

**FIRST CHOICE
WATERCRAFT
INSURANCE
POLICY**

AMERICAN MODERN HOME INSURANCE COMPANY

AMELIA, OHIO

**MAIN ADMINISTRATIVE OFFICE
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AMERICAN MODERN HOME INSURANCE COMPANY
A Stock Insurance Company
AMELIA, OHIO

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IMPORTANT NOTICE

This policy is a legal contract between **you** and **us**. Some of the key terms are displayed in bold type and defined on Page 1. It is **your** responsibility to be aware of, and comply with, the limitations and conditions of this policy. First, review **your** Declarations to confirm the coverages and limits **you** purchased. Then carefully read **your** policy including all endorsements. This is especially important since watercraft policies differ between insurance companies. Pay particular attention to the coverage exclusions and the reduced coverage limits that apply in some situations.

AGREEMENT

We agree to provide insurance for the Coverages that **you** have purchased. The insurance is subject to the conditions and terms described in this Policy.

DEFINITIONS

DEFINITIONS USED IN THIS POLICY

1. "**Accident**" means a direct and sudden event which results in **bodily injury, property damage, or loss** which an **insured person** does not expect or intend.
2. "**Betterment**" means the increased value of property after a **loss**, when repair or replacement results in better than like kind or quality.
3. "**Bodily injury**" means physical injury to the body of a person including resulting death. Not included are communicable diseases or sickness.
4. "**Commercial purpose**" means any use of the **insured watercraft** for which an **insured person** receives, or intends to receive, money, professional endorsements (includes but not limited to paid entry fees, improvements to the **insured watercraft**, provided equipment or machinery, corporate sponsorship, etc.), supplemental income or other economic benefits. It does not include an **insured person**:
 - a. sharing operating costs of a trip with guests;
 - b. receiving prizes for participating in water skiing tournaments, local sailing regattas, and poker runs;
 - c. participating in fishing tournaments unless the insured person received more than 50 (fifty) percent of their annual income on a gross basis through professional endorsements (as described in 4. above), expected income or other economic benefits relating to fishing tournaments.
5. "**Diminution in value**" means the actual or perceived reduction in market or resale value that may allegedly result from a **loss**.
6. "**Family member**" means a parent, spouse, son or daughter (whether natural, adopted, or step-) residing in the same household.
7. "**Ingestion**" means water, earth, debris or plant life entering into any engine, transmission, mechanical or electrical part.
8. "**Insured person**" means:
 - a. **you**;
 - b. a **family member**;
 - c. a person or organization operating or responsible for the operation of the **insured watercraft** with:
 - (1) **your** direct knowledge and express permission; or
 - (2) the direct knowledge and express permission of **your** spouse, if **you** are a natural person and are legally married.

The definition of "**insured person**" does not include:

 - a. a captain or crew member who receives money or other benefits for operating the **insured watercraft**;
 - b. a person or organization (including that person's or organization's agents or employees) conducting **marine business**.
9. "**Insured Watercraft**" means the watercraft shown in the Declarations, including its customary communication, navigation, safety, and operating equipment. **Other electronics** are also included. Not included are:
 - a. trailers;
 - b. tenders (dinghies);
 - c. fishing or sporting equipment;
 - d. fuel and consumables.
 - e. personal computer equipment and software;
 - f. cassettes, tapes, compact disks, and similar items used for the storage of video, sound, or electronic data.
10. "**Loss**" means physical loss of or damage. **Loss** does not include diminution of value or loss of use.
11. "**Marine business**" means making, repairing, servicing, towing, chartering, renting, or selling watercraft; or operating a marina, boatyard, yacht club, or watercraft school; or any other commercial marine activity.
12. "**Named storm**" means a tropical depression, tropical storm or hurricane (or any subsequent spawned tornadoes, flooding, or wind) as those so designated by the National Weather Service and/or the National Hurricane Center.

13. **"Other electronics"** means permanently installed electronic equipment aboard the **insured watercraft** that is not primarily designed and used for navigation or communication, but is commonly found installed aboard comparable watercraft. Included are radios, televisions, stereos, compact disc players, cassette players, and loud speakers. Not included are:
- personal computer equipment and software;
 - cassettes, tapes, compact disks, and similar items used for the storage of video, sound, or electronic data.

