

PREMIER AVIATION

Aircraft Insurance Scheme Policy wording

Underwritten by:



Allianz Insurance Company of Kenya Limited



PART 1

Policy no			
Date of Proposal			
Insured			
Inception date		Expiry date	

PART 2**Particulars of Aircraft**

Make and Type	
Year of Manufacture	
Registration Marks	
Declared Max. No. of Passengers at any one time	
Insured Value	
Risks covered "Flight", "Ground"	

PART 3

Purpose of Use	
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PART 4

Pilots	
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PART 5

Geographical Limits	
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PART 6**Limits and Deductibles (Appropriate boxes to be completed - others to be marked "not applicable")**

Policy Section & Risk	Amount to be deducted	Limit of Indemnity from which must be deducted the amount in column (B)
Loss of or damage to Aircraft listed in Part 2 above	Applicable in all cases In the event of an accident arising hereon involving the application of more than one deductible then the highest deductible applicable to the accident shall be applied as an aggregate deductible of all losses arising out of that accident.	
Liability to Third Parties	Bodily Injury - NIL Damage to Property - NIL	See Bodily Injury and Damage to Property - Combined
Liability to Passengers	Bodily Injury - NIL Damage to Property - NIL	See Bodily Injury and Damage to Property - Combined
Combined Liability to Third Parties and Passengers - Combined	Bodily Injury - NIL Damage to Property - NIL	Bodily Injury and Damage to Property : - Combined Single Limit to Section II and III :

PART 7

Crew Personal Accident	NIL	
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PART 8

Premium	Taxes	Total
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Endorsements Applicable

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PREMIER AVIATION INSURANCE POLICY

Headings and marginal captions are inserted for the purpose of convenient reference only and are not to be deemed part of this Policy.

Certain words and phrases used in this Policy have special meanings which can be found under Definitions as below.

The Insurers agree to insure against loss, damage or liability, arising out of an Accident occurring during the Period of Insurance to the extent and in the manner provided in this Policy.

DEFINITIONS

1. "ACCIDENT" means any one accident or series of accidents arising out of one event.
2. "BUSINESS" means the uses stated in Private Pleasure and use for business or professional purposes but NOT use for hire or reward.
3. "COMMERCIAL" means the uses stated in Private Pleasure and Business and use for the carriage by the Insured of passengers, baggage accompanying passengers and cargo for hire or reward.
4. "FLIGHT" means from the time the Aircraft moves forward in taking off or attempting to take off, whilst in the air, and until the Aircraft completes its landing run. A rotary-wing aircraft shall be deemed to be in Flight when the rotors are in motion as a result of engine power, the momentum generated there from, or autorotation.
5. "GROUND" means whilst the Aircraft is not in Flight or Taxiing or Moored as defined above.
6. "MOORED" means, in the case of aircraft designed to land on water, whilst the Aircraft is afloat and is not in Flight or Taxiing as defined above, and includes the risks of launching and hauling up.
7. "OVERHAUL COST" means the costs of labour 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 a similar Unit.
8. "OVERHAUL LIFE" means the amount of use, or operational and/or calendar time which, according to the Airworthiness Authority, determines when overhaul or replacement of a Unit is required.
9. "PRIVATE PLEASURE" means use for private and pleasure purposes but NOT use for any business or profession nor for hire or reward.
10. "RENTAL" means rental, lease, charter or hire by the Insured to any person, company or organisation for Private Pleasure and Business uses only, where the operation of the Aircraft is not under the control of the Insured. Rental for any other purpose is NOT insured under this Policy unless specifically declared to Insurers and the detail of such use(s) stated in Part 3 of the Schedule under SPECIAL RENTAL USES.

Definitions 5, 6, 7 and 8 constitute Standard Uses and do not include instruction, aerobatics, hunting, patrol, fire-fighting, the intentional dropping, spraying or release of anything, any

form of experimental or competitive flying, and any other use involving abnormal hazard, but when cover is provided details of such use(s) are stated in Part 3 of the Schedule under SPECIAL USES.

11. "TAXIING" means movement of the Aircraft under its own power other than in Flight as defined above. Taxiing shall not be deemed to cease merely by reason of a temporary halting of the Aircraft.
12. "UNIT" means a part or an assembly of parts (including any sub-assemblies) of the Aircraft which has been assigned an Overhaul Life as a part or 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.

SECTION I LOSS OF OR DAMAGE TO AIRCRAFT

1. Coverage

- (a) The Insurers will at their option pay for, replace or repair, accidental loss of or damage to the Aircraft described in the Schedule arising from the risks covered, including disappearance if the Aircraft is unreported for sixty days after the commencement of Flight, but not exceeding the Amount Insured as specified in Part 6 of the Schedule and subject to the amounts to be deducted specified in Condition 3(c).
- (b) If the Aircraft is insured hereby for the risks of Flight, the Insurers will pay reasonable emergency expenses necessarily incurred by the Insured for the immediate safety of the Aircraft consequent upon damage or forced landing, up to 10 per cent of the Amount Insured as specified in Part 2 of the Schedule, included in the limit of indemnity.

