

This policy is issued by: **NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA**  
 175 WATER STREET, 18TH FLOOR  
 NEW YORK, NY 10038

**PART 2 UNMANNED AIRCRAFT AVIATION POLICY DECLARATIONS**

Policy Number UM 028176638-04

Previous Policy Number UM 028176638-03

This page with "Policy Provisions -- Part 1" Form UAS01 (03/14) and all endorsements attached hereto completes this numbered aviation **Physical Damage** and liability policy, issued by the company as indicated above (hereinafter called the Company).

ITEM 1. NAMED INSURED THE STATE OF WEST VIRGINIA & THE DEPT.  
 & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT  
 ADDRESS 90 MACCORKLE AVENUE, SUITE 203  
 SOUTH CHARLESTON, WV 25303

ITEM 2. Policy Period: From July 1, 2018 to July 1, 2019 12:01 A.M. Standard Time at the address in Item 1. The insurance afforded is only with respect to such and so many of the following coverages as are indicated by specified premium charge or charges. The limit of the Company's liability against such coverage shall be as stated herein, subject to all of the terms of this policy having reference thereto. If more than one **Unmanned Aircraft** is insured hereunder, the terms of this policy shall apply separately to each.

ITEM 3. Liability Coverages	LIMITS OF LIABILITY		LIABILITY PREMIUMS
	EACH PERSON	EACH OCCURRENCE	
A. <b>Bodily Injury</b>	\$	\$	\$
B. <b>Property Damage</b>	X X X X		
C. Single Limit	X X X X	1,000,000.	8,500.
D. Medical Expense		5,000.	INCLUDED

LIAB. TOTAL \$

ITEM 4. Description of <b>Unmanned Aircraft</b> and <b>Physical Damage</b> Coverage hereunder:							DEDUCTIBLES	
REG NO.	MANU. SER. NO.	MAKE AND MODEL	YEAR BUILT	INSURED VALUE	PHYSICAL DAMAGE COV.	PHYSICAL DAMAGE PREMIUMS	NOT IN MOTION	IN MOTION, INGESTION, OR MOORING
NOT REQUIRED		ANY UMMANNED	----	NOT COVERED	--	\$ N/A	\$ N/A	N/A
		OWNED & OPERATED BY						
		THE NAMED INSURED						
		WEIGHING < 55LBS						

**PHYSICAL DAMAGE** Coverage Identified F. All Risks: Not In Flight.  
 E. All Risks: Ground & Flight. G. All Risks: Not In Motion.  
 PHYSICAL DAMAGE POLICY PREMIUM  
 TOTAL \$ NOT APPLICABLE \$ 8,500.

ITEM 5. When **In Flight** the **Unmanned Aircraft** will be operated only by pilots/operators meeting the requirements endorsed in this policy.

ITEM 6. The **Unmanned Aircraft** will be used only for the purposes indicated by "X" below (see Definitions).

BUSINESS  COMMERCIAL  PUBLIC  AS ENDORSED HEREON

ITEM 7. The **Named Insured** is and shall remain the sole owner of the **Unmanned Aircraft** and the **Unmanned Aircraft** is not subject to any encumbrance other than as indicated herein.

Endorsements and forms forming a part of this policy on its effective date:  
 SEE ATTACHED FORMS SCHEDULE

Producer THE HOXTON AGENCY, INC.  
 H00334 P.O. BOX E  
SHEPHERDSTOWN, WV 25443

Countersigned August 15, 2018  
 At Clayton  
 By [Signature]  
 (Authorized Representative)

Approved By [Signature]  
 (Authorized Representative)  
 Date of Issue July 26, 2018 LW

## FORMS SCHEDULE

POLICYHOLDER THE STATE OF WEST VIRGINIA & THE DEPT.  
& AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT  
POLICY NO. UM 028176638-04  
POLICY PERIOD: From July 1, 2018 to July 1, 2019

The following forms are attached to the policy at inception.

<u>FORM NUMBER AND VERSION DATE</u>	<u>FORM TITLE</u>
UAS04 (03-14)	Unmanned Aircraft Aviation Policy Declarations
UAS01-NU (03-14)	Unmanned Aircraft Aviation Policy Provisions
UAS347 (03-14)	Pilot/Operator Warranty Endorsement
UAS1429 (03-14)	Policy Territory Limitation Endorsement
UE882 (01-05)	Asbestos Exclusion Endorsement
UE38B (01-05)	Nuclear Risks Exclusion Clause AVN38B
UAS46B (03-14)	Noise And Pollution And Other Perils Exclusion Clause AVN46B
UAS2000A (03-14)	Date Recognition Exclusion Clause AVN2000A
UAS48B (03-14)	War Hi-jacking And Other Perils Exclusion Clause Aviation
UAS52E (03-14)	Extended Coverage Endorsement Aviation Liabilities AVN52E
UE1066 (01-15)	Terrorism Exclusion - Certified Acts
UE615 (01-05)	Non-Aviation Liability Clause
UAS26 (03-14)	Broad Coverage Endorsement
UAS1005 (03-14)	Primary and Non-Contributory Endorsement
UAS1014 (03-14)	West Virginia Amendatory Endorsement
UAS501 (03-14)	West Virginia Amendatory Endorsement
52176 (08-02)	West Virginia Cancellation / Nonrenewal Amendatory Endorsement
91222 (09-16)	Policyholder Notice

All other provisions of this policy remain the same.

This policy is issued by:

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.**  
175 WATER STREET, 18TH FLOOR  
NEW YORK, NY 10038

## **UNMANNED AIRCRAFT AVIATION POLICY**

Policy Provisions - Part 1 - Form UAS01 (03/14)

The Company as shown in Part 2 - Declarations (hereinafter called the Company), in consideration of the payment of the premium, in reliance upon the statements of the Declarations made a part hereof, subject to all of the terms of this policy including the applicable limits of liability, the Company agrees with the **Named Insured** with respect to those coverages indicated in Items 3 and 4 of the Declarations.

### **INSURING AGREEMENTS**

#### **I. LIABILITY COVERAGES**

**Coverage A - Bodily Injury Liability** (including any and all **Related Claims**) - To pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as damages because of **Bodily Injury** sustained by any person;

**Coverage B - Property Damage Liability** - To pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as damages because of **Property Damage**;

**Coverage C - Single Limit Bodily Injury and Property Damage Liability** (including any and all **related claims**) - To pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as damages because of **Bodily Injury** sustained by any person and **Property Damage**, caused by an **Occurrence** and arising out of the ownership, maintenance or use of the **Unmanned Aircraft**; or, only with respect to Coverages A, B, and C, caused by an **Occurrence** and arising out of the maintenance or use of the **Premises** in or upon which the **Unmanned Aircraft** is stored.

#### **II. MEDICAL EXPENSE COVERAGE**

**Coverage D - Medical Expense** - To pay all reasonable **Medical Expense** incurred within one year from the date of injury, to or for any **Crew** who sustains **Bodily Injury** caused by an **Occurrence** involving an **Unmanned Aircraft**, provided the **Unmanned Aircraft** is being used by or with permission of the **Named Insured**.

#### **III. PHYSICAL DAMAGE COVERAGES**

**Coverage E - Ground and Flight** - To pay for any **Physical Damage Loss** to the **Unmanned Aircraft**, including **Disappearance** of the **Unmanned Aircraft**.

**Coverage F - Not In Flight** - To pay for any **Physical Damage Loss** to the **Unmanned Aircraft** sustained while the **Unmanned Aircraft** is not **In Flight** and which is not the result of fire or explosion following crash or collision while the **Unmanned Aircraft** was **In Flight**.

**Coverage G - Not In Motion** - To pay for any **Physical Damage Loss** to the **Unmanned Aircraft** sustained while the **Unmanned Aircraft** is not **In Motion** and which is not the result of fire or explosion following crash or collision while the **Unmanned Aircraft** was **In Motion**.

**IV. DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS**  
**Coverages A, B, C, and D**

The Company shall have the right and duty to defend any suit against the **Insured** seeking damages on account of such **Bodily Injury** or **Property Damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the Company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the Company's liability has been exhausted by payment of judgments or settlements.

During such time as the Company is obligated to defend a claim or claims under the provisions of the preceding paragraph, the Company will pay with respect to such claim, in addition to the applicable limit of liability:

- (a) all expenses incurred by the Company, all costs taxed against the **Insured** in any suit defended by the Company and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;
- (b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the **Insured** because of an **Occurrence** or violation of law or regulation for civil aviation arising out of the use of the **Unmanned Aircraft**, not to exceed \$5,000. per bail bond, but the Company shall have no obligation to apply for or furnish any such bonds;
- (c) expenses incurred by the **Insured** for first aid to others at the time of an accident, for **Bodily Injury** to which this policy applies;
- (d) all reasonable expenses incurred by the **Insured** at the Company's request to assist the Company in the investigation or defense of the claim or suit, including actual loss of earnings up to \$250. a day because of time off from work.

**V. UNITED STATES ARMY, NAVY AND AIR FORCE INSURANCE REQUIREMENTS**  
**Coverages A, B, and C**

If the **Aviation Managers** issue a Civil Aircraft Certificate of Insurance Form DD 2400, or any replacement thereof, as required by regulations of the U. S. Army, Navy or Air Force, then the insurance policy provisions required by the regulations shall be deemed to be incorporated herein and substituted for any policy provisions inconsistent therewith.

**VI. POLICY PERIOD, TERRITORY**  
**All Coverages**

This policy applies only if:

- (a) The **Bodily Injury, Property Damage** or **Physical Damage** is caused by an **Occurrence**, while the **Unmanned Aircraft** is within the United States of America, Canada, Mexico, the Bahamas, the Caribbean Islands and Central America or enroute between points therein; and
- (b) The **Bodily Injury, Property Damage** or **Physical Damage** occurs during the policy period.



VII. **TWO OR MORE UNMANNED AIRCRAFT  
All Coverages**

When two or more **Unmanned Aircraft** are insured under this policy, the terms of this policy shall apply separately to each.

**SPECIAL INSURING AGREEMENTS**

(APPLICABLE ONLY IF THE PURPOSE OF USE SHOWN IN ITEM 6 IS LIMITED TO BUSINESS)

I. **TEMPORARY USE OF SUBSTITUTE UNMANNED AIRCRAFT  
Coverages A, B, C and D**

While the **Unmanned Aircraft** described in Item 4 of the Declarations is withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction, such insurance as is afforded under Coverages A, B, C, and D is extended to apply with respect to the use, by or on behalf of the **Named Insured** of any other **Unmanned Aircraft** not owned in whole or in part by the **Named Insured**, while temporarily used as a substitute therefor.

