

Thank **you** for choosing **us** to provide protection for **your yacht**.

The policy is written in plain language and is designed for **you**. It consists of the Yacht Policy text; the Declaration Page(s); and any endorsements attached.

International Marine Underwriters is committed to providing **you** with comprehensive protection; prompt and fair claim service; and competitive pricing.

Please read **your** policy and enjoy **your yacht** safely.

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YACHT POLICY

AGREEMENT

This marine insurance policy is a legal contract between **you** and **us**. In return for **your** payment of premium and in reliance upon the information **you** give **us** or **our** authorized representative, **we** will provide **you** with the insurance described in this policy.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and what is not covered.

PRIVATE PLEASURE USE ONLY

Coverage under this policy applies only while the covered **yacht** is used for private pleasure purposes. This includes recreational boating and leisure time activities. There is no coverage while the covered **yacht** is used for charter, hire, to carry persons or property for a fee or for any other commercial use unless prior written consent has been obtained from **us**. Commercial use includes use in any trade, occupation or profession. Business entertainment for which there is no direct remuneration is private pleasure use.

WHERE COVERED

We cover the **yacht** while:

- a. Afloat or Ashore within the navigational limits shown on the Declaration Page. However, if "**Port Risk** in Water" or "**Port Risk** out of Water" is indicated as the navigational limits on the Declaration Page, no coverage is afforded under this policy if the **yacht** is away from the mooring location shown on the Declaration Page.
- b. While being transported by a common, contract or any other carrier for hire, coverage applies only within a two hundred fifty (250) mile radius from the mooring location shown on the Declaration Page unless prior written consent has been obtained from **us**.

DEFINITIONS (shown in *bold/italics* throughout the Declaration Page and policy)

Bodily Injury means physical injury to the body of a person including resulting death.

Computer System means computer hardware of any kind; **electronic computer program**; **electronic data processing media**; operating system; media microchip; microprocessor (computer chip); integrated circuit or similar device; computer network and networking equipment; firmware; server; website; extranet; and all input, output, processing, storage, and off-line media libraries.

Computer Virus means any corrupting, harmful or otherwise unauthorized instructions or code, including any maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a **computer system** or network of whatsoever nature.

Deductible means the portion of the loss that **you** have to bear.

Electronic Computer Program means computer software, application software, and other recorded instructions for the processing, sequencing, collecting, transmitting, recording, retrieval, or storage of **electronic data**.

Electronic Data means information or knowledge recorded or transmitted in a form usable in a **computer system**, microchip, integrated circuit or similar device in non-computer equipment, and which can be stored on **electronic data processing media** for use by an **electronic computer program**.

Electronic Data Communications System means any communication system, including a **computer system** and the internet, which provides **you** with access to another **computer system**, microchip, integrated circuit or similar device in non-computer equipment, or which provides any party access to the **your computer system**, microchips, integrated circuits or similar devices in non-computer equipment.

Electronic Data Processing Media means punch cards, paper tapes, floppy disks, CD-ROM, hard drives, magnetic tapes, magnetic discs or any other tangible personal property on which **Electronic data** or **electronic computer programs** are recorded or transmitted, but not the **electronic data** or **electronic computer programs** themselves. Money or securities are not **electronic data processing media**.

Family Members means persons related by blood, marriage, civil union, or adoption (including a ward or foster child).

Insured Person means the person named on the Declaration Page and any of his or her **family members**. It shall also include any person, firm, corporation or legal entity whom **you** permit to operate the covered **yacht** without charge and for private pleasure use only. It does not mean any person or organization or employee thereof operating a boatyard, marina, yacht chartering or sales agency, or similar organization.

Latent Defect means a hidden flaw in the material existing at the time of manufacture of the covered **yacht** or its machinery that is not discoverable by ordinary methods of testing.

Malicious Act shall mean the intentional and wrongful action or actions of one or more persons, whether or not agents of a sovereign power.

Navigation Equipment means equipment used in the navigation of the **yacht** which is either permanently attached to the vessel, or which can be removed and which is not otherwise excluded under this policy. This includes handheld devices such as GPS units, and portable marine radios, sextants, radars, lorans.

Other Pollutants means any solid, liquid or gaseous thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, chemicals and waste. **Other Pollutants** does not include radioactive material or substance.

Personal Effects means wearing apparel, sports equipment, fishing equipment including fish finders and other personal property not otherwise excluded. Furniture, radios, stereos, **navigation equipment**, television sets and similar electronic equipment are not **personal effects**.

Personally Identifiable Information shall mean information, whether printed or digital, encrypted or unencrypted, in **your** care custody or control which alone or in conjunction with other information can be used to uniquely identify an individual. However, **personally identifiable information** does not include information which is lawfully available to the general public.

Pollution means property damage and assessments, cleanup costs or containment expenses incurred or imposed by any Federal, State or Local Statutes or Regulations; arising out of the sudden and accidental discharge, spillage, leakage or emission of oil, fuel, petroleum products or **other pollutants**.

Port Risk means the covered **yacht** is:

- a) Laid up and out of commission ashore or afloat, at the location indicated on the Declaration Page;
- b) Not to be used for any purpose whatsoever, nor shall the **yacht** undergo repair or alteration without prior approval of underwriters;
- c) Not to be used for living on board or overnight accommodation;
- d) Not away from the mooring location shown on the Declaration Page.