14. **"Policy Territory"** means:

- no more than:
 - 50 miles from a safe port, harbor, or anchorage in the United States or Canada, if the **insured watercraft** is 24 feet or less in length;
 - 150 miles from a safe port, harbor, or anchorage in the United States, Canada, or the Pacific Coast of Mexico (not south of Rio Santo Tomas, Mexico), if the **insured watercraft** is greater than 24 feet in length;
- international shared lakes that are divided by the border of the United States and Mexico, subject to the following:
 - Your insured watercraft** must be launched and begin navigation on the shared lake in the United States; and
 - You** do not dock or make port in Mexico unless there is an **accident**.

With the exception of Canada and the waters of Mexico defined above, navigation into the territorial waters of any foreign country or province is not permitted. This includes (but is not limited to) the Bahamas and Cuba.

15. **"Property damage"** means physical damage to or destruction of tangible property.
16. **"Salvage charges"** mean the charges for which **you** are liable under maritime law resulting from the voluntary rescue of the **insured watercraft**.
17. **"Unseaworthy"** and **"unseaworthiness"** mean a vessel, its machinery and equipment:
- that are not reasonably fit for its intended use because of neglect or a lack of maintenance;
 - that are not in a reasonable state of repair and can be damaged by ordinary weather, calm water, or through normal intended use.

18. **"Watersports"**:

- means the activity of a person or persons being towed by the **insured watercraft** while upon water-skis, wakeboards, inflatable tubes, or similar devices specifically designed for towing persons; and
- concludes when all persons involved in **watersports** activities have been taken safely aboard the **insured watercraft** or have landed safely in another location out of water.

Watersports does not include parasailing, spinnaker flying, kite skiing, hang gliding, or similar activity involving tethered flight or subsequent release.

19. **"Workers' compensation"** means compensation prescribed by any state or federal law for **bodily injury** to a employee during the course of employment. This includes, but is not limited to, any employment, unemployment, disability, workers' compensation, occupational disease law, Jones Act, Federal Longshoremen's and Harbor Workers' Compensation Act, or any other state or federal workers' law.
20. **"We"**, **"us"**, and **"our"** mean the insurance company identified in the Declarations.
21. **"You"** and **"your"** mean the Named Insured identified in the Declarations.

EXCLUSIONS APPLYING TO ALL COVERAGES

(See also Additional Exclusions in the individual Coverage Sections.)

This Policy does not cover **bodily injury**, **property damage**, or **loss**:

- When the **insured watercraft** is:
 - outside of the **policy territory**.
 - used for a **commercial purpose** or **marine business**;
 - used unlawfully to traffic in or carry persons, drugs, narcotics, or other property;
 - owned in whole or in part by someone other than **you** or **your** spouse;
- Arising out of:
 - declared or undeclared war, civil war, riot or revolt;
 - the detonation of a nuclear device or radioactive contamination from any source.

SECTION I - WATERCRAFT DAMAGE INSURANCE

COVERAGE A - COVERAGE FOR LOSS

We will pay for **loss** to the **insured watercraft** arising out of an **accident**. The **accident** and the **loss** must occur during the Policy Period shown in the Declarations.

TERMS APPLYING TO COVERAGE A

1. ADDITIONAL PAYMENTS

When **loss** is covered and exceeds the applicable deductible shown in the Declarations, **we** will also pay:

- a. the cost of transporting the **insured watercraft** or its parts to the nearest reasonable place of repair. Transporting will be by the least costly reasonable means;
- b. reasonable costs other than **salvage charges** incurred in providing protection for the **insured watercraft** after a **loss**;
- c. necessary wreck removal or disposal charges;
- d. up to 14 days for storage of the **insured watercraft** when it is stolen and recovered or damaged from a covered **loss**.
- e. **salvage charges** that:
 - (1) **we** agree to pay;
 - (2) are awarded by a United States Court; or
 - (3) are determined by an arbitration board in the United States that **you** and **we** agree to authorize for this purpose.

