

AIRCRAFT BUILDERS COUNCIL – AIRCRAFT PRODUCTS AND PUBLIC LIABILITY POLICY

POLICY WORDING

WHEREAS the Insured set forth in the Declarations has paid or agreed to pay the Premium or consideration set forth in the Declarations to the Insurers, subject to the terms, conditions, limitations and exclusions hereinafter mentioned, the Insurers hereby agree:

INSURING AGREEMENTS

With respect to the Insurance afforded by the terms of this policy:

I. COVERAGE A - PRODUCTS LIABILITY

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of Personal Injury and Property Damage caused by an Occurrence arising out of the Products Hazard.

II. COVERAGE B - GROUNDING LIABILITY

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages for the loss of use of completed Aircraft occurring after delivery to and acceptance by a purchaser or purchasers or operator or operators of such Aircraft for flight operations, and caused by a Grounding following an Occurrence arising out of the Products Hazard.

III. COVERAGE C - PUBLIC LIABILITY

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of Personal Injury and Property Damage caused by an Occurrence in or about any premises used by the Insured for the purposes of their aviation operations caused by the fault or negligence of the Insured or by any defect in the Insured's premises, ways, works, machinery or plant used in the Insured's aviation operations.

IV. COVERAGE D - DAMAGE TO AIRCRAFT

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of Property Damage to Aircraft or Aircraft equipment, not owned, rented or leased by the Insured, caused by an Occurrence whilst such property is in the care, custody or control of or whilst being serviced, handled or maintained by the Insured, but subject to the deductible specified in Item 5 of the Declarations.

V. DEFENCE - OTHER PAYMENTS

To defend any claim or suit against the Insured alleging such Personal Injury, Property Damage or Grounding of completed Aircraft occurring after delivery to and acceptance by a purchaser or operator of such Aircraft for flight operations, and seeking damages on account thereof, even if such claim or suit is groundless, false or fraudulent, and to pay all expenses incurred in the investigation, negotiation, settlement or other disposition of such claim or suit, including all costs taxed against the Insured, all interest on the claim or any judgment rendered thereon, all premiums on bonds to release attachments for an amount not in excess of the applicable limit of this policy, all premiums on appeal bonds required in any such suit but without any obligation to apply for or furnish any such bond; but the Insurers may make such investigation, negotiation, settlement or other disposition of such claim or suit as they deem expedient.

The amounts incurred under this Insuring Agreement V, except settlement of claims and suits, are payable by the Insurers in addition to the applicable Limits of Liability stated in Item 4 of the Declarations.

VI. REIMBURSEMENT OF INSURED'S EXPENSES

To reimburse the Insured for reasonable expenses incurred at the Insurers' request, other than

(i) loss of earnings to the Insured, and

expenses incurred for the elimination of the cause of loss of use.

(ii)

The amounts incurred under this Insuring Agreement VI are payable by the Insurers in addition to the applicable Limits of Liability stated in Item 4 of the Declarations.

VII. LIMITATIONS

Once the applicable Limits of Liability of this policy have been exhausted by payment of judgments or settlements as provided for in Insuring Agreements I and II, above, then the Insurers' obligations under Insuring Agreements I and II of this policy shall have been fully discharged, and they shall not have any further obligation to investigate, negotiate, settle or otherwise dispose of any claim or suit made or brought against the Insured, or to pay for the expenses thereof, or to pay on behalf of the Insured any claim or judgment, or to reimburse the Insured for any of its expenses incurred in connection with any claim or suit.

VIII. POLICY PERIOD

Coverages A, C and D of this policy apply only with respect to Occurrences which take place during the Policy Period; provided that in respect of Coverages A and D an Occurrence involving a missing or unreported Aircraft shall be deemed to occur at the time such Aircraft commences flight, or is last reported, whichever last occurs.

Coverage B of this policy applies only with respect to Groundings which result from an Occurrence during the Policy Period, regardless of the duration of each such Grounding.

ABC-USP1

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DEFINITIONS

(A) AIRCRAFT

"Aircraft" means any fixed wing or rotary wing aircraft. The term "Aircraft" shall not include a missile, spacecraft, satellite or launch vehicle.

