



YOUR TRAVELERS YACHT POLICY

from Travelers

YOUR TRAVELERS YACHT POLICY QUICK REFERENCE

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TRAVELERS YACHT POLICY

INSURING AGREEMENT

This marine insurance **policy** is a legal contract between you and us.

We agree to provide the insurance coverage described in this **policy** in return for your payment of the premium when due and full compliance by every **insured** with the terms, conditions and warranties described in the **policy**.

DEFINITIONS

Throughout this **policy**, "you" and "your" refer to the "named insured" in the **declarations**, and "we", "us", and "our" refer to the Company providing this insurance. In addition, certain other words and phrases, when printed in bold letters, have special meaning in the **policy** and are defined as follows:

"accidental fuel spill" means the sudden and accidental discharge, spillage or leakage of petroleum based fuel, oil or lubricants which are required for the normal operation and use of your **yacht** or **dinghy**.

"actual cash value" means the replacement cost of the covered property at the time of the loss, less deduction for any depreciation.

"agreed value" means the Amount of Insurance for your **yacht** as shown in the **declarations** without deduction for any depreciation.

"auxiliary equipment" means your portable boating equipment, including trolling motors, not permanently installed aboard but normally required or used to operate or maintain your **yacht** or **dinghy**.

"bodily injury" means physical injury and bodily harm and resulting sickness, disease and death. It includes required care and loss of services.

"constructive total loss" means a loss in which the reasonable expense of recovering and repairing your **yacht** equals or exceeds the Amount of Insurance as shown in the **declarations**.

"declarations" means the **declarations** page(s) for your **policy** that show the coverages and Amounts of Insurance/Limits of Liability you have for your **yacht** or **dinghy**. Throughout this **policy**, any reference to the **declarations** includes any amended **declarations**.

"dinghy" means any boat 16 feet in length or less, including its outboard motor(s) not exceeding 50 horse-

power, owned by you and used primarily to travel over water to and from your **yacht**. However, **dinghy** does not include any **personal watercraft**.

"family member" means a resident of your household who is related to you by blood, marriage or adoption.

"fishing equipment" means rods, reels, lures and rigs, lines, nets, tackle and tackle boxes.

"insured" means (1) you; (2) a **family member**; or (3) any person or legal entity while operating your **yacht** or **dinghy**, for private pleasure use with your permission and without a charge, fee or other financial benefit or remuneration. However, **insured** does not include: (a) any paid captain or paid crew member, unless added by endorsement or automatically covered in **SECTION SIX: PROTECTION AND INDEMNITY COVERAGE**, paragraph **D**. or (b) any person or legal entity operating, employed by, or the agent of a marina, boat repair yard, yacht club, sales agency, brokerage, consignment yard, boat service station, or other similar organization.

"latent defect" means a hidden flaw inherent in the material existing at the time of the original building of the **yacht**, which is not discoverable by ordinary observation or methods of testing.

"lay-up" means taking your **yacht** out of active service and decommissioning it for the period of time as shown in the **declarations**. **Lay-up** can include either storage on land or afloat.

"navigational territory" means the waters where your **yacht** or **dinghy** is permitted to operate as described in the **declarations**.

"occurrence" means a loss or accident, including continuous or repeated exposure to substantially the same

general harmful conditions that results, during the **policy** period, in **bodily injury** or **property damage**.

"**personal property**" means any property, not otherwise excluded, owned by an **insured**, a guest of an **insured**, or a paid captain or paid crew member, while it is aboard your **yacht** or **dinghy** or while being loaded onto or unloaded from your **yacht** or **dinghy**.

"**personal watercraft**" means a jet ski, hydrocycle or other vessel which uses an inboard motor powering a water jet pump as its primary source of motor power and which is designed to be operated by a person sitting, standing, or kneeling on the vessel, rather than the conventional manner of sitting or standing inside the vessel.

"**policy**" means your Travelers **Yacht Policy**. It includes the application, the **declarations**, and any applicable forms and endorsements.

"**property damage**" means actual physical loss or damage to or destruction of tangible property of others, not otherwise insured by this **policy**. It includes loss of use of such property.

"**total loss**" means a loss in which your **yacht** is completely lost or destroyed.

"**uninsured boater**" means any owner or operator of a vessel, other than the insured **yacht** or **dinghy**, who is legally responsible for an accident and to whom no liability insurance policy applies or who cannot be identified, such as a hit-and-run operator.

"**yacht**" means the vessel, owned by you, as shown in the **declarations**, including its hull, machinery, spars, sails, fittings, furniture and other permanently installed equipment located on board and normally required for the operation or maintenance of the vessel.

SECTION ONE: GENERAL POLICY TERMS, CONDITIONS, LIMITATIONS AND WARRANTIES

The following terms, conditions, limitations and warranties apply to all **SECTIONS** and coverages provided by this **policy**:

A. POLICY PERIOD

This **policy** applies only to a covered loss or **occurrence** during the **policy** period as shown in the **declarations**.

B. CONCEALMENT, MISREPRESENTATION OR FRAUD

The entire **policy** will be void if, in connection with your insurance application, whether before or after a loss or **occurrence**, any **insured** has:

1. Misrepresented or failed to disclose any material fact or circumstance or made any false statement related to this insurance; or
2. Engaged in fraudulent conduct.

C. CHANGES IN POLICY

This **policy** contains all of the agreements between you and us. The terms may not be changed or waived except by endorsement issued by us.

