

Whereas the Insured named in the attached Schedule has paid the premium specified in the Schedule to Vero Liability Insurance Ltd (hereinafter called "the Company").

We the Company hereby agreed to insure against loss, damage or liability arising from an Accident occurring during the Period of Insurance to the extent and in the manner hereinafter provided.

We the Company, hereby bind ourselves, to pay or make good to the Insured or to the Insured's Executors or Administrators or to indemnify them against all such loss, damage or liability as herein provided, after such loss, damage or liability is proved.

## section 1 – loss of or damage to aircraft

### Coverage

- (a) The Company will at their option pay for, replace or repair, accidental loss of or damage to the Aircraft described in the Schedule arising from the risks covered, including disappearance if the aircraft is unreported for sixty days after the commencement of flight, but not exceeding the agreed value as shown therein and subject to the amounts to be deducted shown below.
- (b) If the Aircraft is insured hereby for the risks of Flight, the Company will, in addition, reasonable emergency expenses up to 10 per cent of the amount specified in Part 2(5) of the Schedule necessarily incurred by the Insured for the:
- (i) immediate safety of the Aircraft consequent upon damage or forced landing;
  - (ii) recovery of the Aircraft if damaged;
  - (iii) removal of the wreckage of the Aircraft.
- (c) In addition to the amount otherwise payable hereunder the Company will pay GST at the rate current at the time provided such GST is recoverable by the Company from the appropriate authority.

### Exclusions Applicable To This Section Only

The Company shall not be liable for:

- (a) wear and tear, deterioration, breakdown, defect or failure howsoever caused in any Unit (hereinafter defined) of the Aircraft 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 Aircraft consequent upon 2(a) or (b) above is covered under paragraph 1(a) hereof.

### Conditions Applicable To This Section Only

- (i) If the Aircraft is damaged:
  - (a) no dismantling or repairs shall be commenced without the consent of the Company except whatever is necessary in the interests of safety, or to prevent further damage, or to comply with orders issued by the appropriate authority;
  - (b) The Company will pay only for repairs and transport of labour and materials by the most economical method unless the Company agree otherwise with the Insured.
- (ii) If the Company exercise their option to pay for or replace the Aircraft:
  - (a) The Company may take the Aircraft (together with all documents of record, registration and title thereto) as salvage;
  - (b) the cover afforded by this Section is terminated in respect of the Aircraft even if the Aircraft is retained by the Insured for valuable consideration or otherwise;
  - (c) the replacement aircraft shall be of the same make and type and in reasonably like condition unless otherwise agreed with the Insured.
- (iii) Except where the Company exercise their option to pay for or replace the aircraft, there shall be deducted from the claim under paragraph 1(a) claim of this Section:
  - (a) the amount specified in Part 6(B) of the Schedule and;
  - (b) such proportion of the Overhaul Cost (hereinafter defined) of any Unit repaired or replaced as the used time bears to the Overhaul Life (hereinafter defined) of the Unit.
- (iv) Unless the Company elect to take the Aircraft as salvage the Aircraft shall at all times remain the property of the Insured who shall have no right of abandonment to the Company.
- (v) In the event of loss or damage in respect of which the cost of repairs is payable under this Policy and in the absence of written notice by the Company or the Insured to the contrary the amount of insurance cancelled by the loss or damage will be automatically reinstated from the date of the loss or damage the Insured undertaking to pay such premium as may be required by the Company for such reinstatement.
- (vi) 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 Company.

See also Section 4.

## section 2 – legal liability to third parties

### Coverage

The Company will indemnify the Insured for all sums which the Insured shall become legally liable to pay, and shall pay, as compensatory damages in respect of accidental bodily injury (fatal or otherwise) and accidental damage to property caused by the Aircraft or by any person or object falling therefrom. The Company will also pay:

- a) all costs and expenses awarded against the Insured or incurred with the consent of the Company;
- b) interest in respect of judgements against the Insured;
- c) premiums for providing any bonds required in connection with any legal action against the Insured.

