

Recreational Aircraft Hull & Liability Insurance Policy PAQ2017



This Policy is Co-underwritten by
QBE Insurance (Australia) Limited ABN 78 003 191 035, AFS Licence No. 239545 of 82 Pitt Street, Sydney. Ph. (02) 9375 4656
Agile Underwriting Services Pty Ltd ABN 48 607 908 243, AFS Licence No. 483374 of Lvl 5, 63 York St, Sydney. Ph. 1300 475 092
Collectively Known as "The Insurers"

Important Notices – PLEASE READ CAREFULLY

Dispute Resolution Process – helping you solve problems

We have a free internal complaints resolution process that can be accessed by contacting us using the details on the front cover. If this process doesn't resolve the complaint we will give you information about how to access available external dispute resolution schemes.

Your Duty of Disclosure

Before you enter into an Insurance contract with us, the Insurance Contracts Act 1984 requires you to provide us with the information we need to enable us to decide whether and on what terms your proposal for insurance is acceptable and to calculate how much premium is required for your insurance.

The Act imposes a different duty the first time you enter into the policy with us to that which applies when you vary, extend, reinstate or replace your policy. We set these two duties out below:

Your duty of disclosure when you enter into this policy with us for the first time

You will be asked various questions when you first apply for this policy. When you answer these questions you must:

give us honest and complete answers

tell us everything you know, and

tell us everything that a reasonable person in the circumstances could be expected to tell us

Your duty of disclosure when you renew, vary, extend, reinstate or replace your policy

When you renew, vary, extend, reinstate or replace your policy your duty is to tell us before renewal, variation, extension, reinstatement or replacement is made, every matter known to you which:

you know, or

a reasonable person in the circumstances could be expected to know, is relevant to our decision whether to insure you and whether any special conditions need to apply to your policy

What you do not need to tell us for either duty

You do not need to tell us about any matter

that diminishes our risk,

that is of common knowledge,

that we know or should know as an insurer, or

that we tell you we do not need to know

Who do the above two duties apply to?

Everyone who is insured under the policy must comply with the relevant duty.

What happens if you or they do not comply with either duty?

If you or they do not comply with the relevant duty, we may cancel the policy or reduce the amount we pay if you make a claim. If fraud is involved, we may treat the policy as if it never existed and pay nothing.

Privacy

We collect your personal information directly from you where reasonably practicable or if not, from other sources. We collect it to provide our various services and products (e.g. to market, arrange and administer insurance and to handle and settle claims) and to conduct market research or customer research. We also use it to develop and identify services of our related companies and alliance partners that may interest you (but you can opt out of this by calling "The Insurers" phone numbers listed on the front page, Monday to Friday or indicate your decision in the appropriate area of the Privacy section of our websites. If you do not provide the information we require we may not be able to provide you with this service.

We disclose information to third parties who assist us in the above. (e.g. insurers, insurance intermediaries, insurance reference bureaus, related companies, our advisers, persons involved in

claims, external claims data collectors and verifiers, your agents and other persons where required by law). We prohibit them from using it for purposes other than those we supplied it for.

Where you provide us with information about another person for the above purposes, you must tell us if you haven't got their consent to this. If you wish to gain access to your personal information (including to correct or update it), have a complaint about a breach of your privacy or you have any query on how your personal information is collected or used, or any other query relating to Privacy, contact us using the details on the front cover 8am-6pm, Monday to Friday.

General Insurance Code of Practice

The General Insurance Code of Practice was developed by the Insurance Council of Australia to further raise standards of practice and service across the Insurance industry.

We keenly support the standards set out in the Code. You can obtain more information on the Code of Practice and how it assists you by contacting us.

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 in Section IV(D) Definitions.

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.

PSB Insurance Brokers Pty Ltd are authorised to issue Certificates evidencing currency of Insurance on behalf of the Insurers.

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 fifteen days after the commencement of Flight, but not exceeding the Amount Insured as specified in 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, in addition, 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 the Schedule.

2. Exclusions applicable to this Section only

Wear and Tear, Breakdown

The Insurers shall not be liable for

(a) wear and tear, deterioration, breakdown, defect or failure howsoever caused in any Unit of the Aircraft and the consequences thereof within such Unit;

(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.

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

3. Conditions applicable to this Section only

Dismantling, Transport and Repairs

(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.

