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Your All-Clear Aircraft Policy

Because people use aircraft for a wide variety of purposes—business, recreational or a combination of both—your All-Clear Aircraft Policy has been designed to allow you to tailor your coverage to meet your individual flying needs. Your All-Clear Aircraft Policy can provide you with Liability Coverage, Medical Coverage and Aircraft Physical Damage Coverage. The coverage you currently have is indicated on the Coverage Summary page.

We want you to understand your coverage. So, we've written this policy in clear, easy-to-understand language.

Throughout this policy the words *you* and *your* refer to the person or organization named on the Coverage Summary page. *We*, *our* and *us* mean the insurance companies listed on the front page of your policy who are individually and together responsible under this policy. *Aviation Managers* means Canadian Aviation Insurance Managers Ltd.

Policy period. This policy will begin and end at the time and on the dates shown on the Coverage Summary page.

When and where you are covered. You are covered for occurrences that take place during the policy period while your aircraft described on the Coverage Summary page is in Canada, the United States and its territories and possessions, the French Islands of St. Pierre and Miquelon, Mexico, the Bahama Islands or while enroute between these places.

Policy Limits. The limits of your coverage are shown on the Coverage Summary page. These limits are the most we'll pay for: (1) Damage or loss of your aircraft; (2) bodily injury caused by your aircraft, including sickness, disease, mental anguish or death; (3) property damage caused by your aircraft, including the loss of use of the property. If two or more aircraft are protected under this policy, the limits of coverage apply separately to each aircraft.

What is an aircraft? Your aircraft includes your landplane, skiplane, seaplane, amphibian, or rotorcraft and any operating, navigating or radio equipment that's usually attached to the aircraft. Parts of your aircraft that are temporarily removed are also included as long as they're not replaced by other parts. If an aircraft is shown as more than one type in the Coverage Summary page its alternate undercarriages and their fittings are included. Any tools and repair equipment standard for your aircraft are also included.

If you have a loss. If an occurrence happens, you should notify the Aviation Managers in writing as soon as reasonably possible. Include the time and place of the occurrence and the names and addresses of any injured people and witnesses. By an occurrence we mean any accident or continuous or repeated exposure to conditions which you don't expect to happen resulting in bodily injury or property damage. All injury or damage resulting from generally the same conditions will be considered one occurrence.

You agree to notify the police if your aircraft or any of its parts is stolen. You will also send us copies of all legal documents if you're sued or someone files a claim against you.

You agree to help us in obtaining and giving evidence, attending hearings and trials, and getting witnesses to testify. And you won't make any statements without our permission, except to government officials.

What's more, you agree not to voluntarily make any payments or take on any other legal responsibility without our permission. If you do, we may not reimburse you even if the loss or expense may have been covered by this policy. Of course, we will reimburse you for money spent for emergency first aid to others at the time of an accident.

Assignment-transfer. Neither you nor any other person or organization covered under this policy can transfer your

interest under the policy without the written consent of the Aviation Managers.

If you die during the policy period, your legal representatives are covered while settling your estate provided the Aviation Managers are notified within 60 days of your death.

Changing this policy. You can change your coverage by having the Aviation Managers add an endorsement to this policy. Notice to your agent will not change the terms of this policy nor stop us or the Aviation Managers from enforcing any of our rights under it.

Cancelling this policy. You can cancel this policy at any time. We or the Aviation Managers have the same right.

You can cancel this policy by telling us or the Aviation Managers in writing when in the future you want your coverage to end. We will compute the premium we've earned using the customary short rate table and procedure. Any premium we have not yet earned will be returned to you.

We or the Aviation Managers can cancel this policy by mailing or delivering notice to you at the address shown on the Coverage Summary page at least 30 days before the cancellation date. If, however, this policy is being cancelled because you didn't pay a premium, only 10 days notice will be provided. The mailing or delivery of the notice will be sufficient proof that you were notified.

We will compute the premium we've earned based on the percentage of the policy period that has been used at the time of cancellation. Any premium we have not yet earned will be returned to you.

Legal actions. Each of us named on the front cover of this policy, or the Aviation Managers, can bring a suit against you if you fail to pay a premium when it's due, or fail to live up to the terms of this policy in any other way. Any judgment involving one of us or the Aviation Managers will be binding on all.

Province and Territory laws. If any terms of the policy conflict with any Province or Territory law, we'll comply with that law.

Limitations on use. To be covered under this policy the aircraft must be owned, maintained or used only for the purpose described on the Coverage Summary page and flown only by a pilot or pilots described there. The aircraft must also be registered under a "Normal" Category Airworthiness Certificate issued by the Department of Transport (D.O.T.), or its foreign equivalent.

