

INAMAR Recreational Marine Insurance

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**Elite Yacht Program<sup>SM</sup>**

**INAMAR<sup>®</sup>**

*Recreational Marine Insurance*

One of the ACE Group of Companies

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# ELITE YACHT POLICY

## AGREEMENT AND DEFINITIONS

### AGREEMENT

This is a legal contract between you and us. We will provide the insurance coverage described in this policy in return for the premium and the compliance by all covered persons with all applicable provisions of this policy.

### DEFINITIONS

Throughout this policy, **you** and **your** refer to the **named insured** as shown in the Declarations Page, and **we, us** and **our** refer to the **company providing this insurance**. In addition, certain words and phrases are defined as follows:

**Insured Property** is defined as:

- a. the vessel(s) shown on the Declarations Page, including spars, sails, machinery, furniture, dinghies/ tenders, outboard motors, personal watercraft carried on board and used in conjunction with your vessel, fittings and other equipment normally required for the operation or maintenance of the vessel; mooring and cradles are excluded;
- b. any vessel that you acquire ownership of during the Policy Period; however, you must notify us within 30 days of the time you acquire the vessel and pay any additional premium required; in the event of loss during this period, we will pay no more than its cost to you subject to a deductible of one (1%) percent of the hull value or \$250, whichever is greater.

**Covered person** is defined as you, or any person or legal entity operating your vessel(s) as shown on the Declarations Page with your direct and prior permission. It does not include any person or legal entity operating, or employed by, or the agent of a marina, boat repair yard, yacht club, sales agency, boat service station or other similar organization. However, we will cover your liability for bodily injury or property damage caused by any of these persons or organizations.

**Occurrence** means a loss or accident to which this insurance applies occurring within the policy period. Continuous or repeated exposure to substantially the same general conditions unless excluded is considered to be one occurrence.

**Permanent full time crew** means individuals whose primary occupation is operating and/or maintaining the insured vessel.

**Personal Watercraft** is defined as a vessel powered by internal water jet propulsion, less than 13' in length which the operator sits upon or stands astride.

**Dinghy/Tender** is defined as a small vessel owned by you and capable of being carried on board and which is used to service and maintain the insured vessel.

**Latent Defect** is a flaw in the material which is existing at the time of the building of the vessel or her machinery and which is not discoverable by the insured through ordinary methods of testing.

**Navigation and Communication Equipment** means the permanent systems on board your vessel that enable the vessel to navigate safely and communicate with other vessels or persons.

**Uninsured Boater and Uninsured Owner-Operator** means any owner or operator of a vessel, other than the vessel named in this policy, who is legally responsible for the accident and:

- a. to whom no liability policy applies;
- b. who cannot be identified, such as a hit-and-run operator.

**Bodily Injury** means physical bodily harm, including sickness or death that results from it, and required care, loss of services, and resulting death.

**Property Damage** means physical loss or destruction of tangible property. Tangible property does not include money, stocks, bonds, deeds, mortgages, or other instruments of a similar nature.

## **PART A: PROPERTY DAMAGE COVERAGE**

**PERILS INSURED AGAINST:** We will provide coverage for accidental, direct physical loss or damage to your insured vessel as well as salvage charges, except as specifically excluded in this policy.

**OVERLAND TRANSPORT:** We will provide coverage while your tenders and personal watercraft are being transported overland including loading and unloading.

**EXCLUSIONS:** We do not provide coverage under Part A: Property Damage Coverage against loss or resulting damage from:

- a. wear and tear, gradual deterioration, weathering, lack of maintenance, insects, mold, animals or marine life; however, coverage is provided for damage resulting from zebra mussels, but only applies to engines, generators, and pumps that are attached to the insured vessel;
- b. marring, scratching or denting;
- c. osmosis or blistering;
- d. manufacturer's defects or defects in designs;
- e. the cost of replacing or repairing any item having a latent defect that causes damage to your insured property, however, resulting damage would be covered;
- f. corrosion, except electrolytic (stray current) corrosion;
- g. transportation onboard a cargo vessel or during loading or unloading.