2. ADDITIONAL EXCLUSIONS

We will not pay for **loss** arising out of:

- a. mechanical, engine, transmission, electrical, or structural failure;
- b. wear and tear, deterioration, weathering, corrosion, rust, metal fatigue, or electrolysis;
- c. dampness of atmosphere, rot, dry rot, mold, or mildew;
- d. marring, scratching, denting, chipping, delamination, or osmotic blistering;
- e. engine overheating, inadequate lubrication, fuel contamination, abnormal combustion, misalignment of mechanical components, or improper shifting of transmission gears at high speed;

- f. faulty manufacture or defect in design;
- g. improper repair;
- h. freezing, thawing, or contact with ice, when the condition is expected or anticipated and the **insured watercraft** was not prepared for cold weather storage or winterized to the standards of the manufacturer or accepted marine standards;
- i. birds, rodents, insects, animals, vermin, and marine life except if **loss** is caused by collision;
- j. power surge or interruption to electrical device, other than lightning;
- k. **ingestion** not caused by an **accident**;
- l. a **named storm** if "NAMED STORM COVERAGE IS EXCLUDED" appears on the declarations;
- m. **unseaworthiness**;
- n. **diminution in value**;
- o. transportation of the **insured watercraft** over land when:
 - (1) the weight of the **insured watercraft** exceeds the registered weight capacity of the transporting trailer;
 - (2) the weight of the **insured watercraft** and transporting trailer exceed the maximum towing weight recommended for the towing vehicle;
 - (3) the width or beam of the **insured watercraft** exceeds the trailering allowances of the state and necessary permits were not obtained prior to **loss**;
 - (4) the transporting trailer fails during transport of the **insured watercraft** because of lack of maintenance.
- p. legal or illegal seizure or confiscation, or during detention, by any governmental body;
- q. a taking, holding, hiding, repossession or sale by:
 - (1) anyone to whom was given the **insured watercraft's** care, custody, control, or use;
 - (2) anyone making a claim for or against the **insured watercraft** under contract, agreement or law.

Exclusions "a." through "k." shall not apply to ensuing **loss** caused by consequential sinking,

burning, or collision of the **insured watercraft**.

3. LIMIT OF LIABILITY

- a. If the **insured watercraft** is 10 years of age or less, **our** Limit of Liability for **loss** is the Limit for Coverage A shown in the Declarations.

Determination of age shall be calculated by subtracting the **insured watercraft's** model year from the calendar year at the time of the **loss**.

- b. If the **insured watercraft** is more than 10 years of age, **our** Limit of Liability for **loss** is the lesser of:

- (1) the Limit for Coverage A shown in the Declarations; or
- (2) the market value of the **insured watercraft** just prior to the **loss** as reasonably determined by the selling prices of similar watercraft or published boat price guides with consideration for its age, condition, and equipment.

- c. **We** will adjust each **loss** separately. **Our** Limit of Liability for each **loss** is reduced by:

- (1) the deductible shown in the Declarations, subject to the following:

- (a) If the declarations page shows "NAMED STORM DEDUCTIBLE APPLIES", and the **loss** is caused by a **named storm**, the deductible will be two (2) times the deductible shown in the Declarations for Coverage A;

Only one deductible will apply if multiple **losses** occur from a single **named storm**.

- (b) If **loss** is not caused by a **named storm**, and **we** pay **our** Limit of Liability for Coverage A, **we** will not apply a deductible.

- (c) A separate \$250 deductible will apply to standard, non-engine electronic navigation and communication equipment and **other electronics**. This separate deductible will be waived if;

- (1) a separate **loss** also occurs, at the same time to the **insured watercraft** and the deductible shown in the Declarations or a **named storm** deductible is fully applied; or

- (2) **we** pay **our** Limit of Liability for Coverage A.

- (2) the amount of any unrepaired prior loss or damage to the **insured watercraft**.

- d. **Our** Limit of Liability for all Additional Payments (as defined in Paragraph 1 above) arising out of any one **accident** is 50% of the Limit for Coverage A shown in the Declarations.

4. NO BENEFIT TO OTHERS

This Coverage is for **your** benefit alone.

5. TERMS OF PAYMENT OF LOSS

When **we** pay for **loss** the following terms apply:

a. TOTAL LOSS

We will pay **our** Limit of Liability for **loss** if:

- (1) the **insured watercraft** is lost or stolen and not found or recovered within a reasonable time; or
- (2) reasonable repair cost estimates for the **loss** exceed **our** Limit of Liability for **loss**.

b. PARTIAL LOSS

- (1) When **loss** is less than **our** Limit of Liability for **loss**, **we** will pay for reasonable repairs in accordance with customary repair practices. This includes limiting payment to the cost to patch, weld or spot repair;

- (2) When **we** pay for damaged or missing parts:

- (a) and "Extended Parts Replacement Coverage" is not shown in the Declarations, **we** may reduce **our** payment for **betterment** and depreciation on parts over two (2) years old based on the parts' condition and expected useful life just prior to the **loss**.

