

**This Policy  
is an  
Aircraft Insurance Policy  
provided by**



**U.S. SPECIALTY INSURANCE COMPANY**

ADMINISTRATIVE OFFICES: 13403 NORTHWEST FREEWAY, HOUSTON, TEXAS 77040

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

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

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

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

**W A R N I N G**

If you have an accident or occurrence in Mexico, you may be jailed and your aircraft impounded unless you have aircraft liability coverage issued by an insurance company licensed in Mexico.

As we are not licensed in Mexico, you must make certain you obtain this additional coverage before you go into Mexico!

# AIRCRAFT INSURANCE POLICY

## COVERAGE IDENTIFICATION PAGE

### U. S. SPECIALTY INSURANCE COMPANY

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

YOUR POLICY NUMBER

GA00138054-00

Prior Policy No. \_\_\_\_\_

ITEM 1	NAME INSURED	FLIGHT LEVEL AVIATORS, LLC.
2	YOUR ADDRESS	23853 N. 59TH DR. GLENDALE, AZ 85310

YOUR AGENT'S NAME AND ADDRESS
AIRCRAFT INSURANCE AGENCY BY DUNCAN
P.O. BOX 1087
LANCASTER, TX 75146-8087

3	POLICY PERIOD:	12:01 A.M. STANDARD TIME AT YOUR ABOVE ADDRESS FROM:	<b>08/09/2002</b>	TO:	<b>08/09/2003</b>
4	LOCATION OF AIRCRAFT:	The aircraft will be principally based at <b>PHOENIX-DEER VALLEY MUNI, PHOENIX, AZ</b>			
5	DESCRIPTION OF AIRCRAFT: You have told us that each of the aircraft below (1) has an FAA standard airworthiness certificate unless noted below*; and (2) is solely and unconditionally owned by you unless noted differently in Item 1 and/or 11 or endorsements we issue.				

FAA NUMBER	YEAR, MAKE AND MODEL <small>Include description if not an FAA standard certificated landplane</small>	TOTAL SEATS	AIRCRAFT PHYSICAL DAMAGE COVERAGE <small>(If no Agreed Value shown, no coverage is provided)</small>			
			AGREED VALUE	Not In Motion DEDUCTIBLE	In Motion DEDUCTIBLE	
N31870	1978 PIPER PA-28RT-201T	4	\$ 90,000	\$ 100	\$ 1,000	

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

LIABILITY TO OTHERS	A Bodily Injury Excluding Passengers	B Passenger Bodily Injury	C Property Damage	D Single Limit Bodily Injury/Property Damage Pass.	DL Single Limit Bodily Injury/Property Damage Limited Pass.	E Medical Expense
each person	\$	\$	\$	\$	\$ 100,000	\$ 3,000
each occurrence	\$	\$	\$	\$	\$ 1,000,000	\$ 12,000

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

COV. A	COV. B	COV. C	COV. D	COV. DL	COV. E	COV. F	COV. G	TOTAL FOR A/C
			\$	390.00	\$ 10.00	540.00	\$ 810.00	1,750.00
8 ENDORSEMENTS ATTACHED WHEN POLICY ISSUED							TOTAL PREMIUM	
NOS: FORMS: 1105 1660 1017 1590 1410 1203							\$ 1,750.00	
							\$	

9 THE PILOT FLYING THE AIRCRAFT: The aircraft must be operated in flight only by a person shown below, who must have a current and proper (1) medical certificate and (2) pilot certificate with necessary ratings as required by the FAA for each flight. There is no coverage under the policy if the pilot does not meet these requirements.

