

PART 5 Geographical Limits:

PART 6 Limits and Deductibles:

(1)

(2)

PART 7 Premium:

PART 8 Immediate notice of any claim to be given to:

PART 9 Where there are any inconsistencies among the terms and conditions, the Endorsement and the Schedule, the Endorsement shall supersede the Schedule, while the Schedule shall supersede the terms and conditions.

PART 10 The **Insurer** and the **Insured** have fully understood the clauses regarding dispute resolution set forth in the Policy. Any dispute arising from or related to this Policy shall be submitted to the [] for arbitration in [city] in accordance with its arbitration rules in effect at the time of applying for arbitration. The arbitration award shall be final and binding on the **Insurer** and the **Insured**.

PART 11 This Policy shall be issued in both Chinese and English. In the event of any inconsistencies or discrepancy, the Chinese version shall prevail.

1. Coverage

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

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

2. Exclusions

A. The **Insurer** shall not be liable for

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| Employees and Others | (a) injury (fatal or otherwise) or loss sustained by any director or employee of the Insured or partner in the Insured's business whilst acting in the course of his employment with or duties for the Insured ; |
| Operational Crew | (b) injury (fatal or otherwise) or loss sustained by any member of the flight, cabin or other crew whilst engaged in the operation of the UAV; |
| Passengers | (c) injury (fatal or otherwise) or loss sustained by any passenger whilst entering, on board, or alighting from the UAV; |
| Property | (d) loss of or damage to any property belonging to or in the care, custody or control of the Insured ; |
| Noise and Pollution and Other Perils | (e) claims excluded by the attached Noise and Pollution and Other Perils Exclusion Clause. |
| Contamination | (f) all and any form of contamination |

B. This Policy does not apply

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| Illegal Uses | (a) Whilst the UAV is being used for any illegal purpose or for any purpose other than those stated in Part 3 of the Schedule and as defined in the Definitions. |
| Geographical Limits | (b) Whilst the UAV is outside the Geographical Limits stated in Part 5 of the Schedule unless due to force majeure. |
| Pilots | (c) Whilst the UAV is being piloted by any person other than as stated in Part 4 of the Schedule except that the UAV may be operated on the |

ground by any person competent for that purpose.

Transportation
by other
Conveyance

(d) Whilst the UAV is being transported by any means of conveyance.

Landing and
Take-off Areas

(e) Whilst the UAV is landing on or taking off or attempting to do so from a place which does not comply with the recommendations laid down by the manufacturer of the UAV except as a result of force majeure.

Contractual
Liability

(f) To liability assumed or rights waived by the Insured under any agreement (other than a passenger ticket/baggage check issued under Section III hereof) except to the extent that such liability would have attached to the Insured in the absence of such agreement.

Number of
Passengers

(g) Whilst the total number of passengers being carried in the UAV exceeds the declared maximum number of passengers stated in Part 2(4) of the Schedule.

Non-Contribution

(h) To claims which are payable under any other policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this Policy not been effected.

Nuclear Risks

(i) To claims excluded by the attached Nuclear Risks Exclusion Clause.

War, Hi-jacking,
and Other
Perils

(j) To claims caused by

(i) 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.

(ii) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

(iii) Strikes, riots, civil commotions or labour disturbances.

(iv) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.

(v) Any malicious act or act of sabotage.

(vi) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government (whether civil military or de facto) or public or local

authority.

(vii) Hi-jacking or any unlawful seizure or wrongful exercise of control of the UAV or crew in Flight (including any attempt at such seizure or control) made by any person or persons on board the UAV acting without the consent of the **Insured**.

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

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

3. LIMIT OF INDEMNITY

The liability of the **Insurer** under this Policy shall not exceed the amount stated in Part 6(1) of the Schedule. The **Insurer** will defray in addition any legal costs and expenses incurred with its written consent in defending any action which may be brought against the **Insured** in respect of any claim for compensatory damages covered by this Policy, but should the amount paid or awarded in settlement of such claim exceed the Limit of Indemnity then the liability of the **Insurer** in respect of such legal costs and expenses shall be limited to such proportion of the said legal costs and expenses as the Limit of Indemnity bears to the amount paid for compensatory damages.

