

**AIRCRAFT BUILDERS COUNCIL – SPARES AND/OR EQUIPMENT
ALL RISKS POLICY**

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**AIRCRAFT BUILDERS COUNCIL – SPARES AND/OR EQUIPMENT
ALL RISKS POLICY**

POLICY NUMBER:

DECLARATIONS

Item 1. Name of Insured:

Address:

Item 2. Policy Period:

Effective Date: 12.01 a.m. _____ 20 _____ Standard time at
Expiration Date: 12.01 a.m. _____ 20 _____ the address of the
first named Insured.

Item 3. Premium:

Item 4. Limit of Liability:

USD _____ any one occurrence but sub-limited to
USD _____ any one item.

Item 5. DEDUCTIBLE:

The amount of USD _____ each and every loss shall be deducted from the amount payable in respect of loss of or damage to Spares and/or Equipment but such deductible shall be reduced to USD _____ each and every loss in respect of engineers' and mechanics' tools.

The above deductibles shall not apply to losses arising from fire, wind, cyclone, tornado, tempest or flood which shall be paid in full. However, claims in respect of ingestion damage to an aircraft 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 in Appendix One attached.) No deductible shall apply, however, to any form of total loss of an engine whilst running.

Item 6. Geographical Limits:

Item 7. Authorized Agent:

Name:

Address:

Dated in London, the

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POLICY WORDING

WHEREAS the Insured set forth in the Declarations has paid or agreed to pay the Premium or consideration set forth in the Declarations to the Insurers, subject to the terms, conditions, limitations and exclusions hereinafter mentioned, the Insurers hereby agree:

INSURING AGREEMENTS

I. SPARES AND/OR EQUIPMENT

With respect to the Insurance afforded by the terms of this policy, to pay for physical loss of or damage to Spares and/or Equipment being the property of the Insured or the property of others for which the Insured is responsible provided that such loss or damage is sustained during the Policy Period.

II. EMERGENCY EXPENSES AND SALVAGE CHARGES

- (a) The Insurers will, in addition, pay reasonable emergency expenses necessarily incurred by, or on behalf of, the Insured for the immediate safety or preservation of the Spares and/or Equipment, up to 10% of the insured value of such Spares and/or Equipment.
- (b) Subject to their consent, the Insurers shall also pay salvage charges incurred by or on behalf of the Insured for the recovery of the Spares and/or Equipment and such salvage charges shall be payable by the Insurers in addition to any other claim under this policy.

III. COST OF REPAIRS

In the event of loss of or damage to Spares and/or Equipment the Insurers will pay the cost of repairs less

- (a) the amount of the applicable deductible, and
- (b) such proportion of the Overhaul Cost of any Unit repaired or replaced as the used time bears to the Overhaul Life of the Unit.

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/or the cost of transporting the damaged Spares and/or Equipment to and from the place where repairs are to be carried out.

In the event of loss of or damage to the Spares and/or Equipment being repaired by the Insured, Insurers will pay the actual wages paid for labour plus 150%. 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.

Unless the Insurers agree otherwise, repairs and transportation shall be by the most economical means.

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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, less the amount of the applicable deductible.

IV. LOSS OR DAMAGE BEYOND ECONOMICAL REPAIR

In the event of loss or damage beyond economical repair of any Spares and/or Equipment the sum recoverable hereunder shall be

- (a) the 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, 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 the sum recoverable hereunder shall be the agreed value.

Where Insurers pay for loss or damage beyond economical repair the Insurers may then elect to take the affected Spares and/or Equipment (together with all documents of record and title thereto) as salvage and the cover afforded by this policy shall be terminated in respect of such Spares and/or Equipment whether or not payment for such Spares and/or Equipment has been made by the Insured.

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

DEFINITIONS

(A) OVERHAUL COST

“Overhaul Cost” means the costs of labour and materials which are or would be incurred in overhaul or replacement (whichever is necessary) at the end of the Overhaul Life of the damaged or a similar Unit.

(B) INSURED

The unqualified word "Insured" means the Insureds named in Item 1 of the Declarations.

