

American Reliable Insurance Company

A Stock Insurance Company

8655 E Via De Ventura
Scottsdale, AZ 85258-3321
(800) 535-1333 (480) 483-8666

WATERCRAFT INSURANCE POLICY

We at American Reliable Insurance Company would like to thank you for choosing us for your insurance protection.

Your Declaration Pages list the drivers and units covered on your policy as well as the coverages, limits and premiums associated. Your Declarations has section **Endorsements Made A Part Of This Contract** which lists the Policy and Endorsement forms which are applicable based on the coverage you purchased. Use the attached Policy Packet to reference the policy language applicable to you based on coverage purchased.

If you have any questions about your coverage, or the amount of coverage you have selected, your agent or a company representative will be able to assist you.



ASSURANT
Solutions®



ASSURANT
Specialty
Property®

Privacy Notice

You are a valued customer and we strive to meet your privacy concerns. We want to make sure your personal information is protected and that you understand the policies that protect you.

Assurant Solutions and Assurant Specialty Property companies and other insurers that operate under this Privacy Notice (“we”) provide insurance, service contracts and membership products. Our products may be sold directly to individuals, sold through our agents or offered on behalf of other companies. These other companies may be banks; finance companies; retailers; utilities; automobile dealers; manufactured housing or mortgage companies.

Pursuant to the United States Gramm-Leach Bliley Act, companies that qualify as financial institutions must provide their customers with a Privacy Notice on an annual basis. If you have asked not to be solicited, that request is still in effect. You do not need to contact us again. This is not a solicitation. You do not need to respond.

This Privacy Notice gives you examples of the types of data we lawfully collect, use, share or disclose; and the kinds of companies with whom we may lawfully share such data. These examples serve only as illustrations; they should not be considered all of the data we may lawfully collect, use or share. Below is our privacy pledge to you:

Our Privacy Principles:

- We do not sell your personal information.
- We do not share your personal information with anyone outside the Assurant Solutions or Assurant Specialty Property family of affiliated companies unless you expressly authorize the sharing, or it is permitted or required by law.
- We do not allow those with whom we do business to use our customer information for their own marketing purposes unless there is a valid joint marketing agreement.
- We will not collect, use, share or disclose any of your information if prohibited by law.
- We contractually require any person or business providing products or services on our behalf to safeguard our customer information

Information We May Collect

The level of information we may collect varies depending upon the type of services and products we offer you. Here are some examples of the types of information we may collect and how we gather it:

- From you (or provided to us on your behalf), on applications and other forms you submit to us; for example: your name; address; social security number; telephone number; employer; and income.
- From your transactions with our companies or other nonaffiliated parties; for example: your name; address; telephone number; age; credit card use; insurance coverage; transaction history; claims history; and premiums.
- From consumer reporting agencies, public records and data collection agencies; for example: your obligations with others and your creditworthiness. However, we will not use your credit score, credit report or any other credit-related information in jurisdictions where it is prohibited by law.
- From health care providers, such as doctors and hospitals; for example: your past or present health condition. Health data will be collected **only** if we need to find out if you are eligible for coverage, process claims, prevent fraud, as authorized by you or as the law may permit or require. NOTE: We collect health data **only** to manage a health-related product or service; for example: life or disability insurance, for which you applied, or as otherwise permitted by law.
- From you when you enroll, request a service, or file a claim on one of our websites; for example: your name, address, contract number, credit card issuer and account number, personal identification number, e-mail address, service contract and claim information.
- From your visits to our Internet websites; for example: session number and user ID. By reviewing our Online Privacy Policy along with the legal notice, terms of use, site agreement or similar named link appearing on any of our websites, you may learn of any “cookies” utilized by us and of any additional information that may be collected from you on that site.

Information We May Disclose or Share and with Whom

We may lawfully share customer information with other entities as needed to deliver products and services to you, provide customer service, or handle your account.

Disclosures Permitted by Law

We share customer information as described above and as permitted by law.

Disclosures for Joint Marketing and Servicing

We may lawfully share customer information with persons or organizations inside or outside our family of companies that perform marketing services for us or with whom we have joint marketing agreements.

Information Regarding Former Customers

We treat the information of prospective and former customers in the same manner as existing customers with respect to the use of personal information.

Our Security Procedures

We restrict access to customer information to those employees whom we know have a valid business purpose to have access to such data. We maintain physical, electronic and procedural safeguards. We require those who provide services for us and to whom we provide your data to keep your information safeguarded and confidential.

Changes to this Privacy Notice

We reserve the right to change this Privacy Notice at any time. If we make material changes, we will provide current customers a new notice that describes our new practices and will post it on our Internet websites.

Notice of Insurance Information Practices

We may collect personal information from persons other than the individual or individuals proposed for coverage. Personal information as well as other personal or privileged information subsequently collected by us may in certain circumstances be disclosed to a third party without your authorization. You have the right to access and correct all personal information collected. A more complete Notice of Insurance Information Practices will be furnished to you upon request.

New Mexico and Vermont Residents

As required by state law, we will not share your financial or health data without your permission except as allowed by applicable New Mexico or Vermont law.

The following companies underwrite or market services under the Assurant Solutions or Assurant Specialty Property service marks and adhere to this Privacy Notice. We value our relationship with you. Should you have any questions about our Privacy Notice, please write to us at The Assurant Solutions/Assurant Specialty Property Privacy Office, Post Office Box 979047, Miami, FL 33197-9047 or e-mail us your question at theprivacyoffice@assurant.com.

Affiliates:

American Bankers General Agency, Inc.
American Bankers Insurance Company of Florida
American Bankers Life Assurance Company of Florida
American Bankers Management Company, Inc.
American Memorial Life Insurance Company
American Reliable Insurance Company
Assurant Payment Services, Inc.
American Security Insurance Company
Assurant Service Protection, Inc.
Assurant Services of Puerto Rico, Inc.
Caribbean American Life Assurance Company
Caribbean American Property Insurance Company
Consumer Assist Network Association, Inc.
Federal Warranty Service Corporation
Insureco, Inc.

Insureco Agency & Insurance Services, Inc.
National Insurance Agency
Reliable Lloyds Insurance Company
Standard Guaranty Insurance Company
Sureway, Inc.
The Signal, L.P.
Time Insurance Company
Tracksure Insurance Agency, Inc.
Union Security Insurance Company
Union Security Life Insurance Company of New York
United Service Protection, Inc.
United Service Protection Corporation
U.S. Insurance Services, Inc.
Voyager Indemnity Insurance Company
Voyager Service Warranties, Inc.

Non-Affiliates:

American Collectors Insurance, Inc.
IA American Life Insurance Company
Ranchers and Farmers Mutual Insurance Company

Republic Lloyds
Southern County Mutual Insurance Company
Hallmark County Mutual Insurance Company
American Hobbyist Insurance, Inc.

**NOTICE OF INSURANCE INFORMATION PRACTICES
CONSUMER RIGHTS**

Is personal information collected from persons other than individuals proposed for coverage?

- We get most of our information directly from you.
- In most cases, the application you complete gives us all the information we need to evaluate you or your property for insurance.
- In some insurance transactions, we may not be able to get all of the information we need directly from you. In that case, we may obtain information from outside sources at our own expense.

Types of information we may collect and how we gather it:

- From you (or provided to us on your behalf) on applications and other forms you submit to us; for example: your name, address, social security number, telephone number, employer, and income.
- For your transactions with our companies or other nonaffiliated parties; for example: your name, address, telephone number, age, credit card use, insurance coverage, transaction history, claims history, and premiums.
- From consumer reporting agencies, public records and data collection agencies; for example: your obligations with others and your creditworthiness.
- From health care providers, such as doctors and hospitals; for example: your past or present health condition. Health data will be collected only if we need to find out if you are eligible for coverage, to process claims, or prevent fraud, as authorized by you or as the law may permit or require. NOTE: We collect health data only to manage a health-related product or service; for example: life or disability insurance for which you applied.
- From you when you enroll, request a service, or file a claim on one of our websites; for example: your name, address, contract number, credit card issuer and account number, personal identification number, email address, service contract and claim information.
- In some cases, from your visits to our Internet websites; for example: session number and user ID. By reviewing the legal notice, terms of use, site agreement or similar named link appearing on any of our websites that you visit, you may learn of any "cookies" utilized by us and of any additional information that may be collected from you on that site.

