APPROVED BY

Order of the General Director

NIC Insurance Company LLC

No.\_\_ dated “\_\_”\_\_\_\_\_\_\_\_\_ 20\_\_.

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(Introduced to replace the Rules of Insurance

dated 04.06.2018)

RULES OF AIRCRAFT AND

AVIATION LIABILITY NSURANCE

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1. GENERAL PROVISIONS.

1.1. In accordance with the Law of the Russian Federation and based on these Rules the NIC Insurance Company LLC (further referred to as the Insurer) would enter into aircraft and aviation liability insurance contracts.

1.2. Basic terms and definitions as used in these Rules:

1.2.1. Aircraft emergency repair means an unscheduled aircraft repair performed to recover its structural components after damage resulting from an accident.

1.2.2. Unit for the purpose of these Rules, means an aircraft component with its own design TBO (Time between Overhauls) limit and which is covered by individual certificate or service record sheet. Aircraft engine shall be considered a complete single unit.

Dismantled Unit means a component completely removed from an Aircraft and safety positioned on the surface or bench designed to accommodate such unit upon removal the Aircraft and which is subject to replacement procedure.

Installed Unit means a component mounted onto the Aircraft after being taken off the surface or bench, where it has its normal storage place.

1.2.3. Aircraft (Means of Air Transport) is a flying vehicle supported by atmosphere due to its interaction with air different from compatibility with air reflected from ground or water surface (airplanes, helicopters, special purpose flying vehicles) comprising of airframe, wing, tail assembly, landing gear, engines, air screws, airborne navigation equipment, parts and fixtures, installed or required airborne instruments, other than fuel and lubricants, special fluids and other consumable materials.

1.2.4. Geographical limits means those areas, regions and routs of aircraft flight operations where insurance coverage under insurance contracts would stay in force.

1.2.5. Property loss (aircraft, spare parts, equipment and/or devices), which might be total or constructive:

- Total (actual) loss means total destruction of property, resulting in that no components might be further used for their design purpose;

- Constructive loss means that there is no technical possibility or economic reason whatsoever in recovering such damaged property and also there is no opportunity to use it henceforth for intended purpose. Recovery of property would be considered economically unfeasible if the repair cost including residual value and/or transport from accident area to repair location and further to its home base airport constitutes 75% and more of its value in accordance with insurance contract.

1.2.6. Additional Insured means for the purpose of these Rules, another individual, entity or any other person in law, who in addition to the specified Insured person are provided with insurance coverage under insurance contract.

1.2.7. Spare parts means individual parts, sets, electronic units, components and pieces of equipment intended for installation onto an aircraft as additional equipment or for replacement due to various causes, of similar parts, sets, electronic units, components and pieces of equipment of insured aircraft as well as those dismantled from insured aircraft and replaced parts, sets, electronic units, components and pieces of equipment.

1.2.8. At anchor means a time period when an aircraft is afloat and securely anchored including the time anchor is cast and raised.

1.2.9. Equipment and devices means mechanical appliances, devices, tools, equipment including ground support equipment used direct for aircraft maintenance in the airfield and which are owned by the Insured or Third Parties and which the Insured is materially liable for.

1.2.10. Damage of property (aircraft, spare parts, equipment and devices) means disintegration of structural integrity or destruction of units (components) resulting from unintended external impact applied to the aircraft, which requires refurbishment or emergency repairs.

1.2.11. Flight means a time period from the moment an aircraft starts moving for take-off or from the time the engine power rating starts increasing on take off without holding at line-up position, until it stops rolling after landing. For aircraft it means a time period from the moment a helicopter starts running for takeoff (from collective pitch input for vertical take-off) until it stops rolling after landing (until collective pitch is released after vertical landing). For other aircraft it means a time period from the lift off till the ground is touched first time for landing.

1.2.12. Loss of operation means that an aircraft is no longer suitable for operation resulting from accident.

1.2.13. Accident for the purpose of these Rules means an unexpected and unforeseeable event occurring with an aircraft in the course of air transport of passengers, baggage, cargo and mail and which results in aircraft loss, missing or damage or causing injury to health or property of natural or legal persons.

Accident could be recorded by competent authorities or formally documented.

1.2.14. Taxiing means a time period during which an aircraft moves in the airfield (water area) under its own power from parking area to line-up position or after the landing roll to the parking area (anchoring area).

1.2.15. Parking means a time period during which an aircraft in not flying, is not taxiing or being anchored.

1.2.16. Insurance value means the value of property (aircraft, spare parts) at its location at the time the insurance contract is entered into.

1.2.17. Property loss means that property is permanently lost for the Insured person:

- Loss (missing) of aircraft means an occurrence where an aircraft engaged in a flight operation does not arrive in its destination point, search and rescue activities finished and no aircraft or wreckage debris location identified. Decisions as to termination of civil aircraft search and rescue operation shall be taken by civil aviation competent authority. Insurance contract may provide for a time period upon expiration of which an aircraft might be recognized lost without search termination decision;

- Loss of spare parts, equipment, devices – theft of insured property as a result of burglary, robbery or looting.

1.2.18. Aircraft crew means the pilot in command, other flight crew members (flight crew), load masters and flight attendants (cabin crew) with specific crew composition depending on the type of aircraft in accordance with aircraft operation requirements.

1.2.19. Injured or affected persons: subject to the nature of civil law relationships with the Insured the injured or affected persons (Beneficiaries) might be passengers, cargo owners or third parties who suffer damage in the course of aircraft operation for air transport of passengers, baggage, cargo and mail.

1.2.20. Third parties means natural or legal persons having no contractual relationship with the Insured Person and who are entitled to raise claims against the Insured Person concerning compensation of damage.

Term “Third Party” does not refer to the Insured Person, its employees, any natural or legal persons acting on behalf of the Insured Person.

1.2.21. Insurance amount (limit of insurance indemnity*)* means a contractually established amount, which serves as a basis for calculating insurance premiums and insurance benefits.

1.2.22. Insurance report means a documents made by the Insurer or other duly authorized person with the view to perform insurance settlement as the result of the Insured Person’s or other affecter persons’ damage claim, and which report is intended to confirm that the occurrence declared has evidence or indications of insured peril and which includes calculation of insurance benefit amount.

1.2.23. Deductible means a portion of losses contemplated by insurance contract and which is not subject to compensation by the Insurer to the Insured Person or other party, who have their respective interests insured in accordance with the Insurance Contract, and which portion should be established as a percentage of insurance amount or as a fixed amount or in the form of a time period.

1.2.24. Passenger means a natural person who has entered into an air carriage contract for passengers or a natural person who the aircraft charter contract is signed for.

1.2.25. Passenger (attending or accompanying person) means a natural person who accompanies cargo (load masters / cargo handlers, couriers, flight managers and any other attendants), who stay on board the aircraft to ensure that terms and conditions of transport contract and safety of cargo are met and that cargo handling operations are performed properly.

1.2.26. Fleet average value (FAV) means average annual value of all aircraft insured by the Insured Person during the insurance year. The FAV shall be calculated as the total value of all aircraft wherein each aircraft value shall be adjusted by "pro rata" method for actual period of insurance coverage during the insurance year. The FAV = ∑ {(aircraft value \* insurance coverage period in days) / 365 days}.

2. INSURANCE PARTIES

2.1. In accordance with these Rules insured natural or legal persons can be as follows:

* Those who own aircraft, other property as provided in Clause 3.2 in proprietary possession, under economic or operating control or on any other legal ground;
* Those who are holders of or are expected to be holders of legally issued by competent authority of the following:

- Aircraft Operator Certificate;

- License for air transport of passengers, baggage, cargo and mail based on relevant air carriage contracts;

- License for air operations to satisfy requirements of natural and legal persons;

* Those who operate aircraft based on other documents issued by competent authorities in the prescribed form and which authorize such operations and legal use of aircraft.

2.2. Aircraft and other property as referred to in Clause 3.2 of these Rules could be insured under insurance contract for the benefit of a person (Insured Person or Beneficiary), who has legally or otherwise rightfully established interest in maintaining such property safe. The Insured Person is entitled to replace the Beneficiary at its own and sole discretion before an Insured Peril occurs, in writing with due notice of the Insurer.

2.3. As to civil liability insurance a contract shall be considered entered into for the benefit of affected persons (Beneficiaries), who might suffer damage from Aircraft operation in the course of air transport of passengers, baggage, cargo and mail.

3. INSURED PROPERTY

3.1. Insured Property might include the Insured Person’s interests not contradicting the Law of the Russian Federation which interests are associated with the following:

- As regards *aircraft insurance*:

a) Risk of loss or damage of aircraft (or its components), as referred to in insurance contract due to its loss, destruction or damage;

b) Risk of financial losses (lost revenue) caused by aircraft unavailability for operation and/or expenditures in connection with performance of contractual terms and conditions as agreed between the Insured Person and affected persons, due to impossibility to operate an aircraft resulting from its damage (“loss of operation” of aircraft).

- As regards *spare parts insurance:*

c) Risk of damage, destruction or loss of spare parts, equipment and devices as referred to in the Insurance Contract.

- As regards *air carrier’s civil liability insurance:*

d) Incurrence of Insured Person’s liability for compensation of injury or damage to life or health and/or property of affected persons (Beneficiaries) during operation of an aircraft specified in the Insurance Contract or owned or controlled or otherwise legally held by the Insured Person as well as during air transport of passengers, baggage, cargo and mail.

3.2. In accordance with these Rules insured items could be as follows:

3.2.1. Aircraft (whether civil, government or experimental aviation) covered by aircraft national registration certificates, aircraft airworthiness certificate or and other documents of the kind;

3.2.2. Aircraft units/components installed onto the aircraft and covered by properly issued documents (certificates, service record sheets etc.);

3.2.3. Spare parts of the aircraft specified in the insurance contract to include spared parts temporary removed from aircraft (other than replaced parts);

3.2.4. Equipment and devices used in direct connection with aircraft maintenance in airfield, as referred to in the insurance contract.

3.3. The Insured Person’s liability extends to Perils Insured occurring during insurance period and within geographical limits as specified in the insurance contract.

3.4. Aircraft with expired service life shall not be accepted for insurance.

3.5. Insurance contract can stipulate insurance of two (2) or more aircraft as well as aviation liability of the Insured Person operating two (2) or more aircraft.

3.6. Additions and deletions of aircraft shall be in accordance with Aircraft Addition and Deletion Policy (AVN19A).

3.7. The Insurer’s liability shall not extend to the following damages and losses unless otherwise provided for by insurance contract:

- Consequential losses of the Insured Person and affected persons (loss of revenue, penalties, losses due to delay or late arrival, aircraft dead time on ground, breaches and cancellations of air transport contracts, contractual and legal fines etc.);

- Costs of removal and disposal of wreckage debris;

- Costs of search and rescue in case of a missing aircraft;

- Costs of refurbishment, modernization, modification of aircraft, spare parts, equipment and devices (where such operations could be combined with emergency repairs), as well as cost of eliminating damages unconnected with Peril Insured nut identified during emergency repairs resulting from a insured accident;

- Amounts payable by the Person Insured to Third Parties as indemnity of non-pecuniary damage in connection with insured accident;

- Other amounts not subject for compensation by the Insurer in accordance with the Law of the Russian Federation.

4. INSURED RISKS. INSURED ACCIDENTS

4.1. Insured risk is a likely event the occurrence of which is insured.

4.2. Insured accidents are events occurred and provisioned by insurance contract, the occurrence of which entails the Insurer’s obligation to pay insurance benefits to the Insured Person and affected persons (Beneficiaries).