- (b) and "Extended Parts Replacement Coverage" is shown in the Declarations, **we** may reduce **our** payment for **betterment** and depreciation on parts over ten (10) years old based on the parts' condition and expected useful life just prior to the **loss**.

We may also, at **our** option, replace parts with parts that have been remanufactured or reconditioned.

c. **MAXIMUM PAYMENT FOR CERTAIN ITEMS**

We will not pay more than:

- (1) \$7,500 combined for all **other electronics** for vessels 24 feet and under
- (2) \$15,000 combined for all **other electronics** for vessels 25 feet or greater;
- (3) \$500 combined for all tools and maintenance items.

These limits do not increase **our** Limit of Liability for Coverage A.

d. **APPRAISAL**

If **we** cannot agree with **you** on the amount of payment for **loss**, either party may make written demands for an appraisal. In this event, each party will choose and pay a competent and disinterested appraiser. Each will share other appraisal costs equally. The appraisers will pick a third person to settle differences. An amount agreed to in writing by two of them will be the amount of the **loss**.

e. **SALVAGE**

When **we** pay for a **loss**, **we** have the option to claim any salvage. If **we** exercise this option, **you** must give **us** clear title to that salvage.

f. **LOSS PAYEE**

Payment for **loss** will be made to **you** and the Lienholder shown in the Declarations. **We** may include repairers or suppliers in the payment.

g. **OTHER INSURANCE**

When there is other insurance for a **loss** covered by this insurance, **we** will apply that part of the **loss** that **our** Limit of Liability bears to the total limits of all insurance.

SECTION II - LIABILITY INSURANCE

COVERAGE B - LIABILITY COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE

We will pay for **bodily injury** and **property damage** for which an **insured person** is legally liable. The **bodily injury** and **property damage** must be caused by an **accident** during the Policy Period shown in the Declarations. Liability must arise from the ownership, maintenance or use of the **insured watercraft**.

TERMS APPLYING TO COVERAGE B

1. **OUR DUTY TO DEFEND**

We will settle or defend, as **we** consider appropriate, a claim or suit asking for damages for **bodily injury** or **property damage**. However, **our** duty to settle or defend:

- a. is limited to costs **we** incur and counsel of **our** choice;
- b. ends when **we** have paid or offered to pay an amount equal to **our** Limit of Liability.

2. **ADDITIONAL PAYMENTS**

When **bodily injury** or **property damage** is covered, **we** will also pay:

- a. interest on that part of a judgment which does not exceed **our** Limit of Liability. Interest is paid from the date of judgment until **we** pay or offer to pay **our** part of the judgment;
- b. reasonable costs an **insured person** incurs at **our** request to attend trials or hearings. However, **we** will not pay for loss of earnings.

3. **ADDITIONAL EXCLUSIONS APPLYING TO COVERAGE B**

This Coverage does not apply to:

a. **Bodily injury** to:

- (1) **you**;
- (2) a captain or crew member who receives money or other benefits from an **insured person** for operating or providing services to the **insured watercraft**;
- (3) **Bodily injury** or any other payment or obligation to any person eligible to receive any benefits required to be provided by **you**. This includes, but is not limited to, any employment, unemployment, disability, workers' compensation, occupational disease law, Jones Act, Federal Longshoremen's and Harbor Workers' Compensation Act, or any other state or federal workers' law.;

- (4) a person who trespasses on the **insured watercraft**;

b. **Bodily injury** arising out of:

- (1) communicable diseases or sickness;
- (2) any sexual act, including, but not limited, to assault, molestation, abuse, incest, or rape;

- (3) corporal punishment or physical or mental abuse.
- c. **Bodily injury** or **property damage** arising out of:
 - (1) noise or vibration;
 - (2) pollution or contamination unless caused by a covered **loss**;
 - (3) parasailing, spinnaker flying, kite skiing, hang gliding, or similar activity involving tethered flight or subsequent release;
 - (4) the transportation of the **insured watercraft** on land;
 - (5) **watersports accidents** unless "Watersports Liability" is shown on the Declarations.
- d. **Bodily injury** or **property damage** when an **insured person** is insured under nuclear energy liability insurance. This Exclusion applies even if the limits of that insurance are reached;
- e. **Bodily injury** or **property damage** liability that an **insured person** assumes by contract or agreement;
- f. **Property damage** to property:
 - (1) owned by an **insured person** or his or her **family members** ;
 - (2) rented to or in the care, custody, or control of an **insured person**. This exclusion does not apply to **property damage** to a slip, dock or lift that **you** rent to dock or moor **your insured watercraft**.
- g. Punitive damages;
- h. Governmental fines or penalties;
- i. **Salvage charges**;
- j. Costs for the removal, transportation, or disposal of the **insured watercraft** (See Coverage A, Additional Payments).