Payment or Replacement	<p>(b) If the Insurers exercise their option to pay for or replace the Aircraft</p> <p>(i) the Insurers may take the Aircraft (together with all documents of record, registration and title thereto) as salvage;</p> <p>(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;</p> <p>(iii) the replacement aircraft shall be of the same make and type and in reasonably like condition unless otherwise agreed with the Insured.</p>
Amounts to be deducted from the claim	<p>(c) Except where the Insurers exercise their option to pay for or replace the Aircraft, there shall be deducted from the claim under paragraph 1(a) of this Section</p> <p>(i) the amount specified in the Schedule and</p> <p>(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.</p>
No Abandonment	<p>(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.</p>
Other Insurance	<p>(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.</p>

4. Additional Covers applicable to this Section only

Flying and Ancillary Equipment	<p>(a) The Insurers will indemnify the Insured and/or permitted pilots and/or passengers against loss or damage by theft or fire (or damage if your Aircraft is damaged) in respect of:</p> <p>(i) flying clothing, maps, navigational equipment and instruments, headsets or similar equipment (not being fixtures in your aircraft) and your baggage (including contents) actually in or on your aircraft being your property or of any permitted pilot and/or passenger, but excluding money, credit cards, securities, jewellery, and furs of all kinds.</p> <p>(ii) life jackets, life rafts, navigation equipment, tools and tie downs kits and survival beacons and the like.</p> <p>This coverage is limited to a maximum of \$5000 any one Accident and excludes any liability covered under Section III, Coverage 1(b).</p> <p>The Insured is required to produce proof of loss and value to support any claim made for loss or damage to such equipment.</p> <p>The applicable deductible in respect of this cover is \$250 each and every claim.</p>
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Air Freight Charges	<p>(b) If The Insurers pay a claim for accidental damage to the Aircraft under Section I of this Policy The Insurers will also pay for the extra cost of air freighting necessary replacement parts. However, The Insurers liability under this endorsement is limited to 10% of the amount stated in the schedule for the damaged aircraft subject to a maximum of \$50,000.</p> <p>Where the amount otherwise payable in respect of accidental damage under Section I of this Policy does not exceed the amount of the relevant deductible stated in the Schedule, The Insurers will only pay under this endorsement the amount by which the total of the cost of repair of such accidental damage and the extra air freight charges exceeds the amount of such deductible.</p> <p>This extended cover does not apply if the Aircraft is a total loss or a constructive total loss.</p>
Deletion of Pro Rata Contribution	<p>(c) It is hereby noted and agreed that Section I, paragraph 3, (c) ii, is deleted.</p>
Ground Transit	<p>(d) The Insurers agrees to pay for or repair physical loss of or damage to the Aircraft whilst on the ground, including whilst being privately transported by a purpose built trailer, less the amount of deductible specified in the schedule.</p>
Malicious Act Coverage	<p>(e) Notwithstanding the contents of the War, Hijacking and Other Perils Exclusion Clause forming part of this Policy (Section IV: (A) 10), it is hereby understood and agreed that this Policy is extended to cover claims caused by a malicious act.</p> <p>Provided always that the loss or damage is not otherwise excluded by (a), (b), (d), (f) or (g) of the War, Hijacking and Other Perils Exclusion Clause (Section IV: (A) 10).</p>
Post Accident Additional Expenses	<p>(f) It is understood and agreed that in the event of the Aircraft described in the Schedule sustaining damage in respect of which the Insured is entitled to indemnity under Section I of the Policy, The Insurers will pay all reasonable expenses incurred for food, lodging and travel to enable the crew and/or passengers to either:</p> <ul style="list-style-type: none"> (i) complete their journey to the intended final destination of the flight or, (ii) return to the point of origin of the flight if the flight is discontinued. <p>Provided always that Insurers' liability shall not exceed \$2,500 in the aggregate in respect of any one accident.</p>
Supplementary Payments	<p>(g) The Insurers agree to indemnify the Insured for</p> <ul style="list-style-type: none"> (i) 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 extended; (ii) 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; (iii) any reasonable expenses incurred for the purpose of attempting or actual raising, removal, disposal or destruction of the wreck of an Aircraft insured hereunder and the contents thereof; (iv) any reasonable expenses which the Insured may be called upon to

pay in respect of any public inquiry or inquiry by the Civil Aviation Safety Authority or any other relevant authority into an Accident involving an Aircraft insured hereunder.

(v) any reasonable emergency expenses you incur for the immediate safety of your Aircraft consequent upon damage of forced landing.

