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BRITISH AVIATION INSURANCE GROUP
(CANADA) LIMITED



Managers For

The British Aviation Insurance Company Limited
Aviation & General Insurance Company Limited
Eagle Star Insurance Company Limited
Commercial Union Assurance Company plc

General Aviation Liability Policy

Policy Number: BCL923729
Issued to: E & B Helicopters Ltd.

This Policy of Insurance consists of four pages including this cover. On Page 3, the three types of coverage available for purchase are described under Section 1, Section 2, and Section 3. Page 2 of this Policy consists of a Schedule which specifies basic policy information including which of the three types of coverage, and what limits of liability for each applicable coverage, have been purchased by the Insured. Page 4 of this Policy contains exclusions, definitions and conditions which apply to any and all of the coverages purchased by the Insured. Endorsements may be issued on this policy, from time to time.

British Aviation Insurance Group (Canada) Limited

Policy Number: BCL923729

Total Premium: \$ 700.00

SCHEDULE

Item 1. Named Insured: E & B Helicopters Ltd.

Address: 3105 - 27 South Island Hwy
Campbell River, British Columbia V9W 1A2

Item 2. Policy Period: From July 27, 1992 to July 27, 1993,
beginning and ending at 12:01 a.m. at the address of the Named Insured stated in Item 1 above.

Item 3. The Insurance afforded is only with respect to the coverages and limits of liability purchased by the insured, as indicated in the table below.

COVERAGES AND LIMITS PURCHASED

COVERAGE	PURCHASED?	LIMIT OF LIABILITY	DEDUCTIBLE	PREMIUM
Section 1 Premises Liability	Yes	\$ 1,000,000.00 Combined Limit, Bodily Injury and Property Damage, Each Occurrence	\$ 1,000.00 Applicable to Property Damage, Each Occurrence	\$ 700.00
Section 2 Hangarkeeper's Liability	No	--- Each Aircraft	--- Applicable to Each Occurrence	\$NIL
Section 3 Products Liability	No	--- Combined Limit, Bodily Injury and Property Damage, Each Occurrence, and in the Aggregate each Policy Year	None	\$NIL

Item 4. The nature of the Insured's business or operation in respect of which this policy is effected is:
Operation of a commercial air service

Item 5. The location or locations of the premises in or about which the coverage granted by this Policy is to apply is or are as follows:
Campbell River, British Columbia

Countersigned at Toronto, Ontario
British Aviation Insurance Group (Canada) Limited

THIS POLICY IS IN FULL FORCE AND EFFECT AS OF THE DATE OF THIS POLICY.

INSURING AGREEMENTS

The Group agrees, to the extent and in the manner hereinafter provided, to pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay or by final judgment be adjudged to pay up to but not exceeding the amounts specified in the Schedule, to any person or persons as damages

(a) for bodily injury including death at any time therefrom (hereinafter referred to as "bodily injury"); and

(b) for loss of or damage to property of others (hereinafter referred to as "property damage")

caused by an occurrence occurring during the Policy Period shown in the Schedule and arising out of the hazards set forth in Sections 1, 2 or 3 below.

Section 1 Premises Liability

THIS SECTION COVERS:

Bodily injury or property damage

- (a) in or about the premises specified in the Schedule, as a direct result of the services granted by the Insured
- (b) elsewhere in the course of any work or of the performance of any duties carried out by the Insured or the Insured's employees in connection with the business or operations specified in the Schedule,

caused by the fault or negligence of the Insured or any of the Insured's employees engaged in the Insured's business or by any defect in the Insured's premise, ways, works, machinery or plant used in the Insured's business.

THIS SECTION DOES NOT COVER:

1. Loss of or damage to property owned, rented, leased or occupied by; while in the care, custody or control of; while being handled, serviced or maintained by the Insured or any employee of the Insured, but this exclusion shall be deemed not to apply to vehicles that are not the property of the Insured while on the premises specified in the Schedule.
2. Bodily injury or property damage caused by
 - (a) any mechanically propelled vehicle which the Insured may cause or permit any other person to use on the road in such a manner as to render them responsible for insurance under any domestic or international law appertaining to road traffic, or where no such law exists, while such vehicle is on any public highway;
 - (b) any Ships, Vessels, Craft or Aircraft owned, chartered, used or operated by or on account of the Insured, but this exclusion shall be deemed not to apply to aircraft owned by others which are on the ground and for which indemnity is otherwise granted under Section 2 of this Policy, whether such Section is insured hereunder or not.
3. Bodily injury or property damage arising out of any Airmet, Air Race, or Air Show, nor any stand used for the accommodation of spectators in connection therewith, unless previously agreed by the Group.
4. Bodily injury or property damage arising out of construction of, demolition of or alterations to Buildings, Runways, or Installations by the Insured or the Insured's contractors or sub-contractors (other than normal maintenance operations) unless previously agreed by the Group.
5. Bodily injury or property damage arising out of any goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured or the Insured's employees after such goods or products have ceased to be in the possession or under the control of the Insured, but this exclusion shall be deemed not to apply to supply, by the Insured, of food or drink at the premises specified in the Schedule.