4.3. *As regards aircraft insurance* insured accidents shall be loss, destruction and/or damage of aircraft. For the purpose of this document and aircraft shall be understood as complete aircraft, separate components/units of aircraft as referred to in Clauses 3.2.1 and 3.2.2 hereof and specified in insurance contract (Annex 3).

Insurance contract shall be entered into in accordance with one of the following conditions:

a) “Loss or destruction of aircraft”;

b) “Damage of aircraft”;

c) “Loss, destruction or damage of aircraft”.

Insurance under Clause 4.3 hereof shall extend to insured accidents occurred:

* In case of term insurance: during a flight, on taxiing, parked (anchored), aircraft relocation within an airfield unless otherwise stipulated by insurance contract;
* In case of insured flight: from the aircraft engines are started up for the flight from the airport of departure and until the time the engines are shut down in the parking area at the airport of destination;
* As regards a separate unit removed from the insured aircraft: provided that such component would not leave the airport territory, would not be installed onto any other aircraft or replaced with other component.

4.4. *As regards spare parts insurance* insured accidents shall be loss, destruction and/or damage of spare parts. For the purpose of this document spare parts shall be understood as spare parts of aircraft? Equipment and devices as referred to in Clauses 3.2.3 and 3.2.4 hereof and specified in insurance contract.

Insurance contract shall be entered into in accordance with one of the following conditions:

a) “Loss or destruction of spare parts”;

b) “Damage of spare parts”;

c) “Loss, destruction or damage of spare parts”.

In case of naval transport of spare parts the Insurer shall additionally cover the general accident and salvaged property costs established in accordance with charter contract or current law and good business practices and incurred for the purpose of prevention or in connection with the need to prevent damage howsoever caused except for those uncovered by Clause 4.4 hereof.

4.5. *As regards aviation liability insurance* the insured accident shall be an actual incurrence of Insured Person’s liability by act of law of the Russian Federation or International Treaties and civil law of the states an aircraft flies to/from/over, in respect of compensation of damage caused to affected persons (Beneficiaries) resulting from aircraft operation in connection with air transport of passengers, baggage, cargo and/or mail.

Damage occurrence and extent thereof shall be evidenced as follows:

- By a property claim filed by affected persons (or representative thereof) addressed to the Insured Person appended with required documents evidencing the occurrence of damage; or

- Final and effective court decision concerning compensation of Third Party’s damage.

The Insurer shall have the right to refer to court for the purpose of establishing the person in fault of the damage and extent of his/her responsibility where the Insured Person would be reluctant to commence an action.

Aviation liability insurance contract might be entered into for one or more of the following risks:

a) Causing damage to passengers: risk of the Insured Person’s liability for damage caused to passengers resulting from an accident during air transport of passengers and baggage occurring during insurance period and which accident entails bodily injuries of passengers, loss, shortage or damage of baggage and other personal items carried by passengers.

Aircraft passengers’ insurance coverage under such risk would only be effective during air transport period namely from the time the passenger undergoes preflight check for boarding onto the aircraft and until the time such passenger leaves the airfield.

b) Causing damage to cargo owners: insured could be the Insured Person’s aviation liability risk for causing damage to cargo owners resulting from an accident during air transport of cargo and mail, occurring during insurance period and which accident entails loss, shortage or damage of cargo or mail.

Insurance in accordance with sub clause b) Clause 4.5 hereof shall only be valid during air transport period from the time the cargo or mail is accepted for transport and until it is released for collection by the consignee or transferred in accordance with effective rules, to other natural or legal person unless other air transport period would be specified by International Treaties of the Russian Federation.

c) Causing damage to Third Persons: insured could be the Insured Person’s aviation liability risk under obligations resulting from damage caused to health and life or to property of Third Parties (Beneficiaries) resulting from an accident occurring during aircraft operation, air transport of passengers, baggage, cargo and mail within the insurance period as well as supply of commodities and provision of services to Third Parties if such commodities and services would be used in air transport industry within normal business practices.

4.6. The Insurer shall also compensate all required and reasonable expenditures in connection with salvage of aircraft, spare parts, life and property of affected persons suffering from insured accident, and costs of mitigating and ascertaining the amount of damage caused by such insured accident.

## 4.7. Insurance in connection with aircraft unavailability for operation (“loss of operation”) resulting from such aircraft damage.

In accordance with conditions, exceptions, limitations as set out below or agreed later, in the event the Insured Person suffers damages in connection with aircraft unavailability for operation resulting from unintended damage during the insurance period and where such damage is covered by insurance contract signed by the Insurer and the relevant insurance benefit could be paid out (considering all existing deductibles) and provided additional insurance premium is paid the insurance contract could provide for compensation of damage (lost revenues) caused by aircraft unavailability for operation ("loss of operation") and/or costs in connection with the performance of contractual conditions between the Insured Person and affected persons occurring as the result of aircraft unavailability during the agreed liability limits.

Insurance coverage under this Clause shall be provided given that the period of aircraft unavailability for operation in connection with insured accidents would exceed the contractual period from the time of insured accident occurrence (further the deferred or waiting period). The waiting period would start from the time the Insurer is notified of the insured accident or from the time the aircraft visits the shop for repair whichever comes last. It is the insurance contract that is to specify the waiting period.

The Insurer would compensate the Insured Person’s damages in connection with accidents insured as set out herein based on the refundable amount established in the insurance contract for each day where the aircraft is unavailable for operation and the total period where the aircraft is unavailable for operation, calculated from the time the waiting period finishes but no longer than the period limited by insurance contract limitations.

5. EXCLUSIONS FROM INSURANCE COVERAGE.

5.1. In accordance with these Rules Perils Insured do not include damages caused by operating processes occurring within the units as well as those caused by normal operating conditions namely:

* Damages and failures of certain components (systems) caused by wear and aging during operating processes, defects and effects of operating processes and contributing factors if such damage and failure consequences are localized inside such components (systems);
* Damages of certain parts of units having accumulating or progressing nature (fatigue cracks, corrosion, delamination etc.) connected with operating conditions and loads;
* Local damages (dents and compression marks) of engine compressor blades, air screws, skin and other aircraft components unless these appear to be the cause of specific accident involving the aircraft.
* Malfunctions identified during scheduled maintenance checks and during post flight inspections where there is no possibility to prove the accurate date, time and place of the damage.

If resulting from causes listed in Clause 5.1 hereof an aircraft loss would occur or aircraft components or elements would be damaged, such accidents would be considered as an accident insured.

5.2. In addition aircraft loss or damage would not be considered accidents insured if these result from the following:

5.2.1. Events contemplated by @Nuclear Risks Exclusion Clause” (AVN 38B) or “Nuclear Risks Exclusion Clause” (AVN71) (Annex 5 hereto);

5.2.2. Events contemplated by “War, Hi-Jacking and Other Perils Exclusion Clause” (AVN 48B) (Annex 5 hereto);

5.2.3. Events contemplated by “Date Recognition Exclusion Clause (AVN2000А)”, “Date Recognition Exclusion Clause” (AVN2001А), “Date Recognition Exclusion Clause” (AVN2002А) (Annex 5 hereto);

5.2.2. Events contemplated by “Noise and Pollution and Other Perils Exclusion Clause” (AVN 46B) (Annex 5 hereto);

5.2.2. Events contemplated by “Asbestos Exclusion Clause” (2488 AGM 00003) (Annex 5 hereto);

Insurance contract might allow for application of other Exclusion or Risks Inclusion Clauses to the extent such clauses do not contradict these Rules and provisions of the Law of the Russian Federation.

5.3. Subject to payment of additional insurance premium the following losses could be included in insurance coverage:

5.3.1. Those that have resulted from events excluded by Clause 5.2.2 hereof in accordance with “Additional War, Hi-Jacking and Other Perils Insurance Conditions” (LSW 555B), “Additional War, Hi-Jacking and Other Perils Insurance Conditions” (LSW 555D)**,** to include aircraft confiscation by the State of Registration, “Extended Coverage Endorsement (Aviation Liabilities)” (AVN 52E) (Annex 5hereto;

5.3.2. Those that have been caused to the aircraft delivered as the subject of finance/lease contract in accordance with “Airline Finance/Lease Contract Endorsement” (AVN 67B), “Airline Finance/Lease Contract Endorsement” (AVN 67С) (Annex 5 hereto);

5.3.3. Those that have been caused by expenditures referred to in Clause 3.7 hereof in accordance with “Supplementary Payments Clause” (LSW 705) and “Search and Rescue Extension Clause” (AVN 62) (Annex 5 hereto).

5.4. Under these Rules the Insurer shall be exempted from insurance proceeds payment where the losses result from the following:

* The Person Insured (Beneficiary) fails to comply with fire safety rules and flammable and explosive materials storage procedures and also requirements applicable to aircraft and other insured property safeguard procedures;
* Known to the Person Insured but not documented information concerning the aircraft technical unavailability for flight operation or flight crew unprepared for the flight due to their qualification level or physical unfitness, except for situations where such flight is to be performed in accordance with Aircraft Operation Manual or under the clearance issued by the competent authority and agreed by the Insurer in writing;
* Aircraft being operated under conditions other than it is designed for, unless such operation is caused by Force Majeure circumstances;
* The insured property is used for illegal purpose or for the purpose other than that specified in the insurance contract;
* Theft, robbery or other willful acts, where such acts are participated (accompanied) by the Insured Person’s (beneficiary’s) associates or other persons acting with their knowledge or consent;
* Aircraft is being flown by persons other than those included in the insurance contract or where insured property on ground is managed or controlled by unauthorized person(s) unless such actions have been caused by illegal activities of the Third Parties;
* Using for take-off or landing the areas, which do not comply with the requirements applicable to particular aircraft type, except where so caused by Force Majeure (emergency) situation(s) like aircraft engine failure, forced landing resulting from illegal actions of the Third Parties etc.;
* Aircraft being flown by a flight crew member in a state of intoxication under the influence of alcohol, drugs etc;
* Aircraft is damaged by dismantled parts during repair or maintenance works;
* Aircrafts staying outside geographical limits as stated in the insurance contract, unless due to Force Majeure circumstances;
* Aircraft transportation by any means of transport except for transportation after a damage resulting from an insured event and except for aircraft towing operations in the airfield using standard devices;
* Performing a flight with excessive number of passengers, excessive weight or size of cargo items (baggage) and also ignoring center of gravity requirements;
* Failure to comply with the current Law of the Russian Federation or provisions of international treaties, agreements and civil law of the countries the aircraft is flown to/from/over, failure to meet air navigation guidance, flight and maintenance manuals of aircraft and its parts/components.

5.5. As regards aviation liability insurance the following occurrences shall not be considered insured events and shall not be covered by this insurance policy the following losses occurring directly or indirectly in the course of aircraft operation:

* Resulting from the affected person’s willful misconduct;
* The affected person’s gross negligence (except for injury or health damage);
* Aircraft ceases to be under control of the Insured Person as a result of Third Party’s illegal action.

Unless otherwise specified in insurance contract in accordance with sub-clauses “a” and “c” Clause 4.5 hereof the insured person shall hold no liability for the damage caused to:

* Life and health of the Insurer’s employees performing their duties (Employer’s responsibility);
* Life and health or property of flight, cabin or any other crew members of the aircraft listed in the insurance contract;
* Failure to meet passenger or baggage delivery requirements;
* Any property (including live animals) legally owned by the insured person and also the property on board the aircraft, the property being loaded onto or offloaded from the aircraft.

