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.
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. **SUITE 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.

Michael J. Donovan
President

Alexander Ludlow
Secretary