

# Master Mariner Yacht policy introduction

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## INTRODUCTION

This is **your** Zurich yacht policy. The policy, together with the Declarations Page and any endorsements, is a legal contract between **you** and **us**. The Declarations Page shows information that applies specifically to **you** and the insurance **you** have purchased. Among other things, the Declarations Page shows:

- **Your** policy number
- **You** as the **named insured** and owner of the **insured yacht**
- The term of **your** policy
- The coverages and limits of liability
- The premium for these coverages
- The deductibles that may apply
- The name of the loss payee, if any
- The description of the **insured yacht**
- A list of the endorsements that form a part of **your** policy

## PLEASE READ YOUR POLICY CAREFULLY

If **you** have any questions, please contact **your** agent or representative who will be happy to help **you**.

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## INSURING AGREEMENT

In consideration of the payment of premiums when due, and in reliance on the information and representations **you** give **us** or one of **our** authorized representatives, and subject to the terms, conditions and warranties of the policy, **we** will provide the coverages agreed upon. These coverages are indicated by the entry of specific limits of liability on the Declarations Page and any endorsements thereto.

## DEFINITIONS

Words and phrases that appear in bold have special meanings.

1. **Bodily injury** means actual physical injury, sustained by a person, including death resulting therefrom. It does not include emotional distress or mental anguish unless resulting from physical injury to the person who sustained emotional distress or mental anguish.
2. **Constructive total loss** means the expense of recovering and repairing the **insured yacht** exceeds the stated amount of insurance in Coverage A.
3. **Family member** means a person related to a **named insured** by blood, marriage, or adoption (including a ward or foster child), who is also a resident of **your** household.
4. **Insured** means:
  - a) with respect to the **insured yacht**:
    - 1) **you**, and any **family member**; and
    - 2) any other person, firm, corporation, or legal entity using the **insured yacht** with **your** permission and without any form of consideration. However, this does not include a paid captain or paid member of a crew of the **insured yacht** or any person or organization operating or employed by a salvor or towing service, shipyard, boat repair yard, marina, yacht club, sales agency, yacht broker, chartering agency or similar business.
  - b) with respect to a **nonowned yacht**:  
**you**, provided the owner of it has given **you** permission to operate or use it.
5. **Insured yacht** means:
  - a) the yacht described on the Declarations Page that is owned by the **named insured**, for which a specific limit of liability shows there is coverage; and
  - b) any yacht which **you** acquire ownership of during the policy period that is:
    - 1) constructed of fiberglass, steel, or aluminum hull materials, and
    - 2) not less than 26 feet in overall length and not over 10 years old, and
    - 3) a yacht with speed capabilities of not more than 50 miles per hour; but only if **you** notify **us** in writing within 10 days of acquiring ownership, pay any additional premium required, and complete any application required.

The value of any additionally acquired yacht shall be no more than the actual cash value or the purchase price, whichever is less, unless otherwise agreed upon by **us** in writing.

With regard to 5a) and 5b) above, **insured yacht** includes:

- 1) the hull, spars, sails, winches, rigging, fittings, ship's tackle, and other equipment carried aboard as is normally required for the operation, navigation or maintenance of the **insured yacht**;
- 2) machinery which includes the propulsion equipment, power generating equipment, rudders, propellers, struts and shafts, whether located inside or fixed to the outside of the **insured yacht**;

- 3) tools, marine electronics (including portable marine electronics), charts, maps or similar property;
  - 4) dinghies/tenders which are small boats and their outboard motors that are normally carried aboard or towed behind the **insured yacht** and are used solely for the purpose of transportation to and from the **insured yacht**;
  - 5) furniture, and furnishings including all galley equipment, dishes, flatware, and entertainment electronics that are permanently installed.
6. **Latent defect** means a hidden flaw in the material of a component part of the **insured yacht** existing at the time of the building of the component part which is not discoverable by visual observation, or common or ordinary methods of testing at the time the component part was manufactured.
7. **Named insured** means the person or legal entity shown on the Declarations Page and their spouse, if a resident of the same household.
8. **Non-owned yacht** means a yacht of like size and type as the **insured yacht**, with speed capabilities not exceeding 50 miles per hour; and is not:
- a) owned in whole or part by any **insured**; or,
  - b) furnished for regular use to any **insured**; or,
  - c) rented, chartered or for commercial use; or,
  - d) used by **you** without the permission of its owner.
9. **Occurrence**, when used in Section II of this policy, means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
10. **Pollution** means **property damage**, clean up costs or containment expenses incurred or imposed by any federal, state, or local statutes or regulation; arising out of the sudden and accidental discharge, spillage, leakage or emission of waste, oil, fuel, petroleum or chemical products.
11. **Property damage** means damage to tangible property.
12. **Total loss** means the **insured yacht** is completely lost or destroyed.
13. **Uninsured watercraft** means watercraft of any type:
- a) to which no **bodily injury** liability insurance policy or bonds apply at the time of the **occurrence**;
  - b) insured by a company which denies coverage or is insolvent or becomes insolvent;
  - c) which is a hit and run watercraft whose owner or operator cannot be identified, which causes **bodily injury** to an **insured** by physical contact with the **insured** or the **insured yacht**; or
  - d) for whom the sum of the limits of liability under all **bodily injury** liability, bonds, and policies applicable at the time of the **occurrence** is insufficient to pay the full amount the injured person is legally entitled to recover as damages.
- However, **uninsured watercraft** does not include watercraft:
- a) owned by, rented or chartered to, furnished or available for regular use of an **insured**; or
  - b) owned by any governmental unit or agency.
14. **We, us** and **our** refer to the Company providing this insurance.
15. **You** and **your** mean any **named insured**. They also mean **your** spouse, if a resident of the same household.

