



**As Approved by the State Aviation Board
May 15th, 2002.**

SMART AIRPORT CONTRACTING INDEMNIFICATION, INSURANCE AND BONDING REQUIREMENTS FOR STATE AIRPORT AGREEMENTS

The Oregon Department of Aviation administers site leases, access agreements and other contracts at its 30 statewide airports. As a state agency, ODA is obliged to protect the state from the financial impact of accidental property and liability losses arising out of its role as an airport proprietor. ODA must ensure that all airport tenants and permittees maintain adequate types and limits of insurance for these reasons.

- **Airport tenants that suffer a major uninsured loss could default on their rental obligations. They may also leave behind damaged structures that the state would have to deal with.**

These are an uninsurable business and contracting risk to ODA that would directly impact the agency's budget.

- **As the airport owner, the state has a vicarious liability exposure and could be drawn into litigation if the tenant or permittee is unable to pay for judgments or settlements arising out of its legal liability.**

Risk control and risk financing of this exposure is a shared responsibility of the state Risk Management Division and ODA.

ODA must balance the requirement that its airport tenants and permittees maintain adequate insurance against its mission as an advocate of growth. It must also maintain compliance with Federal Airport Sponsor Assurances that require it to provide for the fair and equitable treatment of all commercial tenants. Therefore, to the extent feasible, insurance, bonding and indemnification requirements must implicitly take into account the pricing and availability of insurance in the marketplace so as to not be unduly burdensome or discriminatory.

The state itself is wholly self-insured for its extensive array of airport liability loss exposures. However, the state's self-insurance is intended to protect only the state, its employees, elected officials and its agents from their tort liability exposures. The state cannot assume any liability for the acts of, or provide any type of self-insurance coverage to, airport tenants, permittees or any other entity with which it contracts. The only exception to this would be a waiver of property self-insurance subrogation as may be negotiated from time to time.

Self-insurance is risk retention. The state pays its own claims. Some element of most losses is spread among all state agencies. However, the financial impact of large claims will eventually fall back upon the agency that incurs it in the form of biennial self-insurance risk charges. This is why it is especially critical that a small state agency like ODA ensures that its airport tenants and permittees are properly insured.

The first line of defense in protecting the state against unwarranted assumption of its airport tenants' and user's liability is an indemnification and hold harmless provision. The indemnity language should clearly make the other parties responsible for their own negligence arising out of their occupancy and use of state airport premises. The only liability exposure the state should retain is responsibility for the wrongful acts of its own employees and agents and for defective premises.

An airport tenant's or user's agreement to indemnify the state, however, is only as valuable as its financial resources. Aside from the federal government, nearly everyone who enters into an agreement at an ODA airport must insure their catastrophic and highly unpredictable aviation liabilities with specialized underwriters in the commercial insurance market.

What types of insurance coverages and limits should be required? This is determined by conducting a risk assessment addressing issues such as:

- What are the contractually permitted activities?
- What could go wrong?
- Who might blame the state?
- How bad could it be?

There are two principal factors to keep in mind in assessing aviation risks:

- 1. Damages for injury or death in aviation-related accidents are substantially higher than for other modes of transportation.** Whereas a mainstream judgment for a disabling injury or a fatality in a vehicle accident could be less than \$100,000, the same type of claim in an aviation environment could be valued in excess of \$1,000,000. It is true, of course, that CFR 14, Chapter II, Part 205 Minimum Liability Requirements limits for small aircraft air taxi operators (that fall under Part 298) are only \$75,000 per passenger seat, and even air carriers operating large aircraft only have to carry limits of \$300,000 per passenger seat. The simple fact is that DOT minimum limits are grossly inadequate relative to historical recoveries for serious bodily injury claims. Operators who carry less than the equivalent of \$1,000,000 per passenger seat are at elevated risk of having their assets seized to pay for unsatisfied bodily injury liability judgments.

