

## **MERX POLICY (POLICY NO AVXLN2100104)**

### **RISK DETAILS 'PERIOD' CLAUSE:**

From 1<sup>st</sup> August 2021 to 1<sup>st</sup> August 2022 both days at 00.01 hours Local Standard Time at the Address of the Insured.

### **RISK DETAILS 'SUM INSURED' CLAUSE:**

#### Section One:

Maximum USD150,000,000 any one aircraft

1.1 (C) Hull Total Loss Interest 3 Maximum Sum Insured USD10,000,000 any one aircraft and in the annual aggregate

#### Section Two:

Maximum USD30,000,000 any one occurrence

#### Section Three:

Combined Single Limit in respect of Bodily Injury and Property

Damage of USD900,000,000 any one aircraft/occurrence and in the aggregate for products liability

But USD750,000,000 any one aircraft/occurrence in respect of hybrid/narrow body aircraft

Coverage afforded under AVN52E is subject to a sub-limit of USD250,000,000 any one occurrence and in the aggregate (being within the full policy limit and not in addition thereto), but this sub-limit is not applicable to the Insured's liability to passengers, all as more fully set forth in AVN52E (amended as per wording)

Under Section Three 3.1. (a) and 3.1. (c), the coverage provided hereunder may respond in addition to or excess of the Operators policy, it being the intention that the coverage provided hereunder protects the named Insured only.

When the insurance indemnifies the Insured in addition to or in excess of the Operators policy then the overall maximum limit shall be the sum of the maximum limits of the Operator 's policy and this limit combined, it being the intention that the coverage provided hereunder protects the Insured only.

Subject always to the insurance limit hereunder.

Notwithstanding the above, the maximum claim payable in respect of the sub-limit under any Extended Coverage Endorsement (Aviation Liabilities) in respect of the Operators policy and this insurance combined shall in no event exceed USD250,000,000 any one occurrence and in the aggregate.

Aviation Hull, Spares and/or Equipment War and Other Perils Endorsement

Extortion and Hi-Jack Expenses: 90% of USD5,000,000 any one loss and in all (warranted remaining 10% uninsured)

Aggregate Limit in respect of Aircraft Hull War and Other Perils: USD300,000,000

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

#### Section One – Hulls

1.1. (a) Contingent Hull – All risks of physical loss or damage to aircraft in which the Insured has a financial interest as per Schedule which are not in the care, custody or control of the Insured or their agents – INSURED

1.1 (b) Possessed Hull – All risks of physical loss or damage to aircraft in which the Insured has a financial interest as per Schedule being aircraft that are (i) awaiting commencement of a Lease Agreement, or (ii) returned on expiry/termination of a Lease Agreement, or (iii) repossessed (or in course of repossession) from a Lease Agreement or (iv) which are in the care, custody or control of the Insured or their agents - INSURED

## **RISK DETAILS CONDITIONS:**

**CONDITIONS:** Aon Contingent and Possessed Wording 2016.

War, Hi-Jacking and Other Perils Exclusion Clause, Noise and Pollution and Other Perils Exclusion Clause, Nuclear Risks Exclusion Clause, Asbestos Exclusion Clause, Contracts (Rights of Third Parties) Act 1999 Exclusion Clause, Date Recognition Exclusion Clause (with applicable write-backs) as per Wording.

**HULL ALL RISKS DEDUCTIBLE:**

Section One 1.1 (a): Nil...

## **SECTION ONE CLAUSE 1.1:**

### **SECTION ONE**

#### **HULL ALL RISKS INSURANCE**

##### **1.1. Cover**

This Section One covers:

- (a) Contingent Hull, being Aircraft not in the care, custody or control of the Insured or their agents,
- (b) Possessed Hull, being Aircraft;
  - i) awaiting commencement of a Lease Agreement or
  - ii) returned on expiry/termination of a Lease Agreement or
  - iii) repossessed (or in the course of repossession) from a Lease Agreement or
  - iv) which are in the care, custody or control of the Insured or their agents

in which the Insured has a financial interest (as per the Schedule of Aircraft herein) against all risks of physical loss or damage howsoever occasioned, sustained during the Insurance period, except as hereinafter excluded.