2. Exclusions applicable to this Section only

The Insurers shall not be liable for:

- (a) (i) Wear and tear, deterioration, breakdown, defect or failure however caused in any Unit of The Aircraft and the consequences thereof within such Unit;
(ii) Damage sustained directly by all or part of a component of the aircraft, a power unit assembly, or any other organ or circuit, due to its mechanical, electrical, electronic breakdown or disruption or to a manufacturing defect, to its operating failure or to the effects of the heat produced during start-up or use.
- (b) Damage to any Unit by anything which has a progressive or cumulative effect but damage attributable to a single recorded incident is covered under paragraph 1(a) above;
- (c) Damage caused by explosive or incendiary material, or any dangerous material, used or held in violation of a domestic or international law. However, if the violation has been committed without the insured's knowledge, such damage shall be covered.

HOWEVER accidental loss of or damage to the Aircraft consequent upon 2(a) and (b) above is covered under paragraph 1(a) above.

3. Conditions applicable to this Section only

- (a) If the Aircraft is damaged

- (i) no dismantling or repairs shall be commenced without the consent of the Insurers except whatever is necessary in the interests of safety, or to prevent further damage, or to comply with orders issued by the appropriate authority;
 - (ii) The Insurers will pay only for repairs and transport of labour and materials by the most economical method unless the Insurers agree otherwise with the Insured.
- (b) If the Insurers exercise their option to pay for or replace the Aircraft
- (i) The Insurers may take the Aircraft (together with all documents of record, registration and title thereto) as salvage;
 - (ii) The cover 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;
 - (iii) The replacement aircraft shall be of the same make and type and in reasonably like condition unless otherwise agreed with the Insured.
- (c) Except where the Insurers exercise their option to pay for or replace the Aircraft, there shall be deducted from the claim under paragraph I(a) of this Section
- (i) The amount specified in Part 6 (B) of the Schedule and
 - (ii) Such proportion of the Overhaul Cost of any Unit repaired or replaced as the used time bears to the Overhaul Life of the Unit.
- (d) Unless the Insurers elect to take the Aircraft as salvage the Aircraft shall at all times remain the property of the Insured who shall have no right of abandonment to the Insurers.
- (e) No claim shall be payable under this Section if other insurance which is payable in consequence of loss or damage covered under this Section has been or shall be effected by or on behalf of the Insured without the knowledge or consent of the Insurers.

See also Section IV

SECTION II LEGAL LIABILITY TO THIRD PARTIES (OTHER THAN PASSENGERS)

1. Coverage

The Insurers will indemnify the Insured for all sums which the Insured shall become legally liable to pay, and shall pay, as compensatory damages (including costs awarded against the Insured) in respect of accidental bodily injury (fatal or otherwise) and accidental damage to property caused by the Aircraft or by any person or object falling there from.

2. Exclusions applicable to this Section only

The Insurers shall not be liable for

- (a) Injury (fatal or otherwise) or loss sustained by any director or employee of the Insured or
Partner in the Insured's business whilst acting in the course of his employment with or duties for the Insured;
- (b) injury (fatal or otherwise) or loss sustained by any member of the flight, cabin or other crew whilst engaged in the operation of the Aircraft;
- (c) injury (fatal or otherwise) or loss sustained by any passenger whilst entering, on board, or alighting from the Aircraft;

- (d) loss of or damage to any property belonging to or in the care, custody or control of the Insured;
- (e) Claims excluded by the attached Noise and Pollution and Other Perils Exclusion Clause.

3. Limit of Indemnity applicable to this Section

The liability of the Insurers under this Section shall not exceed the amount stated in Part 6(C) of the Schedule, less any amounts under Part 6(B). The Insurers will defray in addition any legal costs and expenses incurred with their written consent in defending any action which may be brought against the Insured in respect of any claim for compensatory damages covered by this Section, but should the amount paid or awarded in settlement of such claim exceed the Limit of Indemnity then the liability of the Insurers in respect of such legal costs and expenses shall be limited to such proportion of the said legal costs and expenses as the Limit of Indemnity bears to the amount paid for compensatory damages.

See also Section IV

SECTION III LEGAL LIABILITY TO PASSENGERS

1. Coverage

The Insurers will indemnify the Insured in respect of all sums which the Insured shall become legally liable to pay, and shall pay, as compensatory damages (including costs awarded against the Insured) in respect of

- (a) accidental bodily injury (fatal or otherwise) to passengers whilst entering, on board, or alighting from the Aircraft and
- (b) loss of or damage to passengers and customers property and personal effects

Provided Always that :

- (i) Before a passenger boards the Aircraft the Insured shall take such measures as are necessary to exclude or limit liability for claims under (a) above to the extent permitted by law;
- (ii) If the measures referred to in proviso (i) above include the issue of a passenger ticket/baggage check, the same shall be delivered correctly completed to the passenger a reasonable time before the passenger boards the Aircraft.

In the event of failure to comply with proviso (i) or (ii) the liability of the Insurers under this Section shall not exceed the amount of the legal liability, if any, that would have existed had the proviso been complied with.

