

# STARSTONE NATIONAL INSURANCE COMPANY

## AIRCRAFT INSURANCE POLICY

STARSTONE NATIONAL INSURANCE COMPANY (Hereinafter "the Company") agrees with the **Insured**, shown on the declarations page, or in any endorsement to this policy, in consideration of the payment of the Premium, and in reliance upon the statements made by the **Insured**, or the **Insured's** duly authorized representative, in the Application, which together with particulars and statements contained therein, it is hereby agreed is the basis of this contract and is to be considered as incorporated herein.

### COVERAGE

#### I. LIABILITY

Subject to the limits and coverages shown on the declarations page, or in any endorsement to this policy, to pay on behalf of the **Insured** all sums which the **Insured** shall become legally liable to pay as compensation for damage, caused by an **occurrence** arising out of the ownership or use of the **aircraft** shown on the declarations page, or in any endorsement to this policy, because of:

- A. bodily Injury sustained by any person, excluding all occupants of the **aircraft**, and excluding claims which originate from any injury to occupants of the **aircraft**, such as loss of care or services, or negligent infliction of emotional distress;
- B. damage to property; or
- C. bodily Injury sustained by any **passenger**, excluding the pilot and **crew** and all persons working upon the **aircraft**.

THE COMPANY WILL NOT PAY ON BEHALF OF THE **INSURED** ANY SUMS WHICH THE **INSURED** BECOMES LEGALLY LIABLE TO PAY AS PUNITIVE OR EXEMPLARY DAMAGES.

#### II. MEDICAL EXPENSES

- A. Subject to the limits shown on the declarations page, or in any endorsement to this policy, to pay all reasonable expenses incurred within one year from the date of **occurrence** for necessary medical, surgical, dental, ambulance, hospital, professional nursing services and funeral services to or for each person, and each member of the **crew** (if "Included" in the Policy), who sustains bodily injury or disease, caused by an **occurrence**, while in or upon, entering or alighting from the **aircraft**, if the **aircraft** is being used by the **Insured** or with his permission.
- B. With respect to the insuring agreement entitled "EXTENSION FOR USE OF OTHER AIRCRAFT" the insurance afforded by Coverage II shall be excess insurance over any other valid and collectible Medical Expenses insurance.

#### III. AIRCRAFT DAMAGE

- A. In the event of direct and accidental physical damage to the **aircraft**, at the Company's option it will pay the full insured value of the **aircraft** to the **Insured** and any loss payees or pay the reasonable and necessary cost to repair the **aircraft**, but not exceeding the insured value and subject to the amounts to be deducted as shown on the declarations page or in any endorsement to this policy. Should the Company elect to pay the full insured value to the **Insured**, it will have the right, but not the obligation, to retain the salvage and any proceeds derived therefrom. Should the Company elect to retain the salvage, the **Insured** shall be obligated to provide clear title to it.
- B. If the **aircraft** is insured for **In Motion** risks, the

Company will, in addition, pay all reasonable expenses incurred by the **Insured** for the safety or protection of the **aircraft** arising from an accident or forced landing, cost of recovery following theft and removal to the nearest place repairs can be effected.

Such additional expenses, in total, shall not exceed 10% of the Amount Insured under the Aircraft Damage Coverage.

- C. In the event the **aircraft** disappears, or is stolen, and is not located within 60 days of the last known takeoff within the policy period, the Company will pay the full insured value of the **aircraft** to the **Insured** and any loss payees subject to the amounts to be deducted as shown on the declarations page or in any endorsement to this policy.

#### IV. DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS

If and in so far as coverage is provided under Section I of this Policy then the Company shall:

- A. defend in the name of and on behalf of the **Insured** any suit or other proceeding, even if groundless, false or fraudulent, brought against the **Insured** alleging such injury, disease or destruction and seeking damages on account thereof; but the Company shall have the right to make such investigation, negotiation and settlement of any claim or suit as it deems expedient;
- B. pay all premiums on bonds to release attachments for an amount not in excess of the applicable Limit of Liability of this Policy, all premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds;
- C. pay all costs taxed against the **Insured** in any such suit or proceedings and all interest accruing after entry of judgment until the Company has paid, tendered or deposited in court, such part of such judgment as does not exceed the applicable Limit of Liability as shown on the declarations page or in any endorsement to this policy; provided that in the event of the amount of such judgment exceeding the applicable Limit of Liability, the Company shall only be liable to pay for that proportion of the said costs and interest which the applicable Limit of Liability bears to the amount of such judgment;
- D. pay expenses incurred by the **Insured** for such immediate medical and surgical relief to others as shall be imperative at the time of the accident; and
- E. pay all expenses incurred by the Company for investigation, adjustment and defense, and reimburse the **Insured** for all reasonable expenses, other than loss of earnings, incurred at the Company's request.