Provided always that The Insurers liability shall not exceed ten percent (10%) of the amount shown on the schedule as the agreed value of your Aircraft in respect of all sections (i) to (v) above, any one Accident and in the aggregate annually.

Agreed Value

(h) It is hereby understood and agreed that in consideration of the insured Aircraft being covered on an Agreed Value basis all reference herein to replacement shall be deemed to be deleted but only in respect of claims adjusted on the basis of a total loss.

In respect of claims adjusted on the basis of a total loss Insurers shall pay to the Insured the Agreed Value of the Aircraft as stated in the Policy Schedule less any applicable deductible. Insurers may, at their discretion, take the salvage of such Aircraft, together with all appropriate documents appertaining thereto, but in no event shall there be any abandonment to Insurers.

The foregoing provision shall not apply to claims arising in respect of partial loss or damage where Insurers shall retain the right to repair, replace or make good as they deem expedient.

Forced Landing Clause

(i) Insurers hereon agree that in the event of an insured Aircraft making a forced landing in any place where subsequent safe take-off is impossible, they will pay all reasonable costs, expenses or expenditure for the removal of the Aircraft to the nearest suitable take-off area provided always that Insurers' liability for such costs, expenses or expenditure, and for any loss of or damage to the Aircraft, shall not exceed the value of the Aircraft as declared in the Policy.

Funeral Benefit

(j) If a pilot of the insured aircraft sustains a fatal injury as a result of an accident involving the insured aircraft, whether or not death occurs at the time of the accident, The Insurers will pay for associated burial or cremation costs as well as travel costs within Australia for the deceased pilot or any member of their immediate family. This coverage is limited to a maximum of \$5000 in total for any one period of insurance and will not be reduced by any accident compensation benefit otherwise due to the Insured.

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 therefrom.

Exclusions applicable to this Section only

The Insurers shall not be liable for

Employees and Others	(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;
Operational Crew	(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;
Passengers	(c) injury (fatal or otherwise) or loss sustained by any passenger whilst entering, on board, or alighting from the Aircraft;
Property	(d) loss of or damage to any property belonging to or in the care, custody or control of the Insured;
Noise and Pollution & Other Perils	(e) claims excluded by the attached Noise and Pollution and Other Perils Exclusion Clause.

Limit of Indemnity applicable to this Section

The liability of the Insurers under this Section shall not exceed the amount stated in the Schedule, less any deductible. 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.

Additional Covers applicable to this Section only

Consequential Loss	(a) It is understood and agreed that The Insurers will also pay under Section II of this Policy all sums which the Insured is legally liable to pay as compensation for property damage or bodily injury indirectly caused to other persons as a consequence of the aircraft striking power lines, telephone lines, radio, television or telecommunications masts or supporting structures, but this endorsement shall not increase the Limit(s) of Indemnity in respect of any one accident or series of accidents arising out of one occurrence as stated on the Schedule. Sub-Limit \$1,000,000 per aircraft.
Accidental Injury to Animals	(b) Liability for accidental physical injury or death to animals caused by the insured aircraft and/or noise from the insured aircraft is covered under this policy. This endorsement therefore takes precedent over Noise and Pollution and other Perils Exclusion Clause. This section is limited to \$25,000 any one aircraft, anyone occurrence and is subject to the insured contributing 10% of the amount of indemnity paid under this endorsement.

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 baggage and personal articles of passengers arising out of an Accident to the Aircraft.

Provided always that

Documentary Precautions

(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) and (b) 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.

Effect of Non-Compliance

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

Employees and Others

(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;

Operational Crew

(b) member of the flight, cabin or other crew whilst engaged in the operation of the Aircraft.

3. Limit of Indemnity applicable to this Section

The liability of the Insurers under this Section shall not exceed the amounts stated in the Schedule, less any deductible. 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

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| Illegal Uses | 1. Whilst the Aircraft is being used for any illegal purpose or for any purpose other than those stated in the Schedule and as defined in the Definitions. |
| Geographical Limits | 2. Whilst the Aircraft is outside the geographical limits stated in the Schedule unless due to force majeure. |
| Pilots | 3. Whilst the Aircraft is being piloted by any person other than as stated in the Schedule except that the Aircraft may be operated on the ground by any person competent for that purpose. |
| Transportation by Other Means | 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. |
| Landing and Take-off Area's | 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. |
| Contractual Liability | 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. |
| Number of Passengers | 7. Whilst the total number of passengers being carried in the Aircraft exceeds the declared maximum number of passengers stated in the Schedule. |
| Non-Contribution and Members Liability Scheme | 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.

