

Aviation Insurance Clauses Group (AICG)

AGENDA

9.45am, Thursday 23 May 2024

IUA Large Meeting Room / Microsoft Teams Meeting

Chair: Graham Spencer-Brown

Members:

IUA:

Tina Collier
Julie Damant
Tony Powles
Nicolette Rodrigues
Adam Tozzi
Jette Varnals

LMA:

Jill Epps
Dele Fajimolu
Nick Medniuk
Michelle Myler-Falla

Other Representatives:

Aurélie Andre (France Assureurs)
Gary Hendries (Swiss Re)
Nick Hughes (Appointed Expert)
Roland Küsters (Munich Re) (Deputy Chair)
Ruth Wahner (Hannover Re)

Secretariat: Tom Hughes (IUA), Christopher Jones (IUA)

1. **Apologies for absence – Nick Medniuk**
2. **Minutes of previous meeting** (25 April 2024) *Paper attached*
3. **Matters arising**
4. **Current work items:**
 - 4.1 Drone Wording *Paper attached*
 - 4.2 PFAS Exclusion Clause *Paper attached*
5. **Potential new work items**
6. **Any other business**

Next Meeting Date: Thursday 27 June 2024, IUA Large Meeting Room / MS Teams

Competition law reminder:

It is the clear and unequivocal policy of IUA to comply in all respects with all applicable competition or antitrust laws. Consequently, the Committee will not participate in any practice that would have the object or effect of restricting competition, nor will it provide a forum to promote anti-competitive conduct. In particular, any discussion or agreement on key commercial terms, such as commercial premiums, is likely in all instances to be unlawful and must be avoided. A competition law ['Do's and Don't's' Guide](#) is available and the IUA is happy to answer any questions on competition law that Committee members may have.

Meeting	Aviation Insurance Clauses Group (AICG)
Time and Date	9:45am, Thursday 25 April 2024
Venue	Microsoft Teams Conference Call / IUA Offices

PRESENT:

Aurélie Andre	France Assureurs
Jill Epps	LMA
Julie Damant	IUA
Dele Fajimolu	LMA
Gary Hendries	Swiss Re
Tom Hughes (Secretariat)	IUA
Christopher Jones (Secretariat)	IUA
Roland Küsters	Munich Re
Nick Medniuk	LMA
Michelle Myler-Falla	LMA
Nicolette Rodrigues	IUA
Graham Spencer-Brown	Chair
Adam Tozzi	IUA
Jette Varnals	IUA

1. Apologies for absence

- 1.1 Apologies had been received from Nick Hughes (Appointed Expert), Chris Jones (IUA), Tony Powles (IUA) and Ruth Wahner (Hannover Re).

2. Minutes of the previous meeting – 28 March 2024

- 2.1 The minutes of the previous meeting were agreed to be a true and accurate representation.

3. Matters arising

- 3.1 There were no specific items raised for discussion.

4. Current work items:

LMA updates to sanctions clauses in existing wordings e.g. AVN1E

- 4.1 Members were aware that the LMA had recently published a new Consumer Sanctions Suspension Clause (LMA3201). The LMA were looking to adopt the updated language in a range of LMA wordings and had highlighted that AVN1E utilised a brief sanctions suspension clause (LMA5213). As referenced in the tracked change version of AVN1E circulated with the agenda, the LMA had suggested including LMA3201 in the wording. Members noted that LMA would be withdrawing LMA5213. Members acknowledged that AVN1E was designed for use with small private owners' risks.
- 4.2 One member reported that within France Assureurs there was a specific group addressing specialty (non-aviation) legal issues. This group was considering the implications of the French Court decision in *AIG v. Lafarge* in detail. There was still uncertainty as to the application of the case to aviation as a class of business, noting that primarily the impact on non-marine classes had been considered to date.
- 4.3 Members expressed no concerns with the new language, however it was suggested and agreed that there would be benefit in awaiting the outcome of discussions in France before taking the request forward.

