



AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with the policy provisions.

DEFINITIONS

Throughout this policy, "you" and "your" refer to the insured named on the Coverage Selection Page, and the spouse if a resident of the same household. "We," "us" and "our" refer to the company providing this insurance. Words printed in dark type in the policy are defined as follows:

"Actual Cash Value" means the price a willing seller would accept and a willing buyer would pay for an item of property with due allowance for depreciation at the time and place of physical loss or damage.

"Constructive Total Loss" means that the cost to recover and/or repair the damaged property will exceed the applicable limit of insurance.

"Design Defect" means frailty, shortcoming or failure of an item resulting from a defect in its concept and which can be avoided only through an alteration or redesign of the item.

"Family Member" means a person related to you by blood, marriage or adoption who is a resident of your household, including a ward or foster child.

"Home Port" means the site or location where the Insured Watercraft is normally moored or berthed, as represented by you in the application and indicated in the declarations.

"Insured Person" means you, a **Family Member** and any other person or organization using the **Insured Watercraft** with your permission, free of charge. This does not include a paid master or crew member of the insured watercraft, or any person or organization (or employee thereof) operating a shipyard, marina, boat repair facility, yacht club, salvor, towing service, sales agency or similar business. Insurance provided for other persons or organizations under this policy does not cover their possible liability to you

"Insured Watercraft" means the watercraft named on the Coverage Selection Page and, only Under Section D, Watercraft Liability. **Insured Watercraft** also means any other similar watercraft not owned by you or a **Family Member**, and not furnished to you or a **Family Member** on a regular basis. Use of the other watercraft must be without charge, for private pleasure only, and with the permission of the owner.

"Latent Defect" means a hidden flaw in the material of construction existing at the time of original building of the **Insured Watercraft** or any additional or replacement parts, components of systems of the **Insured Watercraft** which is not discoverable by ordinary observation or known methods of testing.

"Manufacturer's Defect" means the improper, incorrect, or inadequate manufacturing process of the insured yacht's hull or machinery, or any of its components. **Manufacturer's Defect** does not include wear and tear, gradual deterioration, corrosion, rust, electrolysis, osmosis, weathering, inherent vice, latent defects, or design defects.

"Personal Effects" means wearing apparel, sports equipment and other personal property belonging to you, any **Family Member**, guests, or volunteer crew. It does not include money, travelers' checks, securities, valuable papers or other



documents, animals, fuel, furs, gold ware, guns, jewelry, precious or semi-precious stones, precious metals, silverware, cameras or watches.

“Salvaging Costs” – costs associated with the towing, refloating, or any other type of assistance required to mitigate or minimize a loss under the hull coverage.

“Tender or Dinghy” means any auxiliary vessel owned by you described in the Declarations and regularly used with the **Insured Watercraft**.

“Trailer” means a trailer designed for the transportation of the insured watercraft exclusively.

“Wreck Removal Costs” – costs associated with the towing, refloating or disposal of a vessel that has been declared by Us as a total loss, or **Constructive Total Loss** or a vessel which has only been insured for Liability by us and which is subject to a removal order from a local, Commonwealth or Federal agency.

SECTION A – WATERCRAFT, TENDER AND EQUIPMENT

WHAT WE INSURE

We cover the **Insured Watercraft, tender**, and equipment required to be on board for the operation and maintenance of the watercraft. Coverage is provided while the watercraft and equipment are afloat, on shore or being transported on a land conveyance.

COVERAGE PROVIDED

We will pay for direct physical loss or damage to the **Insured Watercraft, tender**, and its equipment, minus any applicable deductible shown on the Coverage Selection Page.

LIMITING SALVAGING AND SUE AND LABOR COSTS

In the event of a covered loss, **we** will not be liable for any sum of money in excess of 3% of the limit of insurance under Section A of the Declaration Page for **Salvaging Costs**, meaning, the cost of recovering, towing, and hauling out/in as a result of a covered occurrence, or for any sue and labor expenses.

VALUATION

In case of total loss or **Constructive Total Loss**, We will pay the lesser of:

1. Limit shown on Section A of the Declaration Page;
2. The appraisal determining the value of the Insured Watercraft immediately prior to the loss issued by a NAMS or SAMS Certified Marine Surveyor selected by us, including appraisals conducted after the loss; or
3. Sale price, if the **Insured Watercraft** was for sale at any time prior to the loss.