Among aircraft operators, noncommercial operators generally have the lesser exposure and commercial operators the greater exposure. A best practices rule of thumb for establishing aircraft liability limits for charter is a third party insurance limit based on the \$1,000,000 per passenger seat liability exposure and rounding to the next \$5,000,000 increment. Therefore, in an ideal world, a five passenger seat aircraft would carry at least a \$5,000,000 limit, a nine passenger seat aircraft would carry at least \$10,000,000, and so forth. Organizations with substantial assets to protect carry much higher limits than even these.

- 2. Aircraft are very expensive and their property damage liability profile is commensurately very high.** Even a 20-year-old light airplane can have a market value of a BMW luxury sedan or Land Rover sports utility vehicle. A business jet could easily cost more than the most lavish dotcom billionaire's mansion. This is why a critical coverage for FBOs that hangar or tie down customer's aircraft is Hangarkeepers' Legal Liability, which is an optional coverage added onto an Airport Premises Liability Policy.

Starting in 2000, adequate aviation and airport liability limits became difficult to procure. As a result of years of adverse underwriting results, not only have aviation insurance rates and premiums substantially increased, but also available limits of liability have fallen. In many cases now, only the largest commercial operators with the best records can secure limits that were customary in the past.

For most commercial operators, instead of being able to renew a limit of liability of \$5 million Combined Single Limit (CSL) bodily injury and property damage, they may only be able to obtain, for example, a \$1 million CSL limit. Individuals may only be able to carry limits of \$500,000 CSL. In the very critical area of passenger bodily injury liability for aircraft operators, passenger bodily injury sublimits of \$100,000 or even \$50,000 per seat are often all that are available.

The result: For the foreseeable future, it will be expensive, and often impossible, for typical Oregon State Airport tenants to carry adequate limits of liability. A major claim could therefore result in a legal judgment for damages that are greater than available insurance limits.

What does this mean?

- **For tenants,** claimants may pursue the user's assets, possibly causing it to go out of business.
- **For the state,** tenants could be forced to default on rentals due under airport agreements. Also, under the doctrine of vicarious (contingent) liability, as the airport proprietor the state could find itself drawn into litigation in cases involving an airport tenant's or permittee's negligence.

How will ODA personnel address this challenge? We have developed a schedule of coverages and limits, based upon our best judgment, fully aware of the trade-offs. This document reflects our balancing of our mission to promote the aviation industry while also protecting the state's assets. Because of the current insurance market, some of the minimum limits we require here are less than optimum for the exposure. It is critical that this document be reviewed at least biennially and updated as needed based on current insurance market condition.

DEFINITIONS

Combined Single Limit: A single dollar limit of liability applying to the total of damages for bodily injury and property damaged, combined, resulting from one accident or occurrence, with sub-limits for bodily injury.

Occurrence: An accident, sickness or other event that results in an insured loss.

Aggregate: The maximum limit of coverage available under a liability policy during a specified period of time, usually one policy year or the policy period, regardless of the number of separate accidents that may occur or the number of claims that may be made.