Model Drone Wording

- 4.4 The Secretariat confirmed that the AICG Drone Wording Working Group had convened to develop a first draft and had utilised AVN1D as a base wording.
- 4.5 There were a limited number of specific queries raised for AICG views, discussed as follows:
- Members suggested that retaining the concept of ‘authorised’ operator / pilot would be of value. It would be valuable to compare terminology used with the CAA’s regulations surrounding Unmanned Aircraft.
 - Further thought was necessary to finalise the definition of ‘flight’ noting that different Unmanned Aircraft types took flight in different ways. It may be suitable to use the phrase ‘takes off or attempts to take off’ in order to capture the varying aircraft types.
 - It was agreed that there may be value in considering the inclusion of specific requirements relating to lithium-ion batteries within the wording. Members noted the publication of a recent Joint Hull Committee clause addressing batteries (JH2024-011A).
 - Members agreed that it would be appropriate to develop a consumer version of the commercial wording upon finalisation.
- 4.6 It was agreed that the Working Group would reconvene and present an updated clause to AICG for review at the next meeting. It was intended that the wording be considered for publication during that meeting.

PFAS Exclusion Clause

- 4.7 The PFAS Working Group had convened to further discussions on a potential AVN PFAS clause. Members of the Working Group had been invited to provide feedback on an example of a limited PFAS clause that featured an AVN46B style write back and the potential to sub-limit exposure. One member had suggested a preference for a total exclusion, pointing out the risk that the example clause may weaken the existing AVN46B in its application to PFAS exposure. It had been suggested that any clause could include a time exclusion to limit claims to within a set period of an incident.
- 4.8 The Working Group had considered the potential to include reference to a publicly available list of substances of very high concern, rather than dealing solely with PFAS. This could improve the longevity of any clause. One concern with this approach was the likely take up of a clause which excluded a broader range of contaminants than PFAS.
- 4.9 It was suggested that the Group consider taking legal advice on the impact of any new clause on the longstanding AVN46B. However, prior to doing so, it was agreed that the Secretariat form a list of key questions with the Chair to be circulated for member views. The questions should also be circulated to the Parent Associations (IUA and LMA).
- 4.10 Considering PFAS risk more broadly, members acknowledged that PFAS had a cumulative effect and was now present in most water sources. This could raise questions about the ease of causation in respect of a specific polluter or pollution event.

5. Potential new work items:

- 5.1 There were no specific items raised for discussion.

6. Any Other Business

6.1 There were no further items raised for discussion.

Next Meeting: The next meeting was scheduled for 23 May 2024.

**UNMANNED AIRCRAFT INSURANCE POLICY
POLICY SCHEDULE**

Policy Number: {Response}

Item 1. NAME AND ADDRESS OF THE INSURED:

{Response}

Item 2. PERIOD OF INSURANCE:

From: {Response}

To: {Response}

Both days {Response} Local Standard Time at the address of the Insured

Item 3. SCHEDULE OF UNMANNED AIRCRAFT:

(1) Make and Model	(2) Registration Marks	(3) Agreed Value	(4) Risks Covered <small>(Insert Flight, Ground as applicable)</small>
{Response}	{Response}	{Response}	{Response}

Additions and Deletions of Unmanned Aircraft:

All additions, deletions and changes in Unmanned Aircraft Agreed Values are subject to prior agreement by the Insurers.

Item 4. SCHEDULE OF GROUND EQUIPMENT:

(1) Make and Model	(2) Serial Number	(3) Agreed Value
{Response}	{Response}	{Response}

Additions and Deletions of Ground Equipment:

All additions, deletions and changes in Ground Equipment Agreed Values are subject to prior agreement by the Insurers.

Item 5. SCHEDULE OF PAYLOAD EQUIPMENT:

(1) Make and Model	(2) Serial Number	(3) Agreed Value
{Response}	{Response}	{Response}

Additions and Deletions of Payload Equipment:

All additions, deletions and changes in Payload Equipment Agreed Values are subject to prior agreement by the Insurers.

Item 6. LIMITS:

SECTION 1 – Physical Loss of or Damage to:

Unmanned Aircraft

Agreed Values as specified in Item 3 (4) above

Ground Equipment

Agreed Values as specified in Item 4 (3) above

Payload Equipment

Agreed Values as specified in Item 5 (3) above

SECTION 2 – Unmanned Aircraft Liability:

Bodily Injury and Property Damage combined:

{Response} any one Occurrence

Item 7. DEDUCTIBLES:

SECTION 1:

Unmanned Aircraft

{Response}

Ground Equipment

{Response}

Payload Equipment

{Response}

SECTION 2:

{Response}

Item 8. PURPOSE OF USE:

{Response}

Item 9. AUTHORISED UNMANNED AIRCRAFT PILOT:

{Response}

Item 10. GEOGRAPHICAL LIMITS:

{Response}

Item 11. PREMIUM:

SECTION 1: {Response}

SECTION 2: {Response}

TOTAL PREMIUM: {Response}

Item 12. CHOICE OF LAW AND JURISDICTION:

This Policy shall be governed by and construed in accordance with the law of {Response} and each party agrees to submit to the exclusive jurisdiction of the Courts of {Response} in any dispute arising hereunder.