Access to recorded personal information

Upon your written request and submission of proper identification:

- Within 30 business days of the receipt of your request to access to your recorded personal information, Assurant will inform you of the nature and substance of the recorded personal information.
- You have the right to see and copy personal information in person or obtain a copy by mail. The information must be reasonably described by you and reasonably locatable and retrievable by us. Any information we provide you will be in plain language.
- If recorded, we will disclose the identity of those persons or institutional sources who gave us information within two (2) years prior to your request. If not recorded, we will disclose the names of those to whom such information is normally disclosed.
- You may request correction, amendment, or deletion of recorded personal information by submitting written request to Assurant, 11222 Quail Roost Drive, Miami, FL 33157.
- Assurant shall provide medical record information supplied by a medical care institution or medical professional, along with the identity of the medical professional or medical institution which provided the information, either directly to you or to a medical professional designated by you, which is licensed to provide medical care with respect to the condition to which the information relates. Assurant will notify you if it elects to disclose the information to a medical professional designated by you. For CA and MA residents mental health record information shall be supplied directly to the individual only with the approval of the qualified professional person with treatment responsibility for the condition to which the information relates.
- We may charge a reasonable fee to cover the costs incurred in providing you a copy of recorded information;

Request to correct, amend, or delete recorded personal information

Within 30 business days from the date of receipt of your written request to correct, amend, or delete any recorded personal information, we must:

1. Correct, amend or delete the portion of the recorded personal information in dispute; or
2. Notify you of our refusal to make the correction, amendment or deletion, and the reason(s) for the refusal, and your right to file a statement if you disagree.

If we refuse to make a correction, amendment or deletion:

1. You have the right to file a concise statement with us. Your statement: (a) must set forth what you believe to be the correct, relevant, or fair information, and (b) explain why you disagree with our refusal.
2. We will file your statement with any disputed personal information and make it accessible so that anyone reviewing the information will be cognizant of your statement.
3. Furthermore, your statement will be with any subsequent disclosure.

If the information is corrected, the correction will be in writing and provided to you, any person who may have received the incorrect information within the preceding two years, any insurance-support organization that received the information within the preceding seven years, and any insurance support organization that furnished the personal information that has been corrected, amended or deleted.

Disclosure of personal or privileged information

We will not disclose any personal or privileged information about you in connection with this insurance transaction without your written authorization unless we provide you with a form or statement that:

1. is written in plain language;
2. is dated;
3. specifies the types of persons authorized to disclose information about you;
4. specifies the nature of the information authorized to be disclosed;
5. names the insurance company or agent to whom you are authorizing the information to be disclosed;
6. specifies the purpose(s) for which the information is collected;
7. specifies the length of time your authorization remains valid [not to exceed thirty (30) months (24 months in MT; 24 months in VA if the application or request involves property and casualty insurance) from the date of authorization]; and
8. states that you or any person authorized to act on your behalf is entitled to receive a copy of any authorization form or statement.

We will not disclose any personal or privileged information in connection with this insurance transaction, unless the disclosure is reasonably necessary and meets one of the following descriptions:

1. To enable an insurance company to perform a business, professional or insurance related function and such insurance company agrees not to disclose the information further without your written authorization unless the further disclosure (a) would be otherwise permitted by the Insurance Information and Privacy Protection Act; or (b) would be necessary for the insurance company to perform its function.
2. To enable the insurance company to (a) determine your eligibility for an insurance benefit or payment; or (b) detect or prevent criminal activity, fraud, material misrepresentation, or material nondisclosure in connection with an insurance transaction.
3. To an insurance institution, agent, insurance-support organization, or self-insurer, provided the information disclosed is reasonably necessary and limited to (a) detect or prevent criminal activity, fraud, material misrepresentation, or material nondisclosure in connection with insurance transactions; or (b) for either the disclosing or receiving insurance institution, agent or insurance-support organization to perform its function in connection with an insurance transaction involving you.
4. To enable a medical-care institution or medical professional for the purpose of (a) verifying insurance coverage or benefits; (b) informing an individual of a medical problem of which the individual may not be aware; or (c) conducting an operations or services audit provided that the information is disclosed as is reasonably necessary.
5. To an insurance regulatory authority.
6. To a law enforcement or other governmental authority (a) to protect the interests of the insurance institution, agent or insurance-support organization in preventing or prosecuting the perpetration of fraud; or (b) if the insurance institution, agent or insurance-support organization reasonably believes that illegal activities have been conducted by the individual.
7. To an actuarial or research study, provided that (a) no individual may be identified in any actuarial or research report; (b) materials allowing the individual to be identified are returned or destroyed as soon as they are no longer needed; and (c) the actuarial or research organization agrees not to disclose the information unless the disclosure would be permitted by the Insurance Information and Privacy Protection Act if made by an insurance institution, agent, or insurance-support organization.
8. To a person whose only use of such information will be in connection with the marketing of a product or service, provided that (a) no medical-record information, privileged information, or personal information relating to an individual's character, personal habits, mode of living, or general reputation is disclosed, and no classification derived from such information is disclosed; (b) you have been given an opportunity to indicate that you do not want personal information disclosed for marketing purposes and have given no indication that you do not want the information disclosed; and (c) the person receiving such information agrees not to use it except in connection with the marketing of a product or service.
9. To an affiliate whose only use of the information will be in connection with an audit of the insurance institution or agent or the marketing of an insurance product or service, provided the affiliate agrees not to disclose the information for any other purpose or to unaffiliated persons.
10. To a group policyholder for the purpose of reporting claims experience or conducting an audit of the insurance institution's or agent's operations or services, provided the information disclosed is reasonably necessary for the group policyholder to conduct the review or audit.
11. To a professional peer review organization for the purpose of reviewing the service or conduct of a medical-care institution or medical professional.
12. To a certificate holder or policyholder for the purpose of providing information regarding the status of an insurance transaction.
13. To a lien holder, mortgagee, assignee, lessor, or other person shown on the records of an insurance institution or agent as having legal or beneficial interest in a policy of insurance. Medical-record information will not be disclosed unless the disclosure would otherwise be permitted by the Information and Privacy Protection Act. The information disclosed will also be limited to only reasonably necessary information to permit you to protect your interest in the policy. (Not applicable to Kansas, Montana, and Oregon residents).
14. To authorized personnel of the Division of Motor Vehicle; and to the Department of Environment, Health, and Natural Resources and the information disclosed is immunization information described in G.S. 130A-154. (Applicable to North Carolina residents only).

*****IMPORTANT NOTICE*****

**PLEASE REPORT ALL CLAIMS BY
PHONE DIRECTLY TO:**

AMERICAN RELIABLE INSURANCE COMPANY

1-800-245-1505

**It is our commitment to provide you with the best
service available.**

**TO REPORT A CLAIM
CALL 1-800-245-1505**

24 HOURS A DAY

Keep this portion with your insurance documents.

M8002G0105-ARIC

Detach and keep this portion with you.

**TO REPORT A CLAIM
CALL 1-800-245-1505**

24 HOURS A DAY

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A Stock Insurance Company

8655 E Via De Ventura
Scottsdale, AZ 85258-3321
(800) 535-1333 (480) 483-8666

WATERCRAFT POLICY

DEAR POLICYHOLDER:

***In the event you need to contact someone about this policy, please contact your agent.
If you have additional questions or need further information, you may
contact us at the address and telephone numbers shown above.***

We welcome you as a policyholder of American Reliable Insurance Company.

