



SMART FLY - UAV

Third Party Liability Insurance

GENERAL INSURANCE DIVISION

The Phoenix Insurance Company Ltd.

Main Office: 53 Hashalom RD. Givaataim 53454

Fax: 972-3-7332222 | info@fnx.co.il | www.fnx.co.il

Marine & Aviation Department: 03-7332629/30 fax: 03-7337991



SMART FLY - UAV Third Party Liability Insurance

Headings and marginal captions are inserted for the purpose of convenient reference only and are not to be deemed part of this Policy.

Certain words and phrases used in this Policy have special meanings which can be found in Section A Definitions.

The Insurers agree to insure against liability, arising out of an Accident occurring during the Period of Insurance to the extent and in the manner provided in this Policy.

A | DEFINITIONS

1	ACCIDENT	means any one accident or series of accidents arising out of one event.
2	PRIVATE / PLEASURE	means use for private and pleasure purposes but NOT use for any business or profession or for hire or reward.
3	BUSINESS	means the use of the UAV in the usual course of work and work duties but excluding any commercial use.
4	COMMERCIAL USE	means the uses of the UAV for the benefit of third parties, in exchange for remuneration.
5	FLIGHT	means from the time the UAV moves forward in taking off or attempting to take off, whilst in the air, and until the UAV completes its landing run. A rotary-wing UAV shall be deemed to be in Flight when the rotors are in motion as a result of engine power, the momentum generated therefrom, or autorotation.
6	ICAA	means the Israeli Civil Aviation Authority.
7	UAV	means Unmanned radio controlled aircraft, motor-powered or not, whose mass is not less than 300 grams but not more than 25 kg and listed in the Schedule. For the sake of good order, "UAV" does not include any self-built / custom made / altered / adjusted or otherwise amended "UAV", or any UAV that a change was made thereto not by the manufacturer.
8	CRIMINAL OFFENCE	means a Criminal Offence as defined in Section 24 of the Israeli Penal Code, 1977; Not including "Misdemeanour Offence" or "Sin" as defined there in.
9	INSURED	means the Insured named in the Schedule and shall include any pilot of the Unmanned Aircraft, and directors, officers and employees of the Insured whilst acting within the scope of their duties on behalf of the Insured.
10	APPLICATION	means the software which is used by the insured / operator for the purpose of operating the UAV and contains the live flight data gathered on it. As detailed in the schedule.

B | COVERAGE

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

This policy will cover activities detailed in part 3 of the schedule (private, business and commercial uses) subject always to the terms and conditions of this policy and its schedule.

C | LIMIT OF INDEMNITY

The liability of the Insurers under this Section shall not exceed the amount stated in Part 6(C) of the Schedule, less any amounts under Part 6(B). The Insurers will defray in addition any legal costs and expenses incurred in defending any action which may be brought against the Insured in respect of any claim for compensatory damages covered by this Policy, but not more than the limit stated in Part 6(C) of the Schedule.

D | EXCLUSIONS

1. The Insurers shall not be liable for:

A	Employees and Others	injury (fatal or otherwise) or loss sustained by any director or employee of the Insured or partner in the Insured's business whilst acting in the course of his employment with or duties for the Insured;
---	-----------------------------	---

