

AIRCRAFT BUILDERS COUNCIL - PRODUCTS LIABILITY POLICY

AIRCRAFT PRODUCTS RECALL EXTENSION

Subject to the payment of the Additional Premium as detailed below:

This policy is extended to reimburse the Insured for 90% of the Expenses incurred by or on behalf of the Insured for the recall of Aircraft Products under a Mandatory Order of the Federal Aviation Administration of the United States of America (FAA), the European Aviation Safety Agency (EASA), or any similar Civil Airworthiness Authority, issued during the Policy Period because of an existing, alleged or suspected like defect, fault or condition in an Aircraft Product. All such Expenses incurred by the Insured shall attach to the Policy Period in which the Mandatory Order is issued.

Solely in relation to this AIRCRAFT PRODUCTS RECALL EXTENSION:

- (i) the definition of Expenses shall be as follows:

EXPENSES

“Expenses” means the reasonable and necessary costs of communications, transportation and advertising, the cost of hire of additional personnel, overtime payments to regular personnel and the necessary out-of-pocket expenses of such personnel, exclusively incurred as a result of the recall and shall include costs necessarily incurred by the Insured for the physical examination of the Aircraft Product and the costs incurred for the installation of a replacement Aircraft Product but excluding the cost of such replacement Aircraft Product.

- (ii) the definition of Aircraft Products shall be as follows:

AIRCRAFT PRODUCTS

“Aircraft Products” means aircraft and any article furnished by the Insured or the Insured’s predecessors in business and installed in aircraft or for spare parts for aircraft and also means training aids, instruction, manuals, blueprints, engineering or other data, and/or any article in respect of which engineering or other advice and/or services have been given or supplied by the Insured or the Insured’s predecessors in business relating to such aircraft or articles.

- (iii) the definition of Mandatory Order shall be as follows:

MANDATORY ORDER

“Mandatory Order” means any order requiring immediate modification, inspection or action to be performed under the immediately adopted rule or the immediate safety-of-flight rules of the FAA, or the emergency airworthiness directives of EASA, or the equivalent rule, directive or procedure of any similar Civil Airworthiness Authority.

EXCLUSIONS APPLICABLE TO THIS EXTENSION

This Extension does not apply:

- (1) to the recall of any Missile, spacecraft, satellite, spaceship or Launch Vehicle, or any Aircraft Product forming a part thereof;
- (2) to the recall of any Military Aircraft Product;

AIRCRAFT BUILDERS COUNCIL - PRODUCTS LIABILITY POLICY

- (3) to the cost of repair or replacement of, or the cost of any research and development to eliminate a defect, fault or condition in, a recalled Aircraft Product;
- (4) to the loss of use of the Aircraft Product the subject of the recall;
- (5) to loss which is covered under Coverage A or Coverage B of the policy to which this Extension is attached;
- (6) to the recall of any Aircraft Product after its safe operational life, as designated by the manufacturer or the FAA, or EASA, or any similar Civil Airworthiness Authority, has been reached or exceeded.

CONDITIONS APPLICABLE TO THIS EXTENSION

(i) NOTICE OF CIRCUMSTANCES

If the Insured becomes aware of any fact or circumstance which may reasonably be expected to give rise to a recall of any of the Insured's Aircraft Products, the Insured shall immediately advise the FAA, and/or EASA, or any similar Civil Airworthiness Authority and then give written notice to the Insurers as soon as practicable thereafter. Such notice shall be given to the Insurers through their authorized agents.

(ii) CONTINUED RECALL AFTER EXPIRY

Should this policy expire while a recall is in progress coverage hereunder shall continue in respect of such recall until the recall has been completed or until the Limit of Liability contained herein with respect to such claims has been exhausted or until the expiry of 12 months beyond the expiry of the policy, whichever first occurs.

(iii) LIMIT OF LIABILITY

The Limit of Liability of the Insurers shall be 90% of:

any one recall and in the aggregate during the Policy Period being within the overall Limit of Liability of the policy to which this Extension attaches and not in addition thereto.

WARRANTED REMAINING 10% UNINSURED

(iv) ADDITIONAL PREMIUM

THIS EXTENSION IS SUBJECT TO THE DEFINITIONS, EXCLUSIONS AND CONDITIONS OF THE POLICY TO WHICH THIS EXTENSION ATTACHES INSOFAR AS THEY ARE ALSO APPLICABLE.