The amounts incurred under this section, except settlements of claims and suits, are payable by the Company in addition to the applicable Limit of Liability as shown on the declarations page or in any endorsement to this policy.

## V. POLICY PERIOD AND GEOGRAPHICAL LIMITS

This Policy applies only to **occurrences** or accidents which happen during the Policy Period and within the Geographical Limits shown on the declarations page or in any endorsement to this policy. **Flights** over water within 100 nautical miles (in the case of single engine **aircraft**) or 200 nautical miles (in the case of multiengine **aircraft**) from the land areas set out in the Geographical Limits, or between such land areas, or enroute between such land areas, are considered to be within the Geographical Limits.

## VI. TWO OR MORE AIRCRAFT

When two or more **aircraft** are insured hereunder, the terms of this Policy shall apply separately to each.

## VII. EXTENSION FOR USE OF OTHER AIRCRAFT

- A. If the Uses shown on the declarations page, or in any endorsement to this policy, are "Pleasure Use Only" or "Pleasure and Business", the same coverage as is granted under all sections of this Policy for which a premium has been paid shall also apply to:

1. an **aircraft** which is a temporary substitute for an **aircraft** insured on the Policy which is not available due to breakdown, service, or repair. Coverage is limited to a total of 30 days during the Policy Period; or
2. other **aircraft** not owned or leased by the **Insured** named in the Policy, but only if the Named Insured is one individual, or one individual and their spouse.

This extension does not apply when the **aircraft** is operated by persons who are not named in the Policy as approved pilots.

- B. This extension does not apply to any **aircraft**:
1. that the **Insured** or their spouse owns, whether in whole or in part;
  2. that any **Insured** on the Policy exercises any part of its servicing or maintenance;
  3. which is being used for "Pleasure and Business" operations unless "Pleasure and Business" is shown as an approved use for an **aircraft** insured on the policy.
  4. which is being used for any purpose other than the "Pleasure Use Only" or "Pleasure and Business" operations of the Named Insured; or
  5. unless an **aircraft** insured on the policy is of the same category and class, as defined in the Federal Aviation Regulations.
- C. Coverage under this extension for loss or damage to other **aircraft**:
1. is excess of any other valid and collectible insurance;
  2. only applies up to the "Amount Insured" set out in Section III, Aircraft Damage Coverage; and
  3. only applies when damage is the result of negligence for which the Named Insured is legally liable to pay.
- D. This extension does not cover consequential loss arising from damage to or loss of **aircraft**, and does not apply to **aircraft** having a seating capacity greater than the **aircraft** insured in the Policy.
- E. If an insured **aircraft** is unairworthy as a consequence of loss or damage covered hereunder, then the Company will cover rental/hire charges for the use of other **aircraft** as provided for under this extension, up to a total cost not exceeding \$2,000 in all during the Policy Period.