(B) AIRCRAFT PRODUCTS

"Aircraft Products" means an Aircraft and any article furnished by the Insured or the Insured's predecessors in business and installed in, or used in connection with, or for spare parts for an Aircraft or tooling used for the manufacture thereof, including ground handling tools and equipment. "Aircraft Products" also means training aids, instruction, manuals, blueprints, engineering or other data, and/or any article in respect of which engineering or other advice and/or services and/or labor have been given or supplied by the Insured or the Insured's predecessors in business relating to such Aircraft.

(C) CURRENT MODIFICATION

"Current Modification" means modification or changes in Aircraft Products which are intended to improve performance of an Aircraft Product but which are not necessary to the airworthiness of the Aircraft in which such Aircraft Products are installed.

(D) GROUNDING

"Grounding" means the complete and continuous withdrawal from all flight operations at or about the same time of one or more Aircraft due to an Airworthiness Directive or Mandatory Order of the Federal Aviation Administration of the United States of America (FAA), the European Aviation Safety Agency (EASA), or any similar civil airworthiness authority, because of an existing, alleged or suspected like defect, fault or condition affecting the safe operation of two or more like model Aircraft, and which results from an Occurrence. An Airworthiness Directive or Mandatory Order issued by one civil airworthiness authority shall apply as though issued by the civil airworthiness authority of any other country.

The effective date of all Airworthiness Directives or Mandatory Orders relating to the same existing, alleged or suspected like defect, fault or condition shall be deemed to commence on the date of the first such Airworthiness Directive or Mandatory Order.

In the event of a Grounding claim, such claim shall fall under the Policy Period in which the last Occurrence, which gives rise to the first Airworthiness Directive or Mandatory Order takes place and for the purposes of coverage hereunder, shall have the effective loss date as such last Occurrence, irrespective of the actual date upon which the Airworthiness Directive or Mandatory Order is issued.

A Grounding shall be deemed to continue until the date on which the last such Airworthiness Directive or Mandatory Order relating to the same existing, alleged or suspected like defect, fault or condition is withdrawn or becomes ineffective.

(E) IN FLIGHT

"In Flight", as applied to Aircraft, means from the start of its actual take-off run until it has completed its landing run, or in the case of a helicopter, from the time the rotors of the helicopter start to revolve preparatory to take-off until its rotors cease revolving after landing. A VTOL Aircraft shall be deemed "In Flight" from the time commencing when engine thrust is applied in attempting to lift the Aircraft from a supporting surface and continuing thereafter until the Aircraft is again returned to the condition of being supported by a surface.

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(F) INSURED

The unqualified word "Insured" means the Insureds named in Item 1 of the Declarations and also includes any partner, executive officer, employee, director or stock holder thereof, while acting within the scope of his duties as such. Such insurance as is afforded any employee, other than an executive officer, of the Insured by virtue of this paragraph (F) shall not apply to Personal Injury sustained by another employee of the same Insured in the course of and arising out of his employment by such Insured.

The first Insured named in Item 1 of the Declarations shall be liable to the Insurers for the payment of the policy premium and shall alone be entitled to receive any return premium due from the Insurers. Every notice required or permitted by this policy to be given to or by the Insured shall be sufficient if given to or by the first Insured named in Item 1 of the Declarations.

(G) MILITARY

"Military" as applied to Aircraft Products means such products while owned or used by or in the possession of the Armed Services of the United States or of the armed services of any foreign government; provided that an Aircraft Product injured or destroyed while leased or chartered to the Armed Services of the United States or of any foreign government shall be deemed not to be a Military Aircraft Product. It is agreed that this insurance does not apply to nor does the premium charge contemplate Property Damage to property of the United States

Government resulting from any defects or deficiencies in the Insured's products and occurring after final acceptance thereof by the United States Government, if such Insured's products are delivered under any procurement contract with the United States Government incorporating the clauses 52.246-23, 52.246-24 or 52.246-25 prescribed by paragraph 46-805 of the Federal Acquisition Regulations in accordance with DOD FAR supplement 25.7308 or the predecessor clauses 7-104.45 (a) or 7-104.45 (b) prescribed by 1-330 of Defence Acquisition Regulations or its earlier provision the Armed Services Procurement Regulations.

(H) OCCURRENCE

"Occurrence" means an accident including injurious exposure to conditions (other than a Grounding) which causes, during the Policy Period, Personal Injury or Property Damage which is neither expected nor intended from the standpoint of the Insured. A series of accidents or Occurrences following as a consequence of one Occurrence, shall, with such Occurrence, be deemed to be one Occurrence.