In accordance with sub-clause “b” Clause 4.5 hereof the insured person shall hold no liability for the damage or losses caused to cargo owner(s):

* During live animals air transport operations;
* Perishable cargo transporting;
* Due to damage of cargo or mail caused by worms, rodents and insects;
* Failure to meet cargo or mail delivery requirements;

5.6. In accordance with Clause 4.7 hereof shall not be subject to compensation the losses caused by aircraft unavailability for operation in the following cases:

* Any benefits paid out as the result of Aircraft Total Loss or Constructive Loss;

## Loss or damage of any property resulting from exposure to ionizing radiation as well as in respect of aviation liability for any damage caused by ionizing radiation;

* Occurrence of events referred to in “War, Hi-Jacking and Other Perils Exclusion Clause” (AVN48B) (Annex 5 hereto);
* If the person insured is a holder of identical risks insurance contract (upon agreement with the Insurer possible could be an insurance in addition to the limit of liability allowed by such insurance contract);
* Occurrence of insured events caused by aircraft take-off and/or landing using a runway or any other area technically unsuitable for such type aircraft operations;
* Occurrence of insured events caused by failure to maintain number of passengers or cargo capacity limitations during aircraft operations;
* Occurrence of insured events during transportation of a serviceable aircraft by any means of transport.

5.7. Upon agreement between the Parties an insurance contract could provide other additions and/or exceptions from insurance coverage to the extent consistent with Rules of Insurance and the Law of the Russian Federation.

6. INSURANCE COVERAGE

6.1. Insurance Coverage is an amount of cash determined in accordance with the Federal Law and/or agreed by the Parties entering into an insurance contract and which amount serves as a basis for calculating the insurance premium (insurance payments) and insurance benefit payable upon occurrence of insured events.

6.2. *As regards property insurance the insurance coverage* shall not exceed the actual value (insurable value) of aircraft, its components, equipment and devices as at the date the insurance contract is entered into.

6.2.1. Insurance value is determined both in respect of complete aircraft and its structural components (airframe, wings, engines etc.), as well as special equipment for flight control, navigation etc.

6.2.2. Insurance contract might provide insurance coverage of the Insured’s fleet based on annual average value of such fleet as well as on the basis of agreed value of the Insured’s fleet (according to the insured person’s application).

6.2.3. As regards spare parts and based on the insured person’s application a calculation is made for average amount under risk accountable as at the last day of each month during the insurance period; the insured person shall specify final amounts under risk for each spare parts’ location as at the last day of each month. Such final amounts shall be added and then divided by the number of months under the contract. The insured person must keep records in the proper manner of all insured property to include by each individual value thereof.

6.2.4. Property could be insured both for the amount of its insurable value or for the amount of certain portion of such insurable value.

6.2.5. Insurance of property provides for aggregate insurance amount i.e. the insurance coverage of the insured property shall decrease by the amount of insurance benefit paid out.

6.3. *As regards aviation liability insurance* the insurance coverage (insurance limits) shall be determined by agreement between the Parties.

6.3.1. Within the insurance coverage an insurance contract could establish separate insurance amounts (insurance indemnity limits):

- In respect of life and health damage to one or more natural persons;

- In respect of property damage to any number of natural or legal persons.

6.3.2. Aviation liability insurance provides for non-aggregate insurance amount i.e. the insurance coverage shall not decrease by the amount of insurance benefit paid out.

6.4. As regards loss of operation insurance the insurance coverage shall be established upon agreement between the Parties by reference to assumed amount of probable losses (lost revenues) generated by aircraft unavailability for operation and assumed amount of expenditures for the performance of contractual obligations by a Third Party.

6.4.1. Assumed amount of losses (lost revenues) shall be determined based on average monthly revenue of the Insured Person during the period of twelve (12) months preceding the insurance contract. As long as the Insured Person is able documentary evidence the assumed revenue amount, which they suppose to generate from aircraft operation during insurance period, the insurance coverage might be established equal to such assumed revenue.

6.5. In the insurance contract the Parties might specify the amount of losses not indemnified by the Insurer i.e. the franchise or deductible.

6.6. The franchise could be a conditional, unconditional or temporary deductible and shall be set out as percentage of insurance coverage, as absolute amount or in number of days:

* When establishing a conditional (nondeductible) franchise the Insurer shall bear no liability for the loss not exceeding the franchise amount, however they shall indemnify the total loss if the loss exceeds such amount;
* When establishing a non-conditional (deductible) franchise in any cases the losses shall be indemnified but the amount deductible.
* When establishing a temporary franchise the person insured shall be exempted from paying insurance [indemnity](http://www.insur-info.ru/dictionary/1889/)  during the franchise effective period

6.7. A franchise could be established as follows:

* As regards aircraft insurance: Both in respect of a complete aircraft and its separate parts and components (power plant, airframe, wing, tail assembly, landing gear etc);
* As regards air carrier’s civil liability insurance - both in respect of each risk and in respect of each insured accident / each air waybill;
* As regards spare parts insurance: Both in respect of special kind of spare parts and in respect of each risk.
* S regards insurance in connection with aircraft unavailability for operation (“loss of operation”) resulting from such aircraft damage.

6.8. An insurance contract could establish a franchise in respect of property damage.

The Insurer shall make payment of benefit less the franchise, which is established as follows:

* In respect of baggage and items carried by passenger – under each damage indemnity claim;
* In respect of transported cargo and mail – under each air waybill (whether cargo or mail), in accordance with which a damage indemnity claim is raised or each damage indemnity claim where not air waybill has been issued.

No franchise shall apply where damage to baggage, carry-ons, cargo or mail has resulted from aircraft accident.

6.9. In the event of aircraft loss no franchise clause shall apply.

6.10. Upon agreement by the Parties an insurance contract could include a clause allowing for reduction of franchised amount during the insurance contract effective period. Furthermore the Insured Person must notify the Insurer about their desire to use such insurance contract clause and specify the date such clause will start to apply and the Insurer shall recalculate the insurance premium and notify the insured person about the amount of additional premium due to the Insurer for such clause application. Additional insurance premium shall be calculated based on insurance rate established under the insurance contract and which rate is payable upon the difference between the established initial franchise and the new franchise amounts for the remaining insurance period during which period a smaller franchise is supposed to apply, further the Insurer shall be entitled to use an mark-up factor subject to the level the franchise is reduced to.

6.11. The insurance coverage shall be denominated in RF Rubles. Upon agreement between the Parties the insurance contract could specify the insurance coverage in foreign currency equivalent to the amount in RF Rubles (further the insurance with the foreign currency equivalent).

6.12. Insurable value could be established based on expert assessment.

7. INSURANCE PREMIUM (INSURANCE FEE)

7.1. The amount of insurance premium shall be established by the Insurer based on insurance coverage and insurance rate.

7.2. When determining the insurance premium amount payable under the insurance contract the Insurer is entitled to apply its own base insurance rates, which would determine the insurance premium amount considering insurance terms and conditions, the Insurer’s scope of liability, type(s) of aircraft operated, insurance contract validity period and other conditions (Annex 4 hereto).

Where an insurance contract is entered into for the period of no less than one (1) year the insurance premium shall be calculated as percentage of its annual amount (insurance period is in months and each incomplete month shall be considered as a complete month):

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Insurance periods (months) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Percentage of premium | 20 | 30 | 40 | 50 | 60 | 70 | 75 | 80 | 85 | 90 | 95 |

The Parties could establish in the insurance contract a pro-rata premium calculation procedure.

7.3. When determining the insurance premium amount the Insurer shall be entitled to apply mark-up or mark-down coefficients to base insurance rates subject to geographic limits of aircraft flights or air transport operations, nature of flights, intensity of aircraft usage, number of cycles (take-off/landing), flight crews skills, premium payment procedure and other factors.

7.4. Insurance premium could be paid in a lump sum or by installments. Premium payment procedure shall be established by the insurance contract based on agreement between the Parties.

7.5. Where an insurance contract allows for premium payment by installments the contract might also determine consequences for the Insured Person in respect of their failure to make the next scheduled payment within the agreed terms.

**7.5.1.** **For legal persons:**

**If when paying insurance premium by installments the next scheduled insurance fee would not be paid by the agreed date or paid in the amount smaller than specified in the insurance contract, the contractual insurance shall not extent to insured accidents occurring after 00 hours 00 minutes of the day following the date specified by the insurance contract as the next insurance fee payment date and till 24 hours 00 minutes of the date the amounts owed would be paid.**

**If the next scheduled insurance fee is not paid in full during thirty (30) days following the date specified by the insurance contract as a next scheduled insurance fee payment day the insurance contract shall terminate early upon expiration of such thirty (30) days period.**

**7.5.2. For natural persons:**

**- Set off the amount of overdue insurance fee when determining the size of insurance premium;**

**- Early termination of insurance contract;**

**- Modification of insurance terms and conditions in proportion with insurance fees actually paid within the agreed periods to include proportional reduction of insurance period, proportional reduction of insurance coverage, introduction or modification of franchised amounts;**

**- Cancellation of insurance contract and collection of outstanding fees from the Insured Person for insurance period until cancelled through legal action;**

**- other consequences allowed by law.**

7.6. Insurance premium (insurance fee) shall be denominated in RF Rubles. Upon agreement between the Parties the insurance contract could specify the insurance premium in foreign currency equivalent to the amount in RF Rubles.

7.6.1. When providing insurance with foreign currency equivalent the insurance premium (insurance fee) shall be paid in Rubles based on the Central Bank of RF exchange rate established for foreign currency transactions as at the date of payment (bank transfer) unless otherwise specified by the insurance contract.

7.6.2. In the events where the Law of the Russian Federation allows settlements between contracting Parties in foreign currency the insurance premium (insurance fee) could be established and consequently paid by the Insured Person in foreign currency.

8. INSURANCE CONTRACT

8.1. Insurance contract (Master Agreement) is an agreement between the Insured Person and the Insurer whereby the Insurer obligates themselves in case of an insured accident, to make payment of insurance coverage to the Insured Person (Beneficiary), as well as to the Affected Persons (Beneficiaries) who the Insured Person is liable to and the Insured Person obligates themselves to pay insurance fees as established by insurance contract.

8.2. When entering into insurance contract (Master Agreement) the Insured Person shall submit to the Insurer an insurance application in writing (Annex 2). **Upon agreement between the Parties an insurance contract might be concluded based on the Insured Person’s verbal statement.**

8.3. **For the purpose of verifying property interest,** apart from Insurance Application the Insurer shall be entitled to request that the Insured Person provide documents evidencing the title of ownership (control, operation) in respect of the aircraft (aircraft state registration certificate) or any other equivalent documents, authority to operate such aircraft (current air operator certificate or other documents as specified in Clause 2.1 hereof), as well as the documents verifying the amount of Insured Person’s assumed liability for damage caused to passengers (including their baggage and carry ons) and to cargo owners and applicable limitations of such liability (airline ticket forms, air waybills, contracts, agreements etc.).

In the event an insurance contract is concluded in accordance with Clause 3.1.b hereof the Insurer shall also have the right to demand that the Insured person provide certain documents including finance accounts, contracts with Third Parties, which confirm the Insured Person’s monthly revenues and those specifying the assumed revenue amount, which the Insured Person would generate by operating the aircraft during the insurance period.

8.4. Insurance contract could be concluded by making a single document (Annex 3 hereto) or by Insurer’s delivery to the Insured Person and based on the relevant application in writing, of Insurance Policy (certificate) executed by the Insurer. In addition to the concluded insurance contract (Master Agreement) and an evidence of such contract conclusion and its basic provisions the Insurer shall be entitled, on the Insured Person’s request to issue an insurance policy (certificate**) (Annex 1 hereto)**.