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AGREEMENT

This is a contract between **You** and us. We will provide the insurance coverage described in this policy in return for the premium and compliance with the policy provisions.

DEFINITIONS

Throughout this policy "**You**" and "**Your**" refer to the named insured on the Declarations Page, and the spouse if a resident in the same household. "We," "us" and "our" refer to the company providing this insurance. Certain other words and phrases in the policy are defined as follows:

1. **Actual Cash Value** means the cost to repair or replace property with new materials of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.
2. **Business** means:
 - a. Any full-time or part-time trade;
 - b. Profession; or
 - c. Occupation engaged in for economic gain.
Entertainment for which there is no direct payment is not business.
3. **Dinghy/Tender** means any small craft owned by **You** which is used to service and maintain the **Insured Watercraft** as named on the Declarations Page.
4. **Family Member** means a person related to **You** by blood, marriage or adoption who is a resident of **Your** household, including a ward or foster child.
5. **Inherent Vice** means any existing condition, defect, decay or the inherent nature of **Your Insured Watercraft** or any part of **Your Insured Watercraft** which will cause it to deteriorate with a lapse of time or any quality in the insured property that causes it to damage or destroy itself.
6. **Insured Person** means **You**, a **Family Member** or any other person or organization using the **Insured Watercraft** with **Your** prior permission, without charge. It does not include any person or organization or employee thereof operating or owning a salvor or towing service, yacht club, boat repair yard, shipyard, marina, sales agency or similar business. Insurance provided other persons or organizations under this policy does not cover their liability to **You** or to **Your** spouse.
7. **Insured Watercraft** means:
 - a. the watercraft named on the Declarations Page, including its motor (s), spars, sails, winches, rigging, furniture, dinghies/tenders, fittings and other equipment normally required for the operation, navigation or maintenance of the **Insured Watercraft**. There is no coverage for fuel.
 - b. 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 Watercraft**.
 - c. any watercraft which **You** acquire during the policy period if **You** notify us within thirty 30 days of the time **You** acquire ownership of the watercraft and pay any additional premium required.
The limit of insurance applicable to any watercraft **You** acquire will be its **actual cash value**, but not more than 150% of the highest limit on the Declarations Page for Section A – Property Damage Coverage.
 - d. only under Section B, Watercraft Liability, **Insured Watercraft** also means any other similar watercraft not owned in whole or in part by **You** or a **Family Member**, and not furnished to **You** or a **Family Member** on a regular basis. Use of the other similar watercraft must be without charge, for private pleasure only, and with the permission of the owner.
8. **Latent Defect** means a hidden flaw in the materials, parts and components of the **Insured Watercraft** existing at the time of the manufacture and/or resulting from repairs, which is not discoverable by visual observation or ordinary means of testing.
9. **Lay Up** means taking **Your Insured Watercraft** out of active service. During the **Lay Up** period shown on the Declarations Page, **Your Insured Watercraft** cannot be used for any boating activities or as living quarters by **You** or any **Insured Person**.
10. **Manufacturing Defect** means a flaw in the material or machinery existing at the time of the building of:
 - a. **Your Insured Watercraft**; or
 - b. Any part of **Your Insured Watercraft**;
Whether or not detected by sight or other standard testing.
11. **Mold** means any mold, fungi, organic pathogen, bacteria, virus or their spores, scent or by products of any type of nature that cause, threaten to cause, or are alleged to cause physical damage, deterioration, loss of use, and/or loss of value or marketability, to any tangible property or that can cause, threaten to cause or are alleged to cause harm of any type to any living organism. This includes, but is not limited to, any type of mold that is harmful to or is potentially harmful to the health or welfare of persons (such as *Stachybotrys* and others), and/or that is damaging or potentially damaging to tangible property (including wet or dry rot, mildew and others).
12. **Personal Effects** means wearing apparel, sports equipment and other personal effects belonging to **You**, any **Family Member**, guests, or volunteer crew at **Your** election. It does not include money, traveler's checks, securities, valuable papers or other documents, computer hardware or software, cell phones, pagers, jewelry, watches or furs, gems, precious stones, silver, gold, or other precious metals, collectibles, antiques, liquor, firearms, galley supplies or provisions or other consumables, animals, birds, or fish, or merchandise for sale or exhibition.
13. **Personal Watercraft** means a **Watercraft** such as a jet ski, wave runner or similar craft which uses an inboard motor powering a water jet pump as its primary source of power and which is designed to be operated by a person sitting, standing, or kneeling on the vessel rather than inside it.
14. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
15. **Remediation** means to test for, monitor, clean up, treat, eliminate, prevent, detoxify, neutralize, contain, remove, dispose of, or in any way respond to or assess the effects of **mold**.
16. **Tropical Depressions, Tropical Storms, Hurricanes and Nor'easters** mean those weather systems so designated by the U.S. National Weather Service and/or the National Hurricane Center.
17. **Uninsured Watercraft** means a watercraft of any type:
 - a. for which no bodily injury liability insurance policy or bond applies at the time of the accident;
 - b. for which the bond or insurance company denies coverage or is, or becomes insolvent; or
 - c. which is a hit-and-run watercraft whose owner or operator cannot be identified, that comes into physical contact with **Your Insured Watercraft** or any of **You**.**Uninsured Watercraft** does not mean:
 - a. A watercraft owned by, rented or chartered to, furnished or available for regular use by an **Insured Person**; or
 - b. Owned by any governmental unit or agency.
18. **Wreck** means **Your Insured Watercraft** has been damaged to such an extent as to render **Your Insured Watercraft** not navigable and we determine **Your Insured Watercraft** to be a total or constructive total loss.

SECTION A – PROPERTY DAMAGE COVERAGE

1. WHAT WE INSURE

a. Watercraft and Trailer

We cover the **Insured Watercraft** and trailer as described in the Declarations Page while the **Insured Watercraft** is afloat, on shore or being transported on a land conveyance including loading and unloading. We cover the trailer used for transportation of the **Insured Watercraft** if an amount of insurance is shown for the trailer on the Declarations Page.

b. Personal Effects

We cover **Personal Effects** while they are on board or being carried on, to or off the **Insured Watercraft**. We will pay **You** up to the limit shown on the Declarations Page for **Personal Effects** coverage. This coverage is subject to a \$250 deductible. The OTHER INSURANCE paragraph under Section E General Provisions does not apply to a **Personal Effects** loss insured under this Section A-Property Damage.

2. COVERAGE PROVIDED

We will pay for any accident which is the proximate cause of physical loss to the insured property less any applicable deductible shown on the Declarations Page, unless the loss is excluded in the policy.

3. LIMIT OF LIABILITY

A total loss occurs when **Your Insured Watercraft** is destroyed or lost. **Your Insured Watercraft** is considered a constructive total loss when the reasonable expense of recovering and repairing **Your Insured Watercraft** exceeds the value as shown on the Declarations Page. **Your Insured Watercraft** is considered lost when it is not found within 30 days of the date it is reported as missing.

In the event of loss or damage to **your insured watercraft**, we will pay the lowest of the following amounts:

- (1) The coverage limit shown on the Declarations Page;
- (2) **Actual Cash Value** at the time of loss;
- (3) The cost of repair subject to depreciation;
- (4) The cost of replacement.

We may elect to replace the **Insured Watercraft** with property of similar kind, quality and value with deduction for depreciation.

If we pay you in cash an amount equal to the **Actual Cash Value** of your property before the loss, we have the opportunity to take legal title and possession of your property.

The cost of repairs shall be determined by yacht repair yards, equipment repairers or surveyors agreeable to us.

The amount we will pay for a total loss shall be reduced by the amount paid for repairs of prior covered damage not completed at the time of the total loss.