**EQUIPMENT ON SHORE:** We will provide coverage for all insured property removed temporarily from your vessel for storage on shore. The amount of insurance on the vessel will be reduced by the amount covered on shore.

**DEDUCTIBLE AMOUNT:** We will adjust each claim separately for a covered loss to your Insured Property. The amount of each adjusted claim will be automatically reduced by the Deductible Amount shown on the Declarations Page. For deductible purposes, we will treat any two or more covered losses resulting from the same accident or occurrence as one claim.

**DEDUCTIBLE WAIVER:** If the amount of the adjusted claim exceeds the Deductible Amount shown on the Declarations Page, no deductible will be applied.

**DEDUCTIBLE FREE ITEMS:** No deductible shall be applied in the event of a covered loss to any one of the following item(s):

- a. navigation and/or communication equipment, excluding electronic engine control systems;
- b. dinghy/tender or
- c. personal watercraft.

**LOSS SETTLEMENT:** In the event of loss or damage to your insured property, we will pay the lowest of the following amounts:

- a. the Part A: Property Damage Coverage limit as shown on the Declarations Page;
- b. the cost of replacement;
- c. the cost to repair with no deduction for depreciation, except as specified in Part A: Property Damage Coverage and as shown in the Property Subject to Depreciation section.

We will pay for a total loss to your vessel and other covered property only if:

- a. the vessel is completely lost or destroyed;
- b. the cost of recovering and/or repairing the vessel is greater than the amount of insurance shown on the Declarations Page.

The cost of repairs shall be determined by vessel repair yards, equipment repairers or surveyors agreeable to us.

The amount we will pay for a total loss shall be reduced by the amount paid for repairs of prior covered damage not completed at the time of the total loss.

**PROPERTY SUBJECT TO DEPRECIATION:** In the event of loss or damage to your insured plastic or canvas coverings, inclusive of all-weather bridge and cockpit enclosures, and dodgers, sails, outboard motors or outdrive units, personal watercraft, machinery inside the vessel which is over ten (10) years old, or components of any of the preceding items which requires replacement or repair, we will pay the lesser of:

- a. the actual cash value at the time of loss;
- b. the cost to repair subject to depreciation;
- c. the cost of replacement.

**SALVAGE CHARGES:** We will pay for salvage charges you incur arising from a covered loss. Payments for salvage charges will be in addition to any other payments we make for losses covered by this policy. However, the most we will pay for salvage charges is the Part A: Property Damage Coverage limit shown on the Declarations Page. The Part A: Property Damage Coverage Deductible Amount does not apply to this coverage.

**COMMERCIAL TOWING AND ASSISTANCE:** We will provide additional protection in the event there is an emergency situation where you and your vessel are not in imminent danger. The coverage shall be deemed excess over all other valid and collectible towing assistance benefits. We will reimburse you for the reasonable costs you incur, not to exceed \$100,000, resulting from the following services to your vessel if help is not available and you must obtain commercial assistance:

- a. towing to the nearest place where necessary repairs can be made;
- b. delivery of fuel, oil, parts or loaned battery (excluding the cost of these items themselves) and emergency labor, while away from safe harbor.

Neither the Part A: Property Damage Deductible nor the OTHER INSURANCE paragraph under GENERAL PROVISIONS IN THE EVENT OF LOSS apply to this coverage.

### **ADDITIONAL PROPERTY COVERAGE:**

**MOPEDS, MOTORBIKES & MOTORCYCLES COVERAGE:** We will provide coverage for physical damage to any moped, motorbike or motorcycle only when damaged while on board the insured vessel.

**UNSCHEDULED FINE ARTS COVERAGE:** In the event of a covered loss to only the unscheduled fine art, it is agreed that a \$1,000 deductible shall apply to each occurrence and is applicable to all losses, partial as well as total/constructive total losses. In case of loss to a pair or a set, we agree to pay you the full amount of the pair/set and you agree to surrender to us the remaining article(s) of the pair/set. By 'fine art' we mean paintings, etchings, statues, marble, glass, china, porcelains, and similar items.