STANDARD INDEMNIFICATION CLAUSES

RECOMMENDED CLAUSES	NOTES	WHEN DO THEY APPLY?
<p><u>INDEMNITY/HOLD HARMLESS CLAUSE FOR PRIVATE SECTOR AIRPORT LESSEE:</u> [Airport Tenant] shall conduct its activities under this lease at [Airport Tenant's] own risk, and shall hold harmless and indemnify the State of Oregon, Department of Aviation, its agents, officers and employees from any and all damages, demands, suits and actions whatsoever resulting from or because of any damage to property, or injury or death to any person(s) arising out of [Airport Tenant's] negligent construction, maintenance, repair, alteration, operation, control or use of the Premises.</p>	<ul style="list-style-type: none"> • This clause states that the lessee will not hold the state responsible for lessee's negligent acts and that lessee will pay for such losses. • The Indemnification clause may be broader than the scope of insurance coverage required in the contract. • Be aware that the only indemnification clauses that may be used in state contracts are either these standard clauses or others that have been approved by the DOJ. 	<ul style="list-style-type: none"> • <i>Standard for all airport lease agreements.</i> • <i>Can also be used for ingress/egress and other agreements for access to or use of ODA airport properties.</i> • <i>Change the clause only with the approval of your DOJ legal counsel.</i>
<p><u>INDEMNITY/HOLD HARMLESS CLAUSE FOR ANOTHER OREGON PUBLIC ENTITY:</u> Public entity and Agency each shall be responsible, to the extent permitted by the Oregon Tort Claims Act (ORS 30.260-30.300), only for the acts, omissions or negligence of its own officers, employees or agents.</p>	<ul style="list-style-type: none"> • Standard clause for contracts involving <u>another Oregon Public Entity</u>. 	<ul style="list-style-type: none"> • <i>Each public entity needs to make it clear in writing that each entity is acting independently of each other, and who will be responsible if a loss occurs.</i> • <i>The public entity shall be responsible exclusively with respect to their employees, for providing for employment-related benefits and deductions that are required by law, including but not limited to federal and state income tax deductions, workers' compensation coverage, and PERS contributions.</i>
<p><u>INDEMNITY/HOLD HARMLESS CLAUSE FOR PUBLIC ENTITIES OR STATE AGENCIES OUTSIDE OF OREGON:</u> Tenant shall indemnify, defend and hold harmless the State of Oregon and the Department of, and their officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities, costs and expenses of any nature whatsoever resulting from, arising out of, or relating to the activities of Tenant or its officers, employees, sub-Tenants, or agents under this Contract.</p>	<ul style="list-style-type: none"> • This clause is a standard indemnity/hold harmless clause that does not recognize any Tort Claims Act or other statutory limitations that the entity may have. We have recommended the standard because of the wide variance of statutes among each state or public entity. The entity may propose different language based on their statutory requirements. Work with your DOJ Counsel to ensure that any changes are appropriate. 	<ul style="list-style-type: none"> • <i>Standard for all contracts with public entities OUTSIDE of the State of Oregon.</i>

RECOMMENDED CLAUSES	NOTES	WHEN DO THEY APPLY?
<p><u>POLLUTION INDEMNITY/HOLD HARMLESS CLAUSE FOR PRIVATE SECTOR AIRPORT LESSEE:</u> Tenant shall maintain in force during this agreement Pollution Liability Insurance covering its liability for bodily injury, property damage, and environmental damage resulting from sudden and accidental releases of pollution, and covering related or resultant cleanup and/or remediation costs arising out of the occupancy and use of the premises. Combined single limit bodily injury, property damage, environmental liability and cleanup/remediation shall not be less than \$500,000 in the annual aggregate.</p>	<ul style="list-style-type: none"> • “Pollution” is defined herein as the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemical, liquids or gases, waste material or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water. 	<ul style="list-style-type: none"> • <i>In agreements with tenants who: own or operate petroleum oil lubricant storage tanks or who sell aviation fuel and oil or other aviation petroleum products.</i>