2. Exclusions applicable to this Section only

The Insurers shall not be liable for injury (fatal or otherwise) or loss sustained by any

- (a) Director or employee of the Insured or partner in the Insured's business whilst acting in the course of his employment with or duties for the Insured;
- (b) Member of the flight, cabin or other crew whilst engaged in the operation of the Aircraft.

3. Limits of Indemnity applicable to this Section

The liability of the Insurers under this Section shall not exceed the amounts stated in Part 6(C) of the Schedule, less any amounts under Part 6(B). The Insurers will defray in addition any legal costs and expenses incurred with their written consent in defending any action which may be brought against the Insured in respect of any claim for compensatory damages covered by this Section,

but should the amount paid or awarded in settlement of such claim exceed the Limit of Indemnity then the liability of the Insurers in respect of such legal costs and expenses shall be limited to such proportion of the said legal costs and expenses as the Limit of Indemnity bears to the amount paid for compensatory damages.

See also Section IV

SECTION IV

(A) GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS

This Policy does not apply

1. Whilst the Aircraft is being used for any illegal purpose or for any purpose other than those stated in Part 3 of the Schedule and as defined in the Definitions.
2. Whilst the Aircraft is outside the geographical limits stated in Part 5 of the Schedule unless due to force majeure.
3. Whilst the Aircraft is being piloted by any person other than as stated in Part 4 of the Schedule except that the Aircraft may be operated on the ground by any person competent for that purpose.
4. Whilst the Aircraft is being transported by any means of conveyance except as the result of an Accident giving rise to a claim under Section I of this Policy.
5. Whilst the Aircraft is landing on or taking off or attempting to do so from a place which does not comply with the recommendations laid down by the manufacturer of the Aircraft except as a result of force majeure.
6. To liability assumed or rights waived by the Insured under any agreement (other than a passenger ticket/baggage check issued under Section III hereof) except to the extent that such liability would have attached to the Insured in the absence of such agreement.
7. Whilst the total number of passengers being carried in the Aircraft exceeds the declared maximum number of passengers stated in Part 2(4) of the Schedule.
8. To claims which are payable under any other policy or policies except in respect of any excess
Beyond the amount which would have been payable under such other policy or policies had this Policy not been effected.
9. to claims excluded by the attached Nuclear Risks Exclusion Clause.
10. to claims caused by
 - (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
 - (b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter,
 - (c) Strikes, riots, civil commotions or labour disturbances.
 - (d) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting there from is accidental or intentional.
 - (e) Any malicious act or act of sabotage.

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

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

Furthermore this Policy does not cover claims arising whilst the Aircraft is outside the control of the Insured by reason of any of the above perils.

The Aircraft shall be deemed to have been restored to the control of the Insured on the safe return of the Aircraft to the Insured at an airfield not excluded by the geographical limits of this Policy, and entirely suitable for the operation of the Aircraft (such safe return shall require that the Aircraft be parked with engines shut down and under no duress).

(B) CONDITIONS PRECEDENT APPLICABLE TO ALL SECTIONS

It is necessary that the Insured observes and fulfils the following Conditions before the Insurers have any liability to make any payment under this Policy.

1. The Insured shall at all times use due diligence and do and concur in doing everything reasonably practicable to avoid accidents and to avoid or diminish any loss hereon.
2. The Insured shall comply with all air navigation and airworthiness orders and requirements issued by any competent authority affecting the safe operation of the Aircraft and shall ensure that
 - (a) the Aircraft is airworthy at the commencement of each Flight;
 - (b) all Log Books and other records in connection with the Aircraft which are required by any official regulations in force from time to time shall be kept up to date and shall be produced to the Insurers or their agents on request;
 - (c) the employees and agents of the Insured comply with such orders and requirements.
3. Immediate notice of any event likely to give rise to a claim under this Policy shall be given. In all cases the Insured shall
 - (a) furnish full particulars in writing of such event and forward immediately notice of any claim with any letters or documents relating thereto;
 - (b) give notice of any impending prosecution;
 - (c) render such further information and assistance as the Insurers may reasonably require;
 - (d) not act in any way to the detriment or prejudice of the interest of the Insurers.

The Insured shall not make any admission of liability or payment or offer or promise of payment without the written consent of the Insurers.

(C) GENERAL CONDITIONS APPLICABLE TO ALL SECTIONS

1. The Insurers shall be entitled (if they so elect) at any time and for so long as they desire to take absolute control of all negotiations and proceedings and in the name of the Insured to settle, defend or pursue any claim.