Item 13. ALL NOTIFICATIONS REQUIRED BY THIS POLICY SHALL BE GIVEN TO:

{Response}

Certain words and phrases used in this Policy have special meanings which can be found in the Definitions below.

DEFINITIONS

1. "Authorised Pilot" means the pilot stated in the Policy Schedule who is the person who is controlling, piloting or flying the Unmanned Aerial System who is properly trained and qualified to do so and holds all the required certification.
2. "Bodily Injury" means bodily injury, sickness or disease including death at any time resulting therefrom.
3. "Deductible" means the amount that is to be paid by the Insured and is deducted from each claim. If a claim is equal to or less than the amount of the Deductible then the Insured will bear all of the claim.
4. "Flight" means from the time the Unmanned Aircraft moves in taking off or attempting to take off, whilst in the air, and until the Unmanned Aircraft completes its landing.
5. "Force Majeure" means unusual and unforeseeable circumstances beyond the control of the Insured, the consequences of which could not have been avoided.
6. "Ground" means whilst the Unmanned Aircraft is not in Flight.

The above definitions 4 and 6 constitute Risks Covered as specified in Item 3 (4) of the Policy Schedule.

7. "Ground Equipment" means the control station, data links, telemetry, communications and navigation equipment and all of the associated support equipment as set forth in the Schedule of Ground Equipment necessary for the operation of the Unmanned Aircraft.
8. "Insured" means the insured named in the Policy Schedule.

In respect of Section Two, Insured shall include any pilot of the Unmanned Aircraft, and directors, officers and employees of the Insured whilst acting within the scope of their duties on behalf of the Insured.
9. "Insured Property" means Unmanned Aircraft, Ground Equipment and / or Payload Equipment.
10. "Occurrence" means an accident or a continued or repeated exposure to conditions occurring during the Period of Insurance, which results in Bodily Injury and/or Property Damage which is neither expected nor intended from the standpoint of the Insured. All liability arising out of the exposure to substantially the same general conditions shall be deemed to arise out of one Occurrence.
11. "Payload Equipment" means equipment as set forth in the Schedule of Payload Equipment that is capable of enhancing the utility of the Unmanned Aircraft, the value of which is to be treated separately from that of the Unmanned Aircraft and not included in the Agreed Value thereof. However, Payload Equipment shall not include cargo or equipment which forms part of the Unmanned Aircraft at purchase and which is included in the Agreed Value thereof.
12. "Property Damage" means physical loss of or damage to or destruction of tangible property, including the resultant loss of use of such property.
13. "Risks Covered" as specified in Item 3 (4) of the Policy Schedule means Flight and / or Ground as specified herein.
14. "Total Loss" means:

- (a) physical damage to the Insured Property where in the opinion of the Insurers:
 - (i) the Insured Property is damaged to such an extent that it cannot be repaired; or
 - (ii) the cost of repairing the Insured Property is estimated to exceed its Agreed Value.
- (b) the disappearance of the Insured Property if it cannot be located 30 days after:
 - (i) in respect of Unmanned Aircraft, the commencement of Flight; or
 - (ii) the date on which the theft was reported to the Insurers.

“Unmanned Aircraft” means an unmanned aircraft as set forth in the Schedule of Unmanned Aircraft, including equipment which forms part of the Unmanned Aircraft at purchase and which is included in the Agreed Value thereof.

In respect of Section One, Unmanned Aircraft does not include Payload Equipment. However, in respect of Section Two, Unmanned Aircraft does include Payload Equipment.

In respect of Section One, an Unmanned Aircraft includes parts temporarily detached from the Unmanned Aircraft and not intended to be replaced by similar parts.

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

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

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

15. “Unmanned Aircraft System” means an Unmanned Aircraft plus the Ground Equipment.

