

## DAE RELEVANT POLICY TERMS

### DAE HULL AND SPARES POLICY (POLICY NO AVXLN2100127)

#### RISK DETAILS 'INTEREST' CLAUSE:

To Cover;

#### HULLS AND SPARES

1.
  - a) Aircraft Hulls against all risks of physical loss or damage whilst in the Insured's care, custody or control or for which the Insured is responsible (including whilst in the course of repossession) whilst on the ground, taxiing or in flight
  - b) Spares (meaning spare parts and/or engines and/or equipment designed to be fitted to or to form part of an aircraft and/or to be used in connection with the servicing, maintenance or repair of aircraft and flight spares kits including whilst attached to the aircraft), being the property of the Insured or the property of others for which the Insured has agreed to be responsible, including whilst in the care custody or control of a Third Party and including such spares no longer the subject of a lease agreement and/or whilst in the course of repossession and/or under transit by any means.
2. Contingent Aircraft Hulls and Contingent Spares against all risks of physical loss or damage in respect of aircraft and/or Spares leased to others by the Insured as per schedule held on file by the Insured. To pay as a result of the inability of the Insured to recover from insurance (including deductible insurance) required by the Insured to be effected by the lessee or operator including where such inability is due to cancellation or non-renewal of the insurance required to be effected by the Lessee or operator.

Coverage also applies to Engines in which the Insured has a financial interest whilst attached to an aircraft in which the Insured does not have a financial interest.

Cover is provided until the insured repossesses the aircraft or spares or until its interest in the aircraft or spares ceases or until expiry whichever first occurs.

Cover shall also cease for any aircraft or spares when, with the knowledge and consent of the insured, cover has been deleted from the Principal Policy.

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#### A. Hulls Interest 1 and 2:

Maximum Agreed Value: USD210,000,000 any one aircraft.

#### B. Spares Interest 1:

USD 50,000,000 any one location or any one transit.

#### Spares Interest 2:

Maximum Agreed Value USD 50,000,000 any one occurrence.

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**SITUATION** Worldwide

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Agree include Repossession Expenses (per Repossession Expenses Endorsement LSW 611 09/93 endorsement amended as expiry) for a Sum Insured of up to USD 1,000,000 any one aircraft or engine and USD 2,000,000 in the aggregate. ...

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## SECTION ONE CLAUSE 1.1:

### 1. **AIRCRAFT HULL ALL RISKS**

#### 1.1. **COVER**

To pay for the physical loss of or damage howsoever sustained (save as excluded) occurring during the Period of Insurance to Aircraft in the care, custody or control of the Insured or for which they are responsible (including whilst in the course of repossession).

This Section does not apply to flight spares kits as insured under Section Two.

## SECTION ONE CLAUSE 1.3:

### 1.3. **LOSS OF AIRCRAFT: AGREED VALUE**

In the event of the total loss, constructive total loss or arranged total loss of an Aircraft the Insurers shall pay the Agreed Value of the Aircraft.

The Insured may declare a loss as a constructive total loss and the Insurers shall pay the Agreed Value of the Aircraft in the event that the cost of repair is estimated at 75% (seventy five per cent) or more of the Agreed Value of the Aircraft concerned.

Nothing herein contained shall be deemed to prevent the declaration of an arranged total loss by agreement between the Insurers and the Insured in the event that the cost of repair be estimated at less than 75% (seventy five per cent) of the Agreed Value.

## SECTION FIVE CLAUSE 5.1:

### 5. **CONTINGENT HULL AND SPARES ALL RISKS**

#### 5.1. **COVER**

To pay for the physical loss of or damage howsoever sustained (save as excluded) occurring during the Period of Insurance to Aircraft and/or Spares leased to others by the Insured (as held on file by the Insured).

Notwithstanding Exclusions 6.2.1. and 6.2.3. of this Insurance cover is provided by this Section 5.1. to engines in which the Insured has a financial interest whilst attached to an aircraft in which the Insured does not have a financial interest.

## SECTION FIVE CONDITIONS 5.2.1 AND 5.2.2:

### 5.2. **CONDITIONS APPLICABLE TO THIS SECTION ONLY**

5.2.1. The Insurers will pay under this Section as a result of the Insured not being paid in whole or part under the Principal Policy including where due to cancellation or non-renewal of the Principal Policy.