The coverage afforded by paragraph 1.1. (a) of this Section One 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 against all risks of physical loss or damage howsoever occasioned, sustained during the Insurance period, except as hereinafter excluded.

## **SECTION ONE CLAUSE 1.4:**

##### **1.4. Total Loss**

- a) In the event of a claim adjustable on the basis of a total loss of the Aircraft the Insurers will pay the Insured Proportion of the Agreed Value of the Aircraft at the date of loss as set forth in the Schedule. Insurers may elect to take the Aircraft (together with all documents of record, registration and title thereto) as salvage. Where such payment represents a partial interest then Insurers shall be entitled to negotiate their salvage rights with any other party at interest.
- b) A total loss may be declared under this Insurance, at the option of the Insured, in the event that the cost of repair of the damage together with the cost of salvage and/or transport from the place of the accident to the place of repair and return to service of the Aircraft equals 75% or more of the agreed value of the Aircraft.

Nothing contained herein shall be deemed to prevent the declaration of a total loss by mutual agreement between the Insurers and the Insured in the event that the cost of repairs together with the cost of salvage and/or transport from the place of accident to the place of repair and return to service of the Aircraft is less than 75% of the agreed value of the Aircraft.

## SECTION ONE CLAUSE 1.7:

### **1.7. No Abandonment**

In the event of loss or damage the Insured may not abandon the damaged Aircraft to the Insurers.

## SECTION ONE CLAUSE 1.8:

### **1.8 Disappearance**

If any Aircraft is missing and not reported for a period of 48 hours subsequent to take off then in the absence of any evidence that the loss arose out of perils excluded by the War, Hijacking and Other Perils Exclusion Clause AVN48B the Aircraft shall be deemed to be a total loss due to a peril covered by this Section.

## SECTION ONE CLAUSE 1.9:

### **1.9. Total Loss Only**

In the event that any Aircraft in which the Insured has a financial interest is declared and settled as a total loss, arranged total loss, constructive total loss or compromised total loss the Insurers will in addition to the financial interest referenced in paragraph 1.1. of this Section One pay any Total Loss Only Amount stated in the Schedule of Aircraft herein. The Insurers shall have no rights of salvage in respect of any amounts payable under this clause.

## SECTION FOUR DEFINITION 4.5:

### **4.5. Insured**

Means the Insured specified in the Schedule hereto and any board member, director, officer or employee whilst acting within the scope of his duties on behalf of said Insured and if so requested by the Insured at the time of any claim covered by Section Three of this Insurance, any agent directly or indirectly acting on behalf of the Insured within the authority delegated to them by the Insured and any person or organization who is required to be included as an Insured under the terms of a contract or agreement but only to the extent and for the purposes specified in such contract or agreement and provided such contract or agreement has been previously agreed by Insurers.

In no event shall the term Insured include any operator of the Aircraft; or any manufacturer, maintenance, repair or overhaul organization, or supplier of aircraft equipment and spares.

## SECTION FOUR DEFINITION 4.9:

### 4.9. Principal Policy

Means the policy or policies required to be effected by the operator pursuant to the provisions of the Lease Agreement (inclusive of policies such as hull deductible policies as may be necessary to meet the lease requirements).

## SECTION FIVE GENERAL EXCLUSION 5.1:

### SECTION FIVE

#### GENERAL EXCLUSIONS

### 5.1. WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE AVN48B (AMENDED)

This Insurance 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 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 consent of the Insured/operator.

Furthermore this Insurance does not cover claims arising whilst the Aircraft is outside the control of the Insured/operator by reason of any of the above perils. The Aircraft shall be deemed to have been restored to the control of the Insured/operator on the safe return of the Aircraft to the Insured/operator at an airfield not excluded by the geographical limits of this Insurance 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).

## SECTION FIVE EXCLUSION 5.5:

### 5.5. Principal Policy

This Insurance does not cover loss or damage which is recoverable as a claim from the Principal Policy.

## SECTION SIX CONDITION 6.2(A):

### 6.2. Claims Procedures

In respect of Sections One 1.1. (a), Two 2.1. (a), Three 3.1. (a) and Three 3.1.(c):

- (a) Upon the Insured becoming aware of the happening of an event likely to give rise to a claim under the Principal Policy, notice containing particulars sufficient to identify the Insured and also reasonably obtainable information in respect of the time, place and circumstances thereof shall be given by or for the Insured to Insurers at the address as set forth in the Schedule as soon as reasonably possible. Thereafter, further notice of developments shall not be required unless the Insured becomes aware or suspects that the Principal Policy may not respond to the claims, or may delay in the settlement of a claim to which Section One or Two of this Insurance applies.