II. **USE OF OTHER UNMANNED AIRCRAFT  
Coverages A, B, C, and D**

If the **Named Insured** is one individual or, one individual and spouse, such insurance as is afforded under Coverages A, B, C, and D with respect to the **Unmanned Aircraft** described in Item 4 of the Declarations, is extended to apply with respect to the use, by or on behalf of the **Named Insured**, of any other **Unmanned Aircraft** not owned in whole or in part by, or furnished for regular use to, such **Named Insured** and spouse. The insurance provided by this agreement shall apply only to the **Named Insured** and spouse.

III. **AUTOMATIC INSURANCE FOR NEWLY ACQUIRED UNMANNED AIRCRAFT  
All Coverages**

If the **Named Insured** acquires ownership of an **Unmanned Aircraft** in addition to or replacement to the **Unmanned Aircraft** described in Item 4 of the Declarations and within thirty (30) days thereafter reports such acquisition to the **Aviation Managers**, then the insurance afforded by this policy shall apply to such additional or replacement **Unmanned Aircraft** as of the time of such acquisition, provided that the Company insured all other **Unmanned Aircraft** owned in whole or in part by the **Named Insured** on such acquisition date. Unless the **Named Insured** and the Company agree otherwise the coverages and limits of liability with respect to said additional or replacement **Unmanned Aircraft** shall be:

- (a) As respects Liability Coverage and **Medical Expense** Coverage the same coverages and limits as described in Item 3 of the Declarations, or, If a replacement **Unmanned Aircraft**, the same coverages and limits of liability as the **Unmanned Aircraft** being replaced.
- (b) As respects **Physical Damage** Coverage
  - (i) If an additional **Unmanned Aircraft**, the same coverages, insured value and deductible shall apply as the **Unmanned Aircraft** having highest insured value as described in Item 4 of the Declarations.
  - (ii) If a replacement **Unmanned Aircraft**, the same coverages, insured value and deductible as the **Unmanned Aircraft** being replaced.

In no event shall the Company be liable for more than the **Named Insured** paid for any newly acquired additional or replacement **Unmanned Aircraft**. The **Named Insured** shall pay any additional premium required because of the application of the insurance to such other **Unmanned Aircraft**.

## EXCLUSIONS

This policy does not apply:

1. (a) To any **Insured** while the **Unmanned Aircraft** is **In Flight** with the knowledge and consent of such **Insured** or of any executive officer, partner, or managing agent of such **Insured** for any unlawful purpose, or any purpose not so designated in the Declarations.
- (b) To **Bodily Injury** or **Property Damage** expected or intended from the standpoint of the **Insured**. This exclusion (b) does not apply to **Bodily Injury** or **Property Damage** resulting from the use of reasonable force to protect persons or property, and to **Bodily Injury** or **Property Damage** resulting from efforts to prevent dangerous interference with the operation of the **Unmanned Aircraft**.
2. To any **Insured** while the **Unmanned Aircraft** is **In Flight** with the knowledge and consent of the **Named Insured**.
  - (a) if operated or piloted by other than the operator(s) or pilot(s) designated in the Declarations; or
  - (b) if the **Unmanned Aircraft** is a certified model and the Airworthiness Certificate of the **Unmanned Aircraft** is not in full force and effect.

Exclusion 2. (a) shall not apply while the **Unmanned Aircraft** is under the care, custody or control of a **Federal Aviation Administration (FAA)** approved repair station for the purpose of maintenance, repair or test flights.

Exclusion 2. (b) shall not apply while the **Unmanned Aircraft** is operated on a reposition, ferry or test flight provided a special permit or waiver has been granted by a government aviation authority for such flights and such flights are for the sole purpose of reinstatement or renewal of the Airworthiness Certificate.

3. To any damages excluded by the Nuclear Risk Exclusion Clause below.
  - (a) This policy does not cover:
    - (1) **Loss** or destruction of or damage to any property whatsoever or any **Loss** or expense whatsoever resulting or arising therefrom or any consequential **Loss**
    - (2) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from:

- (a) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
  - (b) the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;
  - (c) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.
- (b) It is understood and agreed that such radioactive material or other radioactive source in paragraph (a) and (b) above shall not include:

- (1) depleted uranium and natural uranium in any form;
  - (2) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.
- (c) This policy, however, does not cover **Loss** of, or destruction of, or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:
- (1) the **Insured** under this policy is also an **Insured** or an additional insured under any other insurance policy, including any nuclear energy liability policy; or
  - (2) any person or organization is required to maintain financial protection pursuant to legislation in any country; or
  - (3) the **Insured** under this policy is, or had this policy not been issued would be, entitled to indemnification from any government or agency thereof.

4. To 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 labor disturbances.
- (d) Any act of one or more person, 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, nationalization, 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 **Unmanned Aircraft** or **Crew** while the **Unmanned Aircraft** is **In Flight** (including any attempt at such seizure or control) made by any person or persons acting without the consent of the **Insured**.

Furthermore this policy does not cover claims arising while the **Unmanned Aircraft** is outside the control of the **Insured** by reason of any of the above perils. The **Unmanned Aircraft** shall be deemed to have been restored to the control of the **Insured** on the safe return of the **Unmanned Aircraft** to the **Insured** at an airfield or other off-airport location, not excluded by the geographical limits of this policy, and entirely suitable for the operation of the **Unmanned Aircraft** (such safe return shall require that the **Unmanned Aircraft** be parked with engines shut down and under no duress).

5. Under Coverages A, B, C, and D

- (a) To any liability for which the **Insured** is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
  - (1) that the **Insured** would have in the absence of a contract or agreement; or
  - (2) assumed in an **Insured Contract**, provided the **Bodily Injury** or **Property Damage** occurs subsequent to the execution and prior to the termination of the **Insured Contract**.

- (b) To an **Insured** under this policy who is also an **Insured** under a contract of nuclear energy liability insurance issued by the Nuclear Energy Liability Insurance Association or the Mutual Atomic Energy Liability Underwriters and in effect at the time of the **Occurrence** resulting in such injury, sickness, disease, death or destruction; provided, such contract of nuclear energy liability insurance shall be deemed to be in effect at the time of such **Occurrence** notwithstanding such contract has terminated upon exhaustion of its limit of liability;
- (c) (1) To claims directly or indirectly occasioned by, happening through or in consequence of:
- (a) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
  - (b) pollution and contamination of any kind whatsoever,
  - (c) electrical and electromagnetic interference,
  - (d) interference with the use of property,
- unless caused by a crash or collision of **Unmanned Aircraft** or a recorded **In Flight** emergency causing abnormal **Unmanned Aircraft** operation.
- (2) With respect to any provision in the policy concerning any duty of the Company to investigate or defend claims, such provision shall not apply and the Company shall not be required to defend:
- (a) claims excluded by paragraph (c) (1) or
  - (b) a claim or claims covered by the policy when combined with any claims excluded by paragraph (c) (1) referred to below as "Combined Claims."
- (3) In respect of any Combined Claims, the Company shall (subject to proof of loss and the limits of the policy) reimburse the **Insured** for that portion of the following items, which may be allocated to the claim or claims covered by the policy:
- (a) damages awarded against the **Insured** and
  - (b) defense fees and expenses incurred by the **Insured**.
- (d) To claims in respect of death, **Bodily Injury**, illness or disease to any person or persons and/or damage to or destruction of property caused by or resulting from the application of or use by the **Insured** or his agent of all forms of fertilizers, fungicides, defoliant, herbicides, hormone selective weed killers, pesticides, insecticides and arsenical preparations or compounds or any other forms of chemical.

Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this policy.

6. Under Coverages A and C

- (a) To any obligation for which the **Insured** or any carrier as his insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law;



- (b) To **Bodily Injury** to any employee of the **Named Insured** arising out of and in the course of his employment by such **Named Insured**; but this exclusion (b) does not apply to liability assumed by the **Named Insured** under any **Insured Contract** that is a prerequisite for the use of an airport or airport facility; or other off-airport location;
  - (c) To **Bodily Injury** or death of any person who is a **Named Insured**.
- 7. Under Coverages B and C, to **Property Damage** to property owned, occupied, rented or used by the **Insured** or in the care, custody or control of the **Insured** or as to which the **Insured** is for any purpose exercising physical control including being or transported by or on behalf of the **Insured**.
- 8. Under Coverages E, F and G
  - (a) to **Loss** or damage to an **Unmanned Aircraft** due to conversion, embezzlement or secretion by any person or organization with legal right to possession of such **Unmanned Aircraft** under bailment, lease, conditional sale, purchase agreement, mortgage or other legal agreement that governs the use, sale or lease of the **Unmanned Aircraft**, nor for any **Loss** or damage during or resulting therefrom.
  - (b) to **Loss** or damage to tires except where such **Loss** or damage is caused by fire, theft, windstorm or vandalism or is the direct result of **Physical Damage** covered by this policy;
  - (c) to **Loss** or damage which is due and confined to wear, tear, deterioration or freezing unless any such **Loss** or damage is the direct result of other **Physical Damage** covered by this policy.
  - (d) to **Loss** or damage to turbine aircraft engines and auxiliary power units insured under this policy if such damage is caused by:
    - (1) foreign objects unless a result of **Ingestion**;
    - (2) heat or temperature change from the operation, attempted operation or shutdown of the engine;unless any such **Loss** or damage is the direct result of other **Physical Damage** covered by this policy.

## LIMIT OF THE COMPANY'S LIABILITY

### ALL COVERAGES (Other Insurance)

Except with respect to insurance afforded by Special Insuring Agreements I and II and to insurance specifically purchased by the **Insured** to apply in excess of this policy, if there is other insurance in the **Insured's** name or otherwise, against **Loss**, liability or expense covered by this policy, the Company shall not be liable under this policy for a greater proportion of such **Loss**, liability or expense than the applicable limit of the Company's liability bears to the total applicable limit of liability of all valid and collectible insurance against such **Loss**, liability or expense. Insurance afforded by Special Insuring Agreements I and II shall be excess insurance over any other valid and collectible insurance available to the **Insured**, either as **Insured** under a policy applicable to the **Unmanned Aircraft** or otherwise and if such other insurance shall have been written through the **Aviation Managers** as primary insurance then the Company's limits of liability under this policy shall be reduced by the applicable limits of such other policy.

