

AIRCRAFT INSURANCE POLICY

COVERAGE IDENTIFICATION PAGE

U. S. SPECIALTY INSURANCE COMPANY

- A CAPITAL STOCK COMPANY
- ADMINISTRATIVE OFFICES: 13403 NORTHWEST FREEWAY
- HOUSTON, TEXAS 77040-6094

YOUR POLICY NUMBER

Prior Policy No.

ITEM	NAME INSURED	YOUR AGENT'S NAME AND ADDRESS
1		William White d.b.a. Bill White Insurance Agency
2	YOUR ADDRESS	710 Rimpau Avenue, Suite 103
	Kenai, AK,	Corona, CA, 92879

3 POLICY PERIOD: 12:01 A.M. STANDARD TIME AT YOUR ABOVE ADDRESS FROM: _____ TO: _____

4 LOCATION OF AIRCRAFT: The aircraft will be principally based at _____

5 DESCRIPTION OF AIRCRAFT: You have told us that each of the aircraft below (1) has an FAA standard airworthiness certificate unless noted below*; and (2) is solely and unconditionally owned by you unless noted differently in Item 1 and/or 11 or endorsements we issue.

FAA NUMBER	YEAR, MAKE AND MODEL <small>*(Include description if not an FAA standard certificated landplane)</small>	TOTAL SEATS	AIRCRAFT PHYSICAL DAMAGE COVERAGE <small>(If no Agreed Value shown, no coverage is provided)</small>			
			AGREED VALUE	F Not in Motion DEDUCTIBLE	G In Motion DEDUCTIBLE	
			\$	\$ 250	\$ 2,500	

6 COVERAGES AND LIMITS OF LIABILITY: The most we will pay under each coverage we provide is shown below for each aircraft. (Where no amount is shown, no coverage is provided)

FAA NUMBER	LIABILITY TO OTHERS	A Bodily Injury Excluding Passengers	B Passenger Bodily injury	C Property Damage	D Single Limit Bodily Injury/Property Damage	DL Single Limit Bodily Injury/Property Damage Limited Pass.	E Medical Expense
	each person	\$	\$	\$	\$	\$ 100,000	\$ 5,000
	each occurrence	\$	\$	\$	\$	\$ 1,000,000	\$ 20,000

7 ANNUAL PREMIUMS: Your cost for each coverage we provide is shown below. (Where no amount is shown, no coverage is provided)

FAA NUMBER	COV. A	COV. B	COV. C	COV. D	COV. DL	COV. E	COV. F	COV. G	TOTAL FOR A/C
	\$	\$	\$	\$	\$	\$	\$	\$	\$

8 ENDORSEMENTS ATTACHED WHEN POLICY ISSUED NOS: _____ ANNUAL ENDORSEMENT PREMIUM \$ _____ 0 PREMIUM DUE _____

Form Name	Form Version	Form Title	Form Premium
AIP 1680	(08/10)	PROTECTING THE PRIVACY OF INFORMATION	
AIP 1195	(08/10)	WAR HIJACKING AND OTHER PERILS EXCLUSION	
AIP 1302	(08/10)	GEOGRAPHIC AREA AMENDATORY - ALASKA	
AIP 1303	(08/10)	STATE OF ALASKA AMENDATORY	
AIP 1201	(08/10)	STATE OF ALASKA CANCELLATION AND NONRENEWAL	
AIP 1301	(08/10)	ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT	
AIP 1105	(08/10)	AIRCRAFT POLICY CONDITIONS	

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AIP 1407	(08/10)	DAMAGED AIRCRAFT-AIRCRAFT PHYSICAL DAMAGE
AIP 1543	(08/12)	EXPANSION OF COVERAGE
AIP 1883	(01/15)	EXCLUSION OF CERTIFIED ACTS OF TERRORISM

9	FAA NUMBER	<p>THE PILOT FLYING THE AIRCRAFT: The aircraft must be operated in flight only by a person shown below, who must have a current and proper (1) medical certificate and (2) pilot certificate with necessary ratings as required by the FAA for each flight. There is no coverage under the policy if the pilot does not meet these requirements.</p> <p><u>Open Pilot Warranty</u></p> <p style="padding-left: 20px;">Named Pilots Only</p> <p><u>Named Pilots</u></p> <p style="padding-left: 20px;"><u>Named Pilots with Requirements</u></p>	
10	FAA NUMBER	<p>THE USE OF THE AIRCRAFT: The aircraft will be used for your pleasure and business related purposes where no charge is made for such use and also will be used for the following purposes:</p> <p style="padding-left: 20px;">No Other Use Approved</p>	
11	<p>ADDITIONAL INTEREST: Payment for Aircraft Physical Loss or Damage under Coverage F or G will be made to you and</p>		
	NAME AND ADDRESS OF LIENHOLDER / LOSS PAYEE	L/I	LOAN BALANCE

Countersigned this _____ day of _____, _____

Authorized Representative

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YOUR POLICY NUMBER

Prior Policy No.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement is issued by U.S. Specialty Insurance Company

Policy number: ,
Endorsement number:
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Effective:
For: premium of \$

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DAMAGED AIRCRAFT-AIRCRAFT PHYSICAL DAMAGE

Under PART TWO - AIRCRAFT PHYSICAL DAMAGE - Paragraph 3.b. is amended to read:

3. What **We** Will Pay (Less Deductible)

b. Damaged Aircraft

If **your aircraft** is damaged and not destroyed, **we** will pay the reasonable cost of repair after the **aircraft** is repaired, but **we** will not pay more than the **agreed value** less the applicable deductible.

If the estimated cost of repair is more than the **agreed value** of the **aircraft**, **we** will pay the **agreed value** less the applicable deductible and **we** will take the damaged **aircraft**.

This endorsement applies to all **aircraft** covered by **your** policy unless the following information is completed.

This endorsement applies only to the following **aircraft**:

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER OR EXTEND ANY OF THE TERMS, CONDITIONS OR AGREEMENTS OF THE POLICY OTHER THAN AS STATED ABOVE.

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EXPANSION OF COVERAGE

This endorsement expands or changes some parts of your policy.

1. When and Where You are Covered

Under "When and Where You are Covered" in Paragraph 5 of PART ONE - GENERAL PROVISIONS AND CONDITIONS - you are covered during the policy period shown in Item 3 of the Coverage Identification Page while the aircraft is within the United States (excluding Hawaii), Canada, Mexico, the Islands of the West Indies (excluding Cuba and Haiti), or while enroute between these points excluding U.S. Sanctioned Countries.

2. The Pilot Flying the Aircraft

PART ONE - GENERAL PROVISIONS AND CONDITIONS- Paragraph 3. "The Pilot Flying the Aircraft" does not apply to your aircraft while it is in the care, custody or control of an FAA approved repair station or aircraft repair facility for the purpose of maintenance or repair and provided that you have not prejudiced our rights of subrogation or recovery against such repair station or repair facility.

3. If You Make Repairs

Under "What We Will Pay" in Paragraph 3 of PART TWO - AIRCRAFT PHYSICAL DAMAGE - if you perform your own repairs you agree to supply material, parts and labor at your cost, excluding any overtime payments. We will increase your labor costs up to 80% to help cover your actual cost of overhead and supervision.

4. Aircraft Spare Parts Coverage

PART TWO - AIRCRAFT PHYSICAL DAMAGE - is extended to cover direct physical loss of or damage to spare parts which are owned by you and which are intended to be used for an aircraft shown in Item 5 of your Coverage Identification Page and which has a premium amount shown for Coverage G in Item 7 of your Coverage Identification Page. Spare Parts means parts and equipment designed to be part of an aircraft that are not attached to or forming a part of an aircraft at the time of the accident.

a. What We Will Pay (Less Deductible)

The most we will pay for loss or damage to spare parts is the actual cash value of the part at the time of loss or damage, but we will not pay more than \$25,000 for spare parts during the policy period.

b. What You Must Pay or Bear (Deductible)

When we pay for loss of or damage to spare parts you must first pay \$500.

c. What We Will Not Pay

We will not pay for physical loss of or damage to:

- (1) an aircraft engine during the running or testing of the engine;
- (2) spare parts which have mysteriously disappeared.