We will not cover damage to fine art caused by: (1) repair, restoration or retouching of the item; (2) the breaking of statues, marble, glass, china, porcelains and similar fragile articles. However, breakage will be covered if caused by fire, lightning, aircraft, theft or attempted theft, wind, earthquake, flood, explosion, vandalism or other malicious damage, or an accident involving another vessel.

Should a covered loss to both the unscheduled fine art and the insured vessel shown on the Declarations Page exceed the Part A: Property Damage Coverage deductible amount, the deductible shown in this endorsement shall not apply.

It is agreed that the value of the unscheduled fine art is included and is part of the total amount of insurance shown on Part A: Property Damage on the Declarations Page. The most we will pay for any one occurrence is \$100,000.

**FIREARMS COVERAGE:** We will provide up to \$5,000 for the theft of firearms from on board your vessel which are owned by a covered person. This coverage does not apply if the firearms were illegally obtained by a covered person, were used in an illegal activity or were confiscated by a government unit. This coverage is not subject to a deductible.

**PASSPORT AND PROOF OF IDENTIFICATION COVERAGE:** We will provide up to \$2,500 for expenses that a covered person incurs to replace a lost or stolen passport and/or proof of identification. This coverage is not subject to a deductible.

**RENTAL REIMBURSEMENT COVERAGE:** In the event that a covered loss under Part A. Property Damage Coverage renders the insured vessel unusable for a period of time in excess of 72 hours, we will pay up to \$150,000, during any one policy period, for the cost of chartering another vessel for your use while the insured vessel is laid up for repair.

**LOSS OF CHARTER INCOME COVERAGE:** We will provide Loss of Charter Income Coverage in the event a covered loss, under Part A: Property Damage Coverage subsequently prevents the insured vessel from executing a charter agreement. However, there will be no payment made by us for loss of income during the first seven (7) days after a covered property damage loss occurs.

We will pay no more than the actual charter fees under contract and for which deposits have been received prior to the date of the covered property loss, less any expenses that would have been incurred during the charter period. If we have made payment for loss, and there is a recovery as a result of that loss, we have the right to that recovery to the extent of our payment. We shall pay no more than \$100,000 during any one policy period. Payments for loss of charter income will be in addition to any other payments we make for losses covered by this policy.

This coverage shall be deemed excess over all other valid and collectable insurance.

## **PART B: LIABILITY COVERAGE**

**PERILS INSURED AGAINST:** We will pay sums that you or a covered person become legally obligated to pay as a result of the ownership, operation or maintenance of your insured property because of:

- a. attempted or actual raising, removal or destruction of the wreck of your insured property;
- b. failure to raise, remove or destroy the wreck of your insured property;
- c. bodily injury or loss of life;
- d. your liability to paid crew as defined in the Jones Act or under general Maritime Law;
- e. loss or damage to any property;
- f. pollution or contamination of any kind.

**EXCLUSIONS:** We do not provide coverage under Part B: Liability Coverage for:

- a. liability of other covered persons to you, your spouse, or other persons who reside in your household;
- b. your liability to your spouse, or other persons who reside in your household;
- c. liability assumed by you under any contract or agreement;
- d. liability that arises while your insured property is being conveyed except at the point the vessel is hauled out of the water or launched;
- e. fines or other penalties that any government unit requires you to pay, excluding fines or penalties for marine environmental damage as covered in **Marine Environmental Damage** below;
- f. punitive damages.
- g. liability arising from the use of mopeds, motorbikes, and motorcycles.

**LIMITS OF LIABILITY:** We will pay no more than the amount of insurance shown on the Declarations Page for all damage or losses resulting from:

- a. any one accident or occurrence; with respect to pollution or contamination of any kind, we will pay up to the Part B: Liability Coverage limit shown on the Declarations Page, or \$500,000, whichever is greater;
- b. any series of accidents or occurrences arising out of the same event; this is the most we will pay regardless of the number of covered persons involved, claims made, vessels or premiums shown on the Declarations Page or the number of vessels involved.