# Section I - Property Insurance

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## COVERAGE A - HULL INSURANCE

### Covered Property

We will cover the **insured yacht** against direct accidental physical loss or damage and any loss caused by a **latent defect** in the **insured yacht**, except as otherwise excluded, while the covered property is afloat or ashore within the navigational limits specified on the Declarations Page or being transported on any land conveyance within the continental United States, Alaska, Hawaii or Canada. However, coverage while being transported on any contract or common carrier for hire applies only within a 300-mile radius from the home port or storage yard.

In the event of a covered loss, it shall be the responsibility of the **insured** to use all lawful and reasonable means to recover or protect the **insured yacht** from further loss. We will pay the reasonable cost of such protection in addition to any other payments for loss under Coverage A of this policy. The amount payable under this provision shall not exceed the amount of insurance applicable to Coverage A on the Declarations Page, nor reduce that limit.

### Property Not Covered

We will not cover property covered or excluded elsewhere in this policy.

### Valuation

The **insured yacht** is valued at the amount shown as the limit of liability for Coverage A on the Declarations Page. This amount is the most we will pay for any loss or damage under this coverage.

### Deductible

Each claim for loss or damage shall be adjusted separately and we will subtract the deductible amount as shown on the Declarations Page from the claim payment.

- A. In the event of a **total loss** or **constructive total loss** of the **insured yacht**, the deductible as shown on the Declarations Page shall not apply.
- B. A separate deductible of \$500 shall be applicable to electronic navigation devices that are a part of the **insured yacht** described on the Declarations Page. Marine electronics subject to this deductible are electronic devices designed for marine navigation, marine communication and fish finders. This separate deductible is not applicable when:
  1. the covered loss is in conjunction with a covered loss to the **insured yacht** and the total amount of the covered loss, including the electronic devices, exceeds the deductible amount on the Declarations Page under Coverage A.
  2. there is a **total loss** or **constructive total loss** of the **insured yacht**.

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- C. A separate deductible of \$250 shall be applicable to dinghies/tenders and their outboard motors that are not specifically described on the Declarations Page, and:
1. do not exceed 16 feet in overall length; and
  2. do not exceed 35 horsepower; and
  3. do not exceed \$3,000 in actual cash value combined for the dinghies/tender and outboard motor; and
  4. is used solely for the purpose of transportation to and from the **insured yacht**.

## **COVERAGE - B TRAILER**

### **Covered Property**

We will cover the trailer described on the Declarations Page against direct accidental physical loss or damage, except as otherwise excluded, provided that the trailer is designed and used exclusively for over highway transportation of the **insured yacht**.

### **Property Not Covered**

We will not cover property covered or excluded elsewhere in this policy.

### **Valuation**

We will pay the lesser of the reasonable cost to repair or replace the trailer described on the Declarations Page less a deduction for depreciation. The most we will pay for all covered loss as a result of any one claim is the limit of liability for Coverage B.

### **Deductible**

Each claim for loss or damage shall be adjusted separately and we will subtract the deductible amount as shown on the Declarations Page from the claim payment.

In the event of a covered loss to a trailer, we may, at our option, physically replace the **insured** trailer with like, kind, and quality.

## **COVERAGE C - PERSONAL EFFECTS**

### **Covered Property**

We will cover wearing apparel, sports equipment, fishing tackle and other personal property against direct accidental physical loss or damage, except as otherwise excluded, while on board or being carried on or off the **insured yacht**.

### **Property Not Covered**

We will not cover computer hardware, software or property covered or excluded elsewhere in this policy.