SECTION 1 – PHYSICAL LOSS OF OR DAMAGE TO INSURED PROPERTY

1. Coverage

The Insurers will pay for physical loss of or damage to the

- (a) Unmanned Aircraft
- (b) Payload Equipment whilst attached to an Unmanned Aircraft or being stored or transported solely for use on the Unmanned Aircraft.
- (c) Ground Equipment whilst being used to operate an Unmanned Aircraft or being stored or transported solely for use with the Unmanned Aircraft.

occurring during the Period of Insurance, and arising from the risks covered as specified in Item 3 (4) of the Policy Schedule, but not exceeding the Agreed Value as specified in Item 3 (3) of the Policy Schedule less any applicable amount specified in Condition 3 (b) and (c) below.

2. Additional Coverage)

- (a) In the event of an Unmanned Aircraft making a forced landing, including as a result of Force Majeure, in any place where it is unable to take-off safely, the Insurers will pay for all reasonable costs, expenses or expenditure for the removal of the Unmanned Aircraft to the nearest suitable take-off area, even if no damage has been sustained, provided always that the Insurers' liability for such costs, expenses or expenditure, and for any loss of or damage to the Unmanned Aircraft does not exceed the Agreed Value of the Unmanned Aircraft as specified in Item 3 (3) of the Policy Schedule.
- (b) For any Unmanned Aircraft covered for the risk of Flight, the Insurers will pay in addition any reasonable emergency expenses necessarily incurred by the Insured for the immediate safety of the Unmanned Aircraft consequent upon damage or forced landing, up to 10% of the Agreed Value as specified in Item 3 (3) of the Policy Schedule.

3. Exclusions applicable to this Section

This Section does not apply to:

- (a) loss of use of Insured Property.
- (b) wear and tear, depreciation, deterioration, freezing, over-heating, dryness, humidity, breakdown, defect or failure of Insured Property however caused;
- (c) loss of or damage to Insured Property which has a progressive or cumulative effect, but damage attributable to a single recorded incident is covered under paragraph 1 above.
- (d) in respect of camera equipment, scratching or fogging of lenses and mechanical derangement unless arising out of an incident involving Unmanned Aircraft to which it is fitted.
- (e) loss of or damage to Insured Property which may be sustained whilst the same is under any process and directly resulting therefrom.
- (f) mysterious disappearance, unexplained loss or shortage of any Insured Property.
- (g) if payload exceeds the maximum take-off weight in accordance with manufacturer's recommendations.

- (h) loss of or damage to Insured Property whilst in or on any unattended vehicle or other means of conveyance (other than when being transported for the purpose of their use)
- (g) theft or attempted theft of Insured Property by an Insured or with their knowledge or consent.

3. Conditions applicable to this Section

(a) Dismantling, Transport and Repairs

If the Insured Property is damaged:

- (i) no dismantling or repairs shall be commenced without the consent of the Insurers except whatever is necessary in the interests of safety, or to prevent further damage, or to comply with orders issued by the appropriate authority;
- (ii) the Insurers will pay only for repairs and transport of labour and materials by the most economical method unless the Insurers agree otherwise with the Insured.

(b) Partial Loss

If in the event that Insurers settle a claim other than on the basis of a Total Loss the Insurers will pay the cost of repairing the Insured Property less:

- (i) any applicable Deductible specified in Item 5 of the Policy Schedule and/or
- (ii) that part of any repair that results in better than equivalent kind or quality .

(c) Total Loss

If in the event that Insurers settle a claim on the basis of a Total Loss the Insurers will pay the Agreed Value of the Insured Property as specified in Item 3 (3), Item 4(3) or Item 5(3) of the Policy Schedule less any applicable Deductible specified in Item 5 of the Policy Schedule.

(d) Salvage

If the Insurers settle a claim on the basis of a Total Loss, then from the date of settlement the Insured Property will no longer be insured under this Policy, and the Insurers may take the Insured Property together with all documents of record, registration and title as salvage.

(e) No Abandonment

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

(f) Theft of the Insured Property

In the event of theft of the Insured Property the Insured shall report details to the police as soon as reasonably practicable. If the Insured Property is found undamaged before the Insurers have paid any claim in relation to such theft, then Insurers will pay the cost of returning it to the Insured by the most economical means.

