

Aviation Insurance Clauses Group (AICG)

AGENDA

9.45am, Thursday 22 August 2024

IUA Large Meeting Room / Microsoft Teams Meeting

Chair: Graham Spencer-Brown

Members:

IUA:

Tina Collier
Julie Damant
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 –

2. Minutes of previous meeting (11 July 2024)

Paper attached

3. Matters arising

4. Current work items:

4.1 Drone Wording (CD67)

Paper attached

4.2 PFAS Exclusion Clause – Update from Secretariat

5. Potential new work items

6. Any other business

Next Meeting Date: Thursday 26 September 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**Time and Date****Venue****Aviation Insurance Clauses Group (AICG)****9:45am, Thursday 11 July 2024****Microsoft Teams Conference Call / IUA Offices****PRESENT:**

| | |
|---------------------------------|------------------|
| Julie Damant | IUA |
| Gary Hendries | Swiss Re |
| Nick Hughes | Appointed Expert |
| Tom Hughes (Secretariat) | IUA |
| Christopher Jones (Secretariat) | IUA |
| Roland Küsters | Munich Re |
| Nick Medniuk | Chubb |
| Michelle Myler-Falla | LMA |
| Nicolette Rodrigues | IUA |
| Graham Spencer-Brown | Chair |
| Adam Tozzi | IUA |
| Jette Varnals | IUA |
| Ruth Wahner | Hannover Re |

1. Apologies for absence

- 1.1 Apologies had been received from Jill Epps (LMA), Tina Collier (IUA), Nick Hughes (Appointed Expert), Tony Powles (IUA), Dele Fajimolu (LMA) and Aurélie Andre (France Assureurs).

2. Minutes of the previous meeting – 23 May 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:Model Drone Wording

- 4.1 The Secretariat confirmed that the AICG Drone Wording Working Group had convened to continue its work on a draft wording, the latest version of which had been circulated with the agenda. This version included the various comments received during the CD67 consultation process, with some specific queries raised by the Working Group for AICG views, discussed as follows:

Consumer Version:

- 4.2 Members agreed that a consumer version of the model drone wording should be considered following publication of the model drone wording (CD67). Members discussed whether it would be appropriate to highlight that the wording was for use in respect of commercial operators, noting that there were specific wording considerations necessary in respect of consumers under FCA 'Consumer Duty' rules. It was suggested that even single operator uses could be considered 'commercial' within the CAA's definitions. As such, some confusion could arise relating to the meaning of 'consumer' and 'commercial' versions of the wording. Members agreed that the approach taken to AVN1D and AVN1E should be adopted; as such, reference to commercial operators would be removed from the draft wording, but reference to 'consumer version' would be included in the consumer wording upon drafting.

Aviation Autonomy:

- 4.3 Members considered whether the wording would be appropriate for use in respect of newer forms of aircraft, such as electric vertical take-off and landing (eVTOL). It was discussed that the drone wording would be a useful starting point to insure an eVTOL. However, specific amendments would be necessary for uses that involved the carriage of people.

Battery usage:

- 4.4 Members had agreed that Condition 3, “manufacturers recommendations”, would sufficiently capture requirements relating to the storage, use and maintenance of lithium-ion battery. It was highlighted that JH2024-011A Lithium Battery Clause (designed for yacht insurance) included specific requirements relating to battery storage, use and maintenance, which had been noted by the Working Group.

Additions and Deletions:

- 4.5 Members discussed whether it would be appropriate for AVN19A Additions and Deletions (combined) language to be utilised within the Schedule, replacing the current draft language in use. It was agreed that due to the broad risk profile of UAVs it would be appropriate to require insurers agreement to all additions, deletions and changes in agreed values of Unmanned Aircraft. In broadening the draft language in line with AVN19A the approach taken would also be broader than that within AVN1D. Therefore, members agreed to retain the language as drafted rather than to utilise the AVN19A approach.

Deductibles:

- 4.6 Members agreed that for Section 2 it would be appropriate to retain the option to include a deductible ‘in respect of property damage’. This would be relevant, for example, if a UAV hit and broke a glass window.