The first Insured named in Item 1 of the Declarations shall be liable to the Insurers for the payment of the policy premium and shall alone be entitled to receive any return premium due from the Insurers. Every notice required or permitted by this policy to be given to or by the Insured shall be sufficient if given to or by the first Insured named in Item 1 of the Declarations.

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(C) OVERHAUL LIFE

“Overhaul Life” means the amount of use, or operational and/or calendar time which, according to the airworthiness authority, determines when overhaul or replacement of a Unit is required.

(D) SPARES AND/OR EQUIPMENT

“Spares and/or Equipment” means engines, spare parts, components and equipment (including ground support equipment), engineers’ and mechanics’ tools, for use in conjunction with aircraft.

Detached parts which are intended to be replaced by similar parts shall be considered Spares and/or 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/or Equipment from the moment that such parts are no longer in physical contact with the aircraft.

(E) UNIT

“Unit” means a part or an assembly of parts (including any sub-assemblies) which has been assigned an Overhaul Life as a part or an assembly. Nevertheless, an engine and the ancillaries necessary for its operation shall together constitute a single Unit.

EXCLUSIONS

This policy does not apply:

- (a) to 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) to loss of or damage to property fitted to or forming part of an aircraft;
- (c) to loss of or damage to any property 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;
- (d) to loss of or damage to any property which is carried in an aircraft as part of a spare parts kit;
- (e) to wear and tear, deterioration, freezing, breakdown, defect or failure howsoever caused in any Unit and the consequences thereof within such Unit;
- (f) to 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 a single recorded incident necessitating the immediate shut down of an engine shall be covered hereunder;

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- (g) to 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 engine running is deemed not to be a process;
- (h) to mysterious disappearance or unexplained loss or shortage disclosed upon taking inventory;
- (i) to loss of or damage to the property of others carried or stored for hire or reward;
- (j) to loss of use of Spares and/or Equipment;
- (k) to depreciation of Spares and/or Equipment;
- (l) to theft of Spares and/or Equipment by an Insured;
- (m) to claims excluded by the:
 - (1) War, Hi-jacking and Other Perils Exclusion Clause (Aviation) AVN 48B (Amended);
 - (2) Nuclear Risks Exclusion Clause AVN 38B;
 - (3) Date Recognition Exclusion Clause AVN 2000A (Amended);
 - (4) Contracts (Rights of Third Parties) Act 1999 Exclusion Clause AVN 72;attached to this policy.

CONDITIONS

1. LIMIT OF LIABILITY

The Limit of Liability of the Insurers hereunder shall be as stated in Item 4 of the Declarations.

2. NOTICE OF A CLAIM

Upon the happening of any event likely to give rise to a claim under this policy, written notice shall be given by or on behalf of the Insured to the Insurers through their authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the Insured and also all reasonably obtainable information respecting the time, date, place and circumstances of the event.

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 interests of the Insurers.

3. DUE DILIGENCE

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

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4. ACTION AGAINST INSURERS

No action shall lie against the Insurers unless as a condition precedent thereto, the Insured shall have fully complied with all the terms of this policy.

5. PREMIUM

The Premium stated in the appropriate section of the Declarations.

6. INSPECTION

Subject to security regulations of the United States Government the Insurers or their representatives shall be permitted to inspect the Insured's premises and operations and to examine and audit the Insured's books and records at any time during the Policy Period and any extension thereof, and within three years after final termination of this policy, as far as they relate to the premium basis or the subject matter of this insurance.

7. OTHER INSURANCE

This policy shall not apply to any loss covered by this policy with respect to which the Insured has other valid and collectible insurance unless the total amount of such loss exceeds the amount of such other insurance and the Insurers hereon shall then be liable only for their share of loss in excess of such other insurance; but the foregoing shall not apply with respect to insurance specifically arranged by or for the Insured to provide cover only in excess of the total amount of insurance afforded by this policy.

8. SUBROGATION

In the event of any payment under this policy, the Insurers shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

Nothing herein contained, however, shall bar the Insured from waiving its rights of recovery against any government.