2. Upon an indemnity being given or a payment being made by the Insurers under this Policy, they shall be subrogated to the rights and remedies of the Insured who shall co-operate with and do all things necessary to assist the Insurers to exercise such rights and remedies.
3. Should there be any change in the circumstances or nature of the risks which are the basis of this contract the Insured shall give immediate notice thereof to the Insurers and no claim arising subsequent to such change shall be recoverable hereunder unless such change has been accepted by the Insurers.
4. This Policy may be cancelled by either the Insurers or the Insured giving 10 days notice in writing of such cancellation. If cancelled by the Insurers they will return a pro rata portion of the premium in respect of the unexpired period of the Policy. If cancelled by the Insured a return of premium shall be at the discretion of the Insurers. There will be no return of premium in respect of any Aircraft on which a loss is paid or is payable under this Policy.
5. This Policy shall not be assigned in whole or in part except with the consent of the Insurers verified by endorsement hereon.
6. This Policy is not and the parties hereto expressly agree that it shall not be construed as a policy of marine insurance.
7. When two or more Aircraft are insured hereunder the terms of this Policy apply separately to each.
8. Notwithstanding the inclusion herein of more than one Insured, whether by endorsement or otherwise, the total liability of the Insurers in respect of any or all Insureds shall not exceed the Limit(s) of Indemnity stated in this Policy.
9. 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.

ENDORSEMENTS

ADDITIONS AND DELETIONS (COMBINED)

1. The insurance afforded by this Policy is automatically extended to include at pro rata additional premium further Aircraft added during the currency of this Policy provided such Aircraft are owned or operated by the Insured and are of the similar type and value as Aircraft already covered hereunder and of no greater seating capacity.
2. The inclusion of additional Aircraft of other types or different values or greater seating capacity shall be subject to special agreement and rating by Insurers prior to attachment.
3. Under the Aircraft loss or physical damage Section of this Policy Aircraft which have been sold or disposed of shall be deleted from this Policy and the Insured shall be entitled to pro rata return of premium provided no claim has arisen and become payable in respect of such Aircraft under the Aircraft loss or physical damage Section of this Policy and that this Policy is not cancelled by virtue of such deletion.
4. Under the liability Section(s) of this Policy Aircraft which have been sold or disposed of shall be deleted from this Policy and the Insured shall be entitled to pro rata return of premium.

Provided always that

- i) Notwithstanding the foregoing provisions for additions and deletions the premium in respect of each separate period of Flight risk insurance on any Aircraft covered during the currency of this Policy shall in no case be less than fifteen days' pro rata premium.
- (ii) In the event of a claim arising in respect of any Aircraft added hereto being settled on a total loss basis the full twelve months' Aircraft loss or physical damage premium shall be paid hereunder in respect of such Aircraft.
- (iii) Notice of the addition or deletion of any Aircraft under the provisions of Paragraphs 1, 3 and 4 respectively shall be given to the Insurers or their representatives in writing within ten days of attachment or deletion.

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 there from 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 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 cm ²)
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.

NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE

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

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

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

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

- (a) claims excluded by Paragraph 1 or
 - (b) A claim or claims covered by the Policy when combined with any claims excluded by Paragraph 1 (referred to below as "Combined Claims").
3. In respect of any Combined Claims, Insurers shall (subject to proof of loss and the limits of the Policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the Policy:

- (i) Damages awarded against the Insured and
- (ii) Defence fees and expenses incurred by the Insured.

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

EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)

1. Whereas the Policy of which this Endorsement forms part includes the War, Hi-Jacking and other Perils Exclusion Clause (General Exclusion 10). In consideration of an Additional Premium (included in the Liability Premium), it is hereby understood and agreed that at 0 hour, all sub-paragraphs other than (b) of General Exclusion 10 forming part of this Policy are deleted subject to all terms and conditions of this Endorsement.

2. Exclusion applicable only to any cover extended in respect of the deletion of subparagraph (a) of General Exclusion 10.

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

3. Automatic termination

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

- (i) All cover
 - upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following States, namely, France, the People's Republic of China, the Russian Federation, the United Kingdom, the United States of America
- (ii) Any cover extended in respect of the deletion of subparagraph (a) of General Exclusion 10

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

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

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

4. Review and cancellation

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

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

(b) Limited Cancellation (48 hours)

Following a hostile detonation as specified in 4 (ii) above, Insurers may give notice of cancellation of one or more parts of the cover provided by paragraph 1 of this Endorsement by reference to subparagraphs (c), (d), (e), (f) and/ or (g) of General Exclusion 10 - such notice to become effective on the expiry of forty-eight hours from 23.59 hours GMT on the day on which notice is given.

(c) Cancellation (7 days)

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

(d) Notices

All notices referred to herein shall be in writing.

SUPPLEMENTARY PAYMENTS CLAUSE

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

The Insurers agree to indemnify the Insured for

- (a) any reasonable expenses incurred for the purpose of search and rescue operations for an Aircraft insured hereunder determined to be missing and unreported after the computed maximum endurance of the flight has been exceeded;
- (b) any reasonable expenses incurred for the purpose of runway foaming to prevent or mitigate possible loss or damage because of malfunction or suspected malfunction of an Aircraft insured hereunder;
- (c) any reasonable expenses incurred for the purpose of attempted or actual raising, removal, disposal or destruction of the wreck of an Aircraft insured hereunder and the contents thereof;
- (d) Any reasonable expenses which the Insured may be called upon to pay in respect of any public inquiry or inquiry by the

Civil Aviation Authority or any other relevant authority into an Accident involving an Aircraft insured hereunder.