In the case of partial losses, we will pay partial losses at **Actual Cash Value**. Our liability for anyone loss will not exceed the amount of insurance shown for Watercraft and Equipment on the Coverage Selection Page.



UNREPAIRED DAMAGE

If the damage to the **Insured Watercraft** is not repaired, we will be liable only for the **Actual Cash Value** of the damaged parts. Our liability, however, will not exceed what it would cost to repair or replace the damaged property with material of like kind and quality. We will not pay for unrepaired damage in addition to a payment for a subsequent total loss of the watercraft and its equipment.

OUR OPTION OF REPAIR

If the hull of the **Insured Watercraft** is made in whole or in part of plywood, plastic, fiberglass, metal or other molded material, we have the option of limiting payment to the reasonable cost of applying suitable patches, in accordance with good repair practice, to the damaged area.

SECTION B – TRAILER

WHAT WE INSURE

We cover the **Trailer** that is used exclusively for the transportation of the **Insured Watercraft** if an amount of insurance is shown for the **Trailer** on the Coverage Selection Page.

COVERAGE PROVIDED

We will pay for direct and accidental loss to the **Trailer** caused by fire, lightning, windstorm, explosion, collision or upset. We will also pay for loss as a result of the theft of the entire **Trailer**.

DEDUCTIBLE

Each adjusted loss to the **Trailer** will be reduced by the deductible amount shown for the **Trailer** on the Coverage Selection Page. The deductible will apply if there is a total loss of the **Trailer**.

VALUATION

We will pay for the **Actual Cash Value** of the **Trailer**, but not exceeding the lowest of:

- a. What it would cost to repair or replace the damaged property with material of like kind and quality; or
- b. The **Actual Cash Value** of the damaged property at the time of loss or
- c. The market value of the damaged property at the time of loss or
- d. The amount of insurance shown in the declarations for **Trailer**.

SECTION C – PERSONAL EFFECTS

PROVIDED WITH WATERCRAFT AND EQUIPMENT

When insurance is provided under Section A, Watercraft and Equipment, insurance is also provided under this Section for a basic limit of \$1,000.



WHAT WE INSURE

We cover **Personal Effects** while they are on board or being carried onto or off the **Insured Watercraft**, but only while the **Insured Watercraft** is afloat.

COVERAGE PROVIDED

We will pay for direct and accidental loss or damage to **Personal Effects**. The sum of \$250 will be deducted from each loss payable under this coverage.

EXCLUSIONS WHICH APPLY TO SECTION A, B AND C

We will not pay for loss or damages, and any related expenses to the **Insured Watercraft** and equipment, the **Trailer** and **Personal Effects** caused directly or indirectly, in whole or in part, which occurs gradually or suddenly from the following perils. Such loss or damage is excluded regardless of any other cause or event that contributed concurrently or in any sequence to the loss:

1. Resulting from the use of the **Insured Watercraft** or **Tender** in any illegal act, transportation or trade.
2. Resulting from intentional acts or willful misconduct of the operator, or any member of your family.
3. Any damages caused to the **Insured Watercraft** or **Tender** by government authorities in the course of a search of the property (destructive or otherwise), or during a taking, arrest or seizing of the **Insured Watercraft** or **Tender**.
4. Fraud, dishonest or criminal acts of anyone to whom you entrust the **Insured Watercraft**.
5. Direct damage sustained while the **Insured Watercraft** is actually being worked upon by anybody, including you (or anyone in your family) for repairs or maintenance.
6. Lack of reasonable care in the maintenance of the **Insured Watercraft**.
7. Which occurs while the **Insured Watercraft** is being operated in any official race or speed test, except on "predicted-log" cruises.
8. To electrical apparatus caused by electricity, other than lightning, unless fire results, and then only for the loss caused by the resulting fire.
9. Scuttling.
10. Any loss, damage or expense directly or indirectly caused by or in conjunction with **Manufacturing Defects** or **Design Defects**.
11. The cost of replacing or repairing any item or equipment which has failed as a result of **Manufacturing Defects** or **Design Defects** including **Latent Defects**.
12. Theft, unless there is direct evidence of forcible entry.
13. Loss or damage to the tender and or its outboard motor while being towed behind the **Insured Watercraft** or as a consequence of being towed behind the **Insured Watercraft**.
14. Wear and tear including, but not limited to, wear and tear of the stuffing box sealing or packing systems.
15. Deterioration, (including mold, vermin, or marine life) of any kind, marring, denting, cracking, scratching, chipping, osmosis, blistering, electrolysis, mechanical breakdown (including, but not limited to, any damage to machinery as result of broken hose(s), clamps(s), filter(s) or belt(s), electrical breakdown or derangement, corrosion, rust, lack of maintenance, dampness of atmosphere or weathering.
16. Resulting directly or indirectly from ice, freezing or extremes of temperature.
17. Loss or damage to the **Insured Watercraft** machinery, including but not limited to, engine(s), transmission(s), strut(s), shaft(s), propeller(s), electrical equipment and apparatus including connections and wiring unless resulting from fire,