9. CLAIMS BETWEEN INSUREDS

The Insured, by acceptance of this policy, agrees that it will not bring a suit or claim against any person or organization insured under any other Aircraft Builders Council policy provided by the Aircraft Builders Council program with respect to any event giving rise to a claim covered under this policy, except as provided under Condition 10 Arbitration between Insureds.

10. ARBITRATION BETWEEN INSUREDS

The Insured, by acceptance of this policy, agrees to arbitrate any dispute concerning whether a particular claim should be settled under this policy, or under any other Aircraft Builders Council policy provided by the Aircraft Builders Council program, subject to the rules of arbitration on file with Fitzpatrick & Hunt, Pagano, Aubert, LLP at their offices at Tower 49, Twelve East 49TH Street, New York, NY 10017.

11. ARBITRATION

- (1) In any arbitration proceedings the Insurers shall be entitled to exercise the Insured's right in the choice of arbitrators and in the conduct of such proceedings.

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- (2) All of the provisions of the policy not inconsistent herewith shall be applicable to each such arbitration proceeding, to the claim or claims sought to be enforced and to any award entered therein.
- (3) By acceptance of this Condition the Insured agrees that any agreement to submit to arbitration a controversy to which this Condition may be applicable will specify that such arbitration shall be under the rules of a recognised plan or arbitration proceeding.
- (4) The Insurers shall not be liable under the policy to pay an award entered in an arbitration proceeding held pursuant to a contract which does not comply with paragraph (3) foregoing.

12. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or prevent the Insurers from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

13. ASSIGNMENT

No assignment of interest under this policy shall bind the Insurers until their consent is endorsed hereon. Promptly on execution of such an assignment the Insured shall send a copy thereof to the Insurers' authorized agents. If during the Policy Period an Insured shall die or be adjudged bankrupt, the Insurers, if such Insured's legal representatives or trustees in bankruptcy and their Insurers so agree, shall issue an endorsement to include such legal representatives or trustees as Insureds hereunder.

Otherwise, this policy shall terminate as of the date of such death or adjudication. In the event of such termination, the earned premium for the period the policy has been in force shall be computed pro rata.

14. CANCELLATION

It is understood and agreed that this policy is non-cancellable by either the Insured or the Insurers other than in the event of non-payment of premium or as detailed in any specific cancellation provision contained herein.

In the event that the premium (or any instalment thereof) is not paid by its due date, Insurers shall have the right to terminate the cover afforded by the policy to the Insured by the giving of not less than thirty (30) days notice to the Authorized Agent. All notices of cancellation served in accordance with any of the provisions of this clause shall be by means of instantaneous communication that provides a permanent record of such communication, and shall be deemed to be served upon despatch or where communications between the parties are interrupted upon attempted despatch.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction hereof, such notice shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

In the event the Insured pays the premium due within the notice period, the applicable notice of cancellation by the Insurers shall cease to have any force or effect.

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15. APPLICABLE LAW

This policy shall be governed by the laws of the State wherein the Insured has its principal place of business (as set forth in the Declarations) and will be subject to the jurisdiction of a court of competent jurisdiction as provided for in Condition 19 Service of Suit.

16. CONFLICTING STATUTES

The terms of this policy which are in conflict with the statutes of the State wherein the Insured has its principal place of business as set forth in the Declarations are hereby amended to conform to such statutes. However, the foregoing shall not apply to any type of coverage not afforded by this policy nor shall it apply to any amount or amounts in excess of the Limits of Liability as stated in Item 4 of the Declarations.

The Insured agrees to reimburse the Insurers for any payment made by the Insurers which the Insurers would not have been obligated to make under the terms of this policy but for the agreement contained in this paragraph.

17. INADVERTENT ERRORS OR OMISSIONS

Inadvertent errors, omissions or failure to give notice to the Insurers as herein required shall not relieve the Insurers of liability under this policy, provided that any such error, omission or failure shall be corrected as soon as discovered.