SEE FORM 1660

10 THE USE OF THE AIRCRAFT: The aircraft will be used for your pleasure and business related purposes where no charge is made for such use and also will be used for the following purposes:  
**NO OTHER USE APPROVED.**

11 ADDITIONAL INTEREST: Payment for Aircraft Physical Loss or Damage under Coverage F or G will be made to you and

NAME AND ADDRESS OF LIENHOLDER	L/I	LOAN BALANCE
		\$

Countersigned this 22 day of August, 2002

*Lee Duncan*

Authorized Representative  
USS 1106 (01/99)

This endorsement is

part of policy number: GA00138054-00

endorsement number:

issued to (first Named Insured) : FLIGHT LEVEL AVIATORS, LLC.

effective: 08/09/2002

for: premium of \$

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

## PILOT ENDORSEMENT

This endorsement changes Item 9 of the Coverage Identification Page - THE PILOT FLYING THE AIRCRAFT as follows:

### 9. THE PILOT FLYING THE AIRCRAFT:

The aircraft must be operated in flight only by a person shown below who must have a current and proper (1) medical certificate and (2) pilot certificate with necessary ratings as required by the FAA for each flight. There is no coverage under the policy if the pilot does not meet these requirements:

WITH RESPECT TO AIRCRAFT N31870:

1. PILOTS HAVING A CURRENT PRIVATE OR COMMERCIAL CERTIFICATE, WITH AN INSTRUMENT RATING AND A MINIMUM OF
  - 750 LOGGED PILOT HOURS, OF WHICH AT LEAST
  - 250 HOURS HAVE BEEN LOGGED IN AIRCRAFT EQUIPPED WITH RETRACTABLE LANDING GEAR, INCLUDING AT LEAST
  - 25 HOURS LOGGED IN THE SAME MAKE AND MODEL AIRCRAFT BEING FLOWN.
2. CHRIS SHEHI, PROVIDED, PRIOR TO OPERATING THE AIRCRAFT SOLO, HE HAS A CURRENT PRIVATE CERTIFICATE AND HAS RECEIVED A CHECK OUT FROM A CERTIFICATED FLIGHT INSTRUCTOR PILOT IN THE SAME MAKE AND MODEL AIRCRAFT BEING FLOWN.
3. PAUL FORTUNE, PROVIDED HE HAS A CURRENT COMMERCIAL PILOT CERTIFICATE AND PROVIDED, PRIOR TO SOLO OPERATION OF THE AIRCRAFT, HE HAS LOGGED A MINIMUM OF 5 HOURS OF DUAL FLIGHT INSTRUCTION FROM A CERTIFICATED FLIGHT INSTRUCTOR PILOT IN THE SAME MAKE AND MODEL AIRCRAFT BEING FLOWN.
4. MICHAEL GIBBS, PROVIDED, PRIOR TO OPERATING THE AIRCRAFT SOLO, HE HAS A CURRENT COMMERCIAL CERTIFICATE AND HAS RECEIVED A CHECK OUT FROM A CERTIFICATED FLIGHT INSTRUCTOR PILOT IN THE SAME MAKE AND MODEL AIRCRAFT BEING FLOWN.
5. THE CERTIFICATED FLIGHT INSTRUCTOR PILOT MUST MEET THE REQUIREMENTS STATED IN ITEM 9 AND PARAGRAPH 1 ABOVE.

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

This endorsement is

part of policy number: GA00138054-00

endorsement number:

issued to (first Named Insured) : FLIGHT LEVEL AVIATORS, LLC.

effective: 08/09/2002

for: premium of \$

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

### AIRCRAFT EXTENDED COVERAGE

1. Coverage for **Bodily Injury and Property Damage** for Airport Premises.  
  
If **you** have the right to use premises at an airport for parking or storage of your **aircraft**, then **your** coverage for Liability to Others (PART THREE) will also apply to damages **you** are legally required to pay for **bodily injury and property damage** caused by **your** ownership, maintenance or use of this premises.
2. PART FIVE - SPECIAL PROVISIONS AND CONDITIONS - paragraph 4. "**We** will provide **you** with" is extended to include:
  - c. **Aircraft** Physical Damage (PART TWO) coverage when **you** are operating another **aircraft**. **We** will pay on **your** behalf all sums in excess of \$500.00 up to an aggregate of \$50,000.00 for damage to **aircraft you** operate.  
  
