

# Aviation Insurance Clauses Group (AICG)

## AGENDA

9.45am, Thursday 24 October 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 (22 August 2024)**

*Paper attached*

**3. Matters arising**

3.1 Published wordings/clauses – AVN146-156 and AVN117-120

*Papers circulated*

**4. Current work items:**

4.1 Recreational Drone Wording

*Paper attached*

4.2 PFAS Exclusion Clause – Update from Secretariat

**5. Potential new work items**

**6. Any other business**

***Next Meeting Date: Thursday 28 November 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'ts' Guide](#) is available and the IUA is happy to answer any questions on competition law that Committee members may have.

<b>Meeting</b>	<b>Aviation Insurance Clauses Group (AICG)</b>
<b>Time and Date</b>	<b>9:45am, Thursday 22 August 2024</b>
<b>Venue</b>	<b>Microsoft Teams Conference Call / IUA Offices</b>

**PRESENT:**

Aurélie Andre	France Assureurs
Julie Damant	IUA
Jill Epps	LMA
Dele Fajimolu	LMA
Gary Hendries	Swiss Re
Nick Hughes	Appointed Expert
Tom Hughes (Secretariat)	IUA
Christopher Jones (Secretariat)	IUA
Nick Medniuk	Chubb
Graham Spencer-Brown	Chair
Adam Tozzi	IUA
Jette Varnals	IUA

**1. Apologies for absence**

- 1.1 Apologies had been received from Roland Küsters (Munich Re), Tina Collier (IUA), Nicolette Rodrigues (IUA) and Michelle Myler-Falla (LMA).

**2. Minutes of the previous meeting – 11 July 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 key outstanding questions for AICG consideration ahead of proposed publication. Members discussed these questions as follows:
- 4.2 Wear and tear – It was highlighted that within the current draft exclusion (b) (Section One) there was no cover for resultant loss or damage, which was a restriction compared to standard cover given for aircraft. AVN1D was noted to include the following write-back: ‘However, physical loss of or damage to the Unmanned Aircraft consequent upon 3 (b) above is covered.’ It was stated that it would depend on the size of the Unmanned Aircraft as to whether a definition of unit would be necessary. Members acknowledged that most wordings included a write back and suggested that this should specifically address in flight risks. As such the following write back would be included ‘However, resultant physical loss of or damage to Insured Property in Flight is covered’.
- 4.3 Infringements of rights – AVN46B included a reference to rights to property and it was questioned whether referring to ‘infringement of rights to airspace’ within the draft wording was appropriate. Members suggested that the Working Group reconsider the language, also noting the potential interaction with AVN60A, which could be added to the wording by a market participate upon use.

- 4.4 Cyber and data exclusion – Members were asked to consider if LMA5405 was the most suitable cyber clause to attach to the wording. The Working Group believed that the more limited approach in LMA5405 was optimal and had adapted the write back within LMA5405 to align with AVN46B. Members suggested that the clause was suitable and agreed that the definition of ‘data’ within AVN124 should be included. The reference to ‘deliberately or accidentally’ was to be removed and the reference to ‘limited’ would also be deleted from the title. Given the substantial changes to the clause, members suggested that the reference to LMA5405 be deleted.
- 4.5 Optional endorsements – It was asked whether the ‘Unauthorised Use’ or ‘Unauthorised Use – Theft Only’ endorsement should be published. Members agreed that the ‘Unauthorised Use – Theft Only’ endorsement should be used. It was advised that ‘Subject to Exclusion 3(f) of Section 1 remaining paramount’ should be included within that endorsement.
- 4.6 Optional endorsements – As discussed at the last meeting, two new optional endorsements had been developed: Extended Coverage Endorsement (Unmanned Aircraft All Risks) and Cargo Liability Endorsement. Members agreed their inclusion and it was confirmed that no further consultation would be necessary relating to the wording and optional endorsements.
- 4.7 Optional endorsements – It was questioned whether the optional endorsements produced should be published as individual AVN clauses. This had been the approach taken when AVN98A was published. Members agreed that this would be appropriate.