D. TRANSFER OF INTEREST

This **policy** will automatically terminate, without notice by us, upon the sale, assignment, pledge or other transfer of your ownership or insurable interest, in whole or in part, in your **yacht** or **dinghy** unless prior written consent has been obtained from us. However, if you should die during the **policy** period, we will automatically cover your legally appointed representative as a named insured with respect to his or her interest in your **yacht** or **dinghy**.

E. CANCELLING THIS POLICY

Your cancellation - You may cancel this **policy** by giving us or our authorized representative written notice of the date cancellation is to take effect.

Our cancellation - If you have paid the premium when due and we decide to cancel this **policy**, we will give to you at least 15 days written notice of our decision to cancel this **policy**.

If you have not paid the premium by the due date, we may cancel this **policy** by giving you 10 days written notice.

Evidence of mailing of our cancellation notice to you at the address as shown in the **declarations** will be sufficient proof that you have been notified.

F. RETURN PREMIUMS

If this **policy** is cancelled, you may be entitled to a premium refund. If you cancel the **policy** for any reason other than your interest in the **yacht** being sold, any return premium may be computed on a short rate basis. If we cancel the **policy** or if your interest in the **yacht** is sold, any return premium will be computed on a pro-rata basis.

Any return premium will be paid to you as soon as possible after the cancellation. However, making or offering to make the refund is not a condition of cancellation.

In the event of a **total loss** or a **constructive total loss**, any paid premium will be considered fully earned and no refund will be made.

G. RENEWAL, NONRENEWAL AND TERMINATION OF COVERAGE

Renewal - We may offer to renew this **policy** by providing you renewal **declarations** along with a bill for the premium.

Nonrenewal - If we decide not to renew this **policy**, we will give you at least 30 days notice of our decision not to renew. Evidence of mailing of our nonrenewal notice to you at the address as shown in the **declarations** will be sufficient proof that you have been notified.

Automatic termination – If we offer to renew your **policy** and you or your authorized representative do not accept, this **policy** will automatically terminate, without notice of termination, at the end of the current **policy** period. Failure to pay the required renewal premium when due will mean you have not accepted our offer.

H. CONFORMITY TO STATE LAW OR FEDERAL STATUTE

If any provision of this **policy** is deemed unenforceable pursuant to any applicable state law or federal statute, this **policy** shall conform to the minimum requirements of that law or statute.

I. BROADENING OF COVERAGE

If we adopt any change during the term of this **policy** applicable to all **yacht** policyholders in your state that broadens coverage without additional premium, the broader coverage will automatically apply to you as of the effective date of the revision.

J. PRIVATE PLEASURE USE WARRANTY

You expressly warrant that your **yacht** and **dinghy** will be used solely for private pleasure use. This warranty applies to all **insureds**.

Coverage will not apply during any period in which your **yacht** and **dinghy** are used for non-private pleasure use such as for charter, hire, to carry persons or property for a fee or for any other commercial, corporate or business use, unless prior written consent has been obtained from us. Business entertainment for which there is no direct remuneration will be considered as being private pleasure use.

K. NAVIGATIONAL WARRANTY

You expressly warrant that your **yacht** and **dinghy** will be confined to the **navigational territory** as shown in the **declarations**. This warranty applies to all **insureds**.

Coverage will not apply during any period in which your **yacht** and **dinghy** are outside of the **navigational territory** as shown in the **declarations** unless prior written consent has been obtained from us. You must pay any additional premiums if given consent for this extension of coverage.

L. LAY-UP WARRANTY

You expressly warrant that you will **lay-up** your **yacht** for the period of time as shown in the **declarations**. This warranty applies to all insureds.

During the **lay-up** period, your **yacht** must be maintained for the conditions reasonably expected during the **lay-up**. In addition, your **yacht** cannot be used for any boating activities or as living quarters during the **lay-up** period.

M. NO BENEFIT TO OTHERS

No person or organization that has custody of your **yacht** or **dinghy** and is to be paid for services, directly or indirectly, in cash or in kind, will benefit from this insurance.

N. OTHER INSURANCE

If at the time of loss, there is any other applicable insurance, any insurance provided by this **policy** will be deemed excess over any other valid and collectible insurance.

SECTION TWO: GENERAL POLICY EXCLUSIONS

The following exclusions apply to all SECTIONS and coverages provided by this **policy**:

WE DO NOT COVER ANY LOSS OR DAMAGE CAUSED BY:

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

The coverage provided by this **policy** depends on the statements you made in your application. If you or any insured intentionally conceals or misrepresents any material fact or circumstance, whether before or after a loss, this **policy** is **VOID** and you will no longer be protected by it.

B. DISHONEST OR ILLEGAL ACTS

We do not cover any loss, damage, injury, or expense that occurs while any **insured** is engaged in any dishonest or illegal act, regardless of whether such person is convicted of such act by a criminal court.

C. INTENTIONAL INJURY OR DAMAGE

We do not cover any loss, damage, injury, or loss of life which is intentionally caused by any covered person, regardless of whether or not such person is convicted of such act by a criminal court.