**MARINA AS ADDITIONAL INSURED:** The yacht club, boat yard, marina or other similar facility where the insured vessel(s) is kept is added as an additional insured on this policy, but only as their interest may appear in the insured property and for the liability arising out of the negligence of the named insured, as defined in the policy. The additional insured is named as such for the purpose of bodily injury and property damage liability in connection with the insured's ownership, maintenance and operation of the vessel covered by this policy.

We will not waive our rights to recover against any person or entity for their liability for any loss to your vessel.

**MARINE ENVIRONMENTAL DAMAGE COVERAGE:** We will pay no more than \$50,000 resulting from any one accident or occurrence, for fines or other penalties that any government unit requires you to pay for marine environmental damage caused by your vessel.

**SEARCH & RESCUE AND EMERGENCY SERVICES COVERAGE:** We will pay up to \$25,000 for the reasonable expenses you incur from a governmental agency for any search and rescue operation in the event any person is lost at sea from your vessel and for emergency aid or assistance to the insured vessel.

## **PART C: MEDICAL PAYMENTS COVERAGE**

**PERILS INSURED AGAINST:** We will pay for reasonable medical, ambulance, hospital, professional nursing and funeral costs that become necessary due to accidental bodily injury to persons injured while in, upon, boarding, leaving or towed behind your insured vessel. We will pay only for those costs incurred within one year of the date of accident.

**EXCLUSIONS:** We do not provide coverage under Part C: Medical Payments Coverage for:

- a. any employee of yours injured while in the course of employment or while using, maintaining or repairing your insured property;
- b. any responsibility for payment assumed by you under contract or agreement;
- c. anyone who is injured while your insured property is being conveyed, hauled out or launched;
- d. anyone to or for whom benefits are payable under any state or federal compensation law or act.

**LOSS SETTLEMENT:** We will pay no more than the amount of insurance shown for Part C: Medical Payments Coverage on the Declarations Page for all covered costs of each person injured as a result of any one accident or series of accidents arising out of the same event.

**MEDICAL PAYMENTS PROOF-OF-LOSS:** A written, sworn proof-of-loss must be filed with us by any person seeking payment by us under Part C: Medical Payments Coverage, or by someone on their behalf. This proof-of-loss must include:

- a. the name and address of each person and organization performing covered services;
- b. the nature, extent and dates of these services; and
- c. itemized charges and any sums already paid.

This proof-of-loss must be filed:

- a. as soon as reasonably possible after completion of services;
- b. as soon as reasonably possible after the cost of services being provided equals the amount of our liability under Part C: Medical Payments Coverage on the Declarations Page;
- c. within one year of the date of the accident, whichever of the above occurs first.

**ADDITIONAL REQUIREMENTS:** Each person seeking payment by us under Part C: Medical Payments Coverage must:

- a. submit to a physical examination by a physician selected by us when and as often as we reasonably require; we will pay for the cost of the examination; and
- b. provide us with written authorization for release to us of copies of pertinent medical reports and records.

**ADMISSION OF LIABILITY:** Any payment made under this section is not an admission of liability by you or us.

## **PART D: UNINSURED BOATER COVERAGE**

**PERILS INSURED AGAINST:** We will pay for the damages which, because of bodily injury received on board your vessel, you are legally entitled to recover from the uninsured owner or operator of another vessel.

**EXCLUSIONS:** We do not provide coverage under Part D: Uninsured Boater Coverage:

- a. for claims settled without our written consent;
- b. if the uninsured vessel is owned by a government agency or unit;
- c. for vessels owned by or furnished for your regular use, or the use of a member of your immediate family or any person insured by this policy;
- d. for an insured person using a vessel without permission;
- e. where no evidence of physical contact exists between your vessel and an unidentified vessel, or where no evidence of physical contact exists between your vessel and an uninsured vessel.