Purpose of Use:

- 4.7 Following the CD67 comment received in respect of Purpose of Use, the Working Group had agreed that a definition of commercial use should be included within the wording. It had also been agreed that including standard uses and special uses may be beneficial (in line with AVN1D), with underwriters specifically agreeing to Unmanned Aircraft uses in every case. The AICG discussed that due to the varied uses of Unmanned Aircraft it would not be appropriate to list standard and special uses. Therefore, reference to ‘{Response}’ would be utilised, allowing flexibility in the approach taken by the parties when utilising the clause.

Bodily Injury Definition:

- 4.8 Members discussed the need to address psychological injury which could arise following the use of an Unmanned Aircraft. It was suggested that there would be benefit in clarifying when psychological injury would be covered within the wording. In line with AVN124 Data Event Clause, the definition was amended to ‘means only physical corporeal injury, fatal or otherwise, and for the avoidance of doubt mental anguish, fright or shock shall be deemed Bodily Injury solely when accompanied by and arising directly therefrom’.

PFAS Exclusion Clause

- 4.9 The Secretariat confirmed that the IUA was working with its members to take legal advice on the interaction between PFAS and AVN46B. It had been agreed that seeking advice on a range of

questions would support the AICG in any potential drafting on PFAS or pollution more broadly. Members would be notified of developments as they arose.

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 22 August 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 / Serial Number | (3) Agreed Value | (4) Risks Covered (Insert Flight or Ground as applicable) |
|-----------------------|---|---------------------|---|
| {Response} | {Response} | {Response} | {Response} |
| | | | |
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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 (3) 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} in respect of Property Damage.

Item 8. PURPOSE OF USE:

{Response}

Item 9. UNMANNED AIRCRAFT PILOT:

{Response}

Item 10. THE GEOGRAPHICAL LIMITS IN RESPECT OF WHICH THE COVERAGE AFFORDED BY THIS POLICY APPLIES:

{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. "Bodily Injury" means only physical corporeal injury, fatal or otherwise, and for the avoidance of doubt mental anguish, fright or shock shall be deemed Bodily Injury solely when accompanied by and arising directly therefrom.
2. "Deductible" means the amount that is to be paid by the Insured as specified in item 7 of the Policy Schedule 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.
3. "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.
4. "Force Majeure" means unusual and unforeseeable circumstances beyond the control of the Insured, the consequences of which could not have been avoided.
5. "Ground" means whilst the Unmanned Aircraft is not in Flight.
6. "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.
7. "Insured" means the insured named in the Policy Schedule.

In respect of Section Two, Insured shall include any Unmanned Aircraft Pilot and directors, officers and employees of the Insured whilst acting within the scope of their duties on behalf of the Insured.

8. "Insured Property" means Unmanned Aircraft, Ground Equipment and / or Payload Equipment.
9. "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.
10. "Payload Equipment" means equipment as set forth in the Schedule of Payload Equipment 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:
 - a) cargo or
 - b) equipment which forms part of the Unmanned Aircraft and which is included in the Agreed Value thereof.
11. "Property Damage" means physical loss of or damage to or destruction of tangible property, including the resultant loss of use of such property.
12. "Risks Covered" is as specified in Item 3 (4) of the Policy Schedule and means Flight and / or Ground as defined.
13. "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

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- (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.

14. "Unmanned Aircraft" means an Unmanned Aircraft as set forth in the Schedule of Unmanned Aircraft, including equipment which forms part of the Unmanned Aircraft and which is included in the Agreed Value thereof and includes parts temporarily detached from the Unmanned Aircraft and not intended to be replaced by similar parts.

In respect of Section One, an Unmanned Aircraft does not include Payload Equipment.

In respect of Section Two, an Unmanned Aircraft does include Payload Equipment.

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 Pilot" means the person stated in the Policy Schedule who is authorised by the Insured to control, pilot or fly the Unmanned Aircraft System and who holds the certification required for the Purpose of Use.
16. "Unmanned Aircraft System" means an Unmanned Aircraft plus the Ground Equipment and Payload 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), 3 (4) and / or 3 (5) of the Policy Schedule less any applicable amount specified in Condition 4 (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 physical 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, deterioration, freezing, over-heating, dryness, humidity, breakdown, defect or failure of Insured Property however caused.
- (c) scratching or fogging of lenses and camera equipment, unless arising out of an incident involving Unmanned Aircraft to which it is fitted.
- (d) theft or attempted theft of Insured Property by an Insured or with their knowledge or consent.
- (e) loss of or damage to Insured Property if the maximum take-off weight in accordance with manufacturer's recommendations is exceeded.
- (f) 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).