**You and we** agree that:
    - (1) The coverage afforded by this endorsement shall be excess insurance over any other valid and collectable insurance available to **you** or the **aircraft** owner;
    - (2) Other than as stated above all of the conditions of **your Aircraft** insurance Policy will apply to this endorsement.
3. PART ONE - GENERAL PROVISIONS AND CONDITIONS - Paragraph 3. "The Pilot Flying the **Aircraft**" does not apply to **your aircraft** while it is in the care, custody or control of an **FAA** approved repair station or **aircraft** repair facility for the purpose of maintenance or repair and provided that **you** have not prejudiced our rights of subrogation or recovery against such repair station or repair facility.
4. PART TWO - AIRCRAFT PHYSICAL DAMAGE - Paragraph 3. "What **We** Will Pay" is changed to include:
  - a. If a pilot shown in Item 9 of the Coverage Identification Page is forced to make an emergency landing away from an airport and there is no physical damage to **your aircraft**, **we** will pay the cost to transport **your aircraft** to the nearest airport. **We** will not reduce what **we** will pay for this transportation by the applicable deductible.

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

This endorsement is

part of policy number: GA00138054-00

endorsement number:

issued to (first Named Insured) : FLIGHT LEVEL AVIATORS, LLC.

effective: 08/09/2002

for: premium of \$

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

## WHEN AND WHERE YOU ARE COVERED - EXTENSION

PARAGRAPH 5. - When and where You are Covered of  
**PART ONE - GENERAL PROVISIONS AND  
CONDITIONS - IS CHANGED TO READ:**

### 5. When and Where You are Covered

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

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

This endorsement applies only to the following aircraft:

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

## POLLUTION EXCLUSION ENDORSEMENT

It is agreed that PART THREE - LIABILITY TO OTHERS - Paragraph 4. h. (Noise, Pollution, Electrical and Other Interference) is changed to read:

### 4. What Is Not Covered

#### h. Noise, Pollution, Electrical and Other Interference

**Bodily injury and property damage**, including cost of defense, that is directly or indirectly caused by or arises out of:

- (a) noise, whether or not audible to the human ear, or vibration, including sonic boom or similar phenomena caused by the movement or operation of an **aircraft** or any of its parts; or,
- (b) any interference with the quiet enjoyment of property of others caused by the operation of an **aircraft** or any of its parts; or,
- (c) pollution arising out of the actual, alleged or threatened discharge, dispersal, release or escape of **pollutants**, whether gradual or sudden and accidental.

However, only as respects aircraft operation, this exclusion does not apply to noise, interference with the quiet enjoyment of property of others, or **pollutants**, released as a result of any accident, or which results from an emergency causing abnormal aircraft operation.

**Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot fumes, acids, alkalis, chemicals, waste or other particles. Waste includes materials to be recycled, reconditioned or reclaimed.

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

**ARIZONA CHANGES - CANCELLATION AND NONRENEWAL**

Paragraph 8 – Canceling **Your Policy** – of **PART ONE – GENERAL PROVISIONS AND CONDITIONS** is replaced by the following:

**8. Canceling or Renewing Your Policy****Cancellation**

a. The first Named Insured shown in the **CIP** may cancel this policy by mailing or delivering to **us** advance written notice of cancellation.

b. **We** may cancel this policy by mailing or delivering to the first Named Insured and the agent if any, written notice of cancellation, stating the reason or reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if **we** cancel for nonpayment of premium;
- (2) 10 days before the effective date of cancellation if **we** cancel for any other reason and this policy has been in effect for less than 60 days and is not a renewal of a policy **we** issued; or
- (3) 60 days before the effective date of cancellation if **we** cancel for a reason or reasons stated in paragraphs c. (2) through (8) below.

