

Lienholder's Interest Endorsement

This endorsement extends the coverage under Part Two (AIRCRAFT PHYSICAL DAMAGE COVERAGE) to protect the interest of the Lienholder with respect to the particular **aircraft** identified in Item 11 of **your** Coverage Identification Page where a "Yes" is shown under "Lienholder Interest," or otherwise identified by an endorsement to this policy, as follows:

1. Adjustment and Payment

Loss or damage to the **aircraft** under Coverage F or G will be adjusted with **you** and payment will be made to **you** and the Lienholder shown in Item 11 of the Coverage Identification Page or an endorsement to the policy.

2. Payment to Lienholder Only

If this Lienholder's Interest Endorsement applies, we will also pay the Lienholder shown in Item 11 of the Coverage Identification Page or an endorsement to this policy for loss of or damage to the **aircraft** if:

- a. There otherwise would be coverage for the claim except for any act or omission by **you** or **anyone** which results in **our** denial of payment to **you**; and
- b. The Lienholder
 - (1) has notified **us** of any change of interest in or use of the **aircraft** of which the Lienholder was aware;
 - (2) pays any premium due under this policy on demand if **you** have neglected to pay the premium; and
 - (3) gives **us** a sworn proof of loss within 90 days after receiving notice from **us** of **your** failure to do so or the denial of **your** claim.

3. What **We** Will Pay

Under Paragraph 2 above, **we** will pay the Lienholder the lesser of the following amounts:

- a. The unpaid balance of the loan on the **aircraft**, less unpaid interest and installments more than 30 days overdue on the date of the loss or damage; or
- b. The percentage (%) of the **agreed value** of the **aircraft** shown in Item 11 of the Coverage Identification Page under the heading "Loan Balance"; or
- c. The reasonable cost of repair of the **aircraft** after the **aircraft** has been repaired less the applicable deductible, as provided in Part Two (AIRCRAFT PHYSICAL DAMAGE COVERAGE).

4. When **We** Will Pay

Under Paragraph 2 above, **we** will pay the Lienholder within 30 days after **you** have given us a sworn proof of loss statement or the Lienholder has done so within 90 days after receiving notice from **us** of **your** failure to do so or the denial of **your** claim.

5. **Our** Right of Recovery

If **we** pay the Lienholder for any claim and deny payment to **you** because of any act or omission that invalidates **your** coverage:

- a. **We** will take over the rights granted under **your** loan agreements with the Lienholder, and any property held as security for the loan to the extent of **our** payment; or, at **our** option, **we** may pay the Lienholder the total

The following information is required only when the effective date of this endorsement is subsequent to the Policy effective date.

This endorsement is Endorsement No.
This endorsement is effective on
Attached to and forming a part of Policy No.
Issued to (First Named Insured):
Additional Premium:

amount due or to become due from **you** and take a full assignment and transfer of all rights of the Lienholder against **you** and any property held as security for the loan; and

b. **You** must reimburse **us** for the full amount of the payment we make pursuant to this endorsement.

6. What **We** Will Not Pay

We will not pay any claim under this endorsement if **you** or **anyone you** permit to use the **aircraft** embezzles, converts or secretes the **aircraft**.

7. Legal Action Against **Us**

No legal action shall be brought against **us** under this endorsement until its provisions have been complied with fully.

8. Cancellation Notice to Lienholder

If **we** cancel **your** Aircraft Physical Damage coverage, we will send the Lienholder 30 days prior written notice at the address shown in Item 11 of **your** Coverage Identification Page or an endorsement to the policy.

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