

**KILN GROUP AVIATION DIVISION
UAS OPERATORS INSURANCE POLICY WORDING**

Headings and marginal captions are inserted for the purpose of convenient reference only and are not to be deemed part of this Policy.

Certain words and phrases used in this Policy have special meanings which can be found in Section IV (D) Definitions.

The Insurers agree to insure against loss, damage or liability, arising out of an Accident occurring during the Period of Insurance to the extent and in the manner provided in this Policy.

SECTION I LOSS OF OR DAMAGE TO UAS

1. Coverage

- (a) The Insurers will at their option pay for, replace or repair, accidental loss of or damage to the UAS described in the Schedule arising from the risks covered, including disappearance if the UAS is unreported for sixty (60) days after the commencement of Flight, but not exceeding the Amount Insured as specified in Part 2(5) of the Schedule and subject to the amounts to be deducted specified in Condition 3(c).
- (b) If the UAS is insured hereby for the risks of Flight, the Insurers will, in addition, pay reasonable emergency expenses necessarily incurred by the Insured for the immediate safety of the UAS consequent upon damage or forced landing, up to 10 per cent of the Amount Insured as specified in Part 2(4) of the Schedule.

2. Exclusions applicable to this Section only

The Insurers shall not be liable for

Wear and Tear,
Breakdown

- (a) wear and tear, deterioration, breakdown, defect or failure howsoever caused in any Unit of the UAS and the consequences thereof within such Unit;
- (b) damage to any Unit by anything which has a progressive or cumulative effect but damage attributable to a single recorded incident is covered under paragraph 1(a) above.

HOWEVER accidental loss of or damage to the UAS consequent upon 2(a) or (b) above is covered under paragraph 1(a) above.

3. Conditions applicable to this Section only

Dismantling,
Transport and
Repairs

(a) If the UAS is damaged

- (i) no dismantling or repairs shall be commenced without the consent of the Insurers except whatever is necessary in the interests of safety, or to prevent further damage, or to comply with orders issued by the appropriate authority;
- (ii) the Insurers will pay only for repairs and transport of labour and materials by the most economical method unless the Insurers agree otherwise with the Insured.

Payment or
Replacement

(b) If the Insurers exercise their option to pay for or replace the UAS

- (i) the Insurers may take the UAS (together with all documents of record, registration and title thereto) as salvage;
- (ii) the cover afforded by this Section is terminated in respect of the UAS even if the UAS is retained by the Insured for valuable consideration or otherwise;
- (iii) the replacement UAS shall be of the same make and type and in reasonably like condition unless otherwise agreed with the Insured.

Amounts to be
deducted from
the Claim

(c) There shall be deducted from the claim under paragraph 1(a) of this Section.

- (i) the amount specified in Part 6(B) of the Schedule and
- (ii) such proportion of the Overhaul Cost of any Unit repaired or replaced as the used time bears to the Overhaul Life of the Unit.

No
Abandonment

(d) Unless the Insurers elect to take the UAS as salvage the UAS shall at all times remain the property of the Insured who shall have no right of abandonment to the Insurers.

Other
Insurance

(e) No claim shall be payable under this Section if other insurance which is payable in consequence of loss or damage covered under this Section has been or shall be effected by or on behalf of the Insured without the knowledge or consent of the Insurers.

See also Section IV (General Exclusions / Conditions)

SECTION II LEGAL LIABILITY TO THIRD PARTIES (OTHER THAN PASSENGERS)

1. Coverage

The Insurers will indemnify the Insured for all sums which the Insured shall become legally liable to pay, and shall pay, as compensatory damages (including costs awarded against the Insured) in respect of accidental bodily injury (fatal or otherwise) and accidental damage to property caused by the UAS or by any object falling therefrom.

2. Exclusions applicable to this Section only

The Insurers shall not be liable for

Employees
and Others

(a) injury (fatal or otherwise) or loss sustained by any director or employee of the Insured or partner in the Insured's business whilst acting in the course of his employment with or duties for the Insured;

Operational Crew

(b) injury (fatal or otherwise) or loss sustained by any member of the crew/agents/operator whilst engaged in the operation of the UAS;

Property

(c) loss of or damage to any property belonging to or in the care, custody or control of the Insured;

3. Limit of Indemnity applicable to this Section

The liability of the Insurers under this Section shall not exceed the amount stated in Part 6(C) of the Schedule, less any amounts under Part 6(B). The Insurers will defray in addition any legal costs and expenses incurred with their written consent in defending any action which may be brought against the Insured in respect of any claim for compensatory damages covered by this Section, but should the amount paid or awarded in settlement of such claim exceed the Limit of Indemnity then the liability of the Insurers in respect of such legal costs and expenses shall be limited to such proportion of the said legal costs and expenses as the Limit of Indemnity bears to the amount paid for compensatory damages.