8.5. In the event an aircraft is rented or leased out the insurance contract could include provisions regarding relationship between the Contracting Parties in connection with such circumstances.

8.6. Insurance contract (Master Agreement**)** could be concluded for any period agreed by the Parties.

8.7. Insurance hereunder shall take effect commencing:

* 00:00 hours of the day following the day of confirmation in writing (Payment Receipt etc.) of the transfer of the Insured Person’s premium (or initial insurance fee where the insurance contract allows for premium payment in installments) to the Insurer’s bank account.
* 00:00 hours of the day following the day of insurance premium receipt (or initial insurance fee where the insurance contract allows for premium payment in installments) to the Insurer’s bank account or Insurer’s cash office.
* The date agreed by the Parties to the insurance contract.

8.8. Insurance validity period shall be established by insurance contract (Master Agreement).

If an aircraft specified in the insurance contract is still flying, stays at an alternate airfield or is in distress situation at the time the contractual insurance period comes to the end the earlier established insurance period might be extended until such aircraft make the first landing and the Insured Person shall pay to the Insurer an additional insurance fee proportional to such extension period.

In case of a flight insurance the Insurer’s liability unless the insurance contract stipulates another provision, shall commence from the time of aircraft engines start up at the airport of departure and terminate at the time the engines are shut down at the parking area of the airport of arrival.

8.9. During the insurance period (insurance contract or Master Agreement) the Insured Person (Beneficiary) must inform the Insurer about all known material changes in the circumstances reported to the Insurer at the time of signing the contract.

In all respects a material change shall be recognized in the insurance contract, insurance application (questionnaire form) and herein including any change of the Insured Person’s operations, which change could be reasonably considered by the Insurer as a change increasing degree (amount) of risk and its probability of occurrence, or as a change decreasing possibility of aircraft refurbishment or assignment of rights of recourse to the Insurer.

In particular material changes shall be understood as follows:

- performing flights to countries excluded from geographic limits of insurance coverage in accordance with insurance contract as well as flying to countries not excluded according to insurance contract but where events could occur at the date of flight operation, which events might be considered by the Insurer as events posing high degree or frequency of risks;

- Moving beyond the contractually agreed geographic limits, deviation from the route specified in the insurance contract;

- Design modification entailing change of aircraft type;

- Flight delay;

- Ferrying an aircraft for sale, phase out, repairs, rent/lease, demonstration flights and/or test flights.

Information regarding insurance risk changes could be forwarded to the Insurer in any accessible form (by phone, fax, telegraphic, electronic communication facilities, by mail or courier), with subsequent confirmation in writing.

8.10. The Insurer, who has been informed about the circumstances involving increase of insurance risks shall be entitled to request modification of insurance contract terms and condition (Master Agreement) or additional insurance premium proportional to the increased risk. If the Insured Person (Beneficiary) objects to contract modification or additional premium the Insurer would have the right to request the contract termination in accordance with the Law of the Russian Federation.

8.11. Terms and conditions of insurance contract (Master Agreement) could be modified and/or supplemented upon agreement between the Parties under the procedure stipulated by the Law of the Russian Federation. Any changes of or additions to insurance contract will only take effect if properly executed in writing and signed by the Parties.

8.12. Insurance contract (Master Agreement) shall terminate in the following cases:

* Expired effective period;
* The Insurer has fulfilled contractual obligations in full;
* On the Insurer’s request if the insured person does not pay insurance premium (insurance fee) within the time specified in the contract;
* Insured person’s liquidation or reorganization where there is no legal successor or assignee appointed and except for insured person replacement in the contract;
* Insurer’s liquidation or reorganization where there is no legal successor or assignee appointed;
* Court judgment concerning insurance contract invalidity comes into effect;
* The insured person legally terminates operation of aircraft and transport of passengers, baggage, cargo and mail in accordance with the Law of the Russian Federation;
* In other cases as provided for by the Law of the Russian Federation.

8.13. Insurance contract (Master Agreement) might be terminated early as requested by the Insured Person or the Insurer, where so stipulated by contractual terms and conditions or under the mutual agreement between the Parties based on the relevant provisions of the Law of the Russian Federation.

8.14. The Parties shall notify each other about their intention to terminate contract (Master Agreement) early by prior notice no later than thirty (30) days before the proposed date of termination unless otherwise provided for by the insurance contract (Master Agreement).

8.15. Insurance contract (Master Agreement) might be terminated early before the contractual expiration date if after it comes into effect probability of insured accidents no longer exists and the insured risks have disappeared due to the circumstances other than insured accident.

Such circumstances shall include among others, loss of insured property due to causes other insured accident.

In case of early termination of insurance contract due to circumstances other than insured accident the Insurer shall have the right to receive a portion of insurance premium proportional to the time the insurance had force and effect.

8.16. Insured person shall have the right to refuse from insurance contract at any time if by the time of such refusal the insured accident probability has disappeared due to reasons other than insured accident.

**8.17. In case the insured person (natural person) refuses from insurance contract within five (5) business days from execution thereof and if during such period there would be no occurrences constituting an insured accident the refundable premium shall be calculated as follows:**

**- If the insured person refuses from insurance contract within fourteen (14) calendar days after execution thereof and before the date of Insurer’s liability (start of insurance period) under the concluded insurance contract, the premium already paid shall be refunded by the Insurer to the insured person in full amount.**

**- If the insured person refuses from insurance contract within fourteen (14) calendar days after execution thereof but after the date the Insurer’s liability begins under the insurance contract, the Insurer shall have the right to retain a portion of insurance premium proportional to insurance contract actually effective period from insurance commencement date till the contract termination date.**

**The insurance contract shall be considered terminated commencing the date the Insurer receives the insured person’s statement of refusal from insurance contract in writing or any other date as might be agreed by the Parties but no later than fourteen (14) calendar days from execution thereof. The insurance premium paid shall be refunded to the insured person at their discretion in cash or by bank transfer within ten (10) business days from the receipt of the insured person’s declaration of refusal from insurance contract.**

9. RELATIONSHIP BETWEEN THE PARTIES AFTER INSURED ACCIDENT OCCURRENCE

9.1. At the occurrence of an insured accident the person insured must immediately as soon as becomes aware but no later than seventy two (72) hours from the time the damage is caused to the insured property or the persons affected raise a damage indemnification claim, forward to the Insurer an insured accident notice with available documents attached to evidence the degree of damage occurred.

9.2. To receive insurance benefit the insured person should apply to the Insurer accordingly. The application should be appended with the following documents (copies):

a) For insured property:

* Documents evidencing the fact, time and place and consequences of the damage to include aircraft accident registration documents and where possible the flight data analysis and aircraft flight report (Flight Order);
* Insured person’s statement of insured accident occurrence and the relevant damage;
* Aircraft airworthiness certificate;
* Aircraft registration certificate;
* Flight crew members’ evidence notes;
* Copies of flight crew members’ licenses;
* Electronic flight plan;
* Consolidated load sheet;
* Cabin crew members’ (engineers’, load masters’) evidence notes;
* Property inspection and damage report and in case of property loss the phase-out report or expert’s survey report made by independent specialist organization(s) in accordance with the law, practice and customs of the country of accident;
* Copy of aircraft log book entries made at the day of accident and the previous day;
* Copy of aircraft repair engineering statement;
* Copy of engine baroscopic survey;
* Copy of aircraft equipment service records;
* Copy of the latest maintenance check record (heavy maintenance check performed before the accident);
* Photographic pictures of damages;
* Copies of FDR data tables with recorded date and time of accident occurrence.
* Documents supporting the insured person’s interest, certifying their title of ownership (control, use) of aircraft, components, spare parts, equipment and devices or establishing their liability before the owner in case of aircraft loss or damage; documents evidencing the degree of damage and relevant expenses, notes, invoices including the following:
* Aircraft emergency repair program and cost estimate, preliminary agreed with Insurer’s experts and the Contractor as required to justify the amount of insurance benefit payable;
* Aircraft defect list;
* Parts refurbishment cost (forecast);
* Calculation in Rubles and US Dollar equivalent;
* Aircraft service record statement;
* Extract from Aircraft Maintenance Manual concerning the damaged area.
* Copy of Aircraft Refurbishment Resolution, copy of Aircraft Ferry to Maintenance Facility Resolution;
* Copy of national aviation authority clearance to perform ferry flight;
* Copy of repair organization representative’s documents specifying his/her name and contact details;
* Documents supporting expenses made in connection with aircraft delivery to repair location including the following:
* Work performance contracts;
* Work Performed Certificates in respect of damaged aircraft refurbishment;
* Invoices and payment orders;

b) Aircraft liability insurance - damage indemnity claims raised by affected persons against the Insurer:

* Insured person’s application;
* Affected persons’ damage compensation claims with court documents/records attached;
* Court judgments concerning damage compensation (where the case has been heard in court);
* Documents evidencing the degree of damage and expenses (actual Carrier’s or planned) (cost estimates, invoices, notes, assessment statements, payment orders, damage reports, acceptance certificates, internal investigation reports);
* Documents from competent authority stating the fact and consequences of damage occurred (if there are any);
* Documents evidencing the right of succession;
* Personality identification documents;
* Photographic pictures of damages (except where there is no possibility to make such pictures);
* Memorandum of settlement (including the Charter Agreement) (if there is any);
* Air waybill (if there is any);
* "Ground" waybill (including CRM Document) (if there is any);
* Cargo Damage Report (if there is any);
* Cargo Manifest (if there is any);
* Pre Alert (Pre Claim)) (if there is any);

9.3. In case of passenger life and health damage the following documents shall be provided:

9.3.1. As regards passenger life and health damage:

a) Written application on insurance benefit payout prepared in any format containing the following data:

Affected passenger’s family name, first name and patronymic name;

Nature of damage (life, health property damage);

Date, time and place of occurrence;

Means of transport and route (flight) number, other indications identifying the transport vehicle (national registration number etc.) (if any);

Carrier’s name;

Details allowing to perform monetary transfer within the applicable bank transfer procedure, for insurance benefit purposes;

b) Document identifying the Beneficiary;

c) Documents supporting authority of the person representing the Beneficiary;

d) Document containing description of the transport accident and circumstances thereof issued under the procedure established by passenger and baggage transport rules and confirming damage to passenger, which document shall be made by the carrier or other authorized person in respect of each affected person to include the following information:

Date, time and place of issue;

Means of transport and route (flight) number, other indications identifying the transport vehicle (national registration number, MSN etc.)

Carrier’s full name in accordance with legal entity or individual entrepreneur's national registration certificate;

Family name, first name and patronymic name of the supper person (where possible to identify);

Accident location;

Description of the accident and circumstances thereof;

Nature of damage caused to passenger (life, health or property damage) and description of visible damages where possible;

Information concerning witnesses (if there are any) and their contact details;

Signature, family name and initials of the carrier’s official certified by the carrier’s seal or authorized person;

e) In case the document specified in Clause d) hereof is unavailable, a certificate issued by local emergency institution shall be submitted describing the first aid administered, examinations, diagnose, place and time the medical assistance have been requested, based on the information recorded by emergency/first aid station.

9.3.2. In case of affected person’s death and for the purpose of insurance benefit as contribution for funeral in addition to documents specified in Clause 9.3.1 hereof the following documents shall be submitted to the Insurer:

a) Death certificate;

b) Documents supporting the necessary funeral expenses .