lighting, explosion, theft, vandalism, stranding or collision with other vessel, or with any natural, manmade, fixed or floating object, and sinking (unless the cause of the sinking is not otherwise excluded).

18. Any loss or damage to electrical apparatus, including wiring, directly or indirectly caused by electricity, other than lighting, unless resulting from fire, lighting, explosion, theft, vandalism, sinking, stranding or collision with other vessel or with any natural manmade fixed or floating object.

SPECIAL CONDITIONS WHICH APPLY TO SECTION A, B AND C

SALVAGE AND ABANDONMENT

If we pay for a total loss or a constructive total loss of the **Insured Watercraft** we reserve the right to take possession of the remains, if we elect. We are not obligated to accept any insured property which you abandon. Nothing we do to protect or recover the insured property will affect this condition. Upon our request, you shall transfer the title of the property to us or to a salvage buyer appointed by us. Any recovery of salvage on a loss shall accrue entirely to our benefit.

COST OF REPAIRS

We have a list of approved contractors to conduct repairs. The list will be comprised of no less than three (3) contractors, and may be changed from time to time without prior notice. It is available for inspection upon request. The value of the cost of repairs will be determined by any one of these contractors, selected by Us from the list, who will undertake the job of repairs at the prices quoted, subject to all applicable deductibles and depreciation. You may repair your vessel at any facility other than our approved contractors if you wish, once the claim is adjusted and paid based upon the cost of repairs as determined by one of our approved contractors.

You may not commence repairs, remove or dismantle equipment from the Insured Yacht after a loss, until such time as We have been afforded the opportunity to inspect the damage to our complete satisfaction. Failure to comply with this obligation will result in the immediate denial of your claim.

NO BENEFIT TO BAILEE

No person or organization having custody of the property insured, and being paid for services, shall benefit from this insurance.

SECTION D – WATERCRAFT LIABILITY

LIABILITY COVERAGE

We will pay damages for bodily injury or property damage for which any **Insured Person** becomes liable through the ownership, operation, maintenance or use of the **Insured Watercraft**.

In case of a collision with another vessel, we will pay any amounts for which the insured becomes legally obligated to pay for bodily injury or property damages to the other watercraft, up to the limits established in Section D. Provided, however, that in no event shall We be liable for salvage or wreck removal expenses of the other watercraft.

We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. Our obligation to settle or defend ends when the amount we pay for damages equals our limit of liability for this coverage.



REMOVAL OF WRECK

If you are legally obligated to remove or otherwise dispose of the wreck of the **Insured Watercraft**, we will pay the amount necessary to attempt or actually to remove or otherwise dispose of the wreck, or the amount for which you are held liable for failing to do so, but always limited to six (6%) of the limits of "Watercraft Liability" coverage as shown in the Declarations forming part of this policy, or thirty thousand (\$30,000) whichever is lower.

WATER SKIING COVERAGE LIMITATION OF LIABILITY

In the event the **Insured Watercraft** is being used for water skiing or any similar sport in which persons or objects are being towed, limits of liability under Section D of the policy are reduced to \$10,000 maximum any one accident. This applies from the time any person or persons begin to leave the insured watercraft and will continue until the persons are safely back on board or such activity ceases completely.

POLLUTION LIABILITY

We shall pay the reasonable cost and expenses you incur arising from the unintentional spillage of a contaminant from the **Insured Watercraft**, subject to the terms and conditions of this policy.

Coverage amount is \$100,000 and applies as a sub-limit of the Watercraft Liability Coverage. Deductible applicable is \$2,500.