(I) OWNED BY

With respect to any Aircraft Product to which the Insured has retained title pursuant to

- (a) a conditional sales contract, chattel mortgage or similar lien, or
- (b) a lease agreement, or
- (c) a consignment agreement or similar contract of bailment,

such product shall be deemed not to be Owned By the Insured.

(J) PERSONAL INJURY

"Personal Injury" means personal injury, sickness or disease, including death at any time resulting therefrom sustained by any person.

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(F) PRIME MANUFACTURER

"Prime Manufacturer" means the manufacturer of completed Aircraft or engines supplied to a purchaser or purchasers or operator or operators of such Aircraft or engines for flight operations.

(G) PROPERTY DAMAGE

"Property Damage" means injury to or destruction of property including the loss of use thereof.

(H) PRODUCTS HAZARD

"Products Hazard" means the handling or use of (other than by the Insured) or the existence of any condition in an Aircraft Product:

(a) when such Aircraft Product is not in the possession of the Insured, and

(b) when such Aircraft Product is away from premises owned, rented or controlled by the Insured,

except as otherwise provided for in Definition (I).

With respect to Coverage A Condition (b) above does not apply to a completed Aircraft or to any Aircraft Product forming a part thereof.

With respect to Coverage B Conditions (a) and (b) above do not apply to a completed Aircraft or any Aircraft Product forming a part thereof.

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EXCLUSIONS

This policy does not apply:

- (a) under Coverages A and B, to liability arising out of the handling or use of or the existence of any condition in any Aircraft Product, Owned By, loaned to, or, except with respect to Coverage B, in possession or control of or In Flight by the Insured; except as otherwise provided in the Definition "Products Hazard";
- (b) to liability arising out of Property Damage to property owned, rented, leased, occupied, used by or, except with respect to Coverage D, in the care, custody or control of the Insured at the time of the Occurrence causing Property Damage to such property but this Exclusion shall not apply under Coverage C, to vehicles which are not the property of the Insured whilst on any premises owned, rented, leased or occupied by the Insured;
- (c) to any liability assumed by the Insured under any contract or agreement, including a warranty of Aircraft Products, other than as may be assumed under any standard commercial sales contract or sales agreement, greater than the liability which would have been imposed by law in the absence of any express contract or assumption of liability;

Insofar as provision may be made under various contracts and agreements entered into by the Insured in the normal course of the Insured's aviation operations, requiring the inclusion hereunder of additional Insureds, hold harmless agreements, indemnities, waivers of subrogation and contractual agreements, this policy shall be extended to incorporate such requirements in respect of such coverage as is afforded hereunder.

All other contracts and agreements entered into by the Insured shall be subject to prior agreement by Insurers.

Nothing contained herein shall be construed to extend the coverage of this policy to risks not otherwise insured hereunder and the inclusion of all such agreements and contracts shall be subject to the terms, conditions, limitations and exclusions of this policy.

- (d) to loss of use of any Aircraft caused by the culpable failure of the Insured to perform any obligation with respect to making available or delivering Aircraft Products to the purchaser or operator of such Aircraft;
- (e) to loss of use of any Aircraft occurring during the Policy Period the cause of which the Insured does not use reasonable diligence to eliminate;
- (f) to Personal Injury or Property Damage intentionally caused by the Insured;
- (g) to Property Damage to property or any Aircraft Product resulting from:
 - (1) a delay in or lack of performance by the Insured of any contract or agreement, or
 - (2) the failure of any product furnished by the Insured or work performed by or for the Insured to meet the level of performance, quality, fitness or durability warranted or represented by the Insured;

but this exclusion does not apply to physical injury to or destruction of tangible property, or to the loss of use consequent thereon or costs and expenses associated therewith resulting from (1) or (2) as above;

