



# NECOINSURANCE LTD.

Head Office: Anamnagar, P.O.Box: 12271, Kathmandu, Nepal  
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E-mail: info@necoinsurance.com.np, Web: www.necoinsurance.com.np

REF No :

Ref: 2849/072/073

Date: June 20, 2016

M/s Manang Air P. Ltd.  
106, N. K. Singh Marga, Araniko Bhawan,  
Minbhawan, P.O.Box 15146,  
Kathmandu,


Subject: Cover Note of Aviation Insurance

Dear Sir,

Reference to above, we are pleased to attach herewith the cover note of aviation Insurance of Helicopter ( AS350B3e Serial No . 7824 9N – ALC -& Helicopter AS350Be Serial No . 7808 9N – ALD) for your kind perusal.

Thanking you

Regards


Bishnu Pd Dhital  
Sr. Manager

## PLACEMENT SLIP

**TYPE:** Aviation Hull/Spares All Risks, Aviation General Liabilities, Hull Spares War Risk & Allied Perils, Crew Personal Accident & Loss of License Reinsurance.

**INSURED:** **MANANG AIR PRIVATE LIMITED** and/or Associated and/or Subsidiary Companies and/or their agents, directors and employees jointly or severally, as their respective rights and interests may appear.

**ADDRESS:** 106, N. K. Singh Marga, Araniko Bhawan, Minbhawan, P.O.Box 15146, Kathmandu, Nepal

**REINSURED:** **NECO INSURANCE LIMITED**  
Address :- Nava Durga Bhawan, P.O. Box 12271, Anamnagar, Kathmandu, Nepal

**PERIOD:** From – 28<sup>th</sup> May, 2016  
To – 27<sup>th</sup> May, 2017  
Both days at 12.01 am Local Standard Time at the address of the Original Assured.

**INTEREST:** To indemnify the Insured in respect of a Policy or Policies issued by them to the Original Insured as follows. Policy Numbers TBA prior to inception.

**Hull All Risks:** To cover all Aircraft owned, operated, leased or maintained by the Original Insured, or for which the Original Insured is responsible, against "All Risks" of physical loss or damage, as more fully defined in the Original Policy.

**Spares & Equipment:** To cover Aircraft Engines, Spare Parts and equipment (including ground support equipment), Aircraft Spares Kits and Engineers/Mechanics tools, owned, leased, operated, maintained and/or used by the Original Insured or the property of others for which the Original Insured is responsible, including whilst in transit by any means against "All Risks" of physical loss or damage).

**Liabilities:** The Insured's legal liability for damage to property or bodily injury to persons including to passengers, passengers baggage and personal effects, cargo (including declare values) and mail and including General Third Party Legal Liability arising out of their aviation operations.

**Hull War Risks:** Covering all risks against Hull Spares & War and Allied Risks (including Confiscation by Government of Registry)



to aircraft owned/operated/leased by the Original Insured as per Schedule.

**Personal  
Accident:**

Covering Original Insured's Staff / Employees of the Insured against Personal Accident risks whilst on duty & off duty i.e. 24 Hours, boarding, alighting from or flying in the aircraft and whilst working on the Ground including embarking / disembarking & Pilots on duty only.

**Loss of  
License:**

Covering Original Insured's Persons being Pilot/Trainee Pilot as per the attached Schedule of the Insured Person.

100%  
SUM INSURED:

**Hull All Risks and  
Hull War Risks :**

Maximum Agreed Value USD 3,060,000 (or currency equivalent) any one aircraft.

**Spares All Risk &  
Spares War Risk:**

USD 250,000 (or currency equivalent) any one occurrence.

USD 250,000 (or currency equivalent) any one sending.

**Liabilities:** Combined Single Limit (Bodily Injury / Property Damage / Baggage Legal Liability / Passenger Legal Liability) USD 25,000,000 (or currency equivalent) any one occurrence/any one aircraft/offences/unlimited in all & each aircraft and subject to the following sub-limitations.

- a) Personal Injury Limited to:  
USD 10,000,000 (or currency equivalent) each offence and in the aggregate during the period hereon, except personal injury claims by passengers where the full combined single limit applies.
- b) Passenger Legal Liability – USD 20,000 each passenger
- c) Baggage Legal Liability – 3,000 each passenger claim.

Cost & Legal Expenses payable in addition.

The foregoing amounts are included in and are not in addition to the Combined Single Limit referred to above in respect of Liability coverage.



**Personal  
Accident:**

**(24 Hours coverage)** Total Crew Capital sum insured as per the Schedule attached. (Death and Disablement and other benefits per Lloyd's Scale E 1 to 7, 100% inclusive)

**Pilots:**

USD 100,000 (or currency equivalent) any one crew.

**Pilots Under Supervision on 24 Hours basis:**

USD 50,000 (or currency equivalent) any one crew.

**Ground Engineers Personal Accident on 24 Hours basis:**

USD 60,000 (or currency equivalent) any one person.

Medical Expenses (Pilots, Co-Pilots, Passengers, Technicians & Engineers) (Endorsement as attached)

Sum Insured: Up to a maximum of USD 3,000 any one claim each Insured Person.

**Loss of License as per the Schedule attached:**

Nepalese Solo Pilots Only – USD 60,000 (or currency equivalent) any one crew.

Nepalese Pilot Under Supervision – USD 50,000 (or currency equivalent) any one crew.

Extortion / Hijack expenses: 90% of any payment made subject a maximum indemnity upto 10% of Hull Agreed value any one loss and in all during the policy period. Warranted remaining 10% uninsured.

SITUATION: Worldwide subject to Kiln Geographical Areas Exclusion Clause LSW617G amended (as attached) but Worldwide in respect of Crew Personal Accident & Loss of License.

CONDITIONS: Reinsurance Underwriting and Claims Control Clause AVN41A (excluding retention).

D.o.T. 14 CFR Part 205 AVN58A(R) Insurers Liability to cease at expiry of the Period shown above.

Cut Through Clause (as attached).

Simultaneous Settlement Clause LPO 438

50/50 Provisional Claims Settlement Clause (if required) AVS103



*[Handwritten signature]*

Contracts (Rights of Third Parties) Act 1999 Exclusion Clause AVN72 (To apply equally to equivalent local legislation)

All Insurers to follow Slip Leader only in the application of any notices under Extended Coverage Endorsement (Aviation Liabilities) AVN52E and reinstatement and / or amendment to the conditions, rates, geographical limits in relation thereto and shall be automatically binding upon Insurers without notice upon agreement of Slip Leader only.

Additional Insureds, Waivers of Subrogation, Hold Harmless agreements and other Contractual agreements as may be agreed under the original policy and to be agreed by the Slip Leader only.

Airclaims only to be appointed as a loss adjusters.

**Deductibles :**

**Hull All Risks:** 5.00% of the aircraft agreed value EEL including (TL / CTL/ATL)

**Spares and Equipment:**

Not applicable to loss or damage arising out of an accident to the carrying Aircraft and/or vehicles transporting cargo or baggage or loss or damaged caused by fire, storm, tempest, tornado, wind, cyclone, flood or explosion. USD 5,000 (or currency equivalent) EEL

But engine ingestion damage whilst undergoing test running shall be subject to the Hull deductible of the aircraft.

Nevertheless in the event of an occurrence arising hereon involving the application of more than one deductible, then the highest deductible applicable to the occurrence shall be applied as an aggregate deductible for all losses out of that occurrence.

The following are in respect of Personal Accident only.

1. Exclusion 1 and 4 deleted.
2. Hijack Clause NMA. 1732
3. Exposure Clause NMA. 981
4. Disappearance Clause NMA.981 (Amended to 90 days)
5. Permanent Total Disablement definition amended to read "From usual business or occupation."



**USAGE OF AIRCRAFT:**

<b>Expected Uses</b>	<b>%age</b>
Activity for hire & reward (Charter)	20
Aerial Survey, Filming, Photography & Skydiving	5
Sling Cargo	1
Winching operation	1
Human Cargo Sling and Heliskie operation	1
Policing Operation	2
Medical Evacuation	61
Search & Rescue	5
Others	4
<b>Total</b>	<b>100</b>

**Pilots:**

Named Pilots (schedule attached) plus additional pilots as may be required by the Insured subject to being properly licensed & certificated as per CAAN regulations/requirements subject to 2,000 Total Rotor wing hours & 150 hours on make & model.

**Co-Pilots:**

Named Pilots plus additional pilots as Certificated and qualified as per the CAAN requirement.

London Aircraft Insurance Policy AVNIC, LPO344C & Lloyds K(A) Form (Medical) as attached, NMA 2712 amended to include flying as a Pilot/Co-Pilot/Passengers on board/Technicians/Engineers & Original Policy Number to be advised which also includes the following or their equivalent:-

Insurers agree to automatically include charterers as additional Insureds for their respective rights and interests, including liability arising where the charterer issues its own tickets, but, in respect of such tickets, liability attaches hereto only to the extent that such liability would have existed had the Insured's own tickets been issued subject to agreement by the Slip Leader.

Additional Original Insured's Breach of Warranty, Loss Payees, Waivers of Subrogation Rights and Hold Harmless Requirements, Contractual Agreements and any other agreement incidental to the Original Insured's operations as expiring subject to advice to the Slip Leader as soon as practical. New agreement subject to prior agreement by the Slip Leader.



In the event of any other voluntary increase in passenger limits and/or adoption of unspecified liability, coverage shall continue hereunder within the existing liability premiums subject to agreement of Slip Leader only.

If an aircraft takes off and is missing and is not reported for a period of 10 days or more then it shall be deemed to have been lost due to a peril covered by this policy and Insurers agree to pay the agreed value of the aircraft.

Partial losses exceeding 75% of the aircraft Agreed Value shall be declared as a Total Loss.

Agreed to include Ferry Flights as may be required by the Original Insured including such flights for maintenance and/or Aircraft conversion work, in respect of Aircraft as per the Schedule of Aircraft and/or any newly acquired Aircraft belonging to, leased to or in the Care, Custody and Control of the Original Insured subject to prior advice and agreement by the Slip Leader.

Where the Original Insured is obligated to effect automatic personal accident insurance in order to comply with local legislation in any place to which the Insured does or shall operate it is agreed that this Policy is amended to enable the Insured to comply with such legislation.

