addresses of any injured persons and witnesses.
2. If the claim is made or suit is brought against the **insured**, you must see to it that we or our **aviation managers** receive prompt written notice of claim or suit. You and any other **insured** involved must:
 - a. immediately send the **aviation managers** copies of any demands, notices, summonses or legal papers received in connection with the claim or suit;
 - b. authorize us or our **aviation managers** to obtain records and other information;
 - c. cooperate with us or our **aviation managers** in the investigation, settlement or defense of the claim or suit; and
 - d. assist us or our **aviation managers**, upon the request of either, in the enforcement of any right against any person or organization which may be liable to the **insured** because of injury or damage to which the insurance may apply.

II. APPLICABLE TO COVERAGE C (MEDICAL EXPENSE)

A. ACTION AGAINST THE COMPANY

No person or organization has the right under this policy to sue on this policy unless all of its terms have been fully complied with and until thirty (30) days after the required proofs of claim have been filed with us.

B. MEDICAL REPORTS; PROOF AND PAYMENT OF CLAIM

1. The injured person or someone on his or her behalf, as soon as practical after an accident, must:
 - a. give the **aviation managers** written proof of claim if requested by the **aviation managers**;
 - b. provide his or her sworn statement under oath;
 - c. authorize the **aviation managers** to obtain medical reports and copies of records; and

- d. submit to physical examination by a physician selected by the **aviation managers**, when and as often as the **aviation managers** may reasonably require.
2. We may pay the injured person or any person or organization rendering the services and such payment:
 - a. shall reduce the amount payable hereunder for the injury; and
 - b. shall not constitute admission of liability by an **insured** or the **aviation managers**.

III. APPLICABLE TO ALL COVERAGES

A. ASSISTANCE AND COOPERATION OF THE INSURED

The **insured** shall cooperate with us and, upon our request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. The **insured** shall not, except at his or her own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others as shall be imperative at the time of an **occurrence**.

B. BANKRUPTCY

The bankruptcy of you or your estate shall not relieve us of any of our obligations under this policy.

C. CANCELLATION

1. You may cancel this policy by mailing or delivering to us or our **aviation managers** advance written notice of cancellation.
2. We, or the **aviation managers**, may cancel this policy by mailing or delivering written notice of cancellation to you at least:
 - a. ten (10) days before the effective date of cancellation if we or the **aviation managers** cancel for non-payment of premium; or
 - b. thirty (30) days before the effective date of cancellation if we or the **aviation managers** cancel for any other reason.
3. We or the **aviation managers** will mail or deliver notice to your last mailing address known to us or the **aviation managers**.
4. If this policy is cancelled the **aviation managers** will return any premium refund due. If we or the **aviation managers** cancel, the refund will be pro rata. If you cancel, the refund may be less than pro rata and will be subject to a minimum earned premium of 50% of the annual premium. The cancellation will be effective even if the **aviation managers** have not made or offered a refund.
5. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. CHANGING THE POLICY

This policy contains all the agreements between you and us concerning the insurance that is afforded. You are authorized to make changes in the terms of this policy with the consent of the **aviation managers**. This policy's terms can be amended or waived only by endorsement signed and issued by the **aviation managers** and made part of this policy.

E. COMPLIANCE WITH APPLICABLE TRADE SANCTION LAWS

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.

F. FRAUD OR MISREPRESENTATION

This policy will be void if you have concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by you touching any matter relating to this insurance or the subject thereof, whether before or after a loss.

G. NONRENEWAL

If we or the **aviation managers** decide not to renew this coverage, we or the **aviation managers** will mail or deliver to you written notice of the nonrenewal not less than thirty (30) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

H. OTHER INSURANCE

This insurance is excess insurance. If there is other insurance in your name against any loss, liability, or expense covered by the policy, that insurance will apply first.

I. PREMIUMS

You are responsible for the payment of all premiums.

J. REPRESENTATIONS

By accepting this policy you agree:

1. that the statements in the Application and Declarations are accurate and complete;
2. those statements are based upon your representations to us and the **aviation managers**; and
3. the **aviation managers** have issued the policy in reliance upon your representations.

K. STATE STATUTES

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

L. SUBROGATION

If you have rights to recover all or part of any payment we have made under the policy, those rights are transferred to us. You must do nothing to after loss to impair them. At our request or the request of the **aviation managers**, you will bring suit or transfer those rights to us and do whatever else is necessary to secure such rights. You shall do nothing after a loss to prejudice such rights. This condition shall not apply with respect to Coverage B.

M. TITLES OF PARAGRAPHS

The titles of the various paragraphs of this policy and amendments, if any, attached to 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.

N. TRANSFER OF THE NAMED INSURED'S RIGHTS AND DUTIES UNDER THE POLICY

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

If such individual Named Insured dies or is adjudged bankrupt or insolvent, his or her rights and duties will be transferred to the Named Insured's legal representative but only while acting within the scope of duties as such. Until the Named Insured's legal representative is appointed, anyone having proper temporary custody of the Named Insured's property will have such Named Insured's rights and duties but only with respect to that property, but in no event for more than sixty (60) days following such death or adjudication.