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- (h)** to the cost of making good any faulty workmanship for which the Insured, its contractors or subcontractors may be liable (but this limitation shall not exclude resulting damage arising out of such faulty workmanship);
- (i)** under Coverages A, B, C and D, to liability which is or can be afforded under any other Coverage of this policy, whether such other Coverage is insured hereunder or not, or except under Coverage B, to loss of use of any Aircraft which has not been physically injured or destroyed;
- (j)** under Coverage A, to Property Damage to any Military Aircraft Products out of which the Occurrence arises, or any Military Aircraft of which such Aircraft Product is a part, nor to any claim brought by the Owner and/or Operator of the said Military Aircraft in respect of property and/or equipment and/or fittings carried in or on such Military Aircraft nor to any expenses incurred incidental to or resulting from the replacement, repair or loss of use of such Military Aircraft and/or property and/or equipment and/or fittings;
- (k)** under Coverage B, to any Military Aircraft Product;
- (l)** under Coverage D, to Property Damage to any Military Aircraft or Aircraft equipment;
- (m)** under Coverage A, except for such Aircraft Product or products involved in an Occurrence arising out of the Products Hazard:
 - (i)** to damages claimed for withdrawal from use of the Insured's products;
 - (ii)** to costs and expenses incurred by the Insured in respect of inspection, repair, alteration, modification, replacement or loss of use of the Insured's product or products or work completed by or for the Insured or in connection with any Aircraft of which such product or products or work form a part if such inspection, repair, alteration, modification, replacement or loss of use results solely from a known or suspected defect or deficiency therein;
- (n)** under Coverage A, to liability imposed upon the Insured solely by reason of its ownership of an Aircraft Product;
- (o)** under Coverages A and C, to any obligation for which the Insured or any carrier as its Insurer may be held liable under any workmen's compensation law, unemployment compensation or disability benefits law or under any similar law, or to Personal Injury to any employee of the Insured arising out of and in the course of his employment by the Insured;
- (p)** under Coverage B, to Grounding of any Aircraft after it is designated by the Prime Manufacturer, or required by direction of the Federal Aviation Administration of the United States of America (FAA), the European Aviation Safety Agency (EASA), or any similar civil airworthiness authority to be removed from all flight operations due to its Certificate of Airworthiness being withdrawn by reason of the Aircraft's safe operational life having been reached or exceeded;
- (q)** under Coverage B, to the loss of use of any Aircraft while withdrawn from service for the primary purpose of maintenance, routine overhaul, alteration or Current Modification of the Aircraft;

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- (r) under Coverage C, to liability caused by
 - (i) any mechanically propelled vehicle which the Insured may use or cause or permit any other person to use on the road in such a manner as to render them responsible for insurance under any domestic or international law appertaining to road traffic, or where no such law exists, whilst such vehicle is on any public highway,
 - (ii) any ships, vessels, craft or Aircraft owned, chartered, used or operated by or on account of the Insured, but this exclusion shall be deemed not to apply to Aircraft owned by others which are on the ground and for which indemnity is otherwise granted under Coverage D of this policy, whether Coverage D is insured hereunder or not;
- (s) under Coverage C, to liability arising out of
 - (i) the operation of an airfield control tower,
 - (ii) any airmeet, air race, or air show, nor any stand used for the accommodation of spectators in connection therewith;
- (t) under Coverage C, to liability arising out of construction of, demolition of or alterations to buildings, runways or installations by the Insured or its contractors or sub-contractors (other than normal maintenance operations) ;
- (u) under Coverage C, to liability arising out of the handling or use of (other than by the Insured) or the existence of a condition in any goods or products sold or supplied by the Insured but this exclusion shall be deemed not to apply to the supply, by the Insured, of food or drink at any premises owned, rented, leased or occupied by the Insured;
- (v) under Coverage D, to Property Damage to robes, wearing apparel, personal effects or merchandise of any description;
- (w) to liability excluded by the:
 - (1) War, Hi-jacking and Other Perils Exclusion Clause (Aviation) AVN 48B (Amended);
 - (2) Noise and Pollution and Other Perils Exclusion Clause AVN 46B (Amended);
 - (3) Nuclear Risks Exclusion Clause AVN 38B (Amended);
 - (4) Asbestos Exclusion Clause 2488AGM00003 (Amended);
 - (5) Date Recognition Exclusion Clause AVN 2000A (Amended);attached to this policy.

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CONDITIONS

1. LIMITS OF LIABILITY

The Limits of Liability of the Insurers hereunder shall be as stated in Item 4 of the Declarations.

The aggregate Limits of Liability stated in the Declarations are applicable to all payments made under Insuring Agreement I, Coverage A and Insuring Agreement II, Coverage B, for all damages during the Policy Period.

Each of the several Insureds covered by this policy shall have the same protection as such Insured would have had had this policy been issued individually to each of them; provided however, that the inclusion hereunder of more than one Insured shall not operate to increase the total liability of the Insurers beyond the limits stated in Item 4 of the Declarations.