## Valuation

We will pay the lesser of the actual cost to repair or replace personal effects, less a deduction for depreciation. The most we will pay for all loss as a result of any one claim is the limit of liability for Coverage C.

## Deductible

If the deductible amount on the Declarations Page applies, we will subtract that amount from the claim payment. This deductible will not apply if we pay for a total loss under Coverage A.

## COVERAGE D - TOWING AND ASSISTANCE

We will pay the reasonable costs you incur, up to the limit of liability shown on the Declarations Page, for the following emergency services to the **insured yacht** while afloat and away from safe harbor or to the trailer if voluntary help is not available and you must obtain commercial assistance:

1. the cost of emergency labor performed at the site of disablement; or
2. towing of the **insured yacht** and or trailer to the nearest place where necessary repairs can be made; or
3. delivery of fuel, oil, parts, or battery, however, we do not pay for the cost of these items.

## PROPERTY NOT COVERED BY SECTION I

We do not cover:

1. currency, money, securities, travelers checks, evidence of debt, valuable papers or documents, passports, jewelry, gems, precious stones, watches, silver, gold, or other precious metals, collectibles, antiques, fine arts, liquor, firearms, furs; or
2. contraband or loss to the **insured yacht** or personal effects in the course of illegal activity, trade or transportation; or
3. galley supplies, provisions, or other consumables.

## Section I Exclusions

We will not pay for any of the following, or 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. wear and tear, gradual deterioration, rust, corrosion, electrolytic or galvanic action, chipping, marring, scratching, denting, weathering, mold, mildew, wet or dry rot or dampness of the atmosphere, regardless of its sources, cause or causes;
2. the cost of replacing or repairing any **latent defect**, any manufacturing defects, or defective or improper design of the **insured yacht**;
3. osmosis, blistering, bubbling, or delamination, unless caused directly or indirectly by fire or lightning;
4. inherent vice, meaning any quality in the covered property that causes it to damage or destroy itself;

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5. insects, vermin, animals, or marine life;
6. lack of reasonable care or due diligence in the maintenance of the **insured yacht**;
7. delay, loss of use, or loss of value.

Paragraph 2 of this exclusion does not apply to any ensuing loss unless such loss is otherwise excluded from this policy.

## **DUTIES OF AN INSURED – WHAT TO DO IN CASE OF LOSS**

In case of loss or damage to which this insurance may apply, **you** must notify **us** as soon as possible by telephone or in writing to **our** Loss Reporting Unit. In addition, **you** may also contact **your** agent, whose name appears on the Declarations Page. **You** must file with **us** or **your** agent within thirty (30) days of **our** request, a signed sworn proof of loss statement.

In case of theft, vandalism, collision, property damage, or **bodily injury**, **you** must promptly notify the appropriate law enforcement agencies and/or United States Coast Guard as soon as possible.

In addition, **you** shall do the following:

1. use all lawful and reasonable means to recover or protect the **insured yacht** from further loss or damage. **We** will pay the reasonable expenses incurred by **you** with regard to a covered loss, up to the limit of liability under Coverage A - Hull Insurance;
2. before damaged covered property is disposed of, or repaired, **you** must allow **us** to inspect, photograph, appraise, and conduct tests on any insured property, which may include re-floating the **insured yacht** and the removal of items from it for laboratory analysis;
3. obtain repair specifications, bids and estimates from alternative sources if requested by **us**;
4. produce and permit **us** to copy any and all records **we** request to verify coverage, the claim, its amount, and **your** interest in the property;

If **you** fail to comply with any of these duties, there will be no coverage under this policy.

## **PAYMENT OF LOSSES**

### **1. Replacement Cost**

Subject to the applicable deductible, **we** will pay the lesser of the actual cost to repair or replace the **insured yacht** or a dinghy/tender that is specifically described on the Declarations Page subject to the limit of liability without a deduction for depreciation except as follows:

In the event of a covered loss to dinghies/tenders not described on the Declarations Page, batteries, tires, anti-fouling paint, sails, carpeting, vinyl, canvas, plastic, upholstery, or protective coverings of similar material, **we** will pay the lesser of the actual cost to repair or replace, less a deduction for depreciation.

In the event of a covered loss to outboard motors or outdrive power units greater than seven years of age, **we** will pay the lesser of the actual cost to repair or replace, less a deduction for depreciation.

In the event of a covered loss to a gasoline fueled inboard motor that is greater than ten years of age, **we** will pay the lesser of the actual cost to repair or replace, less a deduction for depreciation.

In the event of a covered loss to a diesel fueled inboard motor that is greater than twelve years of age, **we** will pay the lesser of the actual cost to repair or replace, less a deduction for depreciation.