### Exclusions Applicable To This Section Only

The Company shall not be liable for claims arising from:

- (i) 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 their employment with or duties for the Insured;
- (ii) injury (fatal or otherwise) or loss sustained by any member of the flight, cabin or other crew whilst engaged in the operation of the Aircraft;
- (iii) loss of or damage to any property belonging to or in the care, custody or control, of the Insured but this exclusion shall not apply to the baggage or personal articles of passengers who are not members of the flight, cabin or other crew.

The Company shall not be liable for 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,
- (e) shadow (in respect of balloon activities only)

unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation. Nothing in this paragraph shall override exclusion 9 of Section 4(a).

### Limits of Indemnity Applicable To This Section

The liability of the Company under this Section shall not exceed in the aggregate the amount stated in Part 6 ii (c) of the Schedule for all claims arising from any one occurrence inclusive of all costs expenses and other disbursements.

See also Section 4.

## section 3 – medical and other expenses

### Coverage

The Company will pay up to the amount specified in Part 6 (III) of the Schedule for all medical, dental, surgical, ambulance, hospital and professional nursing costs and for all funeral expenses necessarily incurred by or on behalf of any passenger who sustains Bodily Injury whilst in, whilst boarding or whilst disembarking from the Aircraft described in the Schedule.

### Exclusions Applicable To This Section Only.

The Company will not pay for costs or expenses which are recoverable under any other insurance or which are recoverable under any accident compensation legislation.

### Conditions Applicable To This Section Only.

- (i) The injured person must:
  - (a) authorise the Company to obtain all medical reports, hospital records or information the Company require.
  - (b) submit to medical examination as required by the Company who will pay the cost of such examination in addition to the amount stated in the Schedule.
- (ii) A payment by the Company under this Section shall not constitute an admission of liability for the underwriters to pay a claim under Section 2 of this Policy.

## section 4(a) – general exclusions applicable to all sections

This policy does not apply:

1. Whilst the Aircraft is being used for any illegal purpose or for any purpose other than those stated in the Schedule and as defined in the Definitions.

2. Whilst the Aircraft is outside the geographical limits stated in the Schedule unless due to force majeure.
3. Whilst the Aircraft is being piloted by any person other than as stated in the Schedule except that the Aircraft may be operated on the ground by any person competent for that purpose.
4. Whilst the Aircraft is being transported by any means of conveyance except as the result of an accident giving rise to a claim under Section 1 of this Policy.
5. Whilst the Aircraft 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 Aircraft except as a result of force majeure.
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.
7. Whilst the total number of passengers being carried in the Aircraft exceeds the declared maximum number of passengers stated in the Schedule.
8. 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 insurance not been effected.
9. To loss, damage or liability directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity.
10. 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 or 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) Hijacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the aircraft acting without the consent of the Insured.
11. To death, injury, illness, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:
  - (i) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, insurrection, riot, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property under the order of any government or public or local authority; or
  - (ii) any act of terrorism.

Definition: "act of terrorism" means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic, or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes death, injury, illness, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (i) and/or (ii) above;
12. To any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of, asbestos in whatever form or quantity.
13. To loss, damage or liability directly or indirectly caused by or to any goods on hook or slung load of any kind whatsoever.

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

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

#### section 4(b) – general conditions applicable to all sections

1. The due observance and fulfilment of the terms conditions and endorsements of this policy shall be a condition precedent to any liability of the Company to make any payment under this policy.
2. The Insured shall at all times use due diligence and do and concur in doing everything reasonably practicable to avoid or diminish any loss hereon.
3. The Insured shall comply with all air navigation and airworthiness order and requirements issued by any competent authority affecting the safe operation of the Aircraft and shall ensure that:
  - (a) the aircraft is airworthy at the commencement of each flight;