c. Cancellation of Policies in Effect For 60 Days Or More

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy **we** issued, **we** may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) **Your** conviction of a crime arising out of acts increasing the hazard insured against;
- (3) Acts or omissions by **you** or **your** representative constituting fraud or material misrepresentation in the procurement of this policy, in continuing this policy or in presenting a claim under this policy;
- (4) Substantial change in the risk assumed, except to the extent that **we** should have reasonably foreseen the change or contemplated the risk in writing the contract;
- (5) Substantial breach of contractual duties or conditions;
- (6) Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by **our** reinsurer or reinsurers;
- (7) Determination by the Director of Insurance that the continuation of the policy would place

**us** in violation of the insurance laws of this state or would jeopardize **our** solvency; or

- (8) Acts or omissions by **you** or **your** representative which materially increase the hazard insured against.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
  - e. If this policy is cancelled, **we** will send the first Named Insured any premium refund due. If **we** cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if **we** have not made or offered a refund.
  - f. Any notice of cancellation will state the reason or reasons for cancellation and will be mailed by certified mail to the first Named Insured and mailed to the agent, if any, at the last mailing addresses known to **us**. Proof of mailing will be sufficient proof of notice.

**Nonrenewal**

- a. If **we** elect not to renew this policy, **we** will mail to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. **We** will mail this notice at least 60 days prior to the expiration of this policy.
- b. If either one of the following occurs, **we** are not required to provide written notice of nonrenewal;
  - (1) **We** or a company within the same insurance group has offered to issue a renewal policy; or
  - (2) **You** have obtained replacement coverage or agreed in writing to do so.
- c. If **we** elect to renew this policy and the renewal is subject to any of the following:
  - (1) Increase in premium;
  - (2) Change in deductible;
  - (3) Reduction in limits of insurance; or
  - (4) Substantial reduction in coverage;**we** will mail to the first Named Insured and to the agent, if any, written notice at least 60 days before the anniversary or expiration date of the policy.
- d. If renewal is subject to any condition described in c. above, and **we** fail to provide notice 60 days before the anniversary or expiration date of this policy, the following procedures apply:
  - (1) The present policy will remain in effect until the earlier of the following:
    - (a) 60 days after the date of mailing or delivery of the notice; or

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

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

- (b) The effective date of replacement coverage obtained by the first Named Insured.
- (2) If the first Named Insured elects not to renew, and earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:
  - (a) The rates applicable to the terminated policy; or
  - (b) The rates presently in effect.
- (3) If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this policy's anniversary or expiration date.
- e. Any notice of nonrenewal or premium or coverage changes on renewal will be mailed by certified mail to the first Named Insured and mailed to the agent, if any, at the last mailing addresses known to us. Proof of mailing will be sufficient proof of notice.

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

# PART ONE

## GENERAL PROVISIONS AND CONDITIONS

Here are some matters you need to be aware of before you read the other Parts of your policy that explain your coverage.

