



**JETSPORT
PERSONAL 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 in the Policy. 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 USED IN THIS POLICY

1. **"Accident"** means:
 - a. a sudden event that results in **bodily injury, property damage, or loss** which an **insured person** does not expect or intend;
 - b. continued or repeated contact with the same conditions that result 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. **Bodily injury** does not include 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 or other economic benefits.
5. **"Family member"** means a parent, spouse, son or daughter (whether natural, adopted, or step-).
6. **"Ingestion"** means the entering into any engine, transmission, mechanical or electrical part of water, earth, debris, or plant life.
7. **"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 legally married and **your** spouse is a resident of **your** household;
 - d. any person or organizations identified on the Declarations Page as "Additional Insureds". 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.
8. **"Insured watercraft"** means the personal watercraft shown in the Declarations.
9. **"Loss"** means physical loss of or damage. **Loss** does not include diminution of its value or loss of its use.
10. **"Marine business"** means:
 - a. making, repairing, servicing, towing, chartering, renting, or selling watercraft;
 - b. operating a marina, boatyard, yacht club, or watercraft school; or
 - c. any other commercial marine activity.
11. **"Policy territory"** means the Continental United States and Canada. Included are their territorial waters up to 5 miles offshore.
12. **"Property damage"** means physical damage to or destruction of tangible property.
13. **"Unseaworthy"** and **"unseaworthiness"** means a vessel, its machinery and equipment:
 - a. that is not reasonably fit for its intended use because of neglect or a lack of maintenance;
 - b. that is not in a reasonable state of repair and can be damaged by ordinary weather, calm water, or through normal intended use.
14. **"Watersports"**:
 - a. 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
 - b. 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.
15. **"We", "us", and "our"** mean the insurance company identified in the Declarations.

16. "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:**

1. When the **insured watercraft** is:
 - a. outside of the **policy territory**.
 - b. used for a **commercial purpose**;
 - c. used for any illegal purpose;
 - d. owned in whole or in part by someone other than **you** or **your** spouse;
 - e. operated in any organized race or speed contest.
2. Arising out of:
 - a. declared or undeclared war, civil war, riot or revolt;
 - b. 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. MULTIPLE INSURED WATERCRAFT

If the Declarations show more than one **insured watercraft**, **we** will insure each one separately.

2. ADDITIONAL PAYMENTS

When **we** pay for **loss**, **we** will also pay reasonable and necessary costs:

- a. to transport the **insured watercraft** or its parts to a nearby place of repair;
- b. for the recovery of the **insured watercraft**;
- c. up to 14 days for storage of the **insured watercraft** when it is stolen and recovered or

damaged from a covered **loss**.

3. ADDITIONAL EXCLUSIONS

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

- a. **unseaworthiness**;
- b. mechanical, electrical, or structural failure;
- c. wear and tear, deterioration, weathering, corrosion, rust, metal fatigue, or electrolysis;
- d. **ingestion**;
 - (1) unless directly resulting from the total submersion of the **insured watercraft** caused by collision with a fixed or floating object;
 - (2) directly resulting from use that is contrary to the recommendation of the manufacturer of the **insured watercraft**.
- e. engine overheating or inadequate lubrication;
- f. dampness of atmosphere, rot, dry rot, mold, or mildew;
- g. marring, scratching, denting, chipping, delamination, or osmotic blistering;
- h. faulty manufacture or defect in design;
- i. improper repair;
- j. freezing, thawing, or contact with ice;
- k. birds, rodents, insects, animals, vermin, and marine life except if **loss** is caused by collision;
- l. legal or illegal seizure or confiscation, or during detention by any governmental body;
- m. 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 "b." through "k." shall not apply to ensuing loss caused by consequential sinking, burning, or collision of the **insured watercraft**.

4. LIMIT OF LIABILITY

Our Limit of Liability for **loss** is:

- a. the market value of the **insured watercraft** just prior to the **loss**. **We** will determine

market value from the selling prices of similar watercraft or published boat price guides with consideration for its age, condition, and equipment;

b. reduced by:

- (1) the deductible shown in the Declarations;
- (2) **betterment**;
- (3) the amount of any unrepaired prior loss or damage to the **insured watercraft**.

5. NO BENEFIT TO OTHERS

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

6. 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 is not found or recovered within a reasonable time;
- (2) **our** Limit of Liability for **loss** is less than the reasonable cost to repair the damage to the **insured watercraft** less any salvage value.

b. PARTIAL LOSS

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.