2. NOTICE OF OCCURRENCE OR GROUNDING

When an Occurrence or Grounding takes place, written notice shall be given by or on behalf of the Insured to the Insurers through their authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the Insured and also all reasonably obtainable information respecting the time, date, place and circumstances of the Occurrence or Grounding and the names and addresses of the dead and injured and of available witnesses.

Insofar as the Insured undertakes to supply the Insurers with all information in respect of Military claims arising under Coverage A as may be reasonably necessary and as may be permitted by the security regulations of any government, it is nevertheless understood and agreed that the Insurers hereby waive any right to make further or independent inquiry into such claims except as may have the specific and prior approval of the appropriate government agency or authority.

3. NOTICE OF CLAIM OR SUIT

If claim is made or suit is brought against the Insured the Insured shall as soon as practicable forward to the Insurers' authorized agents every demand, notice, summons or other process received by the Insured or the Insured's representative.

4. ASSISTANCE AND CO-OPERATION OF THE INSURED

The Insured shall co-operate with the Insurers and, upon the Insurers' 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 its own cost voluntarily make any payment, assume any obligation or incur any expense.

5. ACTION AGAINST INSURERS

No action shall lie against the Insurers unless as a condition precedent thereto, the Insured shall have fully complied with all 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 Insurers.

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 afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the Insurers as a co-defendant in any action against the Insured to determine the Insured's liability.

Bankruptcy or insolvency of the Insured shall not relieve the Insurers of any of their obligations under this policy.

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6. INSPECTION

Subject to security regulations of the United States Government the Insurers or their representatives shall be permitted to inspect the Insured's premises and operations and to examine and audit the Insured's books and records at any time during the Policy Period and any extension thereof, and within three years after final termination of this policy, as far as they relate to the premium basis or the subject matter of this insurance.

7. OTHER INSURANCE

This policy shall not apply to any loss covered by this policy with respect to which the Insured has other valid and collectible insurance unless the total amount of such loss exceeds the amount of such other insurance and the Insurers hereon shall then be liable only for their share of loss in excess of such other insurance; but the foregoing shall not apply with respect to insurance specifically arranged by or for the Insured to provide cover only in excess of the total amount of insurance afforded by this policy.

8. SUBROGATION

In the event of any payment under this policy, the Insurers shall be subrogated to all the Insured's rights of recovery therefor 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 after loss to prejudice such rights.

Nothing herein contained, however, shall bar the Insured from waiving its rights of recovery against any government.

9. CLAIMS BETWEEN INSUREDS

The Insured, by acceptance of this policy, agrees that it will not bring a suit or claim against any person or organization insured under any other Aircraft Builders Council policy provided by the Aircraft Builders Council program with respect to any Occurrence or Grounding giving rise to a claim covered under this policy, except as provided under Condition 10 Arbitration between Insureds.

10. ARBITRATION BETWEEN INSUREDS

The Insured, by acceptance of this policy, agrees to arbitrate any dispute concerning whether a particular claim should be settled under this policy, or under any other Aircraft Builders Council policy provided by the Aircraft Builders Council program, subject to the rules of arbitration on file with Fitzpatrick & Hunt, Tucker, Collier, Pagano, Aubert, LLP at their offices at Tower 49, Twelve East 49TH Street, New York, NY 10017. If the value of the claim exceeds the Limits of Liability of this policy, suit or claim may be brought subject to all the Insurers' rights of subrogation, after judgment or settlement of the original claim.

11. ARBITRATION

- (1) The word "damages", wherever used in the Insuring Agreements and the phrase "judgment against the Insured after actual trial" in Condition 5 include an award:
 - (a) which is entered in an arbitration proceeding wherein any person or organization, pursuant to a written contract prior to a loss between such person or organization and the Insured seeks enforcement of a claim against the Insured for damages payable under the terms of the policy, and
 - (b) which becomes final, and
 - (c) is legally binding on the Insured in the jurisdiction in which it is made.

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- (2) The word "suit" wherever used in Insuring Agreement V includes any arbitration proceeding to which paragraph (1) hereof is applicable.
- (3) In any such arbitration proceedings the Insurers shall be entitled to exercise the Insured's right in the choice of arbitrators and in the conduct of such proceedings.
- (4) All of the provisions of the policy not inconsistent herewith shall be applicable to each such arbitration proceeding, to the claim or claims sought to be enforced and to any award entered therein.
- (5) By acceptance of this Condition the Insured agrees that any agreement to submit to arbitration a controversy to which this Condition may be applicable will specify that such arbitration shall be under the rules of a recognised plan or arbitration proceeding.
- (6) The Insurers shall not be liable under the policy to defend or to pay an award entered in an arbitration proceeding held pursuant to a contract which does not comply with paragraph (5) foregoing.