Agreed that Coverage is automatically afforded hereunder for hold harmless agreements, indemnity agreements, additional insureds, loss payees, waivers of subrogation, breach of warranty agreements, severability of interest, equipment finance, lease, purchase agreements (including agreed value requirements), inter-change agreements, code-share and alliance agreements, airport use and service provider agreements, and any other contractual agreements entered into in accordance with IATA standard agreements and other contracts usual in the course of the Insured's aviation operations/ in connection with or incidental to the Insured's operations, in respect of all contracts executed prior to the attachment of this insurance. Other contracts or agreements are to be agreed by the Slip Leader only.

Agreed to include all endorsements which incorporate Airline Finance/Lease Contract Endorsement AVN67B as agreed under the Policy of which this Policy is a renewal or under Policies prior thereto and the effective date of each such agreement is deemed to be the inception date of this Policy.

Medical and Related Expenses Inclusion Clause (including crew) AVN 80 & Endorsement attached subject to a limit of USD 3,000 any one person.

Agreed automatically to include the requirements of new aircraft and/or aircraft spares finance and/or lease agreements subject to Airline Finance/Lease Contract Endorsement AVN67B provisions. Such agreements in existence at inception of this insurance shall also be automatically included hereunder. Any other provisions are automatically held covered subject to agreement by



Original Insurer and Slip Leader only as soon as practicable, (inadvertent omission of advice excepted). New agreements with US Lessors and any Additional Premium to be agreed by Slip Leader only.

Subject to prior agreement by the lead Insurer the requirements of new aircraft and/or aircraft spares finance and/or lease agreements subject to Airline Finance/Lease Contract Endorsement AVN67B provisions are included hereunder.

Agreed that the term 'passenger' includes fare paying or non fare paying passengers including the Original Insured's employees carried in the aircraft without performing any direct or supervisory duties on board and shall include persons not in the employ of the Original Insured who fly as authorised observers and any prospective employees requiring flight test prior to employment by the Original Insured.

Automatic Additions and Deletions Clause of aircraft as per AVN 19A, notification prior to risk. Additional Premium as per policy terms.

Agreed to include within policy limits Passenger Personal Accident & Third Party Liability cover as required under local jurisdictions as may from time to time be required by authorities in any local jurisdictions in which the Insured may operate.

When leased/financed engines/components with a stipulated loss value (SLV) as required under the relevant lease agreement(s) are installed on the Original Insured's aircraft the Agreed Value of such aircraft shall be automatically increased by the amount of such SLV for the period the leased/financed engines/components are installed on the aircraft. Subject always to the Maximum Agreed Value provision hereon remaining paramount. Insurers to retain benefit of salvage on engines/components removed and replaced by such leased/financed engines/components, in the event of a total loss of the Aircraft. Additional premium calculated at pro rata policy terms and to be paid to Insurers at expiry.

Supplementary Payments Clause AVN76 amended (as attached).

Unauthorised Use Clause AVN77. (theft only)

Notice of Cancellation 30 days written notice by either party & 7 days in respect of Extended Coverage Endorsement (Aviation Liabilities) AVN52E.

Noise and Pollution and Other Perils Exclusions Clause AVN46B (applicable to Section II of AVN1C only)





It is hereby noted & agreed that Nepal Investment Bank, Durbarmarg, Kathmandu is to be included as an Additional Insured, Waiver of Subrogation, Hold Harmless & First Sole Loss Payee under the policy contract for their respective rights & interest.

War, Hi-jacking and Other Perils Exclusion Clause, AVN48B, but agree to delete all paragraphs other than (b) subject to Extended Coverage Endorsement (Aviation Liabilities) AVN52E – paragraph 3 of Extended Coverage Endorsement (Aviation Liabilities), AVN52E is sub-limited to USD 25,000,000 (or currency equivalent) any one accident and in the annual aggregate.

Nuclear Risks Exclusion Clause AVN38B

Agreed Value Clause AVN 61 (Para 2 deleted)

Cargo Legal Liability Limit USD 100,000 any one occurrence/sending subject to Deductible of USD 2,500 each & every loss as per AVN92.

Insurers hereon agree that any breach or contravention of Air Navigation and/or Airworthiness orders and requirements and/or regulations issued by any competent authority without the Original Insured's knowledge and consent shall not invalidate a claim by the Original Insured under this Policy, but the individual causing such breach or contravention shall not be entitled to indemnity hereunder as per AVN94.

Agree to include employees of the insured (other than Captains, Co-pilots and cabin Crew for which separate is made hereto) and / or employees of the Civil Aviation Authority of Nepal & Ground Staff of the Insured for Personal Accident coverage for a Capital Sum Insured of USD 50,000 per capita death and disablement per scale E benefit 1-7 (excluding Weeklies), whilst from time to time undertaking maintenance and / or certificate of Airworthiness and / or test / check flights or who are flying as observers in the insured's aircraft subject to a maximum of three such persons anyone flight, (flying risks including mounting and dismounting).

Indemnity to Pilots and Crew AVN 73

Pilot Indemnity Clause AVN74

Aircraft Lay-up Return Clause AVN26A amended as attached

50/50 Provisional Claims Settlement Clause AVS 103

Forced Landing Clause AVN 78



Airfreight of Spares Clause 713NHG00406 (limit 10% of aircraft value)

Severability of Interest Clause 713NHG00417

Unlicensed Landing Ground Suitability Clause AVN23A

Out of Notified Hours Clause AVN81

Civil Aviation Authority Trainee Endorsement LSW707A

Civil Aviation Authority Safety Regulation Group Clause LSW 708A

Demonstration / Test / airworthiness and / or certification flights included hereon. Demonstration Flights subject to agreement prior to flight.

Coverage includes CAAN mandatory requirements.

Date Recognition Limited Coverage Clause AVN2000A

Date Recognition Limited Coverage Clause AVN2001A/ AVN2002A

Sanction & Embargo Clause AVN111

Asbestos Exclusion Clause 2488AGM00003

In accordance with the local airworthiness authority regulations Mechanics/Engineers are included hereunder as approved by the Original Insured for the purpose of ground engine running and taxiing of the Original Insured's aircraft.

Personal Injury Extension AVN60A USD 10,000,000 (or currency equivalent)

General Condition 4 of AVNIC is deleted

General Condition 7 of AVNIC is deleted

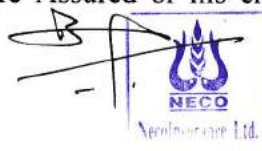
The following is in respect of Hull War and Allied Perils:

Wording: Aviation Hull War and Allied Perils Policy LSW 555D

Including Confiscation by Government of Registry.

All terms and conditions to automatically follow the Hull, Spares "All Risks" Policy as may be applicable, including amendments during currency.

It is agreed that where Assured or his employees are rendered by any peril



covered by this Policy unable to protect the Aircraft from damage, wear, tear or gradual deterioration or are prevented from performing any service or maintenance to the Aircraft made necessary by the passage of time, this policy shall cover all costs and expenses necessarily incurred to reinstate the Aircraft to its condition immediately prior to exposure to such peril.

Innocent Operators Clause AVN89.

Spares & Equipment Extension Clause.

Duration Transit Clause.

The following is in respect of Loss of License & wordings as attached:

Reinsurance Underwriting and Claims Control Clause AVN41A (excluding retention).

Original Policy wording as per attached Loss of Licence wording

Any additions/deletions of Insured Persons during the period of reinsurance to be advised to Reinsurers.

Sanction Limitation and Exclusion Clause LMA 3100

All other terms and conditions as per original policy.

EXPRESS  
WARRANTIES: None

CONDITIONS  
PRECEDENT: None

SEVERAL  
LIABILITY: LSW1001 ( R )  
The subscribing Insurers' obligations under contracts of Insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing Insurers are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations.

CHOICE OF LAW    Law:            Nepal  
& JURISDICTION:    Jurisdiction:    Nepal



100% PREMIUM: **Hull All Risk (Spares Premium included within the Hull Premium);**  
3.50% of Aircraft Agreed Value.

10% No Claim Bonus on Renewal as per AVN85.

**Ground Risk Rate;**

30% of the Hull All Risk Rate including Ground Incidental Third Party Legal Liability.

**Aviation Liability;**

USD 15,990 each aircraft including additional premium in respect AVN52E.

**Hull Spares War Risk;**

0.05% of the Aircraft Agreed Value.

**Personal Accident;**

0.85% on Capital Sum Insured each person.

**Loss of License;**

1.25% on Capital Sum Insured each person.

PAYMENT TERMS: Premium payable as per AVN5A, payable in 4 equal instalments.

RECORDING,  
TRANSMITTING & STORING  
INFORMATION: **Neco Insurance Ltd, Anamnagar, Kathmandu**



**SCHEDULE OF AIRCRAFT**

AIRCRAFT TYPE	REGN. MARKS	SERIAL NO.	MFG YEAR	AGREED VALUE	PASSENGER / CREW SEATS	ATTACHMENT
AS 350 B3E	9N-ALC	7824	2014	\$ 2,500,000	6 + 1 / 5 + 2	INCEPTION
AS 350 B3E	9N-ALD	7808	2014	\$ 2,550,000	6 + 1 / 5 + 2	INCEPTION

**UNDERWRITING INFORMATION;**

- 1) The estimated utilization of aircraft is 365 hours each aircraft.
- 2) All other Underwriting information are seen & noted as per our email dated 27<sup>th</sup> May, 2016.

**INSURED'S LIST OF PERSONAL ACCIDENT DETAILS;**

**LIST OF PILOTS (FLYING AS SOLO);**

Serial No.	Name of the Pilot	Date of Birth	Total Helicopter Flying Hours	On type & Model AS350 Hours
1	Capt. Hira Babu Dahal	15.04.1971	6,500	6,500
2	Capt. Niranjan K. Silwal	04.02.1970	4,500	350
3	Capt. Prakash K. Sedhain	23.05.1969	4,500	210
4	Capt. Chet B. Gurung	29.02.1968	4,584	105
4	Capt. Ryan Alon Skorecki	05.12.1973	5,200	2,600

**LIST OF TRAINEE PILOT SCHEDULE UNDER SUPERVISION;**

Serial No.	Name of the Pilot	Date of Birth	Total Helicopter Flying Hours	On type & Model AS350 Hours
1	Trainee Pilot Manoj Pandey	21 July 1985	150	NIL
2	Trainee Pilot Kiran Thapa	30 April 1985	150	NIL

\*\*\* The above Pilots under supervision will be promoted to Solo PIC on completion of minimum Pilots Warranty Clause.