SECTION 2 – LEGAL LIABILITY TO THIRD PARTIES

1. Coverage

The Insurers agree to pay on behalf of the Insured all sums which the Insured shall become legally liable to pay as compensatory damages for Bodily Injury and/or Property Damage to third parties resulting from an Occurrence caused by Unmanned Aircraft whilst such Unmanned Aircraft is being operated by the Insured.

The liability of the Insurers under this Section shall not exceed the applicable Limits as specified in Item 4 of the Policy Schedule less any applicable Deductible specified in Item 5 of the Policy Schedule.

2. Exclusions applicable to this Section

This Section does not apply to:

- (a) Bodily Injury sustained by any director or employee of the Insured or partner in the Insured's business whilst acting in the course of their employment with or duties for the Insured;
- (b) Property Damage to any property belonging to or in the care, custody or control of the Insured;
- (c) Claims arising from nuisance and/or the taking, use of or acquisition of rights to property or airspace.
- (d) Claims arising from the intentional release of cargo from the Unmanned Aircraft.
- (e) Claims from (a) infringement of copyright of, or passing off of a title or slogan; (b) unfair competition, piracy or idea misappropriation contrary to an implied contract; (c) invasion of privacy; or (d) defamation, libel slander, committed or alleged to have been committed during the Period of Insurance in any advertisement, publicity article, broadcast or telecast arising out of the Insured's operation of an Unmanned Aerial System.
- (f) Claims excluded by the attached Noise and Pollution and Other Perils Exclusion Clause AVN46B (Amended);
- (g) Claims excluded by the attached Asbestos Exclusion Clause 2488AGM00003 (Amended).
- (h) Claims excluded by the attached Cyber and Data Exclusion LMA5404 (Amended).

DEFENCE AND SETTLEMENT PAYMENTS APPLICABLE TO SECTION 2

With respect to such coverage as is afforded under Sections 2 of this Policy:

1. The Insurers shall have the right and obligation to

(a) investigate, evaluate and settle

or

(b) defend to discontinuance or judgment

any claim or legal proceedings against the Insured, even if groundless, false or fraudulent.

Nevertheless, the Insurers retain the right to tender the applicable limit of liability in settlement of a claim if they consider this to be appropriate and in this event, the Insurers' obligations under this Policy will cease as regards the claim.

2. The amount payable by Insurers in respect of any settlement or judgment requiring payment by the Insured shall include any costs and expenses assessed against the Insured and interest accruing after entry of judgment and shall not exceed the applicable limit of the Insurers' liability.

3. The Insurers shall pay any costs and expenses

(a) of any legal or other person whom they appoint, that are incurred for the purpose of investigation, evaluation, settlement or defence of such claim or legal proceedings;

(b) of the Insured (other than the salaries of the Insured's employees and the Insured's normal expenses) that are incurred with the Insurers' prior approval.

These costs and expenses are payable by the Insurers in addition to any settlement or judgment. However, the Insurers' liability is limited in case of settlement(s) and / or judgment(s) that exceed the applicable limit of the Insurers' liability. In such case Insurers' liability is limited to such proportion of those costs and expenses as the applicable limit bears to the total amount for which the Insured is adjudged liable and / or which it has agreed to pay in settlement of any such claim(s) or legal proceedings. The Insured is liable to reimburse the Insurers for that proportion of any costs and expenses as they may have paid which exceed the limit of the Insurers' liability.

4. With respect to any coverage which is subject to an aggregate limit hereunder the Insurers' obligations under this Policy will cease as regards such coverage once the applicable aggregate limit of liability of this Policy has been exhausted and in this event the Insured shall have the responsibility to take over control of any claim or legal proceedings from the Insurers.

GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS

This Policy does not apply:

1. Whilst the Unmanned Aircraft System is being used by the Insured for any purpose other than those specified in Item 8 of the Policy Schedule, or for any illegal purpose.
2. Whilst the Unmanned Aircraft System is outside the geographical limits specified in Item 10 of the Policy Schedule unless due to a forced landing or as a result of Force Majeure.
3. Whilst the Unmanned Aircraft System is being piloted by any person other than as specified in Item 9 of the Policy Schedule.
4. To liability assumed or rights waived by the Insured under any agreement except to the extent that such liability would have attached to the Insured in the absence of such agreement.