Publication:

- 4.8 The Chair agreed that subject to the amendments agreed and highlighted above, the wording and accompanying endorsements could be published by the Secretariat.

Consumer Version:

- 4.9 It was stated that a consumer version of the model drone wording would be drafted following publication of the commercial version. Members were invited to volunteer to form part of the Working Group to develop the wording.

PFAS Exclusion Clause

- 4.10 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 and the Secretariat would circulate the draft question set for members’ awareness.

## **5. Potential new work items:**

- 5.1 It was highlighted that a minor typographical error had been identified on the published AVN98 endorsements, namely AVN117, 118, 119 and 120. The Secretariat agreed to rectify the error within the published clauses.

## **6. Any Other Business**

- 6.1 There were no further items raised for discussion.

***Next Meeting: The next meeting was scheduled for 26 September 2024.***

## UNMANNED AIRCRAFT INSURANCE POLICY

Headings are inserted for the purpose of convenient reference only and are not to be deemed part of this Policy. Otherwise, wherever words or phrases appear in bold in this Policy they will have the meanings shown in the Definitions.

### INTRODUCTION

To the extent that this Policy is a consumer insurance contract within the meaning of the Consumer Insurance (Disclosure and Representations) Act 2012, (meaning a contract of insurance between an individual who enters into the contract wholly or mainly for purposes unrelated to the individual's trade, business or profession ('**the Insured**') and a person who carries on the business of insurance ('**the Insurer**')) the provisions of this Policy shall, as between **the Insured** and **the Insurers**, be read subject to the provisions of the said Act.

Please keep this Policy in a safe place – **you** may need to refer to it if **you** have to make a claim.

The Introduction section of this Policy and all other Sections of this Policy are a single document and are to be read as one contract and sets out the terms and conditions of the insurance between **you** and **the Insurers**.

**The Insurers** will, in consideration of the payment of the premium, insure **you**, subject to the terms and conditions of this Policy, against the events set out in the operative Sections occurring during the **Period of Insurance** or any subsequent period for which **the Insurers** agree to accept payment of premium.

Please read this Policy carefully and make sure that it meets **your** requirements. It is important that:

- **You** check that the Sections of coverage **you** have requested are included;
- **You** comply with **your** duties under each Section and under this Policy as a whole.

**You** should regularly review **your** cover to ensure that it is adequate and continues to meet **your** requirements.

If any corrections are necessary **you** should contact **your broker** through whom this Policy was arranged or **the Insurers** directly if there is no broker used. If **you** have any questions relating to this Policy or **you** do not understand any of the terminology used please refer to **your broker** or to **the Insurers** directly, as applicable, for an explanation of how this will affect the coverage **you** have purchased.

Details of **the Insurers**:

*{insert full name and full address of the **Insurers** with contact details}*

Details of **the Broker**:

*{insert full name and full address of the **Broker** with contact details}*

This Policy is arranged in different Sections as follows:

**Commented [TH1]:** Note: Prepare a template IPID (instead of key facts as per AVN1E) - this may need to be updated in AVN1E.

Policy Schedule	This details the information that <b>you</b> have provided and the Sections of this Policy that apply to <b>you</b> including the Limits of liability for each Section of cover <b>you</b> have purchased.
Definitions	This defines the meaning of certain words and phrases used in this Policy.
Section 1	Physical Loss of or Damage <b>Insured Property</b>  This covers <b>you</b> for physical loss of or damage to <b>Insured Property</b> . It includes the Conditions of cover and Exclusions relating to circumstances where <b>the Insurers</b> will not pay a claim.
Section 2	Legal Liability to Third Parties  This covers <b>you</b> for <b>your</b> legal liability to third parties arising from <b>your</b> use of the <b>Unmanned Aircraft</b> . It includes the Conditions of cover and Exclusions relating to circumstances where <b>the Insurers</b> will not pay a claim.
Defence and Settlement Payments	This describes when <b>the Insurers</b> will defend <b>you</b> in any legal proceedings and how costs will be paid relating to any liability claims under Section 2.
General Exclusions	There are a number of General Exclusions relating to circumstances where <b>the Insurers</b> will not pay a claim. These apply to all Sections of this Policy.
General Conditions	There are a number of General Conditions which <b>you</b> must observe and comply with. If <b>you</b> breach any of these General Conditions this may render <b>your</b> claim null and void or reduce the amount payable or <b>the Insurers</b> may treat this insurance as though it never existed. These apply to all Sections of this Policy.