4. Conditions applicable to this Section

- (a) **Dismantling, Transport and Repairs**

If the Insured Property is damaged:

Commented [TH1]: Question for AICG: Please consider that there is no cover for resultant loss or damage, which is a restriction compared to standard cover given for aircraft.

Consider the scenario where an Unmanned Aircraft engine/battery fails mid-flight and crashes, leading to a total loss (which we believe would be excluded)?

If we were to follow AVN1D we would include the following write-back: "However, physical loss of or damage to the Unmanned Aircraft consequent upon 3 (b) above is covered."

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- (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 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 less any applicable Deductible specified.

(d) **Salvage**

If in the event that 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 the Unmanned Aircraft whilst such Unmanned Aircraft is being operated by the Insured.

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The liability of the Insurers under this Section shall not exceed the applicable Limits as specified in Item 6 of the Policy Schedule less any applicable Deductible.

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 the infringement of rights to airspace, unless as a result of Force Majeure.
- (d) Claims arising from the intentional release of cargo from the Unmanned Aircraft.
- (e) Claims excluded by the attached Noise and Pollution and Other Perils Exclusion Clause AVN46B (Amended).
- (f) Claims excluded by the attached Asbestos Exclusion Clause 2488AGM00003 (Amended).
- (g) Claims excluded by the attached Limited Cyber and Data Exclusion LMA5405 (Amended).

Commented [TH2]: Question for AICG: Please consider the interaction between this language and AVN46B (infringement of property), noting that AVN46B will provide some coverage via the write back. We have sought to ensure this language works alongside AVN46B.

Note: We changed this language from "nuisance and/or the infringement of rights to property or airspace" but we deleted the property bit because of the potential conflict with AVN46B.

Commented [TH3]: Question for AICG: Please consider if this is the most suitable cyber clause to include. The WG believe the more limited approach in LMA5405 is optimal and have adapted the write back within LMA5405 to align with AVN46B.

DEFENCE AND SETTLEMENT PAYMENTS APPLICABLE TO SECTION 2

With respect to such coverage as is afforded under Section 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

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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 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 whilst the Unmanned Aircraft System is being used for any illegal purpose.
2. Whilst the Unmanned Aircraft System is outside the Geographical Limits unless due to a forced landing or as a result of Force Majeure.
3. Whilst the Unmanned Aircraft 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 AVN38B
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.

Commented [TH4]: Amended back to UAS.

Julie - General Exclusion 2 was correct to refer to the Unmanned Aircraft System (rather than Unmanned Aircraft) because insurers still wouldn't expect to pay for loss of or damage to the Payload or Ground Equipment, for example, if it was outside the Geographical Limits (albeit noted that the forced landing writeback only applies to the Unmanned Aircraft but I think that's clear enough).

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
 - i. manufacturers' recommendations; and
 - ii. all air navigation and airworthiness orders and requirements issued by any competent authorityaffecting the safe storage, maintenance and operation of the Unmanned Aircraft System.
3. 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 13 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;

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- (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.

4. The Insured shall not make any admission of liability, payment, offer or promise of payment without the written consent of the Insurers.
5. 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.
6. 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.
7. The Insured shall be under a continuing duty, during the Period of Insurance, to notify the Insurers immediately of any changes which increase the risks which have been presented to the Insurers. Such changes shall be subject to agreement by Insurers and may require an additional premium to be charged. There shall be no coverage for any claims resulting from any changed element of the risk unless the changed element of the risk has been notified to and agreed by Insurers.
8. 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 12 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.