## VIII. EXCLUSIONS

**This Policy does not apply under any coverage:**

- A. to any **aircraft** while in **flight** when it does not bear a valid and currently effective 'Standard Category' Airworthiness Certificate issued by the Federal Aviation Administration (unless so declared by endorsement) or when the **aircraft** is configured with landing gear not described on the declarations page or in any endorsement to this policy;
- B. when the **aircraft** is operated by persons who are not specifically named as a pilot on the declarations page, or in any endorsement to this policy; or, who do not meet all of the requirements of the Additional Pilot Clause, if applicable; or, when the **aircraft** is operated by any pilot who is not in compliance with the requirements of FAR 61.56, (Flight Review); or, is not in compliance with the requirements of FAR 61.23, (Medical Certificates: Requirement and Duration); or, is not certificated for the make and model being flown and currently rated for the **flight** involved;
- C. when the **aircraft** is being used with or without the knowledge or consent of the **Insured** for any unlawful purpose; or for any purpose other than as shown on the declarations page or in any endorsement to this policy, or attempting to take off from a place which does not meet the minimum requirements set out in the pilot's operating handbook and/or Federal Aviation Administration approved **aircraft** flight manual for the **aircraft** involved;
- D. when the **aircraft** is used to give dual flight instruction to anyone not specifically named as a pilot on the declarations page or in any endorsement to this policy, unless the uses shown on the declarations page or in any endorsement to this policy include such use;
- E. if the total number of **passengers** carried in the **aircraft** at the time of the accident or **occurrence** exceeds the maximum shown on the declarations page or in any endorsement to this policy, but this exclusion shall not apply if such maximum is exceeded because of the carriage of an infant or infants who have not yet attained their second birthday provided that (i) they are being held by an adult occupying a seat, and (ii) the Maximum Gross Take-off Weight of the **aircraft** has not been exceeded.
- F. while the **aircraft** is being transported by any means of conveyance, except that this exclusion will not apply to transporting the insured **aircraft** by any means of conveyance on or about an airport;
- G. to 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;
- H. to any hostile detonation of any weapon of war employing atomic or nuclear fission and/or other like reaction of radioactive force or matter;
- I. to 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
- J. to injury, damage or loss arising out of the starting of an engine, whether intentional or not, unless a licensed pilot or mechanic is seated at the controls.

**The Bodily Injury and Damage to Property Coverage(s) do not apply:**

- K. to liability assumed by any **Insured** under any contract or agreement, except for liability assumed by the **Insured** named in the Policy, under an **Airport Contract**. Liability assumed under an **Airport Contract** means any obligation to defend and indemnify other persons or organizations for liability imputed to them which arises out of operations conducted with an **aircraft** insured hereunder. Nothing in this limited exception shall be construed to provide coverage for the liability, whether sole or proportional, of other persons or organizations for their own negligence;
- L. to liability for Bodily Injury or Property Damage for any claims or suits which are brought by any **Insured** covered under this Policy against any other **Insured** covered under this Policy;
- M. to bodily injury, or disease or death suffered by pilot, **crew**, or any employee of the **Insured** arising out of and in the course of any employment by the **Insured**, or to any obligation for which the **Insured** (or any carrier as his insurer) may be held liable under any workers' compensation, unemployment compensation, disability benefits law, or under any similar law;
- N. to damage, injury or loss caused intentionally by or at the direction of the **Insured**, except in self-defense or the preservation of life and property;
- O. to property in the care, custody or control of the **Insured**, except that loss or damage to **passengers'** baggage will be paid up to a maximum amount of \$2,000 for any one **passenger**, providing such loss is a direct consequence of an accident to the **aircraft**; further, damage to any hangar for which the **Insured** is held legally liable will be paid up to a maximum amount of \$50,000 in all during the Policy Period;
- P. to loss, damage or liability directly or indirectly caused by or contributed to by, or arising from ionizing radiations or contamination by radioactivity; or
- Q. unless caused by or in a crash, fire, explosion, collision or a recorded in-flight emergency causing abnormal aircraft operation, to any loss, cost or expense arising out of any:
  - 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.

**The Medical Expense Coverage does not apply:**

- R. to any expenses for services to or for any employee of the **Insured** to the extent that such services are required to be provided as benefits under any workers' compensation law.

**The Aircraft Damage Coverage does not apply:**

- S. to loss or damage due to wear, tear, abuse, deterioration, freezing, mechanical or electrical failure, hidden or latent defect, or any combination of the foregoing causes, unless such loss or damage is the direct result of other physical damage covered by this Policy; or
- T. to loss or damage:
  - 1. while the **aircraft** shown on the declarations page, or in any endorsement to this policy, is the subject of any lease, conditional sales, or any

other encumbrance not specifically declared and described in this Policy, or if the interest of the **Insured** be at the time of such loss or damage other than as owner or other than as described in the Policy; or

- 2. due to conversion, embezzlement or secretion by any person in possession of the **aircraft** under a lease or rental agreement, conditional sale or other encumbrance.

**IX. ADDITIONAL INSURED COVERAGE**

If the Uses shown on the declarations page, or in any endorsement to this policy, include operations for which a charge of any kind is made, then the term "Additional Insured" shall apply to persons or organizations on behalf of whom the **aircraft** is being operated, but only for such coverage as is provided under Section I. The inclusion of an Additional Insured under the policy shall be limited to liability which arises out of the operations of the **aircraft** by the **Insured**, and nothing contained in this extension shall be construed to provide coverage for the negligence, whether sole or proportional, of an Additional Insured for their own acts or the acts of their agents. However, claims made against the **Insured** by employees of an Additional Insured shall not be denied under exclusion M.