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5. Increase of Agreed Value

Under PART TWO - AIRCRAFT PHYSICAL DAMAGE - if you add equipment to or modify your aircraft after the effective date of your coverage and you advise us within 30 days, the agreed value shown on your Coverage Identification Page will automatically increase by:

- a. the amount you have actually paid for the additional equipment or modification; or
- b. 20% of the agreed value shown in Item 5 of your Coverage Identification Page for the aircraft involved;

whichever is less. You agree to pay any additional premium.

6. Personal Effects and Baggage of Passengers

Under PART THREE - LIABILITY TO OTHERS - we will pay for property damage that you are legally required to pay for personal effects and baggage of your passengers. The most we will pay is \$2,500 each passenger for each occurrence involving your aircraft. Personal effects and baggage means handbags, suitcases, briefcases and other such items usually carried by your passengers, but does not include accounts, bills, cameras, computers, currency, deeds, documents, letters of credit, money, notes, passports, securities or tickets.

7. Reimbursement of Emergency Expenses

Under PART THREE - LIABILITY TO OTHERS - we will reimburse you for expenses:

- a. you are legally required to pay for the use of foam on a runway or on your aircraft; or

- b. for search and rescue operations after an occurrence, but only after search and rescue operations have been discontinued by the governmental authority in charge of these operations.

The most we will pay under this paragraph is \$25,000 during your policy period.

8. Assumption of Liability

Paragraph 4. f. "Assumed Liability" of PART THREE - LIABILITY TO OTHERS - does not apply to an airport agreement that you sign with a governmental body so you may use an airport or a lease of premises agreement for your lease of hangaring space for an aircraft shown in Item 5 of the Coverage Identification Page.

The most we will pay is:

- a. the limit of liability shown in Item 6 of your Coverage Identification Page; or
- b. \$1,000,000 each occurrence;

whichever is less.

9. Voluntary Settlement Extension

This Voluntary Settlement Extension expands your coverage under PART THREE - LIABILITY TO OTHERS - to include an option for voluntary settlement to a passenger for certain bodily injuries, even if you are not legally required to pay for such bodily injury, and you request us to pay.

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a. Words and Phrases

The following words and phrases have special meaning when applied to this Voluntary Settlement Extension:

- (1) **Loss** means, with respect to a hand or foot, severance at or above the wrist or ankle; with respect to an eye the entire and irrevocable loss of sight.
- (2) **Member** means a hand, foot or eye.
- (3) **Settlement Limit** means \$100,000 each **passenger** and \$100,000 multiplied by the number of **passengers**, each **occurrence**.
- (4) **Bodily Injury** means either loss of life or loss of one or more **members**.

b. Our Offer To Pay For Bodily Injury

Where an **occurrence** involving **your aircraft** directly and independently causes **bodily injury** to a **passenger** resulting within one year of the **occurrence** in:

- (1) Loss of life or the **loss** of two or more **members**, then **we** will offer to pay a sum not more than the **settlement limit** for each **passenger**.
- (2) **Loss** of any one **member**, then **we** will offer to pay a sum not more than one-half the **settlement limit** for each **passenger**.

c. Release Required For Payment

We will not make a payment to or for any injured person unless all persons having a cause of action for the person's **bodily injury** execute a full and final release for all claims for damages cov-

ered under Coverage B, Coverage D or Coverage DL.

d. Limits of Liability

The limits of liability that apply to the coverage provided by this Voluntary Settlement Extension are included as part of and not in addition to the limits of liability **you** purchased, as shown in Item 6 of **your** Coverage Identification Page. The limit of liability shown for each **passenger** and each **occurrence** under Item 6 shall be reduced by the amounts paid under this Voluntary Settlement Extension.

e. When Our Obligations End

Our obligations under this Voluntary Settlement Extension for a **passengers bodily injury** end if:

- (1) Any person having a cause of action for the **passenger bodily injury** refuses to accept the offer or fails to execute the requested release within 90 days of the date of the offer;
- (2) **We** pay any amount to or for the injured **passenger** under the liability coverage **you** purchased shown in Item 6 of the Coverage Identification Page; or
- (3) Claim is made or suit is brought against **you** for the **passenger's bodily injury**, in which case the liability coverage **you** purchased shown in Item 6 of the Coverage Identification Page will apply.

10. Emergency Off Airport Landings

If a pilot shown in Item 9 of the Coverage Identification Page makes an emergency landing away from an airport and there is no physical damage to **your aircraft**, **we** will pay the cost to transport **your aircraft** to

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the nearest airport. **You** must notify **us** immediately and **we** must agree to the method of the transportation. The most **we** will reimburse **you** under this paragraph is \$25,000 during **your** policy period.

(3) if **you** have permanently replaced **your** damaged aircraft.

You must provide **us** with invoices for all covered extra expense within 90 days from the date incurred by **you**.

11. Extra Expenses

Under PART FIVE - SPECIAL PROVISIONS AND CONDITIONS - in the event an aircraft described in Item 5 of the Coverage Identification Page is laid up and out of service because of an accident covered by this policy, **we** will reimburse **you** for the extra expense incurred in leasing or renting a temporary replacement aircraft or aircraft part while the damaged aircraft or aircraft part is being repaired. Extra Expense means the actual cost of leasing or renting a replacement aircraft or part and does not include storage charges, service fees, salaries, maintenance, or operation costs.

a. What **We** Will Pay

After an aircraft shown in Item 5 of the Coverage Identification Page has been damaged and continuing for not more than 60 consecutive days, **we** will reimburse **you** a maximum daily extra expense of \$1,000. The most **we** will pay is \$10,000 during **your** policy period. Extra expense is in addition to the agreed value shown in Item 5 of the Coverage Identification Page.

b. What **We** Will Not Pay

We will not reimburse **you** for any extra expense:

- (1) after completion of repairs to **your** damaged aircraft;
- (2) if the aircraft is destroyed, after **we** have furnished **you** with a proof of loss; or

12. Premises Extension

Under PART THREE - LIABILITY TO OTHERS - Paragraph 1 "What **We** Cover" is extended to include damage **you** are legally required to pay for bodily injury or property damage caused by an occurrence arising out of **your** legal use of premises at an airport. Premises means the portion of an airport used for the immediate parking, tiedown or storage of **your** aircraft.

13. Use of Another Aircraft

Under PART FIVE - SPECIAL PROVISIONS AND CONDITIONS - **we** will:

- a. provide the coverage shown in Paragraph 3 "Use of Another Aircraft" if **you** fly another aircraft;
- b. under Paragraph 3 "Use of Another Aircraft", pay for physical loss of or damage to other aircraft for which **you** are legally responsible. The most **we** will pay is the cost to repair or replace the other aircraft, not to exceed its fair market value or 125% of the highest aircraft agreed value shown on Item 5 of the Coverage Identification Page, whichever is less. **You** must first pay or bear the highest in motion deductible for an aircraft shown in Item 5 of the Coverage Identification Page.

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14. Aircraft Personal Injury

In addition to the coverage **you** have purchased, **we** will also pay those sums that **you** become legally obligated to pay as damages because of **aircraft personal injury** offenses committed during the policy period, arising out of **your** use of **your** aircraft.

a. **We** will have the right and duty to defend any civil suit seeking those damages.