### COVERAGES A, B, AND C (Total Liability)

Regardless of the number of (1) **Insureds** under this policy, (2) persons or organizations who sustain **Bodily Injury** or **Property Damage**, (3) claims made or suits brought (related or otherwise) on account of **Bodily Injury** or **Property Damage**, or (4) **Unmanned Aircraft** to which this policy applies, the Company's liability is limited as follows:

Coverage A. The total liability of the Company for all damages, including all **Related Claims** and all damages for care and loss of services, because of **Bodily Injury** sustained by any person as the result of any one **Occurrence** shall not exceed the limit of liability stated in the Declarations as applicable to "each person". Subject to the above provision respecting "each person", the total liability of the Company for all damages, including all **Related Claims** and all damages for care and loss of services, because of **Bodily Injury** sustained by two or more persons as the result of any one **Occurrence** shall not exceed the limit of liability stated in the Declarations as applicable to "each **Occurrence**".

Coverage B. The total liability of the Company for all damages because of all **Property Damage** sustained by one or more persons or organizations as the result of any one **Occurrence** shall not exceed the limit of liability stated in the Declarations as applicable to "each **Occurrence**".

Coverage C. The total liability of the Company for all damages, including all **Related Claims** and all damages for care and loss of services, because of **Bodily Injury** or **Property Damage** sustained by one or more persons or organizations as the result of any one **Occurrence** shall not exceed the limit of liability stated in the Declarations as applicable to "each **Occurrence**".

For the purpose of determining the limit of the Company's liability, all **Bodily Injury** and **Property Damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered arising out of one **Occurrence**.

**COVERAGES A, B, and C  
(Severability of Interests)**

The insurance afforded applies separately to each **Insured** against whom claim is made or suit is brought, except with respect to the limits of the Company's liability.

**COVERAGE D  
(Total Liability)**

The limit of liability stated in the Declarations as applicable to "each person" is the limit of the Company's liability for all expenses incurred by or on behalf of each person who sustains **Bodily Injury** in any one **Occurrence**; the limit of liability stated in the Declarations for Coverage D as applicable to "each **Occurrence**" is, subject to the above provision respecting each person, the total limit of the Company's liability for all expenses incurred by or on behalf of two or more persons who sustain **Bodily Injury** in any one such **Occurrence**.

**COVERAGES E, F and G  
(Total Liability)**

With respect to **Total Loss**, the Company will pay the insured value of the **Unmanned Aircraft**, as stated in the Declarations, subject to any applicable deductible.

With respect to **Partial Loss**, the Company may pay for the least expensive and most reasonable means to repair the **Unmanned Aircraft** or may pay for the **Loss** in money, subject to any applicable deductible, as hereinafter

1. if repairs are made by other than the **Named Insured**, the total of the following:
  - (a) cost to repair the damaged property with material of like kind and quality (excluding any charges for overtime);
  - (b) cost of the least expensive and most reasonable method of transporting new and/or damaged parts and/or the damaged **Unmanned Aircraft** to the place of repair and the return of the repaired **Unmanned Aircraft** to the place where the **Loss** occurred or the place where the **Unmanned Aircraft** is regularly based, whichever is nearer;
2. if repairs are made by the **Named Insured**, the total of the following:
  - (a) actual cost to the **Insured** of material of like kind and quality;
  - (b) actual wages paid for labor, excluding any overtime;
  - (c) 150% of item (b) in lieu of overhead and supervisory services;
  - (d) cost of the least expensive and most reasonable method of transporting new and/or damaged parts and/or the damaged **Unmanned Aircraft** to the place of repair and the return of the repaired **Unmanned Aircraft** to the place where the **Loss** occurred or the place where the **Unmanned Aircraft** is regularly based, whichever is nearer.

With respect to any **Partial Loss** or **Total Loss**:

1. the amount due under this policy shall not exceed the amount due were the **Loss** payable as a **Total Loss**;
2. any salvage value remaining shall inure to the benefit of the Company and the **Named Insured** shall provide clear title thereto;
3. any equipment attached to the **Unmanned Aircraft**, even if subsequent to the effective date of coverage, shall be considered a part of the **Unmanned Aircraft**;

4. there shall be no abandonment of any damaged property without the consent of the Company.

If the **Loss** is due to theft or **Disappearance**, the Company shall have the right to return any found stolen property at any time prior to actual payment of the claim hereunder, with payment for any **Physical Damage** sustained thereto.

As available, the Company will pay for repair or replacement of like, kind and quality. The Company will not pay excess of like, kind and quality amounts for the cost of **Betterment**.

## DEFINITIONS

When appearing in this policy in bold face print:

**"Aviation Managers"** means AIG Aerospace Insurance Services, Inc., or any of its subsidiary or affiliated companies, branch offices or authorized representatives.

**"Betterment"** means improvement which would add value to the **Unmanned Aircraft**.

**"Bodily Injury"** means bodily injury, sickness, disease or mental anguish sustained by any person which occurs during the policy period, including death at any time resulting therefrom.

**"Business"** means for business or professional purposes including research, test, and demonstration flights, but excluding any flights for hire or reward.

**"Commercial"** means used principally in the business of the **Insured** for hire or reward, and those uses defined under Business, excluding rental to others.

**"Crew"** means the pilot(s)/ operator(s), visual observer(s), sensor/payload operator(s), image interpreter(s), or any other person necessary to ensure the safe operation of the **Unmanned Aircraft** while such person is directly and actively engaged in those activities which are necessary for the operation of the **Unmanned Aircraft**.

**"Disappearance"** means missing **In Flight** and not reported for sixty (60) days after commencing a flight.

**"Federal Aviation Administration (FAA)"** means the duly constituted authority of the United States of America having jurisdiction over civil aviation, or its duly constituted equivalent in any other country.

**"In Flight"** means, with respect to fixed wing **Unmanned Aircraft**, the time commencing with the actual take-off run or launch of the **Unmanned Aircraft** and continuing thereafter until it has completed its landing run; or capture; and if the **Unmanned Aircraft** is a rotorcraft, from the time the rotors start to revolve under power for the purpose of flight until they subsequently cease to revolve after landing; and if the **Unmanned Aircraft** is a balloon, while it is inflated or being inflated or deflated.

**"In Motion"** means while the **Unmanned Aircraft** is moving under its own power or the momentum generated therefrom or while it is **In Flight** and, if the **Unmanned Aircraft** is a rotorcraft, any time that the rotors are rotating or while it is **In Flight** and, if the **Unmanned Aircraft** is a glider or balloon, any time it is being transported, towed or while it is **In Flight**.

**"Ingestion"** means damage to **Unmanned Aircraft** turbine engines or turbine auxiliary power units, if a part of the **Unmanned Aircraft**, caused by objects or substances not a part of the engine or its accessories, nor intended to be used in the engine, which occurs during the policy period and is the result of a single incident and of sufficient severity to require (or would require if its severity were known) immediate repair before further use.

**"Insured"** the unqualified word **"Insured"** wherever used in this policy with respect to Coverages A, B, and C, includes not only the **Named Insured** but also any person while using the **Unmanned Aircraft** and any person or organization legally responsible for its use, provided the actual use is with the express permission of the **Named Insured**. Except with respect to the **Named Insured** the provisions of this paragraph do not apply:



- (a) to any employee with respect to **Bodily Injury**, sickness, disease or death of another employee of the same employer injured in the course of such employment;
- (b) to any person or organization or to any agent or employee thereof (other than any employee of the **Named Insured** while acting in the course of his employment by the **Named Insured**):
  - (1) who manufactures, builds, sells or distributes aircraft, manned or unmanned, including engines, components, accessories or fuel used in connection therewith;
  - (2) who, with respect to manned or **Unmanned Aircraft**, is engaged in the operation of a repair shop, sales agency, rental service, flying school, management service, aerial application service, inspection, appraisal, certification or examination service, commercial flying service, airline, airport, hangar, operator or pilot training center or charter brokerage service;
  - (3) who, with respect to manned or **Unmanned Aircraft**, is engaged in the activity of instruction, evaluation, examination or certification of any operator or pilot or **Crew** or prospective operator, pilot or **Crew**;
  - (4) who is charging a fee and/or receiving any remuneration or benefit for providing any type of service whatsoever in connection with the ownership, maintenance or use of any **Unmanned Aircraft**;
- (c) to any person or organization operating the **Unmanned Aircraft** under the terms of any rental agreement or training program which provides any remuneration to the **Named Insured** for the use of said **Unmanned Aircraft**;
- (d) to the owner or lessor, or any agent or employee thereof, of any **Unmanned Aircraft** which is the subject of the extended insurance provisions of Special Insuring Agreements.

**"Insured Contract"** means:

- (a) Any contract which requires as a prerequisite of the use of an airport or airport facility, or other off-airport launch or recovery location the indemnification of a military or governmental authority, except in connection with work performed for the military or governmental authority;
- (b) That part of any contract or agreement pertaining to ownership maintenance or use of **Unmanned Aircraft** or **Premises** under which any Insured assumes the **Tort Liability** of another party to pay for **Bodily Injury** or **Property Damage** to a third person or organization.

**Insured Contract** does not include that part of any contract or agreement:

- (1) with or for the benefit of any **Crew** or their heirs;
- (2) that pertains to major alteration or major repairs to aircraft, aircraft parts or accessories;
- (3) that pertains to the purchase or sale of aircraft, aircraft parts or accessories;

**"Loss"** means **Physical Damage**.

**"Medical Expense"** means expenses for necessary medical, surgical, x-ray or dental services, including prosthetic devices, and necessary ambulance, hospital professional nursing and funeral services.

**"Mooring"** shall mean, while on water, a water alighting **Unmanned Aircraft** is anchored or moored, or during launching onto or hauling up therefrom (except under its own power or momentum).

"**Named Insured**" means the person or organization named in Item 1 of the Declarations.

"**Occurrence**" means an accident, including continuous or repeated exposure to conditions, which results in **Bodily Injury** or **Property Damage** during the policy period neither expected nor intended from the standpoint of the **Insured**. In the event of continuing or progressively deteriorating damage over any length of time, such damage shall be deemed to be one **Occurrence**, and shall be deemed to occur only when such damage first commences.

