

IN THE CIRCUIT COURT OF THE
11TH JUDICIAL CIRCUIT IN AND FOR
MIAMI-DADE COUNTY, FLORIDA

GENERAL JURISDICTION DIVISION

Carlyle Aviation Partners, LLC,
and Carlyle Aviation Partners, Ltd.,

CASE NO.

Plaintiffs,

v.

American International Group UK Ltd.;
Axis Specialty Europe SE, Chubb European
Group SE; Convex Insurance UK Ltd.; Fidelis
Insurance Bermuda Ltd.; Fidelis Underwriting
Ltd.; Great Lakes Insurance SE; Global
Aerospace Underwriting Managers Ltd.; HDI
Global Specialty; HDI Global Specialty SE UK;
HDI Global Specialty SE Sweden; Hive Aero Ltd.;
Berkshire Hathaway International Insurance Ltd.;
Houston Casualty Company; Mapfre Espana
Compania de Seguros y Reaseguros S.A.; Mitsui
Sumitomo Insurance Company (Europe) Ltd.; Swiss
Re International SE; Lloyd's Airline Hull War &
Allied Perils Consortium 9381; and Underwriters At
Lloyd's London Known As Syndicates AUW 609,
TAL 1183, APL 1969, HIG 1221, CSL 1084, ACS
1856, FDY 435, KLN 510, TMK 1880, AFB 2623,
AFB 623, AAL 2012, DUW 1729, LRE 3010,
MMX 2010, LIB 4472, IGO 1301 and CVS 1919.

JURY TRIAL DEMANDED

Defendants.

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COMPLAINT

Plaintiffs Carlyle Aviation Partners LLC and Carlyle Aviation Partners Ltd., (collectively the "Carlyle Plaintiffs") file this action against Defendants American International Group UK Limited, AXIS Specialty Europe SE, Chubb European Group SE, Convex Insurance UK Limited,

Fidelis Insurance Bermuda Limited, Fidelis Underwriting Limited, Great Lakes Insurance SE, Global Aerospace Underwriting Managers Limited, HDI Global Specialty SE, HDI Global Specialty SE UK, HDI Global Specialty SE Sweden, Hive Aero Limited, Berkshire Hathaway International Insurance Limited, Houston Casualty Company, Mapfre Espana Compania de Seguros y Reaseguros S.A., Mitsui Sumitomo Insurance Company (Europe) Limited, Swiss Re International SE, Lloyd's Airline Hull War & Allied Perils Consortium 9381, and certain Underwriters at Lloyd's London subscribing to Policy Number 801/10805A21, known as Syndicates AUW 609, TAL 1183, APL 1969, HIG 1221, CSL 1084, ACS 1856, FDY 435, KLN 510, TMK 1880, AFB 2623, AFB 623, AAL 2012, DUW 1729, LRE 3010, MMX 2010, LIB 4472, IGO 1301 and CVS 1919, and in support state the following:

INTRODUCTION

1. Plaintiff Carlyle Aviation Partners Ltd. ("CAP Ltd.") is a Bermuda company and an affiliate of CAP LLC that also participates in the investment in and management of commercial aircraft and engines.

2. Plaintiff Carlyle Aviation Partners LLC ("CAP LLC") is limited liability company organized under the laws of Florida and a wholly owned subsidiary of CAP Ltd. CAP LLC's principal place of business is Miami, Florida.

3. To protect against various risks—including the risk of loss or damage to aircraft in the Carlyle Plaintiffs' portfolio, and risks of war and related perils—the Carlyle Plaintiffs purchased an aviation insurance policy with policy number 801/10805A21 (the "Policy") for the coverage period of November 1, 2021, to October 31, 2022. The named insureds on the Policy are

CAP LLC and “all affiliated, associated, subsidiary, managed and joint-venture companies and partnerships[.]”¹ *See* Policy at 1.

4. The Policy was issued and underwritten by the Defendants named herein.

5. The Policy is a bilateral contract: CAP LLC agreed to pay quarterly premiums to Defendants, in exchange for Defendants’ promises of coverage for certain losses.

6. The Policy expressly provides that its terms “shall be governed by and construed in accordance with the laws of the State of Florida” and that the Defendants agree to submit to jurisdiction in Florida as to any dispute arising under the Policy.

7. The Policy insures a fleet of aircraft listed on a schedule incorporated into the Policy by reference, and which include, but are not limited to, the twenty-three aircraft that are the subject of this case.

8. The Policy provides the Insureds with several different types of coverage, including: “Aircraft Hull” coverage, “Spares and Equipment” coverage, “Aircraft Hull, Spares and Equipment War and Allied Perils” coverage (hereinafter “War coverage”), “Aviation Liability” coverage, and “Personal Accident” coverage.

9. As to the Policy’s Aircraft Hull and War coverages, the Policy specifically provides both “Contingent” and “Possessed” coverage. *See* Policy at 9, 15.

10. Generally speaking, “Contingent” coverage applies where there is loss of or damage sustained by a covered aircraft that is not in the care, custody or control of the insureds, and although coverage is required to be provided by the lessees’ insurance policy, the insureds are not indemnified in whole or in part. *See, e.g.*, Policy at 9.

¹ The Policy is attached to this Complaint as Exhibit “A.” Hereinafter, any page references to the Policy will be in reference to the page numbers at the bottom of each page of the Policy.

11. Generally speaking, “Possessed” coverage applies where there is loss of or damage sustained by a covered aircraft that (a) is in the care, custody or control of the insureds, (b) is awaiting the commencement of a lease, (c) has been returned after the term of a lease, or (d) has been repossessed or is in the course of repossession. *See id.*

12. As of February 2022, and as part of their normal business, the Carlyle Plaintiffs, their affiliates and their investors managed and invested in a global fleet of aircraft, many of which were leased to airlines around the world. As relevant here, twenty-three of these aircraft were leased to several Russian airlines. All twenty-three of these aircraft are insured pursuant to the Policy.

13. Shortly after the beginning of military hostilities between Russia and Ukraine on February 24, 2022, the Carlyle Plaintiffs promptly began to seek relocation of the twenty-three aircraft, terminate the leasing as to the twenty-three aircraft, repossess the aircraft, and otherwise take all reasonable steps to protect, preserve, and recover these insured assets. The Defendants to this action were notified of these efforts by February 26, at the latest.

14. Despite these efforts, as of the time of filing of this Complaint, the Carlyle Plaintiffs have been unable to take possession of any of their twenty-three aircraft. Since late February, contrary to the Carlyle Plaintiffs’ express instructions, legal rights, and diligent relocation and repossession efforts, the aircraft have been seized, restrained and stranded mostly in Russia, including at the direction of and pursuant to the policies of the Russian Government and/or the Egyptian authorities. As a result, the Carlyle Plaintiffs have suffered a loss of these aircraft which is covered by one or more promises of coverage under the Policy.

15. Accordingly, the Carlyle Plaintiffs timely provided notice to Defendants of the events giving rise to their covered losses. Among other things, the Plaintiffs provided notice of

these events on March 7, 2022, and subsequently provided detailed updates, including on May 9, 2022. The Defendants did not timely accept the Carlyle Plaintiffs' claims.

16. The aircraft with serial number 28215 was transported from Russia to Egypt and remained detained and restrained there for months beyond the control, care and possession of the Carlyle Plaintiffs. Given the Defendants' unreasonable position that the Carlyle Plaintiffs' losses of aircraft in Russia are somehow not clearly covered by the Policy, the Carlyle Plaintiffs gave further notice on July 11 that, as a result of the actions of the Egyptian authorities, they had suffered a loss of that aircraft that is covered by one or more promises of coverage under the Policy.

17. The Carlyle Plaintiffs duly complied with their obligations under the Policy by, among other things, paying the requisite premiums, providing timely notice of their losses and claims and duly engaging as reasonably appropriate with the lessees, government authorities, and others to attempt recovery of the aircraft. However, to date, the Defendants have failed to hold up their end of the bargain. In blatant breach of their contractual obligations, and *months* after the Carlyle Plaintiffs first notified Defendants of their covered losses, Defendants have failed to provide coverage for these losses. Upon information and belief, Defendants have no intention to recognize the claims not only of the Carlyle Plaintiffs, but also of other insureds making valid claims of coverage in relation to aircraft located in Russia.

THE PARTIES

18. Plaintiff CAP LLC is a Florida limited liability company organized to do business and doing business in Miami, Florida.

19. Plaintiff CAP Ltd. is a company organized under the laws of Bermuda, with its principal place of business in Bermuda.

20. Defendant American International Group UK Limited is a company organized under the laws of England, with its principal place of business in England.

21. Defendant Axis Specialty Europe SE is a European society company organized under the laws of Ireland, with its principal place of business in Ireland.

22. Defendant Chubb European Group SE is a company organized under the laws of France, with its principal place of business in France.

23. Defendant Convex Insurance UK Limited is a company organized under the laws of England, with its principal place of business in England.

24. Defendant Fidelis Underwriting Limited is a company organized under the laws of England, with its principal place of business in England.

25. Defendant Fidelis Insurance Bermuda Limited is a company organized under the laws of Bermuda, with its principal place of business in Bermuda.

26. Defendant Great Lakes Insurance SE is a European society company organized under the laws of Germany, with its principal place of business in Germany.

27. Defendant Global Aerospace Underwriting Managers Limited is a company organized under the laws of England, with its principal place of business in England. Upon information and belief, Defendant Global Aerospace Underwriting Managers Limited acts as the manager for a share of the Policy's Aircraft Hull coverage.

28. Defendant HDI Global Specialty SE is a European society company organized under the laws of Germany, with its principal place of business in Germany. Upon information and belief, Defendants HDI Global Specialty SE Sweden and HDI Global Specialty SE UK are local offices of Defendant HDI Global Specialty SE.

29. Defendant Hive Aero Limited is a company organized under the laws of England, with its principal place of business in England. Upon information and belief, Defendant Hive Aero Limited acts as the manager for a share of the Policy's War coverage.

30. Defendant Berkshire Hathaway International Insurance Limited is a company organized under the laws of England, with its principal place of business in England.

31. Defendant Houston Casualty Company is a company organized under the laws of the United States, with its principal place of business in the United States.

32. Defendant Mapfre Espana Compania de Seguros y Reaseguros S.A. is a company organized under the laws of Spain, with its principal place of business in Spain.

33. Defendant Mitsui Sumitomo Insurance Company (Europe) Limited is a company organized under the laws of England, with its principal place of business in England.

34. Defendant Swiss Re International SE is a European society company organized under the laws of Luxembourg.

35. Upon information and belief, Defendant Lloyd's Airline Hull War & Allied Perils Consortium 9381 is a consortium comprised of Lloyd's Syndicates LRE 3010 and MMX 2010, organized under the laws of England, with its principal place of business in England.

36. Defendants Underwriters at Lloyd's London known as Syndicates AUW 609, TAL 1183, APL 1969, HIG 1221, CSL 1084, ACS 1856, FDY 435, KLN 510, TMK 1880, AFB 2623, AFB 623, AAL 2012, DUW 1729, LRE 3010, MMX 2010, LIB 4472, IGO 1301 and CVS 1919 (collectively, the "Lloyd's Defendants") are insurance underwriters that participate in the insurance market known as Lloyd's of London. At Lloyd's of London, insurance underwriters form syndicates to jointly price and underwrite risk. These syndicates enter into insurance

contracts on behalf of their members, and the members share the premiums, risk, and liability on these contracts. Each Lloyd's syndicate is identified by its syndicate number.

37. All of the above listed Defendants, including the Lloyd's Defendants, contracted directly or through consortia with the Carlyle Plaintiffs to provide the coverage outlined in the Policy.

38. Under the applicable law and in accordance with the Policy's Service of Suit Clause, service of process on Defendants may be effectuated by serving Mendes & Mount, at 750 Seventh Avenue, New York, New York, 10019. *See* Policy at 33.

JURISDICTION AND VENUE

39. This is an action in law in which the matter in controversy exceeds \$30,000. This Court has jurisdiction to adjudicate this action as well as to declare rights, status, and/or any other equitable or legal relations within its jurisdictional amount. *See* Fla. Stat. § 86.011.

40. This action includes claims for breach of contract whose amount in controversy exceeds \$750,000. Namely, for purposes of insurance coverage, the agreed values of the aircraft that are the subject of this lawsuit total hundreds of millions of dollars. This action is therefore required to be filed in the Complex Business Litigation Section of this Court.

41. Venue is proper in this Court pursuant to Fla. Stat. § 47.011 because, among other things, the relevant causes of action accrued in Miami-Dade County.

42. At all times material, Defendants engaged in substantial and not isolated activity on a continuous and systematic basis in the state of Florida, including by issuing and selling insurance policies in Florida, including to Florida-based CAP LLC.

43. This Court has personal jurisdiction over all Defendants, including pursuant to Fla. Stat. § 48.193(1)(a) because the Carlyle Plaintiffs' claims arise out of, among other things,

Defendants' conducting, engaging in, and/or carrying on business in Florida; Defendants' breach of contract in this state by failing to perform acts required by contract to be performed in this state; and Defendants' contracting to insure CAP LLC, which is located in this state. Defendants also purposefully availed themselves of the opportunity of conducting activities in the state of Florida by marketing their insurance policies and services within the state, and intentionally developing relationships with Florida customers, including to insure Florida-resident CAP LLC, resulting in the Policy at issue in this action.

44. This Court additionally has jurisdiction over all Defendants because pursuant to the Policy contract that Defendants entered into and drafted, Defendants agreed to submit to the jurisdiction of courts in Florida for any litigation arising under the Policy. *See* Policy at 33.

45. The Carlyle Plaintiffs have duly complied with all obligations under the Policy as well as all applicable conditions precedent to filing the instant lawsuit.

FACTUAL BACKGROUND

The Policy

46. The Carlyle Plaintiffs obtained the Policy, with policy number 801/10805A21, issued and underwritten by Defendants with a policy period of November 1, 2021, to October 31, 2022.

47. CAP LLC is the Policy's principal named insured. Additionally, the named insureds under the Policy include CAP LLC's affiliates, including, but not limited to, CAP Ltd.

48. The following twenty-three aircraft are among the assets insured by the Policy:
- a. A Boeing aircraft with Serial Number 28215 leased to Azur, a Russian airline.
 - b. A Boeing aircraft with Serial Number 28226 leased to Azur, a Russian airline.
 - c. An Airbus aircraft with Serial Number 739 leased to I-Fly, a Russian airline.
 - d. An Airbus aircraft with Serial Number 2442 leased to IrAero, a Russian airline.

- e. A Boeing aircraft with Serial Number 39069 leased to Izhavia, a Russian airline.
- f. A Boeing aircraft with Serial Number 32905 leased to NordStar, a Russian airline.
- g. A Boeing aircraft with Serial Number 32906 leased to NordStar, a Russian airline.
- h. An Airbus aircraft with Serial Number 635 leased to NordWind, a Russian airline.
- i. An Airbus aircraft with Serial Number 3575 leased to NordWind, a Russian airline.
- j. An Airbus aircraft with Serial Number 30040 leased to NordWind, a Russian airline.
- k. A Boeing aircraft with Serial Number 32710 leased to Rossiya, a Russian airline.
- l. A Boeing aircraft with Serial Number 28239 leased to S7, a Russian airline.
- m. A Boeing aircraft with Serial Number 28243 leased to S7, a Russian airline.
- n. A Boeing aircraft with Serial Number 35785 leased to Smartavia, a Russian airline.
- o. An Airbus aircraft with Serial Number 2278 leased to Ural, a Russian airline.
- p. An Airbus aircraft with Serial Number 991 leased to Ural, a Russian airline.
- q. A Boeing aircraft with Serial Number 29250 leased to Utair, a Russian airline.
- r. A Boeing aircraft with Serial Number 31716 leased to Utair, a Russian airline.
- s. A Boeing aircraft with Serial Number 31765 leased to Utair, a Russian airline.
- t. A Boeing aircraft with Serial Number 35072 leased to Utair, a Russian airline.
- u. A Boeing aircraft with Serial Number 35828 leased to Utair, a Russian airline.
- v. A Boeing aircraft with Serial Number 37598 leased to Utair, a Russian airline.
- w. A Boeing aircraft with Serial Number 29889 leased to Yakutia, a Russian airline.

49. At all times material, the Carlyle Plaintiffs had an insurable interest in the above-listed aircraft. The Carlyle Plaintiffs had an actual, lawful, and substantial economic interest in the safety or preservation of the aircraft free from loss, destruction, or impairment. Among other things, all twenty-three aircraft listed above were leased to the airlines identified above by aircraft-

owning entities with respect to which the Carlyle Plaintiffs and/or their affiliates acted as the servicers and/or managers.

50. At all times material, the Carlyle Plaintiffs duly complied with their obligations under the Policy and paid the requisite premiums.

51. The Policy provides various types of coverage, including “Aircraft Hull”, “Spares and Equipment”, “Aircraft Hull, Spares and Equipment War and Allied Perils”, “Aviation Liability”, and “Personal Accident” coverage.

52. Section One of the Policy outlines the “Aircraft Hull” coverage. Among other things, this Section provides “Contingent” and “Possessed” coverage.

53. The “Contingent Aircraft Hull Coverage” is a promise to pay for “physical loss or damage, sustained during the Period of Insurance, to Aircraft as per the Schedule of Aircraft, the subject of a Lease . . . Agreement, that are not in the care, custody or control of the Insured and in respect of which physical damage coverage is required to be provided under the Principal Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy.” Policy at 9.²

54. The “Possessed Aircraft Hull Coverage” is a promise to pay for “physical loss of or damage, sustained during the Period of Insurance, to Aircraft as per the Schedule of Aircraft (1) awaiting the commencement of a Lease . . . Agreement or closure of a sale, or (2) having been returned on the expiry or termination of a Lease . . . Agreement, or (3) . . . having been repossessed, . . . or which are in the course of repossession from a Lease . . . Agreement, or (4) in the care, custody or control of the Insured.” *See id.*

² As defined in the Policy, the term “Principal Policy” means the insurance policy held by the respective lessee airline.

