

§ 440.12

least 30 days in advance and expressly approves the modification.

§ 440.12 Duration of coverage for licensed reentry; modifications.

(a) For reentry, insurance coverage required under § 440.9, or other form of financial responsibility, shall attach upon commencement of licensed reentry, and remain in full force and effect as follows:

(1) For ground operations, until completion of licensed reentry at the reentry site; and

(2) For other licensed reentry activities, 30 days from initiation of reentry flight; however, in the event of an abort that results in the reentry vehicle remaining on orbit, insurance shall remain in place until the FAA's determination that risk to third parties and Government property as a result of licensed reentry is sufficiently small that financial responsibility is no longer necessary, as determined by the FAA through the risk analysis conducted to determine MPL and specified in a license order.

(b) Financial responsibility required under this part may not be replaced, canceled, changed, withdrawn, or in any way modified to reduce the limits of liability or the extent of coverage, nor expire by its own terms, prior to the time specified in a license order, unless the FAA is notified at least 30 days in advance and expressly approves the modification.

§ 440.13 Standard conditions of insurance coverage.

(a) Insurance obtained under § 440.9 must comply with each of the following terms and conditions of coverage:

(1) Bankruptcy or insolvency of an insured, including any additional insured, shall not relieve an insurer of any of its obligations under any policy.

(2) Policy limits shall apply separately to each occurrence and, for each occurrence to the total of claims arising out of a licensed or permitted activity in connection with any particular launch or reentry.

(3) Except as provided in this section, each policy must pay claims from the first dollar of loss, without regard to any deductible, to the limits of the policy. A licensee or permittee may ob-

tain a policy containing a deductible amount if the amount of the deductible is placed in an escrow account or otherwise demonstrated to be unobligated, unencumbered funds of the licensee or permittee, available to compensate claims at any time claims may arise.

(4) No policy may be invalidated by any action or inaction of the licensee or permittee or any additional insured, even by nonpayment by the licensee or permittee of the policy premium, and each policy must insure the licensee or permittee and each additional insured regardless of any breach or violation of any warranties, declarations, or conditions contained in the policies by the licensee or permittee or any additional insured (other than a breach or violation by the licensee, permittee or an additional insured, and then only as against that licensee, permittee or additional insured).

(5) Each exclusion from coverage must be specified.

(6) Insurance shall be primary without right of contribution from any other insurance that is carried by the licensee or permittee or any additional insured.

(7) Each policy must expressly provide that all of its provisions, except the policy limits, operate in the same manner as if there were a separate policy with and covering the licensee or permittee and each additional insured.

(8) Each policy must be placed with an insurer of recognized reputation and responsibility that either:

(i) Is licensed to do business in any State, territory, possession of the United States, or the District of Columbia; or

(ii) Includes in each of its policies or insurance obtained under this part a contract clause in which the insurer agrees to submit to the jurisdiction of a court of competent jurisdiction within the United States and designates an authorized agent within the United States for service of legal process on the insurer.

(9) Except as to claims resulting from the willful misconduct of the United States or any of its agents, the insurer shall waive any and all rights of subrogation against each of the parties protected by required insurance.

(b) [Reserved]