4. DEDUCTIBLE

a. We will adjust each claim separately for a covered loss to **Your** insured property; the amount of each adjusted claim will be automatically reduced by the Deductible Amount shown on the Declarations Page. When applying the deductible, we will treat each covered loss as a separate claim and any two or more covered losses resulting from the same accident or occurrence as one claim. No deductible will be applied in the event of a total loss to **Your Insured Watercraft** except for conditions outlined in paragraph b. below.

b. If a Windstorm Deductible amount is shown on the Declarations Page, we will apply the Windstorm Deductible to covered losses caused by wind, rain, wave or hail when those losses are the result of a **Tropical Depression, Tropical Storm, Hurricane, or Nor'easter**. The Windstorm Deductible will replace the deductible shown on the Declarations Page for

Your Insured Watercraft and will be applied to the amount of each loss. It will be applicable to all partial losses and in the case of a total loss or constructive total loss; the Windstorm Deductible will be subtracted from the limit of liability that applies to **Your Insured Watercraft**.

5. REPAIRS

We will pay the cost to repaint or resurface the damaged area using standard marine repair practices so that it will reasonably match the original color.

If there is an insured loss to wood, metal, rubber, plastic, or fiberglass portions of **Your Insured Watercraft** or trailer, we will pay the lesser of:

- a. The cost of repairing in accordance with standard marine repair practices; or
- b. The cost of making repairs according to the recommended specifications of the manufacturer of **Your Insured Watercraft** or trailer.

If, in the event of a partial loss, **You** choose not to have repairs or replacements made to the covered property, we will pay no more than the **Actual Cash Value** of the damaged parts; but in no case will payment exceed the cost to repair or replace with material of like kind and quality.

6. SALVAGE COSTS

We will pay for salvage charges **You** incur arising from a covered loss. Payments for salvage charges will be in addition to any other payments we make for losses covered by this policy. However, the most we will pay for salvage charges is the Section A: Property Damage Coverage limit shown on the Declarations Page. The Section A: Property Damage Coverage Deductible Amount does not apply to this coverage.

7. EMERGENCY TOWING AND ASSISTANCE

We will pay **You** up to the limit shown on **Your** Declarations Page for the reasonable costs **You** incur resulting from the following emergency services for commercial assistance while **Your Insured Watercraft** is afloat or away from safe harbor.

- a. Emergency towing to the nearest place where the necessary repairs can be made;
- b. Emergency delivery of fuel, oil, parts or loaned battery (excluding the cost of these items themselves) and emergency labor, while away from safe harbor.

All other provisions of this policy will apply. This coverage is not subject to any deductible.

8. APPRAISAL

If we and **You** do not agree on the amount of loss, either may demand an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will separately state the amount of loss. If they fail to agree, they will submit their findings to the umpire. A decision agreed to by any two will be binding.

Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the expenses of the appraisal and umpire equally.

We do not waive any of our rights under this policy by agreeing to an appraisal.

9. STORAGE

If you are not able to use **Your Insured Watercraft** due to a covered loss, we will pay up to \$10 per day for expenses incurred for storing **Your Insured Watercraft**. If the watercraft can be repaired, we will provide payment only for the time reasonably required to repair **Your Insured Watercraft** up to a maximum of \$150. This coverage does not increase the Limit of Liability applying to the property being repaired.

10. EXCLUSIONS THAT APPLY TO SECTION A

We do not provide coverage under Section A-Property Damage Coverage for losses:

- a. Due to and resulting from: a) wear and tear; b) gradual deterioration; c) weathering; d) mildew or wet and dry rot or dampness of atmosphere; e) marring, denting, scratching, chipping or electrolysis; f) corrosion or rust; g) manufacturer's defects or defective or improper design; h) osmosis, delamination, bubbling or blistering; i) mechanical or electrical breakdown; or j) **Inherent Vice**
- b. Due to and resulting from: a) birds, b) rodents, c) insects, or d) animals or marine life. However, if any of these results in fire, sinking, dismasting, collision or stranding of **Your Insured Watercraft**, the resulting physical damage will be covered.
- c. Arising out of or resulting from intentional acts of willful misconduct or illegal acts of any person insured under this policy.
- d. Resulting directly or indirectly from ice, freezing or extremes of temperature.
- e. Due to confiscation by duly authorized governmental or civil authority.
- f. Due to theft or unexplained disappearance of **Personal Effects** or **Insured Watercraft** unless:
 - (1) there is theft of **Your** entire **Insured Watercraft**; or
 - (2) there is evidence of forcible removal.
- g. Arising out of or from any **Business** use.
- h. To moorings, cradles, dock boxes, lifts, or shore stations;
- i. To **Personal Watercraft**.
- j. Which occurs while the **Insured Watercraft** is being operated in any organized race or speed contest except sailing vessels, in which case only damage to masts, spars, rigging and sails is excluded
- k. To electrical apparatus caused by electricity, other than lightning, unless fire results, and then only for loss caused by the resulting fire.
- l. Involving wages or provisions furnished to master or crew.
- m. Caused by or resulting from loss of use, delay or loss of value.
- n. Due to a lack of reasonable care or due diligence in the maintenance or care of **Your Insured Watercraft**.
- o. From seizure and/or overheating of motors unless caused by a covered loss.
- p. To any item having a **Latent Defect**. However, any resulting loss or damage to **Your Insured Watercraft** will be covered.

SECTION B – WATERCRAFT LIABILITY

1. COVERAGE PROVIDED

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

- a. Attempted or actual raising, removal or destruction of the **Wreck** of **Your Insured Watercraft**, if such removal is required by law and the peril causing the loss is covered. This is not additional insurance, but is included in the limit of Watercraft Liability coverage.
- b. Damage or losses resulting from any one accident or occurrence; with respect to pollution that **You** are required by law to clean up, remove or contain a **Pollutant** that was accidentally discharged, spilled, leaked or emitted from **Your Insured watercraft** into the waters, we will pay up to Section

B: Liability Coverage limit shown on the Declarations Page, or \$800,000, whichever is greater.

For purposes of this coverage accidental does not include any seepage from any mechanical equipment or from a manufacturer's defect to **Your Insured Watercraft**. Coverage will not be provided for any seepage or discharge, continuous or intermittent, which occurs over a period of time or which could have reasonably been discovered by **You**.

2. LIMIT OF LIABILITY

If a claim is made or a suit brought against an **Insured Person** for damages because of bodily injury or property damage to which this coverage applies, caused by an occurrence, we will:

- a. Pay up to our limit of liability for the damages for which the **Insured Person** is legally liable; and
- b. Provide a defense at our expense by counsel of our choice.

We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for damages, to effect settlement or satisfy a judgment resulting from the occurrence, equals our limit of liability.

3. SUPPLEMENTAL PAYMENTS

We will also pay, with respect to any claim we investigate or settle, or any suit against an insured we defend:

- a. Expenses we incur and costs taxed against **You** in any suit we defend.
- b. The cost of bonds:
 - (1) To release **Your Insured Watercraft** if seized; or
 - (2) Required in a suit we defend.

We will not pay for bond amounts greater than the Limit of Liability for Coverage B.

- c. Expenses **You** incur at our request for assisting us in the investigation or defense of any claim or suit. We will not pay more than \$100 a day for actual loss of earnings.
- d. Interest on the entire judgment entered by the court. But, we will only pay such interest until we pay, offer or deposit in court our portion of the entire judgment.