In addition to the above the following two clauses also apply to **ALL** Sections of this Policy:

<b>CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 CLARIFICATION CLAUSE</b>
A person who is not a party to this Policy has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Policy but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
<b>SANCTIONS CLAUSE</b>
<b>The Insurers</b> will not provide any benefit under this Policy to the extent that providing cover, payment of any claim or the provision of any benefit would breach any sanction, prohibition or restriction imposed by law or regulation.

**Commented [TH2]:** Discuss with AICG - as previously raised by the LMA.

### INFORMATION YOU HAVE GIVEN TO THE INSURERS

In deciding to accept this Policy and in setting the terms and premium, **the Insurers** have relied on the information **you** have given to **them** via **your broker** or to **them** directly. **You** must take care when answering any questions **they** ask by ensuring that all information provided is accurate and complete.

If **the Insurers** establish that **you** deliberately or recklessly provided **them** or **your broker** with false or misleading information **they** may treat this Policy as if it never existed and decline all claims. Please see Condition 10 in 'General Conditions Applicable to All Sections'

If **the Insurers** establish that **you** were careless in providing the information that **they** have relied upon in accepting this insurance and setting its terms and premium **they** may:

- treat this Policy as if it had never existed and refuse to pay all claims and return the premium paid. **The Insurers** will only do this if **they** provided **you** with insurance cover which **they** would not otherwise have offered;
- amend the terms of this Policy. **The Insurers** may apply these amended terms as if they were already in place if a claim has been adversely impacted by **your** carelessness;
- charge **you** more for **your** insurance or reduce the amount **the Insurers** would pay on a claim in the proportion that the premium **you** have paid bears to the premium **they** would have charged **you**; or
- cancel this Policy in accordance with the Right to Cancel condition noted below.

**Your broker** or **the Insurers** will write to **you** if:

- **the Insurers** intend to treat this Policy as if it never existed; or
- **the Insurers** need to amend the terms of this Policy; or
- **the Insurers** require **you** to pay more for **your** insurance.

### CHANGES IN THE INFORMATION YOU HAVE GIVEN TO THE INSURERS

In respect of information provided to **the Insurers** either directly or via **your Broker** before or during the **Period of Insurance**, **you** should notify **the Insurers** as soon as reasonably practicable of any changes to the following information:

- (a) the purpose for which **your Unmanned Aircraft** will be used;
- (b) the geographical area where **your Unmanned Aircraft** will be operated;
- (c) the location where **your Unmanned Aircraft** will usually be kept;
- (d) the ownership of **your Unmanned Aircraft**;
- (e) the details of the pilots who will operate **your Unmanned Aircraft**;

When notified of a change **your broker** or **the Insurers** will inform **you** if this affects this Policy. For example, **the Insurers** may require an adjustment to the premium, amend the terms of this Policy or cancel this Policy in accordance with the Right to Cancel provision below.

### COOLING OFF PERIOD

If **you** change **your** mind for any reason about continuing with this Policy **you** are entitled to cancel by writing to **your broker** within fourteen (14) days of either:

- the date **you** receive this Policy; or
- the start of the **Period of Insurance**

whichever is the later.

If there is no broker used, please contact **the Insurers** directly.

**Your** signed notice of cancellation letter should be sent to **your broker** or **the Insurers** directly. Provided that there have been no claims made by **you**, the premium paid will be returned minus an administration fee of *[Response]*.

### RIGHT TO CANCEL

After the cooling off period **you** have a right to cancel this Policy at any time in writing. **Your** signed notice of cancellation letter should be sent to **your broker** or, if there is no broker used, to **the Insurers** directly.