Provided always that Insurers' liability shall not exceed a sublimit of 10% of Hull Agreed Value any one occurrence and in the aggregate over all paragraphs insured.

DATE RECOGNITION EXCLUSION CLAUSE

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

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

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

DATE RECOGNITION LIMITED COVERAGE CLAUSE

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

- (1) to any accidental loss of or damage to an aircraft defined in the Policy Schedule ("Insured Aircraft");
- (2) to any sums which the Insured shall become legally liable to pay, and (if so required by the Policy) shall pay (including costs awarded against the Insured) in respect of:
 - (a) accidental bodily injury, fatal or otherwise, to passengers caused by an accident to an Insured Aircraft; and/or
 - (b) loss of or damage to baggage and personal articles of passengers, mail and cargo caused by an accident to an Insured Aircraft; and/or
 - (c) Accidental bodily injury, fatal or otherwise, and accidental damage to property caused by an Insured Aircraft or by any person or object falling there from.

PROVIDED THAT:

- 1. Coverage provided pursuant to this Endorsement shall be subject to all terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Policy (except as

specifically provided herein), and nothing in this Endorsement extends coverage beyond that which is provided by the Policy.

- 2. Nothing in this Endorsement shall provide any coverage:
 - (a) in respect of grounding of any aircraft: and/or
 - (b) In respect of loss of use of any property unless it arises out of physical damage to or destruction of property in the accident giving rise to a claim under the Policy.
- 3. The Insured agrees that it has an obligation to disclose in writing to the Insurers during the Policy period any material facts relating to the Date Recognition Conformity of the Insured's operations, equipment and products.

(Applicable to Hull and Aircraft Liability Coverage)

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.

CERTIFICATE OF AIRWORTHINESS AIR NAVIGATION REGULATIONS

The Insured shall take reasonable precautions to ensure that:

- 1. At the commencement of each flight the aircraft shall have a current and valid Certificate of Airworthiness or other permit to fly issued by a competent authority and shall be airworthy and
- 2. All applicable Government regulations and instructions for civil aviation are complied with and
- 3. The aircraft operates in accordance with the weight restriction imposed by such aircraft's Certificate of Airworthiness.

AUTOMATIC PASSENGER PERSONAL ACCIDENT INSURANCE

It is agreed that to enable the Insured to comply with any local legislation requiring automatic Personal accident insurance for passengers this Policy is extended to include such automatic Personal accident insurance up to the statutory limits prescribed by such legislation.

Amounts payable under this paragraph are payable within the combined single limit stated in the Policy Schedule

ATTACHING TO AND FORMING PART OF THIS POLICY:

- 1. It is understood and agreed that the Noise and Pollution Exclusion Clause does not apply in respect of Passenger Legal Liability.

2. It is understood and agreed that all subparagraphs other than (b) of General Exclusion 10 forming part of this Policy are deleted Subject To all terms and conditions of Aviation "Hull War and Allied Perils" Policy LSW555D (as below).
3. This Policy shall be construed in accordance with French Law and any dispute or difference between the Insured and the Insurers shall be submitted to arbitration in Paris. The Insured and the Insurers shall each appoint an arbitrator; the two arbitrators shall then elect an Umpire of their own choice. If they cannot agree, the President of the « Tribunal de Grande Instance de Paris » (or his delegate) shall nominate the Umpire at the request of the promptest party, the three arbitrators so designated form the arbitration panel, The decision by the panel, which shall be rendered in writing within two months from the date of appointment of the Umpire, unless otherwise agreed, is final and binding on all parties. If one party failed to appoint its arbitrator within two weeks from the date of reception of a written notice, the other party may request the President of « the Tribunal de Grande Instance de Paris » to appoint a substitute arbitrator who shall represent the failing party. Arbitrators shall rule in law unless otherwise agreed by the parties. Cost shall be borne by the losing party unless otherwise decided in writing by the arbitration panel. The arbitration proceedings are governed by the present clause and articles 1460 and seq. of the French « code de procedure civile ».
4. In respect of Section II and III : SCOPE OF COVERAGE

With regard to article 80 of the law "sécurité financière " dated 1st of August 2003 the liability provisions of this policy are triggered by the "fait dommageable " (occurrence) happening between the effective date of this policy and its expiry or cancellation date. It being understood that the generating factor of the damage is stipulated to be the accident or incident happening during the policy period of validity.

DEFINITION

"Fait dommageable": (occurrence) is the "generating factor" which cause damage. The generating factor is the accident or incident happening during this policy period. A series of occurrences (faits dommageables) caused by the same technical factor is assimilated to a single occurrence (fait dommageable).

PREMIUM PAYMENT CLAUSE

- 1) It is understood and agreed that the premium is due at the Inception of this Policy.
- 2) In the event of a claim hereunder which exceeds the instalments of premium paid on this Policy, the instalments of premium then outstanding shall become payable forthwith.
- 3) Notwithstanding any cancellation provision contained within the Policy, in the event that an instalment of premium is not paid by its due date Insurers shall have the right to terminate the cover afforded by the Policy to the Insured and any other party(ies) protected thereby, whether by endorsement or otherwise, by the giving of not less than Thirty (30) days notice in writing to the Appointed Broker. Notice shall be deemed to commence from the date such notice is given by the Insurers.