COVERAGE PROVIDED

1. Pollution incident which was sudden, unintentional, unexpected and accidental pollution caused by you.
2. The incident commenced during the period of this insuring agreement.
3. The sums which you are legally liable to pay as a result of property damage or bodily injury arising out of an oil pollution incident.
4. The reasonable costs directly associated with the actual clean-up of an oil pollution incident.
5. The reasonable cost of expenses legally imposed upon you by those government authorities assisting or monitoring an oil pollution incident. An amount of \$25,000 is provided for payment of any government fine or penalty applicable incurred by you for any one occurrence resulting in marine environmental damage. The payment of any fines as described herein will erode the coverage limit of \$100,000 under this coverage section.
6. Damages an insured person is legally obligated to pay for marine environmental damage caused by the unintentional spillage of a contaminant from the **Insured Watercraft** arising from the ownership, operation, maintenance or use of the **Insured Watercraft**, subject to the terms, conditions, and exclusions of this policy.
7. It became known to you within 72 hours of its commencement.
8. Was reported to us in writing not later than six (6) hours after it becomes known to you.
9. We first approve in writing the scope and cost of the clean up by a third party before the clean-up work actually commences.
10. We will have no obligation under this coverage part unless you first comply with the above described conditions.

This coverage shall not apply if you or any insured refuses or knowingly fails:

1. To report the incident giving rise to liability as required by law(s) and you or any insured knows or has reason to know of the oil pollution incident; or
2. To provide all reasonable cooperation and assistance with containment and clean-up operations as required by law or by someone acting under their legal authority.



This coverage does not apply to:

1. Any claim for punitive damages, or fine, penalty or cost of defense arising out of a criminal violation.
2. Liability which has been assumed by you or any insured under contract or agreement.
3. Any assessment of liability for natural resource damage unless legal action commences within one (1) year of the incident.
4. If a suit shall have been brought against you for claims falling within the coverage provided under the policy, seeking both compensatory and punitive or exemplary damages, then we shall afford a defense to such action; however we shall not have any obligation to pay for any costs, interest or damages attributable to punitive or exemplary damages.

LIMIT OF LIABILITY

The limit of liability shown for Watercraft Liability on the Coverage Selection Page is our maximum limit of liability under this Section. This is the most we will pay, regardless of the number of **insured persons**, claims made, or watercraft involved in any one accident, or series of accidents arising out of the same event, including Property Damage, Bodily Injury, Water Skiing Coverage, Removal of Wreck and Pollution Liability.

SUPPLEMENTARY PAYMENTS

As part of the limit of liability shown for Watercraft liability on the Coverage Selection Page, we will pay on behalf of an **Insured Person**:

1. Premiums on appeal bonds and other bonds required in any suit we defend, but not for bonds in amounts which exceed the limit of liability for Watercraft Liability
2. Interest on our portion of the judgment which is earned before we make payment.
3. Loss of earnings (but not of other income) of up to \$75 a day for attendance at court proceedings at our request.
4. Other reasonable expenses incurred at our request.

EXCLUSIONS

We do not provide coverage under Watercraft liability for any loss, damage or expense:

1. Any person for bodily injury or property damage intentionally caused by that person.
2. Which occurs while **Insured Watercraft** is being operated in any official race or speed test. This exclusion does not apply to any sailboat races.
3. Bodily Injury or death benefit to any persons employed by a named insured, hired as crew, leased worker or temporary worker.
4. To any person for bodily Injury incurred during the course of employment if Workers' Compensation or Federal Longshoremen's and Harbor Workers' Compensation benefits are required or available to compensate for the injury.
5. Caused by an intentional or criminal act or willful misconduct by the Insured, or an intentional or criminal act done at the direction of the Insured, or by any person operating the **Insured Watercraft** with your permission.
6. If benefits are provided or are required to be provided under the US Longshoremen's and Harbor workers compensation act, worker's compensation, non-occupational disability or occupational disease law.
7. This insurance will not cover any liability of the insured arising from the Merchant Marine Act of 1920, as amended.
8. Property damage or bodily injury arising out of the transportation of the **Insured Watercraft** on land.