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All machinery not otherwise described that is greater than ten years of age, we will pay the lesser of the actual cost to repair or replace, less a deduction for depreciation.

In the event of a covered loss to the **insured yacht**, we may at our option, physically replace the **insured yacht** with like kind and quality.

## 2. Unrepaired Damage

If the **insured yacht** was damaged before the covered loss, we will not pay to repair any prior damage.

When we make a payment for a **total loss** or **constructive total loss** of the **insured yacht**, we will not pay for any previously unrepaired damage.

## 3. Repairs

If there is a covered loss requiring repainting of part of the **insured yacht**, we will pay the cost of repainting or resurfacing the damaged area in accordance with customary marine repair practices so that the area repaired will match, as closely as practical, the original color.

If there is a covered loss to plywood, metal, rubber, plastic, or fiberglass portions of the **insured yacht**, we have the option of paying:

- a) the cost of repairing in accordance with customary marine repair practices; or
- b) the cost of making repairs according to the recommended specification of the manufacturer of the **insured yacht** or tender.

If damage to the **insured yacht** or other covered property is not repaired or replaced by **you**, we will pay no more than the actual cash value of the damaged parts; but in no case shall payment exceed the cost to repair or replace with material of like kind and quality.

## 4. Salvage

If we have made payment under this policy for loss or damage and if there is salvage value, we have the right to recover that salvage value to the extent of our payment.

## 5. Abandonment

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

## 6. Payment

We will pay any loss covered under this policy to the **named insured** and any loss payee, as shown on the Declarations Page, within 30 days after:

- a) reaching an agreement with **you**; and,
- 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; or
- d) the filing of an arbitration award with **us**.

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We will not pay a loss that has been paid by others.

The loss payee's rights are no greater than those of the **named insured** under this contract.

## 7. Arbitration

If **you** make a claim under this policy and **we** disagree about the amount of **your** loss or damage, the disagreement must be resolved by binding arbitration according to the following procedure:

- a) **You** and **we** will agree on a single arbitrator to decide the dispute, whose fee will be paid 50% by **you** and 50% by **us**;
- b) If **you** and **we** are unable to agree on a single arbitrator, **you** and **we** will each appoint an arbitrator and those two arbitrators will appoint a third arbitrator. The three arbitrators will decide the dispute by a majority vote. **You** will pay the fee of the arbitrator that **you** appoint. **We** will pay the fee of the arbitrator that **we** appoint. **You** and **we** will each pay 50% of the fee charged by the third arbitrator.
- c) The arbitration will be conducted pursuant to the Commercial Arbitration Rules for the American Arbitration Association and in accordance with the general maritime law of the United States. **You** and **we** will each pay 50% of the fee charged by American Arbitration Association.
- d) The request for arbitration must be filed within one year of the date of loss or damage.
- e) **We** may arbitrate the amount of **your** loss or damage without waiving **our** right to determine coverage or a lack of coverage for the loss.

## 8. Guaranteed Repair

If the repairs to the **insured yacht** for any covered loss are performed in accordance with a repair method of which **we** approve and by a repair facility that **you** and **we** select, **we** will pay for any additional repairs due to faulty workmanship or damage by that repair facility that is discovered later and is part of the covered loss arising from the accident for which the repairs were required.

This guarantee will remain in effect as long as **you** own the **insured yacht** and **you** continuously maintain the insurance coverage with **us**. **We** reserve the right to select the repair facility to perform any additional repairs and **we** will not apply a deductible to these additional repairs.

## 9. Premium Earned

If **we** pay for a **total loss** or **constructive total loss** of the **insured yacht**, the annual premium for the entire policy is fully earned.

## Section II - Liability Insurance

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### COVERAGE E - PROTECTION AND INDEMNITY

We will pay damages caused by an **occurrence** to which this coverage applies, for which the **insured** shall become legally obligated to pay arising out of the ownership, maintenance, or use of the **insured yacht** or **nonowned yacht** resulting in:

1. **bodily injury**; or
2. **property damage**; or
3. **pollution**.

We will pay the cost to remove or dispose of the wreck of the **insured yacht** or any reasonable attempt to do so, if such removal is required by law.

We have the right and duty to defend the **insured** against any lawsuit seeking damages for which coverage applies. **Our** right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage E. We will have no duty to defend the **insured** against any lawsuit seeking those damages resulting from **bodily injury**, **property damage**, or **pollution** to which this insurance does not apply.

#### Limit of Liability

The most we will pay under Coverage E for any one **occurrence** is the limit of liability shown for Coverage E on the Declarations Page or the limit of the **named insured's** liability, whichever is less. **Our** payment will not be greater than this limit regardless of the number of **insured's**, claims made, or persons injured.