4. LIMITS OF LIABILITY

Our Limits of Liability for **bodily injury** or **property damage** apply as follows:

- a. The limit for "each person" shown in the Declarations is the most **we** will pay for **bodily injury** to any one person in one **accident** unless a smaller limit applies as stated in Paragraph 4.b. below.
- b. **We** will not pay more than the lesser of 50% of the "each person" limit for **bodily injury** for Coverage B shown in the

Declarations or \$25,000 for the liability of an **insured person** for **bodily injury** to:

- (1) their **family members**;
 - (2) other **insured persons**. This limitation in b.(2) does not apply to **your** liability to other **insured persons**;
 - (3) anyone with more than 20% interest in **you** if **you** are a legal partnership, corporation, or other organization.
- c. The limit for "**property damage**" shown in the Declarations is the most **we** will pay for all **property damage** resulting from one **accident**. However, **we** will not pay more than \$500 for **property damage** to personal property that is carried aboard the **insured watercraft**. (This \$500 limitation does not apply to personal property of **insured persons** or their **family members**, since such personal property is excluded elsewhere in this Policy.)
 - d. The limit for "each **accident**" shown in the Declarations is the most **we** will pay for all **bodily injury** and **property damage** combined in one **accident**.

However, subject to the **policy territory** definition found in this policy, if the **accident** occurs in the covered waters of Mexico, the most **we** will pay for all **bodily injury** and **property damage** combined in one **accident** will be no more than:

- (1) the minimum limit of liability offered by **us** in the state for which this policy was issued; or
- (2) \$25,000.

The number of **our** policies, **insured persons**, **insured watercraft**, other watercraft, tenders, claims or claimants does not increase these amounts.

5. OTHER INSURANCE

This insurance is excess over any other valid and collectible insurance. However, **you** may purchase insurance in specific excess of this Policy.

SECTION III - INSURANCE FOR MEDICAL EXPENSES

COVERAGE C - MEDICAL PAYMENTS

We will pay for necessary medical or funeral expenses for **bodily injury** caused by an **accident** arising from the ownership, maintenance or use of the **insured watercraft**.

The **bodily injury** must occur during the Policy Period shown in the Declarations and all costs must be incurred within one year of the **accident**.

TERMS APPLYING TO COVERAGE C

1. ADDITIONAL EXCLUSIONS APPLYING TO COVERAGE C

This Coverage does not apply to:

a. **bodily injury** to:

- (1) an employee of an **insured person** when workers' compensation benefits are available or required;
- (2) a person who trespasses on the **insured watercraft**;

b. **bodily injury** occurring while the **insured watercraft** is operated by any person without:

- (1) **your** direct knowledge and express permission; or
- (2) the direct knowledge and express permission of **your** spouse, if **you** are a natural person.

c. **bodily injury** that is expected or intended;

2. LIMIT OF LIABILITY

We will pay no more than the Limit of Liability shown in the Declarations to any one person in one **accident**. This limit shall apply separately to each person injured in any one **accident**.

SECTION IV - TRAILER/BOAT LIFT INSURANCE

COVERAGE D - PHYSICAL DAMAGE COVERAGE FOR YOUR TRAILER / BOAT LIFT

If a Limit of Liability for trailer coverage is shown on the Declarations, **we** will pay for damage to a trailer that **you** own and use exclusively to transport the **insured watercraft** over land. **We** will pay for damage on the same terms that **we** agree to pay for **loss** under Coverage A. All terms, conditions, exclusions and limitations of Coverage A apply, except as stated below.

If a Limit of Liability for boat lift coverage is shown on the Declarations, **we** will pay for damage to a boat lift that **you** own and use exclusively to store the **insured watercraft** when docked. **We** will pay for damage on the same terms that **we** agree to pay for **loss** under Coverage A. All terms, conditions, exclusions and limitations of Coverage A apply, except as stated below.

No liability coverage is provided for **bodily injury** or **property damage** arising out of the ownership, maintenance, or use of **your** trailer or boat lift.