55. Section Three of the Policy outlines the War coverage. Among other things, this Section provides both “Contingent” and “Possessed” coverage.

56. The “Contingent” War coverage is a promise to pay for “loss of or damage to . . . Aircraft as per the Schedule of Aircraft, and/or . . . Spares and Equipment, the subject of a Lease . . . Agreement, that are not in the care, custody or control of the Insured and in respect of which of which physical damage coverage is required to be provided under the Principal Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy.” Policy at 15.

57. The “Possessed” War coverage is a promise to pay for “loss of or damage to Aircraft as per the Schedule of Aircraft, and/or Spares and Equipment (1) awaiting the commencement of a Lease . . . Agreement or closure of a sale, or (2) having been returned on the expiry or termination of a Lease . . . Agreement, or (3) . . . having been repossessed, . . . or which are in the course of repossession from a Lease . . . Agreement, or (4) in the care, custody or control of the Insured.” *Id.*

58. Among other things, Section Three promises to pay for loss or damage to insured aircraft resulting from (a) “[w]ar, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, or usurped power or attempts at usurpation of power[;]” (b) “[s]trikes, riots, civil commotions, or labour disturbances[;]” (c) acts “for political and terrorist purposes[;]” (d) “[c]onfiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government . . . or public or local authority[;]” and/or (e) hi-jacking or similar unlawful seizure. *See id.* at 16.

59. Although the Policy contains several exclusions, no exclusion is applicable to the claims and losses at issue in this Complaint, and therefore, no exclusion operates to bar coverage

for the Carlyle Plaintiffs' claims. For example, exclusion AVN 111 (Sanctions and Embargo Clause) is not applicable to the claims and losses at issue in this Complaint because, among other things, no relevant country's sanctions policies operate to bar coverage here.

Plaintiffs' covered losses

60. On February 21, 2022, Russia declared its intent to recognize the two Ukrainian regions of Donetsk and Luhansk as separate and independent territories not subject to Ukrainian sovereignty. The Russian Parliament adopted this decision the following day. It was widely expected that these actions would soon be followed by military hostilities.

61. Beginning on February 22, 2022, the Carlyle Plaintiffs immediately undertook to analyze and, to the extent possible, anticipate the potential effects of the Russia-Ukraine hostilities on their aircraft leasing operations. This included, but was not limited to, evaluating the possibility of repossessing the aircraft and terminating the leases.

62. On February 24, 2022, Russia began military hostilities and invaded Ukraine.

63. Beginning at the latest on February 25, 2022, the Carlyle Plaintiffs had regular and often daily communications with their insurance broker regarding the status of the twenty-three aircraft at issue in this Complaint.

64. Additionally, the Carlyle Plaintiffs undertook timely and extensive efforts to monitor, track, repossess and/or relocate the twenty-three aircraft and otherwise preserve and recover the aircraft. As outlined below, it was not reasonably possible to accomplish said repossession or relocation because the aircraft were and have been seized, stranded and restrained, including pursuant to Russian Government policy and directives as well as—as noted further below—the actions of the Egyptian authorities as to one of the aircraft.

65. On February 25, 2022, the Carlyle Plaintiffs proactively secured twenty-three aircraft storage slots in Spain and the United Kingdom to prepare to accept redelivery of the twenty-three aircraft, should that redelivery occur.

66. On February 26, the Carlyle Plaintiffs—through their insurance broker—advised the Defendants to this action that they had begun the repossession process for the twenty-three aircraft that are the subject of this lawsuit.

67. Beginning on February 26, 2022, the Carlyle Plaintiffs also undertook to investigate the location of the engines leased with the aircraft to determine whether any such engines required recovery separate from the aircraft.

68. On February 27, 2022, the Carlyle Plaintiffs sent letters to all the Russian lessee airlines requesting the return each of the twenty-three aircraft to a location outside of Russia. On the same day, the Russian Government restricted flights in or through Russian airspace from Latvia, Lithuania, Slovenia, and Estonia.

69. Beginning on or before February 27, the Russian lessee airlines advised the Carlyle Plaintiffs that it would not be possible to relocate the aircraft outside of Russia or turn the aircraft over to the lessors, including due to Russian Government instructions and restrictions.

70. For example, in some instances, the lessees expressly advised the Carlyle Plaintiffs that they would be unable to comply with the Carlyle Plaintiffs' otherwise proper and lawful requests to transport the aircraft outside of Russia because the airspace was closed and the Russian Government would not permit any such transportation absent a special permit.

71. Upon information, on February 28, 2022, officials from the Russian Government met with senior executives of several Russian airlines including Aeroflot, S7 Airlines, Ural

Airlines and Utair and delivered an instruction, directive, and/or tacit order that aircraft leased from foreign lessors must not be returned.

72. Also on February 28, 2022, the Russian Government restricted all flights in or through Russian airspace by air carriers of thirty-six countries (which included all EU member states, the United States, the United Kingdom and part of the Commonwealth, Canada, and Switzerland). Pursuant to this restriction, flights from these countries could be performed only subject to a special permit issued by the Russian Government.

73. Also on February 28, 2022, the Carlyle Plaintiffs issued a further relocation request to the lessees with respect to each aircraft.

74. Beginning in late February, the Carlyle Plaintiffs remained in contact with the Russian lessee airlines on a regular basis to attempt to secure the safe return of the aircraft. Additionally, the Carlyle Plaintiffs have diligently tracked all flights by the twenty-three aircraft in an effort to identify potential repossession opportunities.

75. Beginning in early March 2022, the lessors of each aircraft— with respect to which the Carlyle Plaintiffs and/or their affiliates acted as the servicers and/or managers —sent a notice of default and termination of the leasing to each of the respective lessees.

76. Throughout late February and early March, several of the lessees continued to advise the Carlyle Plaintiffs that, due to instructions and restrictions from the Russian authorities, they were prohibited from moving the aircraft outside of Russia and otherwise complying with the Carlyle Plaintiffs' requests to return and/or safely relocate the aircraft to the care, custody and control of each respective lessor.

77. Beginning on March 1, 2022, the Carlyle Plaintiffs engaged with ferry flight crew companies to arrange for their assistance with the Carlyle Plaintiffs' efforts to relocate the aircraft to destinations outside of Russia.

78. On March 2, 2022, the Russian media reported that, in addition to restricting the lawful transportation of aircraft outside of Russia, the Ministry of Transportation of the Russian Federation was contemplating nationalizing Boeing and Airbus aircraft leased from foreign lessors to prevent the collapse of the Russian civil aviation industry.

79. Throughout early March 2022, the Carlyle Plaintiffs made additional continuous repossession efforts that were unsuccessful. The Carlyle Plaintiffs alternatively offered incentives to the lessees to return the aircraft, such as waiving future defaults. Also in early March 2022, the Carlyle Plaintiffs submitted insurance claims, as appropriate, to the insurers of each of the lessee airlines.

80. Beginning on March 5, 2022, the Russian Government intensified its policies restraining, detaining and sequestering foreign-owned and foreign-registered aircraft within Russia. For example:

- a) The Russian Government released an official report which 'recommended' that Russian operated foreign registered leased aircraft should stop all outward flights on March 6, 2022, and that all international flights return to Russia by March 8, 2022.
- b) Russian media reported a telegram from the Russian Government stating that Russian operated foreign registered leased aircraft should be re-registered in Russia without delay.

- c) The Russian Government issued Decree No. 430-p that introduced a list of jurisdictions “unfriendly” to Russia. This list includes jurisdictions which imposed or cooperated with the restrictions against Russia, including the United States, the European Union, the United Kingdom and Commonwealth, and Switzerland. Various Russian Government policies refer back to this list and are designed to target the “unfriendly” jurisdictions, including policies affecting the transportation, use and export of aircraft.
- d) The Russian President issued Decree No. 95, which introduced a special procedure for the repayment of debt owed by Russian residents to non-Russians affiliated with “unfriendly” countries. Among other things, this procedure restricted the rights of non-Russian creditors.

81. Beginning on March 6, 2022, the Carlyle Plaintiffs have also sought diplomatic assistance and guidance, such as from the Irish Department of Foreign Affairs, to assist in the repossession of the aircraft.

82. Also on March 6, several lessees advised the Carlyle Plaintiffs that the Russian authorities were prohibiting international flights altogether.

83. According to several aviation insurers’ filings in litigation pending in the Courts of England and Wales, on or before March 8, 2022 the Russian Government ordered that foreign-leased aircraft and aircraft engines be confiscated, seized, appropriated or otherwise detained and that they not be allowed to leave the country.

84. During the days that followed, the Russian Government continued to implement additional policies restricting the relocation of the Carlyle Plaintiffs’ aircraft and reinforcing their detention in Russia. For example, on March 8 and March 9, the Russian Government banned the

export or relocation of aircraft, aircraft engines and other components until December 31, 2022. The Russian Government also adopted additional policies to facilitate the reregistration of foreign-registered aircraft in Russia, including by abrogating any contrary provisions contained in otherwise lawful lease contracts.

85. Upon information and belief, beginning in April 2022 at the latest, and having already prohibited the relocation of foreign aircraft since February, the Russian Government additionally instructed Russian airlines to operate flights using foreign-owned aircraft, even if doing so would contravene the wishes of the aircraft's owners and lessors and violate the terms of any leases.

86. Although most of the Carlyle Plaintiffs' twenty-three aircraft have remained within Russia since February 24, 2022, certain aircraft were transported by the lessees—without the Carlyle Plaintiffs' consent—to other jurisdictions. As to those aircraft, the Carlyle Plaintiffs have attempted to lawfully repossess those aircraft and engines the subject of this Complaint without success. And with one exception, the aircraft have returned to and remained in Russia.

87. For example, the aircraft with serial number 2278 was transported by the lessee to Tajikistan and Uzbekistan. When the Carlyle Plaintiffs became aware of these flights, they immediately attempted repossession in those countries. However, this was not practically possible because the aircraft was in those jurisdictions for extremely short periods of time. The Carlyle Plaintiffs' efforts to timely liaise with the relevant local authorities were not reciprocated and were otherwise unsuccessful.

88. In late March, the aircraft with serial number 991 was flown by the lessee to Kyrgyzstan. When the Carlyle Plaintiffs became aware of this flight, they immediately attempted repossession in this country. Unfortunately, as with aircraft 2278, these efforts were unsuccessful.

89. One aircraft, with serial number 28215, was transported by the lessee to Egypt and has remained there for months. When the Carlyle Plaintiffs became aware of the initial flight to Egypt, they immediately attempted repossession in that country. The Carlyle Plaintiffs liaised with the Egyptian Civil Aviation Authority to attempt lawful repossession. However, the Egyptian authorities were not cooperative and purported to not recognize or otherwise disregard the Carlyle Plaintiffs' interest in the aircraft.

90. Azur, the lessee, advised the Carlyle Plaintiffs that Azur's Russian division would be unable to assist in any way in the retrieval of the aircraft because doing so would be contrary to Russian policy.

91. More recently, the Egyptian authorities have indicated that they may be willing to release aircraft 28215 provided that—among other conditions—the Carlyle Plaintiffs and/or their affiliates pay for certain airport storage fees. However, even if the Carlyle Plaintiffs are able to recover this aircraft, they will have suffered a covered loss due to the months-long detention and loss of use of that aircraft during its stay in Egypt.

92. In short, despite the Carlyle Plaintiffs' extensive and multifaceted efforts, they were unable to retrieve the aircraft located in Egypt for several months due to, among other things and as noted above, the actions of the Egyptian Government. As a result of the actions of the Egyptian authorities, the Carlyle Plaintiffs submitted an additional and alternative coverage claim for the loss of aircraft 28215 in Egypt. That claim has also not been accepted by Defendants and is also the subject of the instant lawsuit.

93. As to all the aircraft that are the subject of this lawsuit, despite the Carlyle Plaintiffs' diligent efforts to repossess and/or safely relocate the aircraft since late February, the Carlyle Plaintiffs have been deprived of the care, custody, and control of the twenty-three aircraft.

94. In other litigation, several aviation insurers—including several of the Defendants named in this action—have formally represented to courts that the Russian Government took steps amounting to confiscation, seizure, restraint and/or detention of foreign-leased aircraft during or before the first week of March, 2022. In other words, insurers have acknowledged that war risk provisions—such as those included in the War coverage section of the Carlyle Plaintiffs’ Policy—apply to facts and circumstances materially identical to those described in this Complaint.

95. Nevertheless, *despite* recognizing the applicability of war risk provisions to foreign-owned aircraft for strategic purposes in other litigation, *despite* the Carlyle Plaintiffs’ timely presentation of valid insurance claims and *despite* months having passed since the presentation of said claims, Defendants have not tendered any payment for the loss of the Carlyle Plaintiffs’ aircraft.

CAUSES OF ACTION

COUNT I: DECLARATORY JUDGMENT AS TO CONTINGENT HULL COVERAGE

96. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

97. Under Fla. Stat. § 86.011, this Court has jurisdiction to declare the rights and other legal relations of the parties in dispute.

98. The Carlyle Plaintiffs’ Policy is an insurance contract under which Defendants were paid premiums in exchange for a contractual commitment to pay for claims covered by the Policy.

99. In the Policy, Defendants contractually committed to pay for loss or damage sustained by covered aircraft that were not in the “care, custody or control of the Insured and in respect of which of which physical damage coverage is required to be provided under the Principal Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy.” *See* Policy at 9.

100. The Carlyle Plaintiffs sustained a loss of the twenty-three aircraft which were not in the “care, custody or control” of the Carlyle Plaintiffs. That loss is covered under the lessees’ insurance policies, but despite the Carlyle Plaintiffs making claims under those policies, the Carlyle Plaintiffs have not been indemnified.

101. Accordingly, this loss triggers coverage under the Policy.

102. The Carlyle Plaintiffs have duly complied with their obligations under the Policy and paid the requisite premiums.

103. Defendants, without justification, have failed to provide coverage for this loss.

104. The Carlyle Plaintiffs seek a Declaratory Judgment that its Policy provides coverage for their losses.

105. An actual case or controversy exists regarding the Carlyle Plaintiffs’ rights and Defendants’ obligations to reimburse the Carlyle Plaintiffs for the full amount of these losses. Accordingly, the Declaratory Judgment sought is justiciable.

WHEREFORE, the Carlyle Plaintiffs request that this Court enter a Declaratory Judgment declaring that the Policy provides coverage for the Carlyle Plaintiffs’ losses.

**COUNT II: BREACH OF CONTRACT
AS TO CONTINGENT HULL COVERAGE**

106. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

107. The Carlyle Plaintiffs’ Policy is an insurance contract under which Defendants were paid premiums in exchange for a contractual commitment to pay for claims covered by the Policy.

108. In the Policy, Defendants contractually committed to pay for loss or damage sustained by covered aircraft that were not in the “care, custody or control of the Insured and in respect of which of which physical damage coverage is required to be provided under the Principal

Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy.” *See* Policy at 9.

109. The Carlyle Plaintiffs sustained a loss of the twenty-three aircraft which were not in the “care, custody or control” of the Carlyle Plaintiffs. That loss is covered under the lessees’ insurance policies, but despite the Carlyle Plaintiffs making claims under those policies, the Carlyle Plaintiffs have not been indemnified.

110. Accordingly, this loss triggers coverage under the Policy.

111. The Carlyle Plaintiffs have duly complied with their obligations under the Policy and paid the requisite premiums.

112. Defendants, without justification, have failed to provide coverage for this loss.

113. As a result of Defendants’ breaches of the Policy, the Carlyle Plaintiffs have suffered actual and substantial damages for which Defendants are liable.

WHEREFORE, the Carlyle Plaintiffs seek compensatory damages resulting from Defendants’ blatant breaches of the Policy and seek all other relief deemed appropriate by this Court, including attorneys’ fees and costs.

**COUNT III: DECLARATORY JUDGMENT
AS TO POSSESSED HULL COVERAGE**

114. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

115. Under Fla. Stat. § 86.011, this Court has jurisdiction to declare the rights and other legal relations of the parties in dispute.

116. The Carlyle Plaintiffs’ Policy is an insurance contract under which Defendants were paid premiums in exchange for a contractual commitment to pay for claims covered by the Policy.

117. In the Policy, Defendants contractually committed to pay for loss or damage sustained by covered aircraft “(1) awaiting the commencement of a Lease . . . Agreement or closure

of a sale, or (2) having been returned on the expiry or termination of a Lease . . . Agreement, or (3) . . . having been repossessed, . . . or which are in the course of repossession from a Lease . . . Agreement, or (4) in the care, custody or control of the Insured.” *See* Policy at 9.

118. The Carlyle Plaintiffs sustained a loss of the twenty-three aircraft while those aircraft were in the course of repossession and after a lawful termination of the respective leasing.

119. Accordingly, this loss triggers coverage under the Policy.

120. The Carlyle Plaintiffs have duly complied with their obligations under the Policy and paid the requisite premiums.

121. Defendants, without justification, have failed to provide coverage for this loss.

122. The Carlyle Plaintiffs seek a Declaratory Judgment that its Policy provides coverage for their losses.

123. An actual case or controversy exists regarding the Carlyle Plaintiffs’ rights and Defendants’ obligations to reimburse the Carlyle Plaintiffs for the full amount of these losses. Accordingly, the Declaratory Judgment sought is justiciable.