**LOSS SETTLEMENT:** The amount shown for Part D: Uninsured Boater Coverage on the Declarations Page is the most we will pay under Part D, regardless of the number of insured persons, claims made or vessels involved in any one accident or series of accidents arising out of the same event. This coverage will not apply directly or indirectly to the benefit of any insured under any state or federal compensation law or act. Payment made for this coverage to or for an insured person will reduce the amount that person is entitled to recover from the Part B: Liability Coverage of this policy.

## **PART E: FEDERAL LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION INSURANCE**

When insurance is provided under Part B: Liability Coverage, insurance is also provided under this section. We will provide coverage for any liability which you, as owner of the insured property, incur during the term of the Policy under Part E: Federal Longshoremen's and Harbor Workers' Compensation Insurance Act of 1927, 33 U.S.C. §§901-950, as amended.

## **PART F: VESSEL TRAILER COVERAGE**

**PERILS INSURED AGAINST:** We will provide coverage for all accidental, direct physical loss or damage to any trailer listed on the Declarations Page, but only if used exclusively for transporting the tenders and personal watercraft.

**EXCLUSIONS:** We do not provide coverage for wear and tear, gradual deterioration or manufacturer's defects.

**DEDUCTIBLE AMOUNT:** We will adjust each claim separately for a covered loss to your insured property. The amount of each adjusted claim will be automatically reduced by the Deductible Amount shown on the Declarations Page. We will treat each covered loss as a separate claim. For deductible purposes, we will treat two or more covered losses resulting from the same accident or occurrence as one claim.

**LOSS SETTLEMENT:** In the event of loss or damage to the vessel trailer, we will pay the lowest of the following amounts:

- a. the Part F: Vessel Trailer Coverage limit as shown on the Declarations Page;
- b. the actual cash value at the time of loss;
- c. the cost to repair subject to depreciation;
- d. the cost of replacement.

## **PART G: PERSONAL PROPERTY COVERAGE**

**PROPERTY COVERED:** We will cover clothing, personal effects, fishing equipment, sports equipment, personal electronics and computer hardware that belong to you, members of your family or guests, while these items are on board your vessel, or are being loaded or unloaded. We will not cover money, jewelry, furs, traveler's checks or any other valuable papers or documents.

With respect to paid crew members we will cover personal effects for each crew member for an amount not to exceed \$ 25,000 per crew member for any one occurrence. Payments made under this coverage extension are in addition to any other payments we make for losses covered under this section.

**DEDUCTIBLE:** We will adjust each claim separately for a covered loss to your insured property. The amount of adjusted claim will be automatically reduced by \$250. We will treat each covered loss as a separate claim. For deductible purposes, we will treat two or more covered losses resulting from the same accident or occurrence as one claim.

**CAUSES OF LOSS WHICH ARE COVERED:** We will cover direct physical loss or damage from any external cause, except as specifically excluded in this policy.

**EXCLUSIONS:** We do not provide coverage under Part G: Personal Property Coverage against loss or resulting damage from:

- a. wear and tear, mechanical breakdown, gradual deterioration, weathering, insects, mold, animals, marine life, ice, freezing or extremes of temperature;
- b. marring, scratching or denting;
- c. osmosis, blistering, corrosion, except electrolytic (stray current) corrosion;
- d. manufacturer's defects, defects in designs or latent defects.

**MYSTERIOUS DISAPPEARANCE AND/OR THEFT:** The coverage provided herein does not insure the mysterious disappearance and/or theft of any covered property, unless:

- a. there is visible evidence of forcible entry into the cabin of the insured vessel;
- b. there is visible evidence of forcible removal of covered properties from the insured vessel;
- c. there is a theft of the entire vessel.

**LOSS SETTLEMENT:** In the event of loss or damage to your insured property, we will pay the lowest of the following amounts:

- a. the Part G: Personal Property Coverage limit as shown on the Declarations Page;
- b. the actual cash value at the time of loss;
- c. the cost to repair subject to depreciation;
- d. the cost of replacement.