9.3.3. In case of affected person’s death and for the purpose of insurance benefit in connection with the affected persons death in addition to documents specified in Clause 9.3.1 hereof the following documents shall be submitted to the Insurer:

a) Death certificate or the list of fatalities provided by the carrier;

b) copy of one of the following documents subject to beneficiary’s category:

Documents confirming that the beneficiary has the right of damage indemnity in case of the family supporter’s death in accordance with the Civil Law, in case of application by a person legally authorized to receive damage indemnity in connection with supporter’s death;

The affected person’s birth certificate - in case of application by the parents of the died affected person;

The affected person’s marriage certificate - for the spouse of the died affected person;

The affected person’s child (children) birth certificate(s) - in case of application by the affected person’s child (children) or their representative(s);

Document confirming that the affected person was dependent from the beneficiary, in case of application by the person who the died affected person has been dependent from.

9.3.4. In case of health damage additionally to documents listed Clause 9.3.1 hereof the following documents shall be provided:

a) Documents issued and executed under the procedure established by the Law of the Russian Federation, medical organization where the affected person had been delivered or sought assistance from, irrespective of its organizational and legal status with description of injuries and damages, diagnosis and disability period;

b) Forensic medical report issued under the procedure established by the Law of the Russian Federation concerning degree of incapacity for work (if there is any);

c) Certificate of affected person’s disablement or “disabled child” category (if there is any).

9.3.5. In case the beneficiary has an intention to use the right of preliminary benefit additionally to documents listed in Clause 9.3.1 hereof the following documents shall be submitted:

a) An application in writing for partial benefit payment (preliminary benefit);

b) A document issued by medical organization containing preliminary information about the nature and degree of damage to the affected person’s health and specifying injuries sustained by the affected person, as well as indications of grievous bodily harm caused to the affected person in accordance with the approved medical criteria used for determining the severity of harm (in case of any qualifying indicators of severe health damage caused to the affected person).

9.3.6. In case of property damage additionally to documents listed Clause 9.3.1 hereof the following documents shall be provided:

a) Baggage check specifying the baggage weight (if there is any);

b) Inventory of the affected person’s property (baggage and/or carry-on items) damaged or lost during transportation specifying approximate value of the damaged or lost property made by the affected person in any format;

c) Documents confirming the lost property value (if there is any);

d) In case of the affected person’s death - one of the documents referred to in sub-clause "b" Clause 9.3.3 hereof.

9.3.7. In case the beneficiary has an intention to use the right of preliminary benefit additionally to documents listed in Clause 9.3.1 hereof the following documents shall be submitted:

a) An application in writing for partial benefit payment (preliminary benefit);

b) A document issued by medical organization containing preliminary information about the nature and degree of damage to the affected person’s health and specifying injuries sustained by the affected person, as well as indications of grievous bodily harm caused to the affected person in accordance with the approved medical criteria used for determining the severity of harm (in case of any qualifying indicators of severe health damage caused to the affected person).

9.3.8. As regards Third Parties’ or passengers (accompanying persons) life and health damage:

- Documents confirming damage (accident report, medical certificates including disability sheets or certificates issued by special medical organizations confirming disability and other medical papers);

- Documents confirming amount of damage (medical invoices, sales and cash receipts);

- Documents confirming existence of passenger air transport contract (airline ticket).

9.4. In case of damage to passenger’s (cargo attendant’s) property, cargo and mail additionally shall be provided the following documents:

- Application from passengers (cargo attendants) or their successors and property owners;

- Documents confirming the damage and its amount (commercial certificates, waybills, statements of main assets books, payment documents, service and work contracts, independent property assessment reports);

- Documents confirming existence of passenger air transport contract (airline ticket and baggage slip), transport of cargo (air way bill or mail (postal way bill).

9.5. - In case of damage to Third Party’s property additionally shall be provided documents confirming the damage and its amount (commercial certificates, waybills, statements of main assets books, payment documents, service and work contracts, property independent assessment reports);

9.6. **The insured person must, on the Insurer’s request provide original or certified copies of documents in connection with insured accidents referred to in Clauses 9.2 to 9.5 hereof.** All the documents provided by the insured person to the Insurer must be translated into the Russian language.

9.7. **If a person who claims insurance benefit does not provide property or remaining fragments to the Insurer for inspection within the agreed date the Insurer shall agree with such person another date of inspection in case of the relevant request. Furthermore settlement procedure with respect to insurance benefit claim shall be suspended until the date the required inspection is performed. In the event the applicant fails again to provide the damaged property or its remaining fragments for inspection within the date agreed with the Insurer, the Insurer shall deny such benefit claim without consideration together with documents attached thereto (whether appended to the benefit claim or delivered later), unless otherwise agreed between the Insurer and the Insured Person (Beneficiary).**

9**.8.** Accident Report shall be made and approved by the Insurer unilaterally within **sixty (60) business days** upon the receipt of all required documents (including documents additionally requested by the Insurer in accordance with Clause 9.2 during insurance claim review), unless other period is established in the insurance contract. **The above period shall be extended if the Insurer files a request with the competent authority and/or external organizations in connection with the final recognition of the event occurred as an insured accident and the amount of insurance benefit.**

9.**9.** Insurance benefit shall be paid after the Insurer would have approved the Insurance Report within **thirty** (**30) business days,** unless the insurance contract specifies another time period.

9.**10.** In case of aircraft total loss or destruction (missing) the Insurer shall make the benefit payment in the amount of insurance coverage. .

9.**11.** In case aircraft constructive loss the Insurer shall on its discretion pay the benefit in the amount of insurance coverage and receives the right to gain revenue from sales of aircraft parts, components or to pay difference between the insurance coverage as established in the insurance contract and the value of suitable for use parts and components of the damaged aircraft.

If the amount of aircraft insurance coverage is established by the contract below the insured value, the assessment procedure for remaining fragments of the damaged aircraft shall apply provisions of Clause 9.**12**.4 hereof.

9.**12**. In case of aircraft damage:

9.**12.1.** No works in connection with equipment strip down, transport or repair must begin unless expressly permitted by the Insurer except where necessary for safety reasons, for the prevention of further aircraft damage or imposed by competent authorities;

9.**12.2.** Where the insurance coverage equals to aircraft insurance value the Insurer shall pay the following:

a) Insured person’s emergency repair expenses:

- Documentation (engineering, design etc.) required for aircraft or its separate component refurbishment

;

- Works (services) performed in connection with repairs of aircraft, each part/component, auxiliary materials, parts and components, tools, fuel and lubricants required for such works (services), quality control and testing;

b) safety and security of the damaged aircraft including services required by the insured accident;

c) Inured person’s expenses in connection with maintenance team travel to the damaged aircraft location and/or to the home base airport (repair facility) for the performance of insured person’s tasks caused by the insured accident and consequences thereof;

d) Insured person’s expenses in connection with the transport of materials, tools, spare parts and components to the damaged aircraft location and/or to the home base airport (repair facility);

e) Aircraft strip down expenses if due to Force Majeure or an error such aircraft makes landing in a location, which could not be taken off from, as well as the reasonable expenses in connection with relocation of the aircraft to its home base airport or to the nearest airfield suitable for aircraft operation, whichever is appropriate;

f) Insured person’s expenses in connection with aircraft test flights after the repair is finished required to resume its airworthiness certificate.

9.**12.3.** Expenses listed in Sub-clauses c) to f) Clause 9.1**2**.2 hereof shall be compensated by the Insurer if these are reasonable and appropriate, performed in the most efficient manner in the amount not exceeding ten (10) percent of insurance coverage.

9.**12.4.** If the insurance coverage is less than insurance value of the aircraft the amount of insurance benefit calculated in accordance with Clause 9.**10** hereof shall decrease proportionally to ratio of insurance coverage established at the time insurance contract is concluded, to the insurance value.

9.**12.5**. Insurance contract shall continue in force after the Insurer will have paid the insurance benefit commencing the date the aircraft airworthiness is certified again (airworthiness certificate resumed). Such aircraft insurance coverage shall decrease by the amount of insurance benefit paid out.

9.**13.** When determining the insurance benefit amounts payable in connection with insured accident occurrences involving spare parts, equipment and devices, the procedure stipulated in Clauses  **9.10., 9.11., 9.12.** Hereof shall apply unless otherwise required by the insurance contract.

9.**14.** In case of Aviation Liability Insurance the Insurer shall indemnify the affected persons (Beneficiaries) within the limits of insurance coverage stipulated by insurance contract as follows:

9.14.1. As regards affected person’s life and health damage:

* Earnings that the affected person lost due to permanent or temporary disability to work caused by life or health damage, for the entire period of incapacity to work;
* Additional expenses required for rehabilitation of the affected person’s health condition (special diet, health resort treatment, nursing care, prosthetic care, transport etc.);
* Part of earnings in case of affected person’s death, lost by his/her dependent disabled persons or those entitled for maintenance allowance, for the period determined in accordance with provisions of the Law of the Russian Federation and the States where the insured person caused damage;
* Funeral expenses in case of affected person’s death;

9.**14.2.** In case of damage caused to affected persons’ property, unless otherwise required by the civil law of the Russian Federation, civil law of the countries the aircraft concerned flies to/from/over, international treaties and air transport contracts:

* In case of property total loss: its actual value in the accident location;
* In case property damage: expenses required to bring the property to the condition it has been in before the damage occurs.

9.**15.** In case of loss of operation and subject to terms and conditions of insurance contract the Insurer shall compensate the following within the insurance coverage:

* Lost revenue for aircraft loss of operation period;
* Expenses required for the performance of contract between the insured person and affected persons.
* Other insured person’s expenses in accordance with insurance contract.

9.**16**. The Insurer shall pay all legal expenses and court fees borne by the insured person and authorized in writing by the Insurer occurring in connection with settlements of claims raised against the insured person concerning damage indemnification, if according hereto the damage is subject to or would be subject to indemnification.

9.**17.** Contractual franchise shall be deducted from insurance benefit.

9.**18.** In case of aircraft insurance and where the insured person fails to take appropriate and reasonable action to ensure safety of the damaged aircraft the Insurer shall have the right to decrease insurance benefit by the amount of additional damage occurring due to insured person’s wrongful act or omission. In case of aviation liability insurance and where the insured person does not accept within five (5) business days the Insurer’s proposal regarding Third Party’s claim settlement and/or evades signature of settlement agreement as proposed by the Insurer, the Insurer shall be entitled to decrease the amount of insurance benefit by the amount of additional damage and further legal fees occurring as the result of the insured person’s act or omission.If the insured person fails to take reasonable and appropriate action to ensure transfer of subrogation to the Insurer in respect of persons in fault of damage the Insurer shall be released from insurance benefit obligation in full or in certain part and shall have the right to demand refund of excessively paid benefit.

9.**19**. In case of aviation liability insurance the total amount of insurance benefits payable upon occurrence of one or more insured accidents under insurance contract shall be limited to insurance coverage established in the insurance contract.

Notwithstanding the number of Beneficiaries of insurance contract, number of persons entitled to claim indemnification of damage, persons indemnified under insurance contract, number or amount of damage claims raised under insurance contract the total amount of insurance benefits shall be limited to the amount of insurance coverage and limits of indemnity as established by insurance contract.

9.**20**. In case the damage is compensated to the affected persons by other persons the Insurer shall only pay the difference between the amount due under the contract and the amount already compensated by other persons.

The insured person must inform the Insurer about such compensations including where such compensations are made after the insurance benefit is paid by the Insurer and/or after insurance contract expires.