WHEREFORE, the Carlyle Plaintiffs request that this Court enter a Declaratory Judgment declaring that the Policy provides coverage for the Carlyle Plaintiffs’ losses.

**COUNT IV: BREACH OF CONTRACT
AS TO POSSESSED HULL COVERAGE**

124. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

125. The Carlyle Plaintiffs’ Policy is an insurance contract under which Defendants were paid premiums in exchange for a contractual commitment to pay for claims covered by the Policy.

126. In the Policy, Defendants contractually committed to pay for loss or damage sustained by covered aircraft “(1) awaiting the commencement of a Lease . . . Agreement or closure of a sale, or (2) having been returned on the expiry or termination of a Lease . . . Agreement, or

(3) . . . having been repossessed, . . . or which are in the course of repossession from a Lease . . . Agreement, or (4) in the care, custody or control of the Insured.” *See* Policy at 9.

127. The Carlyle Plaintiffs sustained a loss of the twenty-three aircraft while those aircraft were in the course of repossession and after a lawful termination of the respective leasing.

128. Accordingly, this loss triggers coverage under the Policy.

129. The Carlyle Plaintiffs have duly complied with their obligations under the Policy and paid the requisite premiums.

130. Defendants, without justification, have failed to provide coverage for this loss.

131. As a result of Defendants’ breaches of the Policy, the Carlyle Plaintiffs have suffered actual and substantial damages for which Defendants are liable.

WHEREFORE, the Carlyle Plaintiffs seek compensatory damages resulting from Defendants’ blatant breaches of the Policy and seek all other relief deemed appropriate by this Court, including attorneys’ fees and costs.

**COUNT V: DECLARATORY JUDGMENT
AS TO CONTINGENT WAR COVERAGE**

132. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

133. Under Fla. Stat. § 86.011, this Court has jurisdiction to declare the rights and other legal relations of the parties in dispute.

134. The Carlyle Plaintiffs’ Policy is an insurance contract under which Defendants were paid premiums in exchange for a contractual commitment to pay for claims covered by the Policy.

135. In the Policy, Defendants contractually committed to pay for loss of or damage to covered aircraft and/or spares and equipment that were not in the “care, custody or control of the Insured and in respect of which of which physical damage coverage is required to be provided

under the Principal Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy.” *See* Policy at 15.

136. Section Three of the Policy specifically promises to pay for loss or damage to insured aircraft resulting from (a) “[w]ar, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, or usurped power or attempts at usurpation of power[;]” (b) “[s]trikes, riots, civil commotions, or labour disturbances[;]” (c) acts “for political and terrorist purposes[;]” (d) “[c]onfiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government . . . or public or local authority[;]” and/or (e) hi-jacking or similar unlawful seizure. *See id.* at 16.

137. The Carlyle Plaintiffs sustained a loss of the twenty-three aircraft which were not in the “care, custody or control” of the Carlyle Plaintiffs, as a result of, among other things, the military hostilities between Russia and Ukraine, and/or the unlawful restraint and detention of the insured aircraft under the order and direction of the Russian Government. That loss is covered under the lessees’ insurance policies, but despite the Carlyle Plaintiffs making claims under those policies, the Carlyle Plaintiffs have not been indemnified. Even if that loss were for some reason not covered—and it clearly is—the Carlyle Plaintiffs subsequently suffered a covered loss as to aircraft 28215 due to restraint and detention of that aircraft by the Egyptian authorities.

138. Accordingly, the Carlyle Plaintiffs’ losses trigger coverage under the Policy.

139. The Carlyle Plaintiffs have duly complied with their obligations under the Policy and paid the requisite premiums.

140. Defendants, without justification, have failed to provide coverage for this loss.

141. The Carlyle Plaintiffs seek a Declaratory Judgment that its Policy provides coverage for their losses.

142. An actual case or controversy exists regarding the Carlyle Plaintiffs' rights and Defendants' obligations to reimburse the Carlyle Plaintiffs for the full amount of these losses. Accordingly, the Declaratory Judgment sought is justiciable.

WHEREFORE, the Carlyle Plaintiffs request that this Court enter a Declaratory Judgment declaring that the Policy provides coverage for the Carlyle Plaintiffs' losses.

**COUNT VI: BREACH OF CONTRACT
AS TO CONTINGENT WAR COVERAGE**

143. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

144. The Carlyle Plaintiffs' Policy is an insurance contract under which Defendants were paid premiums in exchange for a contractual commitment to pay for claims covered by the Policy.

145. In the Policy, Defendants contractually committed to pay for loss of or damage to covered aircraft and/or spares and equipment that were not in the "care, custody or control of the Insured and in respect of which physical damage coverage is required to be provided under the Principal Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy." *See* Policy at 15.

146. Section Three of the Policy specifically commits Defendants to pay for loss or damage to insured aircraft resulting from (a) "[w]ar, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, or usurped power or attempts at usurpation of power[;]" (b) "[s]trikes, riots, civil commotions, or labour disturbances[;]" (c) acts "for political and terrorist purposes[;]" (d) "[c]onfiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under

the order of any Government . . . or public or local authority[;]” and/or (e) hi-jacking or similar unlawful seizure. *See id.* at 16.

147. The Carlyle Plaintiffs sustained a loss of the twenty-three aircraft which were not in the “care, custody or control” of the Carlyle Plaintiffs, as a result of, among other things, the military hostilities between Russia and Ukraine, and the unlawful restraint and detention of the insured aircraft under the order and direction of the Russian Government. That loss is covered under the lessees’ insurance policies, but despite the Carlyle Plaintiffs making claims under those policies, the Carlyle Plaintiffs have not been indemnified. Even if that loss were for some reason not covered—and it clearly is—the Carlyle Plaintiffs subsequently suffered a covered loss as to aircraft 28215 due to restraint and detention of that aircraft by the Egyptian authorities.

148. Accordingly, the Carlyle Plaintiffs’ losses trigger coverage under the Policy.

149. The Carlyle Plaintiffs have duly complied with their obligations under the Policy and paid the requisite premiums.

150. Defendants, without justification, have failed to provide coverage for this loss.

151. As a result of Defendants’ breaches of the Policy, the Carlyle Plaintiffs have suffered actual and substantial damages for which Defendants are liable.

WHEREFORE, the Carlyle Plaintiffs seek compensatory damages resulting from Defendants’ blatant breaches of the Policy and seek all other relief deemed appropriate by this Court, including attorneys’ fees and costs.

**COUNT VII: DECLARATORY JUDGMENT
AS TO POSSESSED WAR COVERAGE**

152. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

153. Under Fla. Stat. § 86.011, this Court has jurisdiction to declare the rights and other legal relations of the parties in dispute.

154. The Carlyle Plaintiffs' Policy is an insurance contract under which Defendants were paid premiums in exchange for a contractual commitment to pay for claims covered by the Policy.

155. In the Policy, Defendants contractually committed to pay for loss or of damage to covered aircraft and/or spares and equipment "(1) awaiting the commencement of a Lease . . . Agreement or closure of a sale, or (2) having been returned on the expiry or termination of a Lease . . . Agreement, or (3) . . . having been repossessed, . . . or which are in the course of repossession from a Lease . . . Agreement, or (4) in the care, custody or control of the Insured." *See* Policy at 15.

156. Section Three of the Policy specifically commits Defendants to pay for loss or damage to insured aircraft resulting from (a) "[w]ar, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, or usurped power or attempts at usurpation of power[;]" (b) "[s]trikes, riots, civil commotions, or labour disturbances[;]" (c) acts "for political and terrorist purposes[;]" (d) "[c]onfiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government . . . or public or local authority[;]" and/or (e) hi-jacking or similar unlawful seizure. *See id.* at 16.

157. The Carlyle Plaintiffs sustained a loss of the twenty-three aircraft while those aircraft were in the course of repossession and after a lawful termination of the respective leasing. This loss occurred as a result of, among other things, the military hostilities between Russia and Ukraine, and the unlawful restraint and detention of the insured aircraft under the order and direction of the Russian Government. Even if that loss were for some reason not covered—and it clearly is—the Carlyle Plaintiffs subsequently suffered a covered loss as to aircraft 28215 due to restraint and detention of that aircraft by the Egyptian authorities.

158. Accordingly, the Carlyle Plaintiffs' losses trigger coverage under the Policy.

159. The Carlyle Plaintiffs have duly complied with their obligations under the Policy and paid the requisite premiums.

160. Defendants, without justification, have failed to provide coverage for this loss.

161. The Carlyle Plaintiffs seek a Declaratory Judgment that its Policy provides coverage for their losses.

162. An actual case or controversy exists regarding the Carlyle Plaintiffs' rights and Defendants' obligations to reimburse the Carlyle Plaintiffs for the full amount of these losses. Accordingly, the Declaratory Judgment sought is justiciable.

WHEREFORE, the Carlyle Plaintiffs request that this Court enter a Declaratory Judgment declaring that the Policy provides coverage for the Carlyle Plaintiffs' losses.

**COUNT VIII: BREACH OF CONTRACT
AS TO POSSESSED WAR COVERAGE**

163. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

164. The Carlyle Plaintiffs' Policy is an insurance contract under which Defendants were paid premiums in exchange for a contractual commitment to pay for claims covered by the Policy.

165. In the Policy, Defendants contractually committed to pay for loss or of damage to covered aircraft and/or spares and equipment "(1) awaiting the commencement of a Lease . . . Agreement or closure of a sale, or (2) having been returned on the expiry or termination of a Lease . . . Agreement, or (3) . . . having been repossessed, . . . or which are in the course of repossession from a Lease . . . Agreement, or (4) in the care, custody or control of the Insured." *See* Policy at 15.

166. Section Three of the Policy specifically commits Defendants to pay for loss or damage to insured aircraft resulting from (a) "[w]ar, invasion, acts of foreign enemies, hostilities

(whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, or usurped power or attempts at usurpation of power[;]” (b) “[s]trikes, riots, civil commotions, or labour disturbances[;]” (c) acts “for political and terrorist purposes[;]” (d) “[c]onfiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government . . . or public or local authority[;]” and/or (e) hi-jacking or similar unlawful seizure. *See id.* at 16.

167. The Carlyle Plaintiffs sustained a loss of the twenty-three aircraft while those aircraft were in the course of repossession and after a lawful termination of the respective leasing. This loss occurred as a result of, among other things, the military hostilities between Russia and Ukraine, and the unlawful restraint and detention of the insured aircraft under the order and direction of the Russian Government. Even if that loss were for some reason not covered—and it clearly is—the Carlyle Plaintiffs subsequently suffered a covered loss as to aircraft 28215 due to restraint and detention of that aircraft by the Egyptian authorities.

168. Accordingly, the Carlyle Plaintiffs’ losses trigger coverage under the Policy.

169. The Carlyle Plaintiffs have duly complied with their obligations under the Policy and paid the requisite premiums.

170. Defendants, without justification, have failed to provide coverage for this loss.

171. As a result of Defendants’ breaches of the Policy, the Carlyle Plaintiffs have suffered actual and substantial damages for which Defendants are liable.

WHEREFORE, the Carlyle Plaintiffs seek compensatory damages resulting from Defendants’ blatant breaches of the Policy and seek all other relief deemed appropriate by this Court, including attorneys’ fees and costs.

**COUNT IX:
VIOLATION OF GOOD FAITH DUTIES
UNDER FLORIDA LAW**

172. The Carlyle Plaintiffs re-adopt and re-allege paragraphs 1 through 95 above.

173. This is an action for bad faith in violation of Fla. Stat. § 624.155 *et seq.*, as well as Florida's common law of insurance bad faith.

174. The Policy is a contract that, by its plain terms, is governed by Florida law.

175. Consistent with Florida's statutory and common law establishing insurers' good faith obligations, Defendants were obligated to reasonably and promptly evaluate the Carlyle Plaintiffs' claims in good faith, to settle the Carlyle Plaintiffs' valid claims in good faith, and to act fairly and honestly with due regard for the Carlyle Plaintiffs' interests, among other obligations.

176. Defendants in this action have violated their good faith duties to the Carlyle Plaintiffs by, among other things, failing to timely and seriously evaluate the Carlyle Plaintiffs' claims. Defendants have not timely provided an assessment or determination as to these claims despite the claims having been presented in March 2022, and despite full particulars of the claims having been provided at least five months before the filing of this Complaint. Defendants have also failed to provide a detailed explanation of how, if at all, they are evaluating the claims or which specific factors, if any, they still need to consider as part of any purported ongoing evaluation.

177. Moreover, upon information and belief, Defendants have also adopted a business practice of summarily denying or indefinitely and unduly delaying the assessment of insurance claims brought by claimants similarly situated to the Carlyle Plaintiffs. To the Carlyle Plaintiffs' knowledge, the Defendants have either denied or indefinitely delayed resolution of other claims brought by similarly situated policyholders, regardless of the precise policy language at issue.

178. Additionally, Defendants have taken positions in foreign litigation that would—were Defendants acting in good faith—compel them to accept the Carlyle Plaintiffs’ claims here. Among other things, several Defendants and/or their affiliates have asserted in foreign litigation that the Russian government confiscated foreign-owned aircraft on or before the first week of March in 2022. But despite Defendants having taken that position for strategic reasons in other litigation, Defendants—by refusing to accept Carlyle’s claims—are effectively disavowing that position here to avoid paying for the Carlyle Plaintiffs’ losses. That is a clear violation of their good-faith duties to the Carlyle Plaintiffs and accordingly a blatant violation of Florida law.

179. Among other violations, Defendants violated Fla. Stat. §§ 624.155(1)(b)(1), 624.155(1)(b)(3) and Fla. Stat. §§ 626.954(1)(i)(2), 626.954(1)(i)(3)(a-h), through the following acts and/or omissions:

- a. Failing to act fairly and honestly toward the Carlyle Plaintiffs;
- b. Refusing to accept and pay the Carlyle Plaintiffs’ claims, despite the existence and clarity of evidence that the Carlyle Plaintiffs experienced a loss triggering coverage under the Policy;
- c. Failing to adopt and implement standards for the proper investigation of claims; and
- d. Denying and/or unduly delaying assessment of the Carlyle Plaintiffs’ claims.

180. The acts and omissions complained of herein constitute Defendants’ general business practices in that they (a) are expressions of, and in compliance with, standard company practices and procedures, (b) are said by Defendants to be in conformity with what they contend are standard and good faith claims practices, and, consequently or incidentally, (c) occur with such frequency as to indicate general business practices.

181. Defendants’ actions and omissions since the Carlyle Plaintiffs presented their claims in early March 2022 have been in reckless disregard for the rights of the Carlyle Plaintiffs.

182. As a direct and proximate cause of Defendants' actions and/or inactions as set forth above, the Carlyle Plaintiffs have been damaged.

WHEREFORE, the Carlyle Plaintiffs demand judgment for damages against Defendants, including but not limited to the total amount of damage sustained as a result of the loss of the twenty-three aircraft, including any amount in excess of the policy limits and all damages recoverable under Fla. Stat. § 624.155, the total amount of the Carlyle Plaintiffs' damages as determined by a jury, including but not limited to the amount in excess of Defendants' policy limits, any interest on unpaid benefits, reasonable attorneys' fees and costs including the costs of discovery and attorneys' fees payable pursuant to Fla. Stat. § 626.155(4), and all further relief that this Court deems just and proper.

DEMAND FOR JURY TRIAL

The undersigned hereby demands a trial by jury as to all issues so triable.

Dated: October 31, 2022

PODHURST ORSECK, P.A.

/s/ Steven C. Marks

Steven C. Marks (Fla. Bar No. 516414)

Kristina M. Infante (Fla. Bar No. 112557)

Pablo Rojas (Fla. Bar No. 1022427)

SunTrust International Center

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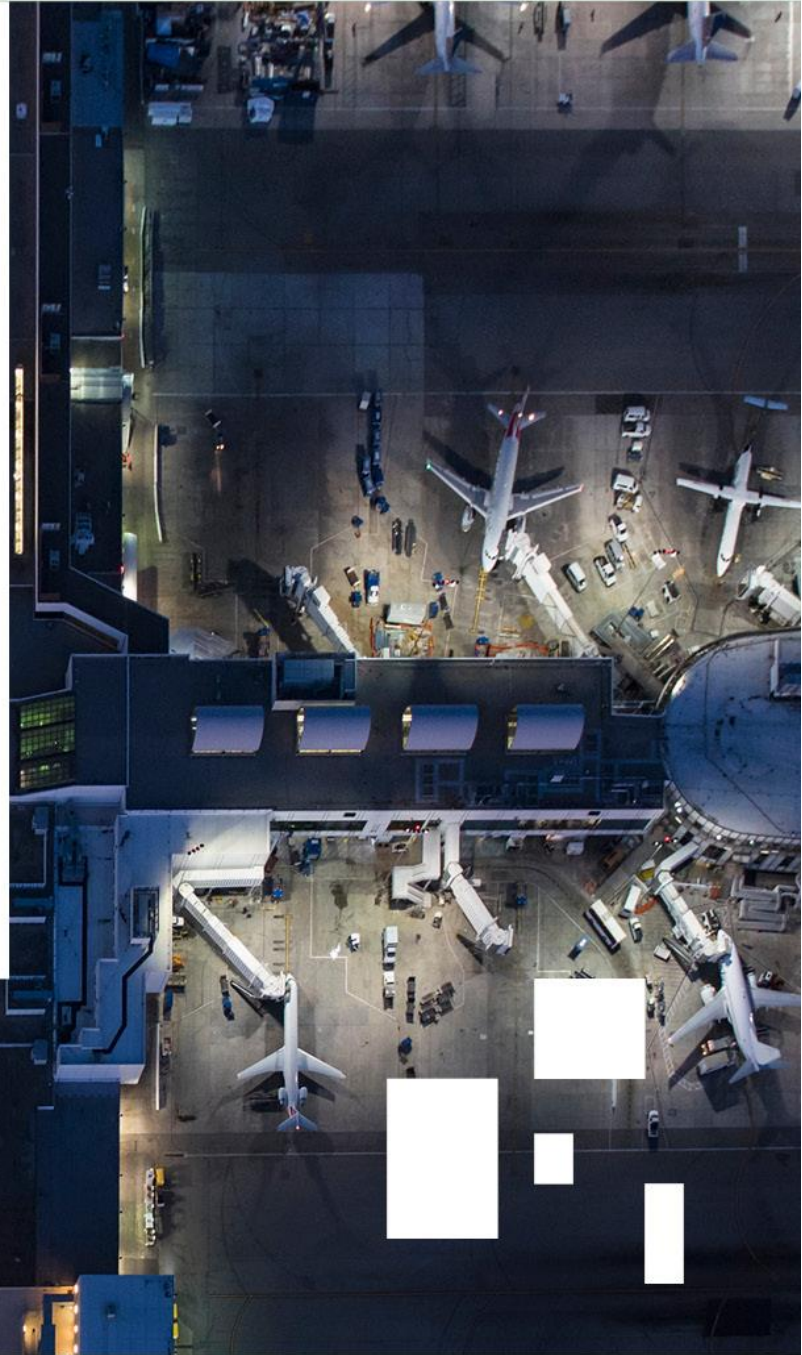
kinfante@podhurst.com

projas@podhurst.com

Exhibit A

CARLYLE AVIATION PARTNERS et al

CONTINGENT AND POSSESSED
AIRCRAFT HULL, SPARES AND
EQUIPMENT (INCLUDING “WAR
AND ALLIED PERILS) AND
AVIATION LIABILITY AND
PERSONAL ACCIDENT
INSURANCE



SCHEDULE

POLICY NUMBER: 801/10805A21

Item 1. NAME AND PRINCIPAL ADDRESS OF THE INSURED:

CARLYLE AVIATION PARTNERS and all affiliated, associated, subsidiary, managed and joint-venture companies and partnerships, now existing or as may be hereafter constituted or acquired, jointly and severally for their respective rights and interests.

