

OLD REPUBLIC INSURANCE COMPANY

EXPANDED COVERAGE AMENDMENT

Policy Number: TBA

Insured: SAMPLE AVIATION

Policy Period: From: February 23, 2015

To: February 23, 2016

Effective Date of This Amendment: February 23, 2015 12:01 am Standard Time

THIS AMENDMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

In consideration of an additional premium of Included, it is agreed that only the coverages identified by an "x" below are included in your policy:

PART 2. PHYSICAL DAMAGE COVERAGE

Aircraft Market Appreciation Adjustment:

If your aircraft is a total loss or a constructive total loss, we will adjust your Coverage Limit for **Physical Damage Coverage** if the market value of your aircraft has increased. We will make this adjustment if the Avg. \$ Retail listing in the Aircraft Bluebook – Price Digest® has increased from the current volume at the effective date of your policy, or effective date of any change to your **Physical Damage Coverage** Limit (whichever is later), to the current volume at the date of the covered loss.

To make this adjustment, we will calculate the percentage increase of Avg. \$ Retail in the Aircraft Bluebook – Price Digest®. The percentage increase calculated will then be applied to the Value Insured as listed on your **Coverage Data Page**. This amount will be your appreciation adjusted **Physical Damage Coverage** limit.

The maximum increase that we will allow to your Coverage Limit is 5%, or \$10,000, whichever is less.

Example: Suppose the effective date of your policy is January 1 and the Value Insured of your aircraft on the **Coverage Data Page** is \$110,000. The Aircraft Bluebook – Price Digest® current Volume on January 1 lists the Avg. \$ Retail of your aircraft as \$100,000. Your aircraft is totally destroyed on September 30. The Aircraft Bluebook – Price Digest® current Volume on September 30 lists the Avg. \$ Retail of your aircraft as \$106,000. The percentage increase in the Aircraft Bluebook – Price Digest® is $\$106,000/\$100,000 = 1.06 (+06\%)$. We would increase your Coverage Limit by the maximum of 5% as follows:
 $\$110,000 \times 1.05 = \$115,500$.

Extra Expense Coverage:

We will pay the **extra expense** incurred arising from the leasing or renting of a replacement aircraft if the insured aircraft is removed from service due to a covered loss under **Comprehensive Physical Damage** of this policy, provided:

1. The aircraft is not a total loss, as defined in the policy, or;
2. The repairs to the insured aircraft have not been completed, or;
3. The insured aircraft has not been permanently replaced with another aircraft.

Extra expense is defined as that portion of the actual cost of leasing or renting a replacement aircraft which exceeds the cost of operating the insured aircraft.

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The most we will pay for **extra expense** is \$200 for any one day subject to \$5,000 for any one loss.

We will pay **extra expenses** for the period beginning on the eighth day after the loss or damage and ending not later than 60 days after the loss or damage.

In order to collect under this coverage, you must provide invoices or receipts showing your cost within 90 days after the expense is incurred.

The coverage will cease 7 days after we provide you a final proof of loss to execute.

Hurricane Expense Coverage

If you have purchased **Physical Damage Coverage** and the U. S. National Weather service issues a hurricane watch or warning for the area where your aircraft is principally based, and the aircraft is relocated to avoid damage, we will pay reasonable costs incurred provided:

1. The aircraft is relocated to another airport which is at least 100 nautical miles away from its principal base and not under a hurricane watch or warning.
2. Original documentation and receipts are furnished within 90 days from the warning or watch date for all costs to be reimbursed.

Reasonable cost reimbursement will be limited to 50% of the direct operating expenses incurred for fuel, hangar or tie down, and the cost of a ferry pilot meeting the requirements of the **Pilot Qualification Amendment**.

The reimbursement is further limited to \$500 per aircraft for any one hurricane and \$1,000 per aircraft per policy year.

The deductible will not apply.

Emergency Landing:

If your aircraft is forced to make an emergency landing into an area not designed, designated or operated as an airport and there is no physical damage done to your aircraft, we will pay the following:

1. Cost of the least expensive, most reasonable method of transporting your aircraft to the nearest airport up to a maximum of the Insured Value of the aircraft or \$25,000, whichever is more.
2. Reasonable costs to protect your aircraft from damage or loss until your aircraft can be retrieved up to a maximum of the Insured Value of the aircraft or \$25,000, whichever is more.

This coverage will only apply if comprehensive **Physical Damage Coverage** is purchased on the aircraft.

The deductible will not apply.

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Portable Equipment Coverage:

Any portable headsets, portable communications radios, portable navigation radios (including portable GPS units), portable intercoms, or portable traffic awareness devices that are damaged or lost in a covered **occurrence** will be repaired or replaced on a replacement cost basis up to a total limit of \$1,000 per **occurrence**. This \$1,000 is the maximum we will pay regardless of the number of items that are damaged or lost. This coverage does not increase the amount that will be paid in the event of a total loss nor will the equipment be surrendered to the company in the event of a total loss payment. This coverage does not require coordination with any other insurance that the **Named Insured** may have available. This portable equipment will not be listed on the current aircraft weight and balance.

Aircraft Spare Parts Coverage:

The **Physical Damage Coverage** provided by this policy is extended to apply to aircraft spare parts owned by you. The limit of our liability under this coverage will not exceed \$25,000 any one location and any one **occurrence**, subject to a deductible of \$500 each loss.