Property Damage means physical damage to or destruction of tangible property.

Propulsion System means:

- a) An outboard motor including its attached propeller and other components;
- b) An inboard engine including its attached transmission, drive shaft, propeller and other components;
- c) An inboard/outdrive engine(stern drive) including its attached outdrive unit, propeller and other components;
- d) An inboard/jet drive engine including its attached jet drive components and other components.

Punitive Damages means damages that are awarded to punish or deter wrongful conduct; to set an example; to fine, penalize or impose a statutory penalty; and damages that are awarded for any purpose other than as compensatory damages.

Tender means a launch or small boat (including its outboard engine and trailer) not exceeding 16 feet in length and 35 hp, unless otherwise scheduled, used primarily to travel to and from the covered **yacht** and usually carried on or towed behind the covered **yacht**.

Total Loss means that the covered **yacht** and/or **trailer** was completely lost or destroyed, or the cost to recover and/or repair the covered **yacht** and/or **trailer** is greater than the applicable amount of insurance.

Trailer means the **trailer** described on the Declaration Page.

Tropical Depression, Tropical Storm, Hurricane and Named Storm are defined as those so designated either by name or number, by the National Weather Service and/or the National Hurricane Center.

Uninsured or Underinsured Boater, Uninsured or Underinsured Owner and Uninsured or Underinsured Operator mean an owner or operator of a watercraft other than the covered **yacht** described in this policy who is wholly or partially responsible for the accident; AND to whom no legal liability insurance policy applies at the time of the accident; OR for whom the sum of the limits of liability under all **bodily injury** liability bonds or policies applicable at the time of the accident is not enough to pay the full amount the injured person is legally entitled to recover as damages; OR who cannot be identified.

Vermin includes but is not limited to the following: raccoons, rats, mice, squirrels, chipmunks, pigeons, and muskrats.

We, our and **us** mean the insurance company providing this insurance.

Yacht means the watercraft shown on the Declaration Page that **you** own and includes the hull, machinery, furniture, electronic and other equipment including **navigation equipment** normally necessary to be on board for safe operation and routine maintenance, spars, sails, masts, rigging, fittings, or **tenders**. **Yacht** does not include **personal effects**, or **trailer**.

You, your, and **yours** mean the **insured person**.

SECTION A – PROPERTY INSURANCE: YACHT

PROPERTY COVERED

We insure:

1. The **yacht** described on the Declaration Page.
 2. Any **yacht** not over 15 years old and similar in length and type **you** acquire by ownership during the policy period provided:
 - a. **You** notify **us** within 15 days of acquisition;
 - b. It is an acceptable risk to **us**; and
 - c. **You** pay an additional premium as required.
- Unless otherwise agreed, **we** will not pay more than the purchase price paid or \$100,000, whichever is lesser. The **yacht deductible** described on the Declaration Page shall apply to a newly acquired yacht.
3. The **trailer**.
 4. **Personal effects** while on board the covered **yacht** or being carried onto or off the covered **yacht**.

PROPERTY NOT COVERED

We do not cover:

1. Personal watercraft such as hydrocycles, jetskis, wave runners, windsurfers or similar types of vessels;
2. Boat houses, boat sheds, moorings, cradles, boat lifts or similar apparatus used for the mooring or storage of the covered **yacht**;
3. Fuel, stores, provisions, food, beverages or liquor;
4. Accounts, bills, money, travelers checks or other

valuable papers or documents;

5. Jewelry, gems, precious metals, furs, fine arts, watches, cameras, portable computers (unless they are specifically used as **navigation equipment**) or animals;
6. Firearms.

LOSSES COVERED

Subject to all terms, conditions and exclusions set forth elsewhere in this policy and to limitations as to the amount set forth below and on the Declaration Page, SECTION A, **we** will pay for the following that occurs during the policy period:

1. Accidental, direct physical loss of or damage to the insured property;
2. Physical loss or damage to the covered **yacht** caused by a **latent defect** in the hull or machinery, excluding the cost of repairing or replacing the defective part.

PROTECTION AND RECOVERY EXPENSES

We will pay the reasonable costs **you** incur to protect or recover the covered **yacht** from further loss or damage following an insured loss. However, the additional amount **we** pay will not exceed the amount of insurance under SECTION A on the Declaration Page. The first \$500.00 of expenses under this clause will not be subject to the policy **deductible**.

If the National Weather Service or the National Hurricane Service issues a **tropical storm** or **hurricane** watch or warning for the area where the covered **yacht** is located, **we** will reimburse 50% of the reasonable costs **you** incur to move, prepare and protect the **yacht** from the impending storm.

Costs incurred within forty-eight (48) hours prior to the watch or warning being issued are included; provided the watch or warning is issued. The most **we** will pay for any one hurricane is \$1,000.00. In order for these payments to be made, submission of a commercial invoice and proof of payment of the invoice by **you** is required. These payments will not be subject to the policy **deductible**.

LOSSES NOT COVERED (EXCLUSIONS)

We will not pay any loss, damage or expense caused by or resulting from:

1. Wear and tear, gradual deterioration, weathering, bubbling, osmosis, blistering, delamination of fiberglass or plywood, corrosion, rusting, electrolysis, mold, rot, inherent vice, **vermin**, insects or marine life; however, resulting damage of fire, explosion, sinking, dismasting, collision or stranding caused by this exclusion is covered.
2. **Your** failure to maintain the covered **yacht** in good condition and repair;
3. Marring, scratching, chipping or denting, unless caused by sudden and accidental impact with another object;
4. Freezing or extremes of temperature; except **we** will pay for loss, damage or expense caused by or resulting from improper winterizing if such winterizing was performed by a competent marina or similar facility, or the **yacht** is stored in a heated, climate controlled boat

storage facility.