### 1. Words and Phrases

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

- a. **You and your** means the person(s) or organization(s) named in Item 1 of the Coverage Identification Page under the heading "Named Insured."
  - b. **Anyone** means any person or organization other than you;
  - c. **We, our and us** mean the insurance company named on the Coverage Identification Page;
  - d. **Air carrier** means a person who undertakes directly by lease, or other arrangement, to engage in air transportation;
  - e. **Aircraft** means the aircraft shown in Item 5 of your Coverage Identification Page or qualifying under PART FIVE of your policy. It includes the airframe; landing gear; propulsion system (including engine(s), accessories and propeller(s) or rotor(s)); flight and engine instruments; communication/navigation system; electrical system; flight control system; fuel system; hydraulic system; and pressurization system.  
Parts usually mounted or attached to the aircraft are included while temporarily removed as long as they are not replaced by other parts;
  - f. **Agreed value** means the amount of money shown in Item 5 of the Coverage Identification Page. It is the amount that you and we have agreed your aircraft is worth and the maximum amount of Aircraft Physical Damage coverage we provide;
  - g. **In motion** means when the aircraft is moving under its own power or the resulting momentum;
  - h. **In flight** means when the aircraft movement begins for takeoff until completion of the landing run;
  - i. **Passenger** means any person who is in the aircraft or getting in or out of it;
  - j. **Bodily injury** means physical injury to a person, including sickness, disease or death;
  - k. **Property damage** means damage to or destruction of property including any resulting loss of use of the property. It does not include damage to or destruction of the aircraft or any other property you or anyone we protect under your policy owns, has charge of or transports;
  - l. **Accident** means a sudden event during the policy period, neither expected or intended by you, that involves your aircraft and causes physical damage to or loss of the aircraft during the policy period;
  - m. **Occurrence** means a sudden event or repeated exposure to conditions, involving the aircraft during the policy period, neither expected nor intended by you, that causes bodily injury or property damage to others during the policy period. All bodily injury or property damage resulting from the same general conditions will be considered to be caused by one occurrence;
  - n. **Student pilot** means any pilot meeting the requirements of Item 9 of your Coverage identification Page who is receiving instruction, either dual or solo, under the direct supervision of an FAA Certificated Flight Instructor;
  - o. **Renter pilot** means any pilot meeting the requirements of Item 9 of your Coverage Identification Page who is renting one of your aircraft from you;
  - p. **Federal Aviation Administration (FAA)** means the authority of the United States of America having jurisdiction over civil aviation or its counterpart in another country;
  - q. **Pleasure and Business** means your personal and business related purposes where no charge is made for such use;
  - r. **Instruction and/or Rental** means use of the aircraft for instruction of, or rental to, others for their Pleasure and Business use. You may also use the aircraft for your Pleasure and Business use;
  - s. **Charter/Air Taxi** means use of the aircraft for transporting passengers and/or freight for hire. You may also use the aircraft for your Pleasure and Business use;
  - t. **Commercial** means use of the aircraft for Instruction and/or Rental use, Charter/Air Taxi use and your Pleasure and Business use;
  - u. **Flying Club** means use of the aircraft by your members for their Pleasure and Business use. A member is any person having an ownership interest in, or owning stock in, the organization shown in Item 1 of the Coverage Identification Page. You may charge membership fees and dues and you may also charge the members fees for use of the aircraft;
- ### 2. Our Obligations and Your Duties
- We agree to provide coverage in your policy if you pay the premium and comply fully with the policy requirements, but if you do not, then we are not obligated to you or anyone. We have the right to deduct any premium or other debts you owe under this policy from any payment we make.
- ### 3. The Pilot Flying the Aircraft
- You must make certain that the pilot operating the aircraft in flight meets the requirements shown in Item 9 of the Coverage Identification Page. There is no coverage under the policy if the pilot does not meet these requirements.
- ### 4. The use of the Aircraft
- You must make certain that the aircraft is used for the purposes stated in Item 10 of the Coverage Identification Page. There is no coverage under the policy if the aircraft:
- a. Is used for any purpose not stated in Item 10 of the Coverage Identification Page;

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

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

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

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

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

- a. Immediately notify **us** describing how, when and where the **accident** or **occurrence** happened and giving names and addresses of witnesses, injured persons and all persons aboard the **aircraft**;
- b. Cooperate with **us** in the investigation, settlement or defense of any claim or suit;
- c. Answer under oath, questions asked by **us** or **anyone we** designate;
- d. Immediately send **us** copies of any notices or legal papers that **you** receive;
- e. Help **us** in obtaining and giving evidence, attending hearings and trials, and getting witnesses to testify;
- f. Immediately notify the police if **your aircraft** or any part of it is stolen or vandalized.

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

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

#### 7. Changing **Your** Policy

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

#### 8. Cancelling **Your** Policy

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

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

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

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

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

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

#### 9. Other Coverage

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

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

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

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

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

#### 11. **Our** Right of Recovery (Except PART FOUR—Medical Expense)

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

#### 12. State Statutes

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

#### 13. Legal Action Against **Us**

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

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

#### 14. Concealment or Misrepresentation

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

#### 15. Inspection and Audit

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

## PART TWO AIRCRAFT PHYSICAL DAMAGE

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

#### 1. What We Cover

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

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

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

##### a. Not In Motion Deductible

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

##### b. In Motion Deductible

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

##### c. No Deductible

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

- (1) Fire, lightning, explosion, theft or vandalism;
- (2) An **accident** involving another **aircraft** we insure except those we insure for **you**;
- (3) An **accident** when the dismantled **aircraft** is being transported.