9. This Policy shall not be assigned in whole or in part except with the prior written agreement of the Insurers.
10. The choice of law and jurisdiction applicable to this Policy is as specified in Item 12 of the Policy Schedule.
11. When two or more Unmanned Aircraft are insured hereunder the terms of this Policy, including the Limits as specified in Item 6 of the Policy Schedule, shall apply separately to each Unmanned Aircraft unless otherwise specified herein.

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12. 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 6 of the Policy Schedule less any applicable Deductible.

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

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

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

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

- (i) terminate the cover provided by all sections of the Policy to such Insured with effect from the date that such information was provided;
- (ii) recover any sums paid to 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.

14. 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 [Reference] [Date]

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

- (1) This Policy does not cover:
- (i) loss of or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
 - (ii) any legal liability of whatsoever nature
- directly or indirectly caused by or contributed to by or arising from:
- (a) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
 - (b) the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;
 - (c) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.
- (2) It is understood and agreed that such radioactive material or other radioactive source in paragraph (1) (b) and (c) above shall not include:
- (i) depleted uranium and natural uranium in any form;
 - (ii) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.
- (3) This Policy, however, does not cover loss of or destruction of or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:
- (i) the Insured under this Policy is also an insured or an additional insured under any other insurance policy, including any nuclear energy liability policy; or
 - (ii) any person or organization is required to maintain financial protection pursuant to legislation in any country; or
 - (iii) the Insured under this Policy is, or had this Policy not been issued would be, entitled to indemnification from any government or agency thereof.
- (4) Loss, destruction, damage, expense or legal liability in respect of the nuclear risks not excluded by reason of paragraph (2) shall (subject to all other terms, conditions, limitations, warranties and exclusions of this Policy) be covered, provided that:
- (i) in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereto, such carriage shall in all respects have complied with the full International Civil Aviation Organization "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;
 - (ii) this Policy shall only apply to an incident happening during the period of this Policy and where any claim by the Insured against the Insurers or by any claimant against the Insured arising out of such incident shall have been made within three years after the date thereof;
 - (iii) in the case of any claim for the loss of or destruction of or damage to or loss of use of an aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

| | |
|----------------|---|
| <u>Emitter</u> | <u>Maximum permissible level of non-fixed radioactive surface contamination</u> |
|----------------|---|

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| <u>(IAEA Health and Safety Regulations)</u> | <u>(Averaged over 300 cm²)</u> |
|---|---|
| Beta, gamma and low toxicity alpha emitters | Not exceeding 4 Becquerels/cm ² (10 ⁻⁴ microcuries/cm ²) |
| All other emitters | Not exceeding 0.4 Becquerels/cm ² (10 ⁻⁵ microcuries/cm ²) |

- (iv) the cover afforded hereby may be cancelled at any time by the Insurers giving seven days' notice of cancellation.

AVN 38B 22.7.96

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 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

LIMITED CYBER AND DATA EXCLUSION

Insurers 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.

unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal Unmanned Aircraft operation.

(b) **Electronic Data**

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

Commented [TH5]: Question for AICG: Would it be suitable to include a definition of 'Data' in line with AVN124?

**LMA5405 (Amended)
21 November 2019**

Optional endorsements to be published individually

Included in full below

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- Additions and Deletions
- Unauthorised Use or Unauthorised Use (Theft Only)
- Breach of Air Navigations
- Data Recognition Limited Coverage Extension
- Supplementary Payments
- Medical and Related Expenses
- Trespassers Costs
- Extended Coverage Endorsement (Aviation Liabilities)
- Extended Coverage Endorsement (Unmanned Aircraft All Risks)
- Cargo Liability Endorsement

Commented [TH6]: Question for AICG: Do members agree with the inclusion of these two additional endorsements?

ADDITIONS AND DELETIONS (Combined)

1. The coverage provided by this Policy is automatically extended to include at pro rata additional premium further Unmanned Aircraft added during the Period of Insurance provided such Unmanned Aircraft are owned or operated by the Insured and are of the same Make and Model

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as set out at Item 3 of the Policy Schedule and no higher value than the Agreed Value of Unmanned Aircraft already covered under this Policy.