If **you** cancel this Policy **the Insurers** will return a pro rata portion of the premium in respect of the unexpired **Period of Insurance**, less an administration fee of *{Response}*. This will be done within thirty (30) days of the receipt of the notice of cancellation by **the Insurers**.

**The Insurers** can cancel this Policy for any valid reason by giving **you** thirty (30) days' notice in writing, or at **your** option, scanned or attached to an email. A valid reason would include:

- non-payment of premium;
- a change in risk, where cover can no longer be provided;
- non-cooperation or failure to supply information/documentation;
- threatening or abusive behaviour.

If **the Insurers** cancel this Policy, **they** will return a pro rata portion of the premium in respect of the unexpired **Period of Insurance** unless the circumstances set out in the paragraphs 'Information **you** have given to **the Insurers**' and 'Changes in the Information **you** have given to **the Insurers**' above apply. This will be done within thirty (30) days of the date the notification of cancellation is effective.

Any return premium due to **you** will depend on how long this Policy has been in force and whether **you** have made a claim.

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

### COMPLAINTS PROCEDURE

**The Insurers** aim to ensure that all aspects of **your** insurance are dealt with promptly, efficiently and fairly. At all times **they** are committed to providing **you** with the highest standard of service.

If **you** have any concerns about **your** insurance or the handling of a claim **you** should in the first instance contact **your broker**. If there is no broker used or if **you** remain dissatisfied and wish to make a complaint, **you** can do so at any time in the following ways:

Contacting **the Insurers**: *{complete as applicable}*

The **Insurers** will respond to **you** within *[Response] days*.

If **you** are still dissatisfied with **the Insurers** service **you** can ask the Financial Services Ombudsman Service (FOS) to review **your** case. Further information is available from the FOS via <http://www.financial-ombudsman.org.uk> or The Financial Ombudsman Service, Exchange Tower, London E14 9SR.

#### **DATA PROTECTION ACT 1998**

**The Insurers** will keep any personal information **you** give **them** either directly or via **your broker**, in line with the Data Protection Act 1998, for the purpose of providing insurance and handling claims. This may mean passing the information to third parties.

DRAFT

## 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}

**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:**

(a) **Private Pleasure**

(b) Incidental business or professional purposes: {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 in bold 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. "**Private Pleasure**" means use of Unmanned Aircraft for
  - (a) private and pleasure purposes
  - (b) incidental business or professional purposes as declared to Insurers in Item 8 (2) of the Policy Schedule.

No cover is provided unless details of the use(s) are declared to and agreed by the Insurers and specified in Item 8 (2) of the Policy Schedule.

12. "**Property Damage**" means physical loss of or damage to or destruction of tangible property, including the resultant loss of use of such property.

**Commented [TH3]:** Consider whether to reference 'hire or reward' here or in (a) as an exception.

13. **"Risks Covered"** is as specified in Item 3 (4) of the Policy Schedule and means **Flight** and/or **Ground** as defined.
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**.
15. **"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**.
16. **"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.
17. **"Unmanned Aircraft System"** means an **Unmanned Aircraft** plus the **Ground Equipment** and **Payload Equipment**.
18. **"We / our / they / them / the Insurer / the Insurers"** means the **Insurers** named in the Introduction.
19. **"Your broker"** means the broker named in the Introduction.
20. **"You / your / Insured / the Insured / the Insured's"** means the person or persons named in Item 1 of the Policy Schedule as the **Insured**.

**Commented [TH4]:** Tidy up entire wording in light of these definitions.

## SECTION 1 – PHYSICAL LOSS OF OR DAMAGE TO INSURED INSURED 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), 4 (3) and/or 5 (3) 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** howsoever caused. However, resultant physical loss of or damage to **Insured Property** in **Flight** is covered.
- (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:

- (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**.

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 invasion of privacy.
- (e) Claims arising from the intentional release of cargo from the **Unmanned Aircraft**.
- (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.

