



OFFICE OF INSURANCE REGULATION

FILED

JUN 8 2003

Donnelly, SP.

KEVIN M. MCCARTY
COMMISSIONER

In the matter of:

CONTRACTORS BONDING LIMITED,

NATIONAL PROGRAM MANAGEMENT, INC.

Case No. 72797-03-CO
UE No. UE-3211

and

ROBERT EDWARD SCHANTZ
DFS License #A233535

ORDER TO CEASE AND DESIST AND FOR PENALTIES AND RESTITUTION

TO:

CONTRACTORS BONDING LIMITED
Level 9
51 Shortland Street
Auckland, New Zealand;

NATIONAL PROGRAM MANAGEMENT, INC.
Suite C
2945 Horizon Park Drive
Suwanee, Georgia 30024;

and

ROBERT EDWARD SCHANTZ
DFS License No. #A233535
2662 Treasure Cove Lane
Jacksonville, Florida 32224-2866.

YOU ARE HEREBY NOTIFIED that pursuant to the Florida Insurance Code, including Sections 624.307, 624.317, 626.9561, and 626.909, Florida Statutes, the State of Florida Office of Insurance Regulation (the "Office") has caused an

investigation to be made of the insurance-related activities of Robert Edward Schantz ("Schantz"), Contractors Bonding Limited ("CBL"), and National Program Management, Inc. ("NPM") that pursuant to Sections 626.909, 626.910, 626.9571 and 626.9581, Florida Statutes, the Office intends to enter a Final Order requiring CBL, and NPM to cease and desist from engaging in the business of insurance in the State of Florida and requiring Schantz, CBL, and NPM to pay fines, as set forth in Sections 626.910 and 624.4211, Florida Statutes, and requiring CBL and NPM to pay restitution of premiums as set forth in Section 624.4211, Florida Statutes. As grounds therefore, the Office alleges that:

GENERAL ALLEGATIONS:

1. The Office has jurisdiction over the parties and the subject pursuant to Sections 120.569, 624.307, 624.310, 624.317, 626.901, 626.902, 626.906, 626.907, 626.909, 626.9561, 626.9571 and 626.9581, Florida Statutes.
2. CBL is a foreign corporation never authorized to engage in the business of insurance in the State of Florida.
3. NPM is a foreign corporation never authorized to engage in the business of insurance in the State of Florida.
4. On November 4, 2004, the Florida Department of Financial Services ("DFS") entered into a Settlement Stipulation for Consent Order with Schantz, DFS Case No. 74327-04-AG, by which Schantz denied aiding and abetting an unauthorized entity in the sale of liability insurance in violation of Section 626.901, Florida Statutes, but agreed to pay DFS's administrative fees and agreed to cease and desist from selling new insurance in Florida on behalf of any insurer not admitted or authorized, or not a

surplus lines insurer.

5. Schantz is currently licensed by the Florida Department of Financial Services as an insurance agent, license number A233535.

6. While licensed as an insurance agent by the Florida Department of Financial Services and beginning in April 2002, Schantz facilitated the purchase of liability and physical damage hot air balloon insurance policies written by CBL and issued by NPM for insureds in Florida, by acting directly or indirectly as agent for, or by otherwise representing CBL or NPM, or both, to facilitate the transaction of insurance business of CBL or NPM, or both, in the State of Florida. However, Schantz was not appointed as an agent of either CBL or NPM in accord with the requirements of the Florida Insurance Code.

7. During the period from April 2002 through September 30, 2003, on behalf of CBL and NPM, Schantz facilitated the purchase of 45 liability and physical damage hot air balloon insurance policies written by CBL and issued by NPM for insureds in Florida, collecting premiums totaling \$51,979.00, see exhibit 1 attached.

8. During the period from January 1, 2004 through November 26, 2004, on behalf of CBL and NPM, Schantz facilitated the purchase of 42 liability and physical damage hot air balloon insurance policies written by CBL and issued by NPM for insureds in Florida, collecting premiums totaling \$46,306.00, see exhibit 2 attached.

COUNT 1, CBL AND NPM ENGAGED IN THE UNAUTHORIZED TRANSACTION OF INSURANCE IN FLORIDA DIRECTLY OR THROUGH AN UNAUTHORIZED AGENT OR REPRESENTATIVE, Fla. Stat. § 626.901.