See also Section IV

SECTION III PREMISES, HANGARKEEPERS AND PRODUCTS LIABILITY

The Insurers hereby agree to pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay or by final judgement be adjudged to pay up to but not exceeding the amounts specified in the Schedule, to any person or persons as damages

(a) for bodily injury including death at any time resulting therefrom (hereinafter referred to as bodily injury) or

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

caused by Accident occurring during the period mentioned in the Schedule and arising out of the hazards set forth in the Sub Sections below.

THE PREMISES LIABILITY SUBSECTION

Bodily injury
or property
damage

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

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

THE PREMISES LIABILITY SUBSECTION IS SUBJECT TO THE FOLLOWING EXCLUSIONS

1. Loss of or damage to property owned, rented, leased or occupied by; whilst in the care, custody or control of, whilst being handled, serviced or maintained by the Insured or any servant of the Insured.
2. Bodily injury or property damage caused by
 - a) any mechanically propelled vehicle which the Insured may cause or permit any other person to use on the road in such a manner as to render them responsible for insurance under any domestic or international law appertaining to road traffic, or where no such law exists, whilst such vehicle is on any public highway.
 - b) UAS owned, chartered, used or operated by or on account of the Insured, but this exclusion shall be deemed not to apply to UAS owned by others which are on the ground.
3. Bodily injury or property damage arising out of any airmeet, air race, or air show, nor any stand used for the accommodation of spectators in connection therewith, unless previously agreed by Insurers.
4. Bodily injury or property damage arising out of construction of, demolition of or alterations to buildings, runways, or installations by the Insured or his contractors or sub-contractors (other than normal maintenance operations) unless previously agreed by Insurers.
5. Bodily injury or property damage arising out of any goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied, or distributed by the Insured or his employees after such goods or products have ceased to be in the possession or under the control of the Insured.

THE HANGARKEEPERS LIABILITY SUBSECTION

Loss of or damage to UAS, not owned, rented or leased by the Insured, whilst on the ground in the care, custody or control of or whilst being serviced, handled or maintained by the Insured or any servant of the Insured

THE HANGARKEEPERS LIABILITY SUBSECTION IS SUBJECT TO THE FOLLOWING EXCLUSIONS

- (a) Loss of or damage to clothing, personal effects or merchandise of any description.
- (b) Loss of or damage to UAS, hired or leased by or loaned to the Insured.
- (c) Loss of or damage to any UAS while in flight as defined.

THE PRODUCTS LIABILITY SUBSECTION

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

THE PRODUCTS LIABILITY SUBSECTION IS SUBJECT TO THE FOLLOWING EXCLUSIONS

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

OTHER EXCLUSIONS APPLICABLE TO THE PREMISES, HANGARKEEPERS AND PRODUCTS SUBSECTIONS OF THIS POLICY

1. THIS POLICY DOES NOT COVER liability for bodily injury to any person, who at the time of sustaining such injury is engaged in the service of the Insured or acting on his behalf, or liability for which the Insured or his insurer may be held liable under any workmans compensation, unemployment compensation or disability benefits law or any similar law.

2. THIS POLICY DOES NOT COVER the cost of making good any faulty workmanship for which the Insured, his employees, contractors or subcontractors may be liable (but this limitation shall not exclude resulting damage arising out of such faulty workmanship).
3. THIS POLICY DOES NOT COVER liability arising out of the operation of an airfield control tower unless previously agreed by Insurers.