D. WAR, CONFISCATION OR NUCLEAR EXCLUSION

We do not cover any loss, damage, injury, or loss of life which is caused by:

1. War, including undeclared war, civil war, civil strife, insurrection, rebellion, revolution, hostilities or warlike acts by military force or military personnel, destruction or seizure for military purposes, or any consequences of these actions, whether there is a declaration of war or not;
2. The lawful or unlawful capture, seizure, confiscation, arrest, lien, requisition, detainment or impoundment of your **yacht** or **dinghy** by a civil or military authority or repair facility/boat yard or any consequences of these actions; or an attempted threat, whether in time of peace or war;
3. The hazardous properties, including radioactive, toxic or explosive properties, of nuclear material, whether it is source material or by-product material as defined in the Atomic Energy Act of 1954 or in any law amendatory thereof, no matter how it is caused.

E. RACING

We do not cover any loss that occurs or damage that results while your **yacht** or **dinghy** is being operated in any capacity in an official race or speed test. However, this exclusion does not apply to sailboats participating in local races or powerboats participating in predicted log events.

SECTION THREE: YACHT, AUXILIARY EQUIPMENT AND DINGHY COVERAGE

This is an **agreed value policy** for **yachts**.

A. COVERAGE

We cover the following property against accidental direct physical loss or damage caused by an **occurrence** except as specifically excluded:

1. Your **yacht**.
2. Your outboard motor(s), if scheduled in the **declarations**, including:
 - a. portable fuel tanks and fuel lines;

- b. electric starting equipment including batteries; and
 - c. controls supplied by the manufacturer as part of the outboard motor.
3. Your **auxiliary equipment**. However, **auxiliary equipment** does not include:
 - a. outboard motors;
 - b. **personal watercraft**, or similar types of vessels;

- c. moorings, cradles, boat lifts, or similar apparatus used for the mooring or storage of your **yacht** or **dinghy**; or
 - d. **Personal property** including **fishing equipment** and scuba gear.
4. Your **auxiliary equipment** on shore. We will cover your **auxiliary equipment** when it is temporarily removed from your **yacht** or **dinghy** for storage on shore. However, the Amount of Insurance on your **yacht** or **dinghy** will be automatically reduced by the total value of this **auxiliary equipment** while it is stored away from your **yacht** or **dinghy**.
 5. Your trailer if scheduled by endorsement provided it is used solely for the purpose of transporting your **yacht** or **dinghy**.
 6. Your **dinghy**.

B. OVERLAND TRANSPORTATION

We cover physical damage to your **yacht** or **dinghy** if damaged as a result of being transported overland on its trailer, including loading or unloading by an **insured**. However, coverage while being transported on any contract or common carrier for hire applies only within a 500 mile radius from your home port or storage yard, unless endorsed to this **policy**. We do not cover your **yacht** or **dinghy** if it is being transported as waterborne cargo including loading or unloading.

C. PROTECTION AND RECOVERY / SALVAGE EXPENSES

We will pay the reasonable costs you incur to protect or cover your **yacht** or **dinghy** from further loss or damage following a covered loss, including making any necessary temporary repairs to protect the property from further damage. This coverage is in addition to those coverages included in **SECTION THREE** of this **policy**.

D. EXCLUSIONS

In addition to the **SECTION TWO: GENERAL POLICY EXCLUSIONS**, we do not cover any of the following, or loss or damage caused by or resulting from any of the following, regardless of whether any cause or event contributed concurrently or in any sequence or in any way to the loss:

1. Wear and tear; neglect;

2. Gradual deterioration; deterioration caused by weathering, insects, or marine life;
3. Insects, animals, vermin, marine life, mold, mildew, or fungus;
4. Marring, scratching, weathering, fading, chipping or denting;
5. Inherent vice, wet or dry rot, rust or corrosion;
6. Osmosis, blistering, delamination, chemical decomposition or galvanic action;
7. **Latent defect**. However, any resulting direct physical loss or damage to your **yacht** resulting from the **latent defect** will be covered;
8. Defects in manufacture, including defects in construction, workmanship and design other than **latent defects** as defined in the **policy**;
9. The **insured's** failure to properly winterize the **yacht** or **dinghy** in accordance with the manufacturer's specifications or customs of the area;
10. Theft or unexplained disappearance of **auxiliary equipment** unless: (a) your **yacht** or **dinghy** is stolen at the same time; or (b) there is evidence that the property was forcibly removed;
11. Decrease in value, loss of use, or lost profits;
12. Previously unrepaired damage that occurred either prior to the **policy** effective date as shown in the **declarations** or where an **insured** has previously received full or partial payment from us; or
13. Mechanical breakdown.

E. LOSS PAYMENT

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

1. **Total loss**. If your **yacht** is a **total loss** or determined by us to be a **constructive total loss**, we will pay the Amount of Insurance as shown in the **declarations**, without deduction for depreciation.
2. **Partial loss**. Unless otherwise stated in this **policy**, we will pay the reasonable cost of repair or replacement of damaged or stolen property, without deduction for depreciation, up to the Amount of Insurance as shown in the **declarations**.
3. **Property subject to depreciation**. We will pay no more than the **actual cash value**, at the

time of loss or damage, to the following property:

- (a) sails, including spinnakers;
 - (b) protective covers consisting of fabric, plastic, canvas or similar materials;
 - (c) carpeting, upholstery, cushions or fabric;
 - (d) outboard motors of your **yacht**, including trolling or auxiliary motors, over five years of age;
 - (e) outdrive power units of your **yacht** over seven years of age;
 - (f) machinery, including inboard engines, running gear and equipment, over ten years of age;
 - (g) batteries;
 - (h) trailers; and
 - (i) **dinghies**.
4. **Pairs, Sets or Parts.** In case of a covered loss or damage to a pair or set, we may elect to repair or replace any item to restore the pair or set to its condition just before the loss or pay the difference between the **actual cash value** of the pair or set before and after the loss.
- In case of loss to any part of covered property consisting of several parts when complete, we will pay only for the value of the part lost or damaged.
5. **Repairs.** If your **yacht** or **dinghy** needs repair after a covered loss, we will have the option of

paying the reasonable costs of repairs in accordance with:

- a. the manufacturer's specifications; or
- b. generally accepted repair practices.