STANDARD AVIATION INSURANCE CLAUSES

RECOMMENDED CLAUSES	NOTES	WHEN DO THEY APPLY?
<p>AIRCRAFT LIABILITY: [Airport Tenant/Permittee] shall maintain in effect during the term of this Agreement Aircraft Liability Insurance. Combined Single Limit (CSL) for bodily injury and property damage shall not be less than \$_____ per occurrence.</p> <p><input type="checkbox"/> Excluding passenger bodily injury liability.</p> <p><input type="checkbox"/> Including passenger bodily injury liability:</p> <p style="margin-left: 20px;"><input type="checkbox"/> Subject to no sublimit.</p> <p style="margin-left: 20px;"><input type="checkbox"/> Subject to a sublimit of not less than \$_____ per passenger seat.</p>	<p>COVERAGES:</p> <ul style="list-style-type: none"> • Covers liability for the ownership, maintenance or use of aircraft. • Passenger bodily injury liability usually is only required when carrying passengers, other than single seat aircraft or aircraft that have only seats for required flight crewmembers. <p>REQUIRED LIMITS AIRCRAFT LIABILITY:</p> <ul style="list-style-type: none"> • \$1 million CSL per occurrence/aggregate for general commercial aviation aircraft. • \$2 million CSL per occurrence/aggregate for commercial cabin class recip twin/turbine twin/small turbine helicopter. • \$10 million CSL per occurrence/aggregate for commercial business jets, but over 18 seats or transport category require higher limits. <p>BODILY INJURY:</p> <ul style="list-style-type: none"> • \$1 million CSL per occurrence/ aggregate for Aircraft Liability. • \$100,000 per Person Bodily Injury sublimits. 	<p>Require Aircraft Liability whenever:</p> <ul style="list-style-type: none"> • <i>The airport tenant owns or operates a aircraft commercially under 14 CFR Part 135 or 121 that is based at an ODA airport, or</i> • <i>The airport permittee operates an aircraft commercially under 14 CFR Part 135 or 121 on ODA property under the terms of an ingress/egress agreement.</i>
<p>AERIAL APPLICATOR'S LIABILITY: [Airport Tenant] shall maintain in force during the term of this agreement Aerial Applicator's Liability Insurance covering the operation of each aircraft. Combined Single Limit (CSL) for bodily injury and property damage shall not be less than \$_____ per occurrence, excluding passenger bodily injury liability, and:</p> <p><input type="checkbox"/> Excluding Chemical Liability.</p> <p><input type="checkbox"/> Including Chemical Liability.</p>	<p>COVERAGES: Covers bodily injury and property damage liability arising out of the aerial application of chemicals or hazardous materials.</p> <p>REQUIRED LIMITS:</p> <p>In accordance with Oregon Dept. of Agriculture requirements in ORS 634-116 and OAR 603-057-0102.</p>	<p><i>If the tenant operates aircraft that will be spraying or applying chemicals or other hazardous materials such as for agricultural purposes, require Aerial Applicator's Liability in lieu of Aircraft Liability. Require Chemical Liability if operator applies insecticides, herbicides or defoliants. <u>Unless chemical liability coverage is carried, there is no coverage for claims such as, damage to painted surfaces or illness.</u></i></p> <p>Chemical liability is not necessary if operator only applies seeds, fertilizer, or other types of non-hazardous materials.</p>

RECOMMENDED CLAUSES	NOTES	WHEN DO THEY APPLY?
<p>AIRPORT LIABILITY INSURANCE: [Airport Tenant] shall maintain in force during the term of this agreement Airport Liability Insurance covering the premises operations of the [Airport Tenant], including operation of mobile equipment. Combined Single Limit (CSL) for bodily injury and property damage shall not be less than \$_____ per occurrence and:</p> <p><input type="checkbox"/> Completed Operations and Products Liability Insurance</p> <p><input type="checkbox"/> Hangarkeepers Legal Liability Insurance with limits of liability of \$_____any one aircraft \$_____any one occurrence. with a deductible not to exceed 10% of the occurrence limit.</p>	<p>COVERAGES:</p> <ul style="list-style-type: none"> • Basic Airport Premises Liability Insurance Protects Airport Tenant (as named insured). • Airport Liability, Products and Completed Operations Liability, and Hangarkeepers Legal Liability may be included as part of an Aircraft Liability Policy. • A non-airside operator not engaged in aeronautical enterprises may substitute Commercial General Liability Insurance or equivalent premises liability insurance coverage forms. <p>REQUIRED LIMITS:</p> <p>AIRPORT PREMISES LIABILITY:</p> <p>Non-Commercial Tenants: Minimum limits of:</p> <ul style="list-style-type: none"> • \$500,000 bodily injury and property damage CSL per occurrence/aggregate. • \$100,000 per Person Bodily Injury sublimits. <p>Commercial Tenants: Minimum limits of:</p> <ul style="list-style-type: none"> • \$1,000,000 bodily injury and property damage CSL per occurrence/aggregate. • \$100,000 per Person Bodily Injury sublimits. <p>AIRPORT COMPLETED OPERATIONS AND PRODUCTS LIABILITY:</p> <p>Commercial Tenants: Minimum limits of:</p> <ul style="list-style-type: none"> • \$100,000 bodily injury CSL per occurrence; • \$300,000 bodily injury aggregate; • \$100,000 property damage CSL per occurrence. <p>HANGARKEEPER'S LEGAL LIABILITY:</p> <p>FBO: Require <u>aggregate limit</u> of:</p> <ul style="list-style-type: none"> • \$100,000 bodily injury per occurrence; and • \$100,000 property damage per occurrence. <p>SASO: Require <u>limit</u> of:</p> <ul style="list-style-type: none"> • \$25,000 bodily injury CSL per occurrence; • \$25,000 property damage CSL per occurrence. 	<ul style="list-style-type: none"> • Require Airport Liability whenever the Airport User is a tenant or lessee at an ODA airport • Require Products and Completed Operations Liability whenever an FBO or SASO sells aviation fuel and oil or manufactures or sells aviation products. Use standard limits guidelines based on type of aircraft refueled or which incorporates the aviation product. • Require Hangarkeepers Legal Liability whenever an FBO or SASO fuels, hangars or ties down based or transient aircraft. (Note: Just because the owners of an aircraft carry hull insurance does not relieve an FBO of its hangarkeepers' liability exposure unless an FBO arranged for a waiver of subrogation with the customer's aircraft hull insurer.) • Airport Premises Liability for Non-Commercial Tenants may be accepted as attachments to aircraft or homeowner's liability policies or as a stand-alone policy.