PAYMENT OF COSTS In addition to the limits set out in the Schedule, Insurers will pay all legal and other costs incurred with their consent in the defence of any claim made against the Insured,

PROVIDED THAT

In the event of their requiring any claim to be contested

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

SECTION IV

(A) GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS OF THIS POLICY

This policy does not apply:

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| Illegal Uses | 1. Whilst the UAS is being used for any illegal purpose or for any purpose other than those stated in Part 3 of the Schedule and as defined in the Definitions. |
| Geographical Limits | 2. Whilst the UAS is outside the geographical limits stated in Part 5 of the Limits Schedule unless due to force majeure. |
| Operator | 3. Whilst the UAS is being operated by any person other than as stated in Part 4 of the Schedule. |
| Transportation by Other Conveyance | 4. Whilst the UAS is being operated by any means of conveyance except other than as the result of an Accident giving rise to a claim under Section I of this Policy, or unless this coverage is specifically included by endorsement. |
| Landing and Take-off Areas | 5. Whilst the UAS is landing on or taking off or attempting to do so from a place which does not comply with the recommendations laid down by the manufacturer of the UAS except as a result of force majeure. |
| Contractual Liability | 6. To liability assumed or rights waived by the Insured under any agreement except to the extent that such liability would have attached to the Insured in the absence of such agreement. |

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- Non- Contribution 7. To claims which are payable under any other policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this Policy not been effected.
- Nuclear Risks 8. To claims excluded by the attached Nuclear Risks Exclusion Clause
- War, Hi-jacking,
and Other Perils 9. 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 labour 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, nationalisation, 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 UAS in Flight (including any attempt at such seizure or control) of the UAS acting without the consent of the Insured.
- Furthermore this Policy does not cover claims arising whilst the UAS is outside the control of the Insured by reason of any of the above perils.
- The UAS shall be deemed to have been restored to the control of the Insured on the safe return of the UAS to the Insured at an airfield not excluded by the geographical limits of this Policy, and entirely suitable for the operation of the UAS (such safe return shall require that the UAS be parked with engines shut down and under no duress).
- Noise and pollution 10. To claims excluded by the attached Noise, Pollution and Other Perils Exclusion Clause
- Date recognition 11. To claims excluded by the attached Date Recognition Exclusion Clause
- Asbestos Exclusion 12. To claims excluded by the attached Asbestos Exclusion Clause
- Scratching/fogging 13. In respect of camera equipment, coverage excludes scratching /fogging of lenses and mechanical derangement unless arising out of an accident to the UAS to which it is fitted.

(B) CONDITIONS PRECEDENT APPLICABLE TO ALL SECTIONS

It is necessary that the Insured observes and fulfils the following Conditions before the Insurers have any liability to make any payment under this Policy.

- Reasonable Care 1. The Insured shall and will at all times exercise reasonable care in seeing that the ways, implements, plant, machinery and appliances used in the Insured's business are substantial and sound and in proper order, and fit for the purpose for which they are used, and that all reasonable safeguards and precautions against accidents are provided and used.
- Due Diligence 2. The Insured shall at all times use due diligence and do and concur in doing everything reasonably practicable to avoid accidents and to avoid or diminish any loss hereon.
- Compliance with
Air Navigation
Orders, etc. 3. The Insured shall comply with all air navigation and airworthiness orders and requirements issued by any competent authority affecting the safe operation of the UAS and shall ensure that
- (a) the UAS is airworthy at the commencement of each Flight;
- (b) all Log Books and other records in connection with the UAS which are required by any official regulations in force from time to time shall be kept up to date and shall be produced to the Insurers or their agents on request;
- (c) the employees and agents of the Insured comply with such orders and requirements.
- Claims Procedure 4. Immediate notice of any event likely to give rise to a claim under this Policy shall be given as stated in Part 8 of the Schedule. In all cases the Insured shall
- (a) furnish full particulars in writing of such event and forward immediately notice of any claim with any letters or documents relating thereto;
- (b) give notice of any impending prosecution;
- (c) render such further information and assistance as the Insurers may reasonably require;
- (d) not act in any way to the detriment or prejudice of the interest of the Insurers.
- (e) If any claim under this Policy is also covered in whole or in part by any other insurance, the liability of Insurers shall be limited to their rateable proportion of such claim.
- The Insured shall not make any admission of liability or payment or offer or promise of payment without the written consent of the Insurers.**
- Material change 5. If after this Policy has been effected, the risk is materially altered, such alterations must be notified in writing to the Insurers immediately. No liability shall be admitted and no admission, arrangement, offer, promise or payment shall be

made by the Insured without the written consent of Insurers, who shall be entitled, if they so desire, to take over and conduct in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise against any third party, and shall have full discretion in the conduct of any negotiations or proceedings or the settlement of any claim, and the Insured shall give all such information and assistance as Insurers may require.