5. Ice, except this exclusion shall apply only while the vessel is moored or laid up afloat, and it shall not apply in any event to loss, damage, or expense caused by or resulting from contact with moving/floating or falling ice;
6. We will not cover loss resulting directly or indirectly from delay, loss of market, loss of use, loss of warranty, diminution in value or indirect loss of any kind;
7. Error in or improper design;
8. Claims not reported to **us** within one year of the happening of the physical event giving rise to the loss;
9. The operator of the insured **yacht** being under the influence of intoxicating liquor or controlled substances which impacts the operator's ability to properly control **your yacht**. Where a loss has occurred and the operator is either cited, charged or indicted for operating the **yacht** under the influence, or where any test has been administered, the results of which show the operator to be above the legal limits of alcohol or controlled substance within the jurisdiction where said test has been administered, then it shall be irrefutably presumed that the loss, damage, or expense is causally related to operation of the vessel under the influence.

DEDUCTIBLE

We will not pay for loss, damage or expense for any one covered occurrence unless the total amount of the loss, damage or expense exceeds the **deductible** shown on the Declaration Page. **We** agree, however, the **deductible** applicable to any loss, damage, or expense to a **tender** not exceeding 16 feet in length and 35 hp shall be \$100.00. **We** will pay the amount of loss, damage or expense in excess of the **deductible** up to the applicable limit of insurance. All loss, damage or expense resulting from the same occurrence will be considered to be one loss, and only the highest **deductible** shall apply to the loss, unless an engine **deductible** is listed on the Declaration Page.

If the covered **yacht or trailer** is a **total loss**, the **deductible** will not apply (except for a total loss caused by or resulting from windstorm or theft and a separate deductible is shown on the Declaration Page). However, this provision does not apply to a total loss to a portion of the covered **yacht**, such as its **tender**, machinery or equipment, sails or spars.

Windstorm Deductible

If an amount is shown on the Declaration Page for the windstorm **deductible**, such **deductible** will apply as respects all loss, damage, or expense, inclusive of all partial, **total**, or constructive **total losses** caused by or resulting from wind, storm surge, rain, wave, or hail when those losses are the result of either **Tropical Depression, Tropical Storm, Hurricane, or Named Storm**. The **deductible** applied shall be the greater of (a) the **deductible** amount shown on the Declaration Page for the windstorm **deductible**, or (b) the **deductible** amount shown under Section A – Property Insurance: Yacht.

The above stated windstorm **deductible** is not applicable to the \$500 expense coverage available under the Protection and Recovery Expenses section of this policy, nor does it

reduce or impact the hurricane haul expense provision of that clause.

Theft Deductible

If an amount is shown on the Declaration Page for theft **deductible**, it applies instead of the **deductible** for Section A-Property Insurance: Yacht, if the covered **yacht** is stolen, whether recovered or not. This **deductible** does not apply if the windstorm **deductible** referenced above applies.

Engine Deductible

If an amount is shown on the Declaration Page for per engine/outdrive **deductible**, it applies in addition to any other applicable **deductible** when loss includes damage to a **propulsion system**. If the covered **yacht** has multiple **propulsion systems**, this additional **deductible** applies separately to each. This **deductible** does not apply if the windstorm **deductible** referenced above applies.

WHAT WE WILL PAY

Subject to the conditions set forth in the policy:

1. In the event of a covered loss we will pay as follows:

(a) Total Loss: If the covered **yacht or trailer** is a **total loss**, **we** will pay the amount of insurance shown in the Declaration Page. If the covered **yacht or trailer** is stolen and not recovered within 30 days after **you** present **your** fully documented claim to **us** or **our** agent, the covered **yacht or trailer** shall be considered a **total loss**. If however, the covered **yacht or trailer** is recovered prior to payment being made **we** have the option to either pay the cost to repair or deem the vessel to be a **total loss**.

(b) If part of the covered **yacht, trailer** or other property covered is lost, damaged or destroyed **we** will pay the cost to repair or replace the part. The cost of repairs or replacement shall be determined by repair yards or equipment repairers, and agreed to by surveyors approved by **us**. We will not apply depreciation to such costs except for repair or replacement of the following:

- 1.** Paint, gelcoat and finishes (other than bottom paint) – 10% depreciation per year or part of a year beginning with the second year from date of manufacture or since the last repainting;
- 2.** Bottom paint – 25% depreciation per year or part of a year from the date of the last repainting;
- 3.** Sails, protective covers, carpeting, upholstery, cushions or fabrics – 10% depreciation per year or part of a year beginning with the second year from the date of manufacture or since last replaced;
- 4.** Inboard machinery and generators – 10% depreciation per year or part of a year beginning with the eleventh year from the date of manufacture or since last replaced with the exception of vessels with mooring locations in the following states for which the amount of depreciation will be 5%: Alaska, Connecticut, Delaware, Idaho, Illinois, Indiana, Iowa, Maine,

Maryland (including D.C.), Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New York, North Dakota, Ohio, Pennsylvania, South Dakota, Utah, Vermont, Virginia, Wisconsin, and Wyoming. The maximum amount of depreciation we will apply to these items shall be 50%;