12. 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 prevent the Insurers from asserting any right 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.

13. ASSIGNMENT

No assignment of interest under this policy shall bind the Insurers until their consent is endorsed hereon. Promptly on execution of such an assignment the Insured shall send a copy thereof to the Insurers' authorized agents. If during the Policy Period an Insured shall die or be adjudged bankrupt, the Insurers, if such Insured's legal representatives or trustees in bankruptcy and their Insurers so agree, shall issue an endorsement to include such legal representatives or trustees as Insureds hereunder.

Otherwise, this policy shall terminate as of the date of such death or adjudication.

In the event of such termination, the earned premium for the period the policy has been in force shall be computed pro rata.

14. CANCELLATION

It is understood and agreed that this policy is non-cancellable by either the Insured or the Insurers other than in the event of non-payment of premium or as detailed in any specific cancellation provision contained herein.

In the event that the premium (or any instalment thereof) is not paid by its due date, Insurers shall have the right to terminate the cover afforded by the policy to the Insured by the giving of not less than thirty (30) days notice to the Authorized Agent. All notices of cancellation served in accordance with any of the provisions of this clause shall be by means of instantaneous communication that provides a permanent record of such communication, and shall be deemed to be served upon despatch or where communications between the parties are interrupted upon attempted despatch.

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If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction hereof, such notice shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

In the event the Insured pays the premium due within the notice period, the applicable notice of cancellation by the Insurers shall cease to have any force or effect.

15. APPLICABLE LAW

This policy shall be governed by the laws of the State wherein the Insured has its principal place of business (as set forth in the Declarations) and will be subject to the jurisdiction of a court of competent jurisdiction as provided for in Condition 20 Service of Suit.

16. CONFLICTING STATUTES

The terms of this policy which are in conflict with the statutes of the State wherein the Insured has its principal place of business as set forth in the Declarations are hereby amended to conform to such statutes. However, the foregoing shall not apply to any type of coverage not afforded by this policy nor shall it apply to any amount or amounts in excess of the Limits of Liability as stated in Item 4 of the Declarations.

The Insured agrees to reimburse the Insurers for any payment made by the Insurers which the Insurers would not have been obligated to make under the terms of this policy but for the agreement contained in this paragraph.

17. INADVERTENT ERRORS OR OMISSIONS

Inadvertent errors, omissions or failure to give notice to the Insurers as herein required shall not relieve the Insurers of liability under this policy, provided that any such error, omission or failure shall be corrected as soon as discovered.

18. DECLARATIONS

By acceptance of this policy the Insured agrees that the statements in the Declarations are its agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing directly between the Insured and the Insurers relating to this insurance.

19. SAFETY PRECAUTIONS

No action shall lie against the Insurers under Coverages C and D, unless as a condition precedent thereto, the Insured

- (a) shall have at all times exercised reasonable care in seeing that the ways, implements, plant, machinery and appliances used in the Insured's business are substantial and sound and in proper order, and fit for the purpose for which they are used, and that all reasonable safeguards and precautions against Occurrences are provided and used.
- (b) shall have complied with all International and Government Regulations and Civil Instructions.

20. SERVICE OF SUIT

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this

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Clause constitutes or should be understood to constitute a waiver of the Insurers' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon

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Tower 49

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and that in any suit instituted against any one of them upon this contract, the Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of the Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon the Insurers' behalf in the event that such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

22. FALSE AND FRAUDULENT

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this policy shall become void and all claims hereunder shall be forfeited.

23. SANCTIONS AND EMBARGO CLAUSE

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

- (1) If, by virtue of any law or regulation which is applicable to an Insurer at the inception of this policy or becomes applicable at any time thereafter, providing coverage to the Insured is or would be unlawful because it breaches an embargo or sanction, that Insurer shall provide no coverage and have no liability whatsoever nor provide any defence to the Insured or make any payment of defence costs or provide any form of security on behalf of the Insured, to the extent that it would be in breach of such law or regulation.
- (2) In circumstances where it is lawful for an Insurer to provide coverage under the policy, but the payment of a valid and otherwise collectable claim may breach an embargo or sanction, then the Insurer will take all reasonable measures to obtain the necessary authorisation to make such payment.
- (3) In the event of any law or regulation becoming applicable during the Policy Period which will restrict the ability of an Insurer to provide coverage as specified in paragraph 1, then both the Insured and the Insurer shall have the right to cancel its participation on this policy in accordance with the laws and regulations applicable to the policy provided that in respect of cancellation by the Insurer a minimum of 30 days notice in writing be given. In the event of cancellation by either the Insured or the Insurer, the Insurer shall