- 5.2.2. This Section Five provides cover until the Insured repossesses the Aircraft or Spares or until its interest in the Aircraft or Spares ceases, or until expiry of the Period of Insurance, whichever first occurs. Coverage under this Section for any Aircraft and/or Spares shall also cease when such Aircraft and/or Spares attach for coverage under Section One / Two (as applicable) hereof.

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## SECTION FIVE EXCLUSIONS 5.3.1 AND 5.3.2:

### 5.3. **EXCLUSIONS APPLICABLE TO THIS SECTION ONLY**

The Insurers will not pay for loss or damage which is:-

- 5.3.1. recoverable as a claim under the Principal Policy; or
- 5.3.2. not recoverable (in whole or in part) under the Principal Policy by reason of the insolvency of an insurer or insurers unless the lessee was insured by such an insurer in order to comply with applicable law.

## SECTION FIVE CLAUSE 5.4:

### 5.4. **LOSS OF AIRCRAFT: AGREED VALUE**

In the event of the total loss, constructive total loss or arranged total loss of an Aircraft the Insurers will pay the Agreed Value of the Aircraft.

The Insured may declare a loss as a constructive total loss and the Insurers shall pay the Agreed Value of the Aircraft in the event that the cost of repair is estimated at 75% (seventy five per cent) or more of the Agreed Value of the Aircraft concerned.

## SECTION SEVEN CLAUSE 7.2.2:

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The Insurers will pay for:-

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- 7.2.2. salvage charges and expenses incurred by or on behalf of the Insured for the safety, preservation or recovery of an Aircraft and/or, as applicable, Spares.

## SECTION SEVEN CLAUSE 7.3:

### 7.3. **SALVAGE/ NO ABANDONMENT**

In the event that the Insurers pay for a total loss, constructive total loss or arranged total loss of an Aircraft or Spares the Insurers may elect to take the Aircraft or (as applicable) the Spares (together with all documents of record, registration and title thereto) as salvage.

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

## SECTION TEN CLAUSE 10.2 (EXCLUSIONS):

**10.2. WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION) AVN 48B**

10.2.1. This Insurance does not cover claims caused by

- 10.2.1.1. 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.
- 10.2.1.2. 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.
- 10.2.1.3. Strikes, riots, civil commotions or labour disturbances.
- 10.2.1.4. 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.
- 10.2.1.5. Any malicious act or act of sabotage.
- 10.2.1.6. 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.
- 10.2.1.7. Hi-jacking or any unlawful seizure or wrongful exercise of control of the aircraft or crew in Flight (including any attempt at such seizure or control) made by any person or persons on board the aircraft acting without the consent of the Insured.

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**SECTION ELEVEN GENERAL PROVISION AND CONDITION 11.2:**

**11.2. OTHER INSURANCE**

This Insurance does not cover any loss, damage or liability which, at the time of the happening of the event giving rise thereto, is insured by or would, but for the existence of this Insurance, be insured by any other policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this insurance not been effected.

**SECTION ELEVEN GENERAL PROVISIONS AND CONDITIONS 11.6.1, 11.6.2, 11.6.3, AND 11.6.5:**

**11.6. ADDITIONS, DELETIONS, AMENDMENTS OF AIRCRAFT**

- 11.6.1. This insurance automatically extends to include additions or deletions of Aircraft of any type and including amendments of Agreed Values and/or Total Loss Only Amounts during the Period of Insurance provided always that in respect of additions or amendments of Agreed Values and/or Total Loss Only Amounts the maximum values specified in Section Thirteen are not exceeded,
- 11.6.2. The Insured may transfer Aircraft between various Sections of this Insurance as required.

11.6.3. The Insured shall notify the Insurers of all such additions, deletions, amendments and transfers made under paragraphs 11.6.1. and 11.6.2. as soon as practicable after the expiration of the Period of Insurance.

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11.6.5. Premium adjustment in respect of the foregoing shall be made as soon as practicable after the expiration of the Period of Insurance in accordance with the terms of this Insurance.

## SECTION ELEVEN GENERAL PROVISIONS AND CONDITION 11.8:

### **11.8. DUE DILIGENCE**

The Insured shall use due diligence and concur in doing everything reasonably practicable to avoid or diminish any loss hereon, but shall not make any admission of liability or payment or offer or promise of payment without the written consent of the Insurers.