9. Bodily Injury or Property Damage to you, or your relatives if they reside in your household or are persons under the age of 21 in your care or the care of your resident relatives.
10. To property owned by the Insured.
11. For damage to property owned by rented to, used by or in the care of an insured person.
12. Fines or penalties imposed by any government agency except as provided for in Pollution Liability
13. That results from the gradual (rather than sudden and accidental) discharge, dispersal, release or escape of pollutants into or upon land, water or air or liability due to pollution by any substance that is gradually discharged.
14. To anyone using the **insured watercraft** or a non-owned boat without the permission of the named insured.
15. Bodily Injury sustained while in, upon, boarding, or leaving the **insured watercraft** without a reasonable belief that the person was entitled to be on board the **Insured Watercraft**.
16. Liability for damage to any marine estuary, artificial or natural reef, living or dead coral or other marine organisms, caused by the insured watercraft or its operators or passengers.
17. Punitive, double, treble or exemplary damages, however described.
18. At no time does this policy provide coverage for accidents or injuries to any persons on or assigned to the **Insured Watercraft** whether as passenger, crew member, or otherwise while any such person is engaged in any diving activity, including but not limited to, SCUBA diving, skin diving, free diving or any diving activities of any kind. This exclusion applies to all injuries (including decompression sickness) whether sustained in whole or in part while leaving the **insured watercraft** to enter the water, while in the water, or while boarding the **Insured Watercraft** on return from the water.
19. For liability assumed under any contract or agreement, except a written contract relating to a dock rental or boat storage indemnity agreement.
20. Any claim arising from directly or indirectly caused by or associated with Human T Cell Lymphotropic Virus type III, (HILV II) or Lymphadenopathy Associated virus (LAV) or the mutants derivatives or variations thereof or in any way related to acquired immune deficiency syndrome or any syndrome or condition of a similar kind howsoever it may be named.
21. Liability while the **Insured Watercraft** is on any kind of exhibition.
22. Damage to property in any insured person's care, custody or control or his or her physical possession.
23. Any liability arising out of or in any way related to the sale, supply, service or consumption of food or drink on board the **Insured Watercraft**.
24. That arises out of the rendering or the failure to render a professional service.

SECTION E - MEDICAL PAYMENTS

COVERAGE PROVIDED

We will pay to or for each person who sustained bodily injury caused by any accident occurring during the policy period, while in or upon, boarding or leaving the **Insured Watercraft** hereunder, the reasonable expense of necessary medical, surgical, ambulance, hospital and professional nursing services and, in the event of death resulting from such injury, the reasonable funeral expense, all incurred within one (1) year from the date of accident.

LIMIT OF LIABILITY

Our liability in anyone accident shall not exceed the amount of insurance shown for Medical Payments on the Coverage Selection Page, regardless of the number of persons involved or claims made in the accident.



EXCLUSIONS

We do not provide coverage under Medical Payments for any person:

1. For bodily injury Incurred during the course of employment if Workers' Compensation or Federal Longshoremen's and Harbor Workers' Compensation benefits are required or available for the injury.
2. For bodily injury sustained while in, upon, boarding or leaving the Insured Watercraft without a reasonable belief that the person is entitled to be on board the Insured Watercraft.
3. To liability incurred while the Insured Watercraft is being used for other than private pleasure purposes unless agreed in writing by us.
4. To liability arising out of scuba and diving activities of any type.
5. Suicide or attempt to, drunkenness, poison intoxication (unless as a consequence of an accident), intoxication with drug (illegal or otherwise) or alcohol.
6. Participation of the occupants in duels, fights, acts of recklessness declared and unjustified.

SECTION F – UNINSURED BOATER COVERAGE

COVERAGE PROVIDED

We will pay the economic damages which, because of bodily injury received aboard the **Insured Watercraft**, you are legally entitled to recover from the uninsured owner or operator of another yacht.

“Uninsured boater” and “uninsured owner or operator” means an owner or operator of a yacht other than the insured watercraft, who is legally responsible for the accident, and:

1. To whom no liability policy applies; or
2. Who cannot be identified (such as hit and run operator)

The amount shown of the Uninsured Boater Coverage in the declarations is the most we will pay under this coverage, regardless of the number of insured persons, claims made, or yachts involve in any one accident or series of accidents arising out of the same event.