(1) The most **we** will pay during **your** policy period is \$25,000;

(2) **We** may investigate and settle any claim or civil suit at **our** discretion; and

(3) **Our** right and duty to defend end when **we** have exhausted the applicable limit, shown in paragraph a (1) above, in the payment of judgments or settlements under this **Aircraft Personal Injury** extension of coverage.

b. **Aircraft Personal Injury** means injury, other than **bodily injury**, arising out of one or more of the following offenses:

(1) False arrest, detention or imprisonment;

(2) Malicious prosecution; or

(3) Eviction of a person from **your** aircraft.

c. This **Aircraft Personal Injury** extension of coverage does not apply to **Aircraft personal injury**:

(1) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of **you** or **anyone**;

(2) Arising out of the past, present or future employment of any person; or

(3) That **you** or anyone has agreed by contract or agreement to assume for others. This exclusion does not apply to liability for damages that **you** would have in the absence of the contract or agreement.

d. If **you** have other insurance, this **Aircraft Personal Injury** extension of coverage provides **you** with excess insurance. This means if **you** have other insurance covering an offense that is also covered by this **Aircraft Personal Injury** extension of coverage, **we** will pay only after all other valid and collectible insurance covering the loss has been exhausted. This does not apply to any insurance **you** purchased in excess of this **Aircraft Personal Injury** extension of coverage.

If any other insurance written through **us** covers the offense, the limit of insurance under this **Aircraft Personal Injury** extension of coverage will be reduced by the limit of insurance under the other insurance.

15. Additional Equipment Extension

Under PART TWO- AIRCRAFT PHYSICAL DAMAGE **we** will pay for loss of or damage to portable avionics, headsets or safety equipment which is owned or leased by **you** and used in the operation of an **aircraft** shown in Item 5 of the Coverage Identification Page and which has a premium amount shown for Coverage G in Item 7 of **your** Coverage Identification Page. **We** will pay the actual cash value of the portable avionics, headsets or safety equipment subject to a maximum of \$1,000 each **occurrence**.

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16. Liability for the Sale of Owned Aircraft

Under PART THREE - LIABILITY TO OTHERS- Paragraph 1 "What **We** Cover" is extended to include damages **you** are legally required to pay for **bodily injury** or **property damage** caused by an **occurrence** and arising from the sale of **your aircraft** during the policy period, provided **your** liability arises out of maintenance performed by **you** during the policy period and prior to the sale of **your aircraft**.

The provisions of this Paragraph 16 do not apply if the **aircraft** is sold to:

- (1) Any subsequent owners beyond the initial purchaser to whom **you** have sold the **aircraft**.
- (2) Any person or organization that makes, sells, rents, repairs or services **aircraft** or components, operates an airport facility, or provides instruction, pilot or flight services.

The limit of liability under this Paragraph 16 is:

- (1) \$100,000 per person,
- (2) \$1,000,000 per **occurrence** and in the aggregate.

17. Trip Interruption Coverage

We will reimburse **you** for **trip expense** that **you** incur for alternate transportation of **passengers**, because of a loss that is otherwise covered by this policy, subject to the following:

a. **Trip expense** means only the transportation cost:

- (1) Incurred within 12 hours after a loss which renders the **aircraft** unairworthy and remains so at the time **you** incur the **trip expense**;

- (2) From the place of loss to the original destination or the **aircraft's** home airport, whichever is closer;

- (3) Up to \$1,000 each **passenger** and \$10,000 each **occurrence** and must be properly receipted, documented and submitted to **us** for reimbursement.

b. The **aircraft** involved in the loss must:

- (1) Appear in Item 5 of the Coverage Identification Page and includes a premium amount shown for Coverage G in Item 7 of **your** Coverage Identification Page;

- (2) Incur at least \$2,500 of physical loss or damage;

- (3) Be located beyond a 300 nautical mile radius of the **aircraft's** home airport, departure airport or airport destination at the time of loss.

c. This Coverage does not apply if **we** reimburse **you** for expense incurred in leasing or renting a temporary **aircraft** or **aircraft** parts.

18. Non-owned Hanger and Contents

Under PART THREE - LIABILITY TO OTHERS - Paragraph 1 "What **We** Cover" is extended to include damage **you** are legally required to pay for **property damage** to **non-owned** hangers or its **non-owned** contents in the care, custody, or control of **you** or anyone **we** protect. The **property damage** must be caused by an **occurrence** and arise out of **your** legal use of the **non-owned** hangar.

Non-owned means not owned by **you** or anyone **we** protect.

a. What **We** Will Pay

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The most **we** will pay for loss or damage to **non-owned** hangars and its **non-owned** contents is \$50,000 each **occurrence**.

b. What **We** Will Not Pay

(1) **We** will not pay for **property damage** to **non-owned** aircraft in the care, custody, or control of **you** or anyone **we** protect.

Coverage provided for **non-owned** hangars and contents is excess over any other insurance whether primary, excess, contingent or on any other basis.

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GEOGRAPHIC AREA AMENDATORY - ALASKA

Under PART ONE - GENERAL PROVISIONS AND CONDITIONS, Paragraph 5 "When and Where You are Covered" is amended to include Alaska.

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**ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
ATTORNEY FEES COVERAGE NOTICE A**

**THIS POLICY LIMITS COVERAGE FOR ATTORNEY FEES
UNDER ALASKA RULE OF CIVIL PROCEDURE 82**

In any suit in Alaska in which we have a right or duty to defend an insured in addition to the limits of liability, our obligation under the applicable coverage to pay attorney fees taxable as costs against the insured is limited as follows:

Alaska Rule of Civil Procedure 82 provides that if you are held liable, some or all of the attorney fees of the person making a claim against you must be paid by you. The amount that must be paid by you is determined by Alaska Rule of Civil Procedure 82. We provide coverage for attorney fees for which you are liable under Alaska Rule of Civil Procedure 82 subject to the following limitation:

We will not pay that portion of any attorney's fees that is in excess of fees calculated by applying the schedule for contested cases in Alaska Rule of Civil Procedure 82(b)(1) to the limit of liability of the applicable coverage.

This limitation means the potential cost that may be awarded against you as attorney fees may not be covered in full. You will have to pay any attorney fees not covered directly.

For example, the attorney fees provided by the schedule for contested cases in Alaska Rule of Civil Procedure 82(b)(1) are:

20% of the first \$25,000 of a judgment;
10% of the amounts over \$25,000 of a judgment.

Therefore, if a court awards a judgment against you in the amount of \$125,000, in addition to that amount you would be liable under Alaska Rule of Civil Procedure 82(b)(1) for attorney fees of \$15,000, calculated as follows:

20% of \$ 25,000	\$5,000
10% of \$100,000	\$10,000
Total award	\$125,000
Total Attorney Fees	\$15,000

If the limit of liability of the applicable coverage is \$100,000, we would pay \$100,000 of the \$125,000 award, and \$12,500 for Alaska Rule of Civil Procedure 82(b)(1) attorney fees, calculated as follows:

20% of \$25,000	\$5,000
10% of \$75,000	\$7,500
Total Limit of Liability	\$100,000
Total Attorney Fees Covered	\$12,500

You will be liable to pay, directly and without our assistance, the remaining \$25,000 in liability plus the remaining \$2,500 for attorney fees under Alaska Rule of Civil Procedure 82 not covered by this policy.

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WAR HIJACKING AND OTHER PERILS EXCLUSION

1. Your policy does not cover an **accident** or **occurrence** caused by:
 - a. War invasion, acts of foreign enemies, hostilities, (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
 - b. Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
 - c. Strikes, riots, civil commotions or labor disturbances.
 - d. Any act of one or more persons whether or not agents of a Sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
 - e. Any malicious act or act of sabotage.
 - f. Confiscation, nationalization, 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. Hijacking or any unlawful seizure or wrongful exercise of control of **your 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 **you** or **anyone you** permit to fly **your aircraft**.
2. Furthermore, this Policy does not cover an **accident** or **occurrence** arising while the **aircraft** is outside **your** control or the control of **anyone you** permit to fly **your aircraft** by reason of any of the perils stated in Paragraph 1 above. Control of the **aircraft** shall be deemed to have been restored upon its safe return to **you** or **anyone you** permit to fly **your aircraft** at an airfield that is entirely suitable for the operation of the **aircraft** and within the geographic area stated in Paragraph 5 of Part One - GENERAL PROVISIONS AND CONDITIONS. Safe return shall require that the **aircraft** be parked with engines shutdown and under no duress.
3. Paragraph 4. f. (war - confiscation) of PART TWO - AIRCRAFT PHYSICAL DAMAGE - is deleted.
4. Paragraph 4. j. (war- confiscation) of PART THREE - LIABILITY TO OTHERS – is deleted.