"**Partial Loss**" means any **Physical Damage Loss** which is not a **Total Loss**.

"**Physical Damage**" means direct and accidental physical **Loss** of or damage to the **Unmanned Aircraft**, hereinafter called **Loss**, but does not include loss of use or any residual depreciation or diminution in value (including loss of guaranty or warranty), if any, after repairs have been made.

"**Premises**" means such portions of airports or other facilities that are designated and used for the parking or storage of **Unmanned Aircraft** exclusive of premises owned by, or leased for more than thirty (30) days to the **Insured**.

"**Property Damage**", means (a) physical injury to or destruction of tangible property which occurs during the policy period, including loss of use thereof at any time resulting therefrom, or (b) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an **Occurrence** during the policy period.

"**Public**" means used by a governmental entity (including Federal, State, or local governments) for public safety (including law enforcement and search and rescue), resource management, and those uses defined under **Business**.

"**Related Claims**" means all claims for care and loss of service, loss of society and consortium, mental anguish, emotional distress, loss of support, medical and funeral expenses, and any and all other damages from or arising out of **Bodily Injury** to any person. Notwithstanding anything to the contrary in the definition of **Bodily Injury**, the Company's liability and coverage for damages for both **Bodily Injury** and **Related Claims** are included and combined within the "each person" and "each **Occurrence**" Limits of Liability specified in the Declarations, as applicable, and there are no separate or additional Limits of Liability for **Related Claims**.

"**Tort Liability**" means a liability that would be imposed by law in the absence of any contract or agreement.

"**Total Loss**" means any **Physical Damage Loss** for which the "cost to repair" when added to the "salvage value" (the value of the **Aircraft** after **Physical Damage** and prior to repairs) equals or exceeds the Insured Value of the **Aircraft** as set forth in Item 4 of the Declarations. **Disappearance** or theft of the entire **Aircraft** shall be considered as a **Total Loss**.

"**Unmanned Aircraft**" means the aircraft described in Item 4 of the Declarations (and when appropriate any **Unmanned Aircraft** qualifying under the provisions of Special Insuring Agreements I, II, or III) including the propulsion system and equipment usually installed in the aircraft (1) while installed in the aircraft, (2) while temporarily removed from the aircraft and (3) while removed from the aircraft for replacement until such time as replacement by a similar item has commenced; also tools and equipment which are specially designed for the aircraft and which are ordinarily carried therein.

"**Named Insured**" means the person or organization named in Item 1 of the Declarations.

"**Occurrence**" means an accident, including continuous or repeated exposure to conditions, which results in **Bodily Injury** or **Property Damage** during the policy period neither expected nor intended from the standpoint of the **Insured**. In the event of continuing or progressively deteriorating damage over any length of time, such damage shall be deemed to be one **Occurrence**, and shall be deemed to occur only when such damage first commences.

"**Partial Loss**" means any **Physical Damage Loss** which is not a **Total Loss**.

"**Physical Damage**" means direct and accidental physical **Loss** of or damage to the **Unmanned Aircraft**, hereinafter called **Loss**, but does not include loss of use or any residual depreciation or diminution in value (including loss of guaranty or warranty), if any, after repairs have been made.

"**Premises**" means such portions of airports or other facilities that are designated and used for the parking or storage of **Unmanned Aircraft** exclusive of premises owned by, or leased for more than thirty (30) days to the **Insured**.

"**Property Damage**", means (a) physical injury to or destruction of tangible property which occurs during the policy period, including loss of use thereof at any time resulting therefrom, or (b) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an **Occurrence** during the policy period.

"**Public**" means used by a governmental entity (including Federal, State, or local governments) for public safety (including law enforcement and search and rescue), resource management, and those uses defined under **Business**.

"**Related Claims**" means all claims for care and loss of service, loss of society and consortium, mental anguish, emotional distress, loss of support, medical and funeral expenses, and any and all other damages from or arising out of **Bodily Injury** to any person. Notwithstanding anything to the contrary in the definition of **Bodily Injury**, the Company's liability and coverage for damages for both **Bodily Injury** and **Related Claims** are included and combined within the "each person" and "each **Occurrence**" Limits of Liability specified in the Declarations, as applicable, and there are no separate or additional Limits of Liability for **Related Claims**.

"**Tort Liability**" means a liability that would be imposed by law in the absence of any contract or agreement.

"**Total Loss**" means any **Physical Damage Loss** for which the "cost to repair" when added to the "salvage value" (the value of the **Aircraft** after **Physical Damage** and prior to repairs) equals or exceeds the Insured Value of the **Aircraft** as set forth in Item 4 of the Declarations. **Disappearance** or theft of the entire **Aircraft** shall be considered as a **Total Loss**.

"**Unmanned Aircraft**" means the aircraft described in Item 4 of the Declarations (and when appropriate any **Unmanned Aircraft** qualifying under the provisions of Special Insuring Agreements I, II, or III) including the propulsion system and equipment usually installed in the aircraft (1) while installed in the aircraft, (2) while temporarily removed from the aircraft and (3) while removed from the aircraft for replacement until such time as replacement by a similar item has commenced; also tools and equipment which are specially designed for the aircraft and which are ordinarily carried therein.

## CONDITIONS

### APPLICABLE TO COVERAGES A, B, AND C (BODILY INJURY AND PROPERTY DAMAGE)

#### 1. ACTION AGAINST THE COMPANY

No person or organization has a right under this policy:

- (a) to join the Company as a party or otherwise bring the Company into a suit asking for damages from an **Insured**;
- (b) to sue on this policy unless all of its terms have been fully complied with.

A person or organization may sue the Company to recover on an agreed settlement or on a final judgment against an **Insured** obtained after an actual trial; but the Company will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by the Company, the **Insured** and the claimant or the claimant's legal representative. Service of process may be made upon the **Aviation Managers** on behalf of the Company. However, the Company does not waive its right to commence an action in any court of competent jurisdiction or to seek a transfer to another court as permitted by law.

#### 2. FINANCIAL RESPONSIBILITY

If this policy is certified as proof of insurance under any governmental financial responsibility law applicable to aircraft, the Company will pay the minimum amounts required by that law which do not exceed the limit of liability of this policy. The **Named Insured** agrees to reimburse the Company promptly for any amounts the Company would not have had to pay were it not for this clause.

#### 3. NOTICE OF OCCURRENCE, LOSS, CLAIM OR SUIT

- (a) The **Named Insured** must see to it that the Company or its **Aviation Managers** are promptly notified in writing at the nearest office, whose address is listed on the back of the policy cover, of an **Occurrence** that may result in a claim. Notice shall include:
  - (1) particulars sufficient enough to identify the **Insured**;
  - (2) how, when and where the **Occurrence** took place;
  - (3) the names and addresses of any injured persons and witnesses.



- (b) If claim is made or suit is brought against the **Insured**, the **Named Insured** must see to it that the Company or its **Aviation Managers** receive prompt written notice of the claim or suit. The **Named Insured** and any other **Insured** involved must:
- (1) immediately send the **Aviation Managers** copies of any demands, notices, summonses or legal papers received in connection with the claim or suit;
  - (2) authorize the Company or its **Aviation Managers** to obtain records and other information;
  - (3) cooperate with the Company or its **Aviation Managers** in the investigation, settlement or defense of the claim or suit;
  - (4) assist the Company or its **Aviation Managers**, upon the **Aviation Managers'** request, in the enforcement of any right against any person or organization which may be liable to the **Insured** because of injury or damage to which the insurance may also apply.
- (c) No **Insureds** will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without the Company or its **Aviation Managers'** consent.

#### 4. SEPARATION OF INSUREDS

Except with respect to the Limit of the Company's Liability and any rights and duties specifically assigned in this policy to the first **Named Insured**, this insurance applies:

- (a) as if each **Named Insured** were the only **Named Insured**;
- (b) separately to each **Insured** against whom claim is made or suit is brought.

#### APPLICABLE TO COVERAGE D (MEDICAL EXPENSE)

#### 5. ACTION AGAINST THE COMPANY

No person or organization has the right under this policy to sue on this policy unless all of its terms have been fully complied with and until thirty (30) days after the required proofs of claim have been filed with the Company.

#### 6. MEDICAL REPORTS: PROOF AND PAYMENT OF CLAIM

- (a) The injured person or someone on his or her behalf, as soon as practical after an accident, must give the **Aviation Managers** written proof of claim and if requested by the **Aviation Managers**:
  - (1) provide his or her sworn statement under oath;
  - (2) authorize the **Aviation Managers** to obtain medical reports and copies of records;
  - (3) submit to physical examination by a physician selected by the **Aviation Managers**, when and as often as the **Aviation Managers** may reasonably require.
- (b) The Company may pay the injured person or any person or organization rendering the services and such payment:
  - (1) shall reduce the amount payable hereunder for the injury;
  - (2) shall not constitute admission of liability by an **Insured**, or the **Aviation Managers**.

## APPLICABLE TO COVERAGES E, F, AND G (PHYSICAL DAMAGE)

### 7. ACTION AGAINST THE COMPANY AND PAYMENT OF LOSS

The Company does not have to pay, and the **Named Insured** does not have the right to sue on this policy, unless all of its terms have been fully complied with and until thirty (30) days after the required proofs of loss have been filed with the Company and the amount of **Loss** is determined as provided by the policy, nor at all unless commenced within twelve (12) months after the date of the **Loss**.

### 8. APPRAISAL OF LOSS

If the **Named Insured** and the Company fail to agree as to the amount of **Loss**, each shall, upon written notice to the other, hire at its own expense an independent aircraft appraiser. The appraisers will then agree on a knowledgeable and neutral umpire. If they cannot agree on the umpire in fifteen (15) days, a judge of the county of the pending appraisal will appoint the umpire. Agreement by any two of these three shall determine the amount of **Loss**. The **Named Insured** and the Company will share the umpire's cost equally, but this clause shall not deprive or waive any rights of the Company.

### 9. AUTOMATIC REINSTATEMENT

In the event of **Loss**, whether or not covered by this policy, the amount of insurance in respect to any **Unmanned Aircraft** shall be reduced as of the time and date of **Loss** by the amount of such **Loss** and such reduced value shall continue until repairs are commenced when the amount of insurance shall be automatically increased by the value of the completed repairs until the amount of insurance is fully reinstated or the policy has expired.

