



ASSURANT
Specialty
Property®

2014

WATERCRAFT UNDERWRITING GUIDE

Boatowners and Personal Watercraft



American Reliable Insurance Company

A Stock Insurance Company

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The Boatowners and Personal Watercraft Underwriting Guide is designed to assist you in underwriting boat and personal watercraft policies on behalf of American Reliable Insurance Company. Certain procedures and limitations may be modified to suit particular needs. Contact your Watercraft underwriter for further information. This guide does not supersede the policy conditions.

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BINDING

For coverage to begin when requested, it is necessary that the application be fully completed. Pay special attention to providing accurate model information and obtaining all required dated signatures or coverage will not be bound. The application must be postmarked within 72 hours of the effective date; otherwise coverage is bound 12:01 A.M. the date received by the General Agent.

QUOTING AND BINDING

1. When binding a risk, the American Reliable Insurance Company application must be completed, signed and dated by the insured. Photo(s) and/or proper survey, and an MVR must be included at the time of submission. (See Survey and MVR Requirements)
2. If coverage has been bound, a notice of cancellation will be issued if the required information is not received.

COVERAGE RESTRICTIONS

Natural Disaster Binding Restrictions: No new policies, binders, or increases in coverage will be accepted during the period of an impending disaster; a hurricane, tropical storm, Nor'easter, earthquake, tsunami, etc. This restriction will apply even if a company moratorium has not yet been issued. Policies that renew during this time period may be written providing there is no increase in coverage (i.e., higher limits, lower deductibles, etc.). As a general rule, if a threat exists or has already occurred, agents should not bind coverage until they have called the company to verify that no binding restrictions are in effect.

When a hurricane, tropical storm or Nor'easter has diminished to a point where it is no longer classified as such by the National Weather Service, the company will issue a notice lifting these restrictions.

Emergency Restrictions: Discretionary restrictions may be imposed for flood, forest fires, or other natural disasters. If you are aware that such conditions exist, do not bind coverage until you have verified that no binding restrictions are in effect.

ELIGIBILITY

OWNER AND OPERATORS

1. Named Insured must be registered/titled owner of insured watercraft.
2. Named Insured must be at least 18 years of age or older and have a valid U.S. driver's license. (Canadian driver's licenses are acceptable)
3. All operators must be at least 14 years of age or older.
4. All operators, age 18 and older must have a valid U.S. Driver's License number.

WATERCRAFT

The Watercraft Program was designed to provide comprehensive coverage for a variety of watercraft and the equipment required to be on board the watercraft for safe operation and maintenance.

1. Maximum of 4 watercraft on one policy.
2. Maximum of 3 motors on a watercraft (maximum speed: Bass Boats 80 mph; All Others 65 mph).
3. Maximum overall length of watercraft is 32 feet.
4. Maximum value of watercraft, equipment and motor(s) of \$200,000.
5. Maximum value of trailer is \$15,000.
6. Alternative Power; Electric Power; Inboard Motor; Inboard/Outboard motor; IPS Drive; Jet Drive - Boat; Jet Drive - PWC; No Power/Engine; Outboard Motor; Zeus Drive.
7. All watercraft insured under the policy must be moored/stored in the same state.
8. Watercraft must be stored/moored in the United States.
9. Watercraft must be operated on the navigable waters of the United States and/or Canada, including coastal waters up to 100 nautical miles from the coast (50 for FL). An extension of Navigation for up to 125 nautical miles may be purchased for powered boats at least 30 feet in length with two primary engines and sailboat at least 30 feet in length with at least one inboard engine.
10. Cruisers, Powerboats, Fishing Boats, Bass Boats, Sailboats, Yachts, Houseboats, Pontoon and Deck Boats.
11. Personal Watercraft and Jet Boats.
12. Tenders/dinghies (acceptable when insured under policy with primary watercraft associated with tender/dinghy).
13. Windsurfers, Kayaks, Rowboats, Canoes, and all manual/no engine watercraft, inflatable crafts, generally used as dinghies (made of tough fabric with an inner tube that is inflated. Also commonly referred to by the brand name "Zodiac").