4. GENERAL CONDITIONS

- Due Diligence
- A. The **Insured** shall at all times use due diligence and do and concur in doing everything reasonably practicable to avoid accidents and to avoid or diminish any loss hereon.
- Compliance with Air Navigation, Orders etc.
- B. The **Insured** shall comply with all air navigation and airworthiness orders and requirements issued by any competent authority affecting the safe operation of the UAV and shall ensure that
- (a) the UAV is airworthy at the commencement of each **Flight**;
 - (b) all log books and other records in connection with the UAV which are required by any official regulations in force from time to time shall be kept up to date and shall be produced to the Insurer or its agents on request;

	(c) the employees and agents of the Insured comply with such orders and requirements.
Claims Procedure	<p>C. Immediate notice of any event likely to give rise to a claim under this Policy shall be given as stated in Part 8 of the Schedule. In all cases the Insured shall</p> <p>(a) furnish full particulars in writing of such event and forward immediately notice of any claim with any letters or documents relating thereto;</p> <p>(b) give notice of any impending prosecution;</p> <p>(c) render such further information and assistance as the Insurer may reasonably require;</p> <p>(d) not act in any way to the detriment or prejudice of the interest of the Insurer.</p> <p>If the Insured deliberately or through its gross negligence fails to notify the Insurer in accordance with the above which has caused that the Insurer's ability to determine the nature, cause and degree of damage and any other relevant circumstances is compromised, the Insurer shall not be liable for that proportion of the loss that could not thus be determined, unless the Insurer have known or should have known of the Accident or claim in a timely manner through other channels.</p>
Claims Control	D. The Insurer shall be entitled (if they so elect) at any time and for so long as they desire to take absolute control of all negotiations and proceedings and in the name of the Insured to settle, defend or pursue any claim.
Subrogation	E. Upon an indemnity being given or a payment being made by the Insurer under this Policy, they shall be subrogated to the rights and remedies of the Insured who shall co-operate with and do all things necessary to assist the Insurer to exercise such rights and remedies.
Variation in Risk	F. Should there be any change in the circumstances or nature of the risks which are the basis of this Policy the Insured shall give immediate notice thereof to the Insurer and the Insurer is entitled to cancel this Policy or increase premium. If the Insured fails to perform such notification obligation, no claim arising subsequent to such change shall be recoverable hereunder unless such change has been accepted by the Insurer .

- Cancellation G. This Policy may be cancelled by either the **Insurer** or the Policyholder giving 10 days notice in writing of such cancellation. If cancelled by the **Insurer**, the **Insurer** will return a pro rata portion of the premium in respect of the unexpired period of the Policy. If cancelled by the Policyholder before the Inception Date of this Policy, the **Insurer** will charge [XXX] as cancellation fee; if cancelled by the Policyholder after the Inception Date of this Policy, the **Insurer** may charge [XXX] as the minimum earned premium. Notwithstanding the above, there will be no return of premium in respect of any UAV on which a loss is paid or is payable under this Policy.
- Assignment H. This Policy shall not be assigned in whole or in part except with the consent of the **Insurer** verified by endorsement hereon.
- Not Marine Insurance I. This Policy is not and the parties hereto expressly agree that it shall not be construed as a policy of marine insurance.
- Arbitration J. This Policy shall be construed in accordance with the Laws of the People's Republic of China and any dispute or difference between the **Insured** and the **Insurer** shall be submitted to the arbitration authority stated in the Schedule for arbitration. If there is no arbitration authority agreed in the Part 10 of the Schedule and no arbitration agreement is reached after the dispute arises, the dispute shall be submitted to the people's court of the PRC for litigation.
- Two or More UAV K. When two or more UAV are insured hereunder the terms of this Policy apply separately to each.
- Limit(s) of Indemnity L. Notwithstanding the inclusion herein of more than one **Insured**, whether by endorsement or otherwise, the total liability of the **Insurer** in respect of any or all **Insureds** shall not exceed the Limit(s) of Indemnity stated in the Part 6(1) of the Schedule.
- False and Fraudulent Claims M. The **Insurer** shall be entitled to cancel this Policy and not to refund any premium if the **Insured** fabricates the occurrence of any **Accident** which has not occurred.