If you have other insurance. If you have other insurance covering a loss that's also covered by this policy, we'll pay only our share of any claim. We will compute what percentage the applicable limit of coverage for this policy is of the total amount of all valid and collectible insurance covering the loss. We will pay this percentage. For example, if you have a \$5,000 limit under your Coverage for Property Damage and the total amount of all insurance against the loss is \$10,000, we'll pay 50% of the loss.

This section does not apply to any insurance purchased as excess insurance. Excess insurance is insurance which becomes effective only when all other valid and collectible insurance covering the loss has been exhausted.

Similarly, coverage for Other Aircraft, Substitute Aircraft or for Newly Acquired Aircraft will be considered excess insurance and won't be affected by this section.

However, if any other insurance covering the loss was written through the Aviation Managers, the limit of coverage that applies under this policy will be reduced by the limit of coverage under the other insurance.

Our right of recovery. If we pay a claim under this policy, we will take over your right to recover that amount from any other person or organization. You agree not to do anything that will interfere with our chances of recovery and agree to cooperate with us.

Your Liability Coverage

Following is a description of your coverage under this policy for liability claims made against you. Check your Coverage Summary page to see which coverage you have.

Combined coverage for bodily injury and property damage. If you have this coverage we'll pay claims for bodily injury, mental anguish and damage to someone else's property resulting from the ownership, maintenance or use of the aircraft.

We will also pay claims for bodily injury, mental anguish, and damage to someone else's property resulting from your use or maintenance of a parking or storage area where you keep your aircraft, provided the parking or storage area isn't owned by you or leased to you for more than 30 days. But we won't pay more for all injury and damage in any one occurrence than the limit of coverage shown on the Coverage Summary page.

Combined coverage for bodily injury (except to passengers) and property damage. If you have this coverage we'll pay claims for bodily injury and mental anguish and damage to someone else's property resulting from the ownership, maintenance or use of the aircraft, except bodily injury and mental anguish claims by a passenger in your aircraft. A passenger is anyone who enters your aircraft to ride in or operate it.

We will also pay claims for bodily injury, mental anguish, and damage to someone else's property resulting from your use or maintenance of a parking or storage area where you keep your aircraft, provided the parking or storage area isn't owned by you or leased to you for more than 30 days. But we won't pay more for all injury and damage in any one occurrence than the limit of coverage shown on the Coverage Summary page.

Coverage for bodily injury to anyone but passengers. If you have this coverage, we'll pay claims for bodily injury and mental anguish to anyone—except a passenger—who is injured resulting from the ownership, maintenance or use of your aircraft. A passenger is anyone who enters your aircraft to ride in or operate it.

We will also pay for claims for bodily injury and mental anguish resulting from your use or maintenance of a parking and storage area where you keep your aircraft, provided you don't own or lease the parking or storage area for more than 30 days.

Two limits apply to this coverage. The "each person" limit, which is the most we'll pay for injury to any one person resulting from any one occurrence including damages for care and loss of services. And the "each occurrence" limit, which is the most we'll pay in any one occurrence no matter how many people or organizations are involved.

Coverage for bodily injury to passengers only. If you have this coverage we'll pay claims for bodily injury and mental anguish to any passenger in your aircraft who is injured resulting from the ownership, maintenance or use of the aircraft. A passenger is anyone who enters your aircraft to ride in or operate it.

Two limits apply to this coverage. The "each person" limit, which is the most we'll pay for injury to any one passenger resulting from any one occurrence including damages for care and loss of services. And the "each occurrence" limit, which is the most we'll pay in any one occurrence no matter how many people are involved.

Coverage for property damage. If you have this coverage we'll pay claims for damage to someone else's property resulting from the ownership, maintenance or use of the aircraft.

We will also pay claims for damage to someone else's property resulting from your use or maintenance of a parking or storage area where you keep your aircraft, provided you don't own or lease the parking or storage area for more than 30 days. But we won't pay more for damage in any one occurrence than the limit of coverage shown on the Coverage Summary page.

Who's covered

Besides you, certain other people and organizations are also covered under Your Liability Coverage. The words *you* and *your*, throughout this section, also include these other people and organizations.

They are:

- Anyone who is using or riding in your aircraft with your permission.
- Any person or organization that is legally responsible for the aircraft that you are using or that is being used with your permission.

Each person or organization is covered separately. But we won't pay more for all injury and damage in any one occurrence than the limit of coverage shown on the Coverage Summary page.