**GROUND ENGINEER;**

Serial No.	Name of the Pilot



1	Mr. Mahesh K. Nakarmi.
2	Mr. Chandra M. Pun
3	Mr. Kumar Pd. U. Chalise
4	Mr. Narayan B. Shrestha
5	Mr. Rajnish Gupta
6	Mr. Suraj Aley



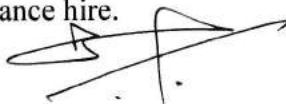
**MEDICAL EXPENSES (ACCIDENT) ENDORSEMENT**  
**(for use in conjunction with KA Form)**

**MEDICAL EXPENSES**

Medical Expenses incurred within twelve months of the date of an Accident in respect of accidental Bodily Injury sustained by an Insured Person during Flight Risk (including Boarding and Alighting) within the period of this Insurance will be paid in addition by the Underwriters up to a maximum of USD 3,000 any one claim each Insured Person.

However, if in respect of such Medical Expenses the Assured or the Insured Person shall recover any payment under any other Insurance, the Underwriters hereon shall only be liable for the difference between such recovery and the total cost of Medical Expenses incurred, not exceeding the limit expressed above.

Definition of "MEDICAL EXPENSES" means expenses necessarily incurred by the Assured for medical, hospital, surgical, manipulative, massage, therapeutic, X-ray or nursing treatment, including the cost of medical supplies and ambulance hire.



## CUT-THROUGH ENDORSEMENT

The Reinsurers hereby agree, at the request and with the agreement of the Reinsured, that if a valid hull or aircraft spares claim arises hereunder the Reinsurers shall pay to the order of the party(/ies) entitled to indemnity under the original insurance effected by the Insured that portion of any loss which the Reinsurers would otherwise be liable to pay to the Reinsured, subject to the following provisions:

- (1) such loss payment shall be in lieu of payment to the Reinsured or its successors in interest and assigns, and shall fully discharge and release the Reinsurers from any and all liability in connection with such a claim under the hull and aircraft spares insurances;
- (2) such loss payment shall be made notwithstanding non-payment of the Reinsured's portion under the original insurance;
- (3) the Reinsurers reserve the right to set off against such payment any outstanding premiums due on the subject hull or aircraft spares;
- (4) if the Reinsured is declared insolvent, bankrupt, in liquidation, in dissolution or in administration by a court of competent jurisdiction to which the Reinsured is subject, the Reinsurers shall only be obliged to make payment under this Endorsement if the court consents to such payment and confirms that such payment fully discharges and releases Reinsurers from further liability in relation to such a claim under the hull or aircraft spares insurances, such consent and confirmation being in a form satisfactory to the Reinsurers. The Reinsurers shall take reasonable steps to obtain such consent and confirmation at Reinsurers' cost. If there is a dispute as to such matters, then the Reinsurers' liability shall be determined by such court at Reinsurers' cost, prior to payment;
- (5) Reinsurers shall not be obliged to make a payment under this Endorsement if such payment would contravene the laws of the jurisdiction to which the Reinsured is subject. The Reinsurers and the Reinsured shall each take all reasonable steps at their own cost to obtain any necessary governmental consent or licence in order to permit such payment to be lawfully made.

AVN 109 24.9.09





## CARGO LEGAL LIABILITY ENDORSEMENT AMENDED

This Endorsement extends the coverage provided under Section (Blank) of this Policy, subject to the Limit of Indemnity and to the Deductible stated below, for legal liability in respect of accidental physical loss of or damage to cargo whilst in the care, custody or control of the Insured, for the purpose of carriage by air.

### Provided always that

1. Before accepting any cargo for the purpose of carriage by air the Insured shall take such measures (including but not limited to the issue or acceptance of an air waybill) as are necessary to exclude or limit liability for claims in respect of the accidental physical loss of or damage to that cargo to the extent permitted by law. In no event shall the amount of the indemnity provided by Insurers under this Endorsement exceed the amount of the legal liability, if any, that would have existed had the Insured taken such measures.
2. The Insured shall ensure that cargo in their care, custody or control is kept in secure premises at all times other than during transit.

Coverage provided by this Endorsement attaches from the time of acceptance of such cargo by the Insured and ceases upon delivery by the Insured at the final destination or when handed over to a successive carrier.

This Endorsement does not apply to legal liability in respect of:

1. delay or loss of market;
2. ~~perishables and/or livestock;~~
3. consequential loss howsoever arising;
4. slung loads;
5. money, securities, precious stones, precious metals, jewellery, fine art and antiques of any kind.

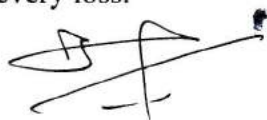
### LIMIT OF INDEMNITY

USD 100,000 limit to apply, such limit being combined within and not in addition to the limit in respect of Section II of AVN1C.

### DEDUCTIBLE

USD 2,500 each & every loss.

AVN 92 30.4.02



**SUPPLEMENTARY PAYMENTS CLAUSE  
AVN76 AMENDED**

It is understood and agreed that this Policy is extended to cover as more fully set forth under those paragraph(s) identified below. It is expressly understood that no cover is provided under those paragraphs of this Clause which have not been identified below.

The Insurers agree to indemnify the Insured for:-

- (a) any reasonable expenses incurred for the purpose of search and rescue operations for an Aircraft insured hereunder determined to be missing and unreported after the computed maximum endurance of the flight has been exceeded;
- (b) any reasonable expenses incurred for the purpose of runway foaming to prevent or mitigate possible loss or damage because of malfunction or suspected malfunction of an Aircraft insured hereunder;
- (c) any reasonable expenses incurred for the purpose of attempted or actual raising, removal, disposal or destruction of the wreck of an Aircraft insured hereunder and the contents thereof;
- (d) any reasonable expenses which the Insured may be called upon to pay in respect of any public inquiry or inquiry by the Civil Aviation Authority or any other relevant authority into an Accident involving an Aircraft insured hereunder.
- (e) any reasonable expenses incurred in fire and crash control operations related to an aircraft insured hereunder.

Coverage is provided under paragraphs (a), (b), (c), (d) and (e) above.

Provided always that Insurers' liability shall not exceed USD 255,000 (or currency equivalent) in the aggregate over all paragraphs insured.



**KILN GEOGRAPHIC AREAS EXCLUSION CLAUSE (03/08/11) LSW617G AMENDED**

1. Notwithstanding any provisions to the contrary and subject to clauses 2 and 3 below, this Policy excludes any loss, damage or expense howsoever occurring within the geographical limits of any of the following countries and regions:
  - (a) Algeria, Burundi, Cabinda, Central African Republic, Congo, Democratic Republic of Congo, Eritrea, Ethiopia, Ivory Coast, Liberia, Mauritania, Nigeria, Somalia, The Republic of Sudan, South Sudan.
  - (b) Colombia, Ecuador, Peru.
  - (c) Afghanistan, ~~Jammu & Kashmir~~, Myanmar, North Korea, Pakistan.
  - (d) Georgia, Nagorno-Karabakh, North Caucasian Federal District.
  - (e) Iran, Iraq, Libya, Syria, Yemen.
  - (f) Any country where the operation of the insured Aircraft is in breach of United Nations sanctions.
2. However coverage pursuant to this Policy is granted:
  - (a) for the over flight of any excluded country where the flight is within an internationally recognised air corridor and is performed in accordance with I.C.A.O. recommendations; or
  - (b) in circumstances where an insured Aircraft has landed in an excluded country as a direct consequence and exclusively as a result of force majeure.
3. Any excluded country may be covered by underwriters at terms to be agreed by the Insurer only prior to flight.

03/08/11  
LSW617G  
AMENDED



## AIRCRAFT LAYING-UP RETURNS CLAUSE AMENDED

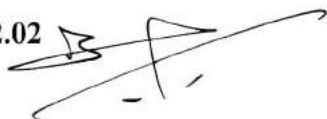
In the event of the Aircraft hereby insured being laid up, the Flight and Taxying cover under all Sections of this Policy shall be suspended during the period of lay-up and credit under the Aircraft loss or physical damage Section of the Policy will be adjusted on expiry of the Policy subject to the following conditions:

1. Notice must be given to Insurers by the Insured prior to and upon termination of the lay-up.
2. No return of premium shall be made
  - (a) in respect of any period during which the Aircraft is laid up for maintenance, overhaul or repair;
  - (b) unless the period of lay-up is of at least 15 consecutive days, but should the period defined in (a) occur during lay-up then the Insured shall be entitled to add the lay-up days prior to and subsequent to the period defined in (a) in computing the period of 15 days or more for which a return may be made;
  - (c) if a claim in respect of the Aircraft concerned has been made on this Policy.

Subject always to the foregoing conditions the return shall be 100 per cent of pro rata of the difference between the annual Flight risk premium and the annual Ground risk premium (as agreed by the Insurers) for the actual period of lay-up as defined above.

In the event of the Aircraft being laid up for a period of 15 days or more, a part only of which attaches to this Policy and part to the renewal Policy, then this Policy shall return premium proportionately.

AVN 26A 4.2.02



**REINSURANCE UNDERWRITING AND CLAIMS CONTROL CLAUSE  
AVN41A AMENDED**

1. Being a Reinsurance of **NECO INSURANCE COMPANY LIMITED, KATHMANDU** and, except as provided by paragraph 2 hereof, being subject to the same terms and conditions as the said Company as agreed at Inception.
2. Subject to the foregoing, it is a condition precedent to any liability under this Reinsurance that:
  - (a) no amendment to the terms or conditions from the original policy shall be binding upon the Reinsurers unless prior agreement has been obtained from the said Reinsurers;
  - (b) the Reinsured shall upon knowledge of any loss or losses which may give rise to a claim under this Reinsurance, advise the Reinsurers as soon as practicable;
  - (c) the Reinsured shall furnish the Reinsurers with all information available respecting such loss or losses, and the Reinsurers shall have the sole right to appoint adjusters, assessors, surveyors and/or lawyers and to control all negotiations, adjustments and settlements in connection with such loss or losses.



The following wording shall apply to original wording.