9. Paragraphs one through eight are realleged and incorporated by this

reference.

10. Section 624.401(1), Florida Statutes, provides:

(1) No person shall act as an insurer, and no insurer or its agents, attorneys, subscribers, or representatives shall directly or indirectly transact insurance, in this state except as authorized by a subsisting certificate of authority issued to the insurer by the office, except as to such transactions as are expressly otherwise provided for in this code.

11. Section 626.901, Florida Statutes, provides:

(1) No person shall, from offices or by personnel or facilities located in this state, or in any other state or country, directly or indirectly act as agent for, or otherwise represent or aid on behalf of another, any insurer not then authorized to transact such insurance in this state in:

(a) The solicitation, negotiation, procurement, or effectuation of insurance or annuity contracts, or renewals thereof;

(b) The dissemination of information as to coverage or rates;

(c) The forwarding of applications;

(d) The delivery of policies or contracts;

(e) The inspection of risks;

(f) The fixing of rates;

(g) The investigation or adjustment of claims or losses; or

(h) The collection or forwarding of premiums;

or in any other manner represent or assist such an insurer in the transaction of insurance with respect to subjects of insurance resident, located, or to be performed in this state.

12. Section 626.910, Florida Statutes, provides:

Any unauthorized insurer or person representing or aiding such insurer transacting insurance in this state and subject to service of process as referred to in s. 626.909 shall forfeit and pay to the state a civil penalty of not more than \$1,000 for each nonwillful violation, or not more than \$10,000 for each willful violation, of any lawful order of the office or department or any provision of this code.

13. Section 626.9581, Florida Statutes, provides:

If it is determined that the person charged has engaged in an

unfair or deceptive act or practice or the unlawful transaction of insurance, the department or office shall also issue an order requiring the violator to cease and desist from engaging in such method of competition, act, or practice or the unlawful transaction of insurance.

WHEREFORE, because Schantz, CBL and NPM solicited, negotiated, procured, or effectuated liability and physical damage hot air balloon insurance for eighty-seven (87) Florida insureds, and because CBL and NPM collected premiums from eighty-seven (87) Florida insureds, directly or through their agent Schantz, CBL and NPM violated Section 626.901, Florida Statutes, thus entitling the Office to issue a cease and desist order against each of Schantz, CBL and NPM pursuant to Section 626.9581, Florida Statutes; and

WHEREFORE, because Schantz, CBL, and NPM violated Section 626.901, Florida Statutes, Schantz, CBL and NPM are each liable for a fine of up to \$1,000 for each such violation.

COUNT 2, CBL AND NPM FAILED TO FILE, OR SEEK APPROVAL OF FORMS OR RATES, Fla. Stat. §§627.062 and 627.410.

14. Paragraphs one through eight are realleged and incorporated by this reference.

15. Section 627.410, Florida Statutes, requires:

(1) No basic insurance policy or annuity contract form, or application form where written application is required and is to be made a part of the policy or contract, or group certificates issued under a master contract delivered in this state, or printed rider or endorsement form or form of renewal certificate, shall be delivered or issued for delivery in this state, unless the form has been filed with the office by or in behalf of the insurer which proposes to use such form and has been approved by the office.

16. Section 627.062, Florida Statutes, requires:

(2) As to all such classes of insurance:

(a) Insurers or rating organizations shall establish and use rates, rating schedules, or rating manuals to allow the insurer a reasonable rate of return on such classes of insurance written in this state. A copy of rates, rating schedules, rating manuals, premium credits or discount schedules, and surcharge schedules, and changes thereto, shall be filed with the office under one of the following procedures:

1. If the filing is made at least 90 days before the proposed effective date and the filing is not implemented during the office's review of the filing and any proceeding and judicial review, then such filing shall be considered a "file and use" filing. In such case, the office shall finalize its review by issuance of a notice of intent to approve or a notice of intent to disapprove within 90 days after receipt of the filing. The notice of intent to approve and the notice of intent to disapprove constitute agency action for purposes of the Administrative Procedure Act. Requests for supporting information, requests for mathematical or mechanical corrections, or notification to the insurer by the office of its preliminary findings shall not toll the 90-day period during any such proceedings and subsequent judicial review. The rate shall be deemed approved if the office does not issue a notice of intent to approve or a notice of intent to disapprove within 90 days after receipt of the filing.