We will pay the lesser of: (1) the Amount of Insurance for your **yacht** or **dinghy**; or (2) the amount for which your **yacht** or **dinghy** can reasonably be repaired to its condition just prior to the loss.

F. AMOUNT OF INSURANCE

The most we will pay under the **policy** for damages to your **yacht**, **auxiliary equipment** or **dinghy** under paragraphs A. and B. of this SECTION is the Amount of Insurance as shown in **SECTION THREE** of the **declarations**.

The most we will pay under the **policy** for expenses related to paragraph C. of this SECTION is the Amount of Insurance as shown in **SECTION THREE** of the **declarations**.

The Amount of Insurance for paragraphs A. and B. will not be reduced by payments made for expenses under paragraph C.

G. DEDUCTIBLE AMOUNT

We will adjust each claim for a covered loss to your **yacht** or **dinghy** separately. The amount of each adjusted claim will be automatically reduced by the deductible amount as shown in the **declarations**.

The deductible amount will not apply in the event of a **total loss** or a **constructive total loss** to your **yacht** or for Protection and Recovery / Salvage Expenses.

SECTION FOUR: PERSONAL PROPERTY COVERAGE

A. COVERAGE

We cover **personal property**, including **fishing equipment**, against accidental direct physical loss or damage caused by an **occurrence** except as specifically excluded.

B. EXCLUSIONS

In addition to the **SECTION TWO: GENERAL POLICY EXCLUSIONS**, we do not cover any of the following, or loss or damage caused by or resulting from any of the following, regardless of whether any other cause or event contributed concurrently or in any sequence or in any way to the loss:

- 1. Wear and tear; neglect;
- 2. Gradual deterioration; deterioration caused by weathering, insects, or marine life;
- 3. Insects, animals, vermin, marine life, mold, mildew, or fungus;
- 4. Marring, scratching, weathering, fading, chipping or denting;
- 5. Theft or unexplained disappearance unless:
 - (a) your **yacht** or **dinghy** is stolen at the same time; or

(b) there is evidence that the property was forcibly removed or stolen;

6. Changes in temperature or humidity; or
7. Any mechanical or electrical failure or disturbance, unless it was caused by lightning.

We do not cover any loss or damage due to any cause for any of the following property:

- a. Money, jewelry, furs, travelers checks, coins or currency;
- b. Motorized vehicles;
- c. Computer equipment including any hardware or software unless used exclusively aboard and for the service of your **yacht**;
- d. Fine arts, paintings, antiques; or
- e. Any property insured, in whole or in part, by this or any other insurance.

C. LOSS PAYMENT

In the event of a covered loss to **personal property**, we will pay no more than the **actual cash value**.

D. AMOUNT OF INSURANCE

The most we will pay under the **policy** for loss or damage to **personal property** for any one **occurrence**, regardless of the number of claimants or amount of each claim, is the Amount of Insurance as shown in **SECTION FOUR** of the **declarations**.

E. DEDUCTIBLE AMOUNT

We will adjust each claim for a covered loss to your **personal property** separately. The amount of each adjusted claim will be automatically reduced by the deductible amount as shown in the **declarations**.

SECTION FIVE: COMMERCIAL TOWING AND ASSISTANCE COVERAGE

A. COVERAGE

We will pay the reasonable costs you incur for the following emergency services to your **yacht** while afloat and away from safe harbor, or to the scheduled trailer, while on land, if help is not available and you must obtain commercial assistance:

1. towing of your **yacht** to the nearest place where necessary repairs can be made;
2. delivery of fuel, oil, parts or loaned battery, excluding the cost of these items themselves; or
3. trailer roadside service, including towing your scheduled trailer to the nearest place where necessary repairs can be made.

B. EXCLUSIONS

SECTION TWO: GENERAL POLICY EXCLUSIONS apply to this SECTION.

C. AMOUNT OF INSURANCE

The most we will reimburse you for each covered loss under the **policy** for Commercial Towing and Assistance Coverage is the Amount of Insurance as shown in **SECTION FIVE** of the **declarations**.

D. DEDUCTIBLE

No deductible applies to Commercial Towing and Assistance Coverage.

SECTION SIX: PROTECTION AND INDEMNITY COVERAGE

A. COVERAGE

We will pay those sums that the **insured** becomes legally obligated to pay as damages because of **bodily injury** or **property damage** caused by an **occurrence** to which this insurance applies. We have the right and duty to investigate, settle and

defend, as we consider appropriate, any claim or suit seeking covered damages.

1. BODILY INJURY OR PROPERTY DAMAGE

We will pay damages for **bodily injury** or **property damage** for which an **insured** is le-

gally responsible arising out of owning, maintaining or using your **yacht** or **dinghy**.