5. To claims excluded by the attached War, Hi-Jacking and Other Perils Exclusion Clause (Aviation) AVN48B.
6. To claims excluded by the attached Nuclear Risks Exclusion Clause AVN71.
7. To claims excluded by the attached Date Recognition Exclusion Clause AVN2000A.
8. To claims excluded by the attached Contracts (Rights of Third Parties) Act 1999 Exclusion Clause AVN72.

GENERAL CONDITIONS APPLICABLE TO ALL SECTIONS

1. The Insured shall at all times use due diligence and do and concur in doing everything reasonably practicable to avoid or diminish any loss hereon.
2. The Insured shall comply with all international and government regulations and civil instructions.

The Insured shall comply with

- i. manufacturers recommendations; and
- ii. all air navigation and airworthiness orders and requirements issued by any competent authority

affecting the safe operation of the Unmanned Aircraft System.

3. The Insured shall comply with all manufacturers recommendations.
4. Notice of any event likely to give rise to a claim under this Policy shall be given to Insurers as soon as reasonably practicable via the firm named for the purpose specified in Item 11 of the Policy Schedule. In all cases the Insured shall:
 - (a) furnish full particulars in writing of such event and forward as soon as reasonably practicable notice of any claim with any letters or documents relating thereto;
 - (b) give notice of any impending prosecution;
 - (c) provide such further information and assistance as the Insurers may reasonably require;
 - (d) not act in any way to the detriment or prejudice of the interest of the Insurers.
5. The Insured shall not make any admission of liability, payment, offer or promise of payment without the written consent of the Insurers.
6. The coverage provided by Section 1 of this Policy shall be proportional with any other valid and collectible insurance available to the Insured. The coverage provided by Section 2 of this Policy shall be excess insurance over any other valid and collectible insurance available to the Insured.
7. Upon a payment being made under this Policy, the Insurers shall be subrogated to the rights and remedies of the Insured who shall co-operate with and do all things necessary to assist the Insurers to exercise such rights and remedies.
8. 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

Commented [JD1]: This would not be necessary if the Condition suggested above is used

Commented [TH2R1]: ASK AICG - we think this would sufficiently cover off lithium ion battery issues, including use, storage and maintenance. Concern over drawing out one element.

changed element of the risk unless the changed element of the risk has been notified to and agreed by Insurers.

9. This Policy may be cancelled by notice in writing. The Insured may give notice at any time. The Insurers shall give 30 days or such other notice, if of longer duration, as is mandated by the law stated in Item 10 of the Policy Schedule.

If the Policy is cancelled by the Insured the Insurers shall be entitled to the proportion of the premium calculated in accordance with the following scale:

Period on risk	Percentage of annual premium
Up to 1 calendar month	20
Over 1 calendar month and up to 2 calendar months	30
Over 2 calendar months and up to 3 calendar months	40
Over 3 calendar months and up to 4 calendar months	50
Over 4 calendar months and up to 5 calendar months	60
Over 5 calendar months and up to 6 calendar months	70
Over 6 calendar months and up to 7 calendar months	75
Over 7 calendar months and up to 8 calendar months	80
Over 8 calendar months and up to 9 calendar months	85
Over 9 calendar months	100

If the Policy shall be cancelled by Insurers, they shall be entitled to the premium for the period that this Policy has been in force, calculated pro-rata. Notice of cancellation by the Insurers shall be effective even though the Insurers make no payment or tender of return premium.

There will be no return of premium in respect of any Unmanned Aircraft on which a loss is paid or is payable under this Policy.

10. This Policy shall not be assigned in whole or in part except with the prior written agreement of the Insurers.
11. The choice of law and jurisdiction applicable to this Policy is as specified in Item 10 of the Policy Schedule.
12. When two or more Unmanned Aircraft are insured hereunder the terms of this Policy, including the Limits as specified in Item 4 of the Policy Schedule, shall apply separately to each Unmanned Aircraft unless otherwise specified herein.
13. 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 Limits as specified in Item 4 of the Policy Schedule less any applicable Deductible specified in Item 5 of the Policy Schedule.
14. 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.

Commented [CJ3]: Could have a pro-rata instead? AVN115.

Commented [TH4R3]: Some brokers do this, but should we shift away from AVN1D?

Commented [TH5R3]: ACTION: ASK AICG ON THURSDAY.