ADDITIONAL TERMS APPLYING TO COVERAGE

1. ADDITIONAL EXCLUSIONS APPLYING TO COVERAGE D - BOAT LIFT

We will not pay for **loss** for:

- a. storage used for any watercraft other than **your insured watercraft**;
- b. maintenance and service neglect;
- c. damage caused by exceeding the weight limit capacity as provided by the manufacturer of the boat lift;
- d. any dock, pier, wharf, enclosure, or similar structure where the boat lift is anchored or attached;
- e. electrical feed to the boat lift.

2. LIMIT OF LIABILITY

Our Limit of Liability for damage to **your** trailer or boat lift is the lesser of:

- a. the limit shown in the Declarations; or
- b. the fair market value of **your** trailer or boat lift as determined by its age, equipment and condition just prior to the damage.

This Limit is separate from and independent of **our** Limit of Liability for damage to the **insured watercraft**.

3. DEDUCTIBLE

The deductible for the **insured watercraft** shown in the Declarations does not apply to damage to **your** trailer or boat lift. A separate \$250 deductible will apply instead. However, this separate deductible will be waived if:

- a. **loss** also occurs, at the same time, to the **insured watercraft** and the deductible shown in the Declarations or a **named storm** deductible is fully applied; or
- b. **we** pay **our** Limit of Liability for Coverage D.

SECTION V - TENDER INSURANCE

COVERAGE E - COVERAGE FOR YOUR TENDER

If a Limit of Liability for tender coverage is shown on the Declarations, **we** will provide insurance for the tender (dinghy) that **you** own and principally use to provide transportation over water to and from the **insured watercraft**. **We** agree to:

1. pay for **loss** to **your** tender under the same terms that **we** agree to pay for **loss** to the **insured watercraft** under Coverage A;

2. provide liability coverage for **bodily injury** and **property damage** under the same terms that **we** agree to provide coverage for the **insured watercraft** under Coverage B;
3. provide Medical Payments Coverage under the same terms that **we** agree to provide coverage for the **insured watercraft** under Coverage C.

All terms, conditions, exclusions and limitations to Coverages A, B, and C apply, except as stated below.

TERMS APPLYING TO COVERAGE E

1. LIMITS OF LIABILITY FOR DAMAGE TO YOUR TENDER

Our Limit of Liability for **loss** to **your** tender is the lesser of:

- a. the limit shown in the Declarations; or
- b. the fair market value of the insured tender as determined by its age, equipment and condition just prior to the **loss**.

This Limit is separate from and independent of **our** Limit of Liability for **loss** to the **insured watercraft**.

2. LIMITS OF LIABILITY FOR BODILY INJURY, PROPERTY DAMAGE, AND MEDICAL PAYMENTS

The Limits of Liability applying under Coverages B and C for the **insured watercraft** also apply for **your** tender. These are not additional limits that can be stacked upon the Limits of Liability available under Coverages B or C.

3. DEDUCTIBLE

The deductible shown in the Declarations does not apply to **loss** to **your** tender. A separate \$250 deductible will apply instead. However, this separate deductible will be waived if:

- a. **loss** also occurs, at the same time, to the **insured watercraft** and the deductible shown in the Declarations or a **named storm** deductible is fully applied; or
- b. **we** pay **our** Limit of Liability for Coverage E.

GENERAL CONDITIONS

1. POLICY CHANGE TO BE MADE BY US

No change may be made to this Policy, except by Endorsement issued by **us**.

2. SUIT AGAINST US

We may not be sued unless there has been compliance with all of the terms of this Policy. Under Coverage B, no one has a right to sue **us**

until the duty of an **insured person** to pay is finally decided by a court. Bankruptcy or insolvency of an **insured person** or an **insured person's** estate does not relieve **us** of **our** obligation under this Policy.

3. OUR RECOVERY RIGHTS

If **we** pay under this Policy, **we** have all rights of recovery of an **insured person**. That **insured person** must do all that is needed to help **us** exercise these rights. An **insured person** may do nothing to take away these rights.

4. TRANSFER OF POLICY

Interest in this Policy may not be transferred without **our** written consent.

5. NONRENEWAL

If **we** decide not to renew this Policy **we** will mail **you** a notice of nonrenewal. This notice will be sent to the address shown in the Declarations. It will be sent at least 30 days before the Policy Period ends. Proof of mailing will be proof that **you** were notified. If **we** offer to renew and **you** do not pay the renewal premium, **you** have declined **our** offer.