WAR AND ALLIED PERILS SECTION

Cover only to apply if shown in the Policy Schedule.

Notwithstanding the Geographical Limits as shown in the policy, where it is shown in the Policy Schedule that this clause applies, coverage pursuant to this Policy is granted:

- (a) for the over flight of any excluded country where the flight is within an internationally recognised air corridor and is performed in accordance with I.C.A.O. recommendations; or
- (b) in circumstances where an insured Aircraft has landed in an excluded country as a direct consequence and exclusively as result of force majeure subject advice to Underwriters within 72 hours.

Coverage in respect of any excluded country / region may be included at terms to be agreed Insurers subject to prior advice and agreement.

Sub-Section 1:

LOSS OF OR DAMAGE TO AIRCRAFT

Subject to the terms, conditions and limitations set out below, this Policy covers loss of or damage to the Aircraft stated in the Schedule against claims excluded from the Insured Hull "All Risks" Policy as 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) Strikes, riots, civil commotions or labour disturbances.
- (c) 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 there from is accidental or intentional.
- (d) Any malicious act or act of sabotage.
- (e) 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.
- (f) Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured. For the purpose of this paragraph (f) only, an aircraft is considered to be in flight at any time from the moment when all its external doors are closed following embarkation until the moment when any such door is opened for disembarkation or when the aircraft is in motion. A rotor-wing aircraft shall be deemed to be in flight when the rotors are in motion as a result of engine power, the momentum generated there from, or autorotation.

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

Sub-Section 2:

EXTORTION AND HI-JACK EXPENSES

1. This Policy will also indemnify the Insured subject to the terms, conditions, exclusions and limitations set out below, and up to the limit stated in the Schedule, for 90% of any payment properly made in respect of:
 - (a) Threats against any Aircraft stated in the Schedule or its passengers or crew made during the currency of this Policy.
 - (b) extra expenses necessarily incurred following confiscation, etcetera (as Section One Clause (e)) or hi-jacking, etcetera (as Section One clause (f)) of any Aircraft stated in the Schedule.
2. No cover will be provided under this Section of the Policy in any territory where such insurance is not lawful, and the Insured is at all times responsible for ensuring that no arrangements of any kind are made which are not permitted by the proper authorities.

GENERAL EXCLUSIONS

This Section excludes loss, damage or expense caused by one or any combinations of any of the following:

- (a) war (whether there be a declaration of war or not) between any of the following States: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China; nevertheless, if any Aircraft is in the air when an outbreak of such war occurs, this exclusion shall not apply in respect of such Aircraft until the said Aircraft has completed its first landing thereafter;
 - (b) confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the authority of the Government(s) stated in the Schedule, or any public or local authority under its jurisdiction;
 - (c) the emission, discharge, release or escape of any Chemical, biological or biochemical materials or the threat of same but this exclusion shall not apply ;
 - (i) if such materials are used or threatened to be used solely and directly in:
 1. the Hi-jacking, unlawful seizure or wrongful exercise of control of an Aircraft in flight claim under clause and then only in respect of loss of or damage to such Aircraft the subject of a valid clause (f) under Sub Section 1 above; or
 2. any threat against an Aircraft stated in the schedule or its passengers or crew and then only in respect of payments as are insured under Sub Section 2 above;
 - (ii) Other than as provided for in sub-paragraph 1 above, to loss of or damage to an Aircraft if the use of such materials is hostile and originates solely and directly;
 1. On board such Aircraft, whether it is on the ground or in the air; or
 2. External to such Aircraft and causes physical damage to the Aircraft whilst the Aircrafts wheels are not in contact with the ground.
- Any emission, discharge, release or escape originating external to the Aircraft that causes damage to the Aircraft as a result of contamination without other physical damage to the Aircraft exterior is not covered by this Policy.

- (d) any debt, failure to provide bond or security or any other financial cause under court order or otherwise;
- (e) the repossession or attempted repossession of the Aircraft either by any title holder, or arising out of any contractual agreement to which any Insured protected under this Policy may be party;
- (f) Delay, loss of use, or except as specifically provided in Section Two any other consequential loss; whether following upon loss of or damage to the Aircraft or otherwise.
- (g) any use, hostile or otherwise, of radioactive contamination or matter but this exclusion shall not apply to loss of or damage to an Aircraft if such use is hostile and originates solely and directly ; (i) On board such Aircraft, whether it is on the ground or in the air, or
 - (ii) External to such Aircraft and causes physical damage to the Aircraft whilst the Aircrafts wheels are no longer in contact with the ground.

Any such use originating external to the Aircraft that causes damage to the Aircraft as a result of contamination without other physical damage to the Aircraft exterior is not covered by this Policy.
- (h) any use, hostile or otherwise, of an electromagnetic pulse but this exclusion shall not apply to loss of or damage to an Aircraft if such use originates solely and directly on board such Aircraft, whether it is on the ground or in the air.
- (i) Any detonation, hostile or otherwise, of any device employing atomic or nuclear fission and/or fusion or other like reaction, and notwithstanding (g) and (h) above, any radioactive contamination and electromagnetic pulse resulting directly from such detonation is also excluded by this Policy.