INELIGIBLE RISKS - DO NOT BIND

OWNER AND OPERATORS

1. Named insured is not the registered/titled owner of the watercraft.
2. Named Insured is less than 18 years old.
3. Any operator under 14 years of age.
4. Named Insured or any operator requiring a financial responsibility filing.
5. Named Insured/spouse without a current U.S. Driver's license. (No International/Foreign driver's licenses, except Canadian.)
6. Any applicant with a history of non-payment. Non-payment history is any insured that has had a watercraft policy cancelled for non-payment 3 or more times in the last 5 years.
7. Any applicant with 3 or more non-weather related watercraft losses in the past three (3) years.
8. Any applicant or operator with more than 8 points or greater than 5 minor violations in the last 36 months. (See Page Motor Vehicle Records section for point assignment definitions).
9. Any applicant/spouse whose automobile, watercraft or recreational vehicle policy has been cancelled, declined or non-renewed for underwriting reason in the past three (3) years.
10. Risks with more than two (2) owners and/or six (6) operators. (If legally married and living in the same household, a spouse would not be rated as an additional owner.)
11. Applicants who have had a policy cancelled or nonrenewed by the Company for fraud or misrepresentation of a claim, in connection with an application for insurance or in the presentation or settlement of a claim.
12. Applicants who have been convicted of insurance fraud.

WATERCRAFT, MOTORS, AND TRAILERS

1. **Watercraft stored or moored in South Florida including Palm Beach, Broward, Dade & Monroe counties.**
2. Motor coverage only and/or Physical Damage coverage only.
3. Watercraft owned for more than 30 days without prior insurance unless
 - * Current survey is provided
 - * Insured was actively deployed in the U.S. Military (proof required)
4. Watercraft in excess of 32 feet in overall length.
5. Watercraft rented or leased to others.
6. Personal watercraft valued over \$25,000.
7. Watercraft with more than 3 motors (excluding trolling motors; trolling motors are included in the watercraft value and not listed on the policy).
8. Watercraft with horsepower over 1000 for multiple motors and 500 for single motors.
9. Watercraft with motors that exceed the manufacturers recommended maximum horsepower for the watercraft design or hull plate rating.
10. Watercraft used in speed contests, racing or designed or modified for racing (except sailboats).
11. Watercraft with speeds in excess of 65 mph (80 mph for bass boats).
12. Watercraft with converted automobile engines (engines not designed or manufactured specifically for watercraft).
13. All amphibious land watercraft, hover boats, airboats, collapsible craft, experimental craft or converted military craft.
14. Submarines, motor-driven surfboards, water cycles, or wet bikes.
15. Ice or Ferro Cemented boats.
16. Watercraft that is homemade or assembled from a kit.
17. Watercraft used as residences.
18. Watercraft under construction, held for sale, has unrepaired/existing damage or has ever been considered a constructive total loss.
19. Trailers not specifically manufactured for use as a boat trailer (no home-made trailers).
20. Watercraft not in compliance with major survey requirements (see Survey Requirements under General Rules).
21. Watercraft moored or navigated in Mexico.
22. Watercraft moored in Canada.
23. Watercraft used for business or commercial purposes including, but not limited to emergency services, pick-up or delivery of goods, limousine or taxi service, or commercial fishing. Exception: Watercraft titled in the name of a corporation for tax purposes with no business use.
24. Watercraft displaying any corporate sponsorship.
25. Watercraft with more than one Lienholder.
26. Watercraft manufactured prior to 1968.

INELIGIBLE RISKS - DO NOT BIND (Continued)

27. Commercial watercraft should not be submitted or bound including, but not limited to:
- Charter watercraft or watercraft with paid crew, or
 - Commercial fishing watercraft, or
 - Watercraft operated by resort organizations, or
 - Watercraft used by youth organizations, or
 - Watercraft rented or leased to others, or
 - Any watercraft affiliated with a marine-related business

GENERAL RULES

RATING TERRITORY

Rating Territory is based on the where the vessel is used, moored or stored for 6 months or more per year.

MINIMUM WRITTEN AND EARNED PREMIUMS

Minimum Written Premium is \$100.

Minimum Earned premium applies per state statute.