STRUCTURE REPLACEMENT VALUE OVER \$100,000 PROPERTY INSURANCE CLAUSES

RECOMMENDED CLAUSES	NOTES	WHEN DO THEY APPLY?
<p>PROPERTY INSURANCE: During the term of this Agreement, [Tenant] shall maintain in force Property Insurance covering direct physical loss due to perils of fire and Extended Coverages for any structure having a replacement value of \$100,000 or more. The amount of insurance shall at all times be sufficient to satisfy at least an 80% co-insurance clause and shall cover the building. The deductible shall not exceed 10% of the amount of insurance.</p>	<p>COVERAGES: Covers the building and contents for usual perils of loss.</p> <p>REQUIRED LIMITS: Not less than 80% of the replacement cost of building.</p>	<ul style="list-style-type: none"> • <i>Require Property Insurance on any lease of premises Agreement where the tenant occupies a structure with a replacement value of \$100,000 or more.</i>

BONDING CLAUSES FOR ALL AIRPORT CONSTRUCTION

TYPE	GUARANTEES	COMMENTS
<u>PERFORMANCE BOND:</u>	<ul style="list-style-type: none"> • Ordinarily, it guarantees to the principal (the owner of the property being built or altered) that the Tenant will complete the project to contract specifications. If the principal defaults, the state would have up to the amount of the bond to either complete the project or demolish and remove the uncompleted structure. • To protect the state from risk of financial default of a tenant who is its own contractor, the tenant's surety would issue a Performance Bond to ODA for the full construction cost (labor and materials). 	<ul style="list-style-type: none"> • . <i>The Performance Bond ensures that the principal is able to complete the project should the tenant or the contractor default and do not complete the construction.</i> • <i>The cost of a bond can range from less than 1% of the contract value for a reputable contractor to over 5% of the construction cost for a less creditworthy individual.</i>
<u>PAYMENT BOND:</u>	<ul style="list-style-type: none"> • Guarantees that all suppliers of labor or materials for the project are promptly paid and that no liens will be filed against the state. • Guarantees that contributions due to State Self-Insurance Fund and State Unemployment Compensation Fund are paid. • Guarantees that all payments for tax withholding of employees working for the Tenant on the project will be paid to the Oregon Department of Revenue. 	<ul style="list-style-type: none"> • A payment bond is often included in a performance bond. If not, it should be purchased separately.