2. PAID CREW MEMBER BODILY INJURY

We cover liability for which the **insured** is legally responsible under the Federal Jones Act, 46 U.S.C. App. § 688.

This coverage may be sub-limited. Please refer to paragraph **D.1.** of **SECTION SIX**.

3. WRECK REMOVAL

If you are legally required by any civil authority to remove or otherwise dispose of the wreck of your **yacht** or **dinghy**, we will pay the reasonable cost to raise, remove and dispose of your **yacht** or **dinghy**.

4. ACCIDENTAL FUEL SPILL

We will pay the reasonable cost for the proper containment, clean up and resulting damage caused by an **accidental fuel spill** that comes from your **yacht** or **dinghy** for which you are legally responsible provided you:

- a. immediately notify the United States Coast Guard or other appropriate state, local or federal authority of the **accidental fuel spill** as required by law;
- b. take appropriate action as soon as possible, including making any necessary temporary repairs to fix the cause of the **accidental fuel spill** and prevent further spillage; and
- c. provide all reasonable cooperation and assistance requested by a responsible official in connection with the containment or clean up of the **accidental fuel spill**.

This coverage may be sub-limited. Please refer to paragraph **D.** of **SECTION SIX**.

B. EXCLUSIONS

In addition to the **SECTION TWO: GENERAL POLICY EXCLUSIONS**, we do not provide coverage for:

1. Liability assumed by you or any **insured** under any contract or agreement, including but not limited to restitution orders or judgments;
2. **Bodily injury** to your spouse or any **insured**;

3. **Bodily injury** or **property damage** arising out of the transportation, including loading or unloading, of your **yacht** or **dinghy** on land, sea or air;
4. Damage to reefs, natural barriers, beaches, marshlands, soft sand areas or any natural or growing thing attached thereto as a result of physical contact by your **yacht** or **dinghy**;
5. **Bodily injury** or **property damage** arising out of the operation or use of any **personal watercraft** or similar type vessel;
6. **Bodily injury** or **property damage** while your **yacht** or **dinghy** is used in connection with parasailing, kiteskiing or similar activity;
7. **Bodily injury** for which benefits are required to be provided or are available under any state compensation law or act;
8. **Bodily injury** arising out of or relating to the discharge, leakage or spillage of petroleum products or chemicals;
9. **Bodily injury** or **property damage** arising out of or relating to bacteria, viruses, mold or other substances of like kind or nature;
10. Punitive damages, meaning damages that are awarded to punish or deter wrongful conduct, to set an example, to fine, penalize or impose a penalty, or any similar exemplary damages that are awarded or imposed other than as compensatory damages; or
11. Fines, penalties or costs of defense arising out of a criminal or civil violation of law or assessment by a governmental authority.

C. LOSS PAYMENT

Any payment made under **SECTION SIX** of the **policy** will automatically reduce the Amount of Insurance available under **SECTION EIGHT: UNINSURED BOATER COVERAGE** for claims arising from the same **occurrence**.

D. AMOUNT OF INSURANCE

1. Subject to the provisions below, the most we will pay for all damages resulting from any one accident or **occurrence** is the Amount of Insurance as shown in **SECTION SIX** of the **declarations**. This limit is the same regardless of the number of **insureds**, claims, claimants, suits, demands, persons injured, vessels in-

volved or the number of **yachts** or **dinghies** insured under this **policy**.

Sub-limit for Bodily Injury to a Paid Captain or Paid Crew Member:

- (a) Unless otherwise endorsed on this **policy**, the sub-limit for any paid captain or paid crew member(s) **bodily injury**, maintenance and cure and unearned wages is \$25,000 per **occurrence** for which an **insured** becomes legally responsible under the Federal Jones Act or General Maritime Law.
- (b) This sub-limit does not apply to any paid captain or paid crew member employed for less than 15 days total during the **policy** term.
- (c) This sub-limit is included in the Amount of Insurance for **SECTION SIX** and does not increase the Amount of Insurance.

Sub-limit for Accidental Fuel Spill:

The most we will pay for all loss or damage caused by an **accidental fuel spill** arising from an **occurrence** covered under the **policy** is the lesser of the Amount of Insurance as shown in

the **declarations** for **SECTION SIX** or \$800,000. This sub-limit is the most we will pay regardless of the number of **insureds**, claims, claimants, suits, demands, vessels involved or the number of **yachts** or **dinghies** insured under this **policy**.

This sub-limit is included in the Amount of Insurance for **SECTION SIX** and does not increase the Amount of Insurance.

- 2. Any costs we pay for investigation and legal expenses are in addition to the Amount of Insurance as shown in **SECTION SIX** in the **declarations** or any applicable sub-limit under this SECTION.
- 3. Our duty to settle or defend ends when the applicable Amount of Insurance for this coverage as shown in the **declarations** or by sub-limit in this SECTION has been exhausted by the payment of judgments or settlements.

SECTION SEVEN: MEDICAL PAYMENTS COVERAGE

A. COVERAGE

We will pay for reasonable medical, ambulance, hospital, professional nursing and funeral costs to any person that becomes necessary due to **bodily injury** caused by an **occurrence** while on, leaving or boarding your **yacht** or **dinghy**. We will pay only for those costs incurred within one year of the date of the **occurrence**.