If the **Insured** causes the occurrence of the **Accident** on purpose, the **Insurer** shall be entitled to cancel this Policy and not to refund any premium, and shall not be liable for any liability under this Policy.

If, after an **Accident** occurs, the **Insured** is found to have fabricated the cause of the **Accident** or exaggerated the extent of loss with forged or altered relevant evidence, information or other proofs, the **Insurer** shall not be liable for the portion which is fabricated or exaggerated.

If the **Insured** is found to have committed any of the acts stipulated in the preceding three paragraphs and have resulted in any payment of the indemnities or other expenses by the **Insurer**, such payment shall be refunded to the **Insurer**.

Premium Payment

The premium as stated in the Part 7 of the Schedule must be paid in full by the Policyholder [XXX] the Inception Date of the Policy, otherwise the **Insurer** shall be entitled to cancel the Policy.

It is the condition precedent of the Policy that the Policy takes effect only after any premium due is paid in full by the Policyholder and the **Insurer** shall be liable to make payment under the Policy only after the Policy takes effect.

5. DEFINITIONS

- A. "ACCIDENT" means any one accident or series of accidents arising out of one event.
- B. "PRIVATE PLEASURE" means use for private and pleasure purposes but NOT use for any business or profession nor for hire or reward.
- C. "BUSINESS" means the uses stated in **Private Pleasure** and use for business or professional purposes but NOT use for hire or reward.
- D. "COMMERCIAL" means the uses stated in **Private Pleasure** and **Business** and use for the carriage by the **Insured** of passengers, baggage accompanying passengers and cargo for hire or reward.
- E. "RENTAL" means rental, lease, charter or hire by the **Insured** to any person, company or organisation for **Private Pleasure** and **Business** uses only, where the operation of the UAV is not under the control of the **Insured**. Rental for any other purpose is NOT **insured** under this Policy unless specifically declared to **Insurer** and the detail of such use(s) stated in Part 3 of the Schedule under SPECIAL RENTAL USES.

Definitions B, C, D and E constitute Standard Uses and **do not include** instruction, aerobatics, hunting, patrol, fire-fighting, the intentional dropping, spraying or release of anything, any form of experimental or competitive flying, and any other use involving abnormal hazard, but when cover is provided details of such use(s) are stated in Part 3 of the Schedule under SPECIAL USES.

- F. "LIMIT OF INDEMNITY" means the limit of the **Insurer's** liability in respect of each and all **Accidents**, which shall not exceed the Limits stated in the Part 6(1) of the Schedule. The total aggregate liability of the **Insurer** for all the personal injury and/or property damage arising out of each one **Accident** and all **Accidents** which occur during the Period of Insurance, shall not exceed the Limits as stated in the Part 6(1) of the Schedule.

- G. "DEDUCTIBLE" means the amount specified in the Part 6(2) of the Schedule which is the amount (inclusive of **Insured's** legal costs and expenses) that must be paid by the **Insured**. The **Insurer** shall not be liable under this Policy unless the **Insured** sustains loss(es) in a single Accident or in aggregate during the Period of Insurance greater than the applicable **Deductible**, and then only for its share of that greater amount.
- H. "INSURER" means XL Insurance (China) Company Limited.
- I. "INSURED" or "INSUREDS" means companies and/or organizations as listed in the Part 1 of the Schedule. The first named **Insured** is the Policyholder of this Policy.
- J. "FLIGHT" means from the time the UAV moves forward in taking off or attempting to take off, whilst in the air, and until the UAV completes its landing run. A rotary-wing UAV shall be deemed to be in **Flight** when the rotors are in motion as a result of engine power, the momentum generated therefrom, or autorotation.
- K. "TAXIING" means movement of the UAV under its own power other than in Flight as defined above. Taxiing shall not be deemed to cease merely by reason of a temporary halting of the UAV.
- L. "MOORED" means, in the case of UAV designed to land on water, whilst the UAV is afloat and is not in **Flight** or **Taxiing** as defined above, and includes the risks of launching and hauling up.
- M. "GROUND" means whilst the UAV is not in **Flight** or **Taxiing** or **Moored** as defined above.