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 the 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 condition is in conflict with the law governing the Policy it shall be of no effect to the extent of such conflict.

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

- (i) 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.
- (ii) 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.
- (iii) 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 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 ** **.**. **

ATTACHMENTS FORMING A PART OF THIS POLICY

ATTACHMENT NUMBER 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 Unmanned Aircraft (including any attempt at such seizure or control) made by any person or persons acting without the consent of the Insured

Furthermore, this Policy does not cover claims arising while the Unmanned Aircraft System is outside the control of the Insured by reason of any of the above perils. The Unmanned Aircraft System shall be deemed to have been restored to the control of the Insured on the safe return of the Unmanned Aircraft System to the Insured at location not excluded by the geographical limits of this Policy.

AVN48B (Amended)

ATTACHMENT NUMBER 2

NUCLEAR RISKS EXCLUSION CLAUSE

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) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

AVN 71 22.7.96

ATTACHMENT NUMBER 3

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 Unmanned 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.

AVN46B (Amended)

ATTACHMENT NUMBER 4

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.

AVN2000A 14.03.01

ATTACHMENT NUMBER 5

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.

AVN72 9.2.00

ATTACHMENT NUMBER 6

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 Unmanned 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.

All other terms and conditions of the policy remain unchanged.

2488AGM00003 (Amended)

ATTACHMENT NUMBER 7

CYBER AND DATA EXCLUSION

(FOR USE ON CONSUMER AND COMMERCIAL PROPERTY RISKS)

The following exclusions apply to the whole of the contract.

We will not pay for any:

(a) Cyber

loss, damage, liability, cost or expense caused deliberately or accidentally by:

- i. the use of or inability to use any application, software, or programme;
- ii. any computer virus;
- iii. any computer related hoax relating to i and/or ii above.

(b) Electronic Data

loss of or damage to any electronic data (for example files or images) wherever it is stored.
LMA5404 20 November 2019

LMA5404
20 November 2019

For consideration (Additional Conditions):

- Additions and Deletions
- Unauthorised Use
- Breach of Air Navigations
- Civil use of Ministry of Defence Airfields
- Data Recognition Limited Coverage Extension
- Supplementary Payments
- Medical and Related Expenses
- Trespassers Costs
- Extended Coverage Endorsement (Aviation Liabilities)

Commented [TH6]: Could draft these (based on existing AVNs) as endorsements to optionally attach , or consider building some in to the wording?

Commented [TH7R6]: There would need to be some amendments to fit with our wording.

MEMO

To: IUA and LMA members

From: Secretariat

Date: 23 May 2024

The AICG received a formal request at the January 2024 meeting to consider developing a model AVN PFAS exclusion clause. During the process the AICG was asked to review the impact of a new pollution / contamination clause on the existing AVN46B wording.

AICG is seeking feedback from market participants on key questions, as follows:

1. Should the AICG produce a model AVN clause to address PFAS?
2. If yes, what are your thoughts on the following drafting options for AICG to pursue? -
 - a) Specific total exclusion clause for PFAS
 - b) Limited PFAS exclusion clause that writes back coverage as in AVN46B – “unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation”. This clause could include a sub-limit for the coverage written back.
 - c) Clause as per a) or b) above except replacing “PFAS” with reference to a list of “Substances of very high concern under REACH” (see reference on OECD website [here](#)).

AICG PFAS/AVN46B Working Group

By way of background, the AICG PFAS/AVN46B Working Group have discussed how PFAS may be addressed under the existing AVN46B (see Annex 1 below), the risks posed by PFAS, the need for a specific PFAS clause and the impact of such a clause on the existing AVN46B.

The Working Group has compiled several PFAS loss examples to assist the understanding of the risks posed by PFAS. As follows:

1. Use of fire-fighting foams at aircraft crash leading to contamination of nearby farmland which is subsequently declared environmentally unfit for agriculture, and contamination of local groundwater
2. Use of fire-fighting foams for aircraft / runway foaming over many years at an airport (e.g.: fire training exercises) contaminating nearby land and groundwater
3. Leaking from storage tank of fire-fighting foams for aircraft / runway foaming at airport contaminates land and groundwater over a period of time
4. Collision (e.g.: involving a ground handling vehicle) causing leakage of storage tank at an airport causing contamination to land and groundwater
5. Cabin crew / fire fighters exposed to high levels of PFAS and experience long term health effects manifesting years later

Annexes (see below):

1: AVN46B Noise and Pollution and Other Perils Exclusion Clause

2: AVN96 Asbestos Exclusion Clause

3: NMA1685 Industries, Seepage, Pollution and Contamination Clause No. 3

4: 2488AGM00003 Asbestos Exclusion Clause

5: LMA5595a and LMA5596a PFAS Exclusion Clauses

Annex 1: AVN46B

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.