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

##### a. Destroyed Aircraft

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

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

##### b. Damaged Aircraft

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

If **your aircraft** is damaged by hail, we will pay the reasonable cost of repair of the hail damage that affects the airworthiness of the **aircraft** after the **aircraft** is repaired, and an amount not exceeding 10% of the **agreed value** for hail damage that does not affect the airworthiness of the **aircraft**, less the applicable deductible.

If the estimated cost of repair, including any amount payable for hail damage not affecting the airworthiness

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

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

#### 4. What We Will Not Pay

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

##### a. Pilots and Use

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

##### b. Wear & Tear

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

##### c. Tires

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

##### d. Seaplane - Amphibian

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

##### e. Ownership

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

##### f. War - Confiscation

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

##### g. Radiation

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

##### h. Embezzlement, Conversion or Secretion

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

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

#### 5. What You Must Do

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

##### a. *Protect the Aircraft*

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

##### b. *Proof of Loss*

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

##### c. *Show Us the Physical Damage*

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

##### d. *Show Us the Records*

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

#### 6. When We Will Pay

**We** will pay for loss of or damage to **your aircraft** within

30 days after **you** have given **us** a sworn Proof of Loss statement and **you** and **we** agree on the amount.

#### 7. Theft

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

#### 8. Disappearance

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

#### 9. Reinstatement of Coverage

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

## PART THREE LIABILITY TO OTHERS

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

#### 1. What We Cover

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

a. Coverage A covers **bodily injury** to persons other than **passengers in your aircraft**. The most **we** will pay for **bodily injury** to any one person is shown under Item 6A opposite "each person". The most **we** will pay for **bodily injury** to all persons is shown in Item 6A opposite "each occurrence". **We** will not pay for **bodily injury** to **passengers** under Coverage A.

b. Coverage B covers **bodily injury** to **passengers in your aircraft**. The most **we** will pay for **bodily injury** to any one **passenger** is shown under Item 6B opposite "each person". The most **we** will pay for **bodily injury** to all **passengers** is shown under Item 6B opposite "each occurrence". **We** will not pay for **bodily injury** to persons other than **passengers** under Coverage B.

c. Coverage C covers **property damage**. The most **we** will pay for **property damage** is shown under Item 6C opposite "each occurrence".

d. Coverage D covers **bodily injury** and **property damage** in a combined limit of liability for each **occurrence**. Where the word "INcluding" is shown in Item 6D, the most **we** will pay for **bodily injury** to all **passengers** and all others and **property damage** is shown under Item 6D opposite "each occurrence". Where the word "EXcluding" is shown in Item 6D, the most **we** will pay for **bodily injury** to all persons and **property damage** is shown under Item 6D opposite "each occurrence", but **we** will not pay for **bodily injury** to **passengers**.

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

limit for each **passenger**.

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

#### 2. Who is Protected

Except for those listed below, **your bodily injury** and **property damage** liability coverage protects **you** and **anyone you** permit to fly **your aircraft**. **You** and **anyone you** permit to fly **your aircraft** are protected separately, but the limits of liability shown in Item 6 of the Coverage Identification Page do not increase regardless of the number protected.

#### 3. Who is Not Protected

**Your bodily injury** and **property damage** coverage does not protect:

##### a. *Employees*

Any employee for injuries to any person who is in the course and scope of employment by the same employer;

##### b. *Aviation Business Activities*

Any person or organization, or employee or agent thereof, other than **you** and any of **your** employees while in the scope of his or her employment whom **you** permit to fly **your aircraft**, that makes, sells, rents, repairs or services aircraft or components, operates an airport facility, or provides instruction, pilot or flight service, where an **occurrence** arises out of any of these activities;

##### c. *Student Pilots*

Any **student pilot** using the **aircraft** under any rental agreement or training program for which a charge is made for such use.