### COVERAGE F - MEDICAL PAYMENTS

We will pay the necessary medical expenses for **bodily injury** to any person caused by an **occurrence** while on, boarding or leaving the **insured yacht**. Medical expenses mean reasonable charges for medical, surgical, dental, and chiropractic treatment. It also means hospital, ambulance, X-ray and professional nursing services, prosthetic devices and funeral services. These expenses must be incurred within one year of the date of the **occurrence**.

#### Limit of Liability

The most we will pay for medical expenses for **bodily injury** to any one person resulting from any one **occurrence** is the limit of liability shown for Coverage F on the Declarations Page.

We will not pay any amounts paid or recoverable from the injured person's health plan, medical insurance, and other sources of medical payments or benefits.

Payment under this coverage is not an admission of liability by any **insured** or by **us**.

### COVERAGE G - UNINSURED WATERCRAFT

We will pay damages that an **insured** is legally entitled to recover from the owner or operator of an **uninsured watercraft** or underinsured watercraft because of **bodily injury** sustained by an **insured** and caused by an **occurrence** while aboard the **insured yacht**. The owner's or operator's liability for

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these damages must arise out of the ownership, maintenance, or use of the **uninsured watercraft** or underinsured watercraft. Any judgment or damages arising out of a suit brought without **our** consent is not binding on **us**.

### **Limit of Liability**

The most **we** will pay for all damages for **bodily injury** sustained by all **insureds** in any one **occurrence** is the limit of liability shown for Coverage G on the Declarations Page.

**We** will subtract the amount of damages paid by or on behalf of anyone responsible for the **insured's** injury from the amount otherwise payable under this coverage.

### **COVERAGE H - LONGSHORE AND HARBOR WORKERS' COMPENSATION**

**We** will pay damages for which the **insured** becomes legally obligated under the Longshore and Harbor Workers' Compensation Act for **bodily injury** arising out of the ownership, maintenance, or use of the **insured yacht**. **We** will conform to all provisions of this act, being Public Act No. 803 of the 69th Congress, approved March, 1927; all laws which amend or supplement this act; and all lawful rules, regulations, orders and decisions of the U.S. Department of Labor, Bureau of Employee's Compensation, and 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; **we** will not be relieved of liability due to the insolvency or bankruptcy of the **named insured**.

### **SUPPLEMENTAL PAYMENTS**

Insurance under Section II also applies to the following additional coverages. Payments made under each coverage will be in addition to the applicable limit of liability of Coverage E as specified on the Declarations Page.

#### **Defense Cost**

**We** will pay costs and any expenses **we** incur to defend a claim or lawsuit against an **insured**. The choice of defense counsel shall remain **our** exclusive right. **We** will pay any interest that accrues only after judgment in such lawsuit. **We** will also pay the court costs that an **insured** must pay. **Our** obligation to pay this interest and these costs ends when **we** pay, or deposit in court that portion of the judgment which does not exceed **our** limit of liability under Coverage E on the Declarations Page.

#### **Bonds**

If the **insured yacht** is arrested, confiscated, or detained because of an **occurrence** covered under Section II of this policy, **we** will pay the cost of bond to release the **insured yacht**, but only that portion of the bond not greater than **our** limit of liability under Coverage E on the Declarations Page.

#### **Wages and Salary**

**We** will pay up to \$100 per day for wages or salary an **insured** loses due to attendance at hearings or trials at **our** request. **We** will pay other reasonable litigation expenses that an **insured** incurs at **our** request, to assist us in defending an **insured**.

## EXCLUSIONS WHICH APPLY TO SECTION II

### Coverage E, F, and G Exclusions

We do not cover:

1. **bodily injury** to any **insured**, captain, crew, or guest of any **insured** as a direct or indirect result of any SCUBA diving activity;
2. **bodily injury** or any obligation to any person eligible to receive benefits required to be provided under U. S. Code Title 46 (Jones Act) or under general maritime law if that person is employed by you for more than 15 days during any one policy term.
3. **bodily injury** or **property damage** arising out of the use of the **insured yacht** while engaged in towing a person in or on a device designed for flight, such as para-sailing or kite-skiing.
4. **bodily injury** sustained by any person who is a trespasser.