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retain the pro rata proportion of the premium for the period that the policy has been in force. However, in the event that the incurred claims at the effective date of cancellation exceed the earned or pro rata premium (as applicable) due to the Insurer, and in the absence of a more specific provision in the policy relating to the return of premium, any return premium shall be subject to mutual agreement. Notice of cancellation by the Insurer shall be effective even though the Insurer makes no payment or tender of return premium.

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ATTACHMENTS

1. WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION)

This policy does not cover claims caused by:

- (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
- (b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (c) Strikes, riots, civil commotions or labor disturbances.
- (d) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (e) Any malicious act or act of sabotage.
- (f) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government (whether civil military or de facto) or public or local authority.
- (g) Hi-jacking or any unlawful seizure or wrongful exercise of control of an Aircraft or crew In Flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft.

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

AVN 48B 1.10.96 (Amended)

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2. NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE

1. This policy does not cover claims directly or indirectly occasioned by, happening through or in consequence of:

- (a) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
- (b) pollution and contamination of any kind whatsoever,
- (c) electrical and electromagnetic interference,
- (d) interference with the use of property,

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

1(b) does not apply to pollution and contamination of a product or products sold or supplied by the Insured.

2. With respect to any provision in the policy concerning any duty of the Insurers to investigate or defend claims, such provision shall not apply and the Insurers shall not be required to defend

- (a) claims excluded by Paragraph 1, or
- (b) a claim or claims covered by the policy when combined with any claims excluded by Paragraph 1 (referred to below as “Combined Claims”).

3. In respect of any Combined Claims, the Insurers shall (subject to proof of loss and the limits of the policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the policy:

- (i) damages awarded against the Insured, and
- (ii) defence fees and expenses incurred by the Insured.

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

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3. NUCLEAR RISKS EXCLUSION CLAUSE

1. This Policy does not cover:

- (i) loss of or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
- (ii) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from:

- (a) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
- (b) the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;
- (c) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

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

- (i) depleted uranium and natural uranium in any form;
- (ii) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.

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

- (i) the Insured under this Policy is also an insured or an additional insured under any other insurance policy, including any nuclear energy liability policy; or
- (ii) any person or organization is required to maintain financial protection pursuant to legislation in any country; or
- (iii) the Insured under this Policy is, or had this Policy not been issued would be, entitled to indemnification from any government or agency thereof.

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

- (i) in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereto, such carriage shall in all respects have complied with the full International Civil

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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 the Insurers or by any claimant against the Insured arising out of such incident shall have been made within three years after the date thereof;
- (iii) in the case of any claim for the loss of or destruction of or damage to or loss of use of an Aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

Emitter (IAEA Health and Safety Regulations)	Maximum permissible level of non-fixed radioactive surface contamination (Averaged over 300 cm²)
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) the cover afforded hereby may be cancelled at any time by the Insurers giving seven days' notice of cancellation.

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4. ASBESTOS EXCLUSION CLAUSE

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

- (1) the actual, alleged or threatened presence of asbestos in any form whatsoever, or any material or product containing, or alleged to contain, asbestos; or
- (2) any obligation, request, demand, order, or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, neutralize, protect against or in any other way respond to the actual, alleged or threatened presence of asbestos or any material or product containing, or alleged to contain, asbestos.

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

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

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5. DATE RECOGNITION EXCLUSION CLAUSE

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

- (a) the failure or inability of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) accurately or completely to process, exchange or transfer year, date or time data or information in connection with any change of year, date or time;
whether on or before or after such change of year, date or time;
- (b) any implemented or attempted change or modification of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) in anticipation of or in response to any such change of year, date or time, or any advice given or services performed in connection with any such change or modification;
- (c) any non-use or unavailability for use of any property or equipment of any kind whatsoever resulting from any act, failure to act or decision of the Insured or of any third party related to any such change of year, date or time;

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

AVN 2000A 14.03.01 (Amended)
ABC-USP1