- 5.** Outdrive units and all other external propulsion machinery – 10% depreciation per year or part of a year beginning with the fourth year from the date of manufacture or since last replaced with the exception of vessels with mooring locations in the following states for which the amount of depreciation will be 5%: Alaska, Connecticut, Delaware, Idaho, Illinois, Indiana, Iowa, Maine, Maryland (including D.C.), Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New York, North Dakota, Ohio, Pennsylvania, South Dakota, Utah, Vermont, Virginia, Wisconsin, and Wyoming. The maximum amount of depreciation we will apply to these items shall be 50%;

- 6. Tenders and tender** outboard engines – 10% per year or part of year beginning with the fourth year from the date of manufacture;

- 7.** Batteries or tires – 10% depreciation per year or part of a year beginning with the second year from the date of manufacture or since last replaced;

- 8. Trailers** – 10% per year or part of year beginning with the fourth year from the date of manufacture;

9. Personal effects.

We will pay the least of:

- (a)** The actual cash value of that property at the time of the loss;
- (b)** The cost of reasonably restoring that property to its condition immediately prior to the loss;
- (c)** The cost of replacing that property with substantially identical property.

2. We have the option of paying for repairs:

- (a)** According to customary boatyard repair practices, including the reasonable cost of suitable patches to the damaged area, or using reconditioned or rebuilt parts or components; or
- (b)** According to repair procedures recommended by the builder or manufacturer of the insured property.

- 3.** If any covered damage is not repaired, **we** will pay **you** the estimated cost of repairs approved by **us**, in accordance with the preceding clauses less the applicable **deductible**. If **we** subsequently pay **you** for a **total loss**, **we** will first deduct any prior unrepaired damage payments and not make any additional payments for unrepaired damage.

- 4.** If **we** pay **you** for a **total loss** of the covered **yacht or**

trailer we reserve the right to take possession of the remains or its proceeds if **we** so elect. **You** will, if **we** ask, transfer title of that property to **us** or to a salvage buyer designated by **us**. **We** are not obligated to accept any property that **you** abandon.

5. Equipment temporarily removed from the covered **yacht** for storage or repair ashore is limited to 50% of the amount of insurance on the covered **yacht**. During such removal, the amount of insurance on the covered **yacht** will be reduced by the value of the equipment stored ashore.

COMMERCIAL TOWING

We will reimburse **you** up to the limit shown on the Declaration Page for any one occurrence, for the reasonable expenses **you** incur for the following emergency services:

1. Towing to the nearest place where necessary repairs can be made; or
2. Delivering gas, oil or repair parts (but excluding the cost of these items themselves); or
3. Labor for emergency repairs at the site of disablement; or
4. **Trailer** roadside repair if the **trailer** is covered by this policy.

This coverage applies only if the covered **yacht or trailer** becomes disabled for any reason other than a covered loss while away from a safe harbor (or while on a **trailer** away from a safe parking place).

Claims under this clause will not be subject to the policy **deductible**.

SECTION B-1 – LIABILITY INSURANCE

LOSSES COVERED

We will pay those sums **you** become legally obligated to pay as damages arising out of **your** ownership, operation or maintenance of the covered **yacht** as respects to:

1. Loss of life or **bodily injury** ;
2. Property damage; except this section B-1 does not apply to liability covered under section B-2.

Our payment will include:

- (a) The costs or expenses incurred for the attempted or actual raising, removal or destruction of the wreck of the covered **yacht** if compulsory by law.
- (b) The cost of any bond necessary to obtain the release of the covered **yacht** if a legal authority has arrested, confiscated or detained the covered **yacht** as a result of an occurrence covered by SECTION B-1.
- (c) The costs or expenses incurred with **our** approval to represent **your** interest in investigation of, and legal proceedings related to, any claims against **you** arising out of liability or alleged liability covered by SECTION B-1.

We have the right to select an attorney to represent **you**.

- (d) The cost of any bond required in any civil suit **we** defend, but not the cost of a bond for an amount exceeding the limit of liability under SECTION B-1 on the Declaration Page.

- (e) The interest on **our** portion of a judgment which accrues after entry of the judgment and before **we** have paid, offered to pay or deposited in court the part of the judgment that is within the limit of liability under SECTION B-1 on the Declaration Page.

The allocation of insurance benefits among these classes of expenses may be directed by **you**. In the event **you** fail or refuse to settle any claim **we** authorize, **our** liability will be limited to the amount for which settlement could have been made.

LIMIT OF LIABILITY

We will pay no more than the amount of insurance for SECTION B-1, LIABILITY INSURANCE, shown on the Declaration Page, regardless of the type of expense, number of persons, claims made or property involved in any one accident or series of accidents arising out of the same event, and regardless of the number of **insured persons** against whom claims are asserted.

Our payment UNDER SECTION B-1 will be reduced by any amounts that **we** pay to or on behalf of the injured person under any other section of this policy EXCEPT SECTION B-2.

SECTION B-2 – POLLUTION LIABILITY INSURANCE

LOSSES COVERED

We will pay those sums **you** become legally obligated to pay on account of **pollution** arising out of **your** ownership, operation or maintenance of the covered **yacht**.