848 Brickell Avenue, Suite 500, Miami, Florida 33131, United States of America,

Item 2. PERIOD OF INSURANCE:

From 1 November 2021 to 31 October 2022, both days inclusive, Local Standard Time at the address of the Insured shown above.

Item 3. LIMIT OF LIABILITY:

Section One – Aircraft Hull Coverage

1. Contingent Aircraft Hull Coverage

Agreed values as per the Schedule of Aircraft subject to a maximum agreed value of **USD 225,000,000** any one Aircraft.

Aircraft Engines and Components Coverage

Agreed values as per the Schedule of Engines and Components subject to a maximum agreed value of **USD 45,000,000** any one item.

2. Possessed Aircraft Hull Coverage

Agreed values as per the Schedule of Aircraft subject to a maximum agreed value of **USD 225,000,000** any one Aircraft.

Aircraft Engines and Components Coverage

Agreed values as per the Schedule of Engines and Components subject to a maximum agreed value of **USD 45,000,000** any one item.

Section Two – Spares and Equipment Coverage

1. Contingent Spares and Equipment Coverage

USD 45,000,000 any one sending/location.

2. Possessed Spares and Equipment Coverage

USD 45,000,000 any one sending/location but buyer furnished equipment limited to **USD 25,000,000** any one Aircraft, any one location in respect of wide-bodied Aircraft but **USD 10,000,000** any one Aircraft, any one location in respect of all other Aircraft.

Section Three – Aircraft Hull, Spares and Equipment War and Allied Perils Coverage

1. Contingent Aircraft Hull, Spares and Equipment Coverage

Aircraft Hull:

Agreed values as per the Schedule of Aircraft subject to a maximum agreed value of **USD 225,000,000** any one Aircraft.

Aircraft Engines and Components:

Agreed values as per the Schedule of Engines and Components subject to a maximum agreed value of **USD 45,000,000** any one item.

Spares and Equipment:

USD 45,000,000 any one sending/location.

2. Possessed Aircraft Hull, Spares and Equipment Coverage

Aircraft Hull:

Agreed values as per the Schedule of Aircraft subject to a maximum agreed value of **USD 225,000,000** any one Aircraft.

Aircraft Engines and Components:

Agreed values as per the Schedule of Engines and Components subject to a maximum agreed value of **USD 45,000,000** any one item.

Spares and Equipment:

USD 45,000,000 any one sending/location but buyer furnished equipment limited to **USD 25,000,000** any one Aircraft, any one location in respect of wide-bodied Aircraft but **USD 10,000,000** any one Aircraft, any one location in respect of all other Aircraft.

3. Extortion, Confiscation and Hi-Jack Expenses

Extortion Expenses (as per paragraph (i)):

90% of any payment properly made subject to a maximum of **USD 5,000,000** any one loss and in the annual aggregate.

Confiscation and Hi-Jack Expenses (as per paragraph (ii)):

USD 5,000,000 any one loss and in the annual aggregate.

Subject to an overall maximum annual aggregate limit of USD 700,000,000 for Section Three.

Section Four – Aviation Liability Coverage

1. Contingent Aircraft, Spares and Equipment Liability Coverage

Combined Single Limit **USD 350,000,000** any one Occurrence.

This limit shall apply separately to each Aircraft/engine/component the subject of a Lease/Finance Agreement.

When this Policy affords coverage in addition to or in excess of the Principal Policy (including claims arising out of the inclusion of any Extended Coverage Endorsement (Aviation Liabilities) under the Principal Policy), then the overall maximum combined claim payable shall be unlimited subject always to the Combined Single Limit stated above.

2. Possessed Aircraft, Spares and Equipment Liability Coverage

Combined Single Limit **USD 250,000,000** any one Occurrence, with option to increase to:

A) Combined Single Limit **USD 500,000,000** any one Occurrence.

B) Combined Single Limit **USD 750,000,000** any one Occurrence.

C) Combined Single Limit **USD 1,000,000,000** any one Occurrence.

The above limits shall apply separately to each Aircraft/engine/component owned, operated or used by the Insured.

3. Aviation Premises Liability Coverage

Combined Single Limit **USD 100,000,000** any one Occurrence.

4. Aviation Products Liability Coverage

Combined Single Limit **USD 500,000,000** any one Occurrence and in the annual aggregate.

5. Hangarkeepers' Liability Coverage

USD 100,000,000 any one Occurrence.

6. Grounding Liability Coverage

USD 125,000,000 any one Grounding and in the annual aggregate; such limit being included within, and not additional to, the limit in respect of Coverage 4 of Section Four.

Section Five – Personal Accident

Capital Sum Insured: **USD 250,000** each Insured Person.

Schedule of Benefits

The percentages specified below are percentages of the Capital Sum Insured and are applicable to each Insured Person.

Death	100%
Total Loss of Sight of both eyes	100%
Total Loss of Sight of one eye	100%
Loss of two Limbs	100%
Loss of one Limb	100%
Total Loss of Sight of one eye and Loss of one Limb	100%
Permanent Total Disablement (other than Total Loss of Sight of one or both eyes or Loss of Limb(s))	100%

Insured Persons: All occupants of any Aircraft insured under Coverage 2 of Section One and/or Coverage 2 of Section Four, whilst in, on or boarding the Aircraft for the purpose of flying therein or alighting therefrom following a flight or attempted flight.

Item 4. DEDUCTIBLE:

Coverage 2 of Section One - Possessed Aircraft Hull Coverage:

Widebodied Aircraft (including B757 and B767 Aircraft):
USD 1,000,000 each loss.

Hybrid Aircraft (including B737-300, A320, DC8-70, DC9-80 and MD-80 Aircraft):
USD 750,000 each loss.

Narrowbodied Aircraft:
USD 500,000 each loss.

Executive Jets:
1% of value subject to a minimum of **USD 50,000** each loss.

Turboprops:
1% of value subject to a minimum of **USD 25,000** and a maximum of **USD 200,000** each loss.

The above deductibles shall not apply to Total Loss, Arranged Total Loss or Constructive Total Loss of an Aircraft.

Deductibles in respect of any other Aircraft types are to be agreed by Insurers prior to attachment.

Coverage 2 of Section Two –Possessed Spares and Equipment Coverage:

USD 5,000 each occurrence.

This deductible shall not apply to loss or damage caused by fire, theft, wind, storm, lightning, tempest, hail, typhoon, tornado, earthquake, explosion, cyclone and/or flood which shall be paid in full.

However, claims in respect of ingestion damage to an engine sustained during the running thereof shall be subject to the same deductible as would apply to the engine when installed in its specific Aircraft type (as set forth above). No deductible shall apply, however, to loss or damage, beyond economical repair, of an engine whilst running.

Section One and Section Two

Nevertheless, in the event of an incident arising under Section One and/or Section Two involving the application of more than one deductible, only one deductible shall apply being the highest deductible applicable to the incident. This deductible shall be applied as an aggregate deductible for all losses arising out of that incident.

Item 5. GEOGRAPHICAL LIMITS:

Worldwide.

Item 6. PREMIUM:

As agreed by Insurers and held on file with Willis Limited.

PREMIUM PAYMENT CLAUSE

1. It is understood and agreed that the premium due at the inception of this Policy shall be payable in the following instalments:

25% due at 1 November 2020
25% due at 1 February 2021
25% due at 1 May 2021
25% due at 1 August 2021

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

Appointed Broker: Willis Limited

Item 7. NAME AND ADDRESS OF FIRM TO WHOM ALL NOTICES SHALL BE GIVEN:

Willis Limited,
51 Lime Street,
London EC3M 7DQ.

Item 8. SCHEDULES OF AIRCRAFT, ENGINES AND COMPONENTS:

As agreed by Insurers and held on file with Willis Limited.

Amendments to the Schedules of Aircraft, Engines and Components

Automatic pro rata additions to and deletions from the Schedules of Aircraft, Engines and Components and changes in agreed values and insured coverage subject to the maximum agreed value not being exceeded.

Advice to Insurers of all amendments to the Schedules of Aircraft, Engines and Components at expiry of the Period of Insurance at which time premium adjustment will be made at pro rata Policy terms.

DEFINITIONS

1. "Accident" means a sudden, unexpected, specific event which occurs at an identifiable time and place during the Period of Insurance.

Accident shall also include

- (a) disappearance. If the Insured Person is not found within 12 months of disappearing, and sufficient evidence is produced satisfactory to the Insurers that leads them to the conclusion that the Insured Person has sustained Bodily Injury and that such injury has caused the Insured Person's death, the Insurers shall pay any death benefit, where applicable, under this Policy, provided that the person or persons to whom such sum is paid shall sign an undertaking to refund such sum to the Insurers if the Insured Person is subsequently found to be living;
- (b) Hi-jack or any attempted Hi-jack;
- (c) exposure to the elements.

2. "Aircraft" means any aircraft but in respect of Section One means the aircraft together with the engine(s) and standard instruments and equipment usually installed in or on the aircraft whilst

- (a) installed in or on the aircraft;
- (b) temporarily detached from the aircraft and not intended to be replaced by similar parts

as well as tools and equipment in the aircraft which have been specially designed for the aircraft and are ordinarily carried therein.

Detached parts which are intended to be replaced by similar parts shall not be considered part of the aircraft from the moment that the replacement part comes into physical contact with the aircraft.

Detached parts which are not intended to be refitted to or replaced on the aircraft shall not be considered part of the aircraft from the moment that such parts are no longer in physical contact with the aircraft.

New parts shall be considered part of the aircraft from the moment that they come into physical contact with the aircraft.

However, in respect of Section Five, "Aircraft" means any aircraft insured under Coverage 2 of Section One and/or Coverage 2 of Section Four.

3. "Arranged Total Loss" means when the cost of repairs to the Aircraft, engine or component is estimated at less than 75% of the agreed value of the Aircraft, engine or component but there is a mutual agreement between the Insurers and the Insured for the Insurers to pay the agreed value of the Aircraft, engine or component. However, if, in respect of contingent coverage, a differing percentage is specified in the Lease/Finance Agreement, then the percentage specified in the Lease/Finance Agreement shall instead apply.

4. "Bodily Injury" means bodily injury, sickness, disease, disability, mental anguish, fright or shock sustained by any person including death at any time resulting therefrom.

However, in respect of Section Five, the term "Bodily Injury" means identifiable physical injury which is caused by an Accident which, solely and independently of any other cause occasions the death or disablement of the Insured Person.

However, death or disablement of the Insured Person caused by

- (i) sickness or disease directly resulting from such injury, or
- (ii) medical or surgical treatment rendered necessary by such injury

shall also be covered.

All death or disablement must occur within 12 months from the date of the Accident.

5. "Certified Aircraft" means an Aircraft for which a type certificate or supplemental type certificate has been issued by a civil aviation authority and shall include a military derivative of such Aircraft.

6. "Constructive Total Loss" means when the cost of repairs to the Aircraft, engine or component is estimated at 75% or more of the agreed value of the Aircraft, engine or component. However, if, in respect of contingent coverage, a differing percentage is specified in the Lease/Finance Agreement, then the percentage specified in the Lease/Finance Agreement shall instead apply.
7. "Data Event" means any access to, inability to access, loss of, loss of use of, damage to, corruption of, alteration to or disclosure of Electronic Data.
8. "Electronic Data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
9. "Flight" means from the time the Aircraft moves forward in taking off or attempting to take off, whilst in the air and until the Aircraft completes its landing run. A rotary wing Aircraft shall be deemed to be in Flight when the rotors are in motion as a result of engine power, and on landing until the rotors have ceased to revolve.
10. "Grounding" means a withdrawal from all flight operations of a Certified Aircraft imposed by an airworthiness directive or mandatory order which:
 - (a) is issued by a Regulatory Authority because of an existing, alleged or suspected condition affecting the safe operation of such Aircraft; and
 - (b) does not permit flight operations for more than 48 consecutive hours or 5 flight cycles or 10 flight hours, before the withdrawal from all flight operations is imposed.

A Grounding shall commence on the date on which the affected Aircraft ceases all flight operations in accordance with the first airworthiness directive or mandatory order imposing the Grounding.

If the first airworthiness directive or mandatory order imposing the Grounding is preceded by:

- (i) an airworthiness directive or mandatory order issued by another civil aviation authority; or
- (ii) a service bulletin or equivalent issued by the Insured

in respect of the same existing, alleged or suspected condition affecting the safe operation of Aircraft and which does not permit flight operations for more than 48 consecutive hours or 5 flight cycles or 10 flight hours, before the withdrawal from all flight operations is imposed

that results from an Occurrence for which coverage is, or could be, afforded under Coverage 4 of Section Four of this Policy, then the Grounding shall be deemed to commence on the date on which the affected Aircraft ceases all flight operations in accordance with such earlier airworthiness directive or mandatory order or service bulletin or equivalent.

A Grounding shall be deemed to continue notwithstanding any operation of affected Aircraft for non-commercial, non-revenue flights that are permitted by the airworthiness directive or mandatory order, or by other specific approval issued by the civil aviation authority with jurisdiction over the affected Aircraft.

A Grounding shall cease on the earlier of the date when:

- (1) the affected Aircraft is no longer withdrawn from all flight operations by the terms of any airworthiness directive or mandatory order issued by a Regulatory Authority in respect of the existing, alleged or suspected condition; or
 - (2) all airworthiness directives and mandatory orders issued by Regulatory Authorities in respect of the existing, alleged or suspected condition are withdrawn or become ineffective in respect of the affected Aircraft.
11. "Hi-jack", in respect of Section Five, means unlawful seizure or wrongful exercise of control of the Aircraft in which the Insured Person is travelling.

12. “Insured” means the Insured specified in Item 1 of the Schedule and shall include their agents.

In respect of Section Four, the term “Insured” shall also include

- (a) board members, directors, officers and employees of the Insured whilst acting within the scope of their duties on behalf of the Insured. Such board members, directors, officers and employees are also included under Coverage 3 whilst using their own vehicles within the confines of any airport or airfield whilst acting within the scope of their duties on behalf of the Insured.

- (b) in respect of Coverage 2, any pilot authorised by the Insured.

13. “Insured Proportion” means the amount of the Insured’s interest at the time of any loss and accordingly:

- (a) where the Insured’s interest in the Aircraft and/or engines and components and/or Spares and Equipment is an entire interest then the Insured Proportion hereon shall be 100%;
- (b) where the Insured’s interest in the Aircraft and/or engines and components and/or Spares and Equipment is a partial interest then the Insured Proportion hereon shall be such proportion as the Insured’s interest in the Aircraft and/or engines and components and/or Spares and Equipment bears to the total interest in the Aircraft and/or engines and components and/or Spares and Equipment.

In the event that the Insured is obliged to incur costs or to make additional payments relative to the interests not insured herein in order to achieve repair of the Aircraft and/or engines and components and/or Spares and Equipment, then this Policy will indemnify the Insured for such costs or payments subject to the Insured preserving and pursuing any rights and/or liens against such other interests for the benefit of Insurers to the extent of any such costs or payments made.

