

AVIATION GROUND OPERATIONS LIABILITY INSURANCE FORM

INTRODUCTION

The defined terms “*airport operations*” (from the ALI) and “*aviation operations*” (from the AGL) have been discontinued. Coverage A provides insurance against two hazards: the *ground operations hazard* and the *products-completed operations hazard*. As was the case with the predecessor forms, the insured’s in *flight* aircraft exposures are not covered. The *ground operations hazard* includes contingent liability coverage for operation of a control tower by the FAA. The *products-completed operations hazard* was also modified to preclude coverage for owned or controlled aircraft and auto exposure (1995 ISO). This approach allowed for removal of the “aircraft” and “control tower” exclusions from Coverage A.

INSURING AGREEMENTS & SUPPLEMENTARY PAYMENTS

GENERAL

Insuring Agreements contain provisions that:

1. Eliminate the duty to defend if no coverage exists. (1992 ISO)
2. Classify expenses for defense of an indemnitee as either “Supplementary Payments” or damages. (1992 ISO)

COVERAGE A

“Known Injury or Damage” provisions state that any policies taking effect after the insured has knowledge of injuries or damage do not apply to those injuries or damage. (2001 ISO)

Coverage for “fire damage” now applies to premises temporarily occupied without a formal rental agreement and to damage caused other than by fire to premises rented to the insured for 7 days or less. The “Damage to Premises Rented to You Limit” and applies to both. (1993 & 1998 ISO)

COVERAGE B

A single definition of *Personal and advertising injury* is now used and it includes consequential *bodily injury*. Consequential *bodily injury* is:

1. Subject to the Coverage B Aggregate Limit; and
2. Excluded under Coverage A.

In the definition:

1. Wrongful acts (part c) must now be “committed”, and
2. “Misappropriation” and “infringement” were modified so that “trade dress” substitutes for “style of doing business”; and “infringement of copyright” contemplates publication “titles.”

The Insuring Agreement no longer provides the causal connection between the offenses and the act of advertising; nor does it contain the exclusionary language for advertising done “by or for you”. These are respectively addressed in the newly defined term *Advertisement* and in the new Exclusion (j).

Exclusion (a), also new, precludes coverage when an insured knows that its acts will violate one’s rights and inflict injury. “Willful violation of a penal code” has been replaced by “criminal act” in Exclusion (d) to address that element of the intentional nature of the Coverage B offenses. (1998 ISO)

Coverage B has been influenced by the Internet as follows:

1. Website designers and ISP’s are deemed in the advertising business. Exclusion (j) addresses their activities but contains exceptions for some web related activities,

2. Chatroom and bulletin board hosts are treated as print media publishers in the new Exclusion (k),
3. Infringement on intellectual property is addressed in Exclusion (i), but coverage is preserved for infringement of copyright, trade dress or slogan if done in an advertisement.
4. Certain intentional Internet tactics aimed at misleading another’s customers are addressed in the new Exclusion (l).
5. Parts (d) and (e) of the *Personal and advertising injury* definition include forms of publication aside from print media.
6. In the definition of *Advertisement*, a notice now includes material posted in electronic media and limits are set on website content that can be “considered an advertisement.”
7. *Coverage territory* now includes coverage for *personal and advertising injury* related to Internet activities and the last paragraph definition applies to all of its parts. (2001 ISO)

COVERAGE D

Use of the defined term *Loss* has been discontinued. Coverage for damage to aircraft that are “being serviced by the insured” is now available in Coverage D and is excluded under Coverage A. Deductibles, if any, will now apply while an aircraft is “dismantled and being transported.” The Insuring Agreement now addresses when “all” loss of use “shall be deemed to occur.” Reference to components that are “detached and not replaced” has been removed from the definition of *Aircraft*. The CONTRACTUAL LIABILITY Exclusion now has an exception for liability the insured would have in the absence of a contract. There is no exclusion for “*Loss* to robes, etc.” because these items are not included in the definition of *aircraft*. The prior “*Loss* to aircraft owned by or rented to etc.” exclusion has been expanded to include aircraft that are “loaned to” or are that are “the subject of a management agreement” with any insured.

EXCLUSIONS

Coverage A:

1. EXPECTED OR INTENDED INJURY- Coverage broadened by adding “*property damage*” to the exception.
2. CONTESTS AND EXHIBITIONS- Coverage reduced by replacing “the insured” with “any insured.”
3. AUTO AND WATERCRAFT- Coverage clarified in accordance with recent legal decisions. (2001 ISO)
4. GRANDSTANDS, POOLS AND LODGING ACCOMODATIONS- Coverage broadened by removing the reference to “schools.” Underwriters will assess school exposures disclosed in the application separately.
5. DAMAGE TO PROPERTY- Coverage is not afforded for:
 - a. Repairs made to an insured’s own property (2001 ISO); and
 - b. Damage to aircraft being serviced by the insured.