B UAV operators	injury (fatal or otherwise) or loss sustained by any operator (as per part 4 of the schedule) engaged in the operation of the UAV;
C Property	loss of or damage to any property belonging to or in the care, custody or control of the Insured; Property Damage to property owned, rented, leased or occupied by the Insured or in the care, custody or control of the Insured.
2. This Policy does not apply	
A Illegal Uses	Whilst the operator is committing CRIMINAL OFFENCE. Subject always to the Israeli state law and ICAA regulations;
B Adjustment	Whilst there was any change or alteration or adjustment made to the original UAV as manufactured by the manufacture, inter alia any addition to or removal of any part of the UAV;
C Geographical Limits	Whilst the UAV is outside the geographical limits stated in Part 4 of the Schedule or outside of the geographical zone as defined in the Application (as defined in the Schedule) for the flight unless due to force majeure;
D Operators	Whilst the UAV is being operated by any person other than as stated in Part 4 of the Schedule;
E Landing and Take-off Areas	Whilst the UAV is landing on or taking off or attempting to do so from a place which does not comply with the instructions of the ICAA except as a result of force majeure;
F Contractual Liability	To liability assumed or rights waived by the Insured under any agreement;
G Non-Contribution	To claims which are payable under any other policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this Policy not been effected. Subject to the conditions of this Policy;
H Cyber Risks	To liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer hardware, firmware, software or program, malicious code, computer virus or process or any other electronic system;
I Air shows and competitions	To claims arising in any Air meet, Air race and Air show;
J Electric or Electromagnetic radiation	To claims caused by electrical and electromagnetic interference and radiation;
K Fire arms damages	To claims arising out of munition and fire arms damages;
L Special uses	To claims arising out of instruction, aerobatics, hunting, fishing, patrol, fire-fighting, the intentional dropping, spraying or release of anything; any form of experimenting;
M Expected loss	To Injury (fatal or otherwise) or loss or damage caused while the Insured acted in gross negligence, while acting carelessly and such action caused the insured event.
N Employees liability	To Claims arising out of: any obligation for which the Insured may be held liable under any workers compensation, unemployment compensation, or disability benefits law, or under any similar law;
O Breach of Property Rights/ Privacy Rights	To Claims arising out of: (1) In any way related to any infringement or violation or breach, directly or indirectly of the property rights of others by overflight or other operations of the UAV; or (2) In any way related to any infringement or violation of intellectual property law or right; or (3) In any way related to any infringement or violation of any privacy right.
P Non integral object	Claims in any way related to any damage caused by an object which is not an integral part of the UAV.

<p>Q WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVN48B amended)</p>	<p>This Policy does not cover claims caused by:</p> <ol style="list-style-type: none"> (1) War (whether war be declared or not), invasion, acts of foreign enemies, hostilities, warlike actions, civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power. (2) Riots, civil commotions or labour disturbances. (3) Any act of Terror; for the purpose of this section "Terror" means "Destruction or harmful act which is committed with violence for political aims, including the use of violence for the purpose of intimidating the public or part thereof, by a person or group either if acting on behalf of or in connection with any organisation or not, and including acts which are committed in order to promote the uprising known as the <i>intifada</i>". (4) Any malicious act or act of sabotage. (5) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of the ICAA or any Government (whether civil or military) or public or local authority. <p>Furthermore this Policy does not cover claims arising whilst the Aircraft is outside the control of the Insured by reason of any of the above perils. The UAV shall be deemed to have been restored to the control of the Insured on the safe return of the UAV to the Insured at a place not excluded by the geographical limits of this Policy.</p>
<p>R NUCLEAR RISKS EXCLUSION CLAUSE (AVN38B amended)</p>	<p>This Policy does not cover:</p> <ol style="list-style-type: none"> (i) loss of or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss, (ii) any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from: <ol style="list-style-type: none"> (1) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof; (2) the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto; (3) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.
<p>S NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE</p>	<ol style="list-style-type: none"> 1. This Policy does not cover claims caused directly or indirectly by or in consequence of: <ol style="list-style-type: none"> (a) noise of any kind whatsoever, (b) pollution and contamination of any kind whatsoever, (c) electrical and electromagnetic interference, (d) interference with the use of property; unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation. 2. In respect of any Combined Claims, Insurers shall (subject to proof of loss and the limits of the Policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the Policy: <ol style="list-style-type: none"> (a) damages awarded against the Insured, and (b) defence fees and expenses incurred by the Insured. 3. Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this Policy.

E | CONDITIONS PRECEDENT

It is necessary that the Insured observes and fulfills the following Conditions before the Insurers have any liability to make any payment under this Policy.