(C) GENERAL CONDITIONS APPLICABLE TO ALL SECTIONS

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| Claims Control | 1. The Insurers shall be entitled (if they so elect) at any time and for so long as they desire to take absolute control of all negotiations and proceedings and in the name of the Insured to settle, defend or pursue any claim. |
| Subrogation | 2. Upon an indemnity being given or a payment being made by the Insurers under this Policy, they shall be subrogated to the rights and remedies of the Insured who shall co-operate with and do all things necessary to assist the Insurers to exercise such rights and remedies. |
| Variation in Risk | 3. Should there be any change in the circumstances or nature of the risks which are the basis of this contract the Insured shall give immediate notice thereof to the Insurers and no claim arising subsequent to such change shall be recoverable hereunder unless such change has been accepted by the Insurers. |
| Cancellation | 4. This Policy may be cancelled by either the Insurers or the Insured giving 14 days notice in writing of such cancellation. If cancelled by the Insurers they will return a pro rata portion of the premium in respect of the unexpired period of the Policy. If cancelled by the Insured a return of premium shall be at the discretion of the Insurers. There will be no return of premium in respect of any UAS on which a loss is paid or is payable under this Policy. |
| Assignment | 5. This Policy shall not be assigned in whole or in part except with the consent of the Insurers verified by endorsement hereon. |
| Not Marine Insurance | 6. This Policy is not and the parties hereto expressly agree that it shall not be construed as a policy of marine insurance. |
| Arbitration | 7. This Policy shall be construed in accordance with English Law and any dispute or difference between the Insured and the Insurers shall be submitted to arbitration in London in accordance with the Statutory provision for arbitration for the time being in force. |
| Two or More UAS | 8. When two or more UAS are insured hereunder the terms of this Policy apply separately to each. |
| Limit(s) of Indemnity | 9. Notwithstanding the inclusion herein of more than one Insured, whether by endorsement or otherwise, the total liability of the Insurers in respect of any or all Insured's shall not exceed the Limit(s) of Indemnity stated in this Policy. |
| False and Fraudulent Claims | 10. If the Insured shall make any claim knowing the same to be false or fraudulent as regards amount or otherwise this Policy shall become void and all claims hereunder shall be forfeited. |

(D) DEFINITIONS

1. "ACCIDENT" means any one accident or series of accidents arising out of one event.
2. "UNIT" means a part or an assembly of parts (including any sub-assemblies) of the UAS which has been assigned an Overhaul Life as a part or an assembly. Nevertheless, an engine complete with all parts normally attached when removed for the purpose of overhaul or replacement shall together constitute a single Unit.
3. "OVERHAUL LIFE" means the amount of use, or operational and/or calendar time which, according to the Airworthiness Authority, determines when overhaul or replacement of a Unit is required.
4. "OVERHAUL COST" means the costs of labour and materials which are or would be incurred in overhaul or replacement (whichever is necessary) at the end of the Overhaul Life of the damaged or a similar Unit.
5. "BUSINESS" means for business or professional purposes but NOT use for hire or reward.
6. "COMMERCIAL" means for business by the Insured for hire or reward.
7. "RENTAL" means rental, lease, charter or hire by the Insured to any person, company or organisation where the operation of the UAS is not under the control of the Insured. Rental for any purpose is NOT insured under this Policy unless specifically declared to Insurers and the detail of such use(s) stated in the Schedule.
8. "FLIGHT" means from the time the UAS is switched on, moves forward in taking off or attempting to take off, whilst in the air, and until the UAS completes its landing run. A rotary-wing UAS shall be deemed to be in Flight when the UAS is switched on and the rotors are in motion as a result of engine power, the momentum generated therefrom, or autorotation.
9. "TAXIING" means movement of the UAS under its own power other than in Flight as defined above. Taxiing shall not be deemed to cease merely by reason of a temporary halting of the UAS.
10. "UAS". The word "UAS" wherever used in this Insurance, shall mean the Unmanned Aerial System described herein, and in addition to the airframe shall include power plants, propellers, rotors and appliances forming part of the Unmanned Aerial System at the inception of coverage hereunder, including parts detached and not replaced by other similar parts.
11. "GROUND" means whilst the UAS is not in flight or taxiing.
12. "AERIAL WORK" means a flight if payment is made in respect of the flight or the purpose of the flight for specialised services including but not limited to agriculture, construction, photography, surveying, observation and patrol, search and rescue, aerial advertisement.