Furthermore in the event that the Insurers of the Principal Policy deny the Insured coverage or fail to investigate, adjust, defend or enter into settlement negotiations in respect of any claim within 180 days after the Insured has submitted a written request thereto and have used their best efforts to obtain same, the Insurers will, subject to the terms, conditions, limitations and exclusions of this Insurance, investigate and defend any such claim.

## SECTION SIX CONDITION 6.5:

### 6.5. Contractual Agreements

In respect of Sections One 1.1. (a), Two 2.1. (a), Three 3.1. (a) and Three 3.1. (c):

It is a condition of this Insurance that any Aircraft to which Section One 1.1. (a) and/or Spares and/or Equipment to which Section Two 2.1. (a) of this Insurance applies, and any Aircraft to which Section Three 3.1. (a) and/or Spares and/or Equipment to which Section Three 3.1. (c) of this Insurance applies, shall be subject to a Lease Agreement the terms of which require the Principal Policy to be endorsed with the Airline Finance/Lease Contract endorsements designated AVN 67B or AVN 67C as appropriate or with comparable endorsement language intended to achieve a similar purpose or with endorsement language notified to and approved by Insurers hereon.

The Insured shall not, unless required under law or contract, knowingly disclose the existence of this Insurance to the operator, and shall in all respects act as though uninsured by this Insurance when negotiating or evaluating a prospective Lease Agreement.

Insofar as provision may be made under various contracts and agreements entered into by the Insured relative to the financing of the Aircraft, Spares or Equipment requiring hold harmless agreements, contractual agreements, waivers of subrogation, breach of warranty provisions, loss payable clauses, additional Insureds and similar agreements it is hereby understood and agreed that such requirements are automatically covered hereunder, provided always:-

- (a) that the other parties to the said contracts and agreements have no involvement in the day to day operation of the Aircraft, Spares or Equipment
- (b) that every endeavour is made to achieve the requirements of the said contracts and agreements on the Principal Policy via appropriate provisions in the Lease Agreement.

It being understood and agreed that nothing contained in this condition shall extend the coverage of this Insurance to risks not otherwise covered hereunder.

In respect of Sections One 1.1. (b), Two 2.1. (b), Three 3.1. (b), Three 3.1. (d), Three 3.1. (e) and Three 3.1. (f):

Hold harmless agreements, contractual agreements, waivers of subrogation, breach of warranty, additional Insureds and similar agreements not involving the financing of Aircraft, Spares or Equipment are automatically covered hereunder, it being understood that nothing contained in this condition shall extend the coverage of this Insurance to risks not otherwise covered hereunder.

## SECTION SIX CONDITION 6.6:

### 6.6. Non-Contribution

This Insurance does not cover claims which are recoverable under any other policy in favour of the Insured except for any excess beyond the amount which would be payable under such other policy had this Insurance not been effected.

## THE AVIATION HULL, SPARES AND/OR EQUIPMENT WAR AND OTHER PERILS ENDORSEMENT SECTION ONE:

### AVIATION HULL, SPARES AND/OR EQUIPMENT WAR AND OTHER PERILS ENDORSEMENT

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

Subject to the terms, conditions and limitations set out below, this Endorsement covers loss of or damage to the Aircraft, Spares and/or Equipment stated in the Schedule against claims excluded under General Exclusion 5.1. of this Insurance 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 and/or operator. 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 Endorsement covers claims excluded from the All Risks Insurance from occurrences whilst the Aircraft, Spares and/or Equipment is/are outside the control of the Insured 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 or operator on the safe return of the Aircraft to the Insured or operator at an airfield not excluded by the geographical limits of this Insurance, 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).

In respect of Spares and/or Equipment, the perils insured by the deletion of clause (a) of General Exclusion 5.1. are insured only whilst the property insured is in transit by air or water subject to the attached Duration Transit Clause 823AON00228 (amended).