14. “Lease/Finance Agreement” means the lease, loan, management, servicing or other agreement concluded between the Insured (or the Insured’s authorised agent) and the agreement party whereby the agreement party obtains rights of use and possession in the Aircraft and/or engines and components and/or Spares and Equipment.
15. “Loss of a Limb” means permanent loss by physical separation of a hand at or above the wrist or of a foot at or above the ankle and includes permanent, total and irrecoverable loss of use of a hand, arm or leg.
16. “Occurrence” means an accident or a continuous or repeated exposure to conditions (other than a Grounding) occurring during the Period of Insurance which results in Bodily Injury and/or Property Damage neither expected nor intended from the standpoint of the Insured. All liability arising out of such exposure to substantially the same general conditions shall be deemed to arise from one Occurrence.
17. “Operator” means the agreement party named in the Lease/Finance Agreement and/or any lessee and/or any sub-lessee and/or the operator of the Aircraft as approved by the agreement party.
18. “Permanent Total Disablement” means disablement which entirely prevents the Insured Person from attending to any business or occupation for which they are reasonably suited by training, education or experience and which lasts 12 months and at the end of that period is beyond hope of improvement.
19. “Principal Policy” means the policy or policies required to be effected by the Operator pursuant to the provisions of the Lease/Finance Agreement (inclusive of policies such as hull deductible policies as may be necessary to meet the lease/finance requirements).
20. “Property Damage” means physical loss of or damage to or destruction of tangible property including the resultant loss of use of such property.
21. “Regulatory Authority” means the European Aviation Safety Agency (EASA) or the Federal Aviation Administration of the United States of America (FAA) or the civil aviation authority that originally issued the type certificate for the airframe or engines of the affected Aircraft.

22. “Spares and Equipment” means engines, spare parts, components, tools and equipment (including ground support equipment and unlicensed vehicles), for use in conjunction with Aircraft.

Detached parts which are intended to be replaced by similar parts shall be considered Spares and Equipment from the moment that the replacement part comes into physical contact with the Aircraft.

Detached parts which are not intended to be refitted to or replaced on the Aircraft shall be considered Spares and Equipment from the moment that such parts are no longer in physical contact with the Aircraft.

23. “Total Loss” means when

- (a) the cost of repairs exceeds the agreed value of the Aircraft, engine or component; or
- (b) the Aircraft, engine or component is damaged to such an extent that it cannot be repaired; or
- (c) the Aircraft, engine or component is missing and not reported for a period of 24 hours or more.

In consideration of the payment of the premium specified in the Schedule and in reliance upon the information provided by the Insured to the Insurers, Insurers agree to provide coverage in accordance with the following:

SECTION ONE - AIRCRAFT HULL COVERAGE

1. Contingent Aircraft Hull Coverage

To pay for physical loss of or damage, sustained during the Period of Insurance, to Aircraft as per the Schedule of Aircraft, the subject of a Lease/Finance Agreement, that are not in the care, custody or control of the Insured and in respect of which physical damage coverage is required to be provided under the Principal Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy.

This coverage also applies to engines and components as per the Schedule of Engines and Components, the subject of a Lease/Finance Agreement, whilst attached to an Aircraft that is not the subject of a Lease/Finance Agreement.

In the event that the Insurers of the Principal Policy deny the Insured coverage or fail to investigate, adjust or enter into settlement negotiations in respect of any claim within 180 days after the Insured has submitted a written request thereto and have used their best efforts to obtain same, the Insurers will, subject to the terms, conditions, limitations and exclusions of this Policy, investigate any such claim.

2. Possessed Aircraft Hull Coverage

To pay for physical loss of or damage, sustained during the Period of Insurance, to Aircraft as per the Schedule of Aircraft

- (1) awaiting the commencement of a Lease/Finance Agreement or closure of a sale, or
- (2) having been returned on the expiry or termination of a Lease/Finance Agreement, or
- (3)
 - (i) having been repossessed, or
 - (ii) which are in the course of repossession from a Lease/Finance Agreement, or
- (4) in the care, custody or control of the Insured.

This coverage also applies to engines and components as per the Schedule of Engines and Components, whilst attached to any Aircraft that is not included in the Schedule of Aircraft.

3. Dismantling Costs, Salvage Charges and Safety and Preservation Expenses Coverage

In respect of Coverage 1 of this Section One to the extent that recovery is not made under the Principal Policy and in respect of Coverage 2 of this Section One, this Section also covers the Insured Proportion of

- (a) the cost of dismantling an Aircraft in the event that, through force majeure or error in judgement, it lands in any place from which it is unable to take off again together with the cost of transport from the place of landing to the nearest suitable airport and the cost of reassembling there and returning it to its home airport, even if no damage is incurred.

The total amount payable under this clause 3(a) shall not, together with the cost of repair, exceed the agreed value of the Aircraft.

- (b) sue and labour and travel costs and expenses and salvage charges and additional expenses (including general average) incurred by or on behalf of the Insured for the defence, safety, preservation or recovery of an Aircraft, engine or component and such costs, expenses and charges shall be payable by the Insurers in addition to any other amounts which may be payable under this Section.

4. Cost of Repairs – Partial Loss

In the event of loss of or damage to an Aircraft, engine or component, the Insurers will pay the Insured Proportion of the cost of repairs less the amount of the applicable deductible. The cost of repairs shall include the cost of transportation of personnel, materials, tools and equipment required to effect the repairs to and from the place where the repairs are carried out and the cost of transporting the Aircraft, engine or component or damaged parts to and from the place where repairs are to be carried out. Transportation shall be by the most practical means be it by surface or air.

In the event of damage to the Aircraft, engine or component being repaired by the Insured (including work carried out under clause 3(a) of this Section), Insurers will pay

- (a) the actual wages paid for labour plus 150% or
- (b) at the Insured's option, labour costs charged on the Insured's average man hour tariff applicable at the time.

Materials shall be charged at replacement cost (plus insurance and transportation costs incurred in connection with their delivery to the Insured's base) plus any applicable import taxes and/or duties.

In the event of any other firm effecting repairs, the cost of repairs shall be the actual amount of the account increased by the reasonable cost to the Insured for supervising the repairs.

The cost of repairs shall also include

- (i) the cost of necessary test flights and the cost of obtaining reinstatement of the certificate of airworthiness.
- (ii) the return of the Aircraft, engine or component to its home airport or the nearest airport to the place where the loss occurred suitable for the operation of the Aircraft, engine or component whichever is the most practicable.

In no event shall the amount due with respect to a partial loss exceed the amount due were the loss payable as a Total Loss, Constructive Total Loss or Arranged Total Loss.

5. Agreed Value – Total Loss

In the event of a claim arising under this Section being settled as a Total Loss, Constructive Total Loss or Arranged Total Loss, the Insurers shall pay the Insured Proportion of the agreed value of the Aircraft, engine or component. Where such payment represents an entire interest, the Insurers may then elect to take the Aircraft, engine or component (together with all documents of record, registration and title thereto) as salvage. Where such payment represents a partial interest then Insurers shall be entitled to negotiate their salvage rights with any other party at interest.

Unless the Insurers elect to take the Aircraft, engine or component as salvage the Aircraft, engine or component shall at all times remain the property of the Insured who shall have no right of abandonment to the Insurers.

6. Exclusions

This Section does not cover

- (a) loss of or damage to an engine caused by the ingestion of stones, grit, dust, sand, ice or any corrosive or abrasive material or any other substance which has a progressive or cumulative engine damage effect. Such loss or damage shall be deemed to be wear, tear or deterioration and shall be excluded.

Nevertheless ingestion causing sudden loss or damage attributable to

- (i) a single recorded incident shall be covered hereunder;
- (ii) a single identifiable incident in the Period of Insurance that can be substantiated by date and time by the use of engine trend monitoring equipment shall be covered hereunder (excluding any additional loss or damage which has occurred between the incident date and the date of its identification due to the continued operation of the engine);

provided always that the manufacturers guidelines are complied with.

- (b) loss or damage which is due and confined to wear and tear, deterioration, breakdown, defect or failure, but this exclusion shall not apply to resultant loss of or damage to the Aircraft caused thereby. In respect of an engine this shall be regarded as a complete unit and shall consist of the engine and the ancillaries necessary for its operation in a test cell so that any wear and tear, deterioration, breakdown, defect or failure and the consequences thereof within the engine are excluded. This exclusion shall not operate to exclude costs which would otherwise be payable under clause 3(a) of this Section.
- (c) loss of use of any Aircraft, engine or component.
- (d) depreciation in the value of any Aircraft, engine or component.

SECTION TWO - SPARES AND EQUIPMENT COVERAGE

1. Contingent Spares and Equipment Coverage

To pay for physical loss of or damage, sustained during the Period of Insurance, to Spares and Equipment, the subject of a Lease/Finance Agreement, that are not in the care, custody or control of the Insured and in respect of which physical damage coverage is required to be provided under the Principal Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy.

In the event that the Insurers of the Principal Policy deny the Insured coverage or fail to investigate, adjust or enter into settlement negotiations in respect of any claim within 180 days after the Insured has submitted a written request thereto and have used their best efforts to obtain same, the Insurers will, subject to the terms, conditions, limitations and exclusions of this Policy, investigate any such claim.

2. Possessed Spares and Equipment Coverage

To pay for physical loss of or damage, sustained during the Period of Insurance, to Spares and Equipment

- (1) awaiting the commencement of a Lease/Finance Agreement or closure of a sale, or
- (2) having been returned on the expiry or termination of a Lease/Finance Agreement, or
- (3)
 - (i) having been repossessed, or
 - (ii) which are in the course of repossession from a Lease/Finance Agreement, or
- (4) in the care, custody or control of the Insured.

This Coverage also applies to buyer furnished equipment prior to, whilst being installed in and after installation in any new or additional Aircraft prior to delivery to and acceptance by the Insured/Operator and prior to and during installation in any existing Aircraft.

3. Salvage Charges

In respect of Coverage 1 of this Section Two to the extent that recovery is not made under the Principal Policy and in respect of Coverage 2 of this Section Two, this Section also covers the Insured Proportion of salvage charges and additional expenses (including general average) incurred by or on behalf of the Insured for the defence, safety, preservation or recovery of the Spares and Equipment and such charges and expenses shall be payable by the Insurers in addition to any other amounts which may be payable under this Section.

4. Cost of Repairs – Partial Loss

In the event of loss of or damage to Spares and Equipment the Insurers will pay the Insured Proportion of the cost of repairs less the amount of the applicable deductible. The cost of repairs shall include the cost of transportation of personnel, materials, tools and equipment required to effect the repairs to and from the place where the repairs are carried out and the cost of transporting the damaged Spares and Equipment to and from the place where repairs are to be carried out. Transportation shall be by the most practical means be it by surface or air.

In the event of damage to the Spares and Equipment being repaired by the Insured, Insurers will pay

- (a) the actual wages paid for labour plus 150% or
- (b) at the Insured's option, labour costs charged at the Insured's average man hour tariff applicable at the time.

Materials shall be charged at actual replacement cost (plus insurance and transportation costs incurred in connection with their delivery to the Insured's base) plus any applicable import taxes and/or duties.

In the event of any other firm effecting repairs, the cost of repairs shall be the actual amount of the account increased by the reasonable cost to the Insured for supervising the repairs.

In no event shall the amount due with respect to a partial loss exceed the amount due were the loss or damage beyond economical repair.

5. Loss or Damage beyond Economical Repair

In the event of loss or damage beyond economical repair of any Spares and Equipment the Insurers will pay the Insured Proportion of

- (a) the replacement cost (plus insurance and transportation costs incurred in connection with their delivery to the home base of the Insured/Operator) plus any applicable import taxes and/or duties or
- (b) the insured value

whichever shall be the least amount.

However, where an agreed value has been agreed between the Insured and the Insurers then the Insurers will pay the Insured Proportion of the agreed value.

Where such payment represents an entire interest, the Insurers may then elect to take the affected Spares and Equipment (together with all documents of record and title thereto) as salvage. Where such payment represents a partial interest then Insurers shall be entitled to negotiate their salvage rights with any other party at interest.

Unless the Insurers elect to take the Spares and Equipment as salvage the Spares and Equipment shall at all times remain the property of the Insured who shall have no right of abandonment to the Insurers.

6. Application of Recoveries

All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Section shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

7. Record of Property Insured

The Insured shall keep a proper record of all items of property from time to time insured hereunder and of the value of each item.

8. Exclusions

This Section does not cover

- (a) loss of or damage to any property which has been detached from an Aircraft and which is intended to be refitted to the Aircraft and not to be replaced by other property.
- (b) loss of or damage to property
 - (i) fitted to or forming part of an Aircraft, or
 - (ii) which is intended to be fitted to or to form part of an Aircraft from the moment that such property comes into physical contact with the Aircraft.

However, this exclusion does not apply to buyer furnished equipment prior to, whilst being installed in and after installation in any new or additional Aircraft prior to delivery to and acceptance by the Insured/Operator and prior to and during installation in any existing Aircraft.

- (c) loss of or damage to any property which is carried in an Aircraft as part of a spare parts kit.
- (d) loss or damage which is due and confined to wear and tear, deterioration, breakdown, defect or failure. In respect of an engine this shall be regarded as a complete unit and shall consist of the engine and the ancillaries necessary for its operation in a test cell so that any wear and tear, deterioration, breakdown, defect or failure and the consequences thereof within the engine are excluded.

- (e) loss of or damage to an engine caused by the ingestion of stones, grit, dust, sand, ice or any corrosive or abrasive material or any other substance which has a progressive or cumulative engine damage effect. Such loss or damage shall be deemed to be wear, tear or deterioration and shall be excluded.

Nevertheless ingestion causing sudden loss or damage attributable to

- (i) a single recorded incident shall be covered hereunder;
- (ii) a single identifiable incident in the Period of Insurance that can be substantiated by date and time by the use of engine trend monitoring equipment shall be covered hereunder (excluding any additional loss or damage which has occurred between the incident date and the date of its identification due to the continued operation of the engine);

provided always that the manufacturers guidelines are complied with.

- (f) loss of or damage to any property hereby insured which may be sustained whilst the same is under any process and directly resulting therefrom. For the purposes of this exclusion it is agreed that engine running is deemed not to be a process.
- (g) mysterious disappearance of Spares and Equipment or unexplained loss or shortage disclosed upon taking inventory.
- (h) loss of use of Spares and Equipment.
- (i) depreciation in the value of Spares and Equipment.

SECTION THREE - AIRCRAFT HULL, SPARES AND EQUIPMENT WAR AND ALLIED PERILS COVERAGE

1. Contingent Aircraft Hull, Spares and Equipment Coverage

To pay for loss of or damage to

- (a) Aircraft as per the Schedule of Aircraft, and/or
- (b) Spares and Equipment

the subject of a Lease/Finance Agreement, that are not in the care, custody or control of the Insured and in respect of which coverage is required to be provided under the Principal Policy, in the event that the Insured is not indemnified in whole or in part under the Principal Policy

This coverage also applies to:

- (1) loss or damage arising from the action of any Government by reason of actual or alleged infringement of customs, quarantine or public health regulations (including, if required, the cost of reassembling the Aircraft). This coverage only applies in the event that
 - (i) such coverage is afforded under the Principal Policy, and
 - (ii) the Insured has no knowledge of any action by the Operator which leads to such actual or alleged infringement, and
 - (iii) the Insured does not consent to any action by the Operator which leads to such actual or alleged infringement.

In addition, Insurers shall also pay additional expenses incurred by or on behalf of the Insured arising from any actual or alleged infringement of customs, quarantine or public health regulations subject to a limit of **USD1,000,000** any one incident.

There shall be no coverage hereunder in respect of the payment of any fines and/or penalties as a consequence of such infringement.

- (2) engines and components as per the Schedule of Engines and Components, the subject of a Lease/Finance Agreement, whilst attached to an Aircraft that is not the subject of a Lease/Finance Agreement.

In the event that the Insurers of the Principal Policy deny the Insured coverage or fail to investigate, adjust or enter into settlement negotiations in respect of any claim within 180 days after the Insured has submitted a written request thereto and have used their best efforts to obtain same, the Insurers will, subject to the terms, conditions, limitations and exclusions of this Policy, investigate any such claim.

2. Possessed Aircraft Hull, Spares and Equipment Coverage

To pay for loss of or damage to Aircraft as per the Schedule of Aircraft, and/or Spares and Equipment

- (1) awaiting the commencement of a Lease/Finance Agreement or closure of a sale, or
- (2) having been returned on the expiry or termination of a Lease/Finance Agreement, or
- (3) having been repossessed or which are in the course of repossession from a Lease/Finance Agreement, or
- (4) in the care, custody or control of the Insured.

This coverage also applies to:

- (1) loss or damage arising from the action of any Government by reason of actual or alleged infringement of customs, quarantine or public health regulations (including, if required, the cost of reassembling the Aircraft). This coverage only applies in the event that the Insured has no knowledge of or does not consent to any action which leads to such actual or alleged infringement.

In addition, Insurers shall also pay additional expenses incurred by or on behalf of the Insured arising from any actual or alleged infringement of customs, quarantine or public health regulations subject to a limit of **USD1,000,000** any one incident.

There shall be no coverage hereunder in respect of the payment of any fines and/or penalties as a consequence of such infringement.

- (2) buyer furnished equipment prior to, whilst being installed in and after installation in any new or additional Aircraft prior to delivery to and acceptance by the Insured/Operator and prior to and during installation in any existing Aircraft.
- (3) engines and components as per the Schedule of Engines and Components, whilst attached to any Aircraft that is not included in the Schedule of Aircraft.

Excluded under Sections One and Two of this Policy as caused by:

- A. War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
- B. Strikes, riots, civil commotions or labour disturbances.
- C. Any act of one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- D. Any malicious act or act of sabotage.
- E. Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil military or de facto) or public or local authority.
- F. Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured/Operator. For the purposes of this paragraph F. only, an Aircraft is considered to be in flight at any time from the moment when all its external doors are closed following embarkation until the moment when any such door is opened for disembarkation or when the Aircraft is in motion. A rotor-wing Aircraft shall be deemed to be in flight when the rotors are in motion as a result of engine power, the momentum generated therefrom, or autorotation.