Who's not covered

Although the person or organization named on the Coverage Summary page is covered, we won't cover any liability claim against:

- Any other person or organization or their agents or employees that manufacture or sell aircraft, aircraft engines or aircraft accessories. Nor will we cover people or organizations that operate an aircraft repair shop, aircraft sales agency, aircraft rental service, commercial flying service or flying school or any person engaged in commercial aviation. Your employees, however, are covered against claims while performing any of these duties as part of their work for you.
- Any employee who, while working within the scope of his or her job duties, injures someone who works for the same employer.

Additional liability coverage

All payments described in this section are in addition to the applicable limit of liability coverage shown on the Coverage Summary page.

Defending suits. We will defend any liability suit brought against you for bodily injury or damage to property, even if the suit is groundless. We will also pay all costs of your defence, including investigation and court costs. We may investigate, negotiate and settle any claim or suit if we decide this is appropriate.

Bonds. We will pay premiums for appeal bonds and bonds to release any property and personal belongings that are being held as security. Any bail bond you may require because you violated a law or regulation during this policy period will also be paid for—up to \$250 for each bond. However, we are not under any obligation to apply for or furnish these bonds.

Interest. We will also pay any interest on any part of a judgement we are paying.

Expenses. We will also reimburse you for all reasonable expenses you incur while helping us at our request. We won't, however, pay for the loss of earnings or salaries of you or your employees.

And we'll pay all medical and surgical expenses you incur while providing immediate medical treatment at the time of an accident or occurrence.

Suits for liability payment

No suit or other legal action to recover payment under this policy can be brought unless you have complied with all of its terms and court has entered a judgement against you.

Liability claims we won't cover

Although your All-Clear Aircraft Policy provides you with broad liability coverage there are a few claims it will not cover.

• **Aircraft.** We won't cover claims for damage to your aircraft covered under Your Liability Coverage section of this policy.

• **Assumed liability.** We won't cover any liability you assume under a contract or agreement other than an airport contract you sign with a governmental body so you may use an airport.

• **Intentional injury.** We won't cover claims for intentional injury or property damage caused by you or at your direction, except to prevent a hijacking or other dangerous interference with the operation of an aircraft.

• **Workers' compensation.** We won't cover any liability claim that's covered under a workers' compensation, unemployment compensation, disability benefits law or similar law. Nor will we cover claims for injury to your employees while they're actually doing work for you, except for liability you assume under a contract or agreement you sign with a governmental body so you may use an airport. But we will cover claims brought by those domestics that you are not required to cover under workers' compensation.

• **Property damage.** We won't cover damage to any property you own, rent, control or transport. But we will cover the personal effects and baggage of each passenger in any one occurrence for up to \$500. We will also pay up to \$10,000 during the policy period for damage to hangars and their contents you don't own.

Financial Responsibility Laws

If this policy is certified as proof of insurance under any aircraft financial responsibility law, we will pay up to the limits of liability required by such law. But we won't pay more than the limit of coverage that would apply under this policy. You agree to reimburse us for any amount we are required to pay under the law that is in excess of what we would otherwise have paid under this policy.

Please note:

Attach Coverage Summary page and any endorsements.

This policy is not valid or complete unless a Coverage Summary page, approved by the Aviation Managers and countersigned by an Authorized Representative, is attached.

Notice of Annual Meeting

As a policyholder you are automatically a member of the Employers Mutual Liability Insurance Company of Wisconsin. This means you will receive dividends when they are declared by the Board of Directors.

You may vote in person or by proxy at any meeting of the company. The company's Annual Meeting will be held at 10:00 a.m. on the fourth Friday of each May at the home office in Wausau, Wisconsin.

Your Aircraft Physical Damage Coverage

You may also be protected against physical damage to your aircraft. If you have this coverage, we'll cover you against risk of physical loss or damage to your aircraft both while it's on the ground and while it's in flight. A fixed wing aircraft is in flight from the time it moves forward for takeoff and until it completes its landing run. A rotorcraft is in flight while its rotors are in motion as a result of engine power or autorotation.

We will consider an aircraft to be lost in flight if it disappears after take-off and isn't located or its whereabouts reported within 60 days.

What we'll pay

Total loss. If your aircraft is a total loss we'll pay you the amount shown on the Coverage Summary page for your Aircraft Physical Damage Limit, less any deductible that applies.

We will also return any unearned Aircraft Physical Damage premium to you. We will compute what we've earned based on the percentage of the policy period that has expired at the time the aircraft became a total loss. All your Aircraft Physical Damage coverage will end as soon as we make the payment, unless another aircraft is also insured for physical damage under this policy.