Options to Bonding include:

- *Irrevocable Letter of Credit from bank*
- *Tenant deposits funds with an escrow agent*
- *Tenant deposits funds with the trust department of a bank.*

• NON-AVIATION INSURANCE CLAUSES

CLAUSE	NOTES	WHEN DO THEY APPLY?
<p>AUTOMOBILE LIABILITY: [Tenant] shall maintain in force during the term of this Agreement Automobile Liability Insurance covering all owned, non-owned and hired vehicles. Combined Single Limit (CSL) for bodily injury and property damage shall not be less than \$_____ per occurrence.</p>	<p>COVERAGES Airport Liability insurer may provide Automobile Liability coverage to meet insurance requirement.</p> <p>REQUIRED LIMITS:</p> <ul style="list-style-type: none"> • . • \$500,000, CSL per occurrence/ aggregate for Commercial operators. 	<ul style="list-style-type: none"> • <i>Use whenever the airport tenant uses, or may reasonably be expected to use active taxiways, or runways for commercial vehicle movement</i>
<p>POLLUTION LIABILITY: [Tenant] shall maintain in force during the term of this Agreement Pollution Liability Insurance covering its liability for bodily injury, property damage and environmental damage resulting from sudden and accidental releases of pollution and related cleanup costs arising out of the occupancy and use of the premises. Combined Single Limit bodily injury, property damage and environmental liability shall not be less than \$_____ in the annual aggregate.</p>	<p>COVERAGE</p> <ul style="list-style-type: none"> • Airport tenant may only be able to obtain coverage for “sudden and accidental” releases. <p>REQUIRED LIMITS \$ 500,000 CSL</p>	<p><i>Use when airport tenant has above ground or underground petroleum storage tanks or stores, uses or transports hazardous materials on airport property.</i></p>
<p>WORKERS COMPENSATION: If the Contractor, its subcontractors, if any, and any other employers providing work, labor or materials under this contract is a subject employer under the Oregon Workers' Compensation Law and is not exempt pursuant to ORS 656.126, the Contractor shall comply with ORS 656.017 and shall provide workers' compensation coverage for all of the Contractor's "subject workers," as defined under ORS Chapter 656. The Contractor shall also carry Employers Liability Insurance coverage combined single limit per occurrence shall not be less than \$ \$100,000. Annual aggregate limit for Employers Liability Insurance Coverage shall not be less than \$1 million.</p>	<p>COVERAGE</p> <p>Part A – Statutory Workers Compensation Insurance</p> <p>Part B – Employer's Liability</p> <p>REQUIRED LIMITS</p> <p>Part A – Statutory Limits</p> <p>Part B - \$100,000</p>	<ul style="list-style-type: none"> • ORS279.320 requires Oregon Workers Compensation coverage in every public contract. • If question as to applicability, contact the DCBS Workers Compensation division, Employer Compliance Section at (503) 947-7815.