## SECTION ELEVEN GENERAL PROVISIONS AND CONDITIONS 11.11.2.1 AND 11.11.2.2:

11.11.2. In respect of Sections Five and Eight

11.11.2.1. Upon the Insured becoming aware of the happening of an event likely to give rise to a claim on the Principal Policy the Insured shall as soon as reasonably possible give notice to the Insurers at the address set out in Section Thirteen containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances of the event. Thereafter, subject to paragraph 11.11.2.2. further notice of developments shall not be required unless the Insured declares that it is or is unlikely to be defended by or is unable to be paid amounts due under the Principal Policy.

11.11.2.2. If a claim is made or legal proceedings are brought against the Insured then, in addition to compliance with the requirements of the Principal Policy, the Insured shall immediately copy to the Insurers every demand, notice, summons or other process received by them or their representatives.

## SECTION TWELVE DEFINITION 12.9:

### **12.9. PRINCIPAL POLICY**

"Principal Policy" means any one or more policies of insurance (including deductible policies) required to be effected by any aircraft operator pursuant to agreements with the Insured.

## SECTION THIRTEEN CLAUSE 13.4:

### **13.4. ADDRESS FOR NOTICES:**

All notices required to be sent in accordance with the terms and conditions of this Insurance shall be sent to the Insured and to the Insurers by sending to;

Aon Belgium BV (UK Branch)  
The Aon Centre  
The Leadenhall Building  
122 Leadenhall Street,  
London, EC3V 4AN

## ENDORSEMENT 2:

### **ENDORSEMENT TWO**

#### **REPOSSESSION EXPENSES**

1. In consideration of the premium charged for this Insurance, the Insurers agree to indemnify the Insured up to a limit of USD1,000,000 in respect of any one Aircraft or Engine and USD2,000,000 in the aggregate in respect of expenses incurred in connection with the repossession or attempted repossession of an Aircraft or Engines in exercise of rights vested in the Insured under the terms of a lease agreement.
2. Expenses shall mean:-
  - (a) The cost of engaging and positioning the statutory minimum flight crew and technical engineers for the purposes of the flight.
  - (b) The cost of fuel, lubricants and hydraulics necessarily incurred for the purposes of the flight.
  - (c) All airport dues and air navigation charges incurred during the course of the flight but excluding any fees incurred subsequent to landing at destination airport.
  - (d) With respect to Engines, all transportation costs incurred in connection with Engine delivery to the Insured's base and any applicable import taxes.
3. For the purposes of this Endorsement flight shall mean all flying (including test flying), taxiing, hangarage or parking necessary for the return of the Aircraft from the airport at which repossession takes place, to the airport stipulated in the lease agreement for return of the Aircraft on expiry of the lease (destination airport).
4. This Endorsement only applies to Aircraft or Engines on which a right of repossession is established during the period of this Insurance and which is advised to the Insurers within 30 days of being established.
5. In the event of any payment under this Endorsement, the Insured shall diligently pursue any rights of recovery against the Operator, and any proceeds received will be due to the Insurers, provided always that the Insurers shall not be entitled to benefit in any general recoveries obtained by the Insured unless and until the Insured's own losses have been made good.

Subject to all the applicable terms, conditions and exclusions of the Insurance except as specifically varied or provided by this Endorsement.

### **DAE Hull War Policy (Policy No AVXLN2100130)**

#### **RISK DETAILS 'INTEREST' CLAUSE:**

To Cover;

HULLS AND SPARES

1. Aircraft Hulls and Spares War Risks against loss or damage whilst in the Insured's care, custody or control or for which the Insured is responsible whilst on the ground, taxiing or in flight.
2. Contingent Aircraft Hulls and Contingent Spares War Risks against loss or damage in respect of aircraft and/or Spares leased to others by the Insured as per schedule held on file by the Insured. To pay as a result of the inability of the Insured to recover from insurance (including deductible insurance) required by the Insured to be effected by the lessee or operator including where such inability is due to cancellation or non-renewal of the insurance required to be effected by the Lessee or operator and exhaustion of any aggregate limit.

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#### RISK DETAILS 'CONDITIONS' CLAUSE:

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In respect of War Risks and Contingent War Risks this Policy subject to (a) 7 days notice by Insurers to review rates and/or Geographical Limits subject any cancellation shall only apply to the aircraft the subject of the notice (b) 7 days notice to cancel at quarter dates by either side ...