Section 2 Hangarkeeper's Liability

THIS SECTION COVERS:

Loss of or damage to Aircraft or Aircraft equipment, not owned, rented or leased by the Insured, while on the ground in the care, custody or control of or while being serviced, handled or maintained by the Insured or any employee of the Insured.

THIS SECTION DOES NOT COVER:

1. Loss of or damage to robes, wearing apparel, personal effects or merchandise of any description.
2. Loss of or damage to Aircraft or Aircraft equipment, hired or leased by or loaned to the Insured.
3. Loss of or damage to any Aircraft while in flight as defined

Section 3 Products Liability

THIS SECTION COVERS:

Bodily injury or property damage arising out of the possession, use, consumption or handling of any goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured or the Insured's employees, but only in respect of such goods or products which form part of or are used in conjunction with aircraft, and then only after such goods or products have ceased to be in the possession or under the control of the Insured.

THIS SECTION DOES NOT COVER:

1. Damage to the property of the Insured or to property within the Insured's care, custody or control.
2. The cost of repairing or replacing any defective goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured or any defective part or parts thereof.
3. Loss arising out of improper or inadequate performance, design or specification but this exclusion shall be deemed not to apply to bodily injury or property damage as insured hereby resulting therefrom.
4. Loss of use of any Aircraft not actually lost or damaged in an occurrence giving rise to a claim hereunder.

Payment of Costs

In addition to the limits set out in the Schedule for coverages purchased by the Insured for Section 1, Section 2 or Section 3, the Group will pay all legal and other costs incurred with their consent in the defence of any claim made against the Insured, PROVIDED THAT, in the event of their requiring any claim to be contested,

- (a) If the claim be successfully resisted by the Insured the Group will pay all costs, charges and expenses incurred by the Insured in connection therewith up to but not exceeding the sum insured under this Policy.
- (b) If a payment exceeding the sum insured has to be made to dispose of a claim, the liability of the Group to pay any costs, charges and expenses in connection therewith shall be limited to such proportion of the said costs, charges and expenses as the sum insured by this Policy bears to the amount paid to dispose of the claim.

PROVISIONS APPLICABLE TO ALL SECTIONS

Exclusions

1. Each section of this Policy excludes liability which is or would be covered under any other section of the Policy, whether such other section is insured hereunder or not.

THIS POLICY DOES NOT COVER:

2. Liability for bodily injury to any person, who at the time of sustaining such injury is engaged in the service of the Insured or acting on the Insured's behalf, or liability for which the Insured or the Insured's insurer may be held liable under any worker's compensation, unemployment compensation or disability benefits law or any similar law.
3. The cost of making good any faulty workmanship for which the Insured, the Insured's employees, contractors or subcontractors may be liable (but this limitation shall not exclude resulting damage arising out of such faulty workmanship).
4. Liability assumed by the Insured by Agreement under any Contract unless such liability would have attached to the Insured even in the absence of such Agreement.
5. Liability arising out of the operation of an airfield control tower unless previously agreed by the Group.
6. Claims arising from or 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) confiscation, nationalization, capture, seizure, arrest, 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;
 - (d) hi-jacking, restraint, detention or appropriation by any person either on the ground or in flight, 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;
 - (e) 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;
 - (f) Aircraft being outside the control of the Insured by reason of a peril excluded by paragraphs (c) or (d).
7. Claims arising from or caused by:
 - (a) noise (whether audible to the human ear or not), vibration, sonic boom or any phenomena associated therewith;
 - (b) pollution or contamination of any kind whatsoever;
 - (c) electrical or electromagnetic interference;
 - (d) interference with the use of property.
8. Claims arising from or caused by loss or destruction of, or damage to, any property whatsoever, resulting therefrom, or any legal liability directly or indirectly caused by, contributed to, or arising from ionizing radiation or contamination by radioactivity from any source whatsoever.