### Coverage E Exclusions

We do not cover:

1. **bodily injury** or **property damage** caused intentionally by any **insured** whether or not the result was intended or expected;
2. liability assumed by any **insured** under any contract or agreement or the breach of any contract or agreement, unless liability would have existed in the absence of such contract or agreement;
3. **property damage**:
  - (a) owned or transported by any **insured**; or
  - (b) rented to or in the charge of any **insured** other than mooring, berthing, residence or private boathouse; or
  - (c) in the care, custody, or control of any **insured**;
4. **bodily injury** to you or a **family member**;
5. **bodily injury** to any officer, director, partner, or shareholder of any **insured**;

## DUTIES OF AN INSURED - WHAT TO DO IN CASE OF OCCURRENCE

An **insured**, or someone on behalf of an **insured**, must notify **us** of the **occurrence** as soon as possible. Phone our Loss Reporting Unit or contact your agent or broker as soon as possible.

An **insured**, or someone on behalf of an **insured**, must notify the Coast Guard and/or other law enforcement authority, as required by law, if **bodily injury**, **property damage**, or **pollution** arise as a result of an **occurrence**.

We will need the following information: your name, address and policy number. Also, the details of the **occurrence** and the names of any witnesses and persons involved or injured.

An **insured** must assist **us** with any claim or lawsuit. An **insured** must also, when requested by **us**, attend hearings and trials, secure and give evidence to **us**.

An **insured** also:

1. must not make any voluntary payment, assume any obligation or admit any liability, or incur any other expense except for first aid to others at the time of **bodily injury**;
2. must promptly send all legal papers received in connection with the **occurrence** to **us**; and
3. must assist **us** in the enforcement of any right against any person or organization who may be liable to an **insured**.

If **you** fail to comply with any of these duties, there may be no coverage under this policy.

### **DUTIES OF AN INJURED PERSON**

In case of an **occurrence** to which Coverage E, F, or G may apply, the injured person or someone on behalf of the injured person must:

1. give written proof of claim as soon as possible;
2. authorize **us** to obtain medical, employment, financial, insurance and other records **we** request, with authorization forms **we** provide; and
3. permit medical examinations of the injured person by physicians **we** select as often as **we** may require, outside the presence of any person other than the physician and the physician's staff. These examinations may be outside the county of the **occurrence** of the injured person's residence if **we** agree to pay reasonable travel expenses to and from the physician's location.

## GENERAL CONDITIONS APPLICABLE TO ALL COVERAGES

### 1. Policy Term

This policy only covers losses under Section I and **occurrences** under Section II during the policy term shown on the Declarations Page. The policy term begins and ends at 12:01 a.m. standard time at the address of the **named insured** on the Declarations Page.

### 2. Cooperation with Us

**You** must cooperate and assist **us** with any investigation, settlement or defense of any suit or claim under this policy, including permitting **us** to conduct non-destructive testing of **insured** property at **our** expense.

In addition **you** must:

- a) submit to an examination under oath as often as requested by **us**;
- b) make available members of **your** household, **your** employees, anyone using the **insured** yacht with **your** permission, and others to answer questions under oath to the extent that it is within **your** power to do so.

### 3. Lay-up

There is no coverage under this policy if the **insured yacht** is being used or navigated during the lay-up period specified on the Declarations Page. If the **insured yacht** is laid up for the period specified on the Declarations Page, the following conditions apply:

- a) the **insured yacht** is warranted to be laid up and out of commission ashore or in a safe berth afloat;
- b) the **insured yacht** is warranted to not be available for immediate use;
- c) the **insured yacht** is warranted not to be used as a live aboard.

### 4. Navigation Limits

The policy provides coverage when the **insured yacht** is being used, stored ashore or navigated within navigation limits specified on the Declarations Page. There is no coverage under this policy if the **insured yacht** is being used, stored ashore or navigated outside the navigation limits specified on the Declarations Page.

### 5. Held Covered

If the navigation limits or lay-up period of this policy is breached for reasons beyond the control of the **insured**, coverage will remain in effect, provided:

- a) **we** receive written notice as soon as the facts with respect to the breach are known to the **insured**; and
- b) additional premium is paid at **our** rates then in effect.

## 6. Private Pleasure Use Only

This policy only provides coverages while the **insured yacht** is used for private pleasure purposes. There is no coverage under this policy if the **insured yacht** is used for charter, hire, or any commercial purpose, unless approved by **us** in writing. Commercial purpose includes use in any trade, occupation or profession of any **insured**. Business entertainment for which there is no direct remuneration is considered private pleasure use.

## 7. Intentional or Illegal Acts

This policy does not provide coverage for any loss, damage, or **occurrence** caused by or resulting from intentional or illegal acts, willful misconduct of any **insured**, or illegal use of the **insured yacht** or **nonowned yacht**, whether or not the result was intended or expected.

## 8. Concealment or Misrepresentation

This policy is void if any **insured** has concealed or misrepresented any fact or circumstance relating to this insurance or claim regardless of whether such misrepresentation or concealment occurs before or after a loss, damage, or **occurrence**.