### 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 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.

#### 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;
  - (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.
8. This Policy shall not be assigned in whole or in part except with the prior written agreement of the **Insurers**.
9. The choice of law and jurisdiction applicable to this Policy is as specified in Item 12 of the Policy Schedule.
10. 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.
11. 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**.
12. 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.

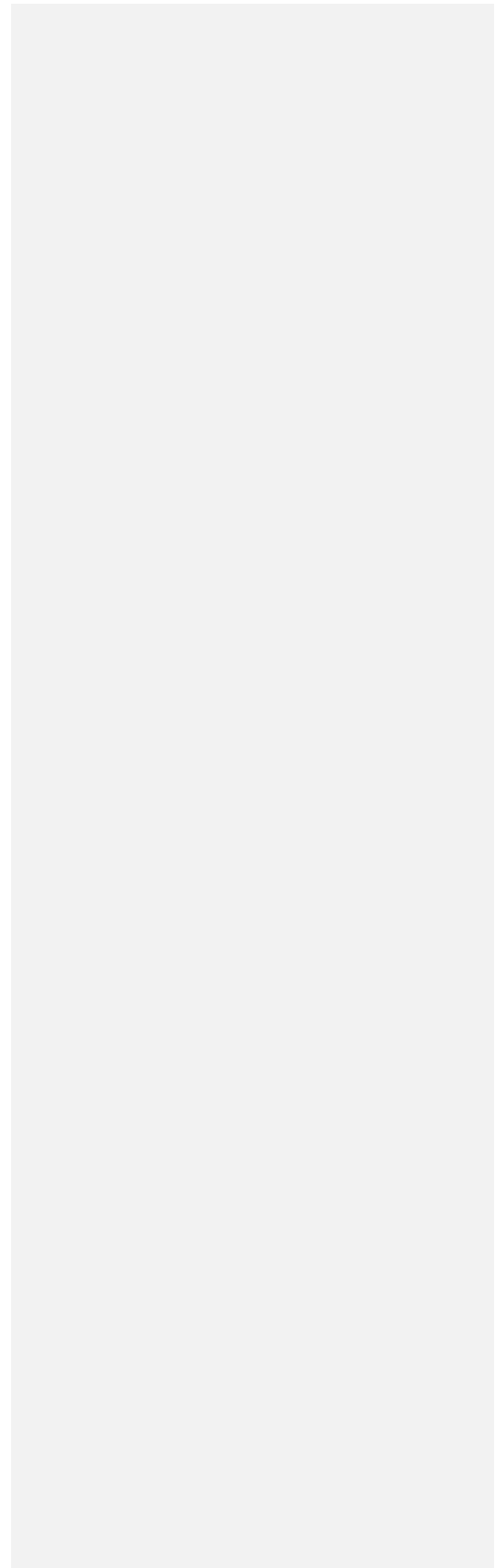
In any such event the **Insurers** shall have the option to refuse to pay the whole or any part of the claim to such **Insured**.

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.

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**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>(IAEA Health and Safety Regulations)</u>	<u>Maximum permissible level of non-fixed radioactive surface contamination</u> <u>(Averaged over 300 cm<sup>2</sup>)</u>
Beta, gamma and low toxicity alpha emitters	Not exceeding 4 Becquerels/cm <sup>2</sup> (10 <sup>-4</sup> microcuries/cm <sup>2</sup> )
All other emitters	Not exceeding 0.4 Becquerels/cm <sup>2</sup> (10 <sup>-5</sup> microcuries/cm <sup>2</sup> )

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

**AVN 38B 22.7.96**

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### 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 are excluded from this insurance or reinsurance.

**AVN72 9.2.00**

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**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)**

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**ATTACHMENT NUMBER 7**

**CYBER AND DATA EXCLUSION**

**Insurers** will not pay for any:

(a) Cyber

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

- i. the use of or inability to use any application, software, or program;
- 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) Data

loss of or damage to any Data.

Data means any information, text, figures, voice, images or any machine readable data, software or programs including any person's or organisation's confidential, proprietary or personal information.

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