9.**21.** Insurance benefit does not include indemnification of damage and expenses referred to in Clause 3.7 hereof where such damage and/or expenses risk has not been insured as specified in Clause 5.3.3 hereof.

9.**22**. In case of passenger life damage and also in case of one of severe health damage indicators identified the Beneficiary shall be entitled to send a request in writing to the Insurer to be partially indemnified before expiration of terms specified in clause 9.8. hereof for the Insurer in respect of paying out insurance benefits. The Insurer must pay a part of insurance benefit to the Beneficiary towards the contractual insurance sum in the amount of one hundred (RUB 100 000) Rubles (preliminary payment) within three (3) business days following the Insurer’s receipt of documents referred to in Clause 9.3.7 hereof.

9.**23**. If in case of passenger life damage the Insurer receives preliminary payment written claims from more than one Beneficiary, the amount of such preliminary benefit shall be equally distributed by the Insurer among all Beneficiaries who have made their applications by the time such preliminary payment.

9.**24**. Denial of insurance benefit shall be **sent** in writing to the insured person stating the grounds of the denial **within three (3) business days upon making such decision.**

9.**25**. In case of insurance with foreign currency equivalent the insurance benefit shall be paid in Rubles at the RF Central Bank’s exchange rate as at the date of payment (funds transfer).

For the purpose of exchange rate risk the Insurer shall be entitled to apply acceptable rate fluctuation limits and appropriately include such limits into the insurance contract.

Use of such limits would mean that for insurance benefit calculation the condition of payment in accordance with exchange rate of RF Central Bank would apply if and where the exchange rate established in insurance contract does not exceed the maximum rate for payments. The maximum rate for payments shall be understood as the relevant currency exchange rate established by the RF Central Bank at the date of insurance premium transfer as increased by one (1) percent per each month (including incomplete month), elapsed from the premium transfer date, unless otherwise specified by insurance contract.

If a foreign currency exchange rate established by the RF Central Bank exceeds the maximum rate the amount of insurance benefit shall be determined on the basis of the maximum rate.

To the extent permitted by applicable Law of the Russian Federation insurance benefits could be paid in foreign currency.

10. RIGHTS AND OBLIGATIONS OF THE PARTIES

10.1. The Insurer must:

a) Make the insured person aware of these Rules before entering into Insurance Contract;

b) Issue Insurance Policy (Certificate) with these Rules attached within the agreed time period; (Annex 1);

c) In case the Insurance Contract or Insurance Policy (certificate) are lost by the Insured Person issue duplicate copies;

d) In case the Insured Person performs accident risk mitigation and probable damage decrease actions or in case the insured property value increases, renew the Insurance Contract as requested by the Insured Person considering such new circumstances.

e) Based on the documents provided by the Insured Person and within time periods as established by Insurance Contract, issue an Accident Report or send to the Insured Person the insurance benefit denial in writing and specify the reasons therefor.

f) In case of insured occurrence pay out insurance benefit within the time periods as established by the Contract and where the Insurer fails to meet the required deadlines pay penalty to the Insured Person at the rate of 0.1% of the insurance coverage per each day of delay;

g) Compensate expenses of the Insured Person on insured accident occurrence borne to prevent or reduce damage to insured property;

h) Do not disclose any information concerning the Insured Persons and their material status, to the extent authorized by the Law of the Russian Federation.

i**)** **Inform the Insured Person about the next scheduled insurance premium delay or payment not in full as well as about consequences of such deviations using methods agreed with the Insured Person when entering into Insurance Contract;**

**j) For the information purposes use communication methods agreed with the Insured Person;**

**k) Upon receipt of information showing evidence of insured accident occurrence and upon the Insured Person request provide the following information:**

**- About all required actions specified in the Contract and/or these Rules, which the Insured Person must perform and all documents, which must be provided to recognize the occurrence as an Accident Insured and to determine the amount of insurance benefit payable as well as time limits for such actions and documents;**

**- About all contractual or specified herein forms and methods of insurance benefit payments and the procedure for modification thereof, established to ensure the Insured Person’s rights to receive such benefits in any of the listed ways found most convenient for the purpose.**

10.2. The Insurer has the right to:

a) When entering into Insurance Contract inspect the aircraft, spare parts, equipment and devices subject to insurance, study aircraft records and documents required by the Insurer for risk assessment and determining insurance conditions;

b) be involved in insured accidents investigation and perform other work in connection with insurance contract during its effective period;

c) File requests to competent authorities concerning required documents and information confirming insured accident occurrence;

d) Appoint experts for accidents investigation and determining the scope of damage, appoint legal firms to represent the Insured Person’s interests in court;

e) Adjust the insurance premium and request that the Insured Person transfer additional fees to the Insurer’s bank account in case of new factors increasing aircraft operation risk (structural modification, change of flight operation routes, ferry for sale or repair, change of flight crews etc.). The Insured Person’s refusal from paying additional insurance fee shall give right to the Insurer to terminate the Contract from the time of aircraft operation risk increase;

f) Enter into negotiations and agreements on indemnification of damage caused by the Insured Person and deal with related matters;

g) Defer payment of insurance benefit until the circumstances of insured accident are cleared and accident is recognized as insured accident an those in fault established;

h) Represent the Insured Person’s interests in court with respect to claims filed under the court procedure, by affected persons against the Insured Person. Such right constitutes no obligation of the Insurer.

No Contract breach would occur if an aircraft deviates from the agreed flight route for passengers’ safety reasons, or such deviations are caused by flight safety reasons or terrorists’ demands.

i) Decrease the Insurance benefit amount if:

* Damage is caused to affected persons as the result of transport means interaction (the damage shall be indemnified as part of Insured Person’s liability);
* The Affected person’s gross negligence contributed to the occurrence or increase of damage and the Insured Person holds no responsibility for such damage (in cases like that the Insured Persons’ decreased liability shall be established by court);
* In case the Insured Person takes no reasonable and appropriate action to maintain safety of damaged aircraft;

The Insured Person refuses from settlement of claim or legal dispute proposed by the Insurer and agreed with the affected person and/or evades signing a settlement agreement as proposed by the Insurer, for the amount of subsequent probable increase of the affected person’s claims and related legal fees.

j) Deny the insurance benefit payment if during the Insurance Contract period the following events occur:

* Insured Person’s (Beneficiary’s) willful misconduct causing accident occurrence;
* Insured Person (Beneficiary) commits a deliberate crime, which is direct connection with the insured accident;
* The Insured Person provide the Insurer with information, which is known to be misleading concerning the insured property, causes and circumstances of insured accident;
* The Insured Person receives the insured property damage compensation from the person in fault of the damage;
* The Insurer is not notified about insured accident within the time period specified in the insurance contract unless it is proved that the Insurer knows in due time about the accident or unavailability of such information does not affect the Insurer’s obligation to pay insurance benefit.

10.3. The Insured Person must:

a) Pay insurance premium (insurance fees) under the procedure specified in the insurance contract;

b) When entering into insurance contract provide the Insurer with all known information about aircraft specific features affecting safe flight operation, and also about all insurance contracts entered into or being entered into in respect of such aircraft;

c) When entering into insurance contract provide the Insurer with all known circumstances materially affecting the insurance risk assessment and keep the Insurer informed about any changes throughout the Contract duration;

d) Keep the Insurer informed about changes of title, use and control of the insured property as well as about interests of natural and legal entities in the insured property;

e) Keep the Insurer informed about all insurance contracts entered into or being entered into in respect of the aircraft, components, spare parts, equipment and devices, as well as the Insured Person’s assumed liability for damage and applicable limits of such liability thirty (30) days before such contracts take effect;

f) Create required conditions for the Insurer to ensure conduct of the necessary events (inspection, expert’s appraisal of aircraft, components, spare parts, equipment and devices, check maintenance and operation conditions, participation in accidents investigations etc.), delegate authority to represent the Insured Person’s interests in negotiations and legal procedures in connection with Insurance Contract and performance thereof throughout its effective period;

g) Meet provisions of air navigation, flight operation and maintenance Manuals and Guides for aircraft, components, spare parts, equipment and devices, keep systematic records of insured property required under the current rules and make available such records on the Insurer’s or its representative’s request;

h) Immediately inform the Insurer about any material change of aircraft risks, namely: Structural modifications involving the aircraft type change, moving beyond the agreed geographic limits, deviation from contractually specified flight route or delay of departure (in case of certain flight insurance), aircraft ferry for sale, disposal, maintenance etc.

i) In case of an accident involving insured property:

* Take immediate action to mitigate damage resulting from accident;
* Immediately inform Flight Safety Authorities about aircraft accidents for the appointment of investigation committee;
* Within seventy two (72) hours from becoming aware notify the Insurer about the accident and subsequently confirm such the information in writing;
* Keep the Insurer informed about any further accident related information;
* Agree with the Insurer any action in connection with refurbishment of aircraft, components, spare parts, equipment and devices;
* Take action for and collect and deliver to the Insurer all required documents concerning insured accident including those facilitating damage claim against the Party in fault;
* Provide the Insurer’s personnel with access to accident location and make available all materials of investigation committee;
* Provide the Insurer with certified statement of Investigation Report concerning aircraft loss causes and circumstances;
* Do not acknowledge any liability, do not accept any direct or indirect obligations to satisfy claims raised by the affected persons and do not make any payments without the Insurer’s consent in writing;
* Agree with the Insurer the choice of repair facility, where consequences of insured accident would be eliminated;

j) Ensure proper execution and delivery of documents: to passenger: airline ticket and baggage slip (or other similar documents) before the air transport operation; to cargo owner: air way bill before cargo loading on board the aircraft provided that any passenger (as well as checked baggage and carry ons) and any cargo and mail carried on board the aircraft for the valuable consideration, would be transported in accordance with transport contract (passenger tickets, baggage slips and way bills), confirming the amount of Insured Person’s assumed liability for damage to passengers (including baggage and other items carried by passengers) and applicable limits of such liability.

k) Inform the affected persons (Beneficiaries) about their right to address the Insurer with insurance benefit claim.

l) On the Insurer’s request provide information required for the identification of client, beneficiary, beneficiary owner in accordance with Clause 7.1 Federal Law 115-ФЗ dated 07.08.2001 “On Counteraction of Legalization (Laundering) of Proceeds of Crime and the Financing of Terrorism” and Regulation 444-P dated 12.122.2014 (Approved by Central Bank RF) “On Identification by Non-Bank Institutions of Clients, Clients’ Representatives, Beneficiaries, Beneficiary Owners for the Purpose of Counteracting Legalization (Laundering) of Proceeds of Crime and the Financing of Terrorism”.

10.4. The Insured Person has the right to:

a) Familiarize with these Rules before entering into Insurance Contract;

b) Appoint natural or legal persons (Beneficiaries) who would receive insurance benefit under insurance contract as well as to replace or exclude these during the contract period.

No beneficiary could be replaced with any other person after he/she would have performed any of their obligations under insurance contract or claimed insurance benefit from the Insurer;

c) Replace (without prior notice of the Insurer and making amendment to the current insurance contract) aircraft components with other components of the same type and design given the total insured value of aircraft would remain unchanged or maintaining percentage break-down of such components as established by insurance contract;

d) Upon agreement with the Insurer appoint, replace or exclude the person whose liability is insured in accordance with the current contract during its effective period before an insured accident occurrence;

e) Familiarize with the documents confirming the Insurer’s legal capacity and solvency;

f) Insure additional aircraft on terms and conditions of the current insurance contract during its effective period or exclude therefrom individual aircraft in accordance with “Addition and Deletion of Aircraft” (AVN 19) (Annex **5** hereto);

10.5. Upon agreement between the Parties the insurance contract could include other rights and obligations of the Parties not inconsistent with applicable Law of the Russian Federation.