### CREW PERSONAL ACCIDENT INSURANCE WORDINGS

- CONDITIONS:**
- Proportional Facultative Reinsurance Clause NMA 2735 as attached
  - Claims Control Clause (LM4) NMA 2738 as attached
  - Excluding Permanent Total Disablement arising from Loss of Licence in respect of Pilots and Flight Engineers.
  - Original wording as per Lloyd's K(A) NMA 2712 amended to include disability scale as attached
  - Exclusion 1 and 2 of the Lloyd's K(A) NMA 2712 wording is hereby deleted and replaced with:
    - JHA War And Terrorism Extension and 168 Hours Cancellation Clause as attached
  - Any additions or deletions of persons during the policy period, to be advised to Underwriters for agreement.
  - All other terms and conditions as per original wording NMA 2712

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### Lloyd's Accident Policy

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Whereas the Assured, with a view to effecting an insurance as hereinafter provided with the Underwriters (as defined below), has presented from each Insured Person mentioned in the Schedule of Insured Persons (hereinafter called "the Insured Person") a separate proposal upon which the Underwriters have determined their terms and conditions.

We, Underwriting Members of the syndicates whose definitive numbers and proportions are shown in the Table attached hereto (hereinafter referred to as "the Underwriters"), hereby agree, in consideration of the payment to us by or on behalf of the Assured of the premium specified in the Schedule, to insure against **Bodily Injury** in the manner and to the extent hereinafter provided.



The Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another and therefore each of the Underwriters (and their Executors and Administrators) shall be liable only for his own share of his syndicate's proportion of any amounts payable hereunder. The identity of each underwriting member of the syndicates shown in the Table and the amounts of their respective shares may be ascertained by the Assured or the Assured's representative on application to Lloyd's Policy Signing Office quoting the Lloyd's Policy Signing Office number and date shown in the Table.

In Witness whereof the General Manager of Lloyd's Policy Signing Office has signed this Policy on behalf of each of Us.



**THE SCHEDULE**

**Policy/Certificate No:** HO/HD/60001/72-73

The name of the Assured & Address: MANANG AIR PRIVATE LIMITED, KATHMANDU

**The business of the Assured:** As per the Original Policy

**The Period of Insurance is:** From: 28<sup>th</sup> May, 2016  
To: 27<sup>th</sup> May, 2017  
Both days at 12.01 am Local Standard Time at the address of the Original Assured.

**Insured Persons:** (24 Hours) Named person as per schedule mentioned in the Original Policy & Pilots on duty.

**Interest:** To cover Insured Persons as per the Schedule.

**Capital Sum Insured:** Section A: Personal Accident (24 Hours)  
**Sum Insured: As per the Schedule mentioned in the Original Policy.**  
Not to exceed 5 times Annual Salary per person, whichever the lesser at time of claim.

**The geographical limits of this Insurance:** Worldwide





### SCHEDULE OF BENEFITS (for each Insured Person)

The percentages specified below are % of the Capital Sum Insured stated in the Schedule applicable to the Insured Person.

Where (NOT COVERED are inserted - no insurance is provided.

1. Death	100%
2. Total and irrecoverable loss of sight of both eyes	100%
3. Total and irrecoverable loss of sight of one eye	100%
4. <b>Loss of two limbs</b>	100%
5. <b>Loss of one limb</b>	100%
6. Total and irrecoverable loss of sight of one eye and <b>loss of one limb</b>	100%
7a. <b>Permanent Total Disablement</b> (other than Benefits 2 to 6 above and 7b below)	100%
7b. Permanent Disablement	100%

Additional Benefit – Payable for 52 weeks and Excess of 14 days each and every claim

Additional Benefit – Sum insured not to exceed USD 1,000 per week, whichever the lesser at time of claim.



### Permanent Disablement

The percentage of the Capital Sum Insured under benefit 7b in respect of permanent disabilities shall be as follows:-

			Compensation in percentage of Sum Insured
i.	Loss of toes	- all - great - both phalanges - great - one phalanx - other than great, if more than one toe lost - each	20 5 2 1
ii.	Loss of Hearing	- both ears	75
iii.	Loss of Hearing	- one ear	30
iv.	Loss of 4 fingers and thumb of one hand		40
v.	Loss of 4 fingers		35
vi.	Loss of thumb	- both phalanges - one phalanx	25 10
vii.	Loss of Index finger	- three phalanges - two phalanges - one phalanx	10 8 4
viii.	Loss of middle finger	- three phalanges - two phalanges - one phalanx	6 4 2
ix.	Loss of ring finger	- three phalanges - two phalanges - one phalanx	5 4 2
x.	Loss of little finger	- three phalanges - two phalanges - one phalanx	4 3 2
xi.	Loss of metacarpal	- First or second (additional) - third, fourth of fifth	3 2
xii.	Any other permanent partial disablement		Percentage as assessed by the Doctor*

**\* = Permanent disabilities not mentioned above shall be compensated in accordance with their seriousness as compared with that of those mentioned, the occupation of the Insured Person not being taken into consideration.**

**The total compensation payable in respect of several disablements due to the same accident is arrived at by adding together the various sums, but shall not exceed 100% of the Sum Insured.**



Words in bold print in this Insurance have special meaning, as defined in the DEFINITIONS of this Insurance

### IMPORTANT NOTICE

**THIS INSURANCE DOES NOT PROVIDE SICKNESS OR DISEASE INSURANCE. IF THE INSURED PERSON SHALL ENGAGE IN ANY OCCUPATION SPORT OR PASTIME OR OTHER ACTIVITY OF A HAZARDOUS NATURE THEY SHOULD DISCLOSE IT.**

We The Underwriters hereby agree with the Assured, to the extent and in the manner herein provided, that if the Insured Person sustains **Bodily Injury** caused by an **Accident**, we will pay to the Assured, or to the Assured's Executors or Administrators, according to the Schedule of Benefits after the total claim shall be substantiated under this Insurance.

### PROVIDED ALWAYS THAT:

1. (a) benefit shall not be payable under more than one of the items of the Schedule of Benefits in respect of the consequences of one **Accident** to any one Insured Person, except for any benefit payable hereunder in respect of **Temporary Partial Disablement** preceding or following **Temporary Total Disablement**,  
  
(b) no weekly benefit shall become payable until the total amount thereof has been ascertained and agreed. Where any payment is made for weekly benefit, the amount so paid shall be deducted from any lump sum subsequently payable in respect of the same **Accident**.
2. the total sum payable under this Insurance in respect of any one or more **Accidents** to any one Insured Person shall not exceed in all the largest benefit under any one of the items contained in the Schedule of Benefits.
3. if Item 1 of the Schedule of Benefits is not covered, then no claim shall be payable, other than for weekly benefits, in respect of any **Accident** which would have given rise to a claim for death had that item been covered.
4. if Item 1 of the Schedule of Benefits is covered and an **Accident** causes the death of the Insured Person within twelve months following the date of the **Accident** and prior to the definite settlement of the benefit for disablement provided for under Items 2 to 7(b) of the Schedule of Benefits, there shall be paid only the benefit provided for in the case of death.

### DEFINITIONS

In this Insurance:

1. '**BODILY INJURY**' means identifiable physical injury which

(a) is caused by an **Accident**, and



- (b) solely and independently of any other cause, except sickness or disease directly resulting from, or medical or surgical treatment rendered necessary by such injury, occasions the death or disablement of the Insured Person within twelve months from the date of the **Accident**.
2. '**ACCIDENT**' means a sudden, unexpected, unusual, specific event which occurs at an identifiable time and place during the Period of Insurance.

**Accident** shall also include

- (a) exposure resulting from a mishap to a conveyance in which the Insured Person is travelling;
- (b) Disappearance. If the Insured Person is not found within twelve months of disappearing, and sufficient evidence is produced satisfactory to the Underwriters that leads them inevitably to the conclusion that the Insured Person has sustained **Bodily Injury** and that such injury has caused the Insured Person's death, the Underwriters shall forthwith pay any death benefit, where applicable, under this Insurance, provided that the person or persons to whom such sum is paid shall sign an undertaking to refund such sum to the Underwriters if the Insured Person is subsequently found to be living.
3. '**TEMPORARY TOTAL DISABLEMENT**' means disablement which entirely prevents the Insured Person from attending to their business or occupation.
4. '**TEMPORARY PARTIAL DISABLEMENT**' means disablement which prevents the Insured Person from attending to a substantial part of their business or occupation.
5. '**PERMANENT TOTAL DISABLEMENT**' means disablement which entirely prevents the Insured Person from attending to any business or occupation for which they are reasonably suited by training, education or experience and which lasts twelve months and at the end of that period is beyond hope of improvement.
6. '**LOSS OF A LIMB**' means permanent loss by physical separation of a hand at or above the wrist or of a foot at or above the ankle and includes permanent total and irrecoverable loss of use of hand, arm or leg.

## EXCLUSIONS

This Insurance does not cover any loss or any loss or expense of whatsoever nature directly or indirectly arising out of, contributed to, 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 or expense from death or disablement by:

1. War, whether war be declared or not, hostilities or any act of war or civil war;
2. Radioactive contamination;
3. Invasion;



4. Act of an enemy foreign to the nationality of the insured person or the country in, or over, which the act occurs,
5. Riot;
6. Rebellion;
7. Insurrection;
8. Revolution;
9. Overthrow of the legally constituted government;
10. Civil commotion assuming the proportions of, or amounting to, an uprising;
11. Military or usurped power;
12. Explosions of war weapons;
13. Utilisation of Nuclear, Chemical or Biological weapons of mass destruction howsoever these may be distributed or combined;

Utilisation of Nuclear weapons of mass destruction means the use of any explosive nuclear weapon or device or the emission, discharge, dispersal, release or escape of fissile material emitting a level of radioactivity capable of causing incapacitating disablement or death amongst people or animals.

Utilisation of Chemical weapons of mass destruction means the emission, discharge, dispersal, release or escape of any solid, liquid or gaseous chemical compound which, when suitably distributed, is capable of causing incapacitating disablement or death amongst people or animals.

Utilisation of Biological weapons of mass destruction means the emission, discharge, dispersal, release or escape of any pathogenic (disease producing) micro-organism(s) and/or biologically produced toxin(s) (including genetically modified organisms and chemically synthesised toxins) which are capable of causing incapacitating disablement or death amongst people or animals.