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#### THE SCHEDULE (WHICH PROVIDES FOR WHAT AIRCRAFT ARE INSURED):

Aircraft and/or Spares hereby insured:

- (i) Aircraft in the care, custody or control of the Insured or for which they are responsible (including whilst in the course of repossession) and spares for which the Insured is responsible (including whilst in the course of repossession) or which is in the care, custody or control of the Insured or in the care, custody and control of a third party (hereinafter referred to as "possessed aircraft and/or spares");
- (ii) aircraft and/or spares leased to others by the Insured (hereinafter referred to as "contingent aircraft and/or spares")

as held on file by Aon Belgium BV (UK Branch).

#### SECTION ONE:

##### SECTION ONE: LOSS OF OR DAMAGE TO AIRCRAFT AND/OR SPARES

Subject to the terms, conditions and limitations set out below, this Policy covers loss of or damage to aircraft and/or spares as defined in the Schedule and held on file by Aon Belgium BV (UK Branch) against claims excluded from the Insured's Hull and Spares "All Risks", Contingent Hull and Spares "All Risks" and Total Loss Only Insurance (hereinafter referred to as the Insured's Hull and Spares "All Risks" Policy) as 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) Strikes, riots, civil commotions or labour disturbances.

- (c) 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.
- (d) Any malicious act or act of sabotage.
- (e) 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.
- (f) Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured. For the purpose of this paragraph (f) only, an aircraft is considered to be in flight at any time from the moment when all its external doors are closed following embarkation until the moment when any such door is opened for disembarkation or when the aircraft is in motion. A rotor-wing aircraft shall be deemed to be in flight when the rotors are in motion as a result of engine power, the momentum generated therefrom, or autorotation.

Furthermore this Policy covers claims excluded from the Hull and Spares “All Risks” Policy from occurrences whilst the Aircraft is outside the control of the Insured and/or operator by reason of any of the above perils. The Aircraft shall be deemed to have been restored to the control of the Insured and/or operator on the safe return of the Aircraft to the Insured at an airfield not excluded by the geographical limits of this Policy, and entirely suitable for the operation of the Aircraft (such safe return shall require that the Aircraft be parked with engines shut down and under no duress).

However, as regards spares (other than flight spares kits whilst attached to aircraft) the coverage provided by paragraph (a) applies only whilst they are in transit by air or sea subject to the attached Duration Transit Clause 823AON00228.

## SECTION TWO CLAUSE 1:

- 1. This Policy will also indemnify the Insured subject to the terms, conditions, exclusions and limitations set out below, and up to the limit stated in the Schedule, for 90% of any payment properly made in respect of:
  - (a) threats against any Aircraft stated in the Schedule or its passengers or crew made during the currency of this Policy.
  - (b) extra expenses necessarily incurred following confiscation, etcetera (as Section One clause (e)) or hi-jacking, etcetera (as Section One clause (f)) of any Aircraft stated in the Schedule.

## SECTION THREE CLAUSE (I):

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In respect of contingent aircraft and/or spares only:

- (i) Coverage shall exclude loss, damage or expense not recoverable (in whole or in part) as a claim from the Principal Policy by reason of the insolvency of an insurer or insurers, but this exclusion will not apply where the lessee and/ or operator were insured by such an Insurer to comply with applicable law.

## SECTION FOUR CONDITIONS 1 AND 3:



## SECTION FOUR

### CONDITIONS APPLICABLE IN RESPECT OF CONTINGENT AIRCRAFT AND/OR SPARES COVERAGE ONLY

1. The Insurers will only pay as a result of the inability of the Insured to recover from the Principal Policy including where such inability is due to cancellation or non-renewal of the Principal Policy. This paragraph does not apply to the coverage provided under paragraph 1. of Extensions of Coverage.

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3. Coverage will apply until the Insured repossesses the aircraft or spares or until their interest ceases, or until expiry of this Insurance, whichever first occurs. Coverage provided shall cease once the aircraft and/or spares have been deleted from the Principal Policy, provided that such deletion is with the knowledge and consent of the Insured.

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## SECTION FIVE GENERAL CONDITION 1:

### SECTION FIVE: GENERAL CONDITIONS

1. This Policy is subject to the same warranties, terms and conditions (except as regards the premium, the obligations to investigate and defend, the renewal agreement (if any), the amount of deductible or self-insurance provision where applicable AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or may be added to the Insured's Hull "All Risks" Policy.