Our payment will include:

- (a) The cost of any bond necessary to obtain the release of the covered **yacht** if a legal authority has arrested, confiscated or detained the covered **yacht** as a result of **pollution**.
- (b) The costs or expenses incurred with our approval to represent **your** interest in investigation of, and legal proceedings related to, any claims against **you** arising out of liability or alleged liability covered by SECTION B-2.

We have the right to select an attorney to represent **you**.

- (c) The cost of any bond required in any civil suit **we** defend, but not the cost of a bond for an amount exceeding the limit of liability under SECTION B-2 on the Declaration Page.
- (d) The interest on **our** portion of a judgment which accrues after entry of the judgment and before **we** have paid, offered to pay or deposited in court the part of the judgment that is within the limit of liability under SECTION B-2 on the Declaration Page.

The allocation of insurance benefits among these classes of expenses may be directed by **you**. In the event **you** fail or refuse to settle any claim **we** authorize, **our** liability will be limited to the amount for which settlement could have been made.

LIMIT OF LIABILITY

We will pay no more than the liability amount required under the Oil Pollution Act of 1990 for the covered **yacht**, regardless of the type of expense, number of persons, claims made or property involved in any one accident or series of accidents arising out of the same event, and regardless of the number of **insured persons** against whom claims are asserted.

LOSSES NOT COVERED (EXCLUSIONS) Section B-1 Liability and Section B-2 Pollution Liability

We will not pay:

1. For loss of life, **bodily injury** or property damage which occurs while the insured property is being transported on land;
2. For any liability assumed by **you** under any contract or agreement. However this exclusion will not apply to liabilities **you** assume by signing hold harmless agreements that are in registration forms for sailboat races or in storage or slip rental contracts, prior to any loss or damage;
3. For any liability between or among **family members**;
4. For any loss or damage to any property owned by, rented to, used by or in the care of an **insured person**;
5. For loss of life or **bodily injury** to any person to or for whom benefits are required to be provided or are available under any state or federal compensation law or act or any similar law or act;
6. For any liability for loss of life or **bodily injury** to any paid captain or crew of the covered **yacht** under the Federal Jones Act, Death on the High Seas Act or General Maritime law;
7. For any liability **you** may have to any of **your** directors, officers, shareholders, partners or charterers or any such liability which any of them have to **you**;
8. For any fine or penalty imposed by any governmental unit;
9. For any exemplary or **punitive damages**, even if caused by someone for whom **you** are only vicariously liable;
10. For any loss, damage or liability willfully or intentionally caused or incurred by an **insured person**;
11. For any loss of life, **bodily injury** or property damage sustained while a person is being towed from the covered **yacht** in or on a device designed for flight such as parasailing or kiteskiing;
12. For any loss of life or **bodily injury** arising out of the transmission of a communicable disease by an **insured person**;
13. For any liability arising from the discharge, spillage, or emission of any radioactive material or substance;
14. For loss of life, **bodily injury** or property damage arising out of the use of any property not covered by this policy.
15. For loss of life, **bodily injury** to a person who trespasses on the covered **yacht**.
16. For loss of life or **bodily injury** to an **Insured Person**.

NON-OWNED YACHT

This section shall also cover **your** legal liability for loss of life, **bodily injury** or property damage or **pollution** liability arising from **your** use of any yacht similar in length and type to the one described on the Declaration Page. Provided:

1. Such yacht is not used by **you** on a regular basis;
2. Such yacht is not owned in whole or in part by **you**;
3. **Your** use is for private pleasure only and with the permission of the owner; and
4. That loss or damage to such yacht shall be subject to the **deductible** shown on the Declaration Page under **SECTION A, PROPERTY INSURANCE**.

For purposes of this Section, "use" means the physical act of driving the yacht by you. It does not include any indirect control that you may exercise by directing the yacht's movement by another.

For purposes of this Section, "similar in length and type" means a yacht which is not more than 10 feet shorter or longer, and (if applicable) with horsepower not more than 20% greater than the **yacht** described on the Declaration Page.

SECTION C – LONGSHORE AND HARBOR WORKERS' COMPENSATION INSURANCE

This section is applicable only if coverage under SECTION B, LIABILITY INSURANCE, is provided. **We** will cover the liability which **you** as owner of the covered **yacht** incur during the term of the policy under the Federal Longshore and Harbor Workers' Compensation Act.

SECTION D – MEDICAL PAYMENTS

This section is applicable only if coverage under SECTION B-1, LIABILITY INSURANCE, is provided.

This coverage is provided only for persons (including **insured persons**) injured while on, boarding or leaving the covered **yacht**; or while engaged in water-skiing, aquaplaning or similar activities from the covered **yacht**, unless otherwise excluded.

LOSSES COVERED

We will pay the reasonable medical, dental, ambulance, hospital, professional nursing and funeral expenses that become necessary due to a covered accidental **bodily injury**.

LOSSES NOT COVERED (EXCLUSIONS)

We do not cover any person:

1. Who is covered under any federal or state workers compensation law or act;
2. Who is an employee of **yours** injured while in the course of employment;
3. Who is a trespasser;
4. Whose injury resulted from or was connected with being towed in or on a device designed for flight such as parasailing or kiteskiing.

We will pay for only those costs incurred within one year of the date of the accident.

A person presenting a claim under this Section must also:

1. Submit to physical examination by physicians of **our** choice as often as **we** require;

2. Provide to **us** or permit **us** to obtain copies of medical reports and other necessary medical records;
3. Provide copies of any other insurance policies or other evidence of health coverage that may cover the claim;
4. Furnish full obtainable information pertaining to the accident.