##### d. *Renter Pilots*

Any **renter pilot**.

4. What is Not Covered  
**We** do not cover any:
- a. *Pilots and Use*  
**Bodily injury** or **property damage** unless the requirements of the Coverage Identification Page regarding Pilots (Item 9) and Use (Item 10) are met;
  - b. *Employees*  
**Bodily injury** to any person in the course and scope of employment either by **you** or by **anyone we** protect for any claim against **you**, against **anyone we** protect or against a fellow employee;
  - c. *Property*  
**Property damage** to property **you** or **anyone we** protect owns, has charge of or transports;
  - d. *Intentional Acts*  
**Bodily injury** or **property damage** that is intentionally caused by **you** or **anyone we** protect unless done while in flight to prevent dangerous interference with the operation of the aircraft;
  - e. *Assume Liability*  
**Bodily injury** or **property damage** liability that **you** or **anyone we** protect has agreed to assume for others;
  - f. *Ownership*  
**Bodily injury** or **property damage** liability if **you** lease, sell or mortgage all or some of **your** interest in **your aircraft** unless all interests of others are stated in Item 1 or 11 of the Coverage Identification Page or in an Endorsement;
  - g. *Radiation*  
**Bodily injury** or **property damage** that is directly or indirectly caused by or arises out of ionizing radiations or contamination by radioactivity from any source;
  - h. *Noise, Pollution, Electrical and Other Interference*  
**Bodily injury** or **property damage** that is directly or indirectly caused by or arises out of:
    - (1) Noise, vibration or sonic boom;
    - (2) Pollution and/or contamination of any kind;
    - (3) Electrical and/or electromagnetic interference;
    - (4) Interference with the use of property; unless caused by or resulting from an accident;
  - i. *War - Confiscation*  
**Bodily injury** or **property damage** that is directly or

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

5. Additional Protection  
**We** also provide the following additional protection with each coverage under PART THREE as long as **we** have not paid; offered to pay, or tendered the limits of liability that **you** purchased.
- We** will:
- a. *Defense*  
 Defend, at **our** expense with attorneys **we** choose, any claim or legal action against **you** and **anyone we** protect for **bodily injury** or **property damage** resulting from an **occurrence we** cover. **We** may investigate, negotiate or settle any claim or legal action as **we** elect;
  - b. *Expense*  
 Pay the expense and the court costs in claims or legal actions **we** defend;
  - c. *Reimbursement*  
 Reimburse **you** and **anyone we** protect for all reasonable expenses incurred at **our** request, but **we** will not pay for loss of earnings;
  - d. *Interest*  
 Pay post-judgment interest on the part of a judgment against **you** and **anyone we** protect that **we** are obligated to pay until **we** have made the payment or tendered or deposited it in court;
  - e. *Bonds*  
 Pay premiums on bonds required to release attachments and to appeal from judgments **we** elect to appeal, but **we** will not pay for bonds covering any aggregate amount more than the applicable limit of liability;
  - f. *Financial Responsibility Laws*  
 Comply with the provisions of any aircraft financial responsibility statute if **we** certify **your** policy as proof of **your** future financial responsibility under that statute. **We** will not, however, pay more than the limits of liability shown in Item 6 of the Coverage Identification Page. **You** must reimburse **us** for any amount **we** have to pay in complying with the statute that **we** would not otherwise have had to pay.