2. If the filing is not made in accordance with the provisions of subparagraph 1., such filing shall be made as soon as practicable, but no later than 30 days after the effective date, and shall be considered a "use and file" filing. An insurer making a "use and file" filing is potentially subject to an order by the office to return to policyholders portions of rates found to be excessive, as provided in paragraph (h).

17. Section 624.4211, Florida Statutes, specifies:

(1) If the office finds that one or more grounds exist for the discretionary revocation or suspension of a certificate of authority issued under this chapter, the office may, in lieu of such revocation or suspension, impose a fine upon the insurer.

(2) With respect to any nonwillful violation, such fine shall not exceed \$2,500 per violation. In no event shall such fine exceed an aggregate amount of \$10,000 for all nonwillful violations arising out of the same action. When an insurer discovers a nonwillful violation, the insurer shall correct the violation and, if restitution is due, make restitution to all affected persons. Such restitution shall include interest at 12 percent per year from either the date of the violation or the date of inception of the affected person's policy, at the insurer's option. The restitution may be a credit against future premiums due provided that the interest shall accumulate until the premiums are due. If the amount of restitution due to any person is \$50 or more and the insurer wishes to credit it against future premiums, it shall notify such person that she or he may receive a check instead of a credit. If the credit is on a policy which is not renewed, the insurer shall pay the restitution to the person to whom it is due.

18. Despite having been engaged in the business of insurance in Florida, neither CBL nor NPM has filed either forms or rates with the Office.

19. Section 624.418, Florida Statutes, provides:

(2) The office may, in its discretion, suspend or revoke the certificate of authority of an insurer if it finds that the insurer:
(a) Has violated any lawful order or rule of the office or commission or any provision of this code.

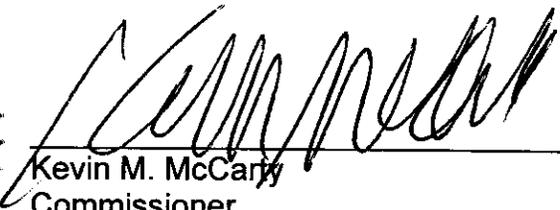
20. When CBL and NPM issued the eighty-seven (87) liability and physical damage hot air balloon insurance policies referred to in paragraphs 7 and 8, both CBL and NPM conducted the business of an insurer in Florida, using unapproved forms and rates. Thus both CBL and NPM have violated Sections 627.410 and 627.062, Florida Statutes, entitling the Office to fine CBL and NPM pursuant to Sections 624.418 and 624.4211, Florida Statutes, and to order restitution of premiums paid.

WHEREFORE, because CBL and NPM each issued the eighty-seven (87) policies referred to in paragraphs 7 and 8, above, in the State of Florida to Florida

residents for which both forms and rates were not approved as provided by Florida law, the Office is entitled to fine each of CBL and NPM pursuant to Section 624.4211, Florida Statutes, and to order restitution of premiums paid.

DONE and ORDERED this 3RD day of JUNE 2005.





Kevin M. McCarty
Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapters 28-106 and 28-107, Florida Administrative Code (F.A.C.), you have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes would apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one will be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.201, F.A.C., must demonstrate that your substantial interests have been affected by this agency's action, and contain:

- a) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;
- b) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;
- c) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and
- d) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

These proceedings are held before a State hearing officer of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere the Office will request that the hearing be conducted in Tallahassee.

In some instances you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Order to Cease and Desist and for Penalties and Restitution has been served by certified mail, return receipt requested on:

CONTRACTORS BONDING LIMITED

Level 9
51 Shortland Street
Auckland, New Zealand;

NATIONAL PROGRAM MANAGEMENT, INC.

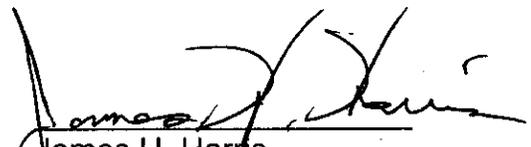
Suite C
2945 Horizon Park Drive
Suwannee, Georgia 30024;

and

ROBERT EDWARD SCHANTZ

DFS License No. #A233535
2662 Treasure Cove Lane
Jacksonville, Florida 32224-2866

on the day and date indicated on the return of service, pursuant to Section 626.9571(3), Florida Statutes.