The OTHER INSURANCE paragraph under GENERAL PROVISIONS IN THE EVENT OF LOSS does not apply to PART G: PERSONAL PROPERTY COVERAGE.

## **GENERAL CONDITIONS AND EXCLUSIONS**

**POLICY PERIOD:** This policy applies only in the event of an accident or loss which occurs during the Policy Period as shown on the Declarations Page.

**EXTENSION OF COVERAGE:** If the Navigation Warranty included in this policy, or the Lay-Up Warranty shown on the Declarations Page, are breached due to matters beyond your control, the policy will remain in effect, but only if you give us written notice of the breach within 10 days after the breach and pay any additional premiums due for this extension of coverage. If the Navigation Warranty or Lay-Up Warranty are breached voluntarily there shall be no coverage under this policy without both prior notice to us and approval by us.

**POLICY PREMIUM AND RENEWAL:** The premium shown on the Declarations Page is the initial premium for this policy. If we agree to renew or continue the policy, then at the time of each renewal or continuation of, on the policy anniversary date, the premium for the renewal or continuation will be computed by us according to our premium rules, forms and guidelines then in use.

**CHANGES IN POLICY:** This policy contains all of the agreements between you and us. Its terms may not be changed or waived except by an endorsement issued by us. If a change requires a premium adjustment, we will adjust the premium as of the effective date of the policy change.

**CONFORMITY TO STATE LAW:** When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, then the law of the state shall apply.

**CANCELLING THE POLICY:** You may cancel this policy by returning it to us or our authorized agent, or by advising us or our authorized agent in writing, stating the future date you want it to be cancelled. We may cancel this policy by delivering or mailing to you at your last address shown on our records, written notice stating when, not less than 15 days after mailing, the policy will be cancelled. Delivery or mailing of this notice to you shall be sufficient proof that notice of cancellation was given. The date of the cancellation stated in the notice shall become the end of the Policy Period.

**RETURN PREMIUMS:** If this policy is cancelled, you may be entitled to a premium refund. Return premiums will be computed on a pro-rata basis. Any return premium will be paid to you as soon as possible after the cancellation. No premiums will be returned to you if we have paid you for a total or constructive total loss of the vessel insured under this policy.

**BROADENING COVERAGE:** If we make any revision to this policy form during the Policy Period which broadens the coverage without additional premium, the broadened coverage will apply as of the effective date of such revision.

**CAPTAIN AND CREW:** You agree to employ one or more permanent, full time crew to operate and maintain your insured vessel(s) and you agree to provide us with a complete resume of each crew. If there is any change in the operating crew complement, we must be advised immediately or you have no coverage for any loss or damage under this policy.

**OPERATING OTHER VESSELS:** We will extend the liability coverage provided by Part B: Liability Coverage if you are operating another vessel with the permission of its owner. In addition, if there is a covered property loss, we will pay at the time of the loss up to the amount of insurance shown on Part A: Property Damage Coverage of the Declarations Page. Both amounts are subject to the deductible amount as shown. If there is any other insurance against a loss covered by this provision, we will provide coverage only as excess over such other insurance. We do not provide any coverage while you operate other vessels if:

- a. the vessel is owned wholly or in part by you;
- b. the vessel is being used for purposes other than private pleasure use;
- c. the vessel is furnished for your regular use;
- d. the vessel length exceeds that of the insured vessel by at least five (5) feet;
- e. the vessel is designed for, or capable of, speeds in excess of 55 miles per hour;
- f. the vessel is a personal watercraft.

**USE OF VESSEL:** We do not provide any coverage while your vessel is used to carry property for a fee or for any other commercial use, except while your vessel is being chartered for private pleasure purposes. The person or entity chartering your vessel is included as a **Covered Person**. We also provide coverage when your vessel is exhibited at a boat show or when your vessel is being navigated by your captain for demonstration purposes. We will provide coverage while you are attempting to aid other vessels in distress, provided there is no consideration for your services.