## PART FOUR MEDICAL EXPENSES

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

1. What **We** Will Pay  
**We** will pay the reasonable and necessary medical expense incurred within one year for injuries to **you** and any **passenger** caused by an **occurrence** while the **aircraft** was flown by **you** or **anyone we** protect. Medical expense includes the cost of surgical, dental, hospital, professional nursing, ambulance or funeral services. The most **we** will pay for each person's medical expense is shown under Item 6E opposite "each person". The most **we** will pay for all medical expense is shown under item 6E opposite "each occurrence".
2. Whom **We** Will Pay  
**We** will pay each injured person directly, the person responsible for payment, or the person or organization that provided the service.
3. What **We** Will Not Pay  
**We** will not pay any medical expense to the extent pay-

ment is required under any worker's compensation or disability benefits law or similar law.

4. Effect of Payment  
**We** are not admitting that you have any legal liability by making medical expense payments.
5. Proof of Claim  
 The injured person or someone acting for the person must give **us** written proof of the medical expense and must help **us** obtain the medical records and reports **we** need. If **we** ask, the injured person must submit to examination by any doctor **we** select.
6. Legal Action for Medical Expense  
 A legal action against **us** for medical expense cannot be brought unless **you** and **anyone we** protect have done everything that **you** and **anyone we** protect are required to do and at least 30 days must have passed since the proof of claim has been given to **us**.

## PART FIVE SPECIAL PROVISIONS AND CONDITIONS

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

### 1. Newly Acquired Aircraft

If **you** notify **us** during the policy period and within 30 days after **you** acquire ownership of another **aircraft**, and pay the additional premium, **we** will cover it and **your** use of it if **we** insure all the **aircraft** **you** own.

### 2. Temporary Use of Substitute Aircraft

If **you** are unable to fly **your** **aircraft** because of its breakdown, repair, servicing, loss or destruction **we** will cover **you** and **your** use of the substitute **aircraft**.

### 3. Use of Another Aircraft

If **you** are an individual or, one individual and spouse, and use another **aircraft** not owned in whole or in part by **you** or furnished for **your** regular use **we** will cover **you** and **your** use of another **aircraft**.

### 4. We will provide you with

- a. The same Liability to **Others** (PART THREE) and Medical Expense (PART FOUR) coverage as **we** do on the **aircraft** with the greatest seating capacity on **your** Coverage Identification Page;
- b. On Newly Acquired **Aircraft** the same **Aircraft** Physical Damage (PART TWO) coverage and deductible amounts as **we** do on similar category and class **aircraft** with the highest **agreed value** shown on **your** Coverage Identification Page. But the maximum **we** will pay for physical damage is the amount **you** paid

for the **aircraft** plus the cost for any repairs or additions **you** made; or in the case of a trade-in, the fair market value of the **aircraft** plus the cost of any repairs or additions **you** made.

### 5. What We will not cover

In addition to those persons and things which **we** will not cover, protect or pay in other parts of **your** policy, **we** will not cover Temporary Use of Substitute **Aircraft**, Use of Another **Aircraft** or Newly Acquired **Aircraft**:


- a. Unless the requirements of the Coverage Identification Page regarding Pilots (Item 9) and Use (Item 10) are met;
- b. Unless it is licensed under a standard airworthiness certificate issued by the **FAA**;
- c. If it is a multiengine **aircraft** unless an **aircraft** in Item 5 on the Coverage Identification Page is a multiengine **aircraft**;
- d. If it is turbine powered **aircraft** unless an **aircraft** in Item 5 on the Coverage Identification Page is a turbine powered **aircraft**;
- e. If it is a rotorcraft unless an **aircraft** in Item 5 on the Coverage Identification Page is a rotorcraft;
- f. If it is a seaplane or amphibian unless an **aircraft** in Item 5 on the Coverage Identification Page is a seaplane or amphibian.

## VALIDATION

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



Benjamin D. Wilcox, President



Christopher L. Martin, Secretary

**ALL CLAIMS SHOULD BE REPORTED TO OUR CLAIMS CONTROL CENTER**

**LAD (AVIATION), INC.  
A DIVISION OF CHARLES TAYLOR CONSULTING, PLC.  
AS CLAIM ADMINISTRATORS FOR  
U.S. SPECIALTY INSURANCE COMPANY**

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