James H. Harris
Fla. Bar #817775
Office of Insurance Regulation
Division of Legal Services
200 East Gaines Street
Suite 612
Tallahassee, Florida 32399
850-413-4188
Facsimile: 850-922-2543



The Schantz Agency

Specializing in Aviation Insurance

RECEIVED
OCT 15 2003

Ernest Ulrich
Dept. of Financial Services
200 East Gaines Street
Tallahassee, FL 32399

Dear Mr. Ulrich,

Thanks you for your fax of 10/13/03, I'll be happy to respond. I had corresponded by e-mail with the department last April on a similar subject but, due to a computer crash, I've lost all my older e-mails so I'm not sure with whom I dealt.

At any rate, I'd like to explain how we operate. Contractors Bonding, Ltd. (CBL) is a New Zealand based insurance company insuring; in this case, hot air balloonists in the US. National Program Management, Inc. (NPM) in Suwanee, GA is the underwriting manager for CBL. A master policy has been issued in Georgia to the US Balloon Association. The Georgia Insurance regulations exempt aviation from rate and regulation as long as the aircraft is hangered outside the state. Individual insureds are issued certificates from the master policy according to their own needs. There are no aggregate limits on the master policy. I act as a retailer placing business with the wholesaler, NPM, who, in turn, issues the certificate and manages the program for CBL. For your information, there is only one other source of Hot Air Balloon insurance in the US so there is a small and limited market.

Let me respond to your questions:

1. The above paragraph should explain the process.
2. Florida premium collected through 9/30/03 is \$51,979.00. This is from 45 insureds.
3. There have been no claims submitted by Florida accounts. Procedure is standard claims information form sent to the Claims Administrator, Nolan & Co.; who adjusts the claim and, if warranted, then CBL issues payment from funds maintained in a Georgia bank for this purpose.
4. There are no unpaid or outstanding claims from Florida consumers. There is approximately \$20,000 in reserve for payments to non-Florida insureds/claimants. I'm advised these are all current claims in the process of investigation.
5. I am the sole marketer of this program. National Program Management, Inc, is the Administrator.
6. Copy of the agreement between NPM and me is attached. I am not a party to the other contracts.

EXHIBIT

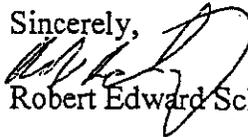
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1

We had a recent complaint from Christine Sherman who may have also made a complaint to your department. Therefore, I also attach a response I sent to the better Business bureau that should be self-explanatory. It boils down to Ms. Sherman, alien holder on a hot air balloon, was trying to get return premiums sent to her which is improper as lien holder only have rights as regards claims settlements.

I hope this answers your questions. Let me know if you need anything further.

Thank you.

Sincerely,


Robert Edward Schantz

10300802-2	Wayne Hodnett	FL	10/1/2004	R	\$1,238
01400014-1	Mark Chapdelaine dba Balloons Over Fl	FL	1/24/2004	N	\$700
05300811-2	Don Caplan	FL	5/1/2004	R	\$871
06300133-2	Celebration Aviation	FL	6/16/2004	R	\$1,130
10300818-2	Kenneth Shumate	FL	10/14/2004	R	\$817
11400004-1	Above the Clouds, Inc.	FL	11/1/2004	R	\$1,953
10300804-2	Steve & Barbara Stokoe	FL	10/1/2004	R	\$850
03400411-1	Grant Aiello	FL	3/15/2004	N	\$1,465
04400615-1	F. W. Person dba Personal Flights Ballo	FL	4/11/2004	N	\$874
07300354-2	Stoner Woods One, Inc.	FL	7/27/2004	R	\$850
06400206-1	The Manuel Company	FL	6/15/2004	R	\$997

46, 306

HOT AIR BALLOON INSURANCE CERTIFICATE

Policy Number: 040499
Certificate Number: 035407

Declarations

NAMED INSURED: Walter R. Pringle III a member of the US Balloon Association, Inc. Address; 6305 Boggs Road City, State, Zip Orlando, FL 32810-2506	Agent/Broker: National Program Management, Inc. Address: Suite C, 2945 Horizon Park Drive City, State, Zip: Suwanee, GA 30024
Period of Insurance Coverage (Standard time at the location of the Insured) from 12:01AM March 9, 2004 to 12:01AM until March 9, 2005	

CONTRACTORS BONDING LIMITED, AUCKLAND, NEW ZEALAND

The insurance provided is only with respect to such and so many of the following coverages as are indicated by specified premium charges(s). The limit of the Company's liability against such coverage shall be stated herein, subject to all of the terms of his policy having reference hereto.

