



**Avemco Insurance Company**  
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A capital stock insurance company incorporated  
 under the laws of the State of Maryland.

A subsidiary of HCC Insurance Holdings, Inc.

# Direct Approach

## Non-Owned Aircraft Insurance Policy

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### WHAT TO DO IN CASE OF AN ACCIDENT

#### NOTIFY US AND THE OWNER PROMPTLY

The notice should give the time, place and circumstances. It should include names and addresses of the owner, the party from whom **you** rented or borrowed the aircraft, witnesses and injured persons. **You** should also notify the aircraft owner.

#### OTHER DUTIES

**You** shall:

- Cooperate with and assist **us** in matters concerning a claim or suit;
- Send **us** promptly all legal papers received;
- Authorize **us** to obtain medical and other records;
- Assume no obligation nor make any payment other than for first aid to others;
- Provide sworn statements under oath as required by **us**.

In addition, when **you** have Aircraft Damage Liability Coverage, **you** shall:

- Take reasonable steps after an **accident** to protect the **non-owned aircraft**;
- Report theft or vandalism to the police promptly;
- Allow **us** to inspect the **non-owned aircraft** before repair or disposal;
- Assume no obligation nor make any payment in connection with **aircraft damage** other than for protection of the **non-owned aircraft**.

## AGREEMENT

We agree to provide insurance in return for **your** premium payment. The insurance is subject to the terms of this Policy. It is based on **your** statements in the Application.

### DEFINITIONS USED IN THIS POLICY

(These defined terms are printed in bold type in this Policy.)

1. **"Accident"** means a sudden event, or continued or repeated contact with the same conditions, that results in **bodily injury, property damage or aircraft damage** during the Policy Period.
2. **"Aircraft damage"** means direct physical loss of, or damage to, a **non-owned aircraft**. This includes loss of its use.
3. **"Bodily injury"** means physical injury to, or death of, a person.
4. **"Commercial purpose"** means passenger or cargo carrying, aerial photography, rental or other use for which **you** get money or other benefits. It does not include **your** sharing operating costs of a flight or being reimbursed for a flight that is incidental to **your** business or job, as allowed a private pilot by the **FAA**.
5. **"FAA"** means Federal Aviation Administration or the governmental authority having jurisdiction over civil aviation in the country of registry of a **non-owned aircraft**.
6. **"Non-owned aircraft"** means an aircraft **you** rent or borrow. Its use must be with the owner's permission. It cannot be owned in whole or in part by, or furnished for more than 30 consecutive days to:
  - a. **you** or **your** spouse;
  - b. parents, children, brothers or sisters of **you** or **your** spouse;
  - c. a corporation, partnership or other organization in which any combination of people shown in a. and b. above own more than 20%.It must have all of the following:
  - a. fixed wings;
  - b. a standard airworthiness certificate, or be certified by the **FAA** as a Special Light Sport Aircraft in the Airplane or Glider category;
  - c. United States or Canadian registry.It must not have any of the following:
  - a. a turbine engine;
  - b. an engine with more than 450 horsepower;
  - c. more than 7 seats;
  - d. more than one engine.
7. **"Policy territory"** means the Western Hemisphere between 13° and 67° North Latitude and between 52° West Longitude and the International Date Line. It does not include Bermuda, Central America or Cuba.
8. **"Property damage"** means loss of, or damage to, property of others. This includes loss of its use. It does not include loss of, or damage to:
  - a. a **non-owned aircraft**;
  - b. property owned by **you** in whole or in part;
  - c. property rented to **you** or in **your** charge;
  - d. property carried in a **non-owned aircraft**. However, the personal effects of each passenger are included up to \$500.
9. **"Special purpose"** means:
  - a. aerial seeding, spraying, dusting or towing;
  - b. hunting, herding, or spotting of animals, birds or fish;
  - c. powerline, pipeline, traffic or fire patrol or surveillance;
  - d. **your** giving flight instruction;
  - e. parachute jumping, sales demonstration or a test flight in connection with repair or inspection;
  - f. closed course racing or practicing or qualifying for the race.
10. **"We," "us" and "our"** mean Avemco Insurance Company.
11. **"Workers' compensation"** means compensation prescribed by federal or state law for **bodily injury** to an employee during the course of employment.
12. **"You" and "your"** mean the Policyholder named in Item 1 of the Data Page.