2. The inclusion of additional Unmanned Aircraft of other Make and Models or higher Agreed Values shall be subject to the Insurer's prior written agreement and rating by Insurers prior to such Unmanned Aircraft being covered under this Policy.
3. Under Section 1 of this Policy Unmanned Aircraft which have been sold or disposed of shall be deleted from this Policy and the Insured shall be entitled to pro rata return of premium provided no claim has arisen and become payable in respect of such Unmanned Aircraft under Section 1 of this Policy and that this Policy is not cancelled by virtue of such deletion.
4. Under Section 2 of this Policy Unmanned Aircraft which have been sold or disposed of shall be deleted from this Policy and the Insured shall be entitled to pro rata return of premium.

Provided always that

- (i) Notwithstanding the foregoing provisions for additions and deletions the premium in respect of each separate period of Flight risk insurance on any Unmanned Aircraft covered during the Period of Insurance shall in no case be less than fifteen days' pro rata premium.
- (ii) In the event of a claim arising in respect of any Unmanned Aircraft added to this Policy being settled on a Total Loss basis the full twelve months' Unmanned Aircraft premium in respect of Section 1 of this Policy shall be paid in respect of such Unmanned Aircraft.
- (iii) Notice of the addition or deletion of any Unmanned Aircraft under the provisions of Paragraphs 1, 3 and 4 respectively shall be given to the Insurers in writing via the firm named for the purpose specified in Item 13 of the Policy Schedule within ten days of attachment or deletion.

UNAUTHORISED USE

No claim under this Policy shall be rejected on the grounds that the Unmanned Aircraft was used in a place or in a manner or by a person not permitted under the terms of this Policy provided such use was not authorised by the Insured and that the Insured had taken reasonable precautions to prevent

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such unauthorised use. Any consent given by an employee or agent of the Insured outside the normal scope of his authority shall be deemed not to be authorisation given by the Insured.

OR

UNAUTHORISED USE – THEFT ONLY

No claim under this Policy following theft of an Unmanned Aircraft shall be rejected on the grounds that the Unmanned Aircraft was used in a place or in a manner or by a person not permitted under the terms of this Policy, provided such use was not authorised by the Insured and that the Insured had taken reasonable precautions to prevent such unauthorised use. Any consent given by an employee or agent of the Insured outside the normal scope of his authority shall be deemed not to be authorisation given by the Insured.

BREACH OF AIR NAVIGATION REGULATIONS

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

DATE RECOGNITION LIMITED COVERAGE EXTENSION (UNMANNED AIRCRAFT HULL AND LIABILITY)

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

- (1) to any accidental loss of or damage to an Unmanned Aircraft defined in the Policy Schedule ("Unmanned Aircraft");
- (2) to any sums which the Insured shall become legally liable to pay, and (if so required by the Policy) shall pay (including costs awarded against the Insured) in respect of:

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- (a) accidental bodily injury, fatal or otherwise, caused by an accident to an Unmanned Aircraft; and/or
- (b) accidental bodily injury, fatal or otherwise, and accidental damage to property caused by an Unmanned Aircraft or by any object falling therefrom.

PROVIDED THAT:

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

SUPPLEMENTARY PAYMENTS

The Insurers agree to indemnify the Insured for any reasonable expenses

- (a) incurred for the purpose of search and recovery operations for an Unmanned Aircraft determined to be missing;
- (b) incurred for the purpose of attempted or actual raising, removal, disposal or destruction of the wreck of an Unmanned Aircraft;
- (c) which the Insured may be called upon to pay in respect of any public inquiry or inquiry by any airworthiness authority into an Occurrence involving an Unmanned Aircraft;

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- (d) incurred for the purpose of fire and crash control expenses arising out of an Occurrence involving an Unmanned Aircraft.

The limit of Insurers' liability in respect of the coverage provided by this extension shall be * any one incident and in the aggregate arising out of all incidents during the Period of Insurance. This amount shall be payable in addition to the Policy limit.

MEDICAL AND RELATED EXPENSES

The coverage provided under Section 2 of this Policy is extended to apply to all reasonable expenses incurred within one year from the date of an Occurrence for necessary medical, surgical, ambulance, hospital, professional nursing, repatriation and/or funeral expenses to and/or for each person who sustains Bodily Injury caused by an Occurrence.