**TRANSFER OF INTEREST:** All coverage provided by us will terminate upon the sale, assignment, transfer or pledge of the insured property or of this contract unless prior written consent has been obtained from us.

**CONCEALMENT, MISREPRESENTATION OR FRAUD:** All coverage provided by us will be voided from the beginning of the Policy Period in any case of fraud by you. It is also void if you intentionally conceal or misrepresent any material fact or circumstance relating to this contract of insurance, or the application for such insurance, whether before or after a loss.

**DISHONEST, ILLEGAL OR INTENTIONAL ACTS:** We do not pay for loss or damage caused by the dishonest, illegal or intentional acts of any covered person, or any person to whom your insured property is entrusted, regardless of whether or not such person is convicted of such an act by a criminal court.

**NO BENEFIT TO OTHERS:** No person or organization, which has custody of your insured property and is to be paid for services, will benefit from this insurance.

**TOWING OTHER VESSELS:** We do not provide coverage for loss or damage resulting from the insured vessel towing any other vessel.

**WAR, CONFISCATION AND CONTAMINATION:** We do not provide any coverage for loss, damage, liability or expense due to:

- a. war, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by military force or military personnel, destruction or seizure for military purpose and including any consequence of these;
- b. the lawful or unlawful capture, seizure, confiscation, requisition or detainment of your vessel by a civil or military authority or an attempt at any of these;
- c. radioactive, chemical, biological, bio-chemical or electromagnetic contamination.

**TERRORISM EXCLUSION:** We do not provide coverage for any loss, damage or expense from a certified act of terrorism. For the purpose of this clause, "certified act of terrorism" is defined as any act of terrorism as defined in the U.S. Federal Terrorism Risk Insurance Act of 2002, as amended.

## **GENERAL PROVISIONS IN THE EVENT OF LOSS**

**PROTECTION AGAINST LOSS:** If your vessel or other property covered by this policy is damaged, you must take all reasonable steps to protect it from further damage. We will reimburse you for reasonable expenses for protecting the property from further damage. Payments for protecting damaged property will be in addition to any other payments we make for losses covered by this policy. However, the most we will pay for protecting damaged property is the coverage limit which applies to that property.

**ABANDONMENT:** If we take any steps to protect damaged property, this does not mean we are accepting an abandonment of the property. And, if you take steps to protect damaged property, this does not mean you are waiving any rights you have to abandon the property.

**NOTICE OF LOSS:** You must report in writing to us, or our authorized agent, as soon as possible after the occurrence of any accident, loss, damage or expense that may be covered under this policy. This notice should state when, where and how the event occurred, and should include the names and addresses of any witnesses. You are also required to notify the police and file a police report as soon as you are aware that your property has been stolen or vandalized. If you do not provide the notice to us as required by this section as soon as possible, any claim for such loss under this policy will be voided.

**PROOF-OF-LOSS:** You must file with us or our authorized agent, as soon as possible after our written request, a detailed proof-of-loss signed and sworn to by you setting forth to the best of your knowledge, the facts of the loss. We may also require you to submit to an examination under oath. See Part C: Medical Payments Coverage for special proof-of-loss requirements for medical payments claims.

**LIVING EXPENSES AFTER LOSS:** We will pay up to \$5,000 in total for reasonable living expenses you or your crew incur while at the loss site to minimize a covered loss and prevent additional loss or damage. There is no deductible for this coverage.

**BOTTOM INSPECTION COVERAGE:** In the event of grounding, stranding or striking a submerged object, we will pay the reasonable cost to inspect the bottom of your vessel below waterline within 10 days after the occurrence, even if no damage is found. There is no deductible for this coverage.

**CLAIM OR SUIT AGAINST YOU:** If a claim is made or suit is brought against you or a Covered person for liability that may be covered under this policy, you must immediately notify us and send us every demand, notice, summons or other legal papers received by you or your representative. We will have the option of naming attorneys to represent you. Payments for the cost of your legal defense will be in addition to payments we make under your coverage for liability claims against you.