Partial loss—you make repairs. If the aircraft is only partially damaged and you make repairs, we'll reimburse you for the following items less any deductible that applies:

1. The cost of necessary material and parts of a similar kind and quality.
2. Wages paid at the current straight-time rate at the place of repair plus 150% of this amount to cover supervision and overhead.
3. The cost of transporting by the least expensive reasonable means: (A) the cost of transporting damaged parts from the site of the loss to the most practical place where they can be repaired; (B) the cost of transporting replacement parts from the place nearest the site of the loss; or (C) the cost of transporting the aircraft to the most practical place where it can be repaired and then back to the place of the loss or your home airport, whichever is closer.

Partial loss—someone else makes repairs. If your aircraft is damaged and the repairs are made by someone else, we'll pay you the following, less any deductible that applies:

1. The net cost to you of repairing your aircraft with material and parts of a similar kind and quality. But we won't pay any overtime charges.
2. The cost of transporting by the least expensive reasonable means: (A) the cost of transporting damaged parts from the site of the loss to the most practical place where they can be repaired; (B) the cost of transporting replacement parts from the place nearest the site of the loss; or (C) the cost of transporting the aircraft to the most practical place where it can be repaired and then back to the place of the loss or your home airport, whichever is closer.

Your In-motion deductible. The In-motion deductible shown on the Coverage Summary page will apply to any loss to your aircraft while it is moving. This means you'll first pay an amount equal to the In-motion deductible. We will then pay the remainder of your loss up to the limit of your Aircraft Physical Damage coverage. An aircraft is in motion whenever it is moving on the ground or in flight as a result of engine power or autorotation.

No deductible, however, will apply to losses to your aircraft caused by an accident with another aircraft that we insure but which is owned by someone else.

Your Not in-motion deductible. The Not in-motion deductible shown on the Coverage Summary page will apply to each loss to your aircraft while it's not in-motion.

No deductible will apply, however, to any loss to your aircraft caused by: (1) fire, explosion, lightning, theft, robbery, vandalism; (2) an accident involving an aircraft we insure that's owned by someone else; (3) accidental damage to your aircraft while it's being transported after being dismantled. For example, while being transported on a flatbed truck.

What you must do. You agree to give us a sworn Proof of Loss Statement within 90 days of the loss. You also agree to allow us or anyone we designate to question you under oath and to show us the damaged property and any records you have to prove the loss.

When we'll pay. We will pay for a loss to your aircraft within 30 days from the time the agreement is reached on the amount of the loss. But you must have complied with the requirements of this policy. And we'll deduct any premiums you owe and any other debts you have with us.

Suits for aircraft physical damage payments. No suit or other legal action to recover payment can be brought under this policy unless you have complied with all of its terms and the action is brought within one year after the occurrence which led to the loss or damage.

Rights against third parties. This insurance is for your benefit alone and not for any other person or organization. Except for what you agree to do under an airport contract you sign with a governmental body so you may use an airport, you promise not to do anything that will take away our right to collect for damages caused by others.

Automatic reinstatement. If an aircraft is damaged we'll reduce the limit you have on the aircraft by the amount of damage. Once repairs are begun, we'll increase the limit by the value of the completed repairs, until the original limit on the aircraft is restored or this policy expires.

Arbitration of disputes. If we can't agree with you on the amount of loss to your aircraft the following procedure will be used to settle the dispute:

1. You can request in writing that the dispute be submitted for arbitration. We can do the same.
2. Each will then select an appraiser and will inform the other of that choice within 20 days of the initial notification.
3. The appraisers will select a competent and impartial umpire. If the appraisers can't agree on an umpire within 15 days, a judge of the Province or Territory in which the property is located can appoint an impartial umpire if asked to do so by you or us.
4. Each appraiser will appraise the loss for each item. If they don't agree, they'll submit their differences to the umpire. Agreement by two of the three will decide the amount of the loss.

You will then pay your appraiser and we'll pay ours. Any other costs of the appraisal and the umpire will be divided equally.

Salvage. If an aircraft covered under Aircraft Physical Damage Coverage is damaged you must do all you can to protect it from further loss. If you don't, we won't be responsible for further loss to the aircraft.

We will pay all reasonable expenses you incur in protecting your aircraft from further loss.

If your aircraft is damaged and we pay you the amount shown on the Coverage Summary Page for your aircraft physical damage limit, we can elect to take over the salvage as our property. You cannot, however, merely abandon the damaged property to us. If we decide to take the salvage, we can sell it or do whatever else we want with it.

Aircraft damage we won't cover.

Although your All-Clear Aircraft Policy provides you with coverage against risk of damage or loss to your aircraft, there are a few things it will not cover.