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

In the event of the insured property being outside the control of the Insured/Operator by reason of any peril covered by this Section, then the coverage provided for such insured property shall continue to remain in force, notwithstanding:

- any notice of cancellation or automatic cancellation of this Policy;
- the expiry date of this Policy;

until such insured property has been restored to the control of the Insured/Operator whereby the Insurers shall cover all costs and expenses necessarily incurred to reinstate such insured property to its condition immediately prior to exposure to such peril.

However, the Insurers agree to pay the agreed value of an Aircraft insured hereunder or the insured value of the Spares and Equipment within a period of 45 days (but 90 days in respect of contingent coverage) in the event the insured property is outside the control of the Insured/Operator by reason of a peril covered by paragraph E. and/or F. above.

However, as regards Spares and Equipment the coverage provided in respect of the perils specified in A. above shall only apply whilst the Spares and Equipment are in transit by air or by sea as defined in the following Institute War Duration Transit Clause 576WIL01025:

INSTITUTE WAR DURATION TRANSIT CLAUSE

1. This coverage
 - (a) attaches only as the subject-matter insured and as to any part as that part is loaded on an oversea vessel or an aircraft for the commencement of a sea or air transit

and
 - (b) terminates, subject to 2 and 3 below, either as the subject-matter insured and as to any part as that part is discharged from an oversea vessel or aircraft at the final place of discharge,

or

on expiry of 15 days counting from midnight of the day of arrival of the vessel or aircraft at the final place of discharge,

whichever shall first occur;
2. If during the insured transit the oversea vessel or aircraft arrives at an intermediate place to discharge the subject-matter insured for on-carriage by oversea vessel or by aircraft, or the goods are discharged from the vessel at a place of refuge, then this coverage continues until the expiry of 15 days counting from midnight of the day of arrival of the vessel or aircraft at such place, but thereafter reattaches as the subject-matter insured and as to any part as that part is loaded on an on-carrying oversea vessel or aircraft. During the period of 15 days this coverage remains in force after discharge only whilst the subject-matter insured and as to any part as that part is at such intermediate place.
3. If the transit in the contract of carriage is terminated at a place other than the destination agreed therein, such place shall be deemed the final place of discharge and such coverage terminates in accordance with 1(b). If the subject-matter insured is subsequently reshipped or consigned to the original or any other destination, then such coverage reattaches
 - 3.1 in the case of the subject-matter insured having been discharged, as the subject-matter insured and as to any part as that part is loaded on the on-carrying vessel or an on-carrying aircraft for transit;
 - 3.2 in the case of the subject-matter insured not having been discharged, when the vessel sails or aircraft departs from such deemed final place of discharge;thereafter such coverage terminates in accordance with 1(b).
4. This coverage shall remain in force during any deviation, or any variation of the adventure arising from the exercise of a liberty granted to shipowners, charterers or the air carriers under a contract of affreightment or carriage.
5. In respect of sea transits this coverage includes general average and salvage charges, adjusted or determined according to the contract of affreightment and/or governing law and practice, incurred to avoid or in connection with the avoidance of loss from any cause that would have been covered by this Policy.

576WIL01025

3. Extortion, Confiscation and Hi-Jack Expenses:

This Policy will also indemnify the Insured, subject to the terms, conditions, exclusions and limitations herein, and up to the limit as set forth in the Schedule, for any payment properly made in respect of:

- (i) threats against any insured property or the passengers or crew of any Aircraft as per the Schedule of Aircraft made during the Period of Insurance;
- (ii) extra expenses necessarily incurred following confiscation, etcetera (as E. above) or hi-jacking, etcetera (as F. above) of any insured property.

No cover will be provided under this clause 3 for payment made in any territory where such insurance is not lawful and the Insured is at all times responsible for insuring that no arrangements of any kind are made which are not permitted by the proper authorities.

4. Dismantling Costs, Salvage Charges and Safety and Preservation Expenses Coverage

In respect of Coverage 1 of this Section Three to the extent that recovery is not made under the Principal Policy and in respect of Coverage 2 of this Section Three, this Section also covers the Insured Proportion of

- (a) the cost of dismantling an Aircraft in the event that, through force majeure or error in judgement, it lands in any place from which it is unable to take off again together with the cost of transport from the place of landing to the nearest suitable airport and the cost of reassembling there and returning it to its home airport, even if no damage is incurred.

The total amount payable under this clause 4(a) shall not, together with the cost of repair, exceed the agreed value of the Aircraft.

- (b) sue and labour and travel costs and expenses incurred by or on behalf of the Insured in or about the defence of an Aircraft, engine or component and such costs, expenses and charges shall be payable by the Insurers in addition to any other amounts which may be payable under this Policy.
- (c) salvage charges and additional expenses (including general average) incurred by or on behalf of the Insured for the defence, safety, preservation or recovery of the insured property and such charges and expenses shall be payable by the Insurers in addition to any other amounts which may be payable under this Policy.

5. Exclusions

A. This Section does not cover loss, damage or expense caused by one or any combinations of any of the following:

- (a) War (whether there be a declaration of war or not) between any of the following States: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China; nevertheless,
 - (1) if any Aircraft is in the air when an outbreak of such war occurs, this exclusion shall not apply in respect of such Aircraft until the said Aircraft has completed its first landing thereafter;
 - (2) if any Spares and Equipment are in transit when an outbreak of such war occurs, this exclusion shall not apply in respect of such Spares and Equipment until the transit is completed.
- (b) the emission, discharge, release or escape of any chemical, biological or biochemical materials or the threat of same but this exclusion shall not apply:
 - (1) if such materials are used or threatened to be used solely and directly in
 - (i) the hi-jacking, unlawful seizure or wrongful exercise of control of an Aircraft in flight and/or Spares and Equipment in transit and then only in respect of loss of or damage to the insured property the subject of a valid claim under F. above; or
 - (ii) any threat against any insured property or the passengers or crew of any Aircraft as per the Schedule of Aircraft and then only in respect of payments as are insured under clause 6 – Extortion, Confiscation and Hi-Jack Expenses – above.
 - (2) other than as provided for in sub-paragraph (i) above, to loss of or damage to an Aircraft and/or Spares and Equipment in transit if the use of such materials is hostile and originates solely and directly;
 - (i) on board such Aircraft, whether it is on the ground or in the air,

or
 - (ii) external to such Aircraft and causes physical damage to the insured property whilst the Aircraft's wheels are not in contact with the ground.

Any emission, discharge, release or escape originating external to the Aircraft that causes damage to the insured property as a result of contamination without other physical damage to the Aircraft exterior is not covered by this Policy.

- (c)
 - (1) any debt of the Insured,
 - (2) the Insured's failure to provide bond or security,
 - (3) any other financial cause under court order or otherwise relating to the Insured.
- (d) the repossession or attempted repossession of the insured property from the Insured either by any title holder, or arising out of any contractual agreement to which any Insured protected under this Policy may be party.
- (e) delay, loss of use, or except as specifically provided under clause 3 – Extortion, Confiscation and Hi-Jack Expenses - above, any other consequential loss; whether following upon loss of or damage to the insured property or otherwise.
- (f) any use, hostile or otherwise, of radioactive contamination or matter but this exclusion shall not apply to loss of or damage to an Aircraft and/or Spares and Equipment in transit if such use is hostile and originates solely and directly:
 - (1) on board such Aircraft, whether it is on the ground or in the air
 - or
 - (2) external to such Aircraft and causes physical damage to the insured property whilst the Aircraft's wheels are not in contact with the ground.

Any such use originating external to the Aircraft that causes damage to the insured property as a result of contamination without other physical damage to the Aircraft exterior is not covered by this Policy.
- (g) any use, hostile or otherwise, of an electromagnetic pulse but this exclusion shall not apply to loss of or damage to an Aircraft and/or Spares and Equipment in transit if such use originates solely and directly on board such Aircraft, whether it is on the ground or in the air.
- (h) any detonation, hostile or otherwise, of any device employing atomic or nuclear fission and/or fusion or other like reaction, and notwithstanding (f) and (g) above, any radioactive contamination and electromagnetic pulse resulting directly from such detonation is also excluded by this Policy.
- (i) confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the authority of the Government of registry or any public or local authority under its jurisdiction.

B. As respects the coverage afforded by Coverage 1, this Section does not cover claims arising out of the exhaustion of the aggregate limit(s) contained in the Principal Policy.

6. Conditions

1. Cancellation and Automatic Termination

- (a) Insurers may give notice effective on the expiry of 7 days from midnight G.M.T. on the day on which notice is issued, to review the rate of premium and/or the geographical limits. In the event of the review of the rate of premium and/or geographical limits not being accepted by the Insured then at the expiry of the said 7 days, this Section shall become cancelled at that date but only in respect of the insured property which is the subject of such notice.
- (b) Notwithstanding Condition 1(a) above, this Section is subject to automatic review by Insurers of the rate of premium and/or conditions and/or the geographical limits effective on the expiry of 7 days from the time of any hostile detonation of any device including any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter wheresoever or whensoever such detonation may occur and whether or not the insured property may be directly affected. In the event of the review of the rate of premium and/or conditions and/or geographical limits not being accepted by the Insured then at the expiry of the said 7 days this Section shall become cancelled at that date.
- (c) This Section may be cancelled by the Insured or Insurers giving notice not less than 7 days prior to the end of each period of 3 months from inception.

- (d) Whether or not such notice of cancellation has been given the coverage provided in respect of 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 shall TERMINATE AUTOMATICALLY upon the outbreak of war (whether there be a declaration of war or not) between any of the following States, namely, the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China

PROVIDED THAT

- (1) if any Aircraft is in the air when such outbreak of war occurs then this Section, subject to its terms and conditions and provided not otherwise cancelled, terminated or suspended, will be continued in respect of such Aircraft until the said Aircraft has completed its first landing thereafter;
- (2) if any Spares and Equipment are in transit when such outbreak of war occurs then this Section, subject to its terms and conditions and provided not otherwise cancelled or terminated, will continue in respect of such Spares and Equipment until the transit is completed.
- (e) Provided that there has been no claim hereunder, pro rata return of premium shall be payable to the Insured in the event of cancellation or of automatic termination as set forth above.

2. Subject Same Terms

This Section is subject to the same warranties, definitions, terms and conditions (EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or may be added to Sections One and Two of this Policy.

Furthermore, Insurers hereon agree to follow Sections One and Two of this Policy in respect of additions and deletions of insured property and amendments to the Schedules of Aircraft, Engines and Components as well as contractual provisions (including breach of warranty cover, hold harmless agreements and waivers of subrogation).

SECTION FOUR - AVIATION LIABILITY COVERAGE

1. Contingent Aircraft and Spares and Equipment Liability Coverage

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages arising from Bodily Injury and/or Property Damage caused by an Occurrence involving

- (a) Aircraft as per the Schedule of Aircraft, and/or
- (b) Spares and Equipment

the subject of a Lease/Finance Agreement, that are not in the care, custody or control of the Insured and in respect of which liability coverage is required to be provided under the Principal Policy, in the event that that the Insured is not indemnified in whole or in part under the Principal Policy.

The coverage afforded under paragraph 1(a) also applies to engines and components as per the Schedule of Engines and Components, the subject of a Lease/Finance Agreement, whilst attached to an Aircraft that is not the subject of a Lease/Finance Agreement.

In the event that the Insurers of the Principal Insurance deny the Insured coverage or fail to investigate, adjust, defend or enter into settlement negotiations in respect of any claim within 180 days after the Insured has submitted a written request thereto and have used their best efforts to obtain same, the Insurers will, subject to the terms, conditions, limitations and exclusions of this Insurance, investigate and defend any such claim.

2. Possessed Aircraft and Spares and Equipment Liability Coverage

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages arising from Bodily Injury and/or Property Damage caused by an Occurrence and arising out of the ownership, operation or use of Aircraft as per the Schedule of Aircraft, and/or Spares and Equipment

- (1) awaiting the commencement of a Lease/Finance Agreement or closure of a sale, or
- (2) having been returned on the expiry or termination of a Lease/Finance Agreement, or
- (3)
 - (i) having been repossessed, or
 - (ii) which are in the course of repossession from a Lease/Finance Agreement, or
- (4) in the care, custody or control of the Insured.

This coverage also applies to engines and components as per the Schedule of Engines and Components, whilst attached to any Aircraft that is not included in the Schedule of Aircraft.

3. Aviation Premises Liability Coverage

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages arising from Bodily Injury and/or Property Damage caused by an Occurrence at any premises used or attended by the Insured in connection with their aviation operations.

4. Aviation Products Liability Coverage

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages, in connection with their aviation operations, arising from Bodily Injury and/or Property Damage caused by an Occurrence and arising out of

- (a) the maintenance, service or repair by the Insured of an Aircraft, engines and components and/or Spares and Equipment which are the subject of a Lease/Finance Agreement
- (b) the maintenance, service or repair by the Insured of an Aircraft, engines and components and/or Spares and Equipment which were the subject of a Lease/Finance Agreement

- (c) the possession, use or handling of an Aircraft and/or Spares and Equipment sold or supplied by or on behalf of the Insured

when such Aircraft, engines and components and/or Spares and Equipment are no longer in the care, custody or control of the Insured.

5. Hangarkeepers Liability Coverage

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages arising from Property Damage to Aircraft and/or Spares and Equipment not owned, rented or leased by the Insured, caused by an Occurrence whilst in the Insured's care, custody or control, or being serviced, handled, maintained or stored by the Insured in connection with their aviation operations.

6. Grounding Liability Coverage

To pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as damages for the loss of use of Aircraft occurring after delivery to and acceptance by a purchaser or purchasers or operator or operators of such Aircraft in respect of a Grounding that results from an Occurrence for which coverage is, or could be, afforded under Coverage 4 of this Section Four.

The date of loss of all claims arising from the Grounding shall be the date on which the last Occurrence takes place which gives rise to the first airworthiness directive or mandatory order imposing the Grounding.

7. Defence, Settlement and Supplementary Payments

With respect to such coverage as is afforded under this Section the Insurers shall:

- (a) have the right and obligation to defend at their cost and expense in the name of and on behalf of the Insured any suit or other proceedings, even if groundless, false or fraudulent, brought against the Insured. However, the Insurers shall have the right to make such investigation, negotiation and settlement of any claim or suit as they deem expedient. As regards Coverage 1 of this Section Four, the Insurers shall have the right to make such enquiries as may be appropriate as regards the status of negotiations on the Principal Policy in the event that the Principal Policy does not make a timely response to a claim, and if they deem it in the Insured's interest shall immediately comply with the provisions of this paragraph.
- (b) pay all expenses incurred by the Insured with the Insurers' approval (other than the salaries of the Insured's employees and the Insured's normal office expenses) in respect of any such suit or other proceedings brought against the Insured.
- (c) pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this Section and all premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish any such bonds.
- (d) pay all costs taxed against the Insured in any such suit or proceedings and all interest accruing after entry of judgement until the Insurers have paid, tendered or deposited in court, such part of such judgement as does not exceed the applicable limit of liability of this Section. The Insurers shall only be liable to pay for that proportion of the said costs and interest which the applicable limit of liability of this Section bears to the amount of such judgement.

The amounts incurred under this clause, except settlements of claims and suits, are payable by the Insurers in addition to the limit of liability of this Section.

However in respect to any coverage which is subject to an aggregate limit hereunder the Insurers shall not be obligated to defend any suit nor to pay any costs or expenses after the applicable aggregate limit has been exhausted and in this event the Insured shall have the right to take over control of proceedings from the Insurers.

8. Exclusions

This Section does not cover

- (a) Property Damage to property owned, rented, leased or occupied by or loaned to the Insured or in the care, custody or control of the Insured for their own use. For the purpose of this exclusion property leased, conditionally sold or otherwise supplied to others under terms which are intended to transfer the risk of loss or damage to others (including property the subject of a Lease/Finance Agreement) shall be deemed not to be owned, rented or leased by the Insured.
- (b) liability for which the Insured or their insurers may be held liable under any employer's liability, workers' compensation or any similar legislation.
- (c) liability arising from any fiduciary responsibility.
- (d) liability arising from illegal or criminal activities or dishonest acts alleged or otherwise committed by or at the direction of or with the knowledge and consent of the management or directors and officers of the Insured.
- (e) claims excluded by the following Noise and Pollution and Other Perils Exclusion Clause AVN46B (Amended). However, this Clause AVN46B (Amended) is not applicable to passengers, baggage, cargo and mail. Furthermore, paragraph 1(b) of this Clause AVN46B (Amended) shall not apply to pollution or contamination of goods or products sold or supplied by the Insured.

NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE

1. This Policy does not cover claims directly or indirectly occasioned by, happening through or in consequence of:-
 - (a) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
 - (b) pollution and contamination of any kind whatsoever,
 - (c) electrical and electromagnetic interference,
 - (d) interference with the use of property;unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal Aircraft operation.
2. With respect to any provision in the Policy concerning any duty of Insurers to investigate or defend claims, such provision shall not apply and Insurers shall not be required to defend
 - (a) claims excluded by Paragraph 1 or
 - (b) a claim or claims covered by the Policy when combined with any claims excluded by Paragraph 1 (referred to below as "Combined Claims").
3. In respect of any Combined Claims, Insurers shall (subject to proof of loss and the limits of the Policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the Policy:
 - (i) damages awarded against the Insured and
 - (ii) defence fees and expenses incurred by the Insured.
4. Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this Policy.

- (f) claims excluded by the following Asbestos Exclusion Clause 2488AGM00003 (Amended).

ASBESTOS EXCLUSION CLAUSE

This Policy does not cover any claims of any kind whatsoever directly or indirectly relating to, arising out of or in consequence of:

- (1) the actual, alleged or threatened presence of asbestos in any form whatsoever, or any material or product containing, or alleged to contain, asbestos; or
- (2) any obligation, request, demand, order, or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, neutralize, protect against or in any other way respond to the actual, alleged or threatened presence of asbestos or any material or product containing, or alleged to contain, asbestos.