- (b) all Log Books and other records in connection with the Aircraft 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 Company or their Agents on request;
  - (c) the employees and agents of the Insured comply with such orders and requirements.
4. Immediate notice of any event likely to give rise to a claim under this Policy shall be given to the Company. In all cases the Insured shall:
- (a) furnish full particulars in writing of such event and forward immediately notice of any claim (by a Third Party or Passenger) with any letters or documents relating thereto;
  - (b) give notice of any impending prosecution;
  - (c) render such further information and assistance as the Company may reasonably require;
  - (d) not act in any way to the detriment or prejudice of the interest of the Company.
- The Insured shall not make any admission of liability or payment or offer or promise of payment without the written consent of the Company.
- 5. The Company 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.
  - 6. Upon an indemnity being given or a payment being made by the Company 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 Company to exercise such rights and remedies.
  - 7. 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 Company and no claim arising subsequent to such change shall be recoverable hereunder unless such change has been accepted by the Company.
  - 8. This Policy may be cancelled by either the Company or the Insured giving 30 days notice in writing of such cancellation. If cancelled by the Company, they will return a pro rata portion of the premium in respect of the unexpired period of Policy. If cancelled by the Insured a return of premium shall be at the discretion of the Company. There will be no return of premium in respect of any Aircraft on which a loss is paid or is payable under this Policy.
  - 9. This Policy shall not be assigned in whole or in part except with the consent of the Company verified by endorsement hereon.
  - 10. This Policy is not and the parties hereto expressly agree that it shall not Insurance be construed as a Policy of marine insurance.
  - 11. This Policy shall be construed in accordance with New Zealand Law.
  - 12. When two or more aircraft are insured hereunder the terms of this Policy apply separately to each.
  - 13. Notwithstanding the inclusion herein of more than one Insured, whether by Indemnity endorsement or otherwise, the total liability of the Company in respect of any or all Insureds shall not exceed the limit(s) of indemnity stated in this Policy.
  - 14. If the Insured shall made any claim knowing the same to be false or fraudulent as regards amount or otherwise this Policy shall become void and all claims here-under shall be forfeited.

#### section 4(c) – definitions

- (a) "**accident**" means any one accident or series of accidents arising out of one event.
- (b) "**unit**" means a part of or an assembly of parts (including any sub-assemblies) of the Aircraft 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.
- (c) "**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.
- (d) "**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.
- (e) "**private pleasure**" means use for private and pleasure purposes but NOT use of any business or profession nor for hire or reward.
- (f) "**business**" means the uses stated in Private Pleasure and use for use for the purpose of the Insured's business or profession but NOT use for hire or reward.
- (g) "**commercial**" means the uses stated in Private Pleasure and Business use and use for the carriage by the Insured of passengers, baggage accompanying passengers and cargo for hire or reward.
- (h) "**rental**" means rental, lease, charter or hire by the Insured to any person, company or organisation for Private Pleasure and Business uses only, where the operation of the aircraft is not under the control of the Insured. Rental for any other purpose is NOT insured under this Policy unless specifically declared to Company under SPECIAL RENTAL USES in the Schedule.

Definitions (e), (f), (g) and (h) constitute Standard Uses and **do not include** Instruction, Competitive Aerobatics or Aerobatic Displays, Hunting Patrol, Fire-fighting, the intentional dropping, spraying or release of anything, any form of experimental or competitive flying, and any other use involving abnormal hazard, but when cover is provided details of such use(s) are stated in the Schedule under SPECIAL USES.

- (i) "**flight**" means from the time the Aircraft moves forward in taking off or attempting to take off, whilst in the air, and until the aircraft completes its landing run.

- (j) "**taxiing**" means movement of the aircraft under its own power other than in flight as defined. Taxiing shall not be deemed to cease merely by reason of a temporary halting of the aircraft.
- (k) "**moored**" means, in the case of aircraft designed to land on water, whilst the aircraft is afloat and is not in flight or taxiing as defined, and includes the risks of launching and hauling up.
- (l) "**ground**" means while the aircraft is not in flight or taxiing or moored as defined.

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