WHOLE DOLLAR PREMIUM

The premium for each exposure is rounded to the nearest whole dollar. A premium involving \$.50 or more will be rounded to the next highest dollar. Fees are an exception to this rule; all fees will be actual dollars and cents.

INSTALLMENT FEES

Any policyholder may be given the opportunity to pay by installments. All installments will include a fully earned premium installment charge. Any policy may be paid in full at the time of application.

A fee may be applied for a check that is returned NSF.

INSURANCE TO VALUE

1. The rating base must reflect 100% of the current market value at the inception date of the policy. This amount should be the current market value for the watercraft including motors and both permanently attached and portable boating equipment. We can accept values that are within +/-25% of the standard retail value. Values must be reviewed every 5 years. Values that decrease from prior year(s) require a signature from the insured.
2. A bill of sale can be used to determine the current market value of a watercraft purchased within the past two years.
3. A current BUC Guide, ABOS Blue Book, NADA Appraisal Guide, accredited marine survey or a local dealer may be used to help determine the current market value.

MOTOR VEHICLE RECORDS

1. All operators of the watercraft must be named, with dates of birth and driver's license numbers on the application.
2. Rates are developed on the primary operator assigned to each watercraft. All operators of all watercraft MUST be listed on the application.
3. Driving History should be reviewed for the last three years.
4. MVR's will be ordered by the Company when the total premium is greater than \$400; or, when any operator has any accidents or violations; or, if there is any prior loss history.

RENEWAL RATE CAPPING

RATE CAPPING

As allowed by state statute, Renewal premium increases and decreases will be "capped", by percentage, in order to limit large premium swings associated with Company program and/or system changes.

SURVEY/PHOTO REQUIREMENTS

SURVEYS

1. A professional survey may be required on any watercraft owned by an insured for more than 30 days without prior insurance.
2. A professional 'Marine Survey' (including photos) that is less than 1 year old is required in the follow instances:
 - a. Any boat greater than 14 years old with a value in excess of \$50,000; or
 - b. Any boat greater than 24 years old with a value in excess of \$25,000; or
 - c. Any boat greater than 40 years old requires a fully completed professional 'Out of Water' survey that is less than 1 year old.

All surveys must be updated every 5 years. It is the Agent's responsibility to review the survey and follow up to verify completion of surveyor's recommendations. Proof of completed recommendations is required (i.e., copies of paid work orders/receipts, signature of insured is not adequate.) Major recommendations may prohibit binding until completed.

Surveys must be conducted by an accredited surveyor (i.e., NAMS or SAMS) and, at minimum, should include the follow information:

- a. Registration or document number
- b. HIN number for the watercraft and serial numbers for the motor(s) and trailer
- c. Watercraft model and year
- d. Photos
- e. Purpose of report/survey (i.e., loan, sale, insurance, etc.)

NOTE: Company/Agent may require a survey on any risk. If you have a risk that you feel justly qualifies for a self-survey in lieu of a professional marine survey, please contact your Watercraft underwriter. Discussion, on a per risk basis, will determine if the self-survey is adequate.

PHOTOS

Current photographs are required on all watercraft greater than 24 years old and/or any watercraft requiring a survey.

NOTE: Company/Agent may require a photo(s) on any risk.

CANCELLATIONS AND CHANGES

CANCELLATIONS

Cancellations will not be backdated more than 30 days from the date received in our/General Agent's office, unless accompanied by evidence of duplicate coverage or a copy of a bill of sale.

All Policyholder requested cancellations will be computed at 90% Pro-Rata, unless prohibited by state statute.

No premiums will be returned if we have paid for a total or constructive total loss of the watercraft insured under the policy.

CHANGES

All changes requiring adjustments of premium shall be computed pro rata. If an outstanding policy is amended and results in an additional premium of less than \$5, such additional premium may be waived. If the amendment results in a return premium of less than \$5, such return premium may be waived, except that the actual premium of less than \$5 shall be allowed at the request of the insured.

If state statute requirements differ, we follow state statute.

COVERAGES

WATERCRAFT LIABILITY (BI/PD)

Watercraft Liability (BI/PD) is a required coverage.

All watercraft on the policy must carry the same limit of liability for BI/PD.