18. DECLARATIONS

By acceptance of this policy the Insured agrees that the statements in the Declarations are its agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing directly between the Insured and the Insurers relating to this insurance.

19. SERVICE OF SUIT

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of the Insurers' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon

Messrs Fitzpatrick & Hunt, Pagano, Aubert, LLP
Tower 49
Twelve East 49TH Street,
New York, NY 10017

and that in any suit instituted against any one of them upon this contract, the Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

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

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Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the 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.

20. FALSE AND FRAUDULENT

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this policy shall become void and all claims hereunder shall be forfeited.

21. SALVAGE

All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made between the Insured and the Insurers.

22. RECORDS

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.

23. REPAIRS

No repairs may be commenced without the consent of the Insurers except whatever is necessary in the interests of safety, or to prevent any or further damage, or to comply with orders issued by the appropriate authority.

24. SANCTIONS AND EMBARGO CLAUSE

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

- (1) 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.
- (2) 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.
- (3) In the event of any law or regulation becoming applicable during the Policy Period which will restrict the ability of an Insurer to provide coverage as specified in paragraph 1, 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

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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.

AVN 111 01.10.10

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ATTACHMENTS

1. **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.

Furthermore this policy does not cover claims arising whilst the Spares and/or Equipment are outside the control of the Insured by reason of any of the above perils. The Spares and/or Equipment shall be deemed to have been restored to the control of the Insured on the safe return of the Spares and/or Equipment to the Insured at a location not excluded by the geographical limits of this policy.

AVN 48B (Amended)
1.10.96

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2. 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;

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- (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:

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

AVN 38B
22.7.96

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3. 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.

AVN 2000A (Amended)
14.03.01

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4. 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.

AVN 72
9.2.2000

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APPENDIX ONE

Aircraft	Models	Deductible	Aircraft	Models	Deductible
Airbus	A300	USD1,000,000	BAE	Jetstream 31/41	USD50,000
Airbus	A310	USD1,000,000	Bombardier	DHC7	USD100,000
Airbus	A319	USD750,000	Bombardier	DHC8	USD100,000
Airbus	A320	USD750,000	Lockheed	L1011	USD1,000,000
Airbus	A321	USD750,000	McDonnell Douglas	DC10	USD1,000,000
Airbus	A330	USD1,000,000	McDonnell Douglas	MD11	USD1,000,000
Airbus	A340	USD1,000,000	McDonnell Douglas	MD80-90	USD750,000
Airbus	A350	USD1,000,000	Embraer	EMB 135	USD500,000
Airbus	A380	USD1,000,000	Embraer	EMB 145	USD500,000
Boeing	B707	USD500,000	Embraer	EMB 120	USD50,000
Boeing	B717	USD750,000	ATR	ATR 72	USD100,000
Boeing	B720	USD500,000	ATR	ATR 42	USD100,000
Boeing	B727	USD500,000	Fokker	F27	USD100,000
Boeing	B737-200	USD500,000	Fokker	F50	USD100,000
Boeing	B737- 300-900	USD750,000	Fokker	F100	USD500,000
Boeing	B767	USD1,000,000	IL76		USD500,000
Boeing	B777	USD1,000,000	IL96		USD1,000,000
Boeing	B787	USD1,000,000	TU154		USD500,000
Boeing	B757	USD1,000,000	Dornier	D328 JET	USD250,000
Boeing	B747	USD1,000,000	Dornier	D328	USD100,000
Boeing	BBJ	USD750,000	Dash 8		USD100,000
Boeing	DC8-50	USD500,000	Saab	340	USD100,000
Boeing	DC8-60	USD500,000	Saab	2000	USD100,000
Boeing	DC8-70	USD750,000	Shorts	330/360	USD100,000
Boeing	DC9-15	USD500,000	Metro III		USD50,000
BAE	146/RJ	USD500,000	Raytheon	Beech 99	USD25,000
BAE	HS748	USD100,000	Raytheon	Beech 1900	USD50,000
BAE	ATP	USD100,000			

All other aircraft types not specified above to be agreed by Insurers prior to attachment.