**DEFINITIONS**

- 1. **INSURED** means the Insured named on the declarations page, or in any endorsement to this policy, and in addition for such coverage as is provided under Coverage I, those pilots who are set out in the Policy or who meet the requirements of the Additional Pilot Clause, if applicable, provided they are operating the **aircraft** with the permission of the Insured named in the Policy.
- 2. **AIRCRAFT** means the **aircraft** shown on the declarations page or in any endorsement to this policy, including operating, communication and navigation equipment normally attached thereto, including parts temporarily detached from the **aircraft** and not replaced by other parts of a similar nature.
- 3. **AIRPORT CONTRACT** means a written agreement required as a condition to the use of an airport or airport facility.
- 4. **FLIGHT** means the time commencing when the **aircraft** moves under its own power in attempting to take off and continuing thereafter until it completes its landing run.
- 5. **IN MOTION** means all times when the **aircraft** is moving whether under its own power or not. In addition, if the **aircraft** is a helicopter, **in motion** also means all times when the rotors are turning, whether under power or not.
- 6. **OCCURRENCE** means an event or a continuous or repeated exposure to conditions which cause injury to persons or damage to property during the Policy Period that is neither knowingly nor intentionally caused by or at the direction of the **Insured**.
- 7. **OVERHAUL LIFE** means the amount of use, or operational and/or calendar time which, according to the manufacturer's recommendations, determines when overhaul or replacement of a **Unit** is due.
- 8. **OVERHAUL COST** means the cost of labor and materials which are or would be incurred in overhaul or replacement (whichever is necessary) at the end of the **Overhaul Life** of the damaged or similar **Unit**.

9. **PASSENGER** means any person in or entering the **aircraft** for the purpose of riding therein or alighting therefrom following a **flight** or attempted **flight** therein.

10. **PURPOSE OF USE**

- A. "Pleasure Use Only" means use for the **Insured's** private and pleasure purposes; not for any business or professional use and excluding any operation for which a charge of any kind is made.
- B. "Pleasure and Business" means personal and pleasure use and includes use in connection with the **Insured's** business, transportation of executives, employees, guests and customers, but excluding any operation for which a charge of any kind is made.
- C. "Limited Commercial" means including instruction and rental and including all uses permitted in B. above, but excluding the transportation of **passengers** and/or cargo for hire or reward.
- D. "Commercial Excluding Instruction and Rental" means the transportation of **passengers** and/or cargo for hire or reward and including all uses in B. above, but excluding instruction or rental.
- E. "Commercial" means all uses included in B. and C. above, and including the transportation of **passengers** and/or cargo for hire or reward.

Purposes of use as defined above are standard uses and do not include: aerobatics; any form of competitive or experimental flying; external loads; fire fighting; hauling commercially caught fish; fish spotting; hunting while in or on the **aircraft**; patrol; the intentional dropping, spraying or release of anything; any form of activity in support of a lodge, guide or outfitting business, including client transport; and any other use involving abnormal hazards.

When coverage is provided for other than standard use(s), details of such use(s) shall be shown on the declarations page or in an endorsement to this policy. However, lodge support, guiding and outfitting, including client transport, are included as part of standard uses D. and E.

Coverage shall not be invalidated by reason of reimbursement made to the Insured named on the declarations page or in any endorsement to this policy, by pilots named on the declarations page or in any endorsement to this policy, using the insured **aircraft** for their own Pleasure use, or Pleasure and Business use, as shown on the declarations page or in any endorsement to this policy. Coverage shall not be invalidated by reason of sharing of operational expenses by the pilot with his **passengers** which are within pilot privileges and limitations set forth in FAR 61.113.

11. **UNIT** means a part or assembly of parts (including any subassemblies) of the **aircraft** which has been assigned an **Overhaul Life** as part of an assembly. Nevertheless, an engine complete with all parts normally attached, when removed for the purpose of overhaul or replacement, shall together constitute a single **Unit**.

12. **CREW** means any person who is operating or assisting in the operation or navigation of the **aircraft**, examples of which are pilot in command, co-pilot, flight instructor, person receiving instruction, flight examiner, safety pilot, flight engineer, or flight attendant.