Tires. We won't cover loss or damage to the tires of your aircraft unless caused by theft, vandalism or malicious mischief; or directly by other physical damage covered by this policy.

Wear-tear. We won't cover loss or damage to your aircraft caused by and confined to wear and tear, deterioration, freezing, mechanical or electrical breakdown or failure unless the loss is the direct result of other physical damage covered under this policy.

For example, if the windshield of your aircraft cracked by freezing, we won't pay for the windshield. However, if the cracked windshield is responsible for you having an accident, we'll pay for the resulting damage to your aircraft.

Embezzlement. We won't cover loss or damage to your aircraft caused when someone with a legal right to possess the aircraft embezzles or converts it under a lease, rental agreement, conditional sale, mortgage or other legal agreement governing the use, sale or lease of property.

War-confiscation. We won't cover loss or damage to your aircraft caused by declared or undeclared war, invasion, rebellion or by the seizure or detention of the aircraft by any government. Nor will we cover damage to your aircraft done by or at the direction of any government.

Ownership. We won't cover loss or damage to your aircraft if your position of ownership changes from that stated on the Coverage Summary page. For example, if you sell or mortgage your aircraft.

Your Medical Coverage

We will pay all reasonable medical expenses that passengers, pilots and crew members, including you, incur within one year from the date of an accident. But the aircraft must have been used by you or with your permission when the accident occurred. Reasonable medical expenses include the necessary cost of medical, surgical, dental, ambulance, hospital, professional nursing and funeral services.

What we'll pay. The amount shown on the Coverage Summary page for "each person" is the most we'll pay for all medical expenses for one person in any one accident. We won't, however, provide medical services to anyone or their employees until any medical benefits covered under workers' compensation have been deducted.

Whom we'll pay. We can pay each injured person directly or we can pay the hospital or any other organization that provided service. Any payment we make will be applied against the limits of your medical coverage and won't be an admission of legal responsibility by us.

Proof of loss. As soon as reasonably possible after the accident an injured person or someone representing him or her must give us written proof of the claim. An injured person must also submit to physical examination by any doctor we select whenever we reasonably ask. You will also help us obtain medical reports and copies of records.

Suits for medical payment. No suit or other legal action to recover payment can be brought under this policy unless you have complied with all its terms and at least 30 days have elapsed since the required proof of claim has been given to the Aviation Managers.

Your Coverage For Other Aircraft

Other aircraft. If you own the aircraft described on the Coverage Summary page alone or as a co-owner with your spouse, your Liability or Medical Coverage under this policy will also cover you and the following people while you or they are lawfully using another aircraft with your permission:

- Your spouse living in the same household.
- If you are a corporation, any of your executive officers, while they are using another aircraft on your behalf for business purposes.

We won't, however, cover the use of the other aircraft if the Coverage Summary page allows you to charge people for using your own aircraft. We also won't cover any aircraft that is owned or used on a regular or frequent basis by any of the people listed above or their employers, or members of their household or by an executive officer if you are a corporation. Nor will we cover you if you are leasing the aircraft described on the Coverage Summary page to someone else.

Substitute aircraft. If you are temporarily using another aircraft because your own has broken down, is damaged or needs servicing or repair, we'll continue to provide you with the same Liability and Medical Coverage as you have under this policy. But we won't cover the legal responsibility of anyone covered under this policy who owns the substitute aircraft. Nor will we cover the legal responsibility of any agent or employee of the owner of the aircraft.

Newly acquired aircraft. If you become the owner of another aircraft during the policy period, we'll cover it under this policy provided you notify the Aviation Managers within 30 days after you get it, pay an additional premium, and:

1. The aircraft replaces an aircraft described on the Coverage Summary page.
2. Or it is an additional aircraft and we insure all the aircraft you own at the time you buy it.

Unless you and the Aviation Managers agree differently in writing, new aircraft are covered up to the following amounts:

Liability & Medical Coverage:

Replacement Aircraft. Same Coverage and Limits of Coverage as on replaced aircraft.


Additional Aircraft. Same Coverage and Limits of Coverage as on your aircraft having the most similar passenger capacity, not counting the crew.

Aircraft Physical Damage Coverage:

Replacement Aircraft. Same Coverage and deductibles as on replaced aircraft. We'll pay up to the actual amount you paid for the aircraft.

Additional Aircraft. Same Coverage and deductibles as on aircraft having the most similar Limit of Coverage. We'll pay up to the actual amount you paid for the aircraft.

Canadian Aviation Insurance Managers Ltd.



John V. Brennan
President