4. EXCLUSIONS WHICH APPLY TO SECTION B

We will not provide coverage for any person under Section B: Watercraft Liability for:

- a. Any bodily injury or property damage arising out of or resulting from intentional acts or willful misconduct or illegal acts of any person insured under this policy.
- b. Whom benefits are payable under any worker's compensation, non-occupational disability, occupational disease law, Jones Act or Federal Longshoremen's and Harbor Worker's Compensation Act.
- c. Property damage or bodily injury arising out of the transportation of the **Insured Watercraft** on land.
- d. Any liability assumed by an **Insured Person** under any contract or agreement.
- e. Any bodily injury or property damage incurred while the **Insured Watercraft** is being operated in an organized race or speed contest, except for sailing vessels, in which case only damage to masts, spars, rigging, and sails, is excluded.
- f. Any bodily injury or property damage to any **Insured Person**, family member or person who resides in **Your** household.
- g. Fines or penalties imposed by any governmental agency.
- h. Punitive damages.
- i. Any bodily injury to any officer, director, partner or shareholder of any **You**.

- j. Any bodily injury or property damage arising out of any sexual act, sexual molestation and/or negligent supervision, corporal punishment or physical or mental abuse.
- k. Any bodily injury or property damage arising out of the use of **Your Insured Watercraft** while teak surfing or towing a person in or on a device designed for flight. This applies to para-sails, hang gliders and similar airborne devices.
- l. Any bodily injury or property damage arising out of the rental of **Your Insured Watercraft**.
- m. Damage to property in **Your** care, custody or control.
- n. Property damage due to or resulting from a pollution loss if any of the following apply:
 - 1) liability arising while **Your Insured Watercraft** is on land;
 - 2) if any insured knows, or has reason to know, of the incident and fails to report it as required by law(s);
 - 3) property damage sustained by any insured or resident;
 - 4) bodily injury;
 - 5) liability for natural resource damage unless legal action commences within one (1) year of the incident;
 - 6) unless you provide all reasonable cooperation and assistance with containment and clean-up operations as is required by law or by someone acting under their legal authority.

SECTION C – MEDICAL PAYMENTS

1. COVERAGE PROVIDED

We will pay reasonable and necessary medical and funeral service expenses incurred within one year from the date of the accident causing bodily injury to any person while in, upon, boarding, leaving or towed behind the **Insured Watercraft**. Medical expenses, means charges for medical, surgical, x-ray, dental, ambulance, hospital and professional nursing services.

2. LIMIT OF LIABILITY

Our limit of liability in any one accident shall not exceed the amount of insurance shown for Section C: Medical Payments on the Declarations Page, regardless of the number of persons involved or claims made in the accident.

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.

3. ADMISSION OF LIABILITY

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

4. EXCLUSIONS WHICH APPLY TO SECTION C:

We do not provide coverage under Medical Payments:

- a. For any bodily injury incurred during the course of employment to whom benefits are payable under any state or federal compensation law or act.
- b. For liability assumed by an **Insured Person** under contract or agreement.

SECTION D – UNINSURED BOATOWNERS

1. COVERAGE PROVIDED

If an amount is shown for Section D: Uninsured Boater Coverage on the Declarations Page, we will pay the amount which an insured is legally entitled to recover from the owner or operator of an **Uninsured Watercraft** for bodily injury:

- a. Sustained by an insured, **Your** guests or unpaid crew members while aboard the **Insured Watercraft**;

- b. Caused by an occurrence.

The uninsured boater's liability for loss or damage must arise out of the ownership, maintenance or use of an **Uninsured Watercraft**.

2. LIMIT OF LIABILITY

The applicable amounts of insurance shown on the declarations page for Coverage D and the rules below set the limit of liability and fix the most we will pay regardless of:

- a. the type of damages or expense incurred;
- b. the number of injured persons or claims made; or
- c. the number of watercraft involved.

This coverage will not apply directly or indirectly to the benefit of any insured under any state or federal compensation law or act. Payment made for this coverage to or for an **Insured Person** will reduce the amount that person is entitled to recover from Section B: Liability Coverage of this policy.

3. ARBITRATION

- a. If we and **You** do not agree:

- (1) Whether **You** are legally entitled to recover damages; or
- (2) As to the amount of **Your** damages;

then the matter may be arbitrated at **Your** request or ours. But, disputes about coverage will not be arbitrated.

Each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction.

- b. Each party will;

- (1) Pay the expenses it incurs; and
- (2) Bear the expense of the third arbitrator equally.

- c. Unless both parties agree otherwise, arbitration will take place in the county in which **You** live. Local rules of law as to procedure and evidence will apply. A decision by two of the arbitrators will be binding.

4. EXCLUSIONS WHICH APPLY TO SECTION D

We do not provide Uninsured Boaters Coverage for:

- a. Any vessel or equipment owned by or furnished or available for the regular use of an **Insured Person** or any **Family Member** or owned by any state or federal governmental unit or agency;
- b. Claims settled without our written permission;
- c. An **Insured Person** using the vessel without permission;
- d. For vessels owned by or furnished for **Your** regular use, or the use of a member of **Your** immediate family or any person insured by this policy;
- e. Where no evidence of physical contact exists between **Your** vessel and an unidentified vessel, or where no evidence of physical contact exists between **Your** vessel and an **Uninsured Watercraft**.

This coverage shall not apply directly or indirectly to benefit any insured or self-insured under any state or federal compensation act.

SECTION E – GENERAL CONDITIONS AND EXCLUSIONS WHICH APPLY TO ALL SECTIONS OF THIS POLICY

1. CHANGES IN POLICY

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

When we broaden coverage during the policy period, without charge, the policy will automatically provide the broadened coverage when effective in your state.

2. POLICY PERIOD, TERRITORY

This policy applies only to losses which occur during the policy period as shown on the Declarations Page and:

- a. While the **Insured Watercraft** is within the Navigation Limits specified on the Declarations Page and within 100 miles of the Continental United States and Canada.
- b. For **Insured Watercraft** and trailer on shore or being transported by land conveyance within the Continental United States and Canada.

3. LAY UP

If a **Lay Up** period is shown on the Declarations Page, **Your Insured Watercraft** must be in safe storage, may NOT be operated, and must not be used for living on board. Failure to comply may result in the denial of coverage.

4. PRIVATE PLEASURE ONLY

We do not provide coverage while the **Insured Watercraft** is on exhibition, rented to others, used to carry persons or property for a fee or used for any commercial purposes.

5. NO BENEFIT TO OTHERS

No person or organization having custody of the **Insured Watercraft** and being paid for services shall benefit from this insurance.

6. ABANDONMENT

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

7. SALVAGE

If we have made payment under this policy for loss or damage, and if there is salvage or recovery as a result of that loss or damage, we have the right to recover that salvage or recovery to the extent of our payment. Upon settlement by us of any total loss or where we have paid the policy limits, the salvage, if any shall belong to us at our option, however, there shall be no abandonment to us.

8. WAR AND NUCLEAR EXCLUSION

We will not pay for any loss resulting directly or indirectly from:

- a. Radioactive, chemical biological, bio-chemical or electromagnetic contamination;
- b. Discharge of any nuclear weapon (even if accidental);
- c. War, including undeclared war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military, usurped power, martial law, or confiscation by order of any government or public authority.

9. CONCEALMENT OR MISREPRESENTATION

All coverage provided by us will be voided from the beginning of this Policy Period if **You** intentionally conceal or misrepresent any material fact or circumstance relating to this contract of insurance, or the application for such insurance which is incorporated herein, whether before or after a loss.

10. INSURABLE INTEREST

We will not be liable in any one loss for more than the amount of **Your** insurable interest at the time of loss or more than the amount of coverage afforded by this policy.

11. TRANSFER OF INTEREST

All coverage provided by us will terminate upon the sale, assignment, transfer or pledge of the **Insured Watercraft** or of this contract unless prior written consent has been obtained from us.

12. LEGAL ACTION AGAINST US

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

- a. with respect to any claim or loss to **Insured Watercraft**, any suit against us must commence within one (1) year of the date of loss or damage;
- b. with respect to any other claim for loss, no suit may be brought against us until the amount of the covered person'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;
- c. no one shall have any right to join us as a part to any action against a covered person;
- d. 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.