As respects the aircraft spare parts coverage provided by this extension, the following additional exclusions shall apply:

This extension does not apply to:

1. Loss of or damage to any property occurring at any time after the commencement of the operation of fitting such property to or placing such property on board an aircraft.
2. Loss of or damage to any engine occurring during the running or testing thereof.
3. Mechanical or electrical breakdown or derangement.
4. Loss of or damage to any property defined under this policy as aircraft.
5. Property of others in care of the **Named Insured**.
6. Mysterious disappearance or unexplained loss or shortage discovered upon taking inventory.
7. Loss or damage caused by or resulting from your failure to use reasonable means to save and preserve the property at the time of and after any loss or damage.
8. Loss or damage to any tools.

It is a condition of this aircraft spare parts extension that the **Named Insured** shall keep a proper record of all items of property insured under this coverage and the value of each item.

Temporary Replacement Parts Coverage:

If your aircraft sustains physical damage which is covered under this policy, but is not a total loss, we will reimburse you for expenses incurred for leasing or renting temporary replacement component parts, including the cost of installation, removal and transportation for the period required for repair of the original damaged component part or parts, provided the estimated period necessary for repair exceeds ten days. We will not pay more than \$5,000 for all costs under this coverage for any one covered loss.

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PART 3. LIABILITY COVERAGE

Emergency and First Aid Costs:

We will pay up to \$5,000 of what others charge you for labor, materials and equipment used for emergency firefighting, crash control and rescue as the result of an **occurrence** involving your aircraft. This payment includes the cost of applying foam to the runway before an emergency or crash landing.

We will also pay up to \$5,000 for the necessary first aid expense you incur if anyone sustains **bodily injury** as the result of an **occurrence** involving your aircraft. But the first aid must be given within 24 hours of the **occurrence**.

Trip Interruption Expense:

We will pay up to \$100 each **passenger** up to a maximum of \$500 each **occurrence** for reasonable expenses for food, travel and lodging of **passengers** from the place where your aircraft suffers a covered physical damage loss under the policy to the intended final destination of the damaged aircraft or back to the place you originally boarded the aircraft if the trip is discontinued. You will be required to provide us with duplicate invoices for all covered expenses within 60 days from the date you incur the expenses.

Personal Injury:

We will pay up to the limit of liability on the **Coverage Data Page** or \$1,000,000, whichever is less, for claims that someone makes against you for **personal injury**. **Personal injury** means injury arising out of one or more of the following offenses committed during the **policy period** and resulting from the ownership, maintenance or use of your aircraft:

1. false arrest, detention, or imprisonment;
2. malicious prosecution;
3. evicting someone from your aircraft when you had no right to do so.

We will not cover **personal injury**:

1. sustained by any person or organization shown on the **Coverage Data Page** or endorsed onto the policy as the **Named Insured**;
2. arising from liability assumed by any person or organization described in the **Who is Covered** section of your policy; or
3. arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of any person or organization described in the **Who is Covered** section of your policy.

This coverage is part of and not in addition to the limit of liability stated on the **Coverage Data Page** under **Liability Coverage**.

Search and rescue:

We will pay up to \$25,000 of expenses you incur in the search for, and rescue of, the **passengers** of any of your aircraft that is involved in an **occurrence** or has to make a forced landing away from an airport. The expenses we will pay are the normal operating costs of aircraft

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used in the operations, including the costs of returning rescued persons to the nearest place where hospitalization or public transportation is available. However, we will pay only those expenses you incur after rescue operations have been abandoned by any governmental authority that normally conducts such operations when requested.

Sale of Aircraft:

The **Liability Coverage** shown on the **Coverage Data Page** is extended to include coverage for loss or damage resulting from an **occurrence** and arising out of the sale by you of your aircraft. In order to be covered for **Bodily Injury**, including **Bodily Injury to passengers**, or **Property Damage** the loss must occur during the **Policy Period**.

This coverage is excess insurance over any other valid and collectible insurance available to you, and is part of and not in addition the limit of liability stated on the **Coverage Data Page** under **Liability Coverage**.

Property Expansion:

The **Property** provision in the **Liability Losses Not Covered** section of **Liability Coverage** is deleted and replaced with the following:

Property. We will not cover damage to any property that you own, rent, use or legally possess. But, we will cover the "personal effects" of each **passenger** in any one **occurrence** for up to \$5,000. "Personal effects" means luggage such as handbags, suitcases and briefcases, and their contents that travelers normally carry. We will also pay up to \$50,000 during the **policy period** for damage to hangars and their contents you do not own, but these coverage limits are part of the **Liability Coverage** limit shown on the **Coverage Data Page**, not in addition to this limit.

PART 5. SUBSTITUTE, OTHER AND NEWLY ACQUIRED AIRCRAFT

Physical Damage Liability Coverage Increase for Substitute or Other Aircraft:

The **Physical Damage Liability Coverage for Substitute or Other Aircraft** is amended in part as follows:

The amount we will pay for this coverage will be up to 125% of the highest Coverage Limit amount shown under PHYSICAL DAMAGE COVERAGE on the Coverage Data Page, less a deductible of \$500.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

Date Issued: February 23, 2015