### 10. INSURED'S DUTIES WHEN LOSS OCCURS

When **Loss** occurs, the **Insured** shall:

- (a) take all reasonable precautions to protect the property or **Unmanned Aircraft** after an **Occurrence**. The Company shall reimburse the **Insured** all reasonable cost in affording such protection;
- (b) not abandon the property or **Unmanned Aircraft**;
- (c) immediately contact the **Aviation Managers** and provide prompt written notice at the address appearing on the back of the policy cover, including the:
  - (1) time, place and description of events;
  - (2) description and location of the **Unmanned Aircraft**;

- (d) promptly report theft and vandalism to the **Aviation Managers** and local police;
- (e) do nothing after the **Loss** to harm the Company or **Aviation Managers** rights of recovery against any person or organization;
- (f) allow the Company or **Aviation Managers** to inspect the property;
- (g) submit to examination under oath if requested by the Company or **Aviation Managers**;
- (h) allow the Company or **Aviation Managers** to inspect all aircraft records, pilot logbooks, repair and service invoices, sales receipts and any other pertinent records until settlement of the **Loss**;
- (i) file proof of loss with the **Aviation Managers** within sixty (60) days after the date of **Loss**, in the form of a sworn statement to include:
  - (1) the interest of the **Named Insured** and of all others in the property affected;
  - (2) any encumbrances thereon;
  - (3) the actual cash value of the property at the time of the **Loss**;
  - (4) the amount, place, time and cause of such **Loss**;
  - (5) the description and amounts of all other insurance covering such property;

unless such time is extended in writing by the the Company or its **Aviation Managers**.

#### 11. **NO BENEFIT TO BAILEE**

The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any carrier or bailee liable for **Loss** to the **Unmanned Aircraft**.

#### 12. **NO RETURN PREMIUM IN THE EVENT OF TOTAL LOSS**

The Company or **Aviation Managers** shall not be liable for any return **Physical Damage** premium in respect to any **Unmanned Aircraft** on which a **Total Loss** has been paid.

### **APPLICABLE TO ALL COVERAGES**

#### 13. **ASSISTANCE AND COOPERATION OF THE INSURED**

The **Insured** shall cooperate with the Company and, upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. The **Insured** shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of an **Occurrence**.

14. **BANKRUPTCY**

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve the Company of any of its obligations hereunder.

15. **CANCELLATION**

- (a) The first **Named Insured** shown in the Declarations may cancel this policy by mailing or delivering to the Company or **Aviation Managers** advance written notice of cancellation.
- (b) The Company or **Aviation Managers** on behalf of the Company may cancel this policy by mailing or delivering to the first **Named Insured** written notice of cancellation at least:
  - (1) ten (10) days before the effective date of cancellation if the Company or **Aviation Managers** on behalf of the Company cancel for non-payment of premium; or
  - (2) thirty (30) days before the effective date of cancellation if the Company or **Aviation Managers** on behalf of the Company cancel for any other reason.
- (c) The Company or **Aviation Managers** will mail or deliver notice to the first **Named Insured's** last mailing address known to the Company or **Aviation Managers**.
- (d) If this policy is cancelled, the **Aviation Managers** will return any premium refund due. If the Company or **Aviation Managers** cancel, the refund will be pro rata. If the first **Named Insured** cancels, the refund may be less than pro rata. The cancellation will be effective even if **Aviation Managers** have not made or offered a refund. The return premium shall be subject to Condition 12.
- (e) If notice is mailed, proof of mailing will be sufficient proof of notice.

16. **CHANGING THE POLICY**

This policy contains all the agreements between the **Named Insured** and the Company concerning the insurance that is afforded. The first **Named Insured** shown in the Declarations is authorized to make changes in the terms of this policy with the **Aviation Managers** consent. This policy's terms can be amended or waived only by endorsement signed and issued by the **Aviation Managers** and made a part of this policy.

17. **EXAMINATION OF INSURED'S BOOKS AND RECORDS**

The Company or **Aviation Managers** may examine and audit the **Insured's** books and records as they relate to this policy at any time during the policy period and up to three (3) years afterward.

18. **FRAUD OR MISREPRESENTATION**

This policy shall be void if the **Named Insured** has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by the **Named Insured** touching any matter relating to this insurance or the subject thereof, whether before or after a **Loss**.

19. **INSPECTION AND SURVEYS**

The Company or **Aviation Managers** have the right but are not obligated to:



- (a) make inspections and surveys at any time;
- (b) give the **Named Insured** reports on the conditions found;
- (c) recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. The Company or **Aviation Managers** do not make safety inspections. The Company or **Aviation Managers** do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And the Company or **Aviation Managers** do not warrant that conditions:

- (1) are safe and healthful;
- (2) comply with laws, regulations, codes or standards.

This condition applies not only to the Company or **Aviation Managers**, but also to any rating, advisory, rate service or similar organization that make insurance inspections, surveys, reports or recommendations.

## 20. NONRENEWAL

If the Company decides not to renew this coverage, the **Aviation Managers** will mail or deliver to the first **Named Insured** shown in the Declarations written notice of the nonrenewal not less than thirty (30) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

## 21. PREMIUMS

The first **Named Insured** shown in the Declarations is responsible for the payment of all premiums.

## 22. REPRESENTATIONS

By accepting this policy, the **Named Insured** agrees:

- (a) the statements in the Declarations are accurate and complete;
- (b) those statements are based upon representations of the **Named Insured** to the Company and/or **Aviation Managers**;
- (c) the **Aviation Managers** have issued this policy in reliance upon the **Named Insured's** representations.

## 23. STATE STATUTES

If the terms of this policy are in conflict with or inconsistent with the statutes of any state where this policy is in effect, the Company will conform to those state statutes.

## 24. SUBROGATION

If the **Insured** has rights to recover all or part of any payment the Company has made under this policy, those rights are transferred to the Company. The **Insured** must do nothing after **Loss** to impair them. At the request of the Company or **Aviation Managers**, the **Insured** will bring suit or transfer those rights to the Company and do whatever else is necessary to secure such rights. The **Insured** shall do nothing after a **Loss** to prejudice such rights. This condition shall not apply with respect to Coverage D - **Medical Expense**.

## 25. TITLES OF PARAGRAPHS

The titles of the various paragraphs of this policy and amendments, if any, attached to this policy are inserted solely for reference and are not to be deemed in any way to limit or affect the provision to which they relate.

## 26. TRANSFER OF THE NAMED INSURED'S RIGHTS AND DUTIES UNDER THIS POLICY

The **Named Insured's** rights and duties under this policy may not be transferred without the **Aviation Managers** written consent except in the case of the death or bankruptcy of an individual **Named Insured**.

If such individual **Named Insured** dies or is adjudged bankrupt or insolvent, his or her rights and duties will be transferred to the **Named Insured's** legal representative but only while acting within the scope of duties as such. Until the **Named Insured's** legal representative is appointed, anyone having proper temporary custody of the **Named Insured's** property will have such **Named Insured's** rights and duties but only with respect to that property, but in no event for more than sixty (60) days following such death or adjudication.

## 27. SANCTIONS AND EMBARGO CLAUSE

- (a) If, by virtue of any law or regulation which is applicable to an Insurer at the inception of this policy or becomes applicable at any time thereafter, providing coverage to the **Insured** is or would be unlawful because it breaches an embargo or sanction, that Insurer shall provide no coverage and have no liability whatsoever nor provide any defence to the **Insured** or make any payment of defence costs or provide any form of security on behalf of the **Insured**, to the extent that it would be in breach of such law or regulation.
- (b) In circumstances where it is lawful for an Insurer to provide coverage under the policy, but the payment of a valid and otherwise collectible claim may breach an embargo or sanction, then the Insurer will take all reasonable measures to obtain the necessary authorization to make such payment.
- (c) In the event of any law or regulation becoming applicable during the policy period which will restrict the ability of an Insurer to provide coverage as specified in paragraph (a), then both the **Insured** and the Insurer shall have the right to cancel its participation of this policy in accordance with the laws and regulations applicable to the policy provided that in respect of cancellation by the Insurer a minimum of (30) days notice in writing be given. In the event of cancellation by either the **Insured** or the Insurer, the Insurer shall retain the pro rata proportion of the premium for the period that the policy has been in force. However, in the event that the incurred claims at the effective date of cancellation exceed the earned or pro rata premium (as applicable) due to the Insurer, and in the absence of a more specific provision in the policy relating to the return of premium, any return premium shall be subject to mutual agreement. Notice of cancellation by the Insurer shall be effective even though the Insurer makes no payment or tender of return premium.

For the purpose of this Condition 27., Insurer shall mean the Company.

By signing below, the President and Secretary of the Insurer agree on behalf of the Insurer to all the terms of this policy.



President



Secretary

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA**

This policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer on the Declarations page of the policy.

**PILOT/OPERATOR WARRANTY ENDORSEMENT**

This policy is completed as follows:

It is a condition of this insurance that when **In Flight**, the **Unmanned Aircraft** will be operated only by pilot(s)/operator(s) specified below.

ANY PILOT AS APPROVED BY THE NAMED INSURED

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 1

Date of Issue July 26, 2018 LW

By   
(Authorized Representative)

## POLICY TERRITORY LIMITATION ENDORSEMENT

This policy is amended as follows:

It is agreed that Item VI. POLICY PERIOD, TERRITORY All Coverage is deleted and replaced with the following:

This policy applies only if:

- (a) The **Bodily Injury, Property Damage or Physical Damage** is caused by an **Occurrence** while the **Unmanned Aircraft**, and/or any **Unmanned Aircraft** ground controller or ground control unit or **Crew** is within the;

NAMED OPERATORS ONLY: STANDARD POLICY TERRITORY, HOWEVER, OPERATIONS ARE LIMITED TO VISUAL LINE-OF SIGHT OPERATIONS, NO HIGHER THAN 400 FEET ABOVE GROUND LEVEL, OR ROADWAY IMMEDIATELY BELOW AIRCRAFT, AND THOSE FLIGHTS WHERE A MINIMUM OF A 100 FOOT SEPARATION FROM PEOPLE NOT DIRECTLY INVOLVED WITH THE OPERATION OF THE AIRCRAFT IS MAINTAINED.

and,

- (b) The **Bodily Injury, Property Damage or Physical Damage** occurs during the policy period.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 2

Date of Issue July 26, 2018 LW

UAS1429 (03/14)

By   
(Authorized Representative)

## ASBESTOS EXCLUSION ENDORSEMENT

This policy does not cover any claims of any kind whatsoever directly or indirectly relating to, arising out of or in consequence of:

1. The actual, alleged or threatened exposure to or presence of asbestos in any form whatsoever, including, but not limited to, asbestos fibers or asbestos dust, or any material or product containing, or alleged to contain, asbestos; or
2. Any obligations, request, demand, order, or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, neutralize, protect against or in any other way respond to the actual, alleged or threatened exposure to or presence of asbestos in any form whatsoever, including, but not limited to, asbestos fibers or asbestos dust, or any material or product containing, or alleged to contain, asbestos.