EXCLUSIONS

We do not provide uninsured boater coverage:

1. For claim settled without our given consent;
2. If the yacht is owned by governmental agency or unit;
3. For yacht owned by or furnished for the regular use of you, a member of your immediate family, or a person insured by this policy;
4. For an insured using a yacht without permission: or
5. When the yacht named in this policy is being chartered
6. Where no evidence of physical contact exists between your yacht and an unidentified yacht or where no evidence of physical contact exists between your yacht and uninsured yacht.



This coverage will not apply directly or indirectly to the benefit of any insurer 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 the person is entitled to recover from the liability coverage of this policy.

DUTIES FOLLOWING ANY LOSS

In the event of any loss covered by this Policy the name insured must:

1. Immediately take all possible steps to minimize the loss and protect the insured watercraft from further loss. As an insured your responsibility is to protect the assets before, during and after the loss. This responsibility is not transferable. We will pay the reasonable expenses incurred in doing this. This does not increase our limit; the named insured must keep accurate record of such costs. Failure to do so may invalidate your insurance coverage or reduce the amount of any claim hereunder.
2. Give us immediate notification of the loss, with details as to how, when and where the loss occurred, the property involved, the names and addresses of any injured persons or potential claimants, and the names and addresses of any witnesses.
3. After a loss, "you" must protect the Insured Watercraft from further loss and mitigate all damages and act as a prudent uninsured. This policy limits the amounts of salvage and sue and labor expenses, but these limitations do not relive you of the responsibility to protect the Insured Watercraft from further loss or mitigate all damages.
4. Not assume any obligation, admit any liability or incur any expense for which we may be liable without our written permission except expenses incurred to protect the property from further loss, but always subject to the limits for salvage or sue and labor as set forth in this policy.
5. Cooperate with us in the investigation, defense or settlement of any loss, and agree to be examined under oath if we so request. Failure to do so within thirty (30) days after our request will result in a denial of your claim.
6. Permit us to examine any records needed to verify the loss and its amount.
7. Advise the Police, Coast Guard or any appropriate authority of the loss and its circumstances.
8. Submit a written proof of loss.
9. Permit us to inspect the damaged property before it is disposed of or repaired.
10. A person presenting a claim for bodily injury must also submit, as often as we request, to physical examinations by physicians of our choice and permit us to obtain copies of medical reports and other necessary medical records.
11. Complying with all the duties does not relieve You of the responsibility for the **Insured Watercraft**.
12. Show the damaged and undamaged property as often as we reasonably request and allow us to inspect and take samples of the property before it is disposed of or repaired.
13. Promptly forward to us any legal papers or notices received in connection with the loss occurrence of the claim.



14. At our request help us:
 - a. settle claims arising under this policy;
 - b. conduct suits, including attendance at trials and hearings;
 - c. enforce the right of recovery against parties who may be liable to the Insured;
 - d. secure and give evidence; and
 - e. obtain the attendance of all witnesses at all related proceedings requiring their attendance
15. Give us a proof of loss and discharge of liability once the amount under this insuring agreement has been agreed with you.
16. Preserve any right of recovery from others. When we pay a loss, your right to recover becomes ours up to the amount of our payment together with any legal fees and expenses you must also cooperate with us to recover the losses we may pay. Any amounts recovered from others belong to us up to the amount of our payment together with any legal fees and expenses.

SECTION H - GENERAL EXCLUSIONS, WARRANTIES AND CONDITIONS WHICH APPLY TO ALL SECTIONS OF THIS POLICY

PARAMOUNT EXCLUSIONS

1. War, civil war, revolution, rebellion, insurrection, or civil strike arising therefrom, or any hostile act by or against a belligerent power, whether war is declared or not.
2. We will not pay for any loss resulting directly or indirectly from:
 - a. Radioactive contamination
 - b. Discharge of any nuclear weapon (even if accidental), war (declared or undeclared), civil war, insurrection, rebellion or revolution, or any consequence of any of these.
3. Any terrorist or politically motivated act
4. Capture, seizure, arrest, confiscation, detention, restraint or detainment (barratry and piracy excepted), and the consequences thereof or any attempt thereat, whether in time of peace or war and whether lawful or otherwise
5. Ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
6. This policy excludes loss and or damage to any boat or equipment thereof and insured hereunder, if said boat is equipped with engine(s) totaling a higher horsepower than the total of the horsepower of the engines described in the policy.
7. We will not pay for any loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software program, malicious code, computer virus or process or any other electronic system.
8. We will not pay for any loss, damage, liability or expense arising from or in any way connected whether directly or indirectly with,
 - a. The actual or anticipated failure or inability of any computer, electronic device, component, system, embedded programming or software, whether or not belonging to or in the possession of the insured to:
 - i. correctly or unambiguously assign any other date to the correct day, week, year or century beyond December 31, 1998
 - ii. to continue to operate, as it would have done had it current date, the true date and any other date relevant to any function being carried out by it been prior to January 1, 1999