GENERAL CONDITIONS

1. This Section is subject to the same warranties, terms and conditions (except as regards the premium, the obligations to investigate and defend, the renewal agreement (if any), the amount of deductible or self insurance provision where applicable AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or may be added to the Insured's Hull 'All Risks' Section.
2. Should there be any Material Change in the nature or area of the Insured's operations, the Insured shall give immediate notice of such Change to the Underwriters; no claim arising subsequent to a Material Change over which the Insured had control shall be recoverable hereunder unless such change has been accepted by the Underwriters.

"Material Change" shall be understood to mean any change in the operation of the Insured which might reasonably be regarded by the Underwriters as increasing their risk in degree or frequency, or reducing possibilities of recovery or subrogation.
3. The due observance and fulfilment of the terms, provisions, conditions and endorsements of this Policy shall be conditions precedent to any liability of the Underwriters to make any payment under this Policy: in particular the Insured should use all reasonable efforts to ensure that he complies and continues to comply with the laws (local or otherwise) of any country within whose jurisdiction the Aircraft may be, and to obtain all permits necessary for the lawful operation of the Aircraft.

4. Subject always to the provisions of Section Five, and the Schedule, Underwriters hereon agree to follow the Hull "All Risks" Section in respect of Breach of Warranty Cover, Hold Harmless Agreements and Waivers of Subrogation.

SECTION FIVE: CANCELLATION REVISION AND AUTOMATIC TERMINATION

Amendment of Terms or Cancellation

1. (a) Underwriters may give notice, effective on the expiry of 7 days from midnight G.M.T. on the day on which notice is issued, to review the rate of premium and/or the geographical limits.

In the event of the review of the rate of premium and/or geographical limits not being accepted by the Insured then at the expiry of the said 7 days, this Policy shall become cancelled at that date.

Automatic Review of Terms or Cancellation

- (b) Notwithstanding I(a) above, this Section is subject to automatic review by Underwriters of the rate of premium and/or conditions and/or geographical limits effective on the expiry of 7 days from the time of any hostile detonation of any device including any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter wheresoever and whensoever's such detonation may occur and whether or not the insured Aircraft may be directly affected. In the event of the review of the rate of premium and/or conditions and/or geographical limits not being accepted by the Insured then at the expiry of the said 7 days, this Policy shall become cancelled at that date.

Cancellation by Notice

- (c) This Section may be cancelled by the Insured or Underwriters giving notice not less than 7 days prior to the end of each period of 3 months from inception.

Automatic Termination

Whether or not such notice of cancellation has been given this Insurance shall TERMINATE AUTOMATICALLY

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

PROVIDED THAT if the Aircraft is in the air when such outbreak of war occurs then this insurance, subject to its terms and conditions and provided not otherwise cancelled, terminated or suspended, will be continued in respect of such Aircraft until the said Aircraft has completed its first landing thereafter.

INFORMATION SHEET RELATING TO THE OPERATION OF THE LIABILITY COVERS OVER TIME

Notice

This information sheet is issued to you in application of the Kenyan Insurance Code.

Its purpose is to provide the necessary information for a good understanding of how the liability cover operates over time.

Understanding the terms

Prejudicial event:

Occurrence, act or event causing loss or damage to the victim and which is the subject of a claim.

Claim:

Writ served in respect of your liability, either by a letter addressed to the insured or to the insurer, or by a summons to appear before a civil or administrative court. One and the same loss may be the subject of several claims, either by one and the same victim or by several victims.

Period of validity of the cover:

Period between the inception date of the cover and, after any renewals, its date of cancellation or expiry.

Extended reporting period:

Period after the date of cancellation or expiry of the cover. Its duration is stipulated in the policy. It may not be less than five years.

If your policy covers your liability as a private individual exclusively, please refer to I. If not, please refer to I and II.

I. - The policy covers your liability as a private individual

Outside of any professional activity, the cover is triggered by the prejudicial event.

The insurer provides cover where a claim following loss or damage caused to third parties is made and you or other persons covered under the policy incur liability, provided the event which gave rise to such loss or damage occurred between the inception date and the date of cancellation or expiry of the cover.

The notification of loss must be sent to the insurer whose cover is or was in force at the time the prejudicial event occurred.

II - The policy covers liability incurred as a result of an occupational activity

The insurance policy must stipulate whether the cover is triggered by the "prejudicial event" or by the "claim".

If the policy also contains covers protecting your liability in respect of occupational activities and covers protecting your liability as a private individual, the latter are triggered by the prejudicial event (see I).

Certain policies, for which the law makes special provision, vary from this provision, however, as in the case, for example, of obligatory decennial insurance for construction activities.

L How does triggering by "the prejudicial event" operate?