COVERAGE I--LIABILITY COVERAGES	LIMITS OF LIABILITY	PREMIUM
A. \$ 1,000,000 EACH OCCURRENCE SINGLE LIMIT BODILY AND PROPERTY DAMAGE INCLUDING PASSENGERS BUT NOT MORE THAN \$100,000 FOR BODILY INJURY TO EACH PASSENGER, OR \$100,000 FOR BODILY INJURY TO ALL PASSENGERS.		\$ Included
B. \$ n/a EACH OCCURRENCE. SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE EXCLUDING PASSENGERS.		\$ n/a

COVERAGE II--MEDICAL EXPENSE COVERAGE	LIMITS OF LIABILITY	PREMIUM
MEDICAL EXPENSE COVERAGE (INCLUDING PILOT): \$5,000 EACH PERSON; \$10,000 EACH OCCURRENCE		\$ Included

COVERAGE III--PHYSICAL DAMAGE COVERAGE					
	AMOUNT OF INSURANCE	GONDOLA	ENVELOPE	ACCESSORIES	
Balloon # 1	\$13000	\$	\$	\$	\$ Included
Balloon # 2	\$	\$	\$	\$	\$
Balloon # 3	\$	\$	\$	\$	\$

DEDUCTIBLE OF \$500 APPLIES TO ALL PHYSICAL DAMAGE LOSSES

INSURED BALLOONS:				
	YEAR	MAKE	MODEL	FAA NUMBER
Balloon # 1	2003	Piccard	AX4	N14US
Balloon # 2				
Balloon # 3				

ENDORSEMENTS ATTACHED: Service of Suit (04/02); ENDMISC (04/02)	
TOTAL PREMIUM	\$600.00
Loss Payee:	
Balloon Usage: The policy shall not apply while the balloon is being used for any purpose not designates by an "X". ___ Personal & Sport; <input checked="" type="checkbox"/> Limited Commercial: ___ Commercial.	
Countersigned at: Suwanee, GA on 3/16/04	by _____ #490132

**HOT AIR BALLOON INSURANCE CERTIFICATE
RENEWAL CERTIFICATE
ALL TERMS AND CONDITIONS OF THE ORIGINAL CERTIFICATE APPLY
TO THIS CERTIFICATE EXCEPT AS NOTED BELOW**

Policy Number 040499

Certificate Number 06300118-2

Declarations

<p>NAMED INSURED: Orange Blossom Balloons, Inc. a member of the US Balloon Association, Inc. Address: 6634 Lagoon Street City, State, Zip Windermere, FL 34786</p>	<p>Agent/Broker: National Program Management, Inc. Address: Suite C, 2945 Horizon Park Drive City, State, Zip: Suwanee, GA 30024</p>
<p>Period of Insurance Coverage(Standard time at the location of the Insured) from 12:01AM June 11, 2004 to 12:01AM until June 11, 2005</p>	

CONTRACTORS BONDING LIMITED, AUCKLAND, NEW ZEALAND

The insurance provided is only with respect to such and so many of the following coverages as are indicated by specified premium charges(s). The limit of the Company's liability against such coverage shall be stated herein, subject to all of the terms of his policy having reference hereto.

COVERAGE I--LIABILITY COVERAGES	LIMITS OF LIABILITY	PREMIUM			
<p>A. \$ 1,000,000 EACH OCCURRENCE SINGLE LIMIT BODILY AND PROPERTY DAMAGE INCLUDING PASSENGERS BUT NOT MORE THAN \$100,000 FOR BODILY INJURY TO EACH PASSENGER, OR \$1,000,000 FOR BODILY INJURY TO ALL PASSENGERS.</p>		\$ Included			
<p>B. \$ n/a EACH OCCURRENCE. SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE EXCLUDING PASSENGERS.</p>					
COVERAGE II--MEDICAL EXPENSE COVERAGE LIMITS OF LIABILITY					
<p>MEDICAL EXPENSE COVERAGE(INCLUDING PILOT). \$10,000 EACH PERSON; \$100,000 EACH OCCURRENCE</p>		\$ Included			
COVERAGE III--PHYSICAL DAMAGE COVERAGE					
	AMOUNT OF INSURANCE	GONDOLA	ENVELOPE	ACCESSORIES	\$ Included
Balloon #1	\$30000	\$10000	\$20000		
Balloon #2	\$25000	\$10000	\$15000		
Balloon #3	\$5000	\$5000	\$		
Balloon #4	\$5000	\$	\$5000		
Balloon #5	\$45000	\$15000	\$30000		