The Indemnity provided to the Insured under Section II & III of this policy shall come into effect only after the insurance available to the Insured via their membership of Recreational Aviation Australia Inc, has been exhausted. |
| Nuclear Risks | 9.1. To claims caused by

(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) ionising radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

9.2 Such radioactive material or other radioactive source in paragraph 9.1 (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.

9.3 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 organisation 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.

9.4 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	Maximum permissible level of non-fixed radioactive surface contamination
(IAEA Health and Safety Regulations)	(Averaged over 300cm²)
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)

the cover afforded hereby may be cancelled at any time by the Insurers giving seven days notice of cancellation

War, Hijacking and Other Perils

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 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 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).

Noise and Pollution and
Other Perils

11.1 to 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 with them,

(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 from a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation.

11.2. With respect to any provision in this 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 Clause 11.1, or

(b) a claim or claims covered by this Policy when combined with any claims excluded by Clause 11.1 (referred to below as "Combined Claims").

11.3. 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 claim or claims covered by this Policy:

(i) damages awarded against the Insured and

(ii) defence fees and expenses incurred by the Insured.

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

Asbestos Exclusion

12. to 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 or exposure to asbestos in any form whatsoever, 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, indemnify for any costs or damages relating to or in any other way respond to the actual, alleged or threatened presence of asbestos in any form whatsoever.

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. All other terms and conditions of the Policy remain unchanged.

Date Recognition Exclusion

13. to 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.

Sanctions and Embargos

14. This Policy does not provide any cover or benefit for any business or activity to the extent that

(i) such cover or benefit and/or

(ii) such business or activity

would violate any applicable economic or trade sanction law or regulations of the UN and/or the EU/EEA and/or any other applicable national economic or trade sanction law or regulations.

(B) CONDITIONS PRECEDENT APPLICABLE TO ALL SECTIONS

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

Due Diligence

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.

Compliance with Air Navigation Orders etc

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.

Claims Procedure

3. The Insured must give immediate notice of any event likely to give rise to a claim under this Policy and;

(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

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| Claims Control | 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. |
| Subrogation | 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. |
| Variation in Risk | 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. |
| Cancellation | 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. |
| Assignment | 5. This Policy shall not be assigned in whole or in part except with the consent of the Insurers verified by endorsement hereon. |
| Not Marine Insurance | 6. This Policy is not and the parties hereto expressly agree that it shall not be construed as a policy of marine insurance. |
| Arbitration | 7. This Policy shall be construed in accordance with Australian Law and any dispute or difference between the Insured and the Insurers shall be submitted to Australian Courts in accordance with the Statutory provision for arbitration for the time being in force. |
| Two or More Aircraft | 8. When two or more Aircraft are insured hereunder the terms of this Policy apply separately to each. |
| Limit(s) of Indemnity | 9. 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 Insured's shall not exceed the Limit(s) of Indemnity stated in this Policy. |
| False and Fraudulent Claims | 10. 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. |

Full Premium if Claim	<p>11. It is understood and agreed that in the event of a claim arising hereunder which exceeds the premium paid the balance of the agreed Full Annual Premium shall become due and payable forthwith.</p>
Cross Liability Clause	<p>12. In consideration of an agreed additional premium the inclusion of Additional Insured's under this Policy shall not preclude the right of recovery hereon by the Original Insured named below in respect of claims made against them by such Additional Insured's or the employees of such Additional Insured's.</p> <p>Where the coverage provided by this Policy is also provided by other policy or policies, then this Policy shall only pay that amount which is in excess of the amount(s) which would have been payable under such other policy(ies) had this insurance not been effected.</p> <p>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 Insured's shall not exceed the limit(s) of liability stated in this Policy.</p> <p>Original Insured: Refer to schedule.</p>
Unauthorised Use Clause	<p>13. No claim under this Policy shall be rejected on the grounds that the Aircraft was used in a place or in a manner or by a person not permitted under the terms of this Policy provided such use was not authorised by the Insured and that the Insured had taken reasonable precautions to prevent such unauthorised use. Any consent given by an employee or agent of the Insured outside the normal scope of his authority shall be deemed not to be authorisation given by the Insured.</p>
Breach of Air Navigation Regulations Clause	<p>14. The cover afforded to each Insured by the Policy shall not be invalidated by any act or omission which results in a breach of any air navigation or airworthiness orders or requirements issued by any competent authority affecting the safe operation of the Aircraft provided that the Insured so protected has not caused, contributed to or knowingly condoned the said act or omission. Any Insured who has caused, contributed to or knowingly condoned the said act or omission shall not be entitled to indemnity under the Policy. Except as specifically varied by this clause, all other terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Policy apply.</p>
Date Recognition Limited Coverage	<p>15. Whereas the Policy of which this endorsement forms part includes the Date Recognition Exclusion Clause, it is hereby understood and agreed that, subject to all terms and provisions of this endorsement, Date Recognition Exclusion Clause shall not apply:</p> <ol style="list-style-type: none"> 1. to any accidental loss of or damage to an aircraft defined in the Schedule; 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: <ol style="list-style-type: none"> a) accidental bodily injury, fatal or otherwise, to passengers caused by an accident to an Insured Aircraft or any other liability to a passenger which is imposed upon you, your servants or agents under Parts II, III or IV of the Civil Aviation (Carriers' Liability) Act 1959 (Commonwealth) or the corresponding legislation of any Australian State or Territory in force from time to time or in accordance with regulations made pursuant to that Act or that corresponding legislation; and/or