Coverages A and B:

1. The issue of “noise” is now addressed in Section II. Related issues of “interference with quiet enjoyment of property” and “taking of or exercising of the property rights of others” by any operation of aircraft, which were parts of separate exclusions, are now combined into the INTERFERENCE WITH PROPERTY RIGHTS OF OTHERS exclusion.

2. DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES exclusions prevent coverage from applying to certain intentional and intrusive activities prohibited by the Federal Telephone Consumer Protection Act and the CAN-SPAM Act of 2003 (and some State laws). (2004 ISO)

3. EMPLOYMENT RELATED PRACTICES exclusions are now part of the policy, rather than an endorsement. In Part (1), the simple phrase “employment-related practice” has been used instead of ISO’s list of practices. In Part (2), due to recent changes in what may constitute a family, the phrase “any person” has been used instead of “spouse, child etc.” Finally, the exclusion now applies regardless of whether the injury is sustained “before, during or after employment.”

Coverage B: CRIMINAL INTENT- Coverage broadened by replacing “any insured” with “the insured” to afford coverage to an insured that did not commit or have knowledge of the criminal act. (2001 ISO)

Coverage C: ATHLETIC ACTIVITIES- Clarifies the activities that constitute “athletics.” (2004 ISO)

The GENERAL POLICY EXCLUSIONS were moved from Section VI to II. Section II contains the following exclusions:

1. WAR, HI-JACKING AND OTHER PERILS
2. ELECTRONIC DATE RECOGNITION
3. ASBESTOS
4. NOISE, POLLUTION AND OTHER PERILS – Now based on the AVN46B rather than ISO’s Pollution Exclusion. An exception was added to the pollution segment of the exclusion to preserve coverage for product contamination.
5. NUCLEAR RISKS – Now based on AVN38B rather than ISO’s Broad Form Nuclear Exclusion

WHO IS AN INSURED

This Section now includes references to:

1. LLCs and members and managers thereof (1995 ISO)
2. Trusts and trustees (2001 ISO).

Executive officer describes employees who are not subject to the bar to coverage for **suits** among co-employees. (1993 ISO)

The status of Named Insured has now been given to partners of partnerships and members of joint ventures. Employees have no coverage for bodily injury to the Named Insured or for property damage to property it owns, etc. (1993 ISO)

A definition for **Volunteer worker** has been added. These individuals have been granted insured status. (2001 ISO)

If not already qualified as an insured, i.e. **executive officer**, employee etc., the Named Insured’s airport manager, if any, may be granted insured status by endorsement.

CONDITIONS

The Duties etc. condition contains the information the insured needs to give its notices to Global Aerospace, Inc.

The Inspections and Surveys condition complies with statutes, ordinances and regulations related to insurer certifications of boilers, pressure vessels and elevators. (1998 ISO)

The Legal Action Against Us condition facilitates the exercise of an insured’s right to take legal action against the insurer. It explains the role to be played by Global Aerospace, Inc. and provides its address. The right to transfer actions to other courts or venues is expressly preserved. The words “obtained after an actual trial” were removed because **Suit**, as defined, establishes methods of arriving at settlements without a trial. (2001 ISO)

The excess portion of the Other Insurance condition applies to:

1. Damage to premises temporarily occupied by the insured; (1995 ISO) and
2. Primary coverage available to an insured because another policy adds them as an insured. (1998 ISO)

The Premium Audit condition complies with the National Association of Insurance Commissioners accounting guideline SSAP #6: the policy must state an audit premium due date.

DEFINITIONS

Bodily injury. To avoid repetition of words, “physical injury” was used instead of “bodily injury.” An editorial change in the position of the term “disease” was also made because it is more closely associated with injury and sickness.

Flight was modified to address more aircraft types.

Insured contract. Exceptions to Paragraph (f) were adjusted to:

1. Confine the description of the indemnitee in the first subparagraph to a “railroad” only; (1993 ISO) and
2. Conform to standard engineering and architectural industry terminology. (1995 ISO)

To address the influence of the Internet on property damage exposure, the definition of **Property damage** states that electronically stored data is not tangible property. (2001 ISO)

Suit now allows any insured the ability to participate in alternative dispute resolution mechanisms. (1992 ISO)

MOBILE EQUIPMENT

While on airport or heliport premises or while off such premises for emergency response, restocking or maintenance:

1. Primary coverage will continue to apply to vehicles that qualify as **mobile equipment**; and
2. Excess coverage, above the Named Insured’s automobile coverage, will apply to vehicles that qualify as autos.

Classification of a vehicle as either an **auto** or **mobile equipment** is now dependent on state law. In states where coverages such as uninsured or underinsured motorist, etc. are required by law, vehicles that once qualified as **mobile equipment** are now considered **autos** and subject to Coverage A’s Exclusion (g). **Mobile equipment** operators no longer qualify as insureds in the WHO IS AN INSURED Section. (2004 ISO)

The MOBILE EQUIPMENT exclusion under Coverage A was modified to clarify coverage as respects use of **mobile equipment** in preparation for contests, etc. (1993 ISO)