13. IMPAIRMENT OF RECOVERY

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

14. OUR RIGHT TO BE REPAID

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

15. NON-WAIVER PROVISIONS

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

16. OTHER INSURANCE

If any covered person has any other insurance against a property damage loss covered under this policy, we will not pay for any greater proportion of the loss than our applicable amount of insurance stated on the Declarations Page bears to the total amount of insurance covering the loss. With respect to liability, medical payments and/or uninsured boater loss, any insurance provided by this contract shall be deemed excess over all valid and collectible insurance.

17. CANCELLATION

You may cancel this policy by returning it to us or our authorized representative and stating, in writing, the future date **You** want it to be cancelled. We may cancel this policy by written notice to **You** at the address shown on the Declarations Page on this policy or last known address. Cancellation by us will be effective as of the date and time shown on the cancellation notice, but not less than fifteen (15) days after the date of mailing the notice. The mailing notice is sufficient proof of notice of cancellation. The date of the cancellation stated in the notice shall become the end of the policy period.

18. RETURN PREMIUMS

If this policy is cancelled, **You** may be entitled to a premium refund. If we cancel the policy, any return premium will be computed on a pro-rata basis. If **You** cancel the policy, any return premium will be computed on a 90% pro-rata basis. No premiums will be returned to **You** if we have paid **You** for a total or constructive total loss of the watercraft insured under this policy. Any return premium will be paid to **You** as soon as possible after the cancellation.

19. CONFORMITY TO STATUTES

This policy is subject to established principles and precedents of federal admiralty law of the United States of America, but where no substantive principle or precedent is applicable state law shall apply.

Any provision of this policy that conflicts with applicable law or regulation is hereby amended to conform to the minimum requirements of the law or regulation.

20. MOLD

We do not under any circumstances insure loss, damage or **remediation** costs caused by or resulting from the presence of **mold**, mildew, or other fungi, their secretions, and dry and wet rot of any kind regardless of the cause, condition or loss that led to their formation or growth.

21. MORE THAN ONE NAMED INSURED

If there is more than one person named on the Declarations Page, we will send mail to the first person named there. We will not send copies to the other persons named there.

**SECTION F – GENERAL PROVISIONS
IN THE EVENT OF LOSS**

1. PROTECTION AGAINST LOSS

If **Your Insured Watercraft** or other property covered by this policy is damaged, **You** must take all reasonable steps to protect it from further damage. We will reimburse **You** for reasonable expenses for protecting the property from further damage. Payments for protecting damaged property will be in addition to any other payments we make for losses covered by this policy. However, the most we will pay for protecting damaged property is the coverage limit which applies to that property.

2. DUTIES FOLLOWING ANY LOSS

a. Notice of Loss

You must report in writing to us, or our authorized agent, immediately after the occurrence of any accident, loss, damage or expense that may be covered under this policy. This notice should state when, where, and how the event occurred, and should include the names and addresses of any witnesses. **You** are also required to notify the police and file a police report as soon as **You** are aware that **Your** property has been stolen or vandalized. If **You** do not provide the notice to us as required by this section, we have the right to deny **You** coverage in this policy.

b. Proof-of-Loss

You must file with us or our authorized agent, immediately after our written request, a detailed proof-of-loss signed and sworn to by **You** setting forth to the best of **Your** knowledge, the facts of the loss. We may also require **You** to submit to an examination under oath. A written, sworn proof-of-loss must be filed with us immediately after completion of services by any person seeking payment by us under Section C: Medical

Payments Coverage, or by someone on their behalf. A person presenting a claim for bodily injury must also submit, as often as we request, to physical examinations by physicians of our choice; we will pay for the cost of the examination; and provide us with written authorization for release to us copies of pertinent medical reports and records.

c. Assistance and Cooperation

Any person making a claim must:

- (1) Give us immediate notification of the loss, with details as to how, when and where the loss occurred, the property involved, the names and addresses of any injured persons, and the names and addresses of any witnesses;
- (2) Promptly forward to us any legal papers or notices received in connection with the loss;
- (3) Not assume any obligation, admit any liability or incur any expense for which we may be liable without our written permission, except expenses incurred to protect the **Insured Watercraft** from further loss;
- (4) Allow us to inspect and appraise all damaged property, not stolen or otherwise unrecoverable, before it is repaired or disposed of;
- (5) Cooperate with us in the investigation, defense, or settlement of any loss, and agree to be examined under oath if we so request;
- (6) Permit us to examine any records needed to verify the loss and its amount;
- (7) Submit written proof of loss immediately, signed and sworn to by **You** setting forth to the best of **Your** knowledge, the facts of the loss.

3. CLAIM OR SUIT AGAINST YOU

If a claim is made or suit is brought against **You** or an **Insured Person** for liability that may be covered under this policy, **You** must immediately notify us and send us every demand, notice, summons or other legal papers received by **You** or **Your** representative. We will also have the option of naming attorneys to represent **You**.

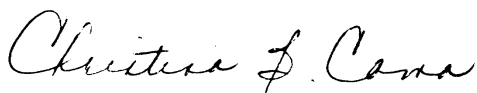
4. PAYMENT OF LOSS

Unless a claim has been paid by others, we will pay for any loss covered under this policy within thirty (30) days after both the detailed sworn proof-of-loss and proof of **Your** interest in the **Insured Watercraft** are given to us and after the earliest of the following:

- a. We reach agreement with you;
- b. Final judgment is rendered in a court of law.

SIGNATURES

In Witness Whereof, we have caused this policy to be executed and attested, but this policy shall not be valid unless countersigned on the Declarations Page by our authorized representative.



SECRETARY



PRESIDENT

**AMERICAN RELIABLE INSURANCE COMPANY
AMENDMENT TO POLICY PROVISIONS - FLORIDA**

This form changes the policy. Please read it carefully.

SECTION A - PROPERTY DAMAGE COVERAGE - 10. EXCLUSIONS THAT APPLY TO SECTION A, j. is deleted and replaced with the following:

Which occurs while the **Insured Watercraft** is being operated by an **Insured Person** in any organized race or speed contest except sailing vessels, in which case only damage to masts, spars, rigging and sails is excluded.

SECTION D - UNINSURED BOATOWNERS 3. ARBITRATION is deleted and replaced with the following:

Demand a mediation of the loss in accordance with the rules established by the Florida Department of Financial Services. The loss amount must be \$500 or more, prior to application of the deductible; or there must be a difference of \$500 or more between the loss settlement amount we offer and the loss settlement amount that you request. The settlement in the course of the mediation is binding only if both parties agree, in writing, on a settlement and, you have not rescinded the settlement within 3 business days after reaching settlement. You may not rescind the settlement after cashing or depositing the settlement check or draft we provided to you.

We will pay the cost of conducting any mediation conference except when you fail to appear at a conference. That conference will then be rescheduled upon your payment of the mediator's fee for that rescheduled conference. However, if we fail to appear at a mediation conference, we will pay your actual cash expenses you incur in attending the conference and also pay the mediator's fee for the rescheduled conference

SECTION E - GENERAL CONDITIONS AND EXCLUSIONS, WHICH APPLY TO ALL SECTIONS OF THIS POLICY, the following Sections are amended as follows:

2. POLICY PERIOD, TERRITORY

Item 2 a. is deleted and replaced with the following:

- a. While the insured watercraft is within:
 - 1. the Navigation Limits specified on the Declarations Page; and
 - 2. 50 miles outward of the coast of the Continental United States and Canada.