LIMIT OF LIABILITY

We will pay each injured person up to, but not more than, the amount of insurance shown on the Declaration Page, SECTION D, MEDICAL PAYMENTS, as a result of any one accident or series of accidents arising out of the same event.

Our payment will be reduced by any amounts paid or recoverable from the injured person's health plan or medical insurance. **Our** payment will also be reduced by any amounts that **we** pay to or on behalf of the injured person under any other section of this policy.

ADMISSION OF LIABILITY

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

SECTION E – UNINSURED OR UNDERINSURED BOATER

This section is applicable only if coverage under SECTION B-1, LIABILITY INSURANCE, is provided.

This coverage is provided only for persons who are injured while on, boarding or leaving the covered **yacht** or while engaged in water-skiing, aquaplaning or similar activities from the covered **yacht**, unless otherwise excluded.

LOSSES COVERED

We will pay the damages that an injured person is legally entitled to recover from an **uninsured or underinsured owner or uninsured or underinsured operator** of another boat, because of **bodily injury** sustained by the injured person arising out of the operation, maintenance or use of the other boat. For the purpose of this coverage, determination as to whether the injured person is legally entitled to recover such damages, and if so, the amount thereof, shall be determined by agreement between the injured person and **us**; or if **we** fail to agree, by arbitration as described in SECTION G, GENERAL CONDITIONS.

LOSSES NOT COVERED (EXCLUSIONS)

We will not pay any loss under this Section:

1. For claims settled without **our** consent;
2. If the uninsured boat is owned by a governmental agency or unit;
3. Where no evidence of physical contact exists between the covered **yacht** or the injured person and the boat owned or operated by the **uninsured or underinsured boater** or unidentified boat;
4. If the boat operated by the **uninsured or underinsured boater** is owned by, or furnished for the regular use of an **insured person**;
5. For any injured person:
 - a. Who is covered under any federal or state workers compensation law or act;
 - b. Who is an employee of **yours**;

- c. Who is a trespasser;
- d. Who makes a claim after one year from the date of the accident;
6. For injuries sustained while being towed in or on a device designed for flight such as parasailing or kiteskiing;
7. For **punitive damages** awarded to the injured person.

This coverage will not apply directly or indirectly to the benefit of any insurer under any state or federal workers compensation law or act.

A person presenting a claim under this Section must also:

1. Submit to physical examination by physicians of **our** choice as often as **we** require;
2. Provide to **us** or permit **us** to obtain copies of medical reports and other necessary medical records;
3. Provide copies of any other insurance policies or other evidence of health coverage that may cover the claim;
4. Furnish full obtainable information pertaining to the accident.

Payment made to or on behalf of an injured person will be reduced by any amounts covered by the injured person's health plan or medical insurance. **Our** payment will also be reduced by any amounts **we** pay to or on behalf of the injured person under any other section of this policy.

LIMIT OF LIABILITY

The amount shown for **Uninsured or Underinsured Boater** coverage on the Declaration Page is the most **we** will pay under SECTION E, regardless of the type of expense, number of injured persons claims made or number of yachts involved in any one accident or series of accidents arising out of the same occurrence.

SECTION F – DUTIES AFTER AN ACCIDENT OR LOSS

If there is a loss or a claim that may be covered under this policy, **you** must:

1. Take all reasonable steps to protect the insured property from further loss and make every reasonable effort to recover it. Any steps **you** take will not mean **you** are waiving any rights **you** have to abandon the property. **We** will pay the reasonable expenses so incurred as provided in SECTION A, PROPERTY INSURANCE.
2. Give **us** immediate notice with details such as:
 - (a) When and where the occurrence took place;
 - (b) What property was involved and where it may be seen;
 - (c) The names and addresses of any injured persons;
 - (d) The names and addresses of witnesses;
 - (e) All other information that may assist **us** in determining the rights and liabilities of persons involved.
3. Allow **us** to inspect the insured property before it is repaired or disposed of.
4. Give prompt notice to the appropriate law enforcement

agencies and/or United States Coast Guard in the event of theft, vandalism, collision, property damage, loss of life or bodily injury.

5. Advise anyone else responsible for the loss or damage, as soon as possible, in writing, that **you** are holding them liable.
6. Cooperate with **us** in the investigation, defense or settlement of any loss, including permitting **us** to conduct non-destructive testing of the insured property at **our** expense.
7. Obtain repair specifications, bids and estimates from alternative sources if requested.
8. Permit **us** to examine any records **we** require to verify the loss or its amount.
9. Immediately notify **us** and send **us** every demand, notice, summons or other legal papers received by **you** or **your** representative if a claim is made or a suit is brought against **you**. **We** will have the option of naming an attorney(s) to represent **you**.
10. Not assume any obligation or admit any liability without **our** written permission.
11. Provide **us** with copies of other insurance policies that may cover the loss.
12. Submit to an examination under oath if **we** so request.
13. Submit a detailed written proof of loss signed and sworn by **you** and evidence of an insured interest, if **we** so request.
14. As respects **pollution**:
 - (a) Report the incident creating **your** legal obligation as required by law if **you** know or have reason to know of the incident;
 - (b) Provide all reasonable cooperation and assistance requested by responsible authorities in connection with cleanup activities.