**CONDITIONS**

NOTICE OF OCCURRENCE

When an **occurrence**, which is likely to give rise to a claim under the Policy, takes place, written notice shall be given by or on behalf of the **Insured** as soon as possible thereafter. Such notice shall contain particulars sufficient to identify the **Insured** and also reasonably obtainable information respecting the time, place, and circumstances of the **occurrence**, the names and addresses of the injured, and of available witnesses.

NOTICE OF CLAIM OR SUIT

If claim is made or suit is brought against the **Insured**, the **Insured** shall immediately forward to the Company every demand, notice, summons or other process received by the **Insured** or the **Insured's** representative.

ACTION AGAINST THE COMPANY

No action shall lie against the Company unless, as a condition, precedent thereto, the **Insured** shall have fully complied with all of the terms of this Policy, nor until the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the Company. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance offered by this Policy. Nothing contained in this Policy shall give any person or organization any right to join the Company as a co-defendant in any action against the **Insured** to determine the **Insured's** liability. Bankruptcy or insolvency of the **Insured** or the **Insured's** estate shall not relieve the Company of any of its obligations hereunder.

SEVERABILITY OF INTEREST - ALL COVERAGES

The term "the **Insured**" is used severally and not collectively, but notwithstanding the inclusion herein of more than one **Insured**, the total limit of liability of the Company in respect of any or all **insureds** shall not exceed the limit of liabilities stated in the declarations page or in any endorsement to this policy.

FINANCIAL RESPONSIBILITY LAWS - COVERAGE I

Such insurance as is afforded by this Policy shall comply with the provisions of any governmental financial responsibility law which shall be applicable to **aircraft** with respect to any such liability arising out of the ownership, or use of the **aircraft** during the Policy Period to the extent of the coverage and limits of liability required by such law, but in no event in excess of the Limits of Liability shown on the declarations page or in any endorsement to this policy. The **Insured** agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this Policy except for the agreement contained in this paragraph.

UNITED STATES MILITARY INSURANCE REQUIREMENTS

If the Company issues a Civil Aircraft Certificate of Insurance Form DD2400, or any replacement thereof, as required by regulations of any branch of the U.S. Armed Forces, then the insurance policy provisions required by the regulations shall be deemed to be incorporated in this policy and substituted for any policy provisions inconsistent with those regulations.

## MEDICAL REPORTS - PROOF AND PAYMENT OF CLAIM UNDER COVERAGE II

In respect to Coverage II only, as soon as it is practicable the injured person or someone on their behalf shall give the Company written proof of claim, under oath if required, and shall, after each request from the Company, execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by a physician selected by the Company when and as often as the Company may reasonably require. The Company may pay the injured person or any person or organization rendering the services and such payment shall reduce the amount payable hereunder injury. Payment of medical expenses does not constitute an admission of liability of any person.

## INSURED'S DUTIES WHEN LOSS OCCURS

When loss occurs, the **Insured** shall:

- A. protect the **aircraft**, whether or not the loss is covered by this Policy. Any further loss due to the **Insured's** failure to protect shall not be recoverable under the Policy;
- B. give notice thereof as soon as practicable to the Company or any of its representatives and also in the event of theft, larceny, robbery, pilferage or vandalism, to the police. The Company shall not be responsible for the payment of a reward offered for the recovery of the **Insured's** property unless authorized by the Company or its representatives;
- C. file proof of loss with the Company within ninety-one (91) days after loss, unless such time is extended in writing by the Company in the form of a sworn statement of the **Insured** setting forth the interest of the **Insured** and all others in the property affected, and encumbrance thereof, the amount, place, time and cause of such loss, and the description and amount of all other insurance covering such property, and if loss falls under Coverage III while the **aircraft** is in **flight** or **in motion**, the name and certificate number of the pilot operating the **aircraft**;
- D. upon the Company's request exhibit the damaged property to the Company and submit to examination under oath by anyone designated by the Company, subscribe the same and produce for the Company's examination all pertinent records and sales invoices, or certified copies if originals be lost, permitting copies thereof to be made, all at such reasonable times and places as the Company shall designate. The **Insured** has the right to an attorney being present during any examination under oath; and
- E. cooperate with the Company's representatives and when requested to do so, assist them:
  1. in settling claims;
  2. in obtaining, securing and providing evidence; and
  3. by attending depositions, hearings and trials, and getting witnesses to do so.