As soon as practicable, the injured person or someone on his behalf shall give to the Insurers or any of their representatives written proof of claim, under oath if required, and shall, after each request from the Insurers, execute authorisation to enable the Insurers to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Insurers when and as often as the Insurers may reasonably require.

The insurance afforded by this clause shall be subject to a limit of * any one person which shall be included within, and not in addition to, the limit in respect of Section 2 of this Policy.

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Coverage hereon shall be excess insurance over any other valid and collectible insurance available to the Insured.

TRESPASSERS COSTS

The coverage provided by this Policy is extended to apply to all reasonable expenses incurred by the Insured for the cost of rectifying damage to crops and/or other property caused by trespassers and arising out of the crash or forced landing of an Unmanned Aircraft. This extension will only apply in the event that these expenses are not recoverable from the trespassers.

The insurance afforded by this clause shall be subject to a limit of * any one Occurrence which shall be included within, and not in addition to, the limit in respect of Section 2 of this Policy.

EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)

1. Whereas the Policy of which this Endorsement forms part includes the War, Hi-Jacking and Other Perils Exclusion Clause (Clause AVN 48B (Amended)), in consideration of an Additional Premium of * , it is hereby understood and agreed that all sub-paragraphs other than (b) of Clause AVN 48B (Amended) forming part of this Policy are deleted subject to all terms and conditions of this Endorsement.

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

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

3. LIMITATION OF LIABILITY

The limit of Insurers' liability in respect of the coverage provided by this Endorsement shall be * or the applicable Policy limit whichever the lesser any one Occurrence and in the aggregate arising out of all Occurrences during the Period of Insurance (the "sub-limit"). This sub-limit shall apply within the full Policy limit and not in addition thereto.

4. AUTOMATIC TERMINATION

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

(i) **All cover**

upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following States, namely, France, the People's Republic of China, the Russian Federation, the United Kingdom, the United States of America

(ii) **Any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN 48B (Amended)**

upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter wheresoever or whensoever such detonation may occur and whether or not the Unmanned Aircraft may be involved

(iii) **All cover in respect of any of the Unmanned Aircraft requisitioned for either title or use**

upon such requisition

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

5. REVIEW AND CANCELLATION

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

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

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

Following a hostile detonation as specified in 4 (ii) above, Insurers may give notice of cancellation of one or more parts of the cover provided by paragraph 1 of this Endorsement by reference to sub-paragraphs (c), (d), (e), (f) and/ or (g) of Clause AVN 48B (Amended) - such notice to become effective on the expiry of forty-eight hours from 23.59 hours GMT on the day on which notice is given.

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

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

(d) **Notices**

All notices referred to herein shall be in writing.

EXTENDED COVERAGE ENDORSEMENT (UNMANNED AIRCRAFT ALL RISKS)

Notwithstanding the contents of the War, Hi-jacking and Other Perils Exclusion Clause forming part of this Policy, it is hereby understood and agreed that this Policy is extended to cover claims caused by the following risks:-

- (i) Strikes, riots, civil commotions or labour disturbances;
- (ii) Any malicious act or act of sabotage;
- (iii) 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.

PROVIDED ALWAYS THAT

1. The above extension shall only apply to the extent that the loss or damage is not otherwise excluded by (a), (b), (d) and (f) of the War, Hi-jacking and Other Perils Exclusion Clause.
2. The limits of Insurers liability in respect of any or all of the risks covered under this endorsement shall not exceed the sum of (in the aggregate during the Period of Insurance).
3. The Insured has paid or has agreed to pay the additional premium of required by the Insurers in respect of this extension.
4. The insurance provided by this endorsement may be cancelled by the Insurers giving notice effective on the expiry of seven days from midnight G.M.T. on the day on which notice is issued.

CARGO LIABILITY ENDORSEMENT

Notwithstanding Exclusion 2(b) of Section 2, the coverage afforded under Section 2 is extended to apply to Property Damage to cargo not owned by the Insured whilst in the Insured's care, custody or control the purpose of carriage by air.

This endorsement does not apply to Property Damage to:

1. perishables;
2. slung loads;
3. money, securities, precious stones, precious metals, jewellery, fine art and antiques of any kind.