AVN 46B 1.10.96

Annex 2: AVN96

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 or exposure to asbestos in any form whatsoever, 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, indemnify for any costs or damages relating to or in any other way respond to the actual, alleged or threatened presence of asbestos in any form whatsoever.

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.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

AVN 96 17.3.04

Annex 3: NMA1685

INDUSTRIES, SEEPAGE, POLLUTION AND CONTAMINATION CLAUSE NO. 3

This Insurance does not cover any liability for:

1. Personal Injury or Bodily Injury or loss of, damage to, or loss of use of property directly or indirectly caused by seepage, pollution or contamination, provided always that this paragraph 1. shall not apply to liability for Personal Injury or Bodily Injury or loss of or physical damage to or destruction of tangible property, or loss of use of such property damaged or destroyed, where such seepage, pollution or contamination is caused by a sudden, unintended and unexpected happening during the period of this Insurance.
2. The cost of removing, nullifying or cleaning-up seeping, polluting or contaminating substances unless the seepage, pollution or contamination is caused by a sudden, unintended and unexpected happening during the period of this Insurance.
3. Fines, penalties, punitive or exemplary damages.

This Clause shall not extend this Insurance to cover any liability which would not have been covered under this Insurance had this Clause not been attached.

22/1/70
NMA1685

Annex 4: 2488AGM00003

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.

All other terms and conditions of the policy remain unchanged.

2488AGM00003

Annex 5: LMA5595a and LMA5596a

PERFLUORINATED COMPOUNDS, PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES (PFAS) EXCLUSION NO. 1

(For use on liability insurance policies)

1. This POLICY does not cover any claim for actual or alleged loss, liability, damage, compensation, injury, sickness, disease, death, medical payment, defence cost, cost, expense or any other amount, directly or indirectly and regardless of any other cause contributing concurrently or in any sequence, originating from, caused by, arising out of, contributed to by, resulting from, or otherwise in connection with any PFAS, such as any perfluoroalkyl or polyfluoroalkyl substances for example.
2. For the purposes of this Exclusion, loss, liability, damage, compensation, injury, sickness, disease, death, medical payment, defence cost, cost, expense or any other amount, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor, contain, test for or in any way respond to or assess the effect of any PFAS, such as any perfluoroalkyl or polyfluoroalkyl substances for example.
3. PFAS means any organic molecule, salt, free radical or ion, the composition of which includes at least one:
 - a. perfluorinated methyl group (-CF₃); or
 - b. perfluorinated methylene group (-CF₂-).

LMA5595A
10th October 2023

**PERFLUORINATED COMPOUNDS, PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES (PFAS)
EXCLUSION NO. 2**

(For use on liability insurance policies)

1. This POLICY does not cover any claim for actual or alleged loss, liability, damage, compensation, injury, sickness, disease, death, medical payment, defence cost, cost, expense or any other amount, directly or indirectly and regardless of any other cause contributing concurrently or in any sequence, originating from, caused by, arising out of, contributed to by, resulting from, or otherwise in connection with any PFAS, such as any perfluoroalkyl or polyfluoroalkyl substances for example.
2. For the purposes of this Exclusion, loss, liability, damage, compensation, injury, sickness, disease, death, medical payment, defence cost, cost, expense or any other amount, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor, contain, test for or in any way respond to or assess the effect of any PFAS, such as any perfluoroalkyl or polyfluoroalkyl substances for example.
3. If UNDERWRITERS allege that this Exclusion applies to any claim under this POLICY the burden of proving the contrary shall be upon the INSURED.
4. PFAS means any organic molecule, salt, free radical or ion, the composition of which includes at least one:
 - a. perfluorinated methyl group (-CF₃); or
 - b. perfluorinated methylene group (-CF₂-).

LMA5596A
10th October 2023

ENDS