The insurer provides cover where a claim as a result of loss or damage caused to third parties is made and you or other persons

covered under the policy incur liability, provided the event which gave rise to such loss or damage occurred between the inception date and the date of cancellation or expiry of the cover.

The notification of loss must be sent to the insurer whose cover is or was in force at the time the prejudicial event occurred.

2. How does triggering by "the claim" operate?

Whatever the circumstances, the insurer is not obliged to provide cover if the insured was aware of the prejudicial event on the day the cover was effected.

2.1. First case: the third party's claim is sent to the insured or to the insurer during the period of validity of the cover effected.

The insurer provides cover, even if the event which gave rise to the loss occurred before the cover was effected.

2.2. Second case: the claim is sent to the insured or the insurer during the extended reporting period.

Case 2.2.1. : The insured has not effected new liability cover triggered by the claim covering the same risk. The insurer provides cover.

Case 2.2.2. : The insured has effected new liability cover triggered by the claim with another insurer covering the same risk.

It is the new cover which operates, unless the insured was aware of the prejudicial event on the day it was effected, in which case it is the previous cover which operates.

Also, provided there is no interruption between two successive covers and the claim is sent to the insured or to its insurer before the expiry of the extended reporting period of the initial cover, one of the two insurers will necessarily be liable and will pay the claim.

If the initial cover is triggered during the extended reporting period, the limit of indemnity may not be less than that of cover triggered during the year preceding the date of its cancellation or expiry.

3. In the event of a change of insurer.

If you have changed insurers and if a loss, the prejudicial event of which occurred before your new policy was effected, is the subject of a claim during the period of your new policy only, it will be necessary to determine which insurer will indemnify. Depending on the type of policies, the old or the new insurer may be validly liable. See the typical cases below:

3.1. The old and the new covers are triggered by the prejudicial event.

The cover which is activated by the claim is that which is or was in force on the date of occurrence of the prejudicial event.

3.2. The old and the new covers are triggered by the claim.

Your old insurer must handle the claim if you were aware of the prejudicial event before your new cover was effected. No cover is due from your old insurer if the claim is sent to you or to your old insurer after the expiry of the extended reporting period.

If you were not aware of the prejudicial event before your new cover was effected, it is your new insurer who will handle your claim.

3.3. the old cover is triggered by the prejudicial event and the new cover is triggered by the claim.

If the prejudicial event occurred during the period of validity of the old cover, it is the old insurer who must handle the claims relating to the loss or damage resulting from that prejudicial event.

In the event that the amount of this cover is insufficient, the new cover triggered by the claim will then be activated to make up the shortfall provided you were not aware of the prejudicial event before your new cover was effected.

If the prejudicial event occurred before the inception of the old cover and the insured was unaware of it on the date the new cover was effected, it is the new insurer who must handle the claims relating to the loss or damage resulting from that prejudicial event.

3.4. The old cover is triggered by the claim and the new cover is triggered by the prejudicial event.

If the prejudicial event occurred before the date the new cover was effected, it is the old insurer who must handle the claims. No cover is due from your old insurer if the claim is sent to the insured or to your old insurer after the expiry of the extended reporting period.

4. In the event of multiple claims relating to the same prejudicial event.

One and the same prejudicial event may give rise to several losses which occur or are discovered at different times. Several claims are then entitled to be sent successively by the various third parties concerned. In this case, the loss is deemed to be a single loss. Consequently, it is the same insurer who handles all the claims.

If the prejudicial event occurs while your policy was triggered on the basis of the prejudicial event, it is then your insurer on the date on which the prejudicial event occurred who must handle the claims.

If you were not covered on the basis of the prejudicial event on the date of the prejudicial event, the insurer who must be designated is the one who is liable, subject to the conditions set out in paragraphs 11-1, 11-2 and 11-3 above, at the time the first claim was made.

Provided this insurer is liable in respect of the first claim, further claims will then be handled by this same insurer irrespective of the date on which such claims are made, even if the extended reporting period has expired.

5. It is understood and agreed that the period of notice of cancellation as shown in General Condition 4 of this Policy is amended as follows:-

(a) 30 days or any such lesser period of time as stated in the Nuclear Risks Exclusion Clause AVN 38B, the Extended Coverage Endorsement (Aviation Liabilities) AVN 52E and Aviation "Hull War and Allied Perils" Policy LSW555D.

(b) 10 days in the event of non-payment of premium by the Insured.

6. It is understood and agreed that:

Additional Insureds as shown in the schedule are included but only insofar as their interests arise of the insured Aircraft and only with respect to the operation of the aircraft by the named Insured.

This Endorsement does not provide coverage for the Additional Insured with respect to claims arising out of their legal liability as manufacturers, repairers, suppliers or servicing agents and shall not operate to prejudice Underwriters' rights of recourse against the Additional Insured as manufacturers, repairers, suppliers or servicing agents where such rights of recourse would have existed had this Endorsement not been effected under this Policy.

7. The deductible applicable to passenger baggage and personal articles shall not apply when the claim arises out of an accident to the carrying aircraft.

SUBJECT TO THE POLICY TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS

Underwritten by:



Allianz Insurance Company of Kenya Limited