However, the exclusion shall not apply to any claim for asbestos exposure caused by or resulting from a crash, fire, explosion, or collision or a recorded in flight emergency causing abnormal aircraft operations.

Notwithstanding any other provisions of this Policy, Insurers will have no duty to investigate, defend or pay defense costs in respect of any claim excluded in whole or in part under paragraphs 1. or 2. hereof.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 3

Date of Issue July 26, 2018 LW

UE882 (1/05)

By   
(Authorized Representative)



## NUCLEAR RISKS EXCLUSION CLAUSE AVN38B

This policy is amended as follows:

In the event any of the provisions of this endorsement are in conflict with any provisions, exclusions, conditions or terms forming part of this policy, this endorsement shall take precedence.

1. This policy does not cover:

- (i) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
- (ii) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from:

- (a) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
- (b) the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;
- (c) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

2. It is understood and agreed that such radioactive material or other radioactive source in paragraph 1. (b) and (c) above shall not include:

- (i) depleted uranium and natural uranium in any form;
- (ii) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agriculture, commercial, educational or industrial purpose.

3. This policy, however, does not cover loss of or destruction of or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:

- (i) the Insured under this policy is also an insured or an additional insured under any other insurance policy, including any nuclear energy liability policy; or
- (ii) any person or organization is required to maintain financial protection pursuant to legislation in any country; or
- (iii) the Insured under this policy is, or had this policy not been issued would be, entitled to indemnification from any government or agency thereof.

4. Loss, destruction, damage, expense or legal liability in respect of the nuclear risks not excluded by reason of paragraph 2. shall (subject to all other terms, conditions, limitations, warranties and exclusions of this policy) be covered, provided that:

- (i) in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereof, such carriage shall in all respects have complied with the full International Civil Aviation Organization "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;
- (ii) this policy shall only apply to an incident happening during the period of this policy and where any claim by the Insured against the Company or by any claimant against the Insured arising out of such incident shall have been made within three (3) years after the date thereof;
- (iii) in the case of any claim for the loss of or destruction of or damage to or loss of use of an aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

<u>Emitter</u>  (IAEA Health and Safety Regulations)	<u>Maximum permissible level</u> <u>of non-fixed radioactive</u> <u>surface contamination</u> <u>(Averaged over 300 cm<sup>2</sup>)</u>
Beta, gamma and low toxicity alpha emitters	Not exceeding 4 becquerels / cm <sup>2</sup> (10 <sup>-4</sup> microcuries / cm <sup>2</sup> )
All other alpha emitters	Not exceeding 0.4 becquerels / cm <sup>2</sup> (10 <sup>-5</sup> microcuries / cm <sup>2</sup> )


(iv) the cover afforded hereby may be cancelled at any time by the Company giving seven (7) days notice of cancellation.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 4

Date of Issue July 26, 2018 LW

By   
(Authorized Representative)

## NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE AVN46B

This policy is amended as follows:

In the event any of the provisions of this endorsement are in conflict with any provisions, exclusions, conditions or terms forming part of this policy, this endorsement shall take precedence.

1. This policy does not cover claims directly or indirectly occasioned by, happening through or in consequence of:

- (a) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
- (b) pollution and contamination of any kind whatsoever,
- (c) electrical and electromagnetic interference,
- (d) interference with the use of property,

unless caused by or resulting in a crash, fire, explosion or collision or a recorded In flight emergency causing abnormal **Unmanned Aircraft** operation.

2. With respect to any provision in the policy concerning any duty of the Company to investigate or defend claims, such provision shall not apply and the Company shall not be required to defend:

- (a) claims excluded by paragraph 1., or
- (b) a claim or claims covered by the policy when combined with any claims excluded by paragraph 1. (referred to below as "Combined Claims").

3. In respect of any Combined Claims, the Company shall (subject to proof of loss and the limits of the policy) reimburse the **Insured** for that portion of the following items which may be allocated to the claims covered by the policy:

- (a) damages awarded against the **Insured** and
- (b) defense fees and expenses incurred by the **Insured**.

4. Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this policy.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 5

Date of Issue July 26, 2018 LW

UAS46B (03/14)

By   
(Authorized Representative)

**DATE RECOGNITION EXCLUSION CLAUSE AVN2000A**

This policy does not cover any claim, damage, injury, loss, cost, expense or liability (whether in contract, tort, negligence, product liability, misrepresentation, fraud or otherwise) of any nature whatsoever arising from or occasioned by or in consequence of (whether directly or indirectly and whether wholly or partly):

- (a) the failure or inability of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the **Insured** or of any third party) accurately or completely to process, recognize, exchange or transfer year, date or time data or information in connection with any change of year, date or time, whether on or before or after such change of year, date or time;
- (b) any implemented or attempted change or modification of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the **Insured** or of any third party) in anticipation of or in response to any such change of year, date or time, or any advice given or services performed in connection with any such change or modification;
- (c) any non-use or unavailability for use of any property or equipment of any kind whatsoever resulting from any act, failure to act or decision of the **Insured** or of any third party related to any such change of year, date or time;

and any provision in this policy concerning the Company's duty to investigate or defend claims shall not apply to any claims so excluded.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 6

Date of Issue July 26, 2018 LW

By   
(Authorized Representative)

UAS2000A (03/14)

## WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION)

This policy is amended as follows:

In the event any of the provisions of this endorsement are in conflict with any provisions, exclusions, conditions or terms forming part of this policy, this endorsement shall take precedence.

This policy 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 labor 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, nationalization, 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 **Unmanned Aircraft** or crew while the **Unmanned Aircraft** is in flight (including any attempt at such seizure or control) made by any person or persons acting without the consent of the **Insured**.

Furthermore, this policy does not cover claims arising whilst the **Unmanned Aircraft** is outside the control of the **Insured** by reason of any of the above perils.

The **Unmanned Aircraft** shall be deemed to have been restored to the control of the **Insured** on the safe return of the **Unmanned Aircraft** to the **Insured** at an airfield, or other off-airport location, not excluded by the geographical limits of this policy, and entirely suitable for the operation of the **Unmanned Aircraft** (such safe return shall require that the **Unmanned Aircraft** be parked with engines shut down and under no duress).

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT  
By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 7

Date of Issue July 26, 2018 LW

By   
(Authorized Representative)

UAS48B (03/14)

## EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES) AVN52E

In consideration of an additional premium of \$ 773. (INCLUDED), this policy is amended as follows:

The policy of which this Endorsement forms part includes War, Hi-jacking and Other Perils Exclusion Clause AVN48B:

1. With effect from July 1, 2018, all sub-paragraphs other than (b) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B are deleted SUBJECT TO all terms and conditions of this endorsement.
2. EXCLUSION applicable only to any coverage extended in respect of the deletion of sub-paragraph (a) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B:

Coverage shall not include liability for damage to any form of property on the ground situated outside Canada and the United States of America unless caused by or arising out of the use of **Unmanned Aircraft**.

### 3. LIMITATION OF LIABILITY

The limit of the Company's liability in respect of the coverage provided by this endorsement shall be US\$ 1,000,000 or the applicable policy limit, whichever the lesser, any one **Occurrence** and in the annual aggregate (the "sub-limit"). This sub-limit shall apply within the full policy limit and not in addition thereto.

To the extent coverage is afforded to an **Insured** under the policy, this sub-limit shall not apply to such **Insured's** liability for cargo and mail while it is on board the **Unmanned Aircraft** of any **Unmanned Aircraft** operator to whom the policy affords cover for liability for such cargo and mail arising out of its operations of **Unmanned Aircraft**.

Notwithstanding any other liability for which coverage is afforded under this policy, coverage provided under this Endorsement shall apply solely to the following:

Coverages A, B, and C as stated under INSURING AGREEMENT, Paragraph I, Liability Coverages and SPECIAL INSURING AGREEMENT I, Temporary Use of Substitute **Unmanned Aircraft**.

### 4. AUTOMATIC TERMINATION

To the extent provided below, coverage extended by this endorsement shall TERMINATE AUTOMATICALLY in the following circumstances:

#### (i) All Coverage

- upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following countries: France, the People's Republic of China, the Russian Federation, the United Kingdom, the United States of America;



(ii) Any coverage extended in respect of the deletion of sub-paragraph (a) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B

- upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter wheresoever or whensoever such detonation may occur and whether or not the insured **Unmanned Aircraft** may be involved;

(iii) All coverage in respect of any of the insured **Unmanned Aircraft** requisitioned for either title or use

- upon such requisition.

PROVIDED THAT if an insured **Unmanned Aircraft** is in the air when (i), (ii) or (iii) occurs, then the coverage provided by this endorsement (unless otherwise cancelled, terminated or suspended) shall continue in respect of such an **Unmanned Aircraft** until completion of its first landing thereafter.

## 5. REVIEW AND CANCELLATION

(a) Review of Premium and/or Geographical Limits (7 Days)

The Company or its **Aviation Managers** may give notice to review premium and/or geographical limits - such notice to become effective on the expiry of seven days from 23.59 hours G.M.T. on the day on which notice is given.

(b) Limited Cancellation (48 hours)

Following a hostile detonation as specified in paragraph 4. (ii) above, the Company or its **Aviation Managers** on behalf of the Company may give notice of cancellation of one or more parts of the coverage provided by paragraph 1. of this endorsement by reference to sub-paragraphs (c), (d), (e), (f) and/or (g) of War, Hi-jacking and Other Perils Exclusion Clause AVN48B - such notice to become effective on the expiry of forty-eight hours from 23.59 hours G.M.T. on the day on which notice is given.

