

AIRBUS SUPPLIER SCHEME

EXTENDED PRODUCT LIABILITY

ADDED VALUE FOR SUPPLIERS

Coverage for Bodily Injury and Property Damage

Aviation Products Legal Liability Insurance covers the legal liability of the supplier arising out of the manufacture or delivery of products. Coverage applies for bodily injury and property damage and financial losses resulting therefrom.

Extended Products Legal Liability Insurance – Coverage for pure financial losses

The Airbus Supplier Scheme has been extended to also cover pure financial losses without prior bodily injury or property damage of a third party.

When the product manufactured or delivered by the supplier is defective, certain cost elements are covered by the insurance policy.

(Coverage is subject to the terms and conditions and exclusions of the policy wording.)

What is covered?

a) Dismantling and installation costs

Coverage is provided for claims of third parties for financial losses resulting from the defectiveness of third party end products caused by defective products manufactured or supplied and being installed, fixed, laid or coated.

Costs for the dismantling of the defective product and installation of a non-defective product are covered.

Where the supplier's product consists of several component parts, coverage also applies for the replacement costs of single component parts. Furthermore the repair in the installed status, if possible, is covered.

Example: The supplier delivers pipes with seals for the water system. After installation by *Airbus Defence and Space* a liquid leakage has been identified during a system check because the seals do not have the required leak tightness. As a consequence all pipes need to be dismantled and replaced by non-defective pipes.

b) Damages due to combining, mixing and processing

Coverage is provided for claims of third parties for financial losses resulting from the defectiveness of third party end products caused by defective products manufactured or supplied by the supplier and which are combined, mixed or processed with other products.

Example: The supplier delivers adhesive to *Airbus Helicopters* who use the products for the manufacture of carbon fiber rotor blades. After hardening the blades do not have the required consistency and cannot be used.
Covered are e.g. the costs of a repetition of work on the rotor blades (if economically reasonable) or for other elimination of damage.

c) Damages due to further processing or treatment

Coverage is provided for claims of third parties for financial losses resulting from defective products manufactured or supplied by the supplier being further processed or treated.

Example: The supplier manufactures plastics to *Airbus* for compression into cover panels. The final panels do not have a common coloring and therefore cannot be used in the aircraft interior.
Covered are e.g. the costs of a repetition of work on the cover panels (if economically reasonable) or for other elimination of damage.

d) Costs for checking operations and sorting costs

In addition coverage is provided for claims because of financial losses resulting from testing of third party products for defects, if the defectiveness of single products has been detected already and as a result of adequate random testing or other verifiable facts identical defects to similar products can be assumed.

What is not covered?

There is no coverage for the costs of the re-delivery of non-defective products. Other restrictions apply.

Deductible

The deductible to be borne by the supplier and applicable for each and every claim is 10% of the total amount of indemnity with a minimum of 2.500 EUR and a maximum of 12.500 EUR.