Definitions

IN THIS POLICY:

1. "Occurrence" means an accident, or a continuous or repeated exposure to conditions, which results in injury, during the term of insurance, provided the injury is accidentally caused. All damages arising out of such exposure to substantially the same general conditions shall be deemed to arise out of one occurrence.
2. "In Flight" means the time commencing with the actual take off run of the aircraft and continuing thereafter until it has completed its landing roll.

Conditions

1. Upon the happening of any occurrence likely to give rise to a claim under this Policy or upon the receipt by the Insured of notice of any claim or of any other subsequent proceedings, notice in writing with full particulars shall be given to the Group as soon as possible after same shall come to the knowledge of the Insured or the Insured's representative. Every letter, claim, writ, summons or process shall be forwarded to the Group immediately on receipt by the Insured.
2. All notices specified in this Policy shall be given by the Insured to: British Aviation Insurance Group (Canada) Limited, 161 Eglinton Avenue East, Suite 400, Toronto, Ontario, M4P 1J5, Telephone: (416) 485-4461, Fax: (416) 485-3931.
3. If any claim under this Policy is also covered in whole or in part by any other insurance, the liability of the Group shall be limited to their rateable proportion of such claim.
4. If the Insured shall make any claim knowing the same to be false or fraudulent as regards amount or otherwise, this Policy shall become void, and all claims hereunder shall be forfeited.
5. This Policy may be cancelled at any time at the written request of the Insured or may be cancelled by or on behalf of the Group provided 15 days notice in writing be given. (Where 15 days notice is contrary to the law or statute then the minimum period that is permitted shall be substituted therefor). If the Policy shall be cancelled by the Insured the Group shall retain the earned premium hereon for the period that this Policy has been in force calculated in accordance with the basis in the Schedule, or the short rate proportion of the minimum premium, calculated in accordance with the customary scale whichever is the greater. If the Policy shall be cancelled by the Group, the Group shall retain the earned premium hereon for the period that this Policy has been in force, calculated in accordance with the basis in the Schedule or pro rata of the minimum premium whichever is the greater. Notice of cancellation by the Group shall be effective even though the Group makes no payment or tender of return premium.
6. It is a condition precedent to the right of the Insured to be indemnified under this Insurance that:
 - (a) If after this Insurance has been effected, the risk is materially altered, such alterations must be notified in writing to the Group immediately.
 - (b) No liability shall be admitted and no admission, arrangement, offer, promise or payment shall be made by the Insured without the written consent of the Group, who shall be entitled, if they so desire, to take over and conduct in the name of the Insured the defence of any claim or to prosecute in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise against any third party, and shall have full discretion in the conduct of any negotiations or proceedings or the settlement of any claim, and the Insured shall give all such information and assistance as the Group may require.
 - (c) The Insured shall and will at all times exercise reasonable care in seeing that the ways, implements, plant, machinery and appliances used in the Insured's business are substantial and sound and in proper order, and fit for the purpose for which they are used, and that all reasonable safeguards and precautions against accidents are provided and used.
 - (d) The Insured shall comply with all International and Government Regulations and Civil Instructions.
7. Notwithstanding the inclusion herein of more than one Insured, whether by endorsement or otherwise, the total liability of the Group in respect of any or all Insured shall not exceed the limit(s) of liability stated in this Policy.

Endorsement No. 1

Additional Premium: \$ NIL

TENANTS LEGAL LIABILITY

Effective From July 27, 1992 to July 27, 1993

1. Respect Section 1 - Premises Liability Coverage is extended to include all sums which the Named Insured is legally obligated to pay in respect of loss of or damage to property rented, leased or occupied by the Named Insured. In this regard Paragraph 1 of "this section does not cover" shall not apply.
2. Limit of Liability \$100,000.00 as part of the total limit of liability for Section 1, subject to a deductible of \$1,000.00.

Nothing herein contained shall be held to waive, alter, vary or extend any of the conditions, agreements or limitations of this Policy other than as expressly stated in this Endorsement.

This Endorsement shall form part of Policy Number BCL923729, issued to:
E & B Helicopters Ltd.

Countersigned at Toronto, Ontario
British Aviation Insurance Group (Canada) Limited