### LIABILITY INSURANCE FOR USE OF NON-OWNED AIRCRAFT

(See Data Page for Coverage purchased.)

#### COVERAGE A—BODILY INJURY AND PROPERTY DAMAGE LIABILITY; MEDICAL EXPENSES

##### DESCRIPTION OF INSURANCE

We will pay for **bodily injury** and **property damage** for which **you** are legally liable. The **bodily injury** and **property damage** must be caused by an **accident** which results from **your** use of a **non-owned aircraft**.

## MEDICAL EXPENSES

**We** will pay for necessary medical expenses for **bodily injury** to **you**, **your** spouse, parent or child (“covered person”) caused by an **accident** which results from **your** use of a **non-owned aircraft**. **We** will also pay each covered person injured \$100 for each day of in-patient hospital care. **We** will pay these expenses if incurred within one year of the **accident**.

## COVERAGE B— AIRCRAFT DAMAGE LIABILITY

### Description of Insurance

**We** will pay for **aircraft damage** for which **you** are legally liable. The **aircraft damage** must be caused by an **accident** which results from **your** use of a **non-owned aircraft**.

However, regardless of **your** legal liability, **we** will pay up to the first \$1,000 for **aircraft damage** to reimburse the owner of a **non-owned aircraft** for their insurance deductible which is caused by an **accident** resulting from **your** use of a **non-owned aircraft**.

## ADDITIONAL PAYMENTS

When coverage is provided by this Policy for a claim against **you**, for that claim **we** will also pay:

1. Costs **we** incur investigating the **accident** and defending a suit. Costs do not include payment of a claimant’s attorney fees which may be taxed against **you**;
2. Interest on that part of a judgment which does not exceed **our** Limit of Liability. Interest is paid from the date of the judgment until **we** pay, or offer to pay, **our** part of the judgment;
3. **Your** reasonable costs when **we** ask **you** to attend trials or hearings. **We** will not pay for loss of earnings;
4. Costs **you** incur for first aid to others at the time of an **accident**;
5. Reasonable costs **you** incur for protection of a **non-owned aircraft** after an **accident** if the owner’s insurance does not cover it.

**We** will settle or defend, whichever **we** feel proper, a claim or suit.

## LIMITS OF LIABILITY

The Limits of Liability shown in Item 3 of the Data Page apply as follows:

1. The limit for “each person” is the most **we** will pay for **bodily injury** to one person in one **accident**. **Bodily injury** sustained by any one person shall include all injury and damages sustained by others as a consequence of such

**bodily injury**. However, the most **we** will pay for **bodily injury** for necessary medical expenses to **you**, **your** spouse, parent or child is \$5,000. Any payment made for medical expenses will reduce the limit for “each **accident**,” shown in Item 3 of the Data Page, by the amount of such payment;

2. The limit for “**property damage**” is the most **we** will pay for all **property damage** combined in one **accident**;
3. Subject to the limits for “each person” and for “**property damage**,” the limit for “each **accident**” is the most **we** will pay for all **bodily injury** and **property damage** combined in one **accident**;
4. The limit for “each **non-owned aircraft**” is the most **we** will pay for **aircraft damage** in one **accident**. The no-fault deductible payment coverage shall be included within the limit for “each **non-owned aircraft**,” and not in addition to that limit.

The number of Data Pages, claims or claimants does not increase these amounts.

## EXCESS INSURANCE

Coverage under this Policy is excess over any other insurance, whether primary, excess, contingent or on any other basis. If there is other insurance available for **you**, it shall apply first.