However, this exclusion shall not apply to any claim caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal Aircraft operation.

Notwithstanding any other provisions of this Policy, Insurers will have no duty to investigate, defend or pay defence costs in respect of any claim excluded in whole or in part under paragraphs (1) or (2) hereof.

- (g) claims excluded by the following Electronic Data Event Liability Exclusion LIIBA Aviation 12.09.2019 (Amended).

ELECTRONIC DATA EVENT LIABILITY EXCLUSION

This Policy excludes:

- (1) any form of mental injury, mental anguish, shock or fright, unless resulting from corporeal injury, caused by:
 - (a) a delay in, cancellation of or non-provision of air transportation and associated services;
 - (b) unauthorised access to and/or use of a person's or organisation's confidential, proprietary or personal information;
- (2) Property Damage to Electronic Data

arising out of a Data Event.

However, this exclusion shall not apply to such liability otherwise covered by the operative section(s) of this Policy caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation.

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

- (h) additionally, in respect of Coverage 1 of this Section Four, Bodily Injury or Property Damage arising out of the maintenance, service or repair by the Insured of any Aircraft, engines and components and/or Spares and Equipment for which coverage is, or would be, afforded under Coverage 4 of this Section Four.
- (i) additionally, in respect of Coverage 3 of this Section Four:
- (1) Bodily Injury or Property Damage caused by the use of any vehicle in such a manner as to require insurance or security under any domestic or international law governing road traffic or, in the absence of any applicable law, to liability arising from the use of any vehicle on the public highway.

This exclusion shall not apply in respect of any such liability arising from Occurrences within the confines of an airport or airfield

- (i) if there is no such applicable law
 - (ii) to the liability of the Insured to pay any amount which is in excess of
 - (a) any prescribed limit that is required to be insured where insurance may be effected to comply with the law whether the Insured effects insurance in respect of such liability or not
 - (b) the limit of liability of the insurance effected by the Insured in respect of such liabilitywhichever is the greater.
- (2) Bodily Injury or Property Damage caused by any ships, vessels, watercraft, Aircraft or Spares and Equipment owned, chartered, used or operated by or on behalf of the Insured but this exclusion shall not apply to Aircraft or Spares and Equipment owned by others whilst such Aircraft or Spares and Equipment are on the ground and for which coverage is afforded under Coverage 5 of this Section Four.
- (3) Bodily Injury or Property Damage arising out of construction of, demolition of or alterations to buildings, runways or installations (other than normal maintenance operations).
- (4) Bodily Injury or Property Damage arising out of any goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured, after such goods or products have ceased to be in the possession or under the control of the Insured but this exclusion shall not apply to liability arising out of the supply, by the Insured, of food or drink at any premises used by the Insured in connection with their aviation operations.
- (j) additionally, in respect of Coverage 4 of this Section Four:
 - (1) the cost of repairing or replacing any defective Aircraft, engines and components and/or Spares and Equipment altered, repaired, serviced, treated, sold or supplied by the Insured or any defective part or parts thereof.
 - (2) loss arising out of improper or inadequate performance, design or specification but this exclusion shall not apply to Bodily Injury or Property Damage insured hereby resulting therefrom.
 - (3) loss of use of any Aircraft, engines and components and/or Spares and Equipment not actually lost, damaged or destroyed in an Occurrence giving rise to a claim hereunder.
 - (4) the cost of making good any faulty workmanship but this exclusion shall not apply to Bodily Injury or Property Damage arising out of such faulty workmanship.
- (k) additionally, in respect of Coverage 5 of this Section Four, Property Damage to any Aircraft whilst such Aircraft is in Flight.
- (l) additionally, in respect of Coverage 6 of this Section Four:
 - (1) loss of use of any Aircraft which is for a period of less than 48 hours.
 - (2) loss of use of any Aircraft for any period which such Aircraft is not available for flight operations for reasons other than a Grounding, or if the Aircraft would not have been available for flight operations if no Grounding had occurred.
 - (3) loss of use of any Aircraft due to its certificate of airworthiness being withdrawn by reason of the Aircraft's safe operational life having been reached or exceeded.
 - (4) loss of use of any Aircraft occurring during the period that the Insured does not use all reasonable means to find and eliminate the cause of the loss of use.
 - (5) loss of use of any Aircraft attributable to a culpable failure by the Insured to perform any obligation with respect to making available or delivering products to the owner or operator of such Aircraft.
 - (6) loss of use of any military derivative of a civil Aircraft unless the Grounding also applies to the civil Aircraft.

- (7) loss of use of any Aircraft operated by or in the care, custody or control of the Insured other than Aircraft temporarily in the care, custody or control of the Insured for modification, repair or inspection relating to Grounding.
- (8) loss of use of any Aircraft owned by or loaned to the Insured.

For the purposes of this exclusion, any Aircraft as to which the Insured has retained title pursuant to

- a. a conditional sales contract, chattel mortgage or similar lien, or
- b. a lease agreement, or
- c. a consignment agreement or similar contract of bailment

shall be deemed not to be owned by the Insured.

- (9) any liquidated or stipulated damages or penalties which the Insured is obligated to pay by reason of any contract or agreement which exceed any obligation the Insured would have had in the absence of such liquidated or stipulated damages or penalties in the contract or agreement.

SECTION FIVE – PERSONAL ACCIDENT

1. Personal Accident Coverage

To pay to the Insured the amount stated in the Schedule of Benefits in the event of any Insured Person sustaining Bodily Injury caused by an Accident, after the total claim shall be substantiated under this Section.

Provided always that:

- (a) Benefit shall not be payable under more than one of the Items of the Schedule of Benefits in respect of the consequences of one Accident to any one Insured Person.
- (b) The total sum payable under this Section in respect of one or more Accidents to any one Insured Person shall not exceed in total the largest benefit under any one of the Items contained in the Schedule of Benefits.
- (c) If an Accident causes the death of the Insured Person within 12 months following the date of the Accident and prior to the definite settlement of the benefit for disablement provided for under the Schedule of Benefits, there shall be paid only the benefit provided for in the case of death.

2. Exclusions

This Section does not cover death or disablement in any way caused or contributed to by

- (i) war, whether declared or not, between any of the following States: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China.
- (ii) war in Europe, whether declared or not, in which any of the States listed in exclusion (i) above or any armed forces of such States are engaged. This exclusion shall not apply to civil war or any enforcement action by or on behalf of the United Nations.
- (iii) radioactive contamination.
- (iv) the Insured Person's suicide or attempted suicide or intentional self-injury or the Insured Person being in a state of insanity.
- (v) sickness or disease unless such sickness or disease results from Bodily Injury as insured hereunder.
- (vi) the Insured Person's deliberate exposure to danger (except in an attempt to save human life).
- (vii) the Insured Person's own criminal act.
- (viii) the Insured Person being under the influence of alcohol or drugs (unless such drugs have been prescribed by a medical practitioner).

3. Conditions

No benefit will be payable for any condition for which the Insured Person has sought advice, diagnosis, treatment or counselling or of which the Insured Person was or should reasonably have been aware at inception of this Policy or for which the Insured Person has been treated at any time prior to inception, unless such condition has been declared to and agreed by the Insurers.

All medical records, notes and correspondence referring to the subject of a claim or a related pre-existing condition shall be made available on request to any medical adviser appointed by or on behalf of the Insurers and such medical adviser or advisers shall, for the purpose of reviewing the claim, be allowed so often as may be deemed necessary to make an examination of the Insured Person.

SECTION SIX - GENERAL EXCLUSIONS

This Policy does not cover

1. in respect of Coverage 1 of Section One, Coverage 1 of Section Two, Coverage 1 of Section Three and Coverage 1 of Section Four:
 - (a) that part of any loss or damage for which indemnity is obtained as a claim under the Principal Policy.
 - (b) that part of any loss or damage for which indemnity cannot be obtained as a claim under the Principal Policy by reason of the financial default and/or insolvency of the insurers of the Principal Policy. However, this exclusion shall not apply where the selection of such insurers is required to comply with applicable law. For the purposes of this exclusion, "insolvency" shall be defined as occurring 180 days after bankruptcy is imposed by a court order and the trigger of any claim will be the date of loss under the Principal Policy.
 - (c) any amount which is the subject of a self-insured retention under the Principal Policy.
2. liability assumed by the Insured by agreement under any contract unless such liability would have attached to the Insured even in the absence of such agreement.

However, insofar as provision may be made under various contracts or agreements entered into by the Insured

- (a) prior to inception hereof which have been approved by the insurers of the policy of which this Policy is a renewal, or
- (b) during the Period of Insurance

requiring the inclusion hereunder of additional Insureds, hold harmless agreements, waivers of subrogation, indemnification agreements, breach of warranty provisions, loss payable clauses, maintenance and other contractual agreements this Policy shall be extended to incorporate such requirements in respect of such coverage as is afforded hereunder.

The requirements of new finance and/or lease agreements are automatically included hereunder subject to the Airline Finance/ Lease Contract Endorsement AVN 67B/AVN 67C/AVN67B (Hull War)/AVN67C (Hull War) provisions as applicable, as required by the Insured. The Aircraft Finance/ Lease Contract - Continuing Liability Endorsement AVN 99 can be automatically applied hereunder.

Such finance and/or lease agreements which are in existence at inception hereof shall be automatically included hereunder and the effective date shall be deemed inception. All such agreements shall be subject to an additional premium of **USD 100**, receipt of which is hereby acknowledged by Insurers hereon, and all such additional premiums are deemed included within the premium charged for this Policy.

All other agreements or contracts entered into by the Insured shall be subject to prior agreement by Insurers.

Nothing contained herein shall be construed to extend the coverage of this Policy to risks not otherwise insured hereunder and the inclusion of all such contracts and agreements shall be subject to the terms, conditions, limitations and exclusions of this Policy.

3. claims excluded by the following Contracts (Rights of Third Parties) Act 1999 Exclusion Clause AVN72:

CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 EXCLUSION CLAUSE

The rights of a person who is not a party to this insurance or reinsurance to enforce a term of this insurance or reinsurance and/or not to have this insurance or reinsurance rescinded, varied or altered without his consent by virtue of the provisions of the Contracts (Rights of Third Parties) Act 1999 are excluded from this insurance or reinsurance.

4. in respect of all Sections, other than Sections Three and Five, claims excluded by the following War, Hi-Jacking and Other Perils Exclusion Clause AVN48B (Amended).

WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION)

This Policy does not cover claims caused by

- (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.

- (b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (c) Strikes, riots, civil commotions or labour disturbances.
- (d) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (e) Any malicious act or act of sabotage.
- (f) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil military or de facto) or public or local authority.
- (g) Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in Flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured/Operator.

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

5. in respect of all Sections, other than Sections Three and Five, claims excluded by the following Nuclear Risks Exclusion Clause AVN38B (Amended):

NUCLEAR RISKS EXCLUSION CLAUSE

- (1) This Policy does not cover:
 - (i) loss of or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
 - (ii) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from:

 - (a) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
 - (b) the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;
 - (c) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.
- (2) It is understood and agreed that such radioactive material or other radioactive source in paragraph (1)(b) and (c) above shall not include:
 - (i) depleted uranium and natural uranium in any form;
 - (ii) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.
- (3) This Policy, however, does not cover loss of or destruction of or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:
 - (i) the Insured under this Policy is also an insured or an additional insured under any other insurance policy, including any nuclear energy liability policy; or
 - (ii) any person or organization is required to maintain financial protection pursuant to legislation in any country; or

- (iii) the Insured under this Policy is, or had this Policy not been issued would be, entitled to indemnification from any government or agency thereof.
- (4) Loss, destruction, damage, expense or legal liability in respect of the nuclear risks not excluded by reason of paragraph (2) shall (subject to all other terms, conditions, limitations, warranties and exclusions of this Policy) be covered, provided that:
 - (i) in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereto, such carriage shall in all respects have complied with the full International Civil Aviation Organization "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;
 - (ii) this Policy shall only apply to an incident happening during the period of this Policy and where any claim by the Insured against the Insurers or by any claimant against the Insured arising out of such incident shall have been made within three years after the date thereof;
 - (iii) in the case of any claim for the loss of or destruction of or damage to or loss of use of an Aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

<u>Emitter</u> <u>(IAEA Health and Safety Regulations)</u>	<u>Maximum permissible level</u> <u>of non-fixed radioactive</u> <u>surface contamination</u> <u>(Averaged over 300cm²)</u>
Beta, gamma and low toxicity alpha emitters	Not exceeding 4 Becquerels/cm ² (10 ⁻⁴ microcuries/cm ²)
All other emitters	Not exceeding 0.4 Becquerels/cm ² (10 ⁻⁵ microcuries/cm ²)

- (iv) the cover afforded hereby may be cancelled at any time by the Insurers giving seven days' notice of cancellation.
- 6. in respect of all Sections, other than Section Five, claims excluded by the following Date Recognition Exclusion Clause AVN2000A:

DATE RECOGNITION EXCLUSION CLAUSE

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

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

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

SECTION SEVEN - GENERAL CONDITIONS

1. Claims - Insured's Duties

- (a) Upon the Insured becoming aware of the happening of any event likely to give rise to a claim under this Policy, notice in writing with full particulars shall be given to the Insurers as soon as practicable.

In respect of a claim under Coverage 1 of Section One, Coverage 1 of Section Two, Coverage 1 of Section Three or Coverage 1 of Section Four, further notice of developments shall not be required unless the Insured becomes aware or suspects that the Principal Policy may not respond to the claim or may delay the settlement of a claim to which this Policy applies.

In respect of Section Five, notice must be given to the Insurers as soon as reasonably practicable of any Accident which causes or may cause a claim within the meaning of Section Five, and the Insured Person must as early as possible seek the attention of a duly qualified medical practitioner. Notice must be given to the Insurers as soon as reasonably practicable in the event of the death of the Insured Person resulting or alleged to result from an Accident.

All notices as specified above shall be given by the Insured to the firm named for the purpose in Item 7 of the Schedule.

- (b) If a claim is made or a suit is brought against the Insured, then in addition to compliance with the requirements of the Principal Policy, the Insured shall immediately copy to the Insurers every demand, notice, summons or other process received by them or their representatives.
- (c) Following the assumption of claims responsibility by Insurers, the Insured shall co-operate with the Insurers and upon request will assist in making settlements and in the conduct of suits; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.
- (d) The Insured shall render such further information and assistance as the Insurers may reasonably require and shall not act in any way to the detriment or prejudice of the interest of the Insurers.
- (e) No liability shall be admitted and no offer or promise of payment shall be made by the Insured without the written consent of Insurers.

2. Fraudulent Claims

An Insured shall not in the presentation and furtherance of any claim:

- (a) deliberately or recklessly conceal from Insurers any information which the Insured knows or ought to know might be material to their consideration of any claim;
- (b) provide to Insurers information, which the Insured knows to be false, with respect either to any event relied upon as a cause of loss or as to the amount claimed; nor
- (c) otherwise use fraudulent means or devices, including suppressing a known defence to Insurers' liability.

In any such event the Insurers shall have the option to refuse to pay the whole or any part of the claim to such Insured.

In the circumstances set out in sub-paragraph (b) above, Insurers shall also have the option to:

- (i) terminate the cover provided by all sections of the Policy to such Insured with effect from the date that such information was provided;
- (ii) recover any sums paid to such Insured in respect of losses occurring on or after the date that such information was provided; and
- (iii) retain any and all premium paid by such Insured.

If any provision of this clause is in conflict with the law governing the Policy it shall be of no effect to the extent of such conflict.

3. Rights of Recovery

In the event of any payment under this Policy the Insurers may exercise their rights of recovery against any responsible party and will advise the Insured of their intention so to do. However, should the Insured request the Insurers not to pursue a recovery then such request will not be unreasonably denied.

4. Due Diligence

The Insured shall exercise due diligence and ensure that all reasonable safeguards and precautions against accidents are provided and used.

5. Compliance with Regulations and Instructions

The Insured shall comply with all international and government regulations and civil instructions.

6. Compliance with Air Navigation Regulations – applicable to Coverage 2 of Section One, Coverage 2 of Section Three and Coverage 2 of Section Four only

The Insured shall endeavour to ensure that

- (a) at the commencement of each flight the Aircraft shall have a current and valid certificate of airworthiness or other permit to fly issued by a competent authority and shall be airworthy, and
- (b) all applicable air navigation and airworthiness requirements issued by any competent authority affecting the safe operation of the Aircraft are complied with, and
- (c) the Aircraft operates in accordance with the weight restriction imposed by its certificate of airworthiness.

The cover afforded to each Insured by the Policy shall not be invalidated by any act or omission which results in a breach of any air navigation or airworthiness requirements issued by any competent authority affecting the safe operation of the Aircraft provided that the Insured so protected has not caused, contributed to or knowingly condoned the said act or omission. Any Insured who has caused, contributed to or knowingly condoned the said act or omission shall not be entitled to indemnity under the Policy.

7. Material Change

The Insured shall be under a continuing duty, during the Period of Insurance, to notify the Insurers immediately of any changes which increase the risks which have been presented to the Insurers. Such changes shall be subject to agreement by Insurers and may require an additional premium to be charged. There shall be no coverage for any claims resulting from any changed element of the risk unless the changed element of the risk has been notified to and agreed by Insurers.

8. Cancellation

This Policy may be cancelled at any time at the written request of the Insured or may be cancelled by or on behalf of the Insurers provided 30 days notice in writing be given. (Where 30 days notice is contrary to the law or statute then the minimum period that is permitted shall be substituted therefor).