## SUBROGATION

In the event of any payment under this Policy, the Company shall be subrogated to all of the **Insured's** rights of recovery therefore against any person or organization and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing to prejudice such rights.

## CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or stop the Company from asserting any rights under the terms of this Policy nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy by an authorized representative of the Company.

## ASSIGNMENT

Assignment of interest under this Policy shall not bind the Company until its consent is endorsed hereon; if, however, the **Insured** shall die, this Policy shall cover the **Insured's** legal representative as **Insured**.

## CANCELLATION

This Policy may be canceled by the **Insured** by surrender thereof to the Company or by mailing to the Company written notice when thereafter the cancellation shall be effective. This Policy may be canceled by the Company by mailing to the **Insured** at the address shown in this Policy written notice stating when thereafter such cancellation shall be effective. The mailing of such notice shall conform to the statutory requirements of the State of the **Insured's** address set out in the Policy. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice either by the **Insured** or by the Company shall be equivalent to mailing.

If the Policy is canceled, in whole or in part, whether by the Company or by the **Insured**, the earned premium shall be computed in accordance with the cancellation scale shown on the declarations page or in any endorsement to this policy. Premium adjustments may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

## TERMS OF POLICY CONFORMED TO STATUTE

Terms of this Policy which are in conflict with the statutes of the State or Province wherein this Policy is issued are hereby amended to conform to such statutes.

## DECLARATIONS

By acceptance of this Policy the **Insured** agrees that the Statements in the Application are the **Insured's** representations and agreements, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between the **Insured** and the Company or any of its representatives relating to this insurance. However, it should be noted that in the event of conflict between anything appearing in the Application and the terms, conditions, exclusions, and limit(s) of indemnity expressed in the Policy, THE TERMS, CONDITIONS, EXCLUSIONS AND LIMITS OF INDEMNITY EXPRESSED IN THE POLICY SHALL APPLY.

## APPRAISAL - COVERAGE III

If the **Insured** and the Company fail to agree to the amount of loss, each shall on the written demand of either made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested

umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the **Insured** or the Company, such umpire shall be selected by a judge of a court of record in the Country and State or Province in which such appraisal is pending. The appraisers shall then appraise the loss stating separately the actual cash value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The **Insured** and the Company shall each pay his or their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

#### DEDUCTIBLE - COVERAGE III

- A. The amount of the deductible shown on the declarations page, or in any endorsement to this policy, shall be deducted from the amount of each loss under Coverage III, except in the event that the Company exercises its option to pay for the **aircraft**.
- B. There shall also be deducted, if applicable, such proportion of the **Overhaul Cost** (as defined herein) of any **Unit** repaired or replaced as the used time bears to the **Overhaul Life** (as defined herein) of the **Unit**.

#### DISMANTLING AND REPAIRING - COVERAGE III

No dismantling or repairs shall be commenced without the consent of the Company except whatever is necessary in the interest of safety, or to prevent further damage, or to comply with orders issued by the appropriate authority.

#### PAYMENT - COVERAGE III

- A. The Company will only pay for repairs and transport of labor and materials by the most economical method unless the Company agrees otherwise with the **Insured**.
- B. If the Company exercises its option to pay for the **aircraft**:
  - 1. the Company may take the **aircraft** (together with all documents of record, registration and title thereto) as salvage; and
  - 2. the coverage afforded by this section is terminated in respect of the **aircraft** even if the **aircraft** is retained by the **Insured** for valuable consideration or otherwise.

#### OTHER INSURANCE

If any **Insured** has other insurance which provides coverage for any claim or loss also covered by this policy, then the coverage provided by this policy shall be excess coverage over such other insurance. Should a court determine for any reason that this policy should not be treated only as excess coverage, then the coverage provided by this policy shall be applied on a pro rata basis and the Company shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy bears to the total applicable limits of liability of all valid and collectible insurance against such loss.

#### PAYMENT FOR LOSS, ACTION AGAINST THE COMPANY - COVERAGE III

Payment for loss may not be required nor shall action lie against the Company, unless, as a condition precedent thereto, the **Insured** shall have fully complied with all the terms of this Policy nor until sixty (60) days after proof of loss is filed and the amount of loss is determined as provided in this Policy.

#### NO BENEFITS TO BAILEE - COVERAGE III

The insurance afforded by this Policy shall not inure directly or indirectly to the benefit of any carrier or bailee liable for loss to the **aircraft**.

#### FRAUD OR MISREPRESENTATION

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