## SECTION SIX CLAUSE 1(A):

Amendment	of	1. (a) Underwriters may give notice, effective on the expiry of 7 days from
Terms	or	midnight G.M.T. on the day on which notice is issued, to review the rate of
Cancellation		premium and/or the geographical limits. In the event of the review of the rate of
		premium and/or geographical limits not being accepted by the Insured then at the
		expiry of the said 7 days, this Policy shall become cancelled at that date. It being
		understood and agreed that such cancellation shall only apply to the aircraft the
		subject of the notice.

## EXTENSIONS OF COVER CLAUSES 4 AND 8:

4. In respect of coverage provided for contingent aircraft and/or spares the following shall apply:

This Insurance shall also apply to loss or damage to the Insured's aircraft, spares or equipment leased to others which loss or damage occurs prior to the return of the aircraft, spares or equipment to the Insured and which would have been covered under the insurance required by the Insured to be effected by the lessee and/or operator of the aircraft (hereinafter called "the Principal Policy") but for the following exclusion:-

"This Insurance excludes loss, damage or expense caused by any debt, failure to provide bond or security or any other financial cause under court order or otherwise."

Nevertheless this section shall not apply to other loss, damage or expense caused by any debt, failure to provide bond or security or any other financial cause under court order or otherwise attributable to the Insured.

8. AGGREGATE EXHAUSTION CLAUSE

This Insurance will extend to include the contingent financial interest of the Insured in respect of claims arising where the aggregate limit available under the Principal Policy has/have been partially or totally exhausted. This Insurance will pay the difference between the aggregated limits available under the Principal Policy and a total of USD750,000,000 being within the overall Insurance aggregate hereon of USD750,000,000 and not in addition thereto.

EXTENSIONS OF COVER CLAUSES 10 AND 11:

10. Additions and deletions and amendments in agreed values and total loss amounts of aircraft not exceeding maximum agreed value hereon and transfers between various Interests are automatically covered hereon. Such changes are to be advised to Insurers as soon as practicable after expiry with premium adjustment at expiry subject to Policy terms.
11. Inadvertent errors, omissions or failure to give notice to Insurers as herein required shall not relieve the Insurers of Liability under this Policy provided that any such error, omission or failure shall be corrected as soon as discovered.

EXCERPT FROM ENDORSEMENT 1:

**TECHNICAL RECORDS**

The Insurers agree to pay costs and expenses (as described below) arising from loss of or damage to the Technical Records of aircraft, aircraft engines, spares and equipment, as insured elsewhere in this Insurance

- (i) whilst they are in the care, custody or control of the Insured or their agents, notwithstanding that the aircraft, aircraft engines, equipment or spares do not suffer any such loss;
- (ii) which is discovered when they are returned on expiry or termination of a lease agreement,
- (iii) which is discovered when they are repossessed (or in the course of repossession from a lease agreement)...

EXCERPT FROM ENDORSEMENT 1:

**REPOSSESSION EXPENSES**

1. In consideration of the premium charged for this Insurance, the Insurers agree to indemnify the Insured up to a limit of USD1,000,000 in respect of any one aircraft and in the aggregate in respect of expenses incurred in connection with the repossession or attempted repossession of an aircraft in exercise of rights vested in the Insured under the terms of a lease agreement.
2. Expenses shall mean:-
  - (a) The cost of engaging and positioning the statutory minimum flight crew and technical engineers for the purposes of the flight.
  - (b) The cost of fuel, lubricants and hydraulics necessarily incurred for the purposes of the flight.

- (c) All airport dues and air navigation charges incurred during the course of the flight but excluding any fees incurred subsequent to landing at destination airport.
- 3. For the purposes of this Endorsement flight shall mean all flying (including test flying), taxiing, hangarage or parking necessary for the return of the aircraft from the airport at which repossession takes place, to the airport stipulated in the lease agreement for return of the aircraft on expiry of the lease (destination airport).
- 4. This Endorsement only applies to aircraft on which a right of repossession is established during the period of this Insurance and which is advised to the Insurers within 14 days of being established.
- 5. In the event of any payment under this Endorsement, the Insured shall diligently pursue any rights of recovery against the Operator, and any proceeds received will be due to the Insurers, provided always that the Insurers shall not be entitled to benefit in any general recoveries obtained by the Insured unless and until the Insured's own losses have been made good.

Subject to all the applicable terms, conditions and exclusions of the Insurance except as specifically varied or provided by this Endorsement.

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Subject otherwise to Policy terms, conditions, limitations and exclusions.