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER OR EXTEND ANY OF THE TERMS, CONDITIONS OR AGREEMENTS OF THE POLICY OTHER THAN AS STATED ABOVE.

PROTECTING THE PRIVACY OF INFORMATION

U.S. Specialty Insurance Company ("USSIC") is committed to protecting your privacy by keeping the nonpublic personal information we collect from you confidential and secure. This policy applies to our relationships with individual consumers who inquire about and/or obtain products or services from USSIC for personal, family and household purposes. Please read this Privacy Policy that details USSIC's information use policies and practices.

Strict Security Measures

USSIC takes the security of information very seriously and has established security standards and procedures to prevent unauthorized access to customer information. These standards exist for both our physical facilities and our online services. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard consumer information. In addition, USSIC has policies and procedures to limit employee access to information to only those employees with business reason for accessing such information. USSIC educates its employees about the importance of confidentiality and customer privacy. We take appropriate disciplinary measures to enforce employee responsibilities regarding customer information.

Why USSIC collects information

USSIC collects information about you to:

- Accurately identify you;
- Protect and administer your records, policies, and funds;
- Help us design or improve our products and services;
- Save you time when you apply for new products and services;
- Offer you quality products and services; and
- Comply with certain laws and regulations.

Information We Collect

USSIC may collect the following nonpublic personal information from you and outside sources:

- Data you provide on your application and other forms you provide USSIC, such as name, address, date of birth, occupation, FAA Certificate Number and other information compiled by the FAA concerning you, your plane and your aviation record;
- Your transactions with USSIC, such as your account balance, payment history and claims history;
- Driving Record from the Department of Motor Vehicles.

USSIC has established procedures so that the information we collect is accurate, current and complete. USSIC is committed to working with you to promptly correct any inaccurate information.

Information We Share

Depending on the type of relationship you have with USSIC, we may share or disclose the information we collect from you, such as your claims history and payment history, with USSIC affiliates, as well as with unaffiliated third parties.

This information is shared to the extent necessary to service you and your policy as completely as possible. USSIC reserves the right to share all information we collect as this policy provides.

Under the law, USSIC is permitted to share identification information with USSIC affiliates, as well as information related to the transactions and experiences we have with our customers. By sharing this information, USSIC is able to streamline claims processes to ensure you receive the service you need.

We also disclose the information we collect from you to complete transactions initiated by you when you request or authorize the disclosure, or if the disclosure is required by law. At times, it is necessary to disclose information to enforce or apply the terms and conditions of any agreement we have with you and to protect the rights, property, or safety of USSIC, our customers, or others. This includes exchanging information with other companies and organizations, including governmental law enforcement authorities, to detect or prevent fraud, criminal activity, material misrepresentations or material non-disclosures in connection with insurance transactions.

We may also disclose the information we collect from you to unaffiliated third parties, as permitted by law. This includes unaffiliated third parties who provide marketing services for USSIC.

USSIC will not sell your personal information to unaffiliated third parties nor will it provide your personal information to third parties, doing business on USSIC's behalf, for their own marketing purposes.

Former customers

If you end your relationship with USSIC, we will adhere to the information policies and practices described in this policy.

For More Information, Or To Opt Out

You have the right to opt out of or prevent the disclosure of non-public personal financial information to non-affiliated third parties. This option applies to the insurance products and services that USSIC provides to you. Presently, USSIC does not share or exchange such information. If you would like more information about your options and rights to opt out of information sharing, please write to USSIC at the address provided below.

U.S. Specialty Insurance Company
5601 Granite Parkway, Suite 1100
Plano, TX 75024

Your relationship with USSIC is a way for you to receive necessary insurance at a reasonable cost. We offer innovative products and personal attention. At the same time, we work hard to protect the confidentiality and security of information. Thank you for allowing USSIC to provide you with the policies and services you need.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

STATE OF ALASKA CANCELLATION AND NONRENEWAL

This endorsement changes **PART ONE - GENERAL PROVISIONS AND CONDITIONS** - Paragraph 8 - Cancelling Your Policy - to read:

8. Cancelling Your Policy

You may cancel **your** policy at any time by telling **us** in writing in advance of the date **you** want **your** coverage to end. **We** will compute the premium earned by **us** using the customary pro rata unearned premium minus a cancellation fee of 7.5% of the pro rata unearned premium, however **we** will not retain this cancellation fee if this policy is cancelled:

- (a) And rewritten with **us** or in **our** company group; or
- (b) At **our** request; or
- (c) Because **you** no longer have a financial or insurable interest in the property or business operation that is the subject of this insurance.

We can cancel this policy at any time by mailing or delivering a notice of cancellation to the first "Named Insured" and **your** agent. Such notice, stating the reason for cancellation, must be sent at least:

- (a) 10 days before the effective date of the cancellation if cancellation is due to one or more of the following reasons;
 - (1) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against; or
 - (2) Fraud or material misrepresentation by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under this policy; or
- (b) 20 days before the effective date of the cancellation if cancellation is due to one or more of the following reasons;
 - (1) Nonpayment of premium; or
 - (2) Failure or refusal of the insured to provide the information necessary to confirm exposure or determine the policy premium; or
- (c) 60 days before the effective date of the cancellation if cancellation is due to any other reason.

We will compute the premium earned by **us** based on the percentage of the original policy period that **we** provided coverage.

If **we** cancel **your** policy **we** will return any premium **you** have paid that **we** have not earned but making a refund is not a condition of cancellation.

If **we** decide not to renew this policy **we** will mail or deliver written notice of nonrenewal to the first "Named Insured" at least 45 days prior to the expiration of the policy. **We** will not mail notice of nonrenewal if:

- (a) **We** have manifested in good faith **our** willingness to renew; or
- (b) The first "Named Insured" has failed to pay any premium required for this policy; or
- (c) The first "Named Insured" fails to pay the premium required for renewal of this policy.

If the premium to renew this policy increases more than 10% for a reason other than an increase in coverage or exposure basis, or if after the renewal there will be a material restriction or reduction in coverage not specifically required by the insured, **we** will mail written notice to **your** first "Named Insured" and **your** agent of record at least 45 days before the expiration date of this policy.

Any notice will be mailed by certified mail to the first "Named Insured's" last known mailing address known to **us**. If notice is mailed, proof of mailing will be sufficient proof of notice.

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER OR EXTEND ANY OF THE TERMS, CONDITIONS OR AGREEMENTS OF THE POLICY OTHER THAN AS STATED ABOVE.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

STATE OF ALASKA AMENDATORY

Paragraph 6.c. of PART ONE – GENERAL PROVISIONS
AND CONDITIONS is changed to read:

6. If You Have An Accident or Occurrence

In the event of an **accident** or **occurrence**, you and **anyone we** protect must:

- c. Answer under oath, questions asked by **us** or **anyone we** designate. **You** have a right to have an attorney present during any examination under oath;

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER OR EXTEND ANY OF THE TERMS, CONDITIONS OR AGREEMENTS OF THE POLICY OTHER THAN AS STATED ABOVE.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement is issued by U.S. Specialty Insurance Company

Policy number:
Endorsement number:
Issued to (first Named Insured):
Effective:
For: premium of \$

(if no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM
AND EXCLUSION OF OTHER ACTS OF TERRORISM
COMMITTED OUTSIDE THE UNITED STATES**

A. Under PART ONE - GENERAL PROVISIONS AND CONDITIONS - Item 1. - Words and Phrases is amended to include:

1. **Certified act of terrorism** means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a **certified act of terrorism** include the following:

a. The act resulted in insured losses in excess of \$5,000,000 in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;

b. The act resulted in damage:

(1) Within the United States (including its territories and possessions and Puerto Rico; or

(2) Outside of the United States in the case of:

(a) An air carrier (as defined in Section 40102 of Title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or

(b) The premises of an United States mission; and

c. The act is violent act or an act that is dangerous to human life, property, or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

2. **Other act of terrorism** means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a **certified act of terrorism**.