## 9. Transfer of Interest

Coverage provided by **us** will immediately terminate if **you** sell, assign, or transfer your interest in the **insured yacht** or trailer, or any interest in the policy, or if covered property is legally removed from **your** custody or control.

## 10. Subrogation (Right of Recovery)

If a person or organization to or for whom **we** make payment under this insurance has rights to recover damages from another person or organization, those rights are transferred to **us**. The person or organization to or for whom **we** make payment must do everything necessary to preserve **our** right to recover.

But, **you** may waive **your** rights against another party prior to loss or damage by signing hold harmless agreements in:

- a) registration forms for sailboat races; or
- b) storage or slip rental contracts;

in connection with the ownership of an **insured yacht**.

## 11. Action Against Us

No legal action may be brought against **us** unless:

- a) the **insured** has complied with all provisions and requirements of this policy; and
- b) under Section I, the action is commenced within one year after the loss.

## 12. Other Insurance

There may be available to an **insured** or other interested party other insurance, which would apply in the absence of this policy. If that is the case, the insurance under this policy shall apply only as excess over such other insurance.



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### **13. No Benefit to Bailee**

This policy does not provide coverage or any benefit to any person or organization holding, storing, or transporting covered property, nor any other bailee.

### **14. War and Nuclear Hazard**

This policy does not provide coverage for any loss, damage or **occurrence** resulting directly or indirectly from:

- a) nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of these, except loss by fire; or
- b) war, including undeclared war, insurrection, rebellion, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, or any result of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.

### **15. Racing**

This policy does not provide any coverage while the **insured yacht** is being operated in any official race or speed test, except predicted log cruises. This provision does not apply to sailboats.

### **16. Personal Watercraft**

This policy does not provide coverage for any loss, damage or **occurrence** caused directly or indirectly from the use of any motor driven surfboards, jet skis, wave runners, or similar personal recreational watercraft that is operated by any **insured**, guest of any **insured**, paid captain or crew, unless specifically endorsed hereon.

### **17. Fines and Penalties**

We will not cover any fine or penalty that any government unit or agency requires **you** to pay.

### **18. Punitive or exemplary damages**

We will not cover any punitive or exemplary damages.

### **19. Changes**

All agreements between **us** and **you** are contained in this policy. Any changes in this policy must be agreed to and endorsed by **us** in writing. Premium will be adjusted as of the effective date of the endorsement making the policy change.

### **20. Conformity of State Statute**

Should any provision of this policy be unenforceable pursuant to any state statute or other law, this policy shall conform to the minimum requirements of that statute or law.

### **21. Bankruptcy or Insolvency**

In the event of an **insured's** bankruptcy or insolvency, any payment made under Section I of this policy shall reduce **our** liability to that **insured** by the same amount as if payment had been made directly to that **insured**.

## 22. Cancellation

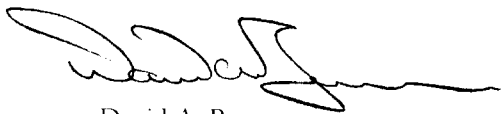
The **named insured** shown on the Declarations page may cancel this policy at any time by returning it to **us** or by giving **us** advance written notice of the date on which cancellation is to take effect.

**We** may cancel this policy by mailing notice of cancellation to the **named insured** at the address last shown on the Declarations page of this policy. Such mailing will be sufficient proof of notice. Delivery of this notice will be deemed the same as mailing.

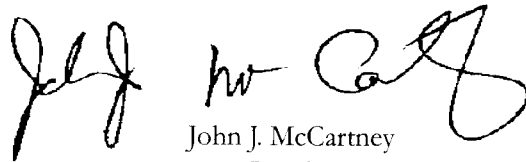
Cancellation by **us** will be effective as of the date and time shown on the notice, but not less than ten (10) days after the date of mailing the notice.

**We** will refund any premium for the unearned portion of the policy term, computed on a pro-rata basis, as soon as practical after the cancellation becomes effective, but in all cases the minimum earned premium is \$50.

This policy is signed by the officials listed below of the member company which is the insurer under this policy. It is countersigned on the Declarations page by a duly authorized agent.



David A. Bowers  
*Secretary*



John J. McCartney  
*President*

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This endorsement is attached to all policies.

## **MARINERS' CHOICE ENDORSEMENT**

This endorsement amends your yacht policy. It gives you important facts about your coverage, so read it carefully.

Your policy, at no additional premium, is amended as follows:

### **DEFINITIONS**

This section is amended as follows:

#### **5. Insured yacht means:**

4) dinghies/tenders which are small boats that are normally carried aboard or towed behind the **insured yacht**, including any attached outboard motor, that are used primarily for the purpose of transportation to and from the **insured yacht** and:

- a) are described on the Declarations Page; or
- b) are not described on the Declaration Page and:
  - 1) do not exceed 16 feet in overall length and
  - 2) do not exceed 50 horsepower.