6. CANCELLATION BY YOU

To cancel this Policy, **you** must tell **us** in writing at what future date the cancellation should be.

7. CANCELLATION BY US

We may cancel by mailing **you** a cancellation notice. This notice will be sent to the address in the Declarations. It will be sent at least 30 days before the cancellation date. Only 10 days notice will be given if **we** cancel for nonpayment of premium. Also, only 10 days notice will be given if the Policy has been in effect less than 60 days and is not a renewal policy. Proof of mailing will be proof that **you** were notified.

8. RETURN OF PREMIUM

Upon cancellation, **you** may be entitled to a premium refund. **We** will send that refund to **you**. However:

- a. **our** making a refund is not a condition of cancellation;
- b. if **we** cancel for a reason other than nonpayment of premium, the refund will be figured on a pro rata basis;
- c. if **you** cancel for any reason, or if **we** cancel because of **your** nonpayment of premium, the refund will be based on **our** short rate table subject to **our** retention of any minimum premium shown on the Declarations;

d. if the **insured watercraft** incurs a **loss** for which **we** pay **our** Limit of Liability, the annual premium shall be fully earned and paid for that **insured watercraft**.

9. **POLICY REINSTATEMENT**

Our receipt and deposit of **your** premium payment after mailing a notice of cancellation will not reinstate the Policy. However, cancellation for nonpayment of premium will not be effective if the required payment is received before the cancellation date.

10. **POLICY CONFORMS TO STATE LAW**

If terms of this Policy conflict with **your** state law, they are amended to conform to that law.

11. **RIGHT TO SURVEY**

We have the right to survey the **insured watercraft** anytime during the Policy Period. If **we** elect to do so, **we** will give **you** notice. Then **you** must give **us** the help that **we** request to find and board the **insured watercraft**.

12. **ABANDONMENT**

You may not abandon the **insured watercraft** to **us** without **our** prior written consent.

13. **ADDITIONAL INSURED PERSONS**

We agree to include any person or organizations, identified on the Declarations Page as "Additional Insureds", as "**insured persons**" under that definition in **your** Policy. However, they are **insured persons** only with respect to **your** activities for which they may be held liable, but not for their own independent negligence or any other liability.

14. **AN INSURED PERSON'S RESPONSIBILITIES AFTER AN ACCIDENT OR LOSS**

You must notify **us** promptly of any accident. This notice shall give the time, place, and circumstances of the **accident** or **loss**. It should also include names and addresses of witnesses and injured persons.

An **insured person** shall also:

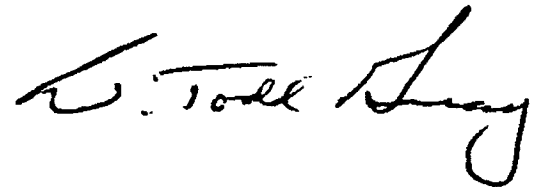
- a. Cooperate with and assist **us** in matters concerning a claim or suit;
- b. Promptly send **us** all legal papers received;
- c. Authorize **us** to obtain medical and other records;
- d. Provide proofs of loss that **we** require;
- e. If **we** ask, give **us** a written statement describing the **accident** or **loss** and agree to be examined under oath;

- f. not assume any obligation or make any payment;
- g. take reasonable steps after a **loss** to protect the **insured watercraft**;
- h. promptly report theft or vandalism to the police;
- i. allow **us** to inspect the **insured watercraft** before repair or disposal.
- j. provide **us** with any and all applicable income documentation as it pertains to the use of the **insured watercraft** for a **commercial purpose** or in permitted water-skiing and fishing tournaments, local sailing regattas or poker runs.

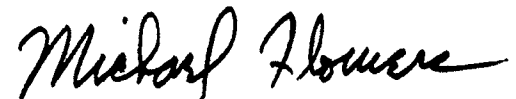
15. **MISREPRESENTATION AND FRAUD**

This policy will be voided back to its inception if **you** at any time intentionally conceal or misrepresent material information relating to application(s), **accidents**, or **losses**. Moreover, if a person knowingly makes a claim based on false information with the purposes of defrauding **us**, that person may be guilty of insurance fraud which is a felony. **We** have a duty to seek out insurance fraud and report it to appropriate authorities. **We** will then cooperate fully with authorities as required by law.

The President and Secretary of our Company have signed this Policy and it is countersigned on the Declarations by an authorized representative.



President



Secretary