b) loss of or damage to baggage, to personal articles of passengers, mail or cargo directly 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 therefrom;

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 Company during the Period of Insurance any material facts relating to the Date Recognition Conformity of the Insured's operations, equipment and products.

4. The Date Recognition Exclusion Clause or any other date recognition exclusion clause sought to be relied upon by the Company shall be of no effect if and to the extent that section 41D of the Civil Aviation (Carriers' Liability) Act 1959 as amended is applicable and prevents that exclusion.

Flight Reviews

16. Qualified Flying Instructors are automatically included as approved pilots in respect of Biennial Flight Reviews required to be undertaken by the Insured and/or Named Pilots under the Policy.

Jurisdiction

17. Further to Section IV(C)7, this policy does not cover and will not respond to legal liability to third parties or passengers resulting in legal proceedings, claims, demands or disputes arising in jurisdictions other than those referred to in the geographical limits set out in the Schedule.

Goods and Services Tax

18. If we exercise our option to repair or pay for the repair of your Aircraft we will pay the amount of any Goods and Services Tax (GST) included in the cost of the repairs less any Input Tax Credit to which you are entitled in respect of the GST payable on the cost of repairs.

(a) Any such payment of GST will not cause the amount payable by us to exceed the limit of liability specified in the Schedule.

(b) You will inform us of your Australian Business Number and any entitlement to an Input Tax Credit for GST on the policy premium. In the event of any misstatement by you, we will not be liable to pay any GST.

Pilot Indemnity

19. The Sections of this Policy covering bodily injury liability, including passengers, and property damage liability are extended to cover, as if he/she were the Insured, any pilot authorised by the Insured under the terms of the Policy in respect of injury or damage arising out of the operation of the Aircraft described in the Schedule to the Policy, but not so as to increase the liability of Insurers beyond the amount which would otherwise have been payable under this policy had liability been incurred

by the Insured.

Provided always that

(a). At the time of any accident giving rise to a claim under this Clause the said pilot

(i) shall as though he/she were the Insured, observe, fulfill and be subject to the terms, conditions and exclusions contained in the Policy, and

(ii) is not entitled to indemnity under any other policy.

(b). There shall be no indemnity under this Clause in respect of claims made against the pilot by the Insured and/or with respect to the Aircraft described in the Schedule to the policy.

Co-Insurance

20. It is hereby noted and agreed that this insurance Policy is placed on a co-insurance basis whereby Underwriters participate in a share of the risk covered by this policy to the extent of their individual subscriptions as stated below:

Allianz Australia Insurance Limited (Lead Insurer) – 50%

QBE Insurance (Australia) Limited – 50%

The Lead Underwriter shall be responsible for the issue of an agreed policy wording with co-insurers signing for their individual subscriptions.

It is further noted that coinsurers agree to accept the decision of the Lead Underwriter and to follow that decision in all matters arising out of this policy other than for increases in sums insured and/or limits or sub-limits of liability, the inclusion of new purpose of use, aircraft type(s), or pilots, increases in seating capacity, changes to geographic limits, amendments to and/or other changes in premiums and/or rates not already provided for in the slip placement.