**CAPTAIN/CREW DEFENSE:** We will defend the Captain and Crew as co-defendants with the named insured, if necessary, for any suit brought against the named insured, the insured vessel and/or paid captain/crew for liability arising out of the operation of the insured vessel that may be covered under this policy. This coverage does not increase our limit of liability and we will pay no more than the amount of insurance shown on the Declarations Page under Part B Liability.

**ASSISTANCE AND COOPERATION:** Any person making a claim must:

- a. cooperate with us in the investigation, settlement or defense of any claim or suit under this policy;
- b. assist us in the enforcement of any right of contribution or indemnity against any person or organization which may be liable to any covered person;
- c. allow us to inspect and appraise all damaged property, not stolen or otherwise unrecoverable, before it is repaired or disposed of;
- d. sign a written authorization permitting us to obtain medical files and other pertinent records;
- e. submit at our expense and as often as we reasonably require, to a physical examination by physicians we select and at the time and place we select;
- f. not assume any obligation or admit any fault or liability that you or we may be liable for without first obtaining our written consent; and
- g. not incur any expenses that we may be liable for without first obtaining our written consent; the only expenses you may incur without obtaining our written consent are those covered under Part C: Medical Payments Coverage of this policy, or as described in General Provisions In The Event Of Loss in the Protection Against Loss section.

**PAYMENT OF LOSS:** Unless a claim has been paid by others, we will pay for any loss covered under this policy within thirty (30) days after both the detailed sworn proof of loss and proof of your interest in the insured property are given to us. However, should a covered loss to your insured vessel result in a total or constructive total loss, the policy premium shall be paid in full prior to the final claim payment.

**OUR RIGHT TO RECOVER:** If we make a payment under this policy and the person to or for whom payment was made recovers or has the right to recover from another for the covered loss, we will be subrogated to that right; however, our right to recover is subordinate to the insured's right to be fully compensated.

**SALVAGE:** If we have made payment under this policy for loss or damage, and if there is salvage or recovery as a result of that loss or damage, we have the right to recover that salvage or recovery to the extent of our payment.

**SUIT AGAINST US:** You may not bring a suit against us unless you have complied with all terms and conditions of this policy. In addition:

- a. with respect to any claim or loss to insured property, any suit against us must commence within one (1) year of the date of loss or damage;
- b. with respect to any other claim for loss, no suit may be brought against us until the amount of the covered person's obligation to pay has been determined by final judgments after trial or by written agreement signed by you, us and the claimant; any such legal action against us must commence within one year of the date of judgment or written agreement;
- c. no one shall have any right to join us as a party to any action against a covered person;
- d. if any time limitations of this policy are prohibited or invalid under the law, then legal action against us must commence within the shortest limitation of time permitted by such law.

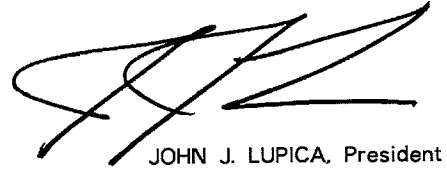
**OTHER INSURANCE:** If any covered person has any other insurance against a property damage loss covered under this policy, we will not pay for any greater proportion of the loss than our applicable amount of insurance stated on the Declarations Page bears to the total amount of insurance covering the loss. With respect to a liability, medical payments and/or uninsured boater loss, any insurance provided by this contract shall be deemed excess over all other valid and collectible insurance.

## SIGNATURES

The only signatures applicable to this policy are those representing the company named on the Declarations Page.

By signing and delivering the policy to you, we state that it is a valid contract when countersigned by our authorized representative.

  
GEORGE D. MULLIGAN, Secretary

  
JOHN J. LUPICA, President

Insurance Company of North America  
Philadelphia, Pennsylvania

ACE American Insurance Company  
Philadelphia, Pennsylvania

Indemnity Insurance Company of North America  
Philadelphia, Pennsylvania