## SECTION SIX CLAUSE 6.1:

1. Under Contingent coverage claims arising from the exhaustion (partial or total loss) of the aggregate available under the operator's Hull War insurance are excluded.

## WAR RISKS ENDORSEMENT SECTION THREE CLAUSE (B):

This Endorsement excludes loss, damage or expense caused by one or any combinations of any of the following:-

- (a) war (whether there be a declaration of war or not) between any of the following States: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China; nevertheless, if any Aircraft is in the air when an outbreak of such war occurs, this exclusion shall not apply in respect of such Aircraft until the said Aircraft has completed its first landing thereafter, this exclusion shall not apply to Spares and/or Equipment in transit by air or sea until the transit is completed;
- (b) confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of the authority of the Government(s) of Registry, or any public or local authority under its jurisdiction;

However:

- i) with respect to Aircraft insured under Section One 1.1. (b) the above exclusion shall not apply
- ii) with respect to Aircraft insured under Section One 1.1. (a) the above exclusion shall not apply in the event the operator is contractually required to maintain such coverage and where such coverage has been granted under the operators insurance;

## WAR RISKS ENDORSEMENT SECTION FOUR CLAUSE 1:

1. This Insurance 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 All Risks Insurance.

## WAR RISKS ENDORSEMENT SECTION FIVE CLAUSE 1(A):

Amendment of Terms or Cancellation	1. (a) Insurers may give notice, effective on the expiry of 7 days from midnight G.M.T. on the day on which notice is issued, to review the rate of 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 Endorsement 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.
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## REPOSSESSION EXPENSES ENDORSEMENT:

### **REPOSSESSION EXPENSES ENDORSEMENT**

(Applicable to Possessed coverage only)

1. In consideration of the payment by the Insured of any additional premium as specified in the Schedule, Insurers agree to indemnify the Insured up to the limit specified in the Schedule in respect of an Aircraft and/or Spares and Equipment and up to the limit specified in the

Schedule in all during the Insurance period in respect of expenses incurred in connection with the repossession or attempted repossession of an Aircraft and/or Spares and Equipment 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 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 and/or Spares and Equipment on which a right of repossession is established during the Insurance period and which is advised to 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 Insurers, provided always that 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.

## **50/50 PROVISIONAL CLAIMS SETTLEMENT CLAUSE:**

### **50/50 PROVISIONAL CLAIMS SETTLEMENT CLAUSE**

WHEREAS the Insured has in full force and effect

- A) a "Hull All Risks" policy which inter alia contains the War Hi-jacking and Other Perils Exclusion Clause (AVN48B) 1 the Common North American Airline War Exclusion Clause, and
- B) a "Hull War Risks" policy which inter alia covers certain of the risks excluded by AVN48B / the Common North American Airlines War Exclusion Clause in A) above.

NOW IT IS HEREBY UNDERSTOOD AND AGREED THAT

in the event of loss of or damage to an aircraft identified on the Schedule of Aircraft forming part of this Policy and where agreement is reached between the "Hull All Risks" Insurers and the "Hull War Risks" Insurers that the Insured has a valid claim under one or other policy where nevertheless it cannot be resolved within 21 days from the date of occurrence as to which policy is liable, each of the aforementioned groups of insurers agree, WITHOUT PREJUDICE to their liability, to advance to the Insured 50% of such amount as may be mutually agreed between them until such time as final settlement of the claim is agreed.

PROVIDED ALWAYS THAT

- (i) the "Hull All Risks" and "Hull War Risks" placing slips are identically endorsed with this provisional claims settlement clause.

- (ii) within 12 months of the advance being made all Insurers specified in (i) above agree to refer the matter to arbitration in London in accordance with the Statutory provision for arbitration for the time being in force.
- (iii) once the arbitration decision has been conveyed to the parties concerned, the "Hull All Risks" Insurers or the "Hull War Risks" Insurers as the case may be shall repay the amount advanced by the other group of Insurers together with interest for the period concerned which is to be calculated using the London Clearing Banks' Base rate.
- (iv) if the "Hull All Risks" and "Hull War Risks" policies contain differing amounts payable, the advance will not exceed the lesser of the amounts involved. In the event of Co-insurance or risks involving uninsured proportion(s), the appropriate adjustment will be made.