<p>1 Compliance with Air Navigation, Orders and Regulations</p>	<p>The Insured shall comply with all air navigation and airworthiness Regulations, Orders, and Requirements issued by any competent authority affecting the safe operation of the UAV and shall ensure that:</p> <ol style="list-style-type: none"> (a) The UAV is airworthy at the commencement of each Flight; (b) All Log Books, data and other records in connection with the UAV which are required by any official regulations in force from time to time and the information on the Application and the device thereupon it is installed shall be kept up to date and shall be produced to the Insurers or their Agents on request; (c) The employees and agents of the Insured comply with such orders and requirements.
--	---

2 Claims Procedure	<p>Immediate notice of any event likely to give rise to a claim under this Policy shall be given as stated in the Schedule. In all cases the Insured shall:</p> <p>(a) furnish full particulars in writing of such event and forward immediately notice of any claim with any letters or documents relating thereto;</p> <p>(b) give notice of any impending or filed indictment or any investigation by any authority or the police or any investigation of death or any impending prosecution;</p> <p>(c) render such further information and assistance as the Insurers may reasonably require;</p> <p>The Insured shall not make any admission of liability or payment or offer or promise of payment without the written consent of the Insurers.</p>
F GENERAL CONDITIONS	
1 Claims Control	<p>The Insurers shall be entitled (if they so elect) at any time and for so long as they desire to take absolute control of all negotiations and proceedings and in the name of the Insured to settle, defend or pursue any claim; It is agreed that the Insurers shall do its utmost to act in collaboration with the Insured and shall attempt to safeguard the legitimate interest of the Insured, and inter alia the Insured's reputation.</p>
2 Subrogation	<p>Upon an indemnity being given or a payment being made by the Insurers under this Policy, they shall be subrogated to the rights and remedies of the Insured who shall co-operate with and do all things necessary to assist the Insurers to exercise such rights and remedies. The Insured agree not to commit and act which may hinder the right of the Insurer to subrogate the damage, without the Insurer's written consent, whether or not the Insured has suffered loss or damage which is not indemnified</p>
3 Cancellation	<p>This Policy may be cancelled by either the Insurers or the Insured, for any reason whatsoever giving 30 days notice in writing of such cancellation. If cancelled by the Insurers they will return a pro rata portion of the premium in respect of the unexpired period of the Policy. If cancelled by the Insured a return of premium shall be at the discretion of the Insurers. There will be no return of premium in respect of any UAV on which a loss is paid or is payable under this Policy. Subject to minimal premium listed in the Schedule.</p>
4 Assignment	<p>This Policy shall not be assigned in whole or in part except with the consent of the Insurers verified by endorsement hereon.</p>
5 Law and jurisdiction	<p>This Policy shall be construed in accordance with the Israeli Law and the Israeli courts shall have exclusive Israeli jurisdiction in any dispute arising between the Insured and the Insurers.</p>
6 Two or More UAV	<p>When two or more UAV are insured hereunder the terms of this Policy apply separately to each.</p>
7 Limit(s) of Indemnity	<p>Notwithstanding the inclusion herein of more than one Insured, whether by endorsement or otherwise, the total liability of the Insurers in respect of any or all Insureds shall not exceed the Limit(s) of Indemnity stated in the Schedule.</p>
8 Data access for claims	<p>Date gathered via the Application will be retrieved and evaluated in case of any claim. Regardless of the above, the insured is obliged to provide the insurer with all available data from the UAV itself.</p>
9 FRAUDULENT CLAIMS (AVN 100 26.7.08)	<p>An Insured shall not in the presentation and furtherance of any claim:</p> <p>(a) deliberately or recklessly conceal from Insurers any information which he knows or ought to know might be material to their consideration of any claim;</p> <p>(b) provide to Insurers information, which he knows to be false, with respect either to any event relied upon as a cause of loss or as to the amount claimed; nor</p> <p>(c) otherwise use fraudulent means or devices, including suppressing a known defence to Insurers' liability.</p> <p>In any such event the Insurers shall have the option to refuse to pay the whole or any part of the claim to such Insured.</p> <p>In the circumstances set out in sub-paragraph (b) above, Insurers shall also have the option to:</p> <p>(i) terminate the cover provided by all sections of the Policy to such Insured with effect from the date of the event relied upon for the claim;</p> <p>(ii) recover any sums paid to such Insured in respect of losses occurring on or after the date of the event relied upon for the claim; and</p> <p>(iii) retain any and all premium paid by such Insured.</p>