Multiple incidents of an **other act of terrorism** which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

B. If Aircraft Physical Damage coverage is included in **your** policy, as evidenced by applicable premium shown on the Coverage Identification Page, the following exclusion is added to PART TWO - AIRCRAFT PHYSICAL DAMAGE:

1. This insurance does not apply to:

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER OR EXTEND ANY OF THE TERMS, CONDITIONS OR AGREEMENTS OF THE POLICY OTHER THAN AS STATED ABOVE.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Direct physical loss or damage to **your aircraft** arising out of a **certified act of terrorism**. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

2. Exception Covering Certain Fire Losses

In the states of CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, OR, RI, VA, WA, WI and WV:

If a **certified act of terrorism** results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to **your insured aircraft**.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

C. Under PART THREE - LIABILITY TO OTHERS - the following exclusion is added:

1. This insurance does not apply to:

Bodily injury or property damage arising out of a **certified act of terrorism** or out of an **other act of terrorism** that is committed outside the United States (including its territories and possessions and Puerto Rico), but within the policy geographic area. However, this exclusion applies only when one or more of the following are attributed to such act:

- a. The total of insured damage to all types of property exceeds \$25,000,000 (valued in U.S. dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured **property damage** sustained by all persons and entities affected by the terrorism. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions;

or

- b. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ; or
- c. The terrorism involves the use, release or escape of nuclear materials, or results in nuclear reaction or radiation or radioactive contamination; or
- d. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- e. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1.a. and 1.b. describe the thresholds used to measure the magnitude of an incident of an **other act of terrorism** and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

D. Application of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy, such as losses excluded by the Radiation or War-Confiscation exclusions.

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER OR EXTEND ANY OF THE TERMS, CONDITIONS OR AGREEMENTS OF THE POLICY OTHER THAN AS STATED ABOVE.

This Policy
is an
Aircraft Insurance Policy
provided by

U.S. SPECIALTY INSURANCE COMPANY

ADMINISTRATIVE OFFICES: 13403 NORTHWEST FREEWAY, HOUSTON, TEXAS 77040

This policy is written in language that is easier to understand than language previously used. The provisions of your policy are set forth in detail in the Coverage Identification Page, Parts One through Five and the Endorsements we issued, which together comprise your policy.

This policy may provide you with coverage for Aircraft Physical Damage, Liability to Others and Medical Expense. Be sure to review your Coverage Identification Page to confirm the coverages and limits issued to you. Then read each Part of the policy, and each Endorsement we issued. This will enable you to better understand your policy.

This policy is a legal contract between you and the Company, therefore, IT IS IMPORTANT THAT YOU READ YOUR POLICY CAREFULLY.

The next page provides a brief outline of where you will find the important features of your policy.

**WHERE TO FIND
COVERAGE IDENTIFICATION PAGE**

- | | |
|---|---|
| Insurance company name | 6. Coverages and limits of liability |
| Your policy number | 7. Premiums |
| Prior policy number | 8. Endorsements attached when policy issued |
| Your agent's name and address | 9. The pilot flying the aircraft |
| 1. Named insured | 10. The use of the aircraft |
| 2. Your address | 11. Additional interest |
| 3. Your policy period | Signatures of an authorized representative |
| 4. Location of aircraft | |
| 5. Description of aircraft and physical damage coverage | |

**PART ONE
GENERAL PROVISIONS AND CONDITIONS
(Starts on Page 3)**

- | | |
|--|---|
| 1. Words and phrases | 9. Other coverage |
| 2. Our obligations and your duties | 10. Transfer of interest in your policy |
| 3. The pilot flying the aircraft | 11. Our right of recovery |
| 4. The use of the aircraft | 12. State insurance statutes |
| 5. When and where you are covered | 13. Legal action against us |
| 6. If you have an accident or occurrence | 14. Concealment or misrepresentation |
| 7. Changing your policy | 15. Inspection and audit |
| 8. Cancelling your policy | |

**PART TWO
AIRCRAFT PHYSICAL DAMAGE
(Starts on Page 5)**

- | | |
|---|------------------------------|
| 1. What we cover | 6. When we will pay |
| 2. What you must pay or bear (deductible) | 7. Theft |
| 3. What we will pay (less deductible) | 8. Disappearance |
| 4. What we will not pay | 9. Reinstatement of coverage |
| 5. What you must do | |

**PART THREE
LIABILITY TO OTHERS
(Starts on Page 7)**

- | | |
|-------------------------|--------------------------|
| 1. What we cover | 4. What is not covered |
| 2. Who is protected | 5. Additional protection |
| 3. Who is not protected | |

**PART FOUR
MEDICAL EXPENSE
(Starts on Page 9)**

- | | |
|-------------------------|-------------------------------------|
| 1. What we will pay | 4. Effect of payment |
| 2. Whom we will pay | 5. Proof of claim |
| 3. What we will not pay | 6. Legal action for medical expense |

**PART FIVE
SPECIAL PROVISIONS AND CONDITIONS
(Starts on Page 9)**

- | | |
|---|-----------------------------|
| 1. Newly acquired aircraft | 4. We will provide you with |
| 2. Temporary use of substitute aircraft | 5. What we will not cover |
| 3. Use of another aircraft | |

ENDORSEMENTS

**PART ONE
GENERAL PROVISIONS AND CONDITIONS**

1. Words and Phrases

The following words and phrases have special meaning throughout the policy:

- a. **You and your** means the person(s) or organization(s) named in Item 1 of the Coverage Identification Page under the heading "Named Insured."
- b. **Anyone** means any person or organization other than **you**;
- c. **We, our** and **us** mean the insurance company named on the Coverage Identification Page;
- d. **Air carrier** means a person who undertakes directly by lease, or other arrangement, to engage in air transportation;
- e. **Aircraft** means the aircraft shown in Item 5 of **your** Coverage Identification Page or qualifying under PART FIVE of **your** policy. It includes the airframe; landing gear; propulsion system (including engine(s), accessories and propeller(s) or rotor(s)); flight and engine instruments; communication/navigation system; electrical system; flight control system; fuel system; hydraulic system; and pressurization system.

Parts usually mounted or attached to the aircraft are included while temporarily removed as long as they are not replaced by other parts;
- f. **Agreed value** means the amount of money shown in Item 5 of the Coverage Identification Page. It is the amount that **you** and **we** have agreed **your aircraft** is worth and the maximum amount of Aircraft Physical Damage coverage **we** provide;
- g. **In motion** means when the **aircraft** is moving under its own power or the resulting momentum;
- h. **In flight** means when the **aircraft** movement begins for takeoff until completion of the landing run;
- i. **Passenger** means any person who is in the **aircraft** or getting in or out of it;
- j. **Bodily injury** means physical injury to a person, including sickness, disease or death;
- k. **Property damage** means damage to or destruction of property including any resulting loss of use of the property. It does not include damage to or destruction of the **aircraft** or any other property **you** or **anyone** **we** protect under **your** policy owns; has charge of or transports;
- l. **Accident** means a sudden event during the policy period, neither expected nor intended by **you**, that

involves **your aircraft** and causes physical damage to or loss of the **aircraft** during the policy period;