PART SIX – DEFINITIONS

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY, WORDS AND PHRASES THAT APPEAR IN BOLD PRINT HAVE THE SPECIAL MEANINGS DESCRIBED BELOW.

Aviation managers means Starr Aviation Agency, Inc., Starr Underwriting Agents Limited, Starr Adjustment Services, Inc. or any of their subsidiary or affiliated companies, branch offices or authorized representatives.

Bodily injury means physical injury, sickness, disease, and if arising out of the foregoing, mental anguish, or death of a person including damages for care and loss of services, caused by an **occurrence**.

FAA means the Federal Aviation Administration, which has jurisdiction over civil aviation in the United States of America, or its foreign equivalent.

Flight means with respect to:

- A. fixed wing aircraft, from the start of the takeoff run until the end of the landing run, but excluding taxiing; and
- B. an aircraft that is a rotorcraft, from the time the rotors start to rotate under power for the purpose of **flight** until they subsequently cease to rotate.

Insured means you. However, with respect to Coverage A, excluded as an **insured** is any:

- A. person or organization other than you, or your employees or agents while at work for you, who design, make, modify, repair, service, maintain, rent, sell, finance, lease or charter aircraft, aircraft engines, parts or accessories, own or operate a flying school, provide flight instruction or provide professional pilot services, own or operate an airport, hangar or aircraft tie downs, if the claim arises out of such activity by such person or organization;
- B. employee who injures a co-employee;
- C. owner or lessor (or their employee or agent) of a **non-owned aircraft**.

Insured contract means any contract which requires as a prerequisite of the use of an airport or airport facility the indemnification of a military or governmental authority, except in connection with work performed for the military or governmental authority.

Medical expense means expenses for necessary medical, surgical, x-ray or dental service, prosthetic devices, and necessary ambulance, hospital professional nursing, and funeral services, but not monuments, headstones or burial places.

Non-commercial means private pleasure and business use, excluding any use of the aircraft for hire, money or any form of reward or compensation from others. However, being reimbursed for or sharing the following expenses of a flight if the sum of these expenses does not result in a profit, is not excluded:

- A. fuel, oil, lubricants and additives;
- B. hangar and tie-down charges away from the aircraft's home base;
- C. insurance specially bought for the flight;
- D. airport landing fees;
- E. customs, foreign permit, and other similar fees for the flight;
- F. in flight food and drinks; and
- G. weather and flight planning services.

Non-owned aircraft means a fixed wing non-pressurized land aircraft (including sailplanes/glider) having a single piston engine not exceeding 450 rated horsepower and no more than 7 total seats.

The **non-owned aircraft** must also be used with the owner's or lessee's permission and must not be an aircraft owned or registered in whole or in part or encumbered by you, your spouse, parent, child, sibling or corporation, except that an aircraft which is owned in a partnership or a flying club by you is a **non-owned aircraft** provided your ownership does not exceed 25% of the aircraft. **Non-owned aircraft** does not include an aircraft used or leased by you for more than 30 consecutive days, an aircraft under a lease-purchase option agreement, or an aircraft encumbered by you, or which you rent to or lease to others or finance for others, or any such aircraft repossessed or reacquired by you.

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

Passenger means a person while in, on, entering or getting out of the aircraft.

Physical damage means direct and accidental physical loss of or damage to property including theft or disappearance.

Policy territory means within and enroute between the political boundaries of the United States of America, its territories and possessions, Canada, Mexico and those portions of the Caribbean and Central America that

lie West of 59° West longitude and North of 7° North latitude, excluding any part of Columbia, Cuba, Guyana or Venezuela.

Property damage means:

- A. physical injury to or destruction of tangible property, including loss of use thereof at any time resulting therefrom, or
- B. loss of use of tangible property, other than **non-owned aircraft** used by you, which has not been physically injured or destroyed provided such loss of use is caused by an **occurrence** during the policy period.

Related claims means all claims for care and loss of service, loss of society and consortium, mental anguish, emotional distress, loss of support, medical and funeral expenses, and any and all other damages from or arising out of **bodily injury** to any person or **passenger**. Notwithstanding anything to the contrary in the definition of **bodily injury**, our liability and coverage for damages for both **bodily injury** and related claims are included and combined within the Each Passenger and Each Occurrence Limits of Liability specified in the Declarations, as applicable, and there are no separate or additional Limits of Liability for related claims.

Student pilot means a pilot who:

- A. does not hold a valid Light Sport Pilot or more advanced **FAA** Pilot Certificate; and
- B. who is under the direct supervision of an **FAA** Certificated Flight Instructor with the appropriate category and class ratings for the aircraft being flown.

PART SEVEN - WARNINGS

MEXICO WARNING STATEMENT

If you have an **occurrence** in Mexico and you have not purchased Liability insurance for that aircraft from a Mexican insurance company, you and your **passengers** may be jailed and that aircraft taken from you by the Mexican authorities.

We are not a Mexican insurance company. Contact the **aviation managers** for information on this coverage.

In Witness Whereof, the Company issuing this policy has caused this policy to be signed by its authorized officers, but this policy shall not be valid unless also signed by a duly authorized representative of the Company.

FEDERAL INSURANCE COMPANY

Secretary

President