B. EXCLUSIONS

In addition to the **SECTION TWO: GENERAL POLICY EXCLUSIONS**, we do not cover any of the following for loss or damage caused by or resulting from any of the following, regardless of whether any other cause or event contributed concurrently or in any sequence or in any way to the loss:

- 1. Liability assumed by an **insured** under any contract or agreement;
- 2. **Bodily injury** arising out of the transportation of your **yacht** or **dinghy** over land, sea or air;

- 3. **Bodily injury** to any person while on, leaving or boarding your **yacht** or **dinghy** without the permission of an insured person;
- 4. **Bodily injury** to any person or legal entity operating or employed by, or the agent of, a marina, boat repair yard, yacht club, sales agency, brokerage, consignment yard, boat service station or other similar organization;
- 5. **Bodily injury** for which benefits are required to be provided or are available under any state or federal compensation law or act; or
- 6. **Bodily injury** that occurs in connection with parasailing, kiteskiing or similar activity.

C. LOSS PAYMENT

Any payment made under **SECTION SEVEN** of this **policy** shall not reduce the amount payable under **SECTION SIX: PROTECTION AND INDEMNITY COVERAGE** or **SECTION EIGHT: UNINSURED BOATER COVERAGE**.

Our payment will be reduced by any amounts paid or recoverable from the injured person's health plan or medical insurance.

Payment under this coverage is not an admission of liability by you or us.

D. AMOUNT OF INSURANCE

The most we will pay for each person injured as a result of an **occurrence** covered under the **policy** is the Amount of Insurance as shown in **SECTION SEVEN** of the **declarations**.

SECTION EIGHT: UNINSURED BOATER COVERAGE

A. COVERAGE

We will pay for damages which, because of **bodily injury** caused by an **occurrence** and received while on, leaving or boarding your **yacht** or **dinghy**, you or a **family member** are legally entitled to recover from an **uninsured boater** of another vessel.

An **uninsured boater** does not include:

- (1) an underinsured vessel owner or operator;
- (2) an operator of a vessel whose liability or Protection and Indemnity insurance coverage is denied;
- (3) an operator of a vessel owned by or chartered to a government unit or agency; or
- (4) an operator of a vessel having the benefit of any liability or Protection and Indemnity insurance coverage for the accident or **occurrence** regardless of the terms, coverage limits or deductibles applicable to that coverage.

B. EXCLUSIONS

In addition to the **SECTION TWO: GENERAL POLICY EXCLUSIONS**, we do not cover any of the following for loss or damage caused by or resulting from any of the following, regardless of whether any other cause or event contributed concurrently or in any sequence or in any way to the loss:

1. A person struck by a **yacht** or **dinghy** owned by you or any **insured**;
2. A claim for **bodily injury** that any person or legal representative settles without our written consent;

3. **Bodily injury** to any person eligible to receive benefits under any workers' compensation, disability or similar law;
4. **Bodily injury** caused by an uninsured vessel that is owned by or chartered to a government agency or unit;
5. **Bodily injury** where no physical contact occurred between your **yacht** or **dinghy** and an unidentified or uninsured vessel; or
6. **Bodily injury** when there is any other insurance available, whether such insurance is collectible or not, even if such amount is not sufficient to cover the entire loss or damage or where the insurer has denied coverage for the claim.

C. LOSS PAYMENT

Any payment made under **SECTION EIGHT** of the **policy** will automatically reduce the Amount of Insurance available under **SECTION SIX: PROTECTION AND INDEMNITY COVERAGE** for claims arising from the same **occurrence**.

D. AMOUNT OF INSURANCE

The most we will pay for damages under this **SECTION** is the Amount of Insurance shown in **SECTION EIGHT** of the **declarations**. This limit is the same regardless of the number of **insureds**, claims, claimants, suits, demands, persons injured, vessels involved or the number of **yachts** or **dinghies** insured under this **policy**.

SECTION NINE: LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION COVERAGE

A. COVERAGE

When coverage is provided under **SECTION SIX: PROTECTION AND INDEMNITY**

COVERAGE of this **policy**, coverage is provided under this **SECTION** for liability for which an **insured** is legally responsible under the United States

Longshoremen's and Harbor Workers' Compensation Act.

We agree, as required by the Act, to conform to all the provisions of the Act, being Public Act No. 803 of the 69th Congress, approved March 4, 1927; all laws which amend or supplement this Act and all lawful rules, regulations, orders and decisions of the United States Department of Labor, Bureau of Employees' Compensation and of the Deputy Commissioner having jurisdiction, which affect this Act while

this **policy** is in force. We will carry out the provisions of Section 35 of this Act, and will not be relieved of liability due to the insolvency or bankruptcy of the named insured.

B. EXCLUSIONS

SECTION TWO: GENERAL POLICY EXCLUSIONS apply to **SECTION NINE**.

SECTION TEN: NON-OWNED YACHT OR DINGHY COVERAGE

A. COVERAGE

When coverage is provided under **SECTION SIX: PROTECTION AND INDEMNITY COVERAGE**, we will pay for damages for **bodily injury** and **property damage** caused by an **occurrence** which you become legally responsible while operating a non-owned **yacht** or non-owned **dinghy** with the owner's permission.