14. Murder or Assault subsequently proved beyond reasonable doubt to have been the act of agents of a state foreign to the nationality of the insured person whether war be declared with that state or not;
15. Terrorist activity;  
Terrorist activity means an act, or acts, of any person, or group(s) of persons, committed for political, religious, ideological or similar purposes with the intention to influence any government and/or to put the public, or any section of the public, in fear. Terrorist activity can include, but not be limited to, the actual use of force or violence and/or the threat of such use. Furthermore the perpetrators of terrorist activity can either be acting alone, or on behalf of, or in connection with any organisation(s) or governments(s).
16. the Insured Person engaging in or taking part in armed forces service or operations;
17. the Insured Person engaging in flying of any kind other than as a passenger;
18. the Insured Person's suicide or attempted suicide or intentional self-injury or the Insured Person being in a state of insanity;
19. Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC) or Human Immuno- deficiency Virus (HIV) howsoever these have been acquired or may be named;



20. the Insured Person's deliberate exposure to exceptional danger (except in an attempt to save human life);
21. the Insured Person's own criminal act;
22. the Insured Person being under the influence of alcohol or drugs.
23. the Insured Person's loss of licence

### CONDITIONS

1. If the Insured Person shall regularly engage in any occupation, sport, pastime or other activity in which materially greater risk may be incurred than previously disclosed in connection with this Insurance without the Assured first notifying the Underwriters and obtaining their written agreement to the inclusion under this Insurance (subject to the payment of any additional premium as the Underwriters may reasonably require as the consideration for such agreement), then no claim shall be payable in respect of any **Accident** arising from such activity.
2. Unless otherwise declared and agreed by the Underwriters no benefit will be payable for any condition for which the Insured Person has sought advice, diagnosis, treatment or counseling or of which the Insured Person was or should reasonably have been aware at inception of this Insurance or for which the Insured Person has been treated at any time prior to inception.
3. Notice must be given to the Underwriters as soon as reasonably practicable of any **Accident** which causes or may cause a claim within the meaning of this Insurance, and the Insured Person must as early as possible seek the attention of a duly qualified medical practitioner. Notice must be given to the Underwriters as soon as reasonably practicable in the event of the death of the Insured Person resulting or alleged to result from an **Accident**.

All medical records, notes and correspondence referring to the subject of a claim or a related pre-existing condition shall be made available on request to any medical adviser appointed by or on behalf of the Underwriters and such medical adviser or advisers shall, for the purpose of reviewing the claim, be allowed so often as may be deemed necessary to make an examination of the Insured Person.

4. Any fraud, concealment, or deliberate mis-statement by an Insured Person, if unknown to the Assured, either in the proposal on which this Insurance is based or in relation to any other matter affecting this Insurance or in connection with the making of any claim hereunder shall render this Insurance null and void in so far as it relates to the Insured Person in question but any such fraud, concealment, or deliberate mis-statement by or known to the Assured shall render the whole Insurance null and void and all claims hereunder shall be forfeited.

NMA2712 (amended)



### Attaching to the policy – Endorsement 01

It is hereby understood and agreed that Exclusions 1 to 15, of Lloyd's K(A) NMA 2712 form is deleted and replaced as follows:

#### JHA WAR AND TERRORISM EXTENSION

Notwithstanding any provision to the contrary within this Insurance, or any endorsement thereto, it is agreed that this Insurance, is extended to include any bodily injury directly or indirectly caused by, resulting from, or in connection with any of the following;

1. War, hostilities or warlike operations (whether war be declared or not),
2. Invasion,
3. Act of an enemy foreign to the nationality of the insured person or the country in, or over, which the act occurs,
4. Civil war,
5. Riot and strikes
6. Rebellion,
7. Insurrection,
8. Revolution,
9. Overthrow of the legally constituted government,
10. Civil commotion assuming the proportions of, or amounting to, an uprising,
11. Military or usurped power,
12. Explosions of war weapons,
13. Murder or Assault subsequently proved beyond reasonable doubt to have been the act of agents of a state foreign to the nationality of the insured person whether war be declared with that state or not,
14. Terrorist activity.

always provided;

- (a) That the Insured Person is not actively participating in any, or all, of 1 to 14 above, and
- (b) That none of 1 to 14 above are **the result of the utilisation of Nuclear, Chemical or Biological weapons of mass destruction howsoever these may be distributed or combined**, and,
- (c) That this extension is subject to the terms and conditions of the Limited War Exclusion Clause, NMA2582B.

For the purpose of this extension;

- (i) Terrorist activity means an act, or acts, of any person, or group(s) of persons, committed for political, religious, ideological or similar purposes with the intention to influence any government and/or to put the public, or any section of the public, in fear. Terrorist activity can include, but not be limited to, the actual use of force or violence and/or the threat of such use. Furthermore, the perpetrators of terrorist activity can either be acting alone, or on behalf of, or in connection with any organisation(s) or governments(s).



- (ii) Utilisation of Nuclear weapons of mass destruction means the use of any explosive nuclear weapon or device or the emission, discharge, dispersal, release or escape of fissile material emitting a level of radioactivity capable of causing incapacitating disablement or death amongst people or animals.
- (iii) Utilisation of Chemical weapons of mass destruction means the emission, discharge, dispersal, release or escape of any solid, liquid or gaseous chemical compound which, when suitably distributed, is capable of causing incapacitating disablement or death amongst people or animals.
- (iv) Utilisation of Biological weapons of mass destruction means the emission, discharge, dispersal, release or escape of any pathogenic (disease producing) micro-organism(s) and/or biologically produced toxin(s) (including genetically modified organisms and chemically synthesised toxins) which are capable of causing incapacitating disablement or death amongst people or animals.

**Limited War Exclusion Clause**

Personal Accident or Illness Insurance

Notwithstanding anything to the contrary herein, this Insurance does not cover loss consequent on:

- (a) war, whether declared or not, between any of the following countries, namely, China, France, the United Kingdom, the Russian Federation and the United States of America, or
- (b) War in Europe, whether declared or not, other than
  - (i) civil War
  - (ii) any enforcement action by or on behalf of the United Nations,

in which any of the countries stated in (a) above or any armed forces thereof are engaged.

1/7/93  
NMA2582B



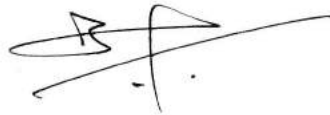


**Attaching to the policy – Endorsement 02**

Definition of Annual Salary to apply:

"ANNUAL SALARY" means wages, salaries, commissions and other considerations of constant character paid or allowed to the Insured Person by the Assured during the 12 months immediately preceding the date of the Accident.

Excluding Permanent Total Disablement arising from Loss of Licence.

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The following wording shall apply to original wording.

**AVIATION CREW LOSS OF LICENCE INSURANCE**

**THE SCHEDULE**

	<b>POLICY NO:</b> To be advised	<b>PREMIUM :</b> As per Original Policy
	<b>THE INSURED :</b> Manang Air Private Limited  <b>ADDRESS:</b> 106, N. K. Singh Marga, Araniko Bhawan, Minbhawan, P.O.Box 15146, Kathmandu, Nepal	
	<b>PERIOD OF INSURANCE :</b> FROM DATE: 28 <sup>th</sup> May, 2016 TO: 27 <sup>th</sup> May, 2017 Both days at 12.01 am Local Standard Time at the address of the Original Assured.	
	<b>DATE OF PROPOSAL :</b> Not Required	

	<b>PERSON(S) COVERED AND SUM INSURED</b>	
	<b>NAME</b>	<b>CAPITAL SUM INSURED</b>
1	As per the Schedule mentioned in the Original Policy	As per the Schedule mentioned in the Original Policy

<b>RISKS COVERED</b>	<b>LOSS OF LICENCE COVER</b> <b>LOCATION</b> Worldwide
<b>BENEFITS</b>	SEC A – 2% OF THE MAX. SUM INSURED (OF EACH INSURED PERSON) PER MONTH SEC B – 1.5% OF THE MAX. SUM INSURED (OF EACH INSURED PERSON) PER MONTH SEC C – 100% OF THE MAX. SUM INSURED (OF EACH INSURED PERSON) SEC D – 75% OF THE MAX. SUM INSURED (OF EACH INSURED PERSON) SEC E – 18% OF THE MAX. SUM INSURED (OF EACH INSURED PERSON)
<b>WAITING PERIOD</b>	90 (NINETY) DAYS
<b>SUBJECT TO CLAUSE</b>	AVG-23 ATTACHED HERETO



## LOSS OF LICENCE POLICY

Whereas the insured described in the Schedule hereto (hereinafter called 'the insured') and the Insured Person described in the Schedule hereto (hereinafter called 'the Insured Person') whose occupation and employer are mentioned in the said schedule and who on the commencing day (mentioned in the said Schedule of this insurance was the holder of the Licence (herein after called "the Licence") mentioned in the said Schedule together with a Certificate of Validity (hereinafter called "the Certificate" ) forming part thereof (the Insured Person being required by law to hold such Licence in connection with his said occupation) by a proposal and declaration dated as stated in the said Schedule (which said proposal and declaration shall be the basis of this contract and are deemed to be incorporated herein) have applied to the Insurers (hereinafter called 'the Company' for the insurance hereinafter provided and has paid the premium stated in the said Schedule as consideration for such insurance during the period of insurance stated in the said schedule.

NOW IT IS HEREBY AGREED : that if the Insured person during the said period of Insurance shall suffer bodily injury or illness or classified illness and such bodily injury or illness or classified illness shall be the sole and direct cause whereby during or after the said Period of Insurance (but not beyond a period of twelve month after the expiry of the said period of Insurance:-)

- 1) The insured person shall be disabled from carrying on his said occupation pursuant to the Licence and the Certificate but neither the Licence nor the Certificate shall have been lost to him OR.,
- 2) There shall be imposed at any time whether by endorsement upon the Licence or the Certificate or otherwise any special limitation on or in connection with the exercise of the privileges conferred by the Licence and/or the Certificate such imposition involving loss of income to the Insured Person OR.,
- 3) The Licence and/or the Certificate shall be lost to the Insured Person then the insured shall subject to the terms conditions, provisions and exclusions of the policy become entitled to the payment by the company of such as may be appropriate of the sums shown in the Table of Benefits hereinafter contained.

## DEFINITIONS

'Bodily injury' means bodily injury(directed solely and independently of any other cause) caused by violent accidental external and visible means and includes (a) illness solely and directly caused by such bodily injury and (b) the results of exposure to the elements after any accident or mishap but does not include any other illness.

'Illness' means any illness (not falling within the aforesaid definition of bodily injury) and in includes senile degenerative changes but not a classified illness as hereinafter defined.