**AIRCRAFT BUILDERS COUNCIL – SPARES AND/OR EQUIPMENT
ALL RISKS POLICY**

ENDORSEMENTS

INSURER DOWNGRADE CLAUSE

Each individual subscribing Insurer shall at all times during the Policy Period maintain an Insurer Financial Strength (IFS) rating from Standard & Poor's of 55 Water Street, New York, NY 10041 USA ("S&P") equal to or greater than A- as applied by S&P to that individual subscribing Insurer.

Any individual subscribing Insurer who does not have an IFS rating from S&P but who maintains during the Policy Period a rating from A.M. Best Company of Ambest Road, Oldwick, New Jersey 08858 USA ("Bests") shall also be considered as falling within the terms of this clause.

In the event that a rating should be given to an individual subscribing Insurer by both S&P and Bests which differ to the extent that one of the ratings is inferior to the other then the rating of S&P shall prevail.

In the event of any explicit downgrading of an individual subscribing Insurer to a rating lower than A- being applied by S&P or Bests the Insured may, subject to provisions of this endorsement, elect to cancel the participation of that individual subscribing Insurer. The effective date of such cancellation shall be determined at the discretion of the Insured provided that the date so determined shall not be earlier than the date upon which the Insured issues notice to the individual subscribing Insurers.

For the avoidance of doubt the status of Credit Watch as defined by S&P or a rating modifier of 'u' (Under Review) applied to a rated Company as defined by Bests shall not, of itself, be construed as a downgrading for the purposes of this clause.

With regard to any Lloyd's Underwriters participating hereunder the rating applicable to each individual Lloyd's Underwriter shall be the S&P IFS rating applicable to the Lloyd's Corporation as a whole.

If, for an Insurer with a rating lower than A- or no rating by S&P or Bests, in the judgement of the Insured the security of such Insurer has materially deteriorated since inception of this policy, the Insured shall have the same right of cancellation as set out above.

The Insured may also elect to cancel the participation of any individual subscribing Insurer that ceases underwriting. The effective date of such cancellation shall be determined at the sole discretion of the Insured provided that the date so determined shall not be earlier than the date upon which the Insured issues notice to the individual subscribing Insurer that has ceased underwriting.

After the date of cancellation, the liability of the individual subscribing Insurer hereunder shall cease outright other than in respect of losses which have occurred prior thereto.

All notices of cancellation served in accordance with any of the provisions of this clause shall be by means of instantaneous communication that provides a permanent record of such communication, and shall be deemed to be served upon despatch or where communications between the parties are interrupted upon attempted despatch.

All notices of cancellation served in accordance with any of the provisions of this clause shall be addressed to the party concerned at its Head Office or at any other address previously designated by that party.

**AIRCRAFT BUILDERS COUNCIL – SPARES AND/OR EQUIPMENT
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In the event of this Insurer Downgrade Clause being invoked at any date prior to the Expiration Date of the Policy Period the premium due to the Insurer shall be calculated upon the Premium of the policy up to the date of cancellation or pro rata temporis of the minimum premium, whichever is the greater, or pro rata temporis of the flat premium, if applicable, however in the event that the Insured or his representative at any time give notice of a claim or suit arising out of an occurrence under the policy prior to the date of cancellation, the Premium shall be deemed earned in full by the Insurer.

For the purposes of this Insurer Downgrade Clause where the participation by any individual subscribing company Insurer is accepted through the intermediary of an underwriting agent, the following shall apply:

- a) the underwriting agent shall be given the option to put forward alternative Insurer(s), provided that such alternative Insurer(s) shall comply with the criteria set out in this clause and be recognised as eligible surplus lines or admitted Insurer(s) at the Insured's address as stated in this policy.
- b) all notices of cancellation served in accordance with any of the provisions above shall be addressed to the underwriting agent at its Head Office or at any other address previously designated for such purpose.

**AIRCRAFT BUILDERS COUNCIL – SPARES AND/OR EQUIPMENT
ALL RISKS POLICY**

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, scripts, applications and other operating information used to instruct computers to perform one or more task(s).

LMA5450

5 October 2020