B. EXCLUSIONS

In addition to the **SECTION TWO: GENERAL POLICY EXCLUSIONS** and the **SECTION SIX: PROTECTION AND INDEMNITY COVERAGE, B. EXCLUSIONS**, we do not cover any loss or damage under this SECTION if:

1. the vessel is owned by a corporation, partnership or other legal entity in which you have an ownership interest;
2. the vessel is owned in whole or in part by you;

3. the vessel is rented or under charter to you;
4. the vessel is being used for purposes other than private pleasure use;
5. the vessel is furnished for your regular use;
6. the vessel is a **personal watercraft** or similar type vessel; or
7. the maximum design speed of the vessel is 50 miles per hour or greater.

C. AMOUNT OF INSURANCE

The most we will pay for your legal liability is the Amount of Insurance shown in **SECTION SIX: PROTECTION AND INDEMNITY COVERAGE** of the **declarations**. This limit is the same regardless of the number of claims, claimants, suits, demands, persons injured, vessels involved or the number of **yachts** or **dinghies** insured under this **policy**.

SECTION ELEVEN: NEWLY ACQUIRED YACHT OR DINGHY COVERAGE

A. COVERAGE

When coverage is provided under **SECTION THREE: YACHT, AUXILIARY EQUIPMENT AND DINGHY COVERAGE**, we will provide coverage under all of the terms and conditions of this **policy** for your newly acquired **yacht** or **dinghy** provided:

1. it is reported to us, in writing, within 15 days of acquisition;
2. it is not a **personal watercraft**;

3. the maximum design speed of the vessel does not exceed 60 miles per hour;
4. it meets our underwriting eligibility; and
5. you agree to pay any additional premium required.

B. EXCLUSIONS

All exclusions set forth in this **policy** shall apply to the coverage for your newly acquired **yacht** or **dinghy**.

C. LOSS PAYMENT

The provisions for Loss Payment set forth in this **policy** shall apply to the coverage for your newly acquired **yacht** or **dinghy**.

D. AMOUNT OF INSURANCE

The most we will pay under **SECTION THREE: YACHT, AUXILIARY EQUIPMENT AND DINGHY COVERAGE**, for your newly acquired **yacht** or **dinghy** is the purchase price you paid.

The most we will pay under **SECTIONS FOUR** through **NINE** of this **policy** for your newly acquired

yacht or **dinghy** is the Amount of Insurance / Limit of Liability as shown in the **declarations**.

E. DEDUCTIBLE

The deductible amount under **SECTION THREE: YACHT, AUXILIARY EQUIPMENT AND DINGHY COVERAGE**, for your newly acquired **yacht** or **dinghy** shall be 2% of the purchase price you paid. The deductible amounts as shown in the **declarations** for **SECTIONS FOUR** through **NINE** of this **policy**, if any, shall apply to your newly acquired **yacht** or **dinghy**.

SECTION TWELVE: DUTIES AFTER A LOSS OR OCCURRENCE

This SECTION applies to all coverages provided under this **policy**. Failure to comply with any of these duties may result in no coverage under this **policy**.

A. GENERAL DUTY

In the event of any loss, every **insured** must assist and cooperate with us in the investigation, settlement or defense of any claim or suit. In addition, every **insured** must take all lawful, reasonable steps, including making any necessary temporary repairs, to protect the property from further damage.

B. NOTICE OF LOSS

1. You must immediately give notice of any loss, injury, damage, expense or **occurrence** that may give rise to a claim, suit or demand to which this insurance may apply, to either our authorized representative or us. If the loss is by theft or vandalism, you must also notify the United States Coast Guard or other law enforcement agency having jurisdiction.
2. We must be advised of the following:
 - (a) the listed name of the **insured**;
 - (b) your **policy** number;
 - (c) all details of the loss, injury, damage, expense or **occurrence** including suits or demands;
 - (d) where and how the event occurred; and
 - (e) the names and addresses of any witnesses.
3. If you do not provide notice to us as required by this SECTION, any claim for such loss under this **policy** will be void.

C. ASSISTANCE IN LOSS SETTLEMENT

1. Every **insured** must assist us in:
 - (a) settling all claims;
 - (b) enforcing our right when others may be liable; and
 - (c) furnishing and submitting medical records and reports and independent physical examinations.
2. At our request, every **insured** must:
 - (a) attend hearings and trials;
 - (b) secure and give evidence;
 - (c) provide information, documents, and allow us access to your **yacht** or **dinghy** for inspection and testing; and
 - (d) make every effort to obtain attendance of witnesses.
3. Every **insured** must:
 - (a) tell us the names and addresses of all claimants and witnesses; and
 - (b) immediately send us all notices or legal papers relating to the loss.
4. Any claimants for benefits under **SECTION SEVEN: MEDICAL PAYMENTS COVERAGE** must furnish any medical reports and records and submit to independent physical examinations at our expense and request.

D. CONTRACTUAL LIABILITY

Unless we consent in writing, we will not provide coverage if any **insured**:

- (a) assumes any liability;
- (b) incurs any expense for which we may not be liable; or
- (c) impairs our right to recover claims against others.

E. CLAIMS AGAINST OTHERS

If we believe a claim may be recovered from others, we may pay you and assume your rights to such recoveries.

1. All **insured(s)** agree:
 - (a) not to waive, after loss, any rights you may have against others; and
 - (b) to assist us in all ways possible to recover amounts paid under this **policy**.
2. We may at our own expense:
 - (a) take over your rights to the extent of our payment; and
 - (b) retain or collect all proceeds paid or due.