- m. **Occurrence** means a sudden event or repeated exposure to the same general conditions, involving the **aircraft** during the policy period, neither expected nor intended by **you**, that causes **bodily injury** or **property damage** to others during the policy period. All **bodily injury** or **property damage** resulting from the same general conditions will be considered to be caused by one occurrence;
 - n. **Student pilot** means any pilot meeting the requirements of Item 9 of **your** Coverage Identification Page who is receiving instruction, either dual or solo, under the direct supervision of an FAA Certificated Flight Instructor;
 - o. **Renter pilot** means any pilot meeting the requirements of Item 9 of **your** Coverage Identification Page who is renting one of **your aircraft** from **you**;
 - p. **Federal Aviation Administration (FAA)** means the authority of the United States of America having jurisdiction over civil aviation or its counterpart in another country;
 - q. **Pleasure and Business** means personal and business related purposes where no charge is made for such use;
 - r. **Instruction and/or Rental** means use of the **aircraft** for instruction of, or rental to, others for their **Pleasure and Business** use. **You** may also use the **aircraft** for **your Pleasure and Business** use;
 - s. **Charter/Air Taxi** means use of the **aircraft** for transporting **passengers** and/or freight for hire. **You** may also use the **aircraft** for **your Pleasure and Business** use;
 - t. **Commercial** means use of the **aircraft** for **Instruction and/or Rental** use, **Charter/Air Taxi** use and **your Pleasure and Business** use;
 - u. **Flying Club** means use of the **aircraft** by **your** members for their **Pleasure and Business** use. A member is any person having an ownership interest in or owning stock in, the organization shown in Item 1 of the Coverage Identification Page. **You** may charge membership fees and dues and **you** may also charge the members fees for use of the **aircraft**;
2. **Our Obligations and Your Duties**
- We** agree to provide coverage in **your** policy if **you** pay the premium and comply fully with the policy requirements, but if **you** do not, then **we** are not obligated to **you** or **anyone**. **We** have the right to deduct any premium or other

debts **you** owe under this policy from any payment **we** make.

3. The Pilot Flying the **Aircraft**

You must make certain that the pilot operating the **aircraft in flight** meets the requirements shown in Item 9 of the Coverage Identification Page. There is no coverage under the policy if the pilot does not meet these requirements.

4. The use of the **Aircraft**

You must make certain that the **aircraft** is used for the purposes stated in item 10 of the Coverage Identification Page. There is no coverage under the policy if the **aircraft**:

- a. Is used for any purpose not stated in Item 10 of the Coverage Identification Page;
- b. Is used for any unlawful purpose;
- c. Use requires a special permit or waiver from the **FAA**;
- d. Airworthiness certificate is not in full force and effect or has been converted to restricted or experimental unless stated in Item 5 of the Coverage Identification Page.

5. When and Where **You** are Covered

You are covered during the policy period shown in Item 3 of the Coverage Identification Page while the **aircraft** is within the United States (excluding Alaska and Hawaii), Canada, Mexico, or while enroute between these points excluding U.S. Sanctioned Countries.

6. If **You** Have An **Accident** or **Occurrence**

In the event of an **accident** or **occurrence**, **you** and **anyone we** protect must:

- a. Immediately notify **us** describing how, when and where the **accident** or **occurrence** happened and giving names and addresses of witnesses, injured persons and all persons aboard the **aircraft**;
- b. Cooperate with **us** in the investigation, settlement or defense of any claim or suit;
- c. Answer under oath, questions asked by **us** or **anyone we** designate;
- d. Immediately send **us** copies of any notices or legal papers that **you** receive;

- e. Help **us** in obtaining and giving evidence, attending hearings and trials, and getting witnesses to testify;
- f. Immediately notify the police if **your aircraft** or any part of it is stolen or vandalized.

In the event of an **accident** or **occurrence**, **you** and **anyone we** protect must not:

- g. Make any statement about the **accident** or **occurrence** to others without **our** permission, except to government authorities making an official investigation;
- h. Make any voluntary payments, assume any obligation or incur any expense without **our** permission, except for emergency first aid to others and protection of **your aircraft** from further loss.

7. Changing **Your** Policy

If **you** wish to change anything in **your** policy, **you** or **your** representative should contact **us**, but no change occurs until **you** or **your** representative is notified by **us** of **our** agreement to the change.

8. Cancelling **Your** Policy

You may cancel **your** policy at any time by telling **us** in writing in advance of the date **you** want **your** coverage to end. **We** will compute the premium earned by **us** using the customary short rate table.

We can cancel this policy at any time by mailing or delivering a notice of cancellation to **you** at the address shown in Item 2 of the Coverage Identification Page at least:

- a. 10 days before the effective date of cancellation if **we** cancel for nonpayment of premium; or
- b. 30 days before the effective date of cancellation if **we** cancel for any other reason.

Proof of mailing or delivery of the notice is sufficient proof of notice. **We** will compute the premium earned by **us** based on the percentage of the original policy period that **we** provided coverage.

If, however, **we** pay or have paid as much as the **agreed value** less the applicable deductible under the Aircraft Physical Damage Coverage, **we** are entitled to the total Aircraft Physical Damage premium shown on the Coverage Identification Page for the **aircraft** on which **we** made the payment. **You** agree to pay any premium that may be due or permit **us** to deduct such premium from **our** loss payment.

We will return to **you** any premium **you** have paid that **we** have not earned, but making the refund is not a condition of cancellation.

9. Other Coverage

If there is other coverage protecting **you** or **anyone we** protect for an **accident** or **occurrence** covered by this policy, **we** will pay only the percentage portion that the applicable limit of coverage of this policy bears to the total of the applicable limit of coverage of all policies.

If there is an **accident** or **occurrence** covered by **your** policy involving Temporary Use of Substitute Aircraft or Use of Another Aircraft, **your** policy will be excess over any other coverage protecting **you**.

If there is other insurance covering the **accident** or **occurrence** issued through **us**, **we** will not pay more than the limits of liability of the policy having the greatest limits.

10. Transfer of Interest in **Your** Policy

Neither **you** nor **anyone we** protect can transfer an interest in this policy without **our** written consent. If **you** die during the policy period, **your** legal representative will have all of **your** rights and duties under the policy while settling **your** estate if **we** are notified within 60 days of **your** death.

11. **Our** Right of Recovery

If **we** make any payment, **we** will take over **your** right to recover the payment from **anyone** who is responsible for the **accident** or **occurrence**. **You** and **anyone we** protect must do everything necessary to transfer this right of recovery to **us**, including allowing suit to be brought in the name of the person or organization protected. **You** and **anyone we** protect must do nothing that will interfere with **our** efforts to recover.

12. State Statutes

Statements in this policy conflicting with statutes of the state shown in Item 2 of the Coverage Identification Page are hereby amended by **us** to conform to the statutes.

13. Legal Action Against **Us**

No legal action shall be brought against **us** until the policy provisions have been complied with fully. No one shall have any right to:

- a. Join **us** as a party to any legal action against **you** or **anyone we** protect; or
- b. Bring **us** into any legal action to determine **your** liability or the liability of **anyone we** protect.

14. Concealment or Misrepresentation

We do not provide coverage for **you** or **anyone** who has concealed or misrepresented any material fact or circumstance relating to this policy either before or after an **accident** or **occurrence**.

15. Inspection and Audit

We shall have the right, but shall have no obligation, to inspect the **aircraft** and records during and up to one year after the policy period.

**PART TWO
AIRCRAFT PHYSICAL DAMAGE**

Review Item 5 of **your** Coverage Identification Page to confirm the Aircraft Physical Damage coverage issued to **you**. Please note also the **agreed value** of **your aircraft** and the amount for which **you** are responsible (deductible). This coverage is for **your** benefit and not for the benefit of **anyone** else in possession of **your aircraft**.

1. What **We** Cover

- a. Coverage F covers direct physical loss of or damage to **your aircraft** caused by an **accident** while the **aircraft** is not in motion.
- b. Coverage G covers direct physical loss of or damage to **your aircraft** caused by an **accident** while the **aircraft** is in motion.

2. What **You** Must Pay or Bear (Deductible)

When **we** pay for loss of or damage to **your aircraft**, **you** must first pay or bear one of the following amounts unless no deductible applies:

a. Not In Motion Deductible

The amount shown in Item 5F of **your** Coverage Identification Page must be paid or borne by **you** when loss or damages are under Coverage F.

b. In Motion Deductible

The amount shown in Item 5G of **your** Coverage Identification Page must be paid or borne by **you** when loss or damages are under Coverage G.

c. No Deductible

We will not subtract either deductible amount if the loss or damage is caused by:

- (1) Fire, lightning, explosion, theft or vandalism;

- (2) An **accident** involving another **aircraft** we insure except those we insure for **you**;
- (3) An **accident** when the dismantled **aircraft** is being transported.