12. LEGAL ACTION AGAINST US, item a., is deleted and replaced with the following:

- a. with respect to any claim or loss to Insured Watercraft, any suit against us must commence within five (5) years of the date of loss or damage;

17. CANCELLATION is deleted and replaced with the following:

CANCELLATION

This policy may be cancelled during the policy period as follows:

- 1. The named insured shown in the Declarations may cancel by:
 - a. returning this policy to us; or
 - b. giving us advance written notice of the date cancellation is to take effect.
- 2. We may cancel by mailing registered or certified mail or United States Post Office proof of mailing to the named insured shown in the Declarations at the address shown in this policy:
 - a. at least 10 days notice if cancellation is for nonpayment of premium; or
 - b. at least 90 days notice in all other cases.
- 3. After this policy is in effect for 90 days, we will cancel only where there has been:
 - a. a material misstatement;
 - b. nonpayment of premium;
 - c. failure to comply with underwriting requirements;
 - d. a substantial change in the risk.

NONRENEWALS

If we decide not to renew or continue this policy we will mail advance notice to the named insured shown in the Declarations at the address shown in this policy at least 90 days before the end of the policy period. Notice will be mailed by registered or certified mail or United States Post Office proof of mailing. If the policy period is other than one year, we will have the right not to renew or continue it only at each anniversary of its original effective date.

We will not refuse to renew or continue this policy solely because:

- 1. You were convicted of one or more traffic violations which did not involve an accident or cause revocation or suspension of your driving privilege; or
- 2. You have had only one accident if we have insured **your insured watercraft** for a period of at least 5 years immediately preceding the renewal date.

AUTOMATIC TERMINATION

If we offer to renew or continue and you or your representative do not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.

If you obtain other insurance on **your insured watercraft**, any similar insurance provided by this policy will terminate as to that watercraft on the effective date of the other insurance.

OTHER TERMINATION PROVISIONS

- 1. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.

2. If this policy is cancelled, you may be entitled to a premium refund. If so, the refund will be mailed within fifteen (15) working days after the effective date of cancellation. The premium refund, if any, will be computed according to our manuals. However, making or offering to make the refund is not a condition of cancellation.
3. The effective date of cancellation stated in the notice shall become the end of the policy period.

SECTION F - GENERAL PROVISIONS IN THE EVENT OF LOSS - SECTION 4. PAYMENT OF LOSS is deleted and replaced with the following:

4. PAYMENT OF LOSS

We will adjust losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable:

1. 20 days after we receive your proof of loss and reach written agreement with you; or
2. 30 days after we receive your proof of loss and:
 - a. There is an entry of a final judgment; or
 - b. There is a filing of an appraisal award or a mediation settlement with us.

All other provisions of this policy will apply.

AMERICAN RELIABLE INSURANCE COMPANY COASTAL WATERS HAULOUT COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that coverage for Section A – Property Damage Coverage is extended to cover the following:

In the event of **Tropical Depressions, Tropical Storms, Hurricanes and Nor'easters** watch or warning being declared in the area where **your insured watercraft** is moored, and **you**:

1. Have **your insured watercraft** hauled out of the water, stored until the watch or warning has ended and then launched in the same general area; or
2. Have **your insured watercraft** moved to a safe harbor, including any docking or mooring fees.

Expenses for the acquisition of line, anchors and additional equipment to secure **your insured watercraft** are not included in this coverage.

We will pay up to \$500 for any one **Tropical Depression, Tropical Storms, Hurricane and Nor'easter**, and for any one policy period a maximum of \$1,000. The Section A – Property Damage Coverage deductible amount does not apply to this coverage.

All other terms and conditions of the policy remain the same.

AMERICAN RELIABLE INSURANCE COMPANY PERSONAL WATERCRAFT ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITIONS

Definition 7. a. is deleted and replaced by the following:

- a. the **personal watercraft** named on the Declarations Page;

Definition 13. Personal Watercraft is deleted and replaced by the following:

13. **Personal Watercraft** means a vessel certified for a maximum capacity of six people, maximum overall length of 16 feet, including an inflatable portion, having an inboard engine and propelled by impeller drive/jet drive.

The definition does not include vessels of a hydrofoil nature.

SECTION A – PROPERTY DAMAGE COVERAGE

Part 4. Deductible, b. is deleted.

Part 10. Exclusion i. is deleted.

All other policy provisions not in conflict apply.

AMERICAN RELIABLE INSURANCE COMPANY AGREED VALUE COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSURING AGREEMENT

If you pay the premium for this coverage for an **insured watercraft**, and there is a total loss, constructive total loss or **wreck** to that **insured watercraft** then the Limits of Liability provision under this Section A - Property Damage Coverage shall not apply, and the following provision shall apply to that **insured watercraft**:

The limit of liability for an **insured watercraft** for which Agreed Value Coverage was purchased is as follows:

1. for a loss that **we** determine to be a total loss to the **insured watercraft**, **our** limit of liability is the **agreed value** for the **insured watercraft**, reduced by the applicable deductible;
2. for a loss to the **insured watercraft** that **we** determine to not be a total loss, **our** limit of liability is the lowest of:
 - a. the amount necessary to replace the stolen or damaged property, reduced by the applicable deductible;
 - b. the amount necessary to repair the damaged property to its pre-loss physical condition, reduced by the applicable deductible; or
 - c. the **actual cash value** for the **insured watercraft**, reduced by the applicable deductible.

ADDITIONAL DEFINITION:

Agreed Value means the Rating Basis shown on the Declarations Page.

Any other policy provisions not in conflict with this endorsement apply.

AMERICAN RELIABLE INSURANCE COMPANY REPLACEMENT COST ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSURING AGREEMENT

If **you** pay the premium for this coverage for an **insured watercraft**, and there is a total loss, constructive total loss or **wreck** to that **insured watercraft** then the Limits of Liability provision under this Section A - Property Damage Coverage shall not apply, and the following provision shall apply to that **insured watercraft**:

The limit of liability for an **insured watercraft** for which Replacement Cost Coverage was purchased is as follows:

1. for a loss that **we** determine to be a total loss to the **insured watercraft** and at the time of the total loss, is the current model year through fourth preceding model year, and:
 - a. **you** replace the **insured watercraft**, **our** limit of liability shall be the cost, as determined by **us**, of a replacement watercraft that is:
 - (1) to the extent possible, the same make, class, size, and type as, and which contains comparable equipment to, the **insured watercraft**; and
 - (2) of any model year, as determined by **us**, but no older than the model year of the **insured watercraft**; reduced by the applicable deductible; or
 - b. **you** do not replace the **insured watercraft** within 180 days, our limit of liability shall be the **actual cash value** for the **insured watercraft**, reduced by the applicable deductible; or
2. for a loss to the **insured watercraft** that **we** determine not to be a total loss, **our** limit of liability is the lowest of:
 - a. the amount necessary to replace the stolen or damaged property, reduced by the applicable deductible;
 - b. the amount necessary to repair the damaged property to its pre-loss physical condition, reduced by the applicable deductible; or
 - c. the **actual cash value** for the **insured watercraft**, reduced by the applicable deductible.

Any other policy provisions not in conflict with this endorsement apply.

AMERICAN RELIABLE INSURANCE COMPANY

REPLACEMENT COST PERSONAL EFFECTS COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THE FOLLOWING PROVISIONS REPLACE THE PERSONAL EFFECTS PROVISIONS IN SECTION PROPERTY COVERAGE UNLESS SPECIFICALLY NOTED.

INSURING AGREEMENT

If **you** pay the premium for this coverage, **we** will pay for sudden, direct and accidental loss to **personal effects** and **non-owned personal effects** while in or on an **insured watercraft**.

No coverage is provided for theft of **personal effects** or **non-owned personal effects** unless such items are stolen from a locked compartment or cabin, the theft is supported by evidence of forcible entry, and the **insured person**, or someone on his or her behalf, reports the theft to the United States Coast Guard, the police, or other civil authority within 24 hours or as soon as practicable after the loss.