Limits greater than \$300,000, require additional underwriting. Requirements for higher limits are:

1. No operators under 21 years of age.
2. Named Insured must have a minimum of 3 years *ownership* experience with this, or a similar (type and length) watercraft.
3. No operators with any accident or violation in the last 3 years.
4. No watercraft losses in the last 3 years.

UNINSURED BOATOWNERS (UB)

Uninsured Boatowners Coverage (UB) is an optional coverage.

The UB limit of liability cannot exceed the BI limit of Liability

All watercraft on the policy must carry the same limit of liability for UB.

COVERAGES continued

MEDICAL PAYMENTS

Medical Payments Coverage is an optional coverage.

All watercraft listed on the same policy must carry the same limit of liability for Medical Payments. No deductible applies to this coverage.

HULL PHYSICAL DAMAGE (Watercraft, Equipment & Motors)

Hull Physical Damage is an optional coverage. Loss Settlement will be Actual Cash Value unless Agreed Value or Replacement Cost coverage is purchased. A deductible, as listed on the declarations page, applies to Hull Physical Damage Coverage.

Agreed Value Coverage is an optional coverage. The Company will pay the rating base in the event of a total loss, regardless of the actual cash value. Agreed Value is the rating base shown on the declarations page and agreed to by the insured and the Company. The model year of the insured watercraft must be 10 years old or newer for new business and endorsement purposes. There is no restriction on the age of the watercraft on renewal policies.

A Sales Receipt can be used to determine the value of the watercraft two model years old or less. If a sales receipt is unavailable, the value may be determined by referring to a BUC Guide, ABOS, Blue Book, NADA Marine Appraisal Guide, accredited marine survey or a local dealer. Agreed Value coverage is not available on Personal Watercraft.

Replacement Cost Coverage is an optional coverage. The Company will replace the totaled watercraft if, at the time of the loss, the watercraft is the current model year or the first through fourth preceding model year.

This coverage is available for newly purchased untitled watercraft up to one model year old.

Replacement Cost Coverage will be removed at renewal once the watercraft is greater than 4 model years old. Coverage will revert to Agreed Value coverage at this time.

Replacement Cost coverage is not available on Personal Watercraft.

DEDUCTIBLE

Standard Deductible options are: 1%, 2%, 3%, 4% and 5% for watercraft; \$250 for Personal Watercraft.

Windstorm Deductible: Every watercraft (does not apply to Personal Watercraft) with Physical Damage and moored in the follow states is subject to a Windstorm Deductible: AL, CT, DE, FL, GA, LA, MA, MD, ME, MS, NC, NH, NJ, NY, RI, SC, TX, VA). The Windstorm Deductible is the dollar amount that is five percent (5%) of that watercraft's rating base or the Watercraft, Equipment & Motor(s) deductible listed on the declarations page, whichever is greater. For each watercraft with Physical Damage Coverage, the amount of the Windstorm Deductible for that watercraft is shown on the declarations page.

The Windstorm Deductible applies regardless of whether the loss is partial or total; regardless of whether Physical Damage Coverage is on ACV, Agreed Value or Replacement Cost basis; and regardless of whether Wreckage Removal Coverage applies.

Diminishing Deductible is optional. The deductibles for Physical Damage Coverage are reduced by 25% for each subsequent policy period for which there are no Physical Damage losses. After a loss, the deductibles are reset to the insured's original selection at the next renewal. Disappearing Deductibles do not reduce or eliminate any Windstorm Deductible. Towing & Emergency Expense and Coastal Waters Haulout Coverage losses do not reset the Diminishing Deductibles. Diminishing Deductible is not available for personal watercraft.

TRAILER COVERAGE

Trailer Coverage is an optional coverage providing physical damage coverage to trailers manufactured and designed to carry the insured watercraft or personal watercraft. A separate deductible, as listed on the declaration page, applies to each loss to an insured trailer. However, no deductible for loss to an insured trailer will apply if the insured has incurred a deductible for Physical Damage Coverage for the same loss to the insured watercraft. Trailer deductible will be \$250 if trailer rating base is \$5,000 or less; \$500 if trailer rating base is greater than \$5,000. Maximum trailer value is \$15,000.