3. What **We** Will Pay (Less Deductible)

a. **Destroyed Aircraft**

If the cost of repair when added to the value of the **aircraft** after it is damaged and prior to repairs equals or exceeds the agreed **value** it is a destroyed **aircraft**.

If **your aircraft** is destroyed, we will pay the agreed **value** of the **aircraft** less the applicable deductible. We will take the destroyed **aircraft**.

b. **Damaged Aircraft**

If **your aircraft** is damaged and not destroyed, we will pay the reasonable cost of repair after the **aircraft** is repaired, but we will not pay more than the agreed **value** less the applicable deductible.

If **your aircraft** is damaged by hail, we will pay the reasonable cost of repair of the hail damage that affects the airworthiness of the **aircraft**, less the applicable deductible. We will not, however, pay more than 10% of the agreed **value**, less the applicable deductible, for hail damage that does not affect the airworthiness of the **aircraft**. Payment for hail damage will be made after the **aircraft** is repaired.

If the estimated cost of repair, including any amount payable for hail damage not affecting the airworthiness of the **aircraft**, is more than the agreed **value** of the **aircraft**, we will pay the agreed **value** less the applicable deductible and we will take the damaged **aircraft**.

Cost of repair includes necessary labor at straight time rates, parts and materials of similar kind and quality and the least expensive transportation charges necessary to the repair of **your aircraft** and its return to the place where the damage occurred or the home airport whichever is nearer. If **you** perform **your** own repairs **you** agree to supply material, parts and labor at **your** cost, excluding any overtime payments. We will increase **your** labor at **your** labor costs by 50% to help **you** defray **your** cost of overhead and supervision.

4. What **We** Will Not Pay

We will not pay for physical loss of or damage to **your aircraft**:

a. *Pilots and Use*

Unless the requirements of the Coverage Identification Page regarding Pilots (Item 9) and Use (Item 10) are met;

b. *Wear & Tear*

Caused by wear or tear, deterioration, freezing, mechanical or electrical breakdown or failure, but we will pay for other direct physical loss or damage to **your aircraft** that results from any of these causes;

c. *Tires*

Tires, unless caused by theft or vandalism, or unless the loss or damage is the result of other loss or damage we cover;

d. *Seaplane - Amphibian*

If it is equipped for water takeoffs and landings unless **your aircraft** is stated to be a seaplane or amphibian in Item 5 of the Coverage Identification Page;

e. *Ownership*

If **you** lease, sell or mortgage all or some of **your** interest in **your aircraft** unless all interests of others are stated in either Item 1 or 11 of the Coverage Identification Page or in an Endorsement;

f. *War - Confiscation*

Caused by terrorist activities or arrest, restraint, seizure, confiscation, detention by or at the direction of any government; or caused by declared or undeclared war;

g. *Radiation*

Directly or indirectly caused by or arising out of ionizing radiations or contamination by radioactivity from any source;

h. *Embezzlement, Conversion or Secretion*

If **anyone** to whom **you** relinquish possession of the **aircraft** embezzles, converts or secretes the **aircraft**.

We also will not pay for depreciation, loss of use, loss of profits, loss of guaranty or warranty, or any other economic or consequential damage of any kind.

5. What **You** Must Do

If **your aircraft** is damaged **you** must:

a. *Protect the Aircraft*

Do all **you** can do to protect **your aircraft** from further loss, and we will pay **you** for all reasonable expenses **you** incur in protecting it. If **you** do not, we will not be responsible for further loss;

b. *Proof of Loss*

Give us a sworn Proof of Loss statement within 90 days of the loss;

c. *Show Us the Physical Damage*

Show us the physical damage to **your aircraft** before repair or disposition;

d. *Show Us the Records*

Show **us** all records **you** have that would prove the amount of loss.

6. **When We Will Pay**

We will pay for loss of or damage to **your** aircraft within 30 days after **you** have given **us** a sworn Proof of Loss statement and **you** and **we** agree on the amount.

7. **Theft**

If **your aircraft** or any part of it is stolen and recovered before **we** have paid for it, **we** may return it to **you** along with payment for any physical damage to it.

8. **Disappearance**

We will consider **your aircraft** to be lost in flight if it disappears and its whereabouts is not reported within 60 days.

9. **Reinstatement of Coverage**

If **your aircraft** is damaged, the amount of coverage for the **aircraft** will be reduced by the amount of the damage. The coverage will be automatically increased, at no additional premium, by the cost of repairs completed until the **agreed value** has been restored or the policy expires. If, however, **we** pay as much as the **agreed value**, less the applicable deductible, **we** are entitled to the total Aircraft Physical Damage premium for the **aircraft** on which **we** made the payment.

PART THREE LIABILITY TO OTHERS

Review Item 6 of **your** Coverage Identification Page to confirm the particular liability coverages and limits issued to **you**.

1. **What We Cover**

We will pay damages **you**, and **anyone we** protect, are legally required to pay for **bodily injury** or **property damage** caused by an **occurrence** during the policy period.

- a. Coverage A covers **bodily injury** to persons other than **passengers** in **your aircraft**. The most **we** will pay for **bodily injury** to any one person is shown under Item 6A opposite "each person". The most **we** will pay for **bodily injury** to all persons is shown in Item 6A opposite "each occurrence". **We** will not pay for **bodily injury** to **passengers** under Coverage A.
- b. Coverage B covers **bodily injury** to **passengers** in **your aircraft**. The most **we** will pay for **bodily injury** to any one **passenger** is shown under Item 6B opposite "each person". The most **we** will pay for **bodily injury** to all **passengers** is shown under Item 6B opposite "each occurrence". **We** will not pay for **bodily injury** to persons other than **passengers** under Coverage B.
- c. Coverage C covers **property damage**. The most **we** will pay for **property damage** is shown under Item 6C opposite "each occurrence".
- d. Coverage D covers **bodily injury** and **property damage** in a combined limit of liability for each **occurrence**. Where the word "INcluding" is shown in Item 6D, the most **we** will pay for **bodily injury** to all **passengers** and all others and **property damage** is shown under Item 6D opposite "each

occurrence". Where the word "EXcluding" is shown in Item 6D, the most **we** will pay for **bodily injury** to all persons and **property damage** is shown under Item 6D opposite "each occurrence", but **we** will not pay for **bodily injury** to **passengers**.

- e. Coverage DL covers **bodily injury** to **passengers** and others and **property damage** in a combined limit of liability for each **occurrence** which includes a lower limit for each **passenger**.

The most **we** will pay for **bodily injury** to each **passenger** is shown in Item 6DL opposite "each person". The most **we** will pay for all **bodily injury** and **property damage** is shown in Item 6DL opposite "each occurrence".

2. **Who Is Protected**

Except for those listed below under Who is Not Protected, **your bodily injury** and **property damage** liability coverage protects **you** and **anyone you** permit to fly **your aircraft**.

You includes:

- a. **Your** partners if **you** are a partnership or joint venture;
- b. **Your** members and managers if **you** are a limited liability company (LLC);
- c. **Your** executive officers and directors while acting as such if **you** are a corporation.

You and **anyone you** permit to fly **your aircraft** are protected separately, but the limits of liability shown in

Item 6 of the Coverage Identification Page do not increase regardless of the number protected.

3. Who is Not Protected

Your bodily injury and property damage coverage does not protect:

- a. *Employees*
Any employee for injuries to any person who is in the course and scope of employment by the same employer;
- b. *Aviation Business Activities*
Any person or organization, or employee or agent thereof, other than **you** and any of **your** employees while in the scope of his or her employment whom **you** permit to fly **your aircraft**, that makes, sells, rents, repairs or services aircraft or components, operates an airport facility, or provides instruction, pilot or flight service, where an **occurrence** arises out of any of these activities;
- c. *Student Pilots*
Any **student pilot** using the **aircraft** under any rental agreement or training program for which a charge is made for such use.
- d. *Renter Pilots*
Any **renter pilot**.