## EXCLUSIONS

This Policy does not cover:

1. **Bodily injury, property damage** or **aircraft damage** when the **non-owned aircraft** is:
  - a. outside the **policy territory**;
  - b. used for a **commercial purpose**;
  - c. used for a **special purpose**;
  - d. used unlawfully to traffic in or carry persons, drugs, narcotics or other property;
  - e. operated by a student pilot carrying an occupant other than a Certificated Flight Instructor;
  - f. operated into, on or from a landing area that is not designed, maintained and used as an airport. This exclusion shall not apply to a forced landing due to emergency flight conditions;
2. **Bodily injury, property damage** or **aircraft damage**:
  - a. liability **you** assume by contract or agreement;
  - b. when **you** are insured under nuclear energy liability insurance. This exclusion applies even if the limits of that insurance are reached;

- c. arising out of declared or undeclared war, civil war, riot or revolt;
  - d. which **you** expect or intend;
  - e. if **you** do not have a currently effective United States or Canadian pilot certificate, unless a pre-solo student;
3. **Bodily injury, property damage or aircraft damage** arising out of **your** use of an aircraft which is not a **non-owned aircraft**;
  4. The legal responsibilities of the **non-owned aircraft** owner or the owner's agent or employee;
  5. **Bodily injury** to **your** employee(s) when **workers' compensation** is or was available or required to compensate **your** employee(s) against whom claim is made either prior to, or at the time of, an **accident**.

## GENERAL PROVISIONS

1. **POLICY CHANGE TO BE MADE BY US**  
No change may be made to this Policy except by Endorsement issued by **us**.
2. **SUIT AGAINST US**  
**We** may not be sued unless there has been compliance with all terms of this Policy. No one has a right to sue **us** until **your** duty to pay is finally decided by a court. **Your** bankruptcy or insolvency does not relieve **us** of **our** obligations under this Policy.
3. **OUR RECOVERY RIGHTS**  
**We** have **your** rights of recovery. **You** must do all that is needed to help **us** exercise these rights. **You** may do nothing to take away these rights.
4. **POLICY CONFORMS TO YOUR STATE LAW**  
If the terms of this Policy conflict with **your** state law, they are amended to conform to that law. If **your** state has required minimum limits of liability this Policy will pay no more than the Limits of Liability shown in Item 3 of the Data Page or **your** state's required minimum limit, whichever is greater.
5. **TRANSFER OF POLICY**  
Interest in this Policy may not be transferred without **our** written consent. If **you** die, the

Policyholder will be **your** legal agent while carrying out his duties.

## 6. NONRENEWAL

If **we** decide not to renew this Policy, **we** will mail **you** notice of nonrenewal. This notice will be sent to the address shown in Item 1 of the Data Page. It will be sent at least 30 days before the Policy Period ends.

Proof of mailing will be proof that **you** were notified.

If **we** offer to renew and **you** do not pay the renewal premium, **you** have declined **our** offer.

## 7. CANCELLATION

To cancel this Policy, **you** must tell **us** in writing at what future date the cancellation should be.

**We** may cancel by mailing **you** a cancellation notice. This notice will be sent to the address shown in Item 1 of the Data Page. It will be sent at least 30 days before the cancellation date. Only 10 days' notice will be given if **we** cancel for nonpayment of premium. Also, only 10 days' notice will be given if the Policy has been in effect less than 60 days and is not a Renewal Policy. Proof of mailing will be proof that **you** were notified.

Upon cancellation, **you** may be entitled to a premium refund. **We** will send that refund to **you**. **Our** making a refund is not a condition of cancellation.

If **we** cancel, the refund will be figured on a pro rata basis. If **you** cancel for any reason, **we** will refund to **you** 90% of the pro rata amount or, 50% of the annual premium, whichever is less.

**Our** receipt and deposit of **your** premium payment after mailing a notice of cancellation will not reinstate the Policy. However, cancellation for nonpayment of premium will not be effective if the required payment is received before the cancellation date.

## 8. WHAT TO DO IN CASE OF AN ACCIDENT

**Your** duties are shown on page 1 of this Policy. **You** must comply with them to the best of **your** ability.

The President and Secretary of Avemco Insurance Company have signed this Policy and it is countersigned on the Data Page by an authorized representative.

  
James A. Lauerman  
President

  
Randy Rinicella  
Secretary