If the Policy is cancelled, Insurers shall receive or retain the premium for the period that this Policy has been in force, calculated pro-rata.

Notice of the cancellation by the Insurers shall be effective even though the Insurers make no payment or tender of return premium.

9. Contingent Coverage Requirement

Any property to which Coverage 1 of Section One, Coverage 1 of Section Two, Coverage 1 of Section Three or Coverage 1 of Section Four applies, shall be subject to a Lease/Finance Agreement the terms of which require the Principal Policy to be endorsed with the Airline Finance/Lease Contract endorsements designated AVN67B/AVN67B (Hull War) or AVN67C/AVN67C (Hull War), as appropriate, or with comparable endorsement language intended to achieve a similar purpose, or with endorsement language notified to and approved by Insurers hereon.

The Insured shall not knowingly disclose the existence of this Policy to the Operator, and shall in all respects act as though uninsured by this Policy when negotiating or evaluating a prospective lease/finance agreement.

10. Severability of Interest

Section Four of this Policy shall operate in all respects as if issued separately to each party insured hereunder but this provision shall not apply to any claim for loss of or damage to Aircraft, engines and components or Spares and Equipment insured under Section One and Section Two of this Policy.

Notwithstanding the inclusion herein of more than one Insured, whether by endorsement or otherwise, the total liability of the Insurers in respect of any or all Insureds shall not exceed the limit of liability of this Policy.

11. Assignment

This Policy may not be assigned in whole or in part except with the consent of the Insurers verified by endorsement and issued to form part of this Policy.

12. Other Insurance – applicable to all Coverages other than Coverage 1 of Section One, Coverage 1 of Section Two, Coverage 1 of Section Three, Coverage 1 of Section Four and Section Five

The insurance afforded under this Policy shall be excess insurance over any other valid and collectible insurance available to the Insured.

13. Law and Jurisdiction

This Policy shall be governed by and construed in accordance with the laws of the State of Florida, U.S.A. and each party agrees to submit to the exclusive jurisdiction of the Courts of the State of Florida, U.S.A. in the event of a dispute arising hereunder.

14. Service of Suit Clause

It is agreed that service of process upon Insurers for the purpose of instituting any legal proceedings against them in connection with this Policy may be made upon

Mendes & Mount and/or their nominees
750 Seventh Avenue
New York
NY 10019-6829
United States of America

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such proceedings and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurers' behalf in the event that such proceedings shall be instituted.

Further, pursuant to any statute of the state whose courts have jurisdiction in any dispute arising under this Policy, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the Statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

15. Inadvertent Error, Omission or Failure

Any inadvertent error, omission or failure by the Insured to give notice to the Insurers as herein required shall not invalidate the coverage afforded under this Policy provided that any such error, omission or failure is corrected once discovered.

16. Sanctions and Embargo Clause AVN111 (Amended)

Notwithstanding anything to the contrary in the Policy the following shall apply:

- (a) If, by virtue of any law or regulation which is applicable to an Insurer at the inception of this Policy or becomes applicable at any time thereafter, providing coverage to the Insured is or would be unlawful because it breaches an embargo or sanction, that Insurer shall provide no coverage and have no liability whatsoever nor provide any defence to the Insured or make any payment of defence costs or provide any form of security on behalf of the Insured, to the extent that it would be in breach of such law or regulation.
- (b) In circumstances where it is lawful for an Insurer to provide coverage under the Policy, but the payment of a valid and otherwise collectable claim may breach an embargo or sanction, then the Insurer will take all reasonable measures to obtain the necessary authorisation to make such payment.
- (c) In the event of any law or regulation becoming applicable during the Period of Insurance which will restrict the ability of an Insurer to provide coverage as specified in paragraph (a), then both the Insured and the Insurer shall have the right to cancel its participation on this Policy in accordance with the laws and regulations applicable to the Policy provided that in respect of cancellation by the Insurer a minimum of 30 days notice in writing be given. In the event of cancellation by either the Insured or the Insurer, the Insurer shall retain the pro rata proportion of the premium for the period that the Policy has been in force. However, in the event that the incurred claims at the effective date of cancellation exceed the earned or pro rata premium (as applicable) due to the Insurer, and in the absence of a more specific provision in the Policy relating to the return of premium, any return premium shall be subject to mutual agreement. Notice of cancellation by the Insurer shall be effective even though the Insurer makes no payment or tender of return premium.

ENDORSEMENT ONE

PERSONAL INJURY EXTENSION

The insurance provided by this Policy extends to indemnify the Insured for legal liability for damages awarded to any person arising out of one or more of the following offences committed during the Period of Insurance but only where such offences are committed in connection with that part of the Insured's aviation operations or interests for which other coverage is granted by the Policy:

1. False arrest, restraint, detention or imprisonment.
2. Malicious prosecution.
3. Wrongful entry, eviction or other invasion of the right of private occupancy.
4. Inadvertent discrimination with respect to withholding or refusal of transportation except with respect to overbooking.
5. The publication or utterance of a libel or slander or of other defamatory or disparaging material in violation of an individual's right of privacy except publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Insured.
6. Incidental medical malpractice error or mistake by a physician, surgeon, nurse, medical technician or other person performing medical services but only for or on behalf of the Insured in the provision of emergency medical relief.

The following additional exclusions shall apply to this extension:

- a. liability assumed by the Insured by agreement under any contract unless such liability would have attached to the Insured even in the absence of such agreement,
- b. liability arising out of the wilful violation of penal statute or ordinance committed by or with the knowledge or consent of the Insured,
- c. liability arising out of offence 5 above,
 - i. if the first injurious publication or utterance of the same or similar material was made prior to the effective date of this insurance
 - ii. if such publication or utterance was made by or at the direction of the Insured with the knowledge of the false nature thereof,
- d. liability directly or indirectly related to the past, present or potential employment of any person by the Insured.

The limit of liability applicable to this extension shall be **USD 25,000,000** in the annual aggregate being within the overall Policy limit and not in addition thereto.

However, in respect of Personal Injury to passengers of Aircraft insured under Coverage 2 of Section Four, the above sub-limit shall not apply and cover shall be provided up to the applicable Combined Single Limit stated in Item 3 of the Schedule.

All other terms and conditions of this Policy remain unchanged.

AVN 60A (Amended)
24.12.2004

ENDORSEMENT TWO

EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)

1. WHEREAS the Policy of which this Endorsement forms part includes the War, Hi-Jacking and Other Perils Exclusion Clause (Clause AVN48B (Amended)), IN CONSIDERATION of an Additional Premium (included within the Policy premium), it is hereby understood and agreed that with effect from inception, all sub-paragraphs other than (b) of Clause AVN48B (Amended) forming part of this Policy are deleted SUBJECT TO all terms and conditions of this Endorsement.

2. EXCLUSION applicable only to any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN 48B (Amended)

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

3. LIMITATION OF LIABILITY

The limit of Insurers' liability in respect of the coverage provided by this Endorsement shall be **USD 350,000,000** or the applicable Policy limit whichever the lesser any one Occurrence and in the annual aggregate (the "sub-limit"). This sub-limit shall apply within the full Policy limit and not in addition thereto.

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

- (a) to the passengers (and for their baggage and personal effects) of any Aircraft operator to whom the Policy affords cover for liability to its passengers arising out of its operation of Aircraft;
- (b) for cargo and mail while it is on board the Aircraft of any Aircraft operator to whom the Policy affords cover for liability for such cargo and mail arising out of its operation of Aircraft.

However, in respect of Coverage 1 of Section Four:

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

- (a) to the passengers (and for their baggage and personal effects) of any Aircraft the subject of a Lease/Finance Agreement and/or any Aircraft which is not the subject of a Lease/Finance Agreement to which an engine/component which is the subject of Lease/Finance Agreement is attached;
- (b) for cargo and mail while it is on board any Aircraft the subject of a Lease/Finance Agreement and/or any Aircraft which is not the subject of a Lease/Finance Agreement to which an engine/component which is the subject of Lease/Finance Agreement is attached.

4. AUTOMATIC TERMINATION

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

- (i) **All cover**
- upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following States, namely, France, the People's Republic of China, the Russian Federation, the United Kingdom, the United States of America
- (ii) **Any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN48B (Amended)**
- upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter wheresoever or whensoever such detonation may occur and whether or not the insured Aircraft may be involved
- (iii) **All cover in respect of any of the insured Aircraft requisitioned for either title or use**
- upon such requisition

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

5. REVIEW AND CANCELLATION

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

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

(b) **Limited Cancellation (48 hours)**

Following a hostile detonation as specified in 4 (ii) above, Insurers may give notice of cancellation of one or more parts of the cover provided by paragraph 1 of this Endorsement by reference to sub-paragraphs (c), (d), (e), (f) and/ or (g) of Clause AVN48B (Amended) - such notice to become effective on the expiry of forty-eight hours from 23.59 hours GMT on the day on which notice is given.

(c) **Cancellation (7 days)**

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

(d) **Notices**

All notices referred to herein shall be in writing.

AVN52E (Amended)
12.12.01

ENDORSEMENT THREE

SUPPLEMENTARY PAYMENTS CLAUSE

The Insurers agree to indemnify the Insured for

- (a) any reasonable expenses incurred for the purpose of search and rescue operations for an Aircraft insured hereunder determined to be missing and unreported after the computed maximum endurance of the flight has been exceeded;
- (b) any reasonable expenses incurred for the purpose of runway or Aircraft foaming to prevent or mitigate possible loss or damage because of malfunction or suspected malfunction of an Aircraft insured hereunder;
- (c) any reasonable expenses incurred for the purpose of attempted or actual raising, removal, disposal or destruction of the wreck of an Aircraft insured hereunder and the contents thereof;
- (d) any reasonable expenses which the Insured may be called upon to pay in respect of any public inquiry or inquiry by the Civil Aviation Authority or any other relevant authority into an incident involving an Aircraft insured hereunder;
- (e) any reasonable expenses for fire and crash control operations related to an Aircraft insured hereunder;
- (f) any reasonable expenses for necessary medical, surgical, ambulance, hospital, professional nursing, repatriation and funeral expenses following an Occurrence for which coverage is provided hereunder;
- (g) the cost of any bail or guarantee provided to obtain the release of the Aircraft, or any member of the crew of the Aircraft or their property or to secure the departure of the Aircraft, in the event of the Aircraft departure being prevented by authorities.

Provided always that Insurers' liability shall not exceed **USD 4,000,000** in the annual aggregate over all paragraphs insured.

ENDORSEMENT FOUR

DATE RECOGNITION LIMITED COVERAGE CLAUSE

WHEREAS the Policy of which this Endorsement forms part includes the Date Recognition Exclusion Clause (Clause AVN2000A), it is hereby understood and agreed that, subject to all terms and provisions of this Endorsement, Clause AVN2000A shall not apply:

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

PROVIDED THAT:

1. Coverage provided pursuant to this Endorsement shall be subject to all terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Policy (except as specifically provided herein), and nothing in this Endorsement extends coverage beyond that which is provided by the Policy.
2. Nothing in this Endorsement shall provide any coverage:
 - (a) in respect of grounding of any Aircraft: and/or
 - (b) in respect of loss of use of any property unless it arises out of physical damage to or destruction of property in the accident giving rise to a claim under the Policy.
3. The Insured agrees that it has an obligation to disclose in writing to the Insurers during the Period of Insurance any material facts relating to the Date Recognition Conformity of the Insured's operations, equipment and products.

AVN2001A (Amended)

21.3.01

(Applicable to Hull and Aircraft Liability Coverage)

SUBJECT TO THE FOLLOWING:

It is a condition of this Policy that the Insured shall require that the Principal Policy be subject to a Date Recognition Exclusion Clause. If the Insured has been granted a Date Recognition Limited Coverage Clause as above, it is a condition of this Policy that the Principal Policy also has the benefit of the relevant Date Recognition Limited Coverage Clause. Furthermore, it is a condition of the Date Recognition Limited Coverage granted to the Insured that they monitor the status of the Date Recognition Exclusion Clause and the Date Recognition Limited Coverage Clause on the Principal Policy and on becoming aware of any Date Recognition Limited Coverage Clause being withdrawn or modified immediately report to Insurers. In the event that Insurers become aware that the Principal Policy is subject to the Date Recognition Exclusion Clause without the benefit of the Date Recognition Limited Coverage Clause or that any Date Recognition Limited Coverage Clause on the Principal Policy has been withdrawn or modified, Insurers reserve the right to issue seven (7) days notice to the Insured that the exclusion clause applying to the coverage afforded under the Principal Policy applies to the coverage afforded under this Policy in connection with the Operator.

ENDORSEMENT FIVE

DATE RECOGNITION LIMITED COVERAGE CLAUSE

WHEREAS the Policy of which this Endorsement forms part includes the Date Recognition Exclusion Clause (Clause AVN2000A), it is hereby understood and agreed that, subject to all terms and provisions of this Endorsement, Clause AVN2000A shall not apply to any sums which the Insured shall become legally liable to pay, and (if so required by the Policy) shall pay (including costs awarded against the Insured) in respect of:

- (1) accidental bodily injury, fatal or otherwise, or loss of or damage to property caused by an Aircraft accident occurring during the Period of Insurance and arising out of a risk insured under the Policy; and/or
- (2) accidental bodily injury, fatal or otherwise, or loss of or damage to property caused by an accident, other than an Aircraft accident, occurring during the Period of Insurance and arising out of a risk insured under the Policy. For the avoidance of doubt, solely for the purposes of this paragraph (2) and without prejudice to the meaning of the words in any other context, "bodily injury" shall mean only physical corporeal injury and unless arising directly therefrom shall not include mental or psychological injury.

PROVIDED THAT:

1. Coverage provided pursuant to this Endorsement shall be subject to all terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Policy (except as specifically provided herein), and nothing in this Endorsement extends coverage beyond that which is provided by the Policy.
2. Nothing in this Endorsement shall provide any coverage :
 - (a) applying in excess of any scheduled underlying insurance and/or in respect of any non-aviation risks; and/or
 - (b) in respect of grounding of any Aircraft; and/or
 - (c) in respect of loss of use of any property unless it arises out of physical damage to or destruction of property in the accident giving rise to a claim under the Policy.
3. The Insured agrees that it has an obligation to disclose in writing to the Insurers during the Period of Insurance any material facts relating to the Date Recognition Conformity of the Insured's operations, equipment and products.

AVN2002A (Amended)

21.3.01

(Applicable to non Aircraft Liability only)

ENDORSEMENT SIX

LEASED ENGINE(S) AND/OR COMPONENT(S)

In the event that an Aircraft insured hereon is fitted with a leased engine(s) and/or component(s) the agreed value of the Aircraft to which such leased engine(s) and/or component(s) is attached is automatically increased, at nil additional premium, by the stipulated loss value of the leased engine(s) and/or component(s) for the period it is installed subject always to the maximum agreed value specified in Item 3 of the Schedule not being exceeded. Where such amount is not specified in the lease agreement, this shall be the fair market value of such engine(s)/component(s) as agreed between the Insurers and the owners of the engine(s)/component(s) at the time of the loss.

However the foregoing increase in the stated agreed value shall not be taken into account when calculating whether a Constructive Total Loss may be declared hereon.

Insurers shall retain the rights of salvage to the removed engine(s) and/or component(s) in the event of a Total Loss, Constructive Total Loss or Arranged Total Loss of the Aircraft.

ENDORSEMENT SEVEN

CONFISCATION BY GOVERNMENT OF REGISTRY

General Exclusion A.(i) of Section Three is deleted.

However, in respect of Coverage 1 of Section Three, this endorsement shall apply only where the Principal Policy provides coverage for the perils otherwise excluded under such exclusion.

ENDORSEMENT EIGHT

RISK MANAGEMENT PROGRAMME

Insurers hereon agree to allow the Insured up to **USD 25,000** per annum as a contribution to safety awareness and/or audits. This provision applies in respect of the costs incurred by the Insured employing external consultants approved by Insurers. Settlements to be made as a return premium, nett absolute.

ENDORSEMENT NINE

NON-OWNED AIRCRAFT LIABILITY

In addition to the Aircraft declared hereunder, the cover provided hereunder applies to Aircraft used by the Insured but not so declared, always provided the Insured:

1. has no interest in the Aircraft as owner in whole or in part
2. exercises no part in the servicing or maintenance of the Aircraft
3. exercises no part in the appointment or provision of personnel for the operation of the Aircraft

The coverage afforded by this clause does not apply:

- (a) to liability arising out of any product manufactured, sold, handled or distributed by the Insured;
- (b) to any Aircraft having a seating capacity, including crew, in excess of an amount to be agreed by Insurers prior to attachment of coverage;
- (c) to liability for Property Damage to the Aircraft;
- (d) when the Aircraft is used by the Insured for hire and reward.

AVN54 (Amended)

ENDORSEMENT TEN

SOFTWARE AFFIRMATION CLAUSE

1. Subject to Policy terms, conditions, limitations and exclusions, to the extent coverage is afforded under this Policy, in respect of claims caused by the use of or inability to use Software, coverage shall be afforded in accordance with the limit of Insurers' liability as stated in this Policy.
2. No additional limit(s) of coverage shall be conferred by paragraph 1. of this Clause.
3. For the purposes of this Clause, Software shall mean programs, source codes, binary codes, scripts, applications and electronic data used to instruct computers to perform one or more task(s).

AVN139

ENDORSEMENT ELEVEN

CONDITION PRECEDENT OR WARRANTY

Nothing in this Policy shall be construed as a condition precedent or a warranty unless it is expressly stated as such in this Policy.

ENDORSEMENT TWELVE

**U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED
NOT PURCHASED CLAUSE**

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Insurers have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this Policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5390 (Amended)
09 January 2020

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.