SUPPLEMENTAL INSURANCE CLAUSES

CLAUSE	NOTES	WHEN DO THEY APPLY?
<p><u>ADDITIONAL INSURED:</u> The Liability insurance coverages (except for Workers Compensation) required in the Agreement shall include the State of Oregon, its divisions, The Oregon Department of Aviation and their respective officers and employees as additional insureds. Coverage must be severable for all insureds or covered under cross liability of all insureds.</p>	<p>Additional insured provision provides legal liability defense and settlement insurance to the state for claims against the Airport Tenant</p>	<p><i>Use in every agreement requiring liability insurance (however, does not apply to Workers Compensation coverages).</i></p>
<p><u>NOTICE OF CANCELLATION:</u> There shall be no cancellation, or potential exhaustion of aggregate limits without thirty (30) days written notice from the Airport Tenant or its insurer(s) to the Oregon Department of Aviation.</p>	<p>It is common practice for insurers and brokers to use the phrase “endeavor” to mail written notice of cancellation. Be aware that accepting these terms on a Certificate of Insurance does not obligate the insurer to notify you of cancellations. The statement means they will only try or “endeavor”.</p>	<p><i>Use in every agreement requiring insurance.</i></p>
<p><u>CERTIFICATE OF INSURANCE:</u> As evidence of the insurance coverages required under this Agreement, [Airport Tenant] shall furnish certificate(s) of insurance to the Oregon Department of Aviation by the effective date of the Agreement. The certificate(s) shall clearly reflect compliance with the relevant terms of the Agreement and shall be obtained from insurers with a Best’s rating of not less than A” or with approved Oregon surplus lines insurers.</p>	<ul style="list-style-type: none"> • Requires the Tenant to provide you with proof of insurance at the beginning of the contract period and prior to the beginning of the lease. • On rare occasions (very large or high risks projects), it is important that insurance coverage be obtained from an acceptable insurance company with a financial rating by AM Best of no less than “A”. In these cases, this language should be added to the clause. • Certificates of Insurance are often inadequate to apprise the agency of the scope of the Exclusions from coverage. If you are unsure if the Tenants insurance will cover the risks of the project, complete copies of insurance policies may be a safer method of managing the risks. 	<p><i>Use in every agreement requiring insurance.</i></p>

RECOMMENDATIONS FOR STANDARD INSURANCE CLAUSES BY TYPE OF AGREEMENT

COMMERCIAL TENANTS:

- Generally, these are FBO or SASO tenants who lease premises or have access to airside with personnel, vehicles or aircraft they operate or whose customers operate aircraft.
- Recommended limits of liability are in the notes to Standard Aviation Insurance Clauses.

TYPE OF AGREEMENT	RECOMMENDATION FOR STANDARD INSURANCE CLAUSES
Own, operate, or sell aviation fuel and oil or other aviation products	<ul style="list-style-type: none"> • Airport Premises Liability Insurance and (as required): • Completed Operations and Products Liability • Pollution Liability • Workers Compensation
Tie down or hangar customer's aircraft	<ul style="list-style-type: none"> • Hangarkeepers' Liability • Airport Premises Liability • Workers Compensation
Engage in facilities construction, demolition or alteration over \$100,000	<ul style="list-style-type: none"> • Property Coverage • Performance Bond • Payment Bond • Airport Premises Liability • Workers Compensation
Operate licensed vehicles	<ul style="list-style-type: none"> • Automobile Liability • Workers Compensation
Commercially operate aircraft	<ul style="list-style-type: none"> • Aircraft Liability • Workers Compensation • Airport Premises Liability
Conduct aerial application operations	<ul style="list-style-type: none"> • Aircraft/Aerial Applicator's Liability • Airport Premises Liability • Workers Compensation

NON-COMMERCIAL TENANTS WITH AIRSIDE ACCESS:

- Lease airport premises and engage in the activities listed.
- Recommended limits of liability are in the notes to Standard Aviation Insurance Clauses.

TYPE OF AGREEMENT	RECOMMENDATION FOR STANDARD INSURANCE CLAUSES
Operate aircraft and licensed vehicles on the premises	<ul style="list-style-type: none"> • Airport Premises Liability • Automobile Liability Insurance
Own or operate petroleum oil lubricant storage tanks	<ul style="list-style-type: none"> • Pollution Liability • Airport Premises Liability
Engage in facilities construction, demolition or alteration over \$100,000	<ul style="list-style-type: none"> • Property Coverage • Performance Bond • Payment Bond • Airport Premises Liability
Facilities construction, demolition or alteration under \$100,000	<ul style="list-style-type: none"> • Refer to Options to Bonding section. • Airport Premises Liability

PREFERRED ORDER OF CLAUSES

It is recommended that you list clauses in the following order:

Indemnity Clause



Aircraft Coverages

- Aircraft Liability
- Aerial Applicators



Airport Coverages

- Airport Liability
- Products and Completed Operations
- Hangarkeepers
- Pollution
- Property Insurance
- Performance Bond/Payment Bond
- Workers Compensation



Supplemental Clauses

- Additional Insured
- Notice of Cancellation
- Certificate of Insurance