When **we** pay for damaged or missing parts, **we** may at **our** option:

- (1) replace parts with parts that have been remanufactured or reconditioned; or
- (2) reduce **our** payment for depreciation based on the condition and expected useful life of the damaged or missing parts just prior to the **loss**; or
- (3) both of the above.

c. APPRAISAL

If **we** cannot agree with **you** on the amount of payment for **loss**, either party may make a written demand 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**.

d. 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.

e. DEDUCTIBLE

We will adjust each **loss** separately. **Our** payment for each **loss** will be reduced by the deductible shown in the Declarations.

If two or more **insured watercraft** are damaged in the same **accident**, **we** will apply a deductible separately to each **insured watercraft's** **loss**.

f. LOSS PAYEE

Payment for **loss** will be made to **you** and any 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 pay **our** share. **Our** share is that part of the **loss** that **our** Limit of Liability bears to the total limits of all applicable insurance.

SECTION II - LIABILITY INSURANCE

COVERAGE B - LIABILITY COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE

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

- a. is limited to costs and expenses **we** incur;
- b. ends when **we** have paid 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 that does not exceed **our** Limit of Liability. Interest is paid from the date of judgment until **we** 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) a person who is eligible to receive any benefits voluntarily provided or required to be provided under any:
 - (a) workers' compensation law;
 - (b) non-occupational disability law; or
 - (c) occupational disease 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 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**;
- g. Costs to transport, rescue, recover, store, or dispose of the **insured watercraft**;
- h. Punitive damages;
- i. Fines or penalties from any governmental body.

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**. However, if a smaller limit applies, as stated in Paragraph 4.b., below, **we** will apply the smaller limit.
- b. **We** will pay no more than the lesser of 25% of the "each person" limit shown in the Declarations or \$25,000 for the liability of an **insured person** for **bodily injury** to:
 - (1) his or her **family members**;
 - (2) another **insured person**. This limitation does not apply to **your** liability to another **insured person**;
 - (3) anyone with more than a 20% ownership interest in **you**. This is provided that **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 pay no more than \$500 for **property damage** to personal property of others that is carried aboard the **insured watercraft**. (Personal property of **insured persons** or their **family members** is

excluded under Paragraph 3.f.(1) above.)

- 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**.

The number of **our** policies, **insured persons, insured watercraft,** watercraft, 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** while:

- 1. upon;
- 2. getting on; or
- 3. getting off;

the **insured watercraft**. The **bodily injury** must occur during the Policy Period shown in the Declarations. 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) a person who is eligible to receive any benefits voluntarily provided or required to be provided under any:
 - (a) workers' compensation law;
 - (b) non-occupational disability law; or
 - (c) occupational disease law;
 - (2) a person who trespasses on the **insured watercraft**;
- b. **bodily injury** that is expected or intended;
- c. **bodily injury** occurring while the **insured watercraft** is operated by someone other than an **insured person**.

2. LIMIT OF LIABILITY

We will pay no more than the Limit of Liability shown in the Declarations for each person injured in one **accident**. The number of **our** policies, **insured persons,** watercraft claims or claimants does not increase this amount.

3. OTHER INSURANCE

For **you** and **your family members,** this insurance is excess of any other applicable insurance. For all other persons, this insurance is primary and applies in addition to any other insurance.

SECTION IV - TRAILER INSURANCE

COVERAGE D - PHYSICAL DAMAGE COVERAGE FOR YOUR TRAILER

If a Limit of Liability for trailer coverage is shown on the Declarations, **we** will pay for damage to a trailer that **you**:

- 1. own; and
- 2. use exclusively to transport the **insured watercraft** over land.

We will pay for damage on the same terms **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.

ADDITIONAL TERMS APPLYING TO COVERAGE D:

1. ADDITIONAL EXCLUSION:

We will not pay for **loss** to tires.

2. LIMIT OF LIABILITY

Our Limit of Liability for damage to **your** trailer is the fair market value of **your** trailer as determined by its age and condition just prior to the damage.

This Limit is separate 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. A separate \$100 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

- b. the deductible shown in the Declarations is fully applied.

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 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 impair 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 to you a cancellation notice. This notice will be sent to the address shown 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

If we send notice of cancellation, but then receive and deposit your premium payment, we will not reinstate the Policy. However, if we :

- a. cancel for nonpayment of premium; but
- b. receive the required payment before the cancellation date;

the cancellation will not be effective.

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. ABANDONMENT

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

12. 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. immediately 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.

13. MISREPRESENTATION AND FRAUD

If you, at any time, intentionally conceal or misrepresent material information relating to:

- a. application(s);
- b. accidents, or
- c. losses;

we will void this Policy back to its inception.

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.

The President and Secretary of our Company have signed this Policy. It has also been countersigned on the Declarations by an authorized representative if required by law.



Chairman, President and CEO



Secretary