INSURED BALLOONS:				
	YEAR	MAKE	MODEL	FAA NUMBER
Balloon #1	2003	Aerostar	S71A	5013N
Balloon #2	2002	Aerostar	S-71-A	N5013H
Balloon #3	1997	Aerostar	S66A	N3339A
Balloon #4	1999	Aerostar	RX 5-8	N5217N
Balloon #5	19999	Aerostar	S77A	5075H

<p>ENDORSEMENTS ATTACHED: Service of Suit (4/02) ENDMISC (04/02)</p>	PREMIUM	\$ Included
TOTAL PREMIUM		\$8510.00

Countersigned at: Suwanee, GA on: by:

**HOT AIR BALLOON INSURANCE CERTIFICATE
RENEWAL CERTIFICATE
ALL TERMS AND CONDITIONS OF THE ORIGINAL CERTIFICATE APPLY
TO THIS CERTIFICATE EXCEPT AS NOTED BELOW**

Policy Number 040499
Certificate Number 09300709-2

Declarations

NAMED INSURED: Sunrise Fantasy Flights, Inc. a member of the US Balloon Association, Inc. Address: 7223 Creekwood Ct. City, State, Zip Tampa, FL 33615	Agent/Broker: National Program Management, Inc. Address: Suite C, 2945 Horizon Park Drive City, State, Zip: Suwanee, GA 30024
Period of Insurance Coverage(Standard time at the location of the Insured) from 12:01AM September 10, 2004 to 12:01AM until September 10, 2005	

CONTRACTORS BONDING LIMITED, AUCKLAND, NEW ZEALAND

The insurance provided is only with respect to such and so many of the following coverages as are indicated by specified premium charges(s). The limit of the Company's liability against such coverage shall be stated herein, subject to all of the terms of his policy having reference hereto.

COVERAGE I--LIABILITY COVERAGES					PREMIUM
LIMITS OF LIABILITY					
A. \$ 1,000,000 EACH OCCURRENCE SINGLE LIMIT BODILY AND PROPERTY DAMAGE INCLUDING PASSENGERS BUT NOT MORE THAN \$100,000 FOR BODILY INJURY TO EACH PASSENGER, OR \$1,000,000 FOR BODILY INJURY TO ALL PASSENGERS.					\$ Included
B. \$ n/a EACH OCCURRENCE. SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE EXCLUDING PASSENGERS.					\$
COVERAGE II--MEDICAL EXPENSE COVERAGE LIMITS OF LIABILITY					
MEDICAL EXPENSE COVERAGE(INCLUDING PILOT). \$10,000 EACH PERSON; \$100,000 EACH OCCURRENCE					\$ Included
COVERAGE III--PHYSICAL DAMAGE COVERAGE					
	AMOUNT OF INSURANCE	GONDOLA	ENVELOPE	ACCESSORIES	
Balloon #1	\$31000	\$9000	\$20000	\$2000	\$ Included
Balloon #2	\$11000	\$3000	\$8000	\$	\$
Balloon #3	\$	\$	\$	\$	\$
DEDUCTIBLE OF \$1000 APPLIES TO ALL PHYSICAL DAMAGE LOSSES					
INSURED BALLOONS:					
	YEAR	MAKE	MODEL	FAA NUMBER	
Balloon #1	1995	Cameron	A-210	N6070Z	
Balloon #2	1992	Cameron	N-120	N7517Z	
Balloon #3					
ENDORSEMENTS ATTACHED:					
Service of Suit (4/02) ENDMISC (04/02)				PREMIUM	\$ Included
TOTAL PREMIUM					\$3362.00
Countersigned at: Suwanee, GA on: by:					