If **you** fail or refuse to comply with any of these duties there will be no coverage under this policy unless **you** prove that **we** have not been prejudiced by **your** failure or refusal.

SECTION G – GENERAL CONDITIONS

This section contains conditions that apply to all SECTIONS of the policy.

POLICY PERIOD, TERRITORY

This policy applies only to accidents or losses which occur:

1. During the policy period; and
2. Within the navigation or transportation limits specified.

CHANGES

This policy contains all the agreements between **you** and **us** concerning the insurance afforded. The first named insured shown in the Declaration Page is authorized to make changes in the terms of this policy with **our** consent. This policy's terms can be amended or waived only by endorsement issued by **us** and made part of this policy.

PREMIUMS

The first named insured shown in the Declaration Page:

1. Is responsible for the payment of all premiums; and

2. Will be the payee for any return premiums **we** pay.

LAY-UP

If the covered **yacht** is to be laid up and out of commission for the period shown on the Declaration Page:

1. It must be in a safe berth for storage ashore or afloat, as indicated on the Declaration Page;
2. It must not be used for any purpose whatsoever (but repairs, repainting, dismantling and fitting out can be carried on), and must not be equipped and ready for immediate use;
3. It must not be used for living on board or overnight accommodation;
4. It must not be operated.

EXTENSION OF COVERAGE

If the Navigational Limits or Lay Up Warranty shown on the Declaration Page are breached due to matters beyond **your** control, the policy will remain in effect if **you** give **us** written notice of the breach within ten (10) days after the breach. **You** agree to pay any additional premiums due to **us** for this extension of coverage. If the Navigational Limits or Lay Up Warranty is breached voluntarily, there shall be no coverage under this policy during the breach without both prior notice to and approval by **us**.

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**.

OUR RIGHT TO RECOVERY OR IMPAIRMENT OF RECOVERY

If **we** make a payment under this policy and the person to or for whom payment was made has the right to recover from others for the covered loss, **we** will be entitled to that right. That person will do whatever is necessary to enable **us** to exercise **our** rights and will do nothing after the loss to prejudice **our** rights.

If **we** make a payment under this policy and the person to or for whom payment is made, recovers damages from others on account of the matters giving rise to **our** payment, that person will hold the proceeds of the recovery for **us** and will reimburse **us** to the extent of **our** payment.

If, whether before or after a loss, **you** give up **your** rights to recover damages from any third party or organization who may be liable to **you** for the injury or damage giving rise to **your** claim under this policy, **you** give up **your** right to recover the loss or any part of it from **us**. This paragraph does not apply to written waivers contained in registration forms for sailboat races, or storage or slip rental contracts; provided they are signed by **you** before any loss or damage.

PAYMENT OF LOSS

We will pay for losses covered under this policy within 30 days after:

1. **We** reach an agreement with **you**; or
2. An arbitration award is rendered.

ARBITRATION

If **you** make a claim under this policy and **we** disagree about whether the claim is payable or about the amount due to **you** under the policy, the disagreement must be resolved by binding arbitration before an arbitrator mutually acceptable to **you** and **us**. If **you** and **we** are unable to agree on a single arbitrator, then **we** will petition an appropriate court in the jurisdiction where this policy was issued to appoint an arbitrator. **We** will pay the arbitrator's fees. The arbitrator need not be a member of any particular association of arbitrators, and may be a commercial person with relevant experience in the marine industry. The arbitrator shall have the same powers as arbitrators under the Federal Arbitration Act (9 U.S.C. Section 1, et. seq.). The demand for arbitration must be made within one (1) year of the date of the loss or damage.

GOVERNING LAW

The rights and obligations of the parties under this policy shall be governed by the general maritime law of the United States.

LEGAL ACTION AGAINST US

You may not bring a suit against **us** unless **you** have complied with all terms of this policy, including arbitration. In addition:

1. With respect to any claim for loss or damage to insured property, any suit against **us** must be commenced within one hundred and twenty (120) days after the decision of the arbitrator becomes final or one (1) year of the date of loss or damage, whichever is later.
2. With respect to any other claim, no suit may be brought against **us** until the amount of the **insured person's** obligation to pay has been determined by final judgment after trial or by written agreement signed by **you**, **us** and the claimant. Any such legal action against **us** must be commenced within one year of the date of judgment or written agreement.

WAR, CONFISCATION, NUCLEAR EXCLUSION

We will not pay under any section for any loss, damage, liability, or expense caused in any way by, or resulting directly or indirectly from:

1. War or warlike operations (whether or not war is declared), civil war, insurrection, rebellion, revolution, destruction or seizure for a military purpose, or any consequences of any of these;
2. Lawful or unlawful capture, seizure, arrest, requisition, confiscation or detainment by order of any civil or military authority, or an attempt at any of these;
3. Any nuclear, chemical, biological, bio-chemical or electromagnetic weapon or device;
4. Harmful properties of any radioactive matter (except radioactive isotopes being prepared, carried, stored, or used for peaceful purpose).

EXTENDED RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE WITH U.S.A. ENDORSEMENT

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

1. In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- 1.1 Ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- 1.2 The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- 1.3 Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- 1.4 The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.