11. DISPUTES SETTLEMENT PROCEDURE.

11.1. Any other terms and conditions unforeseen in these Rules shall be regulated by applicable Law of the Russian Federation.

11.2. Any disputes occurring in connection with insurance contract shall be settled through negotiations and where the Parties fail to come to an agreement, disputes shall be brought to Court for review under the procedure established by the Law of the Russian federation.

Annex 1

*Sample 1*

*Note: This document is a sample. The Insurer reserves the right to modify the form and essence of this Sample to the extent not inconsistent with the Rules of Insurance and the Law of the Russian Federation.*

INSURANCE POLICY №

СТРАХОВОЙ ПОЛИС №

This is to certify that we, The New Insurance Company, have arranged coverage as follows:

Настоящим полисом ООО "Страховая компания НИК", подтверждает страховое покрытие на следующих условиях:

|  |  |
| --- | --- |
| INSURED: | СТРАХОВАТЕЛЬ: |
|  |  |
| INSURER: | СТРАХОВЩИК: |
| New Insurance Company (NIC), 432072, 40-letiya Pobedy 29, Ulyanovsk, Russia, tel./fax (8422) 20-47-45. | ООО "Страховая компания НИК", 432072, Россия, Ульяновск, ул. 40-летия Победы, 29, т/ф (8422) 20-47-45. |
| POLICY PERIOD: | ПЕРИОД СТРАХОВАНИЯ: |
|  |  |
| AIRCRAFT: | ВОЗДУШНОЕ СУДНО: |
|  |  |
| GEOGRAPHIC LIMITS: | ГЕОГРАФИЧЕСКИЕ ЛИМИТЫ: |
|  |  |
| SUM INSURED AND COVERAGES: | СТРАХОВАЯ СУММА И ПОКРЫВАЕМЫЕ РИСКИ: |
|  |  |

Date of Issue:

Дата выдачи:

AUTHORISED SIGNATORY

ПОДПИСЬ УПОЛНОМОЧЕННОГО ЛИЦА

*Sample 2*

*Note: This document is a sample. The Insurer reserves the right to modify the form and essence of this Sample to the extent not inconsistent with the Rules of Insurance and the Law of the Russian Federation.*

POLICY OF INSURANCE № ВС \_\_\_\_/\_\_\_/\_\_\_\_

POLICY OF INSURANCE № ВС \_\_\_\_/\_\_\_/\_\_\_\_

This is to certify that we, The New Insurance Company, have arranged coverage as follows:

Настоящим полисом ООО "Страховая компания НИК", подтверждает страховое покрытие на следующих условиях:

|  |  |
| --- | --- |
| *INSURED:*  *СТРАХОВАТЕЛЬ:* |  |
| *INSURER:*  *СТРАХОВЩИК:* | New Insurance Company (NIC), 432072, 40-letiya Pobedy 29, Ulianovsk, Russia, tel./fax (8422) 20-47-45.  ООО "Страховая компания НИК", 432072, Россия, Ульяновск, ул. 40-летия Победы, 29, т/ф (8422) 20-47-45. |
| *POLICY PERIOD:*  *ПЕРИОДСТРАХОВАНИЯ:* |  |
| *AIRCRAFT:*  *ВОЗДУШНОЕ СУДНО:* |  |
| *GEOGRAPHICAL LIMITS:*  *ГЕОГРАФИЧЕСКИЕ ЛИМИТЫ:* |  |
| *SUM INSURED AND COVERAGES:*  *СТРАХОВАЯ СУММА И ПОКРЫТИЕ:* |  |

Date of Issue:

Дата выдачи:

AUTHORISED SIGNATORY

ПОДПИСЬ УПОЛНОМОЧЕННОГО ЛИЦА

Annex 2

To the General Director

NIC Insurance Company LLC

No\_\_\_\_\_\_\_\_\_dated \_\_\_\_\_\_\_\_\_\_\_\_

APPLICATION

For Aircraft and Aviation Liability Insurance

This is to request insurance commencing from \_\_\_\_\_\_\_\_ till \_\_\_\_\_\_\_\_\_\_ the air fleet, engines, spare parts \_\_\_\_\_\_\_*organization name\_\_\_\_\_\_\_\_* on the following terms and conditions:

I. Air fleet insurance.

1) List of aircraft with sums insured and liability limits:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| No | Aircraft type | Registration number | MSN | Sum insured  (Aircraft Hull Insurance) | Sum insured  (Aircraft Hull Insurance - War Risks) | Combined limit including AVN52E  (Third Party Liability)\* | Cargo attendants |
| 1 |  |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |  |
| 3 |  |  |  |  |  |  |  |

Coverage (specify the risks):

1.1.

1.2.

1.3.

2) Insurance period commencing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (both dates including).

3) Aircraft operation: \_\_\_\_\_*regions*\_\_\_\_\_\_\_\_\_\_.

4) Inclusion of additionally insured persons / beneficiaries:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| No | Aircraft type | Registration number | MSN | Beneficiary name and details | Additionally insured Parties | Cause |
| 1 |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |

5) Deductibles:

5.1.

II. Aircraft Spare Parts Insurance:

1. Specify engine and APU types

Engines

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No | Type | ESN | Beneficiary | Sum insured |
| 1 |  |  |  |  |
| 2 |  |  |  |  |

APU

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 |  |  |  |  |
| 2 |  |  |  |  |

2. Spare Parts’ sum insured as at the beginning if insurance period is \_\_\_\_\_\_\_\_\_\_

3. Total of Engines, APU and Spare Parts’ the sum insured is \_\_\_\_\_\_\_\_\_

III. “Loss of Operation” Insurance:

1) List of aircraft with sums insured and liability limits:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No | Aircraft type | Registration number | MSN | Sum insured |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |

2) Insurance period commencing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (both dates including).

3) Aircraft operation: \_\_\_\_\_*regions*\_\_\_\_\_\_\_\_\_\_.

4) Inclusion of additionally insured persons / beneficiaries:

4. The Insured Person:

|  |  |  |  |
| --- | --- | --- | --- |
| Name of the Insured: |  | | |
| Registered Office: |  | | |
| ITN: |  | RNCE: |  |
| Postal address: |  | | |
| Contact person: |  | | |
| Telephone: |  | Fax: |  |
| E-mail: |  | | |

Additional information:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By signing this Application the Insured Person acknowledges that the above data is complete and true.

**Hereby I grant my consent to New Insurance Company NIC LLC for notification / supply of information to me during insurance contract effective period including insured accident occurrences, by sending messages using the following e-mail:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

I have been notified about legal consequences of providing the Insurer with knowingly false information in connection with the circumstances materially significant for determining insured accident probability and extent of possible damage.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  seal | | | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (Name and Position of the Insured’s representative) | | | | | |
| Application forAviation liability insurance of the aircraft owner and the carrier Annex \_\_\_ to Insurance Contract No \_\_\_\_\_\_ dated “\_\_\_” \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 201\_\_ .  This is to request you to insure commencing \_\_\_\_\_\_\_\_ till \_\_\_\_\_\_\_\_\_\_ aviation liability of the aircraft owner and the carrier \_\_\_\_\_\_\_*organization name\_\_\_\_\_\_\_\_* on the following terms and conditions: | | | | | | | | | | | |
| 1. INSURED PERSON: | |  | | | | | | | | | |
| 2. OWNER  of aircraft | |  | | | | | | | | | |
| 3. OPERATOR  of aircraft | |  | | | | | | | | | |
| Air Operator Certificate | |  | | dated “ " 201 .  Valid till “ " 201 . | | | | | | | |
| 4. The Aircraft is being operated under the title of  (specify as stated in the contract) | | owner-  ship | | leasing | | | wet lease | | dry lease | | |
| 5. LESSOR  of aircraft (specify as stated in the contract) | |  | | | | | | | | | |
| 6. GENERAL INFORMATION concerning the aircraft | | | | | | | | | | | |
| Type  of aircraft  (make, model) |  | Design purpose  of aircraft  (specify) | | | | Passenger | | Freighter | | Other | |
| National (government) and registration marks  of aircraft | | | | | | | |  | | | |
| Registration certificate  of aircraft | |  |  | | | | | | | | |
| Certificate  of airworthiness  of aircraft | |  | dated “ " 201 .  Valid till " " 201 . Till " \_\_ "\_\_\_\_\_\_\_\_\_\_\_19\_\_ . | | | | | | | | |
| Maximum take-off weight (tonnes) | | | | | | | |  | | | |
| Maximum cargo capacity (tonnes) | | | | | | | |  | | | |
| Passenger capacity (seats) | | | | | | | |  | | | |
| Sum insured | | | | | | | |  | | | |

The Insured Person:

|  |  |  |  |
| --- | --- | --- | --- |
| The Insured’s full name: |  | | |
| Registered Office: |  | | |
| ITN: |  | RNCE: |  |
| Postal address: |  | | |
| Contact person: |  | | |
| Telephone: |  | Fax: |  |
| E-mail: |  | | |

Additional information:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By signing this Application the Insured Person acknowledges that the above data is complete and true.

**Hereby I grant my consent to New Insurance Company NIC LLC for notification / supply of information to me during insurance contract effective period including insured accident occurrences, by sending messages using the following e-mail:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

I have been notified about legal consequences of providing the Insurer with knowingly false information in connection with the circumstances materially significant for determining insured accident probability and extent of possible damage.

|  |  |
| --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  seal | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (Name and Position of the Insured’s representative) |

Annex 3

*Sample*

*Note: This document is a sample. The Insurer reserves the right to modify the form and essence of this Sample to the extent not inconsistent with the Rules of Insurance and the Law of the Russian Federation.*

Contract №AC\_\_\_\_/\_\_\_/\_\_\_

*of Aircraft and Aviation Liability Insurance*

City \_\_\_\_\_\_\_\_\_\_ «\_\_»\_\_\_\_\_\_\_ 20\_\_.

New Insurance Company NIC LLC hereinafter referred to as the Insurer represented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting under the Article of Association on the one hand and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,hereinafter referred to as the Insured Person represented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting under \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on the other hand (collectively referred to as the Parties) being guided by Rules of Insurance of Aircraft and Aviation Liability of NIC LLC dated “\_\_ “ \_\_\_\_ \_\_\_ and the Insured Person’s Application No\_\_\_ dated \_\_\_\_\_\_\_\_ enter into this Insurance Contract (further the Contract) as follows:

1. Insured Property

Under this Contract the Insurer shall, upon occurrence of an insured accident make payment of insurance benefit within the sum insured to the Insured Person (Beneficiary) and Affected Persons (Beneficiaries) within the Insured Person’s scope of liability and the Insured Person shall pay the Insurance Premium within the contractual time periods.

2. Terms and Conditions of Insurance

2.1. The Insured Property hereunder shall be the Insured Person’s property interests in connection with the risk of loss, damage and/or destruction of aircraft listed below and/or those connected with the risk of Insured Person’s liability, under the procedure established by the civil law, and to indemnify damage caused to life and health or property of affected persons (Beneficiaries) in the course of operation of aircraft listed below and/or during air transport of passengers, baggage, cargo and mail.

Other risks in accordance with this policy.

2.2. List of aircraft and sums insured:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| No | Aircraft | Registration number | Sum insured | Sum insured -  “Loss of Operation” | Liability limit | Cargo attendants, number of persons |
| 1. |  |  |  |  |  |  |
| 2. |  |  |  |  |  |  |
| 3. |  |  |  |  |  |  |

3. Insured Accidents

3.1.Insured Accidents shall be as follows:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3.2. Exclusions from insurance coverage.

