

Annexe 2

9. INSURANCE

9.1 Insurances

Lessee will maintain the Insurances in full force during the Term, and thereafter as expressly required in the Lease, which shall be in line with prudent industry practice for comparable operators, with the same or similar size fleet as Lessee, operating similar aircraft under similar circumstances and shall be through such brokers and with such insurers and having such deductibles and subject to such exclusions as set out in Schedule 7 and such other deductibles and exclusions as may be approved by Lessor from time to time (such approval not to be unreasonably withheld or delayed). The Insurances shall in any event meet the requirements set out in Schedule 7 which may be amended from time to time by Lessor in consultation with Lessee and its insurance brokers so that the scope and level of cover is maintained in line with prudent industry practice for comparable operators, with the same or similar size fleet as Lessee, operating similar aircraft under similar circumstances and the interests of Lessor and each Indemnatee are protected.

9.2 Change: If at any time Lessor wishes to revoke its approval of any insurer, reinsurer, insurance or reinsurance, Lessor and/or its brokers will consult with Lessee and Lessee's brokers (as for the time being approved by Lessor) regarding whether that approval should be revoked to protect the interests of the parties insured. If, following such consultation, Lessor considers, acting reasonably, that any change should be made, Lessee will then arrange or procure the arrangement of alternative cover reasonably satisfactory to Lessor.

9.3 Insurance Undertakings and Information: Lessee will:

(a) comply with the terms and conditions of each policy of the Insurances and not do, consent or agree to any act or omission which:

(i) invalidates or may invalidate the Insurances; or

(ii) renders or may render void or voidable the whole or any part of any of the Insurances; or

(iii) brings any particular liability within the scope of an exclusion or exception to the Insurances;

(b) not take out without the prior written approval of Lessor any insurance or reinsurance in respect of the Aircraft other than that which is required under the Lease unless relating solely to hull total loss, business interruption, profit commission and deductible risk;

(c) commence renewal procedures at least 30 days prior to expiry of any of the Insurances and provide to Lessor:

(i) if requested by Lessor, a written status report of renewal negotiation 14 days prior to each expiry date;

(ii) fax confirmation of completion of renewal prior to each policy expiry date;

(iii) certificates of insurance (and where appropriate certificates of reinsurance), and broker's (and any reinsurance broker's) letter of undertaking in a form reasonably acceptable to Lessor in

English, detailing the coverage and confirming the insurers ' (and any reinsurers ') agreement to the specified insurance requirements of the Lease within seven days after each renewal date;

(d) upon reasonable request of Lessor, provide copies of documents or other

information evidencing the Insurances; and

(e) provide any other insurance and reinsurance related information, or assistance, in respect of the Insurances as Lessor may reasonably require.

9.4 Failure to Insure

If Lessee fails to maintain the Insurances in compliance with the Lease, each of the Indemnitees will be entitled but not bound (without prejudice to any other rights of Lessor under the Lease):

(a). to pay the premiums due or to effect and maintain insurances satisfactory to it or otherwise remedy Lessee ' s failure in such manner (including to effect and

maintain an " owner ' s interest " policy) as it considers appropriate. Any sums so expended by it will become immediately due and payable by Lessee to Lessor together with interest thereon at the Interest Rate, from the date of expenditure by it up to the date of reimbursement by Lessee; and

(b) at any time while such failure is continuing to require the Aircraft to remain at any airport or to proceed to and remain at any airport designated by it until the failure is remedied to its satisfaction.

9.5 Continuing Indemnity

Lessee shall effect and maintain insurance after the Expiry Date with respect to its liability under Clause 10 (Indemnity) for such period as Lessor may reasonably require (but in any event not more than two years), and such insurance shall name each Indemnatee as an additional insured.