(c) Cancellation (7 Days)

The coverage provided by this endorsement may be cancelled by either the Company, its **Aviation Managers** on behalf of the Company or the **Insured** by giving notice to become effective on the expiry of seven days from 23.59 hours G.M.T. on the day on which such notice is given.

(d) Notices

All notices referred to herein shall be in writing.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 8

Date of Issue July 26, 2018 LW

UAS52E (03/14)

Page 2

By   
(Authorized Representative)

## TERRORISM EXCLUSION - CERTIFIED ACTS

This insurance does not apply to loss, injury, damage, claim or suit, arising directly or indirectly as a result of an "act of terrorism", which is defined in the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015 (collectively, "TRIA") as follows:

- (1) ACT OF TERRORISM. -
- (A) CERTIFICATION. - The term "act of terrorism" means any act that is certified by the Secretary [of the Treasury], in consultation with the Secretary of Homeland Security, and the Attorney General of the United States -
- (i) to be an act of terrorism;
  - (ii) to be a violent act or an act that is dangerous to-
    - (I) human life;
    - (II) property; or
    - (III) infrastructure;
  - (iii) to have resulted in damage within the United States or outside of the United States in the case of-
    - (I) an air carrier or vessel [described in TRIA]; or
    - (II) the premises of a United States mission; and
  - (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- (B) LIMITATION. - No act shall be certified by the Secretary as an act of terrorism if-
- (i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or
  - (ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.
- (C) DETERMINATIONS FINAL. - Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.


THE PROVISIONS OF THIS ENDORSEMENT SHALL APPLY SOLELY TO TRIA AND SHALL IN NO WAY AFFECT THE PROVISIONS OF THE WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION), FORM NO. AVN48B, OR ANY AMENDMENTS THERETO.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 9

Date of Issue July 26, 2018 LW

By   
(Authorized Representative)

UE1066 (01/15)

## NON-AVIATION LIABILITY CLAUSE

This policy does not cover the **Insured's** liability unless it arises from one or more of the following:

1. **Occurrences** involving aircraft or parts or equipment relating thereto;
2. **Occurrences** arising at airport locations;
3. **Occurrences** arising at any other location in connection with the **Insured's** business of transporting passengers or goods by air;
4. **Occurrences** arising out of the supply of goods or services to others (i) in connection with the use and/or operation of aircraft (ii) involved in the air transport industry.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 10

Date of Issue July 26, 2018 LW

By



(Authorized Representative)

UE615 (1/05)

## BROAD COVERAGE ENDORSEMENT

In consideration of additional premium of \$ INCLUDED, it is agreed that this policy is amended as follows:

(Only the clause(s) indicated by an "X" shall apply.)

ADDITIONAL PHYSICAL DAMAGE CLAIM PAYMENT IN THE EVENT OF A TOTAL LOSS

In the event of a **Total Loss** to a scheduled **Unmanned Aircraft**, the Company will pay as a claim the remaining prorata unearned **Physical Damage** premium for that **Unmanned Aircraft** from the day after the date of **Loss** to the expiration of the policy.

AIRWORTHINESS CERTIFICATE

Exclusion 2. (b) set forth in the policy provisions is deleted.

AUTOMATIC INSURANCE FOR INCREASED INSURED VALUE

If the value of the **Unmanned Aircraft** increases due to **Modification** or additional equipment accomplished during the Policy Period, the Amount of Insurance applicable to the **Unmanned Aircraft's Physical Damage** coverage shall increase automatically by the cost of such **Modification** or additional equipment, provided, however that:

- (a) such increase in value is reported to the **Aviation Managers** within thirty (30) days of completion of such **Modification** or additional equipment;
- (b) the maximum automatic increase for which the Company shall be liable shall not exceed % of the insured amount applicable to such **Unmanned Aircraft** specified in the Declarations before such **Modification** or additional equipment, subject however to a maximum insured amount of \$ \_\_\_\_\_ whichever is less; and
- (c) the **Insured** pays any additional premium when due on account of such increase in insured value.

"**Modification**" as used in this endorsement shall mean a physical change to an **Unmanned Aircraft** insured for **Physical Damage** by this policy to enhance or improve performance. **Modification** does not include routine or scheduled maintenance.

HANGAR AND CONTENTS COVERAGES

**Property Damage** Coverage is extended to include **Property Damage** to hangars and the contents thereof, of others, in the care, custody or control of the **Insured**, for not more than \$100,000, each **Occurrence**.

This clause does not include coverage for damage to **Unmanned Aircraft** of others whether manned or unmanned, or any **Unmanned Aircraft** which could be insured elsewhere within this policy.

Coverage provided by this paragraph is secondary to, and excess over, any other valid insurance available and collectible by the **Insured**.

DEFINITION OF **PREMISES**

The definition of **Premises** set forth in the policy is deleted and replaced by the following:

**"Premises"** means such portions of airports, heliports, or other facilities used by the **Named Insured** directly in connection with the ownership, maintenance or use of any **Unmanned Aircraft** inclusive of **Premises** owned, operated or maintained by the **Named Insured**.

Any coverage provided by virtue of this expanded definition of **Premises** shall be secondary to and excess over any other valid insurance available and collectible by the **Insured**.

EMERGENCY OR UNEXPECTED LANDING

If a place of emergency or unexpected landing is inadequate for safe flight operations, then this policy is extended to pay for the reasonable expenses of disassembly (and subsequent reassembly), and removal of an **Unmanned Aircraft** insured under this policy from a place of emergency or unexpected landing to the nearest airport, or other suitable for safe flight operations.

The Company shall not be liable:

- (a) if the **Unmanned Aircraft** is not insured while **In Flight**;
- (b) for any expense of completing any current or deferred maintenance, or complying with Federal Aviation Regulations, Airworthiness Directives or Manufacturer's Service Bulletins that are not a result of **Physical Damage**; or
- (c) for any expenses that exceed \_\_\_\_\_ % of the insured value of the **Unmanned Aircraft** involved.

If the cost to disassemble, remove, transport and reassemble the **Unmanned Aircraft** equals or exceeds the **Unmanned Aircraft** insured value the Company will pay the insured value and all rights to any remaining salvage shall inure to the Company.

**EXTRA EXPENSE FOR RENTING SUBSTITUTE UNMANNED AIRCRAFT**

Only with respect to **Unmanned Aircraft** insured for Ground and Flight coverage E:

1. The Company will pay the **Named Insured** for the **Extra Expense** caused by an **Occurrence** and arising out of insured **Physical Damage Loss** to an **Unmanned Aircraft** scheduled in the Declarations.
2. Limit of Liability
  - \$ \_\_\_\_\_ each day, each **Unmanned Aircraft**
  - \$ \_\_\_\_\_ each **Occurrence**, each **Unmanned Aircraft**

3. The insurance afforded by this endorsement does not apply to:
- (a) Any expenses incurred within \_\_\_\_\_ days from the date of **Occurrence**;
  - (b) Any expenses if another similar **Unmanned Aircraft** is available at no charge;
  - (c) Any expenses if the **Named Insured** acquires through ownership, lease, lease purchase option, or otherwise, a permanent replacement aircraft for the damaged **Unmanned Aircraft**;
  - (d) Any expenses if the **Unmanned Aircraft** is a **Total Loss** and the Company has offered the **Named Insured** a proof of **Loss**;
  - (e) Any expenses incurred after repairs covered under Ground and Flight Coverage E on the insured **Unmanned Aircraft** have been completed;
  - (f) any expenses incurred beyond a maximum of \_\_\_\_\_ consecutive days beginning after the number of days stated in Paragraph 3. (a) above; or
  - (g) any expense incurred with respect to any **Unmanned Aircraft** scheduled below:
- 

"**Extra Expense**" means the costs of leasing or renting a temporary substitute aircraft which exceeds the cost the **Named Insured** would have incurred if the **Named Insured** could have operated the **Unmanned Aircraft** had it not been damaged.

**EXTRA EXPENSE OF TEMPORARY REPLACEMENT UNMANNED AIRCRAFT PARTS**

Only with respect to **Unmanned Aircraft** insured for Ground and Flight coverage E:

The Company will pay extra expense, including the direct cost of installation, removal and transportation, incurred by the **Named Insured** for renting or leasing **Unmanned Aircraft** parts as temporary replacements for **Unmanned Aircraft** parts:

- (a) damaged and being repaired, or
- (b) destroyed and being permanently replaced,

caused by a **Physical Damage Loss** covered by this policy to an **Unmanned Aircraft** shown in the Declarations. The Limit of the Company's Liability with respect to this coverage shall not exceed:

\$ \_\_\_\_\_ each **Loss**, regardless of the number of such replacement parts or **Unmanned Aircraft**.

The coverage provided herein shall be in addition to the Limit of Liability shown in the Declarations.

This endorsement does not apply:

- (1) if the time to permanently replace, or to repair and return such part is less than \_\_\_\_\_ calendar days;
- (2) if the **Unmanned Aircraft** to which this endorsement applies is a total, constructive total or arranged **Total Loss**;
- (3) to the **Insured's** spare parts;
- (4) to parts under existing rental, lease or exchange agreements;
- (5) to charges for wear, tear or depreciation, damage, **Loss**, loss of use, maintenance, repairs or operating costs;
- (6) to charges incurred after such damaged or destroyed part has been permanently repaired or replaced;
- (7) to charges incurred while such **Unmanned Aircraft** or temporary replacement part is unusable on account of an Airworthiness Directive, factory Service Bulletin, airworthiness inspection, breakdown, malfunction or unsuitability; or
- (8) to charges incurred during the period prior to installation of such temporary part on the **Unmanned Aircraft** if uninstalled for three (3) days or more.



HANGARKEEPERS LIABILITY

The Company will pay on behalf of the **Insured** all sums the **Insured** is legally obligated to pay as damages because of **Property Damage** caused by an **Occurrence** to any **Unmanned Aircraft** but only while such **Unmanned Aircraft** is not **In Flight** and is in the care, custody and control of the **Insured** for safekeeping, storage or repair.

This coverage shall not apply to:

- (a) any **Unmanned Aircraft** or parts of any **Unmanned Aircraft** that is owned by, leased to, rented or loaned to, the **Insured**, partners of the **Insured**, an officer or employee of the **Insured**;
- (b) robes, wearing apparel, personal effects or merchandise;
- (c) any damages due to theft or conversion by the **Insured**, partners of the **Insured**, or an officer or employee of the **Insured**; or
- (d) the **Insured's** liability under any agreement to be responsible for damages to any **Unmanned Aircraft**.