F. EXAMINATION UNDER OATH

1. Every **insured** must:
 - (a) Submit to questioning under oath while not in the presence of any other **insured** as often as we may reasonably require; and
 - (b) Assist us in securing testimony from others.
2. Every claimant seeking benefits under **SECTION SEVEN: MEDICAL PAYMENTS COVERAGE** must:
 - (a) Submit to questioning under oath while not in the presence of any other **insured** as often as we may reasonably require; and
 - (b) Assist us in securing testimony from others.

G. PROOF OF LOSS

1. Every **insured** must send us, within 60 days after we ask, a fully completed sworn proof of loss in the form we provide or approve.
2. Every claimant seeking benefits under **SECTION SEVEN: MEDICAL PAYMENTS COVERAGE** must send us, within 60 days after we ask, a fully completed sworn proof of loss in the form we provide or approve.

H. SUPPORT OF CLAIM

You must support any claim by:

- (1) ALLOWING US TO INSPECT AND/OR TEST THE YACHT OR DINGHY AND DAMAGED PROPERTY BEFORE THE YACHT OR DINGHY OR ANY DAMAGED PROPERTY IS DISASSEMBLED, REPAIRED, DISPOSED OF OR DESTROYED. YOU MUST COOPERATE WITH US IN OUR INSPECTION AND NOT TAKE ANY ACTION THAT WILL HINDER IN ANY WAY OUR RIGHT OF INSPECTION AND TESTING.
- (2) Producing records to verify the claim and its amount.
- (3) Permitting copies of records to be made.
- (4) In addition, every **insured** must cooperate with us in all aspects of settling any covered loss.
- (5) Every claimant seeking benefits under **SECTION SEVEN: MEDICAL PAYMENTS COVERAGE** must cooperate with us in all aspects of settling any covered loss.

I. SUBMISSION OF CLAIM

We will not pay for any claim presented after one year from the date the loss or damage occurred.

SECTION THIRTEEN: LOSS SETTLEMENT CONDITIONS

Unless otherwise stated, this SECTION applies to all coverages provided under this **policy**.

A. LOSS SETTLEMENT

We will pay any covered loss under this **policy** to the named insured and any loss payee, as shown in

the **declarations** page, within 30 days after:

- a. reaching an agreement with you;
- b. receiving a signed sworn proof of loss statement or masters protest, receiving a release of liability; or
- c. the entry of a final judgment.

B. APPRAISAL

With respect to all claims under **SECTION THREE: YACHT, AUXILIARY EQUIPMENT AND DINGHY COVERAGE**, if you and we fail to agree on the amount of loss, we may demand an appraisal of loss subject to the following conditions:

1. Each party will choose a competent, impartial appraiser within 20 days after receiving written request from the other.
2. The appraisers will appoint a competent, impartial umpire. If they cannot agree on an umpire within 15 days, you or we may ask a court in the state and county within the United States of your residence or our principal place of business to appoint an umpire.
3. If the two appraisers cannot agree on the amount of the loss, they will ask the umpire for a decision.
4. The written agreement of any two will determine the amount to be paid.
5. Both you and we will each pay any costs of the appraisers each has selected, plus share any expenses or costs of the umpire and court equally.

C. LOSS PAYEE

If a loss payee is named in this **policy**, any covered loss payable will be paid to the loss payee and you, as interests appear. If more than one loss payee is named, the order of payment will be the same as the order or precedence of the loss payees. We will not cover the interests of the loss payee if the loss results directly or indirectly, in whole or in part, from breach of any of the warranties or conditions of the **policy**, or the fraudulent, intentional or ille-

gal acts or omissions on the part of any **insured** or is otherwise excluded or limited by the terms of this **policy**.

D. RESERVATION OF RIGHTS

When we investigate, compromise, or pay any claim, it will not be construed to admit liability either by you or us.

E. ABANDONMENT OF PROPERTY

We are not obligated to accept, nor are we liable for, any property abandoned by any **insured**. This applies regardless of any steps you or we take to protect damaged property.

F. RIGHT TO SALVAGE

If we pay a **total loss** or a **constructive total loss** of your **yacht**, we may, but are not obligated to, take possession of the remains or its proceeds. If we take possession of the **yacht**, you agree to transfer title of that property to us or any person or party designated by us.

G. SUIT AGAINST US

No legal action may be brought against us unless there has been full compliance with all **policy** provisions. In addition:

1. with respect to any claim or loss to your **yacht** or **dinghy**, any suit against us must commence within one year of the date of loss or damage;
2. with respect to any other claim or loss, no suit may be brought against us until the amount of the **insured's** obligation to pay has been determined by final judgments after trial or by written agreement signed by you, us and the claimant. Any such legal action against us must commence within one year of the date of judgment or written agreement;
3. no one has any right to join us as a party to any action against an **insured** person;
4. if any time limitations of this **policy** are prohibited or invalid under the law, then legal action against us must commence within the shortest limitation of time permitted by such law.

5. When you are entitled to limit your liability, our liability for any damages or claims resulting from any one covered loss or **occurrence** will not exceed the amount of such limitation.

H. SUPPLEMENTARY PAYMENTS

We will reimburse any **insured** up to \$100 a day for loss of earnings because of attendance at hearings or trials at our request.

This policy is signed for the company which is the insurer under this policy.



Bruce A. Backberg
Senior Vice President and
Corporate Secretary



Joseph Lacher
Chief Executive Officer
Personal Lines

IN WITNESS WHEREOF, the Company has executed and attested these presents.