- b. The use of any arbitrary, ambiguous or incompletely defined date in any date, software or embedded programming
 - c. Any measures taken with the intention of averting or minimizing any of the above.
9. We do not provide coverage for any claim for punitive and exemplary damages, fines, penalty or cost of defense arising out of a criminal violation.
10. We do not provide coverage for any loss, damage or expense caused by an intentional, illegal, criminal act or willful misconduct by the named insured, or an intentional or criminal act done at the direction of the named insured, or by any person operating the **Insured Watercraft** with your permission.

CONTINUING WARRANTY OF SEAWORTHINESS

The Insured warrants that the Insured Watercraft covered by this insurance was seaworthy at the inception of this insurance policy and that it will be maintained in a seaworthy condition throughout the entire period of the policy.

SURVEY WARRANTY

It is hereby warranted that this insurance is subject to a satisfactory condition survey and valuation required by Company. If the survey makes any recommendations with respect to the insured watercraft, then the insured warrants that such recommendations were completed prior to any loss giving rise to any claim.

ALCOHOL WARRANTY

You warrant that operators that are twenty one (21) years or older will NOT operate the **Insured Watercraft** with a Blood Alcohol Content (BAC) equal to or greater than 0.08%. You also warrant that operators that are between the ages of eighteen (18) and twenty one (21) will not operate the **Insured Watercraft** with a (BAC) equal to or greater than 0.04%. You also warrant that operators that are under the age of eighteen (18) will not operate the **insured watercraft** with a BAC greater than 0.00%. If after an accident, the operator of the **Insured Watercraft** refuses to immediately submit to a BAC test in any form (breath or blood), the refusal to submit to such testing will be deemed a conclusive and irrefutable admission of the operator that he/she had a BAC of 0.08% or greater, irrespective of his/her age.

LIMITATION OF LIABILITY ACT

We will have the right to assert all defenses provided by the Limitation of Liability Act of 1851 (46 U.S.C. app. § 183(1984)) historically, or (46 U.S.C §§ 30501 – 30512), and such defenses will inure to our benefit and limit our liability as well as that of the owner of the Insured Watercraft.

FORFEITURES PURSUANT TO 19 U.S.C § 1703, ET SEQ.

The policy excludes any and all claims by any party for losses related to a forfeiture or attempted forfeiture of the Insured Watercraft pursuant to 19 U.S.C § 1703, or any costs, expenses or attorney's fees related to such proceedings.

CHOICE OF LAW

This policy will be subject to and interpreted in accordance with the General Maritime Law of the United States and the laws of the Commonwealth of Puerto Rico.



PRIVATE PLEASURE ONLY

It is warranted that the **Insured Watercraft** shall be utilized solely for private pleasure purposes only. Coverage is afforded for any liability arising out of such use and purpose exclusively, although this policy may be issued in a name of a Company.

We do not provide coverage while the Insured Watercraft is on exhibition, rented to others, used to carry persons or property for a fee or used for other commercial purposes, unless we authorized to such coverage in writing. Any other use of this **Insured Watercraft** makes this coverage null and void.

APPLICATION AS PART OF THE POLICY – CONCEALMENT AND MISREPRESENTATION – WARRANTY OF TRUTHFULNESS

The Application and the information provided and represented therein by you and/ or your authorized representative forms part of this policy and is incorporated herein for reference. This policy was issued based upon the representations made by you or your representative in the Application. The information provided in the application and the information provided at any time is warranted by you to be true and correct in all respects. Any changes to the information provided therein shall be reported to us as soon as you become aware of same. If You have, before or after a loss made a false statement or representation with respect to this insurance or have concealed or misrepresent any fact or circumstance relating to this insurance or to a claim hereunder, this policy shall be void and without effect. The false statement or representation or concealment need not to be related to the damages or loss claimed in order to void the entire policy.