A 'Classified illness' means an illness as hereinbefore defined but which (a) is in its nature or in origin psychotic psycho-neurotic epileptic epilptiform appleptogenic appleptogenous or appleptold or (b) is of such nature as to be incapable of diagnosis by objective evidence or which though capable of diagnosis by such evidence has not been diagnosed by objective evidence.



A 'Loss of a Licence or a Certificate' means a deprivation of such Licence or certificate in such circumstances that the insured person is unlikely by reason or bodily injury or illness (whether or not classified illness ) to obtain or restoration of such Licence or Certificate and 'loss' or any conjunction thereof as a corresponding meaning .

'Loss of income ' means a loss ascertained after taking into account surtax. Income tax, gratuated pension contribution, pension fund contributions, national Insurance contributions and all other deductions of a like nature.

The 'insured person' shall where the context admits include the insured person and his personal representatives.

## TABLE OF BENEFITS

### SECTION A:

A Monthly benefit as stated in the schedule in respect of any such disability of imposition caused as aforesaid by bodily injury or illness (other than a classified illness). Such monthly benefit to commence upon the expiration of 90 (Ninety) consecutive days of disability or imposition and to continue until the cessation of such disability or imposition or the end of 12 calender months from the expiration of the said period of 90 (Ninety), Consecutive days whichever shall first occur.

### SECTION B:

A Monthly benefit as stated in the schedule in respect of such disability or imposition caused as aforesaid by classified illness. Such monthly benefit to commence on continuous in like manner as stated in Section A above.

### SECTION C:

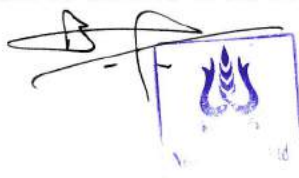
A Benefit as stated in the schedule in the case of the loss of the Licence and/or the certificate caused aforesaid by bodily injury or illness (other than a classified illness) if the insured person is unlikely in the future to be able to follow any occupation alternative to that stated in the schedule.

### SECTION D:

A Benefit as stated in the schedule in the case of loss Licence and /or certificate caused as aforesaid by bodily injury of illness (other than a classified illness ) if the insured person is likely in the future to be able to follow an occupation alternative to that stated in the schedule.

### SECTION E:

A Benefit as stated in the schedule in the case of the loss of the Licence and /or certificate caused as the aforesaid by a classified illness.



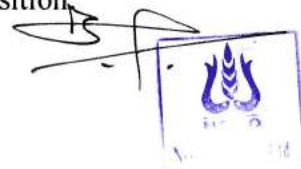
## SECTION F :

Costs or other legal expenses or any other expenses such cost or expenses having been reasonably and properly incurred by the insured and with the consent in writing of the company by reason of the insured persons having been called upon to attend any court of inquiry or legal or other proceeding in connection with the happening of any event which has given raise to claim under the policy but so that the maximum payment under the section shall be USD 2700/- in respect of any one such event.

## **PROVISIONS**

### **Provided always that :**

1. If the company shall have made any payments or payment of monthly benefits under section A or B hereof and the insured shall be reason of the event occasioning such a payment or payment of monthly benefits become entitled to any cash payment under any section C, D & E hereof of the company shall be entitled to deduct the aggregate of any such payment at monthly benefits from any such cash payment.
2. The company shall not be liable to to make payments under more than one of section C,D or E hereof in respect of the loss of the Licence and /or the certificate.
3. The company shall not be obliged to effect settlement under any sections C, D or E of the table of benefits until a period of 90 (ninety) days has elapsed from the date on which the insured shall have given written notice as required by the claims procedure hereinafter prescribed.
4. All monthly benefits payable hereunder shall be apportionable from day to day.
5. Payment of any monthly benefits shall cease immediately upon the death of the insured person.
6. Without prejudice to any antecedence rights of the parties this policy shall 'isofacto' terminate and ceased to have effect if :
  - a) The insured person ceases to be habitually gainfully employed as mentioned in the said schedule under occupation
  - b) The insured person dies.
  - c) A payment is made by the company under any of section C.D. or E.
  - d) The insured person attains the age of **65 years**.
  - e) The insured person undertakes crop dusting, seeding , spraying , cattle mustering or any other aerial application of a like manner.
7. The monthly benefits payable in consequence of an imposition as aforesaid shall not exceed the monthly loss of income consequent upon such imposition.



## EXCLUSIONS

- 1) No Benefit is payable under this policy in the case of illness (whether a classified illness or not) or bodily injury or death directly or indirectly resulting from:
  - 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 radio active force or matter.
  - c. International act or international omission inducing self injury or suicide or attempted suicide assault provoked by the insured person dwelling or (except in bonafide self defense ) fighting.
  - d. International exposure of the Insured person to exceptional danger (except in any attempt in bonafide self defense) fighting.
  - e. Any criminal Act of the Insured person for which Insured person shall have been liable to imprisonment .
- 2) No Benefits is payable under this policy:
  - a. In case of illness (whether a classified illness or not) which is veneral disease or
  - b. In case of bodily injury or death resulting directly or indirectly from veneral disease or
  - c. In the case of sequels of veneral diseases.
  - d. In case of Acquired Immune Deficiency Syndrome (AIDS) or AIDS Related Complex (ARC).
- 3) No benefit is payable under this policy in the case of bodily injury or death directly or indirectly sustained while the insured person is in a state of permanent or temporary insanity.
- 4) No benefit is payable under this policy in respect of the loss of the License and /or the certificate as a result of stipulations imposed by the License issuing Authority relating to the requirement of age for eligibility to hold such a license of certificate.
- 5) No liability shall attach to the company hereunder in respect of any claim made under any section of the Table of benefits in the event of the Insured person but the company will waive its right of recovery in respect of any amount which have been paid under section A & B of the Table of Benefits.

## CONDITIONS

The policy is issued subject to the following condition compliance with which by the Insured and Insured person shall so far as the nature of the condition permits be deemed to be a condition precedent to the liability of the company and so that nothing in those conditions shall be in any way prejudice or diminish any rights of the company implied by operation of Law :



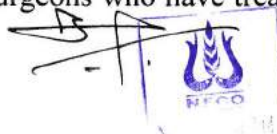
- 1) Any fraud or any concealment of or failure to disclose or misstatement of a material fact in the making of a claim hereunder shall render this policy null and void and all rights to make a claim thereunder shall be forfeited.
- 2) Notwithstanding anything to the contrary contained in this policy no liability shall attach to the company to the extent to which the insured and insured person is also entitled to benefit under any other policy of Insurance Insuring the Insured person against any of the risks hereby insured (other than any personal accident insurance), unless written notice of the existence of that other policy shall have been given to the company and the company's acquiescence has been noticed by the endorsements hereon.
- 3) The Insured and that Insured Person shall in all respect observe and comply with the claim procedure hereinafter prescribed.
- 4) The policy shall in all respect to be constructed according to the Nepal Law and No Liability shall attach to the company under any judgement of decrees of any court save all Nepal Law Court.

#### ELIGIBILITY

To become eligible for this insurance the insured person must be in good health and employed as mentioned in the schedule:

#### CLAIMS PROCEDURE

- 1) In the event of disability or imposition as aforesaid or loss of the License and/or the certificate by the insured person, the insured shall within 28 days of the happening of such event give written notice thereof to the company and shall state the reason for such disability imposition or laws as the case may be so far as these are known to be insured, the company if it desires shall be at liberty at its own expenses to appeal against any such imposition or loss in the name of the insured person and to employ its own solicitors and counsel to conduct such appeal, the insured and insured person shall give all possible assistance and information to the company and its solicitors in and about the preparation and conduct of such appeal.
- 2) The Insured shall notify the company forthwith upon become aware that any such court of enquiry or legal or other proceeding as are mentioned in section F of the aforesaid table of benefits is are in contemplation or pending.
- 3) The Insured person shall from time to time if required by the company so to do submit to an independent medical examinations at the expense of the company and insured person hereby irrevocably authorises the company and its representatives to obtain details of all medical reports and hospital records pertaining to the insured person and to obtain all informations it considers necessary from any physicians and surgeons who have treated or been consulted by



A handwritten signature in black ink is written over a blue ink stamp. The stamp features a logo with a flame-like symbol and the letters 'RICO' below it.

the insured from the authorities of any hospitals at which the insured person was treated. The Insured Person will sign all authorities required by the company for these purposes.

- 4) The Insured person will on written demand of the company make a statutory declaration as to any facts relating to the claim.
- 5) The Insured person hereby irrevocably authorises the company to seek the opinion of other principal medical officer of the Ministry of Civil Aviation or its successors (or other appropriate medical office appointed for the purpose) as to whether the insured person is unlikely to obtain the restoration of the License and/or certificate and irrevocably authorises the said officer to express and communicate such opinion to the company and shall give such further written or other consent there to as the Ministry may from time to time require and (subject as herein after provided) the company for its part shall if the said officer shall express and communicate to it the opinion that the insured person is unlikely to obtain the restoration of the license and/or the certificate accept that opinion as conclusive evidence in favour of the insured of that restoration of the License and/or the certificate is unlikely but so that :
  - 1 The company if it so desires shall be at liberty at its own expenses to secure medical treatment to be undergone by the insured person which in the opinion of the company would probably enable restoration of the license and/or the certificate to be obtained.
  - 2 The insured person shall give all possible assistance to this end but in the event of disagreement between the insured person and the company upon the reasonableness of is undergoing such treatment or upon the duration of such treatment such disagreement shall be decided by the majority of a panel of medical referees (experienced in the medical examination of flying personal) of whom one shall be nominated by the company one by the insured and the 3<sup>rd</sup> by such nominees and so that the decision of such majority shall be final.
  - 3 Pending the termination of the said treatment it shall not be deemed that the insured person is unlikely to obtain a restoration of the License and/or the Certificate.
  - 4 On the termination of the said treatment the company shall entitle to require the insured person shall re-submit himself for examination by the said principal medical officer or other appropriate medical officer and that the insured person shall request him to express and so communicate a further such opinion which shall be accepted by the company as conclusive evidence as aforesaid.

**This policy is subject to MNE – 3 clause as under:**

It is hereby agreed and declared that :

1) This policy does not cover :

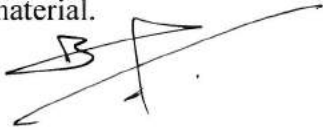
- a) Any accident or loss or destruction or damage to any property whatsoever or any expenses whatsoever resulting or arising or therefrom any consequential loss.
- b) Any legal liability or whatsoever nature.