REPLACEMENT COST PERSONAL EFFECTS

Personal Effects Replacement Cost is an optional coverage for personal effects while onboard an insured watercraft or while being carried on or off an insured watercraft. This coverage cannot be purchased unless there is Physical Damage Coverage on the insured watercraft. A \$250 deductible applies to this coverage.

TOWING AND EMERGENCY SERVICE

Towing and Emergency Service is an optional coverage for disablement of a covered watercraft that occurs on the water. This coverage cannot be purchased unless there is Physical Damage Coverage on the insured watercraft. If a Diminishing Deductible is purchased, any claim made under Towing and Emergency Service will not reset the Diminishing Deductible.

COASTAL WATERS HAULOUT COVERAGE

Coastal Waters Haulout provides coverage for the haul out and relaunching of the insured watercraft in the event the National Weather Service declares a watch or warning for a Tropical Depression, Tropical Storm, Hurricane, or Nor'easter in the area where the insured watercraft is moored. Physical Damage coverage must be purchased. We will pay up to \$500 for any one event, with a maximum of \$1,000 for any one policy period.

Coverage will be provided, without cost, to all watercraft policies subject to the Windstorm Deductible (AL, CT, DE, FL, GA, LA, MA, MD, ME, MS, NC, NH, NJ, NY, RI, SC, TX, VA).

No deductible applies to this coverage. If the Diminishing Deductible is purchased, any claim made under Coastal Waters Haulout Coverage will not reset the Diminishing Deductible.

COVERAGES continued

FISHING EQUIPMENT

Fishing Equipment is an optional Agreed Value coverage. This coverage cannot be purchased unless there is Physical Damage Coverage on the insured watercraft. A \$250 deductible applies to this coverage. This coverage is not available on Personal Watercraft (PWC).

COASTAL NAVIGATION

The Coastal Navigation limit of 100 nautical miles is included on all policies. Watercraft with a coastal navigation limit of 100 nautical miles (50-FL) are not covered for losses that occur more than 100 nautical miles (50-FL) from the coast of the United States or Canada or for losses that occur in any territory or territorial waters of any country other than the United States or Canada.

An extended Coastal Navigation limit of 125 nautical miles (all states) is available for an additional premium and is available for powered boats at least 30 feet in length with two primary engines and sailboats at least 30 feet in length with at least one inboard engine. The coastal navigation limit of 125 nautical miles (all states) extends coverage from 100 nautical miles (50-FL) to 125 nautical miles from the coast of the United States or Canada, and includes the territory and territorial waters of the Commonwealth of Bahamas that extend no further north than 27 degrees 30 minutes north latitude (27° 30' N); no further east than 75 degrees 30 minutes west longitude (75° 30' W); and no further south than 24 degrees north latitude (24° N). Losses that occur in territories and territorial waters of any other country are not covered.

Premium for the extended Coastal Navigation of 125 nautical miles is fully earned.

RELIABLE OUTDRIVE

Reliable Outdrive Coverage can only be purchased when the watercraft model year is less than 11 years. It will pay for the cost to repair or replace covered parts in an insured watercraft, which sustain a breakdown. A \$250 deductible applies to this coverage. (Coverage is not removed based on model age, however Insured may request endorsement to remove coverage at any time.)

Hull Physical Damage Coverage must be purchased.

Towing and Emergency Services must be purchased.

Reliable Outdrive Coverage can only be purchased on watercraft with either outboard or inboard/outboard (stern drive). Coverage does not apply to claims which occur less than 31 days after the effective date insured requested coverage for watercraft (as allowed by state statute).

DISCOUNTS

(some Discounts may NOT be allowed per state statute)

AFFINITY

Discount is given when an insured is a member of a recognized Affinity (see list below). Only one discount will be given regardless of the number of Affinity memberships. In the event of multiple selections, the Affinity with the highest discount will be used.

1. Brunswick Boat Group
2. Cobalt Boats
3. Platinum Group
4. Recreational Boat Holding
5. Sea Ray Group
6. Volvo-Penta Group

ASSOCIATION

A discount is applied when an insured is a member of a recognized association (see list below). Only one discount will be given regardless of the number of Association memberships. In the event of multiple selections, the Association with the highest discount will be used.