AerCap Aeroflot Lease Common Terms Agreement, Schedule 7 (Insurance Requirements):

SCHEDULE 7

INSURANCE REQUIREMENTS

1.1 Types of Insurance

The Insurances required to be maintained are as follows:

(a) Hull All Risks of loss or damage whilst flying and on the ground with respect to the Aircraft on an agreed value basis for the Agreed Value and with a deductible not exceeding the Deductible Amount, or such other amount agreed by Lessor from time to time;

(b) Hull War and Allied Perils, being such risks excluded from the Hull All Risks Policy in line with prudent industry practice as provided by the leading international insurance markets for comparable operators with the same or similar size fleet as Lessee and operating similar

aircraft in similar circumstances and including confiscation and requisition by the State of Registry (other than if Bermudan) for the Agreed Value;

(c) All Risks (including War and Allied Risk except when on the ground or in transit other than by air) property insurance on all Engines and Parts when not installed on the Aircraft on an “ agreed value ” basis for their full replacement value and including engine test and running risks;

(d) Aircraft Third Party, Property Damage, Passenger, Baggage, Cargo and Mail and Airline General Third Party (including Products) Legal Liability for a combined single limit (bodily injury/property damage) of an amount not less than the Minimum Liability Coverage for the time being for any one occurrence (but in respect of products and personal injury liability, this limit may be an aggregate limit for any and all losses occurring during the currency of the policy). The scope of coverage in respect of War and Allied Risks in relation to third party non-passenger or other non-third party loss shall be obtained to the fullest extent available in the leading international insurance markets and the level of coverage shall be for an amount not less than the Minimum Liability Coverage for each category of loss.

1.2 Terms of Hull and Spares Insurance

All required hull and spares insurance, so far as it relates to the Aircraft, will:

(a) Additional Insureds: name Lessor and Owner and their respective successors and assigns as additional insureds for their respective rights and interests;

(b) Settlement of Losses: provide that any loss will be settled jointly with Lessor and Lessee, and will be payable in Dollars to Lessor, for the account of all interests, except where Lessor has not notified the insurers to the contrary, in which case the loss will be settled with and paid to Lessee;

(c) 50/50 Provision: if separate Hull “ all risks ” and “ war risks ” insurances are arranged, include a 50/50 provision in accordance with market practice (AVS. 103 is the current London market language);

(d) No Option to Replace: confirm that the insurers are not entitled to replace the Aircraft in the event of an insured Event of Loss.

1.3 Terms of Liability Insurance

All required liability insurances will:

(a) Additional Insureds: include each Indemnatee, as additional insureds for its respective rights and interests, warranted, each as to itself only, no operational interest;

(b) Severability: include a severability of interests Clause which provides that the insurance, except for the limit of liability, will operate to give each insured the same protection as if there was a separate policy issued to each insured;

(c) Primary Policy: contain a provision confirming that the policy is primary without right of contribution and the liability of the insurers will not be affected by any other insurance of which Lessor, each Indemnatee or Lessee have the benefit so as to reduce the amount payable to the additional insureds under such policies.

1.4 Terms of All Insurances

All Insurances will:

(a) Dollars: provide cover denominated in Dollars and any other currencies that Lessor may reasonably require in relation to liability insurance;

(b) Worldwide: operate on a worldwide basis subject to such limitations and exclusions as Lessor may agree;

(c) Breach of Warranty: provide that, in relation to the interests of each of the additional assureds, the Insurances will not be invalidated by any act or omission by Lessee, or any other person other than the respective additional assureds seeking protection (provided that such assured has not caused, contributed to or knowingly condoned such act or omission) and shall insure the interests of each of the additional assureds regardless of any breach or violation by Lessee, or any other person other than the respective additional assured seeking protection of any warranty, declaration or condition, contained in such Insurances (provided that such assured has not caused, contributed to or knowingly condoned such act or omission);

(d) Subrogation: provide that the insurers will hold harmless and waive any rights of recourse or subrogation against the additional insureds. Upon indemnification of an additional insured under Insurances, the insurers may, with the consent of such additional insured (such consent not to be unreasonably withheld) exercise subrogation rights;

(e) Premiums: provide that the additional insureds will have no obligation or responsibility for the payment of any premiums due (but reserve the right to pay the same should any of them elect so to do) and that the insurers will not exercise any right of set-off or counter-claim in respect of any premium due against the respective interests of the additional insureds other than outstanding premiums relating to the Aircraft, any Engine or Part the subject of the relevant claim;