- c) Payment of compensation in respect of death, injury, disablement of the Insured person directly or indirectly caused by or contributed to by or arising from ionizing radiation or contamination by radioactivity from any source whatsoever.

2) The indemnity or compensation provided by this policy shall not apply to, or include any accident loss, destruction, damage or legal liability or indirectly caused by or contributed to by or arising from nuclear weapon material.



## **REINSURERS LIABILITY:**

### **REINSURERS LIABILITY CLAUSE LMA3333**

#### **(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### **Proportion of liability**

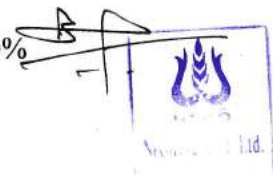
Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

**Order Hereon:**

- Hull Spares All Risk – 99.95% of 100.00%
- Hull Spares War Risk & Allied Perils – 99.95% of 100.00%
- Aviation Liability – 99.95% of 100.00%
- Crew PA & Loss of License – 99.95% of 100.00%



## PLACEMENT SLIP

TYPE: Aircraft Hull Deductible Buy Down Reinsurance.

REINSURED: Neco Insurance Company Ltd.  
NavaDurga House,  
Anamnagar,  
Kathmandu  
44600, Nepal

ORIGINAL INSURED: Manang Air Private Limited and / or Associated and / or Subsidiary Companies and / or their agents, directors and employees jointly or severally, as their respective rights and interests may appear.

ADDRESS: 106, N. K. Singh Marga, Araniko Bhawan, Minbhawan, P.O.Box 15146, Kathmandu, Nepal

PERIOD 12 months:  
From: 28<sup>th</sup> May, 2016  
To: 27<sup>th</sup> May, 2017  
Both days inclusive, Local Standard Time, at the address of the Original Insured.

INTEREST: In respect of original insurance covering:  
To indemnify the Original Insured for loss or damage to aircraft as per Schedule of Aircraft which would have been payable in accordance with the Hull "All Risks" Insurance Policy but for the deductible provisions therein subject to the terms, conditions and exclusions herein and as per the Wording.

100% SUM INSURED: AS350B3E-Reg: 9N-ALC  
To pay the difference between the deductible amounts under the Insured's Aircraft Hull and Spares "All Risks" Insurance Contract of:  
USD 125,000 each and every loss  
And the following self-insured amounts: USD 62,500 each and every loss  
AS350B3E -Reg: 9N-ALD  
To pay the difference between the deductible amounts under the Insured's.  
Aircraft Hull and Spares "All Risks" Insurance Contract of:  
And the following self-insured amounts: USD 63,750 each and every loss.  
But subject to an annual aggregate limit of USD 127,500.

SITUATION: Worldwide subject to Kiln Geographical Areas Exclusion Clause LSW617G amended (as attached)



CONDITIONS: Reinsurance Underwriting and Claims Control Clause AVN41A as attached Contract (Right of Third Parties) Act 1999 Exclusion Clause AVN72.

Original Policy No to be advised

Original Policy wording in respect of Hull Deductible per LSW 492A amended as attached and to incorporate the following and/or as original:

War, Hi-Jacking and Other Perils Exclusion Clause (Aviation) AVN 48B.

Nuclear Risks Exclusion Clause AVN 38B.

Sanctions & Embargo Clause AVN111R

Additions/Deletions of Aircraft to be agreed

Cover includes delivery, ferry flights, training and test flights.

Cover includes whilst the Aircraft(s) are parked/laid up/stored at hangars/covered parking

All other terms and conditions as per wording LSW 492A.

EXPRESS  
WARRANTIE: None

CONDITIONS  
PRECEDENT: None

CHOICE OF LAW &  
JURISDICTION: This reinsurance shall be governed by and construed in accordance with the law of Nepal and each party agrees to submit to the exclusive jurisdiction of the Courts of Nepal in any dispute arising hereunder.

100% PREMIUM: Aircraft 9N-ALC, Serial No. 7824 - Premium USD 9,375  
Aircraft 9N-ALD, Serial No. 7808 - Premium USD 9,562

15% of 75% Profit Commission on renewal as per AVN 88.



PAYMENT TERMS: Warranted premium paid in full to underwriters within 60 days of inception or policy automatically cancelled at that date.

TAXES PAYBLE BY  
INSURED/  
REINSURED&  
ADMINISTERED  
BY  
UNDERWRITERS

None

RECORDING,  
TRANSMITTING  
AND STORING  
INFORMATION:

**Neco Insurance Ltd**  
**Anamnagar, Kathmandu**

(RE)INSURER  
CONTRACT  
DOCUMENTATIO  
N:

This document details the contract terms entered into by the insurer(s), and constitutes the contract document.

Any further documentation changing this contract, agreed in accordance with the contract change provisions set out in this contract, shall form the evidence of such change.



## KILN GEOGRAPHIC AREAS EXCLUSION CLAUSE (03/08/11) LSW617G AMENDED

1. Notwithstanding any provisions to the contrary and subject to clauses 2 and 3 below, this Policy excludes any loss, damage or expense howsoever occurring within the geographical limits of any of the following countries and regions:
  - (a) Algeria, Burundi, Cabinda, Central African Republic, Congo, Democratic Republic of Congo, Eritrea, Ethiopia, Ivory Coast, Liberia, Mauritania, Nigeria, Somalia, The Republic of Sudan, South Sudan.
  - (b) Colombia, Ecuador, Peru.
  - (c) Afghanistan, ~~Jammu & Kashmir~~, Myanmar, North Korea, Pakistan.
  - (d) Georgia, Nagorno-Karabakh, North Caucasian Federal District.
  - (e) Iran, Iraq, Libya, Syria, Yemen.
  - (f) Any country where the operation of the insured Aircraft is in breach of United Nations sanctions.
2. However coverage pursuant to this Policy is granted:
  - (a) for the over flight of any excluded country where the flight is within an internationally recognised air corridor and is performed in accordance with I.C.A.O. recommendations; or
  - (b) in circumstances where an insured Aircraft has landed in an excluded country as a direct consequence and exclusively as a result of force majeure.
3. Any excluded country may be covered by underwriters at terms to be agreed by the Insurer only prior to flight.

03/08/11  
LSW617G  
AMENDED



## REINSURANCE UNDERWRITING AND CLAIMS CONTROL CLAUSE

1. This is a reinsurance of NECO INSURANCE COMPANY LIMITED, KATHMANDU and except as provided by paragraph 2 hereof or as may be otherwise stated in this Reinsurance, warranted the same coverage terms and conditions as those applying to the Reinsured as agreed at inception.
2. Subject to the foregoing, it is a condition precedent to any liability under this Reinsurance that:
  - (a) no amendment to the terms or conditions of, or additions to or deletions from the original insurance, shall be binding upon Reinsurers hereon unless prior agreement has been obtained from the said Reinsurers or except as may be otherwise provided for in this reinsurance.
  - (b) the Reinsured shall upon knowledge of any loss or losses which may give rise to a claim under this Reinsurance, advise the Reinsurers thereof within 7 working days (inadvertent omission of advice excepted) from the date of loss/discovery/occurrence;
  - (c) the Reinsured shall furnish the Reinsurers with all information available respecting such loss or losses, and the Reinsurers shall have the sole right to appoint adjusters, assessors, surveyors and/or lawyers and to control all negotiations, adjustments and settlements in connection with such loss or losses.

AVN 41A (Amended)

Pursuant to the foregoing reinsurance clause, except as may be provided herein this reinsurance follows original contract number.....



THE  
SCHEDULE

Policy Number: HO/HD/60001/72-73

Name of Insured: Manang Air Private Limited  
Address of Insured: 106, N. K. Singh Marga, Araniko Bhawan, Minbhawan, P.O.Box 15146, Kathmandu, Nepal

Period of Insurance: From: 28<sup>th</sup> May, 2016  
To: 27<sup>th</sup> May, 2017  
both days inclusive and for such further period or periods as may be mutually agreed upon

Aircraft insured hereby are all those identified in the Schedule of Aircraft detailed below as insured by the Hull Policy:

Aircraft Type	Registration No.	Attachment Date
AS350B3E	9N-ALC	28 <sup>th</sup> May, 2016
AS350B3E	9N-ALD	28 <sup>th</sup> May, 2016

Interests insured hereby are all those identified in the list of interests detailed below as insured by the Hull Policy:

LIMITS of this Policy in accordance with Condition 5 herein:

Limit

- (a) USD 127,500 the aggregate during the period of this Policy in respect of all Aircraft and all claims by all interests insured hereby.
- (b) USD 127,500 maximum any one loss or occurrence.
- (c) 9N-ALC- USD 62,500 the amount not payable hereon in respect of each claim, in accordance with Condition 8.B(iii)(b) herein.
- (d) 9N-ALD-USD 63,750

Uses of the Aircraft permitted by this Policy: As per Hull Spares All Risk & Aviation Liability Policy

Geographical Limits of this Policy: As per Hull Spares All Risk & Aviation Liability Policy

Pilots permitted to operate the Aircraft for the purposes of this Policy: As per Hull Spares All Risk & Aviation Liability Policy.







# J B BODA & CO (S) PTE LTD

REINSURANCE BROKERS  
(Regn No. 198004757E)

## HULL DEDUCTIBLE WORDING

- WHEREAS there is in force, for the benefit of the Insured, a policy of hull all risks insurance
- : (a) (referred to below as the "Hull Policy") and
- (b) in accordance with the Hull Policy amounts may be deducted from claims by reference to deductible provisions therein:

In consideration of the premium specified in the Schedule, this Policy (referred to below as "this Policy") covers the cost of repairs or replacement of parts and expenses associated therewith subject to the Limits specified in the Schedule in respect of sums which would have been payable in accordance with the Hull Policy but for the operation of deductible provisions therein and subject otherwise to all terms, conditions and exclusions of this Policy.

AS USED  
HEREIN:

"Aircraft" means

all aircraft insured by the Hull Policy as per Schedule hereon (including all endorsements hereon) excluding Engines, Auxiliary Power Units and other spares unless fitted to an Aircraft insured hereby.

"Deductible" means

the amount or proportion to be deducted from claims in accordance with the Hull Policy howsoever such amount or proportion is described therein whether as deductible or excess or the like and applied in relation to each and every claim, loss, or occurrence, or to each Aircraft or to each engine or in the aggregate during the period of the Hull Policy.

"Insured" means

all parties identified in the Schedule whose interests in the Aircraft are insured by the Hull Policy.