This insurance is subject to the Extended Radioactive Contamination Exclusion Clause provided that if fire is an insured peril, and, where the subject matter insured is within the U.S.A., its islands, onshore territories or possessions, and a fire arises directly or indirectly from one or more of the causes detailed in Sub-Clauses 1.1, 1.2, and 1.4 of the Extended Radioactive Contamination Exclusion Clause, any loss or damage arising directly from that fire, shall, subject to the provisions of this insurance, be covered, EXCLUDING, however, any loss, damage, liability or expense caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

CYBER EXCLUSION

This clause shall be paramount and shall override anything contained in this insurance (including any endorsement) inconsistent therewith.

In no case shall this insurance cover loss, damage, liability, or expense directly or indirectly caused by or contributed to or arising from:

1. any **malicious act** involving the use of any **computer system, electronic data communications system, computer virus**, or process or any other electronic system;
2. any access to or disclosure of any **personally identifiable information** or any person's or organization's confidential information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, or any other type of nonpublic information;
3. any action or omission that violates or is alleged to violate any federal, state or local statute that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating, or distribution of any written or

electronic material or information.

Where this policy provides coverage for War Risks, Sub-Clause 1. above shall not operate to exclude losses which would otherwise be covered by such War Risks coverage.

UNITED STATES ECONOMIC AND TRADE SANCTIONS CLAUSE

Whenever coverage provided by this policy would be in violation of any United States economic or trade sanctions such as, but not limited to, those sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.

Similarly, any coverage relating to or referred to in any certificates or other evidences of insurance or any claim that would be in violation of United States economic or trade sanctions as described above shall also be null and void.

RACING

We will not pay any loss, injury, damage or expense occurring while the **yacht** is being operated in any official race or speed test. This limitation does not apply to sailboats or predicted log events.

CONCEALMENT, FRAUD, MISREPRESENTATION

This policy shall be void if **you** conceal, misrepresent or fail to disclose any material information regarding this insurance.

ILLEGAL PURPOSE

We will not pay for any loss, injury, liability, damage or expense which happens while the **yacht** is being used for any illegal purpose by **you** or anyone using the insured property with **your** permission.

OTHER INSURANCE

If at the time of loss there is any other insurance that would cover the loss in the absence of this policy, the amount **we** pay will be determined as follows:

1. SECTION A - PROPERTY INSURANCE: YACHT: **we** will pay only the proportion of the loss that **our** amount of insurance bears to the total of all applicable amounts of insurance covering the loss.
2. All other SECTIONS: any insurance provided by this policy shall apply only as excess over any other valid and collectible insurance.

BANKRUPTCY

Bankruptcy of any person insured under this policy does not relieve **us** of any of **our** obligations under this policy.

NON-WAIVER PROVISION

No action on **our** part after a loss to recover or save the property from further loss, nor any action which **we** take in connection with the investigation of any claim or loss shall be considered as a waiver of any of **our** rights under this policy.

BROADENING COVERAGE

If **we** adopt any change during the term of this policy, applicable to all policyholders, which broadens coverage without additional premium, the broader coverage will automatically apply to **your** policy.

CANCELLATION

The first named insured shown on the Declaration Page may cancel this policy by returning it to **us** or **our** authorized agent; or by written notice to **us** or **our** authorized agent advising the date of cancellation. **We** may cancel by delivering or mailing written notice to the first named insured at the last address shown in **our** records. **Our** notice will state when, not less than 10 days after mailing, the policy will be canceled. Proof of mailing will be sufficient proof of notice. The date of the cancellation stated in the notice shall become the end of the policy period.

If **we** pay **you** for a **total loss** of the covered **yacht**, the entire policy is terminated as of the date **we** make such payment without further notice to **you**.

RETURN PREMIUMS

If this policy is cancelled **you** may be entitled to a premium refund. If **we** cancel, return premium will be computed on a pro rata basis. If **you** cancel, return premium will be computed 90% of pro-rata. Cancellation will be effective whether or not return premium is tendered with notice of cancellation. If not so tendered, **we** will refund it within a reasonable time after the effective date of cancellation.

No premium will be returned if **we** have paid **you** for a **total loss** of the covered **yacht**. In the event **we** pay a **total loss** of the covered **yacht**, full annual premium is due and payable.

CONFORMITY TO STATE LAW

If any provision of this policy conflicts with any applicable state law, the policy shall automatically conform to the minimum requirements of the state law.

Our Secretary and President have signed this policy.



Kara L.B. Barrow, Secretary



T. Michael Miller, President & CEO

NOTICE OF INFORMATION PRACTICES

When **you** applied for this insurance, **you** gave **us** some personal information about yourself. In many cases, the application **you** complete gives **us** all the information **we** need to evaluate **your** request for insurance. Sometimes **we** need additional information or want to verify information **you** have given **us**. It is common for an insurance company to do this by contacting an independent source, commonly called a "consumer reporting agency." Consumer reporting agencies are companies which are in the business of supplying such information to insurance companies. If **we** do retain a consumer reporting agency to gather information for **us**, **we** will choose one which is discreet and impartial.

The information which **we** receive about **you** may be disclosed to others without **your** authorization to the extent allowed by law in certain specified circumstances. Information about **you** may be kept in **our** policy records. **We** may refer to and use that information for purposes related to issuing and servicing insurance policies and settling claims.

You have the right to obtain access to and review of certain items of the personal information about **you** which is contained in **our** files. **You** have the further right to request correction, amendment, or deletion of information **you** feel to be inaccurate.

If **you** wish to receive a more detailed description of **our** information practices, please contact **us** at the address shown on the Declaration Page attached to this policy.