4. Amount of Insurance Premium

Amount of Insurance Premium under this Contract shall be:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Amount if figures and letters)

5. Periods and procedure of Insurance Premium payments

5.1. The Insurance Premium shall be paid as follows:

5.2. In case of failure to pay next scheduled insurance fee within the time period specified in Clause 5.1 hereof or it is paid in the amount smaller than specified in the insurance contract, the contractual insurance shall not extent to insured accidents occurring after 00 hours 00 minutes of the day following the date specified by the insurance contract as the next insurance fee payment date and till 24 hours 00 minutes of the date the amounts owed would be paid.

**If the next scheduled insurance fee is not paid in full during thirty (30) days following the date specified by the insurance contract as a next scheduled insurance fee payment day the insurance contract shall terminate early upon expiration of such thirty (30) days period.**

**In case of failure to pay the next scheduled insurance fee within the time period specified in Clause 5.1 hereof or it is paid in the amount smaller than specified in the insurance contract the following will be undertaken: Delete as appropriate**

**- Set off the amount of overdue insurance fee when determining the size of insurance premium;**

**- Early termination of insurance contract;**

**- Modification of insurance terms and conditions in proportion with insurance fees actually paid within the agreed periods to include proportional reduction of insurance period, proportional reduction of insurance coverage, introduction or modification of franchised amounts;**

**- Cancellation of insurance contract and collection of outstanding fees from the Insured Person for insurance period until canceled through legal action;**

6. VALIDITY PERIOD

6.1. This Contract shall be valid (Moscow time): Commencing “\_\_” \_\_\_\_\_\_ 20\_ till “\_\_” \_\_\_\_\_\_ 20\_\_, both dates including.

6.2. Insurance shall commence on:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. Geographic regions of aircraft operations anf nature of flights

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. Deductibles

8. Crew

9. Use of aircraft

10. RELATIONSHIP BETWEEN THE PARTIES AFTER INSURED ACCIDENT OCCURRENCE

INSURED SUM PAYMENT PTOCEDURE.

**Insurance compensation shall be paid in cash form.**

11. BENEFICIARIES / ADDITIONALLY INSURED PERSONS

12. OTHER TERMS AND CONDITIONS

12.1. Other terms and conditions (requiring aggrement between the Parties in accordance with the Rule of Insurance) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**The Insurer shall:**

* **i) Inform the Insured Person about delay in payment of the next scheduled insurance premium or payment not in full as well as about consequences of such deviations using the following method(s)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**
* **Provide the Insured Person’s with information in connection with this Insurance Contract by telephone, postal or electronic mail.**

**The Insured Person has the right to:**

* **Request information about the fee rates payable to insurance agent or broker.**

12.2. All other terms and conditions unstipulated by this Contract shall be regulated by Insurance Rules.

Any disputes occurring in connection with this Insurance Contract shall be settled through negotiations and where the Parties fail to come to an agreement, disputes shall be brought to Court for review under the procedure established by the Law of the Russian Federation.

12.3. The following documents shall make part of this Contract:

- Insured Person’s Application No.\_\_ dated “\_\_”\_\_\_\_\_\_20\_\_.

- Aircraft and Aviation Liability Insurance Rules dated “\_\_” \_\_\_\_\_20\_\_.

# 13. LEGAL ADDRESSES AND BANK DETAILS OF THE PARTIES.

### *The Insured Person:*

|  |  |
| --- | --- |
| Address: |  |
| ITN: |  |
| Payment details: |  |

*The INSURER:*

|  |  |
| --- | --- |
| Address: |  |
| ITN: |  |
| Payment details: |  |

14. SIGNATURES OF THE PARTIES:

*The Insurer: The Insured Person:*

NIC IC LLC Insurance Rules are Read and Understood by Me

General Director General Director

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_/\_\_\_\_\_\_\_\_\_/ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_/ \_\_\_\_\_\_\_\_\_\_\_/

seal seal

Annex 4

Insurance rates of aircraft and

aviation liability insurance

Table 1

Base rates for the following risks: “LOSS, DESTRUCTION OR DAMAGE OF AIRCRAFT”.

|  |  |  |
| --- | --- | --- |
| Aircraft type | Type of program / perils insured | Rate (% of sum insured) |
| Boeing 737, 747 (freighters) | Aircraft Hull Insurance | 0.075584% |
| AN-124-100, IL-76 | 0.181408% |
| Boeing 737 (freighters) | Aircraft Hull Insurance with franchise reduction condition | 5.696667% |
| Boeing 747 (freighters) | 7.112500% |
| AN-124-100, IL-76 | 5.500000% |
|  | Damaged aircraft | 0.31067% |
| Other aircraft (with insurance value < USD 10 mln) | Aircraft loss | 1.43563% |
|  | Aircraft loss, destruction or damage | 1.93812% |

Basic aircraft hull insurance rate is calculated based on unconditional franchise clause for AN-124-100 and IL-76 aircraft in the amount of USD 500 000 , for Boeing 747 in the amount of USD 1 000 000 , for Boeing 737 in the amount of USD 750 000 .

Basic aircraft hull insurance rate with franchise reduction condition is calculated based on unconditional franchise clause in the amount of USD 100 000 for AN-124-100, IL-76, Boeing 747, Boeing 737 aircraft.

Table 2

Base aircraft liability insurance rates for Boeing 737, 747 freighter aircraft

|  |  |
| --- | --- |
| Insured risks | Rate |
| Passenger life, health and property damage liability | 0.003284% |
| Cargo owners’ property damage | 0.007570% |
| Third party life, health and property damage liability | 0.008042% |

Table 3

Base aircraft liability insurance rates for AN-124-100 and IL-76 freighter aircraft

|  |  |
| --- | --- |
| Insured risks | Rate |
| Passenger life, health and property damage liability | 0.00329% |
| Cargo owners’ property damage | 0.01514% |
| Third party life, health and property damage liability | 0.02692% |

Table 4

Base aircraft liability insurance rates for other type aircraft

|  |  |
| --- | --- |
| Insured risks | Net rate[[1]](#footnote-1) |
| Third party life, health and property damage liability | 0.55% |

Aviation liability insurance base rate for Boeing 737, 747 AN-124-100 and IL-76 freighter aircraft is calculated subject to availability of unconditional franchise in the amount of USD 10 000 and liability limit in accordance with AVN 52E in tha amount of USD 250 000 000 .

Table 5

Base rates of aircraft spare parts insurance for AN-124-100, IL-76, Boeing 737, Boeing 747 freighters

|  |  |
| --- | --- |
| Insured risks | Rate |
| Aircraft spare parts damage | 0.05849% |
| Spare parts loss or destruction | 0.06096% |
| Loss, destruction or damage of spare parts | 0.07559% |

Base rates of spare parts insurance for AN-124-100, IL-76, Boeing 737, Boeing 747 aircraft is calculated subject to availability of unconditional franchise in the amount of USD 10 000 .

Insurance rates as specified above are base rates. When calculating Insurance Premium the Insurer shall be entitled to apply mark-up underwriter coefficients from 1.01 to 15 or mark-down underwriter coefficients from 0.01 to 0.99 expertly appraised subject to circumstances deemed to have material significance for determination of Insured Peril degree (see Table 6).

Adjustment coefficients to base rates Table 6

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No | Circumstances affecting the Insured Peril degree | Insured risks | Mark-down | Mark-up |
| 1 | Insurance period | All | 0,10 - 0,99 | - |
| 2 | Loss statistics | 0,50 - 0,99 | 1,01 - 5,00 |
| 3 | Quantity of Insured Property (air fleet value) | 0,50 - 0,99 | - |
| 4 | Aircraft utilization (flying hours) | 0,50 - 0,99 | 1,01 - 5,00 |
| 5 | Unconditional franchise (% of the Sum Insured) | 0,50 - 0,99 | - |
| 6 | Aircraft type or class | 0,50 - 0,99 | 1,01 - 5,00 |
| 17 | Other circumstances of material significance for the insurance rate determination\* | 0,01-0,99 | 1,01-10,00 |
| 8 | Geographic limits expansion subject to geopolitical environment | Loss, destruction or damage of aircraft, air carrier’s aviation liability | - | 1,01 - 5,00 |
| 9 | Nature of flights | 0,50 - 0,99 | 1,01 - 5,00 |
| 10 | Operation safety level in the Company | 0,50 - 0,99 | 1,01 - 5,00 |
| 11 | Employees’ qualification | 0,50 - 0,99 | 1,01 - 5,00 |
| 12 | Type of cargo transported | Air carrier’s aviation liability | 0,50 - 0,99 | 1,01 - 5,00 |
| 13 | Long-term contract in force | 0,50 - 0,99 | 1,01 - 5,00 |
| 14 | Distance of cargo transportation | 0,50 - 0,99 | 1,01 - 5,00 |
| 15 | Number of cargo transshipments, loading/unloading operations | 0,50 - 0,99 | 1,01 - 5,00 |
| 16 | Distance of spare parts transportation | Loss, destruction or damage of aircraft spare parts | 0,50 - 0,99 | 1,01 - 5,00 |
| 17 | Number of spare parts transshipments, loading/unloading operations | 0,50 - 0,99 | 1,01 - 5,00 |

\* *Other circumstances of* *material significance for the insurance rate determination - factors affecting the insurance rate in connection with insurance contract servicing. For example: Terms (duration) of spare parts contract, spare parts vendors and transport companies’ rating, experience and qualification of Insured Person’s employees, condition of Insured person’s engineering facilities, diplomatic relationship with countries of transport operations, qualification of aircraft maintenance and cargo se4rvice personnel, insurance premium payment schedule and other circumstances of material significance for the insurance rate determination.*

Where insurance coverage is expanded to include insured accidents occurring within geographic limits with unstable geopolitical environment (except for War and Labor Strike Risks) – Expansion of geographic limits (Clause 3.3. Hereof) – and the period of aircraft unavailability for operation (Clause 4.8. hereof) the insurance rate might apply mark-up underwriter coefficients (see Table 6).

Table 7

Adjustment coefficients applicable to base insurance rates in case of additional insurance coverage

|  |  |
| --- | --- |
| Option of additional insurance coverage | *Adjustment coefficient*  *to base rate* |
| Period of aircraft unavailability for operation | 1.01 to 3.00 |
| Geographic limits expansion subject to geopolitical environment (excluding War and Labor Strike Risks) | 1.01 to 10.00 |

Where the Insurance Contract includes War and Labor Strike insurance risks in connection with unstable political, economic situation in the countries specified in the contract adjustment coefficient shall apply subject to the type of insurance (Table 7).

Table 8

Additional program rates: “War and Labor Strikes Risks Insurance”

|  |  |  |
| --- | --- | --- |
| Insurance programs | Rate (% of sum insured) | |
| Aircraft insurance\* | 0.013467 |

\*- base rate is calculated subject to inclusion of aircraft confiscation by the state of registration with liability limit USD 250 000 000,00 .

Insurance rates under additional expanded insurance coverage including war and labor strikes risks shall apply adjustment coefficients as determined by underwriters on the basis of available statistical data individually per each insurance contract.

Table 9

Rate for: “Loss of operation resulting from aircraft damage”:

|  |  |  |
| --- | --- | --- |
| Insurance program | Rate (% of sum insured) | |
| “Aircraft Loss of Operation” | 50.62 |

1. Net rate amount is rounded up to 0.01% [↑](#footnote-ref-1)