The Limit of Liability with respect to this coverage is \$ \_\_\_\_\_ each **Unmanned Aircraft**  
\$ \_\_\_\_\_ each **Occurrence** and is subject to a deductible of  
\$ \_\_\_\_\_ each **Unmanned Aircraft**.

The Company's right and duty to defend will end when the Company has used up the applicable limits of insurance in the payment of judgments or settlements under this coverage.

HOST LIQUOR LIABILITY

The Company will pay on behalf of the **Insured** all sums which the **Insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** caused by an **Occurrence** during the policy period arising out of the serving or giving of alcoholic beverages at or from the **Insured's Premises** covered by this policy. The insurance provided by this coverage section is excess insurance.

The Limit of Liability with respect to this coverage is \$ \_\_\_\_\_ aggregate.

MOBILE EQUIPMENT LIABILITY

The Company will pay on behalf of the **Insured** all sums the **Insured** becomes legally obligated to pay as damages because of **Bodily Injury** and **Property Damage** caused by an **Occurrence** arising out of the ownership, maintenance or use of **Mobile Equipment**. **Mobile Equipment** shall mean a land vehicle (including any machinery or apparatus attached) that is not subject to motor vehicle registration or is used exclusively on **Premises** owned by or rented to the **Named Insured**, but only while used on **Premises** and in connection with the maintenance or operation of **Unmanned Aircraft** or **Premises**. The insurance provided by this coverage shall be excess over any other coverage available to the **Insured**.

The Limit of Liability with respect to this coverage is \$ \_\_\_\_\_ each **Occurrence**.

PHYSICAL DAMAGE TO SPARE ENGINES, PARTS, AVIONICS AND ACCESSORIES

**Physical Damage** coverage is extended to insure **Unmanned Aircraft** engines, parts, avionics and accessories not attached to or forming a part of any **Unmanned Aircraft** and being the property of the **Named Insured** or the property of others for which the **Named Insured** is legally liable, against all risks of **Loss** from external cause. In addition to the exclusions applying to **Physical Damage** coverage, the coverage extended by this paragraph does not apply to:

- (a) any property while temporarily detached from any **Unmanned Aircraft**;
- (b) Loss or damage occurring once attaching or installing such property has begun;

- (c) **Loss** or damage occurring during testing, running, attempted operation, or under process unless caused by a peril insured against;
- (d) property forming part of or carried in an **Unmanned Aircraft** as a spares kit;
- (e) property transported or stored by the **Insured** for a charge;
- (f) mysterious disappearance or shortage disclosed upon taking inventory; but, this Exclusion (f) does not apply to non-delivery of such property;
- (g) latent defect or inherent vice;
- (h) depreciation, delay, loss of market, or **Loss** of use;
- (i) **Loss** or damage to property in the care, custody and control of the **Insured** arising from failure of the **Insured** to protect and preserve the property after a **Loss** from further **Loss**;
- (j) infidelity or dishonesty of any **Insured** or any employee thereof; or
- (k) any liability assumed in any agreement assuming the sole negligence of the indemnitee.

The Limit of Liability with respect to this coverage is \$ \_\_\_\_\_ each **Occurrence** subject to a deductible of \$ \_\_\_\_\_ each and every **Loss**.

**POLICY TERRITORY**

The TERRITORY set forth in the Insuring Agreements is amended to read as follows:

This policy applies only to **Bodily Injury** and **Property Damage** which occurs, and to **Physical Damage Losses** to the **Unmanned Aircraft**, which are sustained during the policy period, while the **Unmanned Aircraft** is anywhere in the:

**PREMISES MEDICAL COVERAGE**

The Company will pay all reasonable **Medical Expenses** incurred within one (1) year from the date of injury, to or for each person who sustains **Bodily Injury** caused by an **Occurrence** and arising out of the ownership, maintenance or use of the **Premises**. The same exclusions and conditions applicable to **Unmanned Aircraft Medical Expense** coverage in this policy shall also apply to this coverage.

The Limit of Liability with respect to this coverage is \$5,000, each person.

**PRODUCTS LIABILITY - SALE OF UNMANNED AIRCRAFT, AIRCRAFT PARTS, FOOD AND BEVERAGE**

Liability coverage is extended to include all sums which the **Insured** shall become legally obligated to pay for **Bodily Injury** or **Property Damage** caused by an **Occurrence** and arising out of:

- (a) the sale or relinquishment from exclusive written lease by the **Named Insured** of **Unmanned Aircraft** or aircraft parts;
- (b) the furnishing to others of **Unmanned Aircraft** fuel or **Unmanned Aircraft** maintenance services by the **Named Insured** without intentional profit; or
- (c) the furnishing of food and beverage by the **Named Insured** in connection with the operation of **Unmanned Aircraft** or **Premises**.

This coverage shall apply only if the **Bodily Injury** or **Property Damage** occurs away from **Premises** used by the **Named Insured** and after physical possession of such **Unmanned Aircraft**, **Unmanned Aircraft** parts, **Unmanned Aircraft** fuel, food or beverage has been relinquished to others and such services have been completed.

The Limit of Liability with respect to this coverage is \$1,000,000, each **Occurrence** and aggregate and such limit is in addition to the limits for **Unmanned Aircraft** liability.

SEARCH EXPENSES

**DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS** Insuring Agreement is extended to include the following additional coverages:

- (a) the cost of runway or **Unmanned Aircraft** foaming incurred by the **Insured** for minimizing **Loss** under this policy, but not in excess of \$ \_\_\_\_\_ each **Occurrence** for each foaming;
- (b) the actual expenses incurred by the **Insured**, but not to exceed \$ \_\_\_\_\_ any one **Occurrence**, for search operations performed by or at the request of the **Named Insured**, but only after all governmental and military search operations have been discontinued. Such expense and cost as provided herein is subject to prior notice and agreement by the Company.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 11

Date of Issue July 26, 2018 LW

By   
(Authorized Representative)

**PRIMARY AND NON-CONTRIBUTORY ENDORSEMENT**

This policy is amended as follows:

Only to the extent as stated within a written contract between the **Named Insured** and party(ies) as stated in the Schedule, coverage hereunder is primary and non-contributory with any insurance, co-insurance, or self insurance maintained by those party(ies):

SCHEDULE

AS REQUIRED BY THE NAMED INSURED.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 12

Date of Issue July 26, 2018 LW

UAS1005 (03/14)

By   
(Authorized Representative)

## WEST VIRGINIA AMENDATORY ENDORSEMENT

This policy is amended as follows:

The **ACTION AGAINST THE COMPANY AND PAYMENT OF LOSS** Condition in the policy is deleted in its entirety and replaced with the following:

### **ACTION AGAINST THE COMPANY AND PAYMENT OF LOSS**

The Company does not have to pay, and the **Named Insured** does not have the right to sue on this policy, unless all of its terms have been fully complied with and until thirty (30) days after the required proofs of loss have been filed with the Company and the amount of **Loss** is determined as provided by the policy, nor at all unless commenced within two (2) years after the date of the **Loss**.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 13

Date of Issue July 26, 2018 LW

UAS1014 (03/14)

By   
(Authorized Representative)

**WEST VIRGINIA AMENDATORY ENDORSEMENT**

This policy is amended as follows:

The **APPRAISAL OF LOSS** Condition in the policy is deleted in its entirety and replaced with the following:

**APPRAISAL OF LOSS**

If the **Named Insured** and the Company fail to agree as to the amount of **Loss**, each shall, upon written notice to the other, hire at its own expense an independent **Unmanned Aircraft** appraiser. The appraisers will then agree on a knowledgeable and neutral umpire. A judge of the county of the pending appraisal will appoint the umpire. Agreement by any two of these three shall determine the amount of **Loss**. The **Named Insured** and the Company will share the umpire's cost equally. But this clause shall not deprive or waive any rights of the Company.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 14

Date of Issue July 26, 2018 LW

UAS501 (03/14)

By  (Authorized Representative)



**WEST VIRGINIA CANCELLATION / NONRENEWAL AMENDATORY ENDORSEMENT**

Wherever used in this endorsement: 1) "we", "us", "our", and "Insurer" mean the insurance company which issued this policy; and 2) "you", "your", "Named Insured", "First Named Insured", and "Insured" mean the Named Corporation, Named Organization, Named Sponsor, Named Insured, or Insured stated in the Declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

In consideration of the premium charged, it is hereby understood and agreed that the cancellation / nonrenewal provisions of this policy are replaced by the following:

CANCELLATION

The Insurer may cancel this policy only for one or more of the following reasons:

1. Failure of the Insured to pay the premium for this policy or any installment thereof within a reasonable time of the due date;
2. The policy was obtained through material misrepresentation;
3. The Insured or Other Insured(s) violates any of the material terms and conditions of the policy;
4. The unavailability or reinsurance, upon sufficient proof thereof being supplied to the commissioner.

NOTICE

The Insurer may cancel a policy if the Insurer or his duly authorized agent mails to the first Named Insured written notice of cancellation. The notice shall be sent certified mail, return receipt requested, not more than thirty (30) days after the reason for cancellation arose or occurred, or the Insurer learned that it arose or occurred, and not less than thirty (30) days prior to the effective date of cancellation. The notice shall specify the reason for cancellation and the circumstances giving rise to the reason stated and inform the Insured of the right to a hearing within thirty (30) days.

NONRENEWAL


The Insurer may refuse to renew a policy if written notice of nonrenewal is sent to the first Named Insured by certified mail, return receipt requested, not less than ninety (90) days prior to the expiration date of the policy.

All other provisions of this policy remain the same.

This endorsement becomes effective July 1, 2018 to be attached to and hereby made a part of Policy No. UM 028176638-04 issued to THE STATE OF WEST VIRGINIA & THE DEPT. & AGENCIES THEREOF AND THE STATE BOARD OF RISK & INSURANCE MANAGEMENT By NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Endorsement No. 15

Date of Issue July 26, 2018 LW

By  (Authorized Representative)

## **POLICYHOLDER NOTICE**

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at [www.aig.com/producercompensation](http://www.aig.com/producercompensation) or by calling 1-800-706-3102.