(f) Cancellation/Change: provide that the Insurances will continue unaltered for the benefit of the additional insureds for at least 30 days after written notice by registered mail or receipted fax transmission of any cancellation, change, event of non-payment of premium or instalment thereof has been sent by insurer(s) to Lessor, or where an insurance broker is appointed to the insurance broker who shall promptly send on such notice to Lessor, except in the case of war risks for which 7 days (or such lesser period as is or may be customarily available in respect of war risks or allied perils) will be given, or in the case of war between the 5 great powers or nuclear peril for which termination is automatic;

(g) Reinsurance: if reinsurance is required by Lessor under the Lease such reinsurance will:

(i) be on the same terms as the original insurances and will include the provisions of this Schedule;

(ii) provide that notwithstanding any bankruptcy, insolvency, liquidation, dissolution or similar proceedings of or affecting the reinsured that the reinsurers' liability will be to make such payments as would have fallen due under the relevant policy of reinsurance if the reinsured had (immediately before such bankruptcy, insolvency, liquidation, dissolution or similar proceedings) discharged its obligations in full under the original insurance policies in respect of which the then relevant policy of reinsurance has been effected; and

(iii), contain a "cut-through" Clause in the following form (or otherwise satisfactory to Lessor):

“ The Reinsurers and the Reinsured hereby mutually agree that in the event of any claim arising under the reinsurances in respect of a total loss or other claim where as provided by the Aircraft Specific Lease Agreement dated [] 20[] and made between [Lessor] and [Lessee] such claim is to be paid to the person named as sole loss payee under the primary insurances, the Reinsurers will in lieu of payment to the Reinsured, its successors in interest and assigns pay to the person named as sole loss payee under the primary insurances effected by the Reinsured that portion of any loss due for which the Reinsurers would otherwise be liable to pay the Reinsured (subject to proof of loss), it being understood and agreed that any such payment by the Reinsurers will (to the extent of such payment) fully discharge and release the Reinsurers from any and all further liability in connection therewith ”; subject to such provisions not contravening any Law of the State of Incorporation; and

(h) Initiating Claims: contain a provision entitling any Indemnitee to initiate a claim under any policy in the event of the refusal or failure of Lessee to do so; and

(i) Indemnities: accept and insure the indemnity provisions of the Lease to the extent of the risks covered by the policies.

1.5 Deductibles

Lessee shall be responsible for any and all deductibles under the Insurances.

1.6 Application of Insurance Proceeds

The Insurances will be endorsed to provide for payment of proceeds as follows:

(a) Event of Loss: all insurance payments received as the result of an Event of Loss occurring during the Term will be paid to Lessor, and Lessor will pay the balance of those amounts to Lessee after deduction of all amounts which are payable by Lessee to Lessor under the Lease (including under Clause 1 1.1(b));

(b) Exceeding Damage Notification Threshold: all insurance proceeds of any property, damage or loss to the Aircraft, any Engine or any Part occurring during the Term not constituting an Event of Loss and in excess of the Damage Notification Threshold will be paid to such party as may be necessary to repair or replace the Aircraft any Engine in any Part provided such repair or replacement is in accordance with the terms of the Lease or to reimburse Lessor and/or Lessee for any payments so made;

(c) Below Damage Notification Threshold: insurance proceeds in amounts below the Damage Notification Threshold may be paid by the insurer directly to Lessee;

(d) Liability Proceeds: all insurance proceeds in respect of third party liability will, except to the extent paid by the insurers to the relevant third party, be paid to Lessor to be paid directly in satisfaction of the relevant liability or to Lessee in reimbursement of any payment so made; and

(e) Event of Default: if at the time of the payment of any such insurance proceeds an Event of Default of the type described in paragraphs (a) of Schedule 9 has occurred and is continuing, all proceeds received by Lessor will be retained by Lessor to be applied toward payment of any amounts which may be or become payable by Lessee in such order as Lessor may elect.

To the extent that insurance proceeds are paid to Lessee or Lessor, each of Lessee and Lessor agrees to comply with the foregoing provisions and apply or pay over such proceeds as so required, holding them in trust in the meantime.