All other terms and conditions within this section remain unchanged.

### **Section I - Property Insurance**

#### **COVERAGE A- HULL INSURANCE**

##### **Valuation**

This section is amended to read as follows:

The **insured yacht** is valued at the amount shown as the liability limit for Coverage A on the Declarations Page. This amount is the most we will pay for any loss or damage under this coverage.

Any tender described on the Declarations Page is valued at the amount shown.

For any covered dinghy/tender not specifically described on the Declarations Page we will pay the lesser of the actual cost to repair or replace, less a deduction for depreciation, not to exceed actual cash value.

## **Deductible**

This section is amended to read as follows:

- C. In the event of a covered loss to any tender described on the Declarations Page, a separate deductible amount as shown on the Declarations Page shall be applicable.

In the event of a covered loss to a dinghy/tender not described on the Declarations Page, a separate deductible of \$250 shall be applicable.

All other terms and conditions within this section remain unchanged.

## **Section II – Liability Insurance**

### **COVERAGE E – PROTECTION AND INDEMNITY**

Limit of Liability is amended to read as follows:

#### **Limit of Liability**

The most we will pay under Coverage E for any one **occurrence** resulting in **bodily injury** and/or **property damage** is the limit of liability shown for Coverage E on the Declarations Page or the limit of the named insured's liability, whichever is less. Our payment will not be greater than this limit regardless of the number of insured's, claims made, or persons injured.

The most we will pay for all damages from **pollution** in any one **occurrence** shall not exceed \$800,000 or the limit of the named insured's liability, whichever is less. The amount payable for damages from **pollution** shall not reduce the limit of insurance applicable to Coverage E on the Declarations Page for **bodily injury** and/or **property damage**.

### **COVERAGE F – MEDICAL PAYMENTS**

Limit of Liability is amended to read as follows:

#### **Limit of Liability**

The most we will pay for medical expenses for **bodily injury** to any one person resulting from any one **occurrence** is the limit of liability shown for Coverage F on the Declarations Page.

When an injured person is an **insured**, we will not pay any amounts paid or recoverable from any health plan, medical insurance, or other sources of medical payments or benefits.

Payment under this coverage is not an admission of liability by any **insured** or by **us**.

## COVERAGE H – LONGSHORE AND HARBOR WORKERS' COMPENSATION

Limit of Liability is added to read as follows:

### Limit of Liability

The most we will pay for all damages under the Longshore and Harbor Workers' Compensation Act from in any one **occurrence** shall not exceed the amount of insurance applicable to Coverage E on the Declarations Page or the limit of the named insured's liability, whichever is less. Our payment will not be greater than this limit regardless of the number of insureds, claims made, or persons injured. Any payment made under Coverage H of this policy shall reduce the limit of insurance applicable to Coverage E on the Declarations Page for **bodily injury and/or property damage** by the same amount.

All other terms and conditions within this section remain unchanged.

## GENERAL CONDITIONS APPLICABLE TO ALL COVERAGES

### General Conditions Applicable to All Coverages

#### 3. Lay-up

This section is amended to read as follows:

There is no coverage under this policy if the **insured yacht** is being occupied or navigated during the lay-up period specified on the Declarations Page. If the **insured yacht** is laid up for the period specified on the Declarations Page, the following conditions apply:

- a) the **insured yacht** is warranted to be laid up and out of commission ashore or in a safe berth afloat;
- b) the **insured yacht** is warranted to not be occupied for recreational purposes, however if you are required to occupy the insured yacht for the purpose of safety, repairs, alteration or for betterments and improvements, not to exceed two overnight stays within any 30-day period, coverage will not be suspended;
- c) the **insured yacht** is warranted to not be available for immediate navigation, however if you are required to move the insured yacht within the immediate berthing location for the purpose of safety, repairs, alterations or for betterments and improvements coverage will not be suspended; and
- d) the **insured yacht** is warranted not to be used as a live aboard.

## 12. Other Insurance

This section is amended to read as follows:

There may be available, to an **insured** or other interested party, other insurance that would apply in the absence of this policy. If that is the case, the insurance under this policy shall apply only as excess over such other insurance. However, this condition does not apply to:

- a) Coverage C – Personal Effects of Section I – Property Insurance; or
- b) Coverage F – Medical Payments of Section II – Liability Insurance when an injured person is not an **insured**.

All other terms and conditions within this section remain unchanged.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED  
NORTHERN INSURANCE COMPANY OF NEW YORK