1. American Boating Association
2. National Boating Organization
3. US Coast Guard Auxiliary
4. US Power Squadron
5. US Sailing Association

If associated with another boating/marine related organization, please contact your Company Underwriter with the name of the organization to determine eligibility. Copy of membership ID card is required at time of application.

CLAIM FREE RENEWAL

Discount is applied at renewal if no claims have been paid under the policy during the prior policy term.

HOMEOWNER

Discount is applied when the principal named insured owns a home, condominium, townhome or mobile home. Proof of ownership is required at time of application.

DISCOUNTS continued

(some Discounts may NOT be allowed per state statute)

LAY-UP

Discount is given depending on the number of months (maximum of 6) your watercraft is out of commission. During this time your watercraft cannot be operated. The lay-up can be removed at any time, by endorsement, for year around use.

MULTI-POLICY

Discount applies when the named insured is listed as a named insured on another policy (i.e., Homeowner, Dwelling, Mobilehome, Motorcycle, Motorhome, Flood, Warranty, etc.) with any Assurant Company (i.e. American Reliable). Only one discount applies per policy, regardless of the number of other policies with any Assurant company. This discount is allowed at original policy inception and subsequent renewals. Copy of the Declarations Page, ID card or invoice of other policy(s) is required at time of application.

MULTI-UNIT

Discount applies when two or more watercraft and/or personal watercraft are insured on the same policy.

PAID IN FULL

Discount is applied when the insured chooses the 1-pay bill plan at point of sale or converts to the 1-pay bill plan at renewal.

PERSISTENT POLICYHOLDER

A discount is applied at new business when a named insured has had watercraft liability insurance within the last 30 days preceding the effective date of the new policy or a named insured qualifies as 'Compliant Without Insurance' (see above). The discount is tiered based on the policy tenure. Copy of prior Declarations Page, ID Card or invoice is required at time of application.

Compliant Without Insurance

There are some situations where a lack of or lapse of insurance is permissible and the named insured would be considered compliant without insurance. These situations exist when (and we may require proof that) any named insured was actively deployed in the U.S. Military.

PROTECTIVE DEVICE

This discount is not available unless there is Physical Damage Coverage on the insured watercraft. Discounts may apply based on the type of Protective Device(s) installed on the watercraft. Multiple discounts are available, however only one discount applies per level, regardless of the number of devices from that level installed on any one watercraft. Discounts are given based on the following tiers:

1. **Basic Level** (protective devices generally purchased for < \$100): Basic devices used to secure a vessel, its motor(s), and/or the trailer from a theft, or to alert and/or limit loss caused by fire. Examples include: Dock-n-Lock, Auto fire extinguisher, trailer wheel locks, trailer loading locks, case hardened chains with superior brand locks, etc.
2. **Standard Level** (protective devices generally purchased for \$100 - \$500): Audible alarm system(s), or protective devices used to secure either the boat, motor, or trailer, from a theft loss. Proof of purchase and installation required. Examples: Pogo Alarm, FIN (Find It Now) system, Flagship Marine Security System, SPOT or Valor GPS device, etc.
3. **Premier Level*** (protective devices generally purchased for > \$500, typically with a monthly fee in addition to cost of device): Theft deterrent system, providing real time Geo-fence, with electronic tracking, range of movement, and/or immobilization of vessel. Proof of purchase and installation required. Example systems: Lookout Alarm, GOST (Global Ocean Security Technologies), Flagship Marine Security system, etc.

***A premier level security device will be a pre-requisite for insurance on all boats with 3 engines. We also reserve the right to require boats with less than 3 engines to have a premier level security device depending on the risk and other determining factors.**

RELIABLE DRIVER

Discount is applied to any operator who is not being charged for any accidents or violations on the policy.

SAFETY COURSE

A Safety Course discount is applied when the operator of the watercraft has a **Captain's license** or has completed any of the following:

1. Accredited Boating or Sailing School
2. State Approved Safety Course
3. US Coast Guard Basic (1-10 lessons/hours)
4. US Coast Guard Advanced (10+ lessons/hours)
5. US Power Squadron Basic (1-10 lessons/hours)
6. US Power Squadron Advanced (10+ lessons/hours)

Only one discount will be given regardless of the number of watercraft safety courses/licenses. In the event of multiple selections, the safety course/license with the highest discount will be used.