**HOT AIR BALLOON INSURANCE CERTIFICATE
RENEWAL CERTIFICATE
ALL TERMS AND CONDITIONS OF THE ORIGINAL CERTIFICATE APPLY
TO THIS CERTIFICATE**

Policy Number 040499
Certificate Number 02400209-1

Declarations

NAMED INSURED: Samuel D. Nettles a member of the US Balloon Association, Inc. Address: 2841 S. W. 13 th Court City, State, Zip Deerfield, FL 33442	Agent/Broker: National Program Management, Inc. Address: Suite C, 2945 Horizon Park Drive City, State, Zip: Suwanee, GA 30024
Period of Insurance Coverage(Standard time at the location of the Insured) from 12:01AM February 27, 2004 to 12:01AM until February 27, 2005	

CONTRACTORS BONDING LIMITED, AUCKLAND, NEW ZEALAND

The insurance provided is only with respect to such and so many of the following coverages as are indicated by specified premium charges(s). The limit of the Company's liability against such coverage shall be stated herein, subject to all of the terms of his policy having reference hereto.

COVERAGE I--LIABILITY COVERAGES					PREMIUM
LIMITS OF LIABILITY					
A. \$ 1,000,000 EACH OCCURRENCE SINGLE LIMIT BODILY AND PROPERTY DAMAGE INCLUDING PASSENGERS BUT NOT MORE THAN \$100,000 FOR BODILY INJURY TO EACH PASSENGER, OR \$200,000 FOR BODILY INJURY TO ALL PASSENGERS.					\$ Included
B. \$ n/a EACH OCCURRENCE. SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE EXCLUDING PASSENGERS.					\$
COVERAGE II--MEDICAL EXPENSE COVERAGE LIMITS OF LIABILITY					
MEDICAL EXPENSE COVERAGE(INCLUDING PILOT). \$5,000 EACH PERSON; \$10,000 EACH OCCURRENCE					\$ Included
COVERAGE III--PHYSICAL DAMAGE COVERAGE					
	AMOUNT OF INSURANCE	GONDOLA	ENVELOPE	ACCESSORIES	
Balloon #1	\$12500	\$5000	\$7500	\$	\$ Included
Balloon #2	\$	\$	\$	\$	\$
Balloon #3	\$	\$	\$	\$	\$
DEDUCTIBLE OF \$500 APPLIES TO ALL PHYSICAL DAMAGE LOSSES					
INSURED BALLOONS:					
	YEAR	MAKE	MODEL	FAA NUMBER	
Balloon #1	1996	Aerostar	RX8	7148B	
Balloon #2					
Balloon #3					
ENDORSEMENTS ATTACHED:					
Service of Suit (4/02) ENDMISC (04/02)				PREMIUM	\$ Included
TOTAL PREMIUM					\$600.00
Countersigned at: Suwanee, GA on: by:					

HOT AIR BALLOON INSURANCE CERTIFICATE

Policy Number: 040499
Certificate Number: 045508

Declarations

NAMED INSURED: Tom Mackey dba Miami Ballooning a member of the US Balloon Association, Inc. Address: 4664 SW 14 th Street City, State, Zip Miami, FL 33134	Agent/Broker: National Program Management, Inc. Address: Suite C, 2945 Horizon Park Drive City, State, Zip: Suwanee, GA 30024
Period of Insurance Coverage (Standard time at the location of the Insured) from 12:01AM April 1, 2004 to 12:01AM until April 1, 2005	

CONTRACTORS BONDING LIMITED, AUCKLAND, NEW ZEALAND

The insurance provided is only with respect to such and so many of the following coverages as are indicated by specified premium charges(s). The limit of the Company's liability against such coverage shall be stated herein, subject to all of the terms of his policy having reference hereto.