4. What Is Not Covered

We do not cover any:

- a. *Pilots and Use*
Bodily injury or property damage unless the requirements of the Coverage Identification Page regarding Pilots (Item 9) and Use (Item 10) are met;
- b. *Employees*
Bodily injury to any person in the course and scope of employment either by **you** or by **anyone we** protect.
- c. *Property*
Property damage to property **you** or **anyone we** protect owns, has charge of or transports;
- d. *Cross Liability*
Bodily injury to **you**.
- e. *Intentional Acts*
Bodily injury or property damage that is intentionally caused by **you** or **anyone we** protect unless done while **in flight** to prevent dangerous interference with the operation of the **aircraft**;
- f. *Assumed Liability*
Bodily injury or property damage liability that **you** or **anyone we** protect has agreed to assume for others;

- g. *Ownership*
Bodily injury or property damage liability if **you** lease, sell or mortgage all or some of **your** interest in **your aircraft** unless all interests of others are stated in Item 1 or 11 of the Coverage Identification Page or in an Endorsement;

- h. *Radiation*
Bodily injury or property damage that is directly or indirectly caused by or arises out of ionizing radiations or contamination by radioactivity from any source;

- i. *Noise, Pollution, Electrical and Other Interference*
Bodily injury or property damage that is directly or indirectly caused by or arises out of:
 - (1) Noise, vibration or sonic boom;
 - (2) Pollution and/or contamination of any kind;
 - (3) Electrical and/or electromagnetic interference;
 - (4) Interference with the use of property;unless caused by or resulting from an **accident**;

- j. *War – Confiscation*
Bodily injury or property damage that is directly or indirectly caused by or arising out of terrorist activities or arrest, restraint, seizure, confiscation, detention by or at the direction of any government; or caused by declared or undeclared war.

5. Additional Protection

We also provide the following additional protection with each coverage under Liability to Others (PART THREE) as long as we have not paid, offered to pay, or tendered the limits of liability that you purchased:

We will:

- a. *Defense*
Defend, at **our** expense with attorneys **we** choose, any claim or legal action against **you** and **anyone we** protect for **bodily injury or property damage** resulting from an **occurrence we** cover. **We** may investigate, negotiate or settle any claim or legal action as **we** elect;
- b. *Expense*
Pay the expense and the court costs in claims or legal actions **we** defend;
- c. *Reimbursement*
Reimburse **you** and **anyone we** protect for all reasonable expenses incurred at **our** request, but **we** will not pay for loss of earnings;
- d. *Interest*
Pay post-judgment interest on the part of a judgment against **you** and **anyone we** protect that **we** are obligated to pay until **we** have made the payment or tendered or deposited it in court;

- e. *Bonds*
Pay premiums on bonds required to release attachments and to appeal from judgments **we** elect to appeal, but **we** will not pay for bonds covering any aggregate amount more than the applicable limit of liability;
- f. *Financial Responsibility Laws*
Comply with the provisions of any aircraft financial responsibility statute if **we** certify **your** policy as proof of **your** future financial responsibility under that statute. **We** will not, however, pay more than the limits of liability shown in Item 6 of the Coverage

Identification Page. **You** must reimburse **us** for any amount **we** have to pay in complying with the statute that **we** would not otherwise have had to pay.

PART FOUR MEDICAL EXPENSES

Review Item 6E of **your** Coverage Identification Page to confirm the Medical Expense limits issued to **you**.

- 1. **What We Will Pay**
We will pay the reasonable and necessary medical expense incurred within one year for injuries to **you** and any **passenger** caused by an **occurrence** while the **aircraft** was flown by **you** or **anyone we** protect. Medical expense includes the cost of surgical, dental, hospital, professional nursing, ambulance or funeral services. The most **we** will pay for each person's medical expense is shown under Item 6E opposite "each person". The most **we** will pay for all medical expense is shown under Item 6E opposite "each occurrence".
- 2. **Who We Will Pay**
We will pay each injured person directly, the person responsible for payment, or the person or organization that provided the service.
- 3. **What We Will Not Pay**
We will not pay any medical expense to the extent payment is required under any worker's compensation or disability benefits law or similar law.
- 4. **Effect of Payment**
We are not admitting that **you** have any legal liability by making medical expense payments.
- 5. **Proof of Claim**
The injured person or someone acting for the person must give **us** written proof of the medical expense and must help **us** obtain the medical records and reports **we** need. If **we** ask, the injured person must submit to examination by any doctor **we** select.
- 6. **Legal Action for Medical Expense**
A legal action against **us** for medical expense cannot be brought unless **you** and **anyone we** protect have done everything that **you** and **anyone we** protect are required to do and at least 30 days must have passed since the proof of claim has been given to **us**.

PART FIVE SPECIAL PROVISIONS AND CONDITIONS

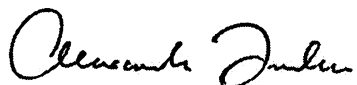
These Special Provisions and Conditions do not apply unless (Item 10) of the coverage Identification Page states use is limited to Pleasure and Business.

- 1. **Newly Acquired Aircraft**
If **you** notify **us** during the policy period and within 30 days after **you** acquire ownership of another aircraft, and pay the additional premium, **we** will cover it and **your** use of it if **we** insure all the **aircraft you** own.
- 2. **Temporary Use of Substitute Aircraft**
If **you** are unable to fly **your aircraft** because of its breakdown, repair, servicing, loss or destruction **we** will cover **you** and **your** use of the substitute aircraft.
- 3. **Use of Another Aircraft**
If **you** are an individual or, an individual and spouse, and use another aircraft not owned in whole or in part by **you** or furnished for **your** regular use **we** will cover **you** and **your** use of another aircraft.
- 4. **We will provide you with**
 - a. The same Liability to Others (PART THREE) and Medical Expenses (PART FOUR) coverage as **we** do on the **aircraft** with the greatest seating capacity on **your** Coverage Identification Page;

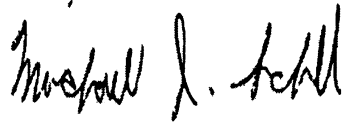
- b. On Newly Acquired Aircraft the same Aircraft Physical Damage (PART TWO) coverage and deductible amounts as **we** do on similar category and class aircraft with the highest **agreed value** shown on **your** Coverage Identification Page. The most **we** will pay for physical damage is the amount **you** paid for the aircraft plus the cost for any repairs or additions **you** made; or in the case of a trade-in, the fair market value of the aircraft plus the cost of any repairs or additions **you** made.
5. What is Not Covered
- In addition to What is Not Covered in **your** policy, **we** will not cover Temporary Use of Substitute Aircraft, Use of Another Aircraft or Newly Acquired Aircraft:
- a. Unless the requirements of the Coverage Identification Page regarding Pilots (Item 9) and Use (Item 10) are met;
 - b. Unless it is licensed under a standard airworthiness certificate issued by the **FAA**;
 - c. If it is a multiengine aircraft unless an **aircraft** in Item 5 on the Coverage Identification Page is a multiengine aircraft;
 - d. If it is turbine powered aircraft unless an **aircraft** in Item 5 on the Coverage Identification Page is a turbine powered aircraft;
 - e. If it is a rotorcraft unless an **aircraft** in Item 5 on the Coverage Identification Page is a rotorcraft;
 - f. If it is a seaplane or amphibian unless an **aircraft** in Item 5 on the Coverage Identification Page is a seaplane or amphibian.

VALIDATION

Your policy is comprised of the Coverage Identification Page, Parts One through Five and any Endorsements **we** issued. The signature of **our** president and secretary validate **your** policy.



Secretary
Alexander Ludlow



President
Michael J. Schell

ALL CLAIMS SHOULD BE REPORTED TO OUR CLAIMS DEPARTMENT

U.S. Specialty Insurance Company
Attn: Claims Department
5601 Granite Parkway • Suite 1100 • Plano, TX 75024
(800) 467-8731 • Fax: (469) 633-7520
E-mail: claims@ussic.com