

## AIRLINE FINANCE/LEASE CONTRACT ENDORSEMENT (HULL WAR)

It is noted that the Contract Party(ies) have an interest or interests in respect of the Equipment under the Contract(s). Accordingly, with respect to losses occurring during the period from the Effective Date until (i) the date and time at which the Insurance expires or, if earlier, (ii) the date and time at which the Insured has no further obligation to insure the Equipment under the Contract(s), as notified in writing by the Designated Contract Party to the Insurers (via the Appointed Broker, if any) (such notification to be given promptly and in any event within 30 days after such date), and in consideration of the Additional Premium, it is confirmed that the Insurance afforded by the Policy is in full force and effect, and it is further agreed that the following provisions are specifically endorsed to the Policy:-

1. In respect of any claim on Equipment that becomes payable on the basis of a Total Loss, settlement (net of any relevant Policy Deductible) shall be made to, or to the order of the Contract Party(ies). In respect of any other claim, settlement (net of any relevant Policy Deductible) shall be made with such party(ies) as may be necessary to repair the Equipment unless otherwise agreed after consultation between the Insurers and the Insured and, where necessary under the terms of the Contract(s), the Contract Party(ies).

Such payments shall only be made provided they are in compliance with all applicable laws and regulations.

2. Insurers shall be entitled to the benefit of salvage in respect of any property for which a claims settlement has been made.
3. The Contract Party(ies) are included as Additional Insured(s).
4. The provisions of this Endorsement apply to each Contract Party solely in its capacity as financier, lessor or lease servicer or manager under the Contract(s) and not in any other capacity. Knowledge that any Contract Party may have or acquire or actions that it may take or fail to take in that other capacity (pursuant to any other contract or otherwise) shall not be considered as invalidating the cover afforded by this Endorsement. For this purpose "lease servicer or manager" means a Contract Party who is appointed by one or more other Contract Party(ies) to provide services relating to the Equipment in connection with the Contract(s) (other than services consisting of performance of maintenance, repairs or other operational activities on the Equipment.).
5. The cover afforded to each Contract Party by the Policy in accordance with this Endorsement shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of any other person or party which results in a breach of any term, condition or warranty of the Policy PROVIDED THAT the Contract Party so protected has not caused, contributed to or knowingly condoned the said act or omission.
6. The Contract Party(ies) shall have no responsibility for premium, and Insurers shall waive any right of set-off or counterclaim against the Contract Party(ies), except in respect of outstanding premium in respect of the Equipment.
7. Upon payment of any loss or claim to or on behalf of any Contract Party(ies), Insurers shall to the extent and in respect of such payment be thereupon subrogated to all legal and equitable rights of the Contract Party(ies) indemnified hereby (but not against any Contract Party). Insurers shall not exercise such rights without the consent of those indemnified, such consent not to be unreasonably withheld. At the expense of Insurers, such Contract Party(ies) shall do all things reasonably necessary to assist the Insurers to exercise said rights.

8. Except in respect of any provision for Cancellation or Automatic Termination specified in the Policy or any endorsement thereof, cover provided by this Endorsement may only be cancelled or materially altered in a manner adverse to the Contract Party(ies) by the Insurers giving not less than 7 days' notice in writing to the Contract Party(ies) (via the Appointed Broker, if any). Notice shall be deemed to commence from the date such notice is given by the Insurers. Such notice will NOT however be given at normal expiration date of the Policy or any endorsement.

EXCEPT AS SPECIFICALLY VARIED OR PROVIDED BY THE TERMS OF THIS ENDORSEMENT:-

1. THE CONTRACT PARTY(IES) ARE COVERED BY THE POLICY SUBJECT TO ALL TERMS, CONDITIONS, LIMITATIONS, WARRANTIES, EXCLUSIONS AND CANCELLATION PROVISIONS THEREOF.
2. THE POLICY SHALL NOT BE VARIED BY ANY PROVISIONS CONTAINED IN THE CONTRACT(S) WHICH PURPORT TO SERVE AS AN ENDORSEMENT OR AMENDMENT TO THE POLICY.

SCHEDULE IDENTIFYING TERMS USED IN THIS ENDORSEMENT

1. Equipment<sup>1</sup>:
2. Policy Deductible applicable to physical damage to the Equipment<sup>2</sup>:
3. Contract Party(ies):
4. Contract(s):

and references in this Endorsement to "the Contract(s)" mean the contract(s) listed above, as amended or supplemented from time to time.

5. Designated Contract Party:
6. Effective Date<sup>3</sup>:
7. Additional Premium:
8. Appointed Broker:

AVN 67C (Hull War) 17.10.07

*In common with all AICG produced AVN Clauses, this Clause is published by AICG, but it is expressly non-binding and AICG makes no recommendation as to its use in particular policies. Insurers are of course free to offer different policy wordings and clauses to their policy holders.*

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<sup>1</sup> Specify details of any aircraft, engines or spares to be covered.

<sup>2</sup> Insert all applicable Policy deductibles.

<sup>3</sup> Insert the date when the **Contract Party(ies)** acquire their interests in the **Equipment**, or the policy renewal date, as applicable.