COVERAGE I--LIABILITY COVERAGES	PREMIUM
LIMITS OF LIABILITY	
A. \$ 1,000,000 EACH OCCURRENCE SINGLE LIMIT BODILY AND PROPERTY DAMAGE INCLUDING PASSENGERS BUT NOT MORE THAN \$100,000 FOR BODILY INJURY TO EACH PASSENGER, OR \$200,000 FOR BODILY INJURY TO ALL PASSENGERS.	\$ Included
B. \$ n/a EACH OCCURRENCE. SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE EXCLUDING PASSENGERS.	\$ n/a

COVERAGE II--MEDICAL EXPENSE COVERAGE LIMITS OF LIABILITY	
MEDICAL EXPENSE COVERAGE (INCLUDING PILOT): \$5,000 EACH PERSON; \$10,000 EACH OCCURRENCE	\$ Included

COVERAGE III--PHYSICAL DAMAGE COVERAGE					
	AMOUNT OF INSURANCE	GONDOLA	ENVELOPE	ACCESSORIES	
Balloon # 1	\$10000	\$3000	\$7000	\$	\$ Included
Balloon # 2	\$	\$	\$	\$	\$
Balloon # 3	\$	\$	\$	\$	\$

DEDUCTIBLE OF \$500 APPLIES TO ALL PHYSICAL DAMAGE LOSSES

INSURED BALLOONS:				
	YEAR	MAKE	MODEL	FAA NUMBER
Balloon # 1	1996	Head	77	N8360A
Balloon # 2				
Balloon # 3				

ENDORSEMENTS ATTACHED: Service of Suit (04/02); ENDMISC (04/03)	
TOTAL PREMIUM	\$605.00
Loss Payee:	
Balloon Usage: The policy shall not apply while the balloon is being used for any purpose not designates by an "X". <input type="checkbox"/> Personal & Sport; <input checked="" type="checkbox"/> Limited Commercial: <input type="checkbox"/> Commercial.	
Countersigned at: Suwanee, GA on 04/20/04	by _____ #490132

**HOT AIR BALLOON INSURANCE CERTIFICATE
RENEWAL CERTIFICATE
ALL TERMS AND CONDITIONS OF THE ORIGINAL CERTIFICATE APPLY
TO THIS CERTIFICATE**

Policy Number 040499
Certificate Number 03400408-1

Declarations

NAMED INSURED: Joan C. Jutras a member of the US Balloon Association, Inc. Address: PO Box 38 City, State, Zip Loxahatchee, FL 33470	Agent/Broker: National Program Management, Inc. Address: Suite C, 2945 Horizon Park Drive City, State, Zip: Suwanee, GA 30024
Period of Insurance Coverage(Standard time at the location of the Insured) from 12:01AM March 1, 2004 to 12:01AM until March 1, 2005	

CONTRACTORS BONDING LIMITED, AUCKLAND, NEW ZEALAND

The insurance provided is only with respect to such and so many of the following coverages as are indicated by specified premium charges(s). The limit of the Company's liability against such coverage shall be stated herein, subject to all of the terms of his policy having reference hereto.

COVERAGE I--LIABILITY COVERAGES					PREMIUM
LIMITS OF LIABILITY					
A. \$ 1,000,000 EACH OCCURRENCE SINGLE LIMIT BODILY AND PROPERTY DAMAGE INCLUDING PASSENGERS BUT NOT MORE THAN \$100,000 FOR BODILY INJURY TO EACH PASSENGER, OR \$200,000 FOR BODILY INJURY TO ALL PASSENGERS.					\$ Included
B. \$ n/a EACH OCCURRENCE. SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE EXCLUDING PASSENGERS.					\$
COVERAGE II--MEDICAL EXPENSE COVERAGE LIMITS OF LIABILITY					
MEDICAL EXPENSE COVERAGE(INCLUDING PILOT). \$5,000 EACH PERSON; \$25,000 EACH OCCURRENCE					\$ Included
COVERAGE III--PHYSICAL DAMAGE COVERAGE					
	AMOUNT OF INSURANCE	GONDOLA	ENVELOPE	ACCESSORIES	
Balloon #1	\$24000	\$8500	\$14500	\$1000	\$ Included
Balloon #2	\$	\$	\$	\$	\$
Balloon #3	\$	\$	\$	\$	\$
DEDUCTIBLE OF \$1000 APPLIES TO ALL PHYSICAL DAMAGE LOSSES					
INSURED BALLOONS:					
	YEAR	MAKE	MODEL	FAA NUMBER	
Balloon #1	1999	Aerostar	S-53A	N9046A	
Balloon #2					
Balloon #3					
ENDORSEMENTS ATTACHED:					
Service of Suit (4/02) ENDMISC (04/02)				PREMIUM	\$ Included
TOTAL PREMIUM					\$660.00
Countersigned at: Suwanee, GA on: by:					