CHANGES IN POLICY

This policy contains all the agreements between you and us. No changes may be made unless they are in writing, signed by us.

POLICY PERIOD AND TERRITORY

This policy applies only to losses which occur during the policy period and:

1. While the **Insured Watercraft** is afloat, within Puerto Rico, US Virgin Islands, and British Virgin Islands, or the Navigation Limits specified on the Coverage Selection Page, always excluding Cuba, Venezuela and Haiti.
2. For property on shore or being transported by land conveyance, within the Commonwealth of Puerto Rico and Virgin Islands.

TENDER NAVIGATIONAL LIMITS

Tender navigational waters are the same as the ones of the **Insured Watercraft** while tender is being carried aboard, towed or navigated a mile from the **Insured Watercraft** or alone at no more than 7 miles offshore of any land covered by the navigational limits of the insured watercraft and only while the insured watercraft is within those navigational limits.

NAVIGATOR CLAUSE

In consideration of the premium charged it is understood and agreed that the insured warrants that at all times during its operation a competent and experienced navigator will operate the Insured Watercraft. If said navigator was born on or after July 1, 1972 he or she must be certified, as required by law, by the US Power Squadron, USCG Auxiliary or Natural Resources Administration.



COMPLY WITH ALL LAWS AND REGULATIONS

It is warranted that insured persons must at all times comply with all laws and regulations, governing the use and or operation of the Insured Watercraft.

SALE OR TRANSFER OF INTEREST

This insurance shall be void in case this Policy or the interest insured thereby shall be sold, assigned, transferred or pledged without the previous consent in writing by Us.

LEGAL ACTION AGAINST US

No legal action may be brought against us unless there has been full compliance with all the terms of this policy, and the action is started within one year after the accident causing the loss. In addition, under Section D, Watercraft Liability, no legal action may be brought against us until we agree in writing that the **Insured Person** has an obligation to pay a specified amount, or until the amount of that obligation has been finally determined by judgment after trial. No person or organization has any right under this policy to bring us into any action to determine the liability of an **Insured Person**.

IMPAIRMENT OF RECOVERY

If you agree after a loss to give up your rights to recover damages from any carrier, bailee or other party who may be liable to you, this policy will be considered void and will be without effect as to such loss. We will still have the right to retain or recover the premium.

OUR RIGHT TO BE REPAID

If we make payment for a loss to anyone or on behalf of anyone who has a right to recover damages from others, we shall take over that person's right to recover the damages. That person must cooperate with us in our efforts to recover the amount which we paid. If we make payment for a loss to anyone or on behalf of anyone who also recovers damages for that loss from others, that person shall hold the proceeds of the recovery in trust for us and shall reimburse us to the extent of our payment.

PAYMENT OF LOSS

Payment of loss will be made within 30 days after either we reach agreement with you, a final judgment is entered in the court, or an appraisal award is filed with us.

NON-WAIVER PROVISIONS

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

OTHER INSURANCE

If at the time of loss there is available any other insurance which would apply in the absence of this policy, the insurance under this policy shall apply only as excess insurance over the other insurance.



BANKRUPTCY

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

CANCELLATION

You may cancel this policy by returning it to us or our authorized representative and stating, in writing, the future date you want it to be cancelled. We may cancel this policy by written notice to you and the loss payee at the address shown in the declarations page or last known address. Cancellation by us will be effective as of the date and time shown on the Cancellation Notice, but not less than thirty (30) days after the date of mailing the notice. In the event of a cancellation for non-payment of premium, ten (10) days advance written notice shall be sent. The mailing of notice is sufficient proof of notice of cancellation. Delivery of notice shall be equivalent to mailing. When you request cancellation, the return premium will be based on our short-rate table. When we cancel, the return premium will be pro rata of the annual premium. This policy shall terminate without any written notice when "we" pay for a total loss or a **Constructive Total Loss**.

RETURN PREMIUM

No premium shall be return to you if we have paid you for a total or **Constructive Total Loss** of the **Insured Watercraft**.

MINIMUM EARNED PREMIUM

This policy is subject to a 25% Minimum earned premium if canceled.

CONFORMITY TO STATUTES

Any provision in this policy that conflicts with any statute of the State or Territory where the Insured Watercraft has its homeport is hereby amended to conform to the minimum requirements of such statute.