It is noted and agreed that following an event that may give rise to a claim the Lead Underwriter shall:

- (a) advise co-insurers of such event,
- (b) appoint an agreed adjustor on behalf of all co-insurers, and
- (c) furnish all information available to and co-operate with co-insurers in the adjustment and settlement of any claim

Each coinsurer shall retain the right to determine liability in respect of any claim to the extent of their individual Subscriptions.

Further it is noted and agreed that all coinsurers shall receive a copy of each and every endorsement and/or amendment to the Policy.

Several Liability

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

(D) DEFINITIONS

1. "ACCIDENT" means any one accident or series of accidents arising out of one event.
2. "AUSTRALIA" means continental Australia and extending 100kms into territorial waters, external territories (excluding Australian Antarctica, Macquarie Island, Heard Island and McDonald Island) and passage between continental Australia and the external territories (other than the excluded territories)
3. "BODILY INJURY" means bodily injury (fatal or otherwise) but excludes nervous shock or psychological injury unless accompanied by and directly caused by, physical injury.
4. "COMPENSATORY DAMAGES" does not include punitive, exemplary or aggravated damages.
5. "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 therefrom, or autorotation.
6. "GROUND" means whilst the Aircraft is not in Flight or Taxiing or Moored as defined above.
7. "GST", and "input tax credit" have the meaning given in "A New Tax System (Goods and Services Tax) Act 1999".
8. "INSURED" means the Insured name in the Schedule and includes any directors, employees, partners or agents of the Insured whilst acting in the scope of their duties.
10. "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.
11. "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.
12. "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.
13. "POLICY" includes the schedule, together with any endorsements shown in the schedule as included, all of which attach to and form part of this policy.
14. "PROPERTY DAMAGE" means physical loss of or damage to or destruction of tangible property including loss of use thereof.
15. "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.

16. "UNIT" means a part or an assembly of parts (including any subassemblies) 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.

17. "PRIVATE PLEASURE" means use for private and pleasure purposes but NOT use for any business or profession nor for hire or reward.

18. "BUSINESS" means the uses stated in Private Pleasure and use for business or professional purposes but NOT use for hire or reward.

19. "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.

20. "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 the Schedule under OTHER USES.

Definitions 17, 18, 19 and 20 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 the Schedule under OTHER USES.

SECTION V – ENDORSEMENTS

Extended Coverage
(Aviation Liabilities)

1. Whereas the Policy of which this Endorsement forms part includes a War, Hijacking and Other Perils Exclusion Clause, IN CONSIDERATION of an agreed Additional Premium, it is hereby agreed that with effect from inception all subparagraphs other than (b) of paragraph 10 of Section IV General Exclusions Applicable To All Sections, forming part of this Policy are deleted SUBJECT TO all terms and conditions of the Endorsement.

2. EXCLUSION applicable only to any cover extended in respect of the deletion of sub-paragraph (a) of paragraph 10 of Section IV General Exclusions Applicable To All Sections. 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 the aircraft.

3. LIMITATION OF LIABILITY

The limit of Insurers' liability in respect of the coverage provided by this Endorsement shall be \$10,000,000 or the applicable Policy limit whichever the lesser any one Occurrence and in the annual aggregate (the "sub-limit"). This sub-limit shall apply within the full Policy limit and not in addition thereto.

To the extent coverage is afforded to an Insured under the Policy, this sub-limit shall not apply to such Insured's liability:

(a) to the passengers (and for their baggage and personal effects) of any aircraft operator to whom the policy affords cover for liability to its passengers arising out of its operation of aircraft;

(b) for cargo and mail while it is on board the aircraft of any aircraft operator to whom the policy affords cover for liability for such cargo and mail arising out of its operation of aircraft.

4. 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 sub-paragraph (a) of paragraph 10 of Section IV General Exclusions Applicable To All Sections**

- upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter wheresoever or whensoever such detonation may occur and whether or not 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 Aircraft until completion of its landing thereafter and any passengers have disembarked.

5. 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 the 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 sub-paragraphs (c), (d), (e), (f) and/or (g) of paragraph 10 of Section IV General Exclusions Applicable To All Sections - such notice to become effective on the expiry of forty-eight hours from 23.59 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.

Liability To Pilots And Crew Clause

It is hereby understood and agreed that notwithstanding any exclusion specifically relating to pilots and operational crew in the Section of this Policy covering the liability of the Insured to passengers, such coverage shall extend to include the liability of the Insured to the pilots and operational crew of the insured Aircraft, but excluding liability required to be insured under the terms of any employers' liability, workmans' compensation legislation or similar legislation.