Copy of Captain's license and/or proof of course completion is required at time of application.

SURCHARGES

(some Surcharges may NOT be allowed per state statute)

CORPORATE OWNERSHIP

Surcharge is applied if the watercraft is corporately titled for tax purposes. All operators of insured watercraft must be listed on the application.

LIABILITY ONLY

Surcharge is applied on policies written without Physical Damage coverage.

MOTOR VEHICLE RECORDS

Chargeable Period - All accidents and violations occurring in the 35-month period prior to the policy inception are considered in developing an operator's policy premium.

Chargeable Date - The Conviction Date is used to determine if the accident or violation took place in the chargeable period. If the date is not furnished on the application and we cannot obtain the date through our MVR (Motor Vehicle Report) reconciliation process, the conviction date will be deemed to be the day before the inception date of the policy.

MVR Reconciliations - Accidents and violations listed on the application will be reconciled with similar accidents and violations on the MVR to avoid duplication. When reconciliation occurs, the accidents and violations will be assigned the date of conviction listed on the MVR. If reconciliation does not occur, accidents and violations listed on the application and/or the MVR reports will be considered separate violations.

Same Day Offenses - If an occurrence results in multiple violations or accidents, the highest chargeable violation or accident will apply.

Violation Classification - Violations are classified into the following groups: driving under the influence, speeding, minor violations, major violations, not-at-fault accidents, and at-fault accidents. Minor violations include speeding violations.

At-Fault Accidents - Accidents noted on the MVR or application will be deemed at-fault unless proof is received to verify that the insured was not-at-fault. Accidents involving hitting another vehicle or object as a result of swerving to avoid an animal are at-fault.

Accidents which are **not considered to be at-fault** include, but are not limited to, the following:

- the accident was caused by a collision with a bird or animal;
- the vehicle was lawfully parked;
- the vehicle was struck in the rear by another vehicle and the driver of the vehicle which was struck in the rear was not convicted of a moving violation in connection with the accident;
- the vehicle was struck by a "hit-and-run" driver and the accident was reported to the proper authorities within 24 hours;
- the driver of the vehicle was not convicted of a moving traffic violation in connection with the accident, but the driver of another vehicle involved in the accident was convicted of a moving traffic violation; or
- the driver was at-fault but the accident is not chargeable under applicable state laws and regulations or other Company procedures;

Major violations include, but are not limited to:

- driving under the influence, open bottle/container, refusal to submit to chemical testing; or
- careless or improper operation of a vehicle, leaving the scene of an accident, fleeing from the police; or
- vehicular homicide or manslaughter, auto/theft felony of/or involving a motor vehicle; or
- reckless driving, drag racing; or
- driving under suspension or revocation, other serious license violation; or
- operating a motor vehicle without the owner's consent; or
- excessive speeding violation; criminal speeding; or
- improper use of a license/registration.

Minor violations are any moving violations that are not categorized as a major violation or an at-fault accident.

Violations will be classified with points per conviction as follows:

1. Each Minor Violation is: 1 Point
2. Each At-Fault Accident is: 3 Points
3. Each Major Violation is: 4 Points

MULTIPLE OWNERS

A surcharge is applied to the watercraft policy when there is more than one titled owner. This surcharge does not apply to married registered/titled owners residing in the same household.

SURCHARGES continued

(some Surcharges may NOT be allowed per state statute)

PERFORMANCE HAZARD

Surcharge is applied when a watercraft or personal watercraft has any after-market products that change the manufacturer's base-line performance standards. This includes, but is not limited to:

1. Performance outdrives;
2. Turbo/super chargers;
3. Nitrous oxide systems;
4. High performance stainless steel impellers (personal watercraft).

WATERCRAFT LOSS

Surcharge is applied based on the number of watercraft claims in the past 3 years.

Claims that are not counted towards the application of this surcharge are as follows:

1. Any claim where the Company has paid out less than \$500;
2. Any Weather related claims where they are not allowed per state statute.