"Overhaul Cost" means

the cost of labour and materials which are or would be incurred in the overhaul or replacement (whichever is necessary) of a lost or damaged Unit (or a similar Unit) at the end of its Overhaul Life.

"Overhaul Life" means

the amount of use in hours or cycles, or in operational and/or calendar time which, according to the appropriate Airworthiness Authority of the Aircraft, determines when overhaul or replacement of a Unit is required.

"Unit" means

a part or an assembly of parts (including any sub-assemblies) or a module which has been assigned an Overhaul Life by the said Airworthiness Authority.





# J B BODA & CO (S) PTE LTD

REINSURANCE BROKERS  
(Regn No. 198004757E)

"Engine & Auxiliary  
Power Unit" means

wherever fitted, shall each be defined as all parts contained within and including the engine pod (including but not limited to fairings, pylons Q.E.C, cowlings, nacelles, thrust reversers and ancillaries)



## COVER "A"-GENERAL

Subject to the Limits specified in the Schedule, the Underwriters will, at their option, pay for, replace or repair accidental loss of or damage to the Aircraft including reasonable emergency expenses necessarily incurred by the Insured for the immediate safety of the Aircraft, consequent upon damage or forced landing.

## COVER "B"- ENGINES & AUXILIARY POWER UNITS

- B.1 In respect of an Engine/Auxiliary Power Unit fitted to an Aircraft, loss or damage within the Engine/Auxiliary Power Unit is only covered if caused by:
- (i) fire or explosion commencing outside the Engine/Auxiliary Power Unit which is covered by this Policy or
  - (ii) ingestion through an air intake of any object or material which is not part of the Engine/Auxiliary Power Unit in accordance with B.2 below.
- B.2 Damage caused by any object or material which is not part of the Engine/Auxiliary Power Unit is covered only if the Insured can demonstrate that all the following conditions had been met:
- (i) the object or material entered the Engine/Auxiliary Power Unit from a region external to the Engine/Auxiliary Power Unit.
  - (ii) an occurrence giving rise to damage, or damage itself, is evidenced by a record in the Aircraft and/or other technical log made at the time of the occurrence or damage.
  - (iii) such damage was detected before the Engine/Auxiliary Power Unit (or any rotor or stator assembly or sub-assembly of the fan, compressor or turbine) was removed from the Aircraft and
  - (iv) immediately after detection of damage as above, the Engine/Auxiliary Power Unit was removed from the Aircraft at the earliest opportunity and dispatched for repair, and was not to be subject to further running on the ground or in the air unless and until all damage arising out of the said occurrence had been rectified and
  - (v) the said occurrence or damage was notified to Underwriters as soon as the Insured became aware of said occurrence or damage and in any event not later than 7 days after the date of a record in the appropriate log as specified in B.2 (ii) above.



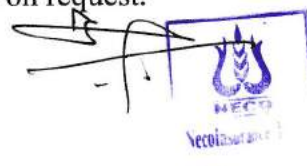
## CONDITIONS

1. The due observance and fulfilment of all the terms, conditions and endorsements of this Policy shall be a condition precedent to any liability of the Underwriters.
2. For the purpose of this Policy, unless otherwise stated in the Schedule hereto: the Insured is the same as in the Hull Policy and all Aircraft are insured hereby for the same periods as the Hull Policy.
3. In the event of any conflict between the provisions of the Hull Policy and the provisions of this Policy, the provisions of this Policy shall prevail to the extent of the Policy Limits hereon.
4. It is warranted that:
  - (a) the Hull Policy is in full force and effect with respect to any Aircraft which is the subject of any claim hereunder.
  - (b) loss, damage or expense which is the subject of any claim hereunder would have been paid or admitted in accordance with the Hull Policy but for the application of Deductible provisions therein.
  - (c) all aircraft insured hereby have been declared to Underwriters hereof and all premium due hereon has been paid, or will be paid subject to the terms and conditions hereof.
5. The Limits of Liability of Underwriters hereof are specified in the Schedule. In the event of any difference between the applicable limit specified as Limit (a) or (b) in the Schedule and the amount of any corresponding applicable Deductible in the Hull Policy, the liability of Underwriters hereof is limited to whichever is the lower. Underwriters hereof are not liable unless and until the amount of any claim hereunder exceeds the amount specified as Limit (c) in the Schedule.

Notwithstanding the inclusion herein of more than one Insured, whether by endorsement or otherwise, the total liability of the Underwriters in respect of any or all Insureds shall not exceed the Limits specified in the Schedule.
6. The Insured shall at all times use due diligence and do everything reasonably practicable to avoid or diminish any loss hereon.
7. The Insured shall comply with all:
  - (i) air navigation and airworthiness orders, regulations and requirements issued by the appropriate airworthiness authority of the Aircraft and
  - (ii) recommendations of the manufacturers of the Aircraft (or any part thereof) and incorporate all service bulletins and modifications within the timescale specified by said manufacturer.

The Insured shall also 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 (including any part thereof) which are required by any regulations in force from time to time shall be kept up to date and shall be produced to the Underwriters or their Agents on request.



- (c) employees and agents of the Insured comply with such orders, regulations, requirements and recommendations.

#### CLAIM NOTIFICATION AND PROCEDURE

- 8.A Immediate notice (not later than 7 days after the date of a record in the appropriate log as specified in B.2 (ii) herein) of any event likely to give rise to a claim under this Policy shall be given as stated in the Schedule. In all cases the Insured shall:
- (a) furnish full particulars in writing of such event.
  - (b) render such further information and assistance as the Underwriters may reasonably require.
  - (c) not act in any way to the detriment or prejudice of the interest of the Underwriters.
- 8.B (i) If the Aircraft/Engine or Auxiliary Power Unit is damaged:
- (a) no dismantling or repairs shall be commenced without the consent of the Underwriters 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 Underwriters will pay only for repairs, transport, labour and materials by the most economical method unless the Underwriters agree otherwise with the Insured.
- (ii) If the Underwriters exercise their option to pay for or replace any part of the Aircraft, Engine or Auxiliary Power Unit:
- (a) the Underwriters may take such part (together with all documents of record and title thereto) as salvage.
  - (b) the replacement part shall be of a similar make and type and in a reasonably like condition as the part replaced unless otherwise agreed with the Insured.
- (iii) There shall be deducted from each claim:
- (a) betterment through wear and tear and deterioration, and, with regard to lifed items, such proportion of the Overhaul Cost of any Unit repaired or replaced as the amount of use thereof bears to the Overhaul Life of the Unit.
  - (b) the amount specified as Limit (c) in the Schedule.
9. To the extent of any indemnity given or a payment made by the Underwriters under this Policy, they shall be subrogated to the rights and remedies of the Insured who shall cooperate with and do all things necessary to assist the Underwriters in the exercise of such rights and remedies.
10. 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 Underwriters and no claim arising subsequent to such change shall be recoverable hereunder unless such change has been accepted by the Underwriters.
11. This Policy may be cancelled by either the Underwriters or the Insured giving 10 days notice in writing of such cancellation. If cancelled by the Underwriters, they will return a pro-rata portion of the premium in respect of the unexpired period. If cancelled by the Insured a return of premium shall be at the discretion of the Underwriters. There will be no return of premium if a loss is paid or is payable under this Policy.
12. This Policy shall not be assigned in whole or in part except with the consent of the



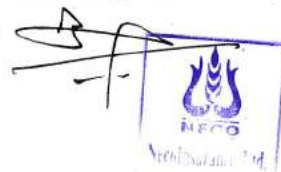
Underwriters verified by endorsement hereon.

13. This Policy shall be construed in accordance with English Law and any dispute or difference between the Insured and the Underwriters shall be submitted to arbitration in London in accordance with the Statutory provisions for arbitration for the time being in force.
14. When two or more Aircraft are insured hereunder, the terms of this Policy apply separately to each, subject always to any aggregate limit specified as Limit (a) in the Schedule.
15. If the Insured shall make any claim knowing the same to be false or fraudulent as regards amount or otherwise this Policy shall automatically become void from inception of this Policy.
16. Any addition or deletion to the Schedule of Aircraft is to be agreed prior to said attachment/deletion at terms to be agreed by the Leading Underwriter only.
17. All additional interests in the Aircraft as per Schedule are to be agreed by the Leading Underwriter only prior to attachment of said interest.

#### EXCLUSIONS

This Policy does not apply:

1. To any claims payable under any "Breach of Warranty" coverage under the Hull Policy.
2. Whilst the Aircraft is being used for any illegal purpose, or for any purpose not permitted either by the Hull Policy or by this Policy as specified in the Schedule.
3. Whilst the Aircraft is outside the geographical limits of either the Hull Policy or of this Policy as specified in the Schedule unless due to force majeure.
4. Whilst the Aircraft is being operated by any person other than as authorised either by the Hull Policy or by this Policy as specified in the Schedule.
5. Whilst the Aircraft or any part thereof is being transported by any means of conveyance except as the result of an accident giving rise to a claim under the Hull Policy.
6. Whilst the Aircraft is landing on or taking off or attempting to do so at a place or in conditions which do not comply with the recommendations laid down by the manufacturers of the Aircraft except as a result of force majeure.
7. To loss or damage due to wear and tear, abrasion, corrosion, deterioration, erosion, fatigue, freezing, overheating, oxidation or anything having a progressive or cumulative damage effect.
8. To loss or damage due to electric, electronic, mechanical, structural, pneumatic, hydraulic or control systems defect, failure or breakdown.



9. To loss or damage excluded by the following clauses which are attached hereto and made part hereof: AVN38B Nuclear Risks Exclusion Clause.  
AVN48B War, Hi-jacking and Other Perils Exclusion Clause (Aviation).

11196  
LSW492A

**SCHEDULE OF AIRCRAFT**

AIRCRAFT TYPE	REGN. MARKS	SERIAL NO.	MFG YEAR	AGREED VALUE	PASSENGER / CREW SEATS	ATTACHMENT
AS 350 B3E	9N-ALC	7824	2014	\$ 2,500,000	6 + 1 / 5 + 2	INCEPTION
AS 350 B3E	9N-ALD	7808	2014	\$ 2,550,000	6 + 1 / 5 + 2	INCEPTION

**INFORMATION:**

1. All Underwriting Information seen & noted by Asia Capital Re as per our email dated

**REINSURERS LIABILITY:**

**REINSURERS LIABILITY CLAUSE LMA3333**

**(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

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