

## Lessor's Interest Endorsement

This endorsement extends the coverage under Part Two. **AIRCRAFT PHYSICAL DAMAGE COVERAGE** to protect the interest of the Lessor shown in Item 1 of the Coverage Identification Page or otherwise by an endorsement to the 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 Lessor shown in Item 1 of the Coverage Identification Page or an endorsement to the policy.

2. Payment to Lessor Only.

If this Lessor's Interest Endorsement applies, we will also pay the Lessor shown in Item 1 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 Lessor
  - (1) has notified **us** of any change of interest in or use of the **aircraft** of which the Lessor 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 Lessor the lesser of the following amounts:

- a. The unpaid balance of the lease on the **aircraft**, less unpaid interest and installments more than 30 days overdue on the date of the loss or damage; or
- b. 90% of the **agreed value** of the **aircraft**; 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 Lessor within 30 days after **you** have given us a sworn proof of loss statement or the Lessor 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 Lessor 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** lease agreements with the Lessor, and any property held as security for the lease to the extent of **our** payment; or, at **our** option, **we** may pay the Lessor the total amount due or to become due from **you** and take a full assignment and transfer of all rights of the Lessor against **you** and any property held as security for the lease; and

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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:

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 Lessor.

If **we** cancel **your** Aircraft Physical Damage Coverage, we will send the Lessor 30 days prior written notice at the address shown in Item 1 of **your** Coverage Identification Page or an endorsement to the policy.

SPECIMEN