ADDITIONAL DEFINITIONS

When used in this endorsement:

- a. **"Fishing equipment"** means any sport fishing gear and equipment that is used in the taking of fish for sport and recreation, or for personal consumption, including, but not limited to, rods, reels, lures, lines, and tackle boxes. **"Fishing equipment"** does not include permanent equipment, portable boating equipment, or personal effects.
- b. **"Marine electronics"** means electronic devices used for marine navigation or marine communication, including, but not limited to, portable or handheld devices such as GPS.
- c. **"Permanent equipment"** means equipment permanently installed on a covered watercraft using bolts or brackets, including slide-out brackets. **"Permanent equipment"** includes, but is not limited to, permanently installed:
 - (1) **marine electronics**;
 - (2) fish finders; and
 - (3) auxiliary trolling motors.
- d. **"Portable boating equipment"** means detachable boating equipment owned by you and customarily kept in or on an **insured watercraft** for the maintenance or use of the watercraft. **"Portable boating equipment"** includes, but is not limited to:
 - (1) anchors;
 - (2) oars;
 - (3) sails;
 - (4) tarpaulins;
 - (5) extra fuel tanks;
 - (6) portable cook stoves;
 - (7) safety and life-saving equipment;
 - (8) deck chairs;
 - (9) water skis and other water sports equipment intended to be towed by a watercraft, including, but not limited to, wake boards, knee boards, tubes, and air chairs; and
 - (10) portable marine electronics.

Policy definition 12. Personal Effects is replaced by the following:

- a. **"Non-owned personal effects"** means clothing and other personal property, not owned by you or a **family member**, which is lawfully in the possession of you or a **family member**.
"Non-owned personal effects" does not include:
 - (1) money, traveler's checks, securities, evidence of debt, or valuable papers or documents;
 - (2) jewelry, watches, gems, precious stones, silver, gold, or other precious metals;
 - (3) antiques, fine arts, liquor, or furs;
 - (4) computer hardware and software;
 - (5) any property used in your or a family member's business or employment;
 - (6) animals (including birds and fish);
 - (7) fishing equipment;
 - (8) permanent equipment; or
 - (9) portable boating equipment.
- b. **"Personal effects"** means clothing and other personal property owned by you or a family member. **"Personal effects"** does not include:
 - (1) money, traveler's checks, securities, evidence of debt, or valuable papers or documents;
 - (2) jewelry, gems, precious stones, watches, silver, gold, or other precious metals;
 - (3) antiques, fine arts, liquor, or furs;
 - (4) computer hardware and software;

- (5) any property used in your or a family member's business or employment;
- (6) animals (including birds and fish);
- (7) fishing equipment;
- (8) permanent equipment; or
- (9) portable boating equipment.

EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS ENDORSEMENT COVERAGE.

Coverage under this endorsement does not apply to any loss to **personal effects** or **nonowned personal effects**:

- a. while the **insured watercraft** is being used:
 - (1) to carry persons or property for compensation or a fee;
 - (2) in any illegal transportation or trade; or
 - (3) for commercial or business purposes.Subparts (1) and (3) of this exclusion do not apply to use of an **insured watercraft** for tournament fishing;
- b. caused by, or reasonably expected to result from, a criminal act or omission of you, a **family member**, or the owner of the **non-owned personal effects**. This exclusion applies regardless of whether you, the **family member**, or the owner of the **non-owned personal effects** is actually charged with, or convicted of, a crime. This exclusion precludes coverage for any person insured by this policy regardless of whether the person seeking coverage participated in the criminal act or omission. For purposes of this exclusion, criminal acts or omissions do not include violations of laws or regulations governing the operation of watercraft;
- c. that occurs because the **insured watercraft** is not in seaworthy condition;
- d. resulting from participation by **you**, a **family member**, or the owner of **non-owned personal effects** in, or sustained during practice or preparation by **you**, a **family member**, or the owner of **non-owned personal effects** for:
 - (1) any pre-arranged or organized racing, stunting, speed, or demolition contest or activity; or
 - (2) any driving, riding, navigation, piloting, or boating activity conducted on a permanent or temporary racecourse.This exclusion does not apply to loss resulting from the use of a sailboat in any pre-arranged or organized racing or speed contest, or in practice or preparation for any such contest;
- e. due to a nuclear reaction or radiation;
- f. for which insurance:
 - (1) is afforded under a nuclear energy liability insurance contract; or
 - (2) would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability;
- g. due to destruction or confiscation by governmental or civil authorities because you or any family member engaged in illegal activities;
- h. caused by an intentional act committed by or at the direction of you, a **family member**, or the owner of the non-owned personal effects, even if the actual damage is different than that which was intended or expected. This exclusion precludes coverage for any person insured by this policy regardless of whether the person seeking coverage participated in the intentional act;
- i. caused directly or indirectly by:
 - (1) wear and tear;
 - (2) gradual deterioration of any kind including, but not limited to, weathering, rust, corrosion, mold, wet or dry rot, osmosis, or blistering;
 - (3) dock rash or other gradual marring or scratching;
 - (4) mechanical, electrical, or structural breakdown, except for subsequent loss by fire or explosion; or
 - (5) any design, manufacturing, or latent defect;of any watercraft or trailer. This exclusion does not apply:
 - (1) if the damage results from the theft of a insured watercraft; or
 - (2) to ensuing loss caused by consequential sinking, burning, explosion or collision of a **insured watercraft**;
- j. caused directly or indirectly by:
 - (1) insects, birds, or other animals, including rodents and other types of vermin, unless the **insured watercraft** where the **personal effects** or **non-owned personal effects** were located at the time of the loss was secured with a fitted cover at the time of the loss;
 - (2) marine life; or
 - (3) smog, humidity, mildew, mold, freezing, thawing, or extremes of temperature.This exclusion does not apply to:
 - (1) loss resulting from impact with an animal or marine life; or
 - (2) ensuing loss caused by consequential sinking, burning, explosion or collision of an **insured watercraft**;
- k. due to theft or conversion of such **personal effects** or **non-owned personal effects**:
 - (1) by **you**, a **family member**, or any resident of your household; or
 - (2) prior to their delivery to **you** or a **family member**;

- l. while the **personal effects** or **non-owned personal effects**, or the **insured watercraft** which they are in or on, are leased or rented to others or given in exchange for any compensation. This exclusion does not apply when **you** or a **family member** is using the **personal effects**, **non-owned personal effects**, or the **insured watercraft**, which the **personal effects** or **non-owned personal effects** are in or on;
- m. caused directly or indirectly by:
 - (1) war (declared or undeclared) or civil war;
 - (2) warlike action by any military force of any government, sovereign, or other authority using military personnel or agents. This includes any action taken to hinder or defend against an actual or expected attack; or
 - (3) insurrection, rebellion, revolution, usurped power, or any action taken by a governmental authority to hinder or defend against any of these acts;
- n. caused directly or indirectly by any accidental or intentional discharge, dispersal, or release of radioactive or nuclear material;
- o. arising out of an accident while using a watercraft as a primary or permanent residence; or
- p. that occurs because an **insured watercraft** has not been properly winterized in accordance with the manufacturer's specifications, subject to local customs.

LIMITS OF LIABILITY

- a. The limit of liability for loss to **personal effects** and **non-owned personal effects** will be the lowest of:
 - (1) the amount necessary to replace the stolen or damaged property, reduced by any applicable deductible;
 - (2) the amount necessary to repair the damaged property to its pre-loss physical condition, reduced by any applicable deductible;
 - (3) any applicable limit set forth in subsection b. or c. below; or
 - (4) the amount shown on the declarations page for Replacement Cost Personal Effects Coverage.The limit of liability for loss to part of a pair, set or series of objects, pieces, or panels is the lowest of:
 - (1) the cost to repair or replace the part that restores the pair, set, or series to its pre-loss physical condition, reduced by the applicable deductible; or
 - (2) the cost of a substitute part that reasonably matches the remainder of the pair, set, or series.We have no obligation to repair or replace the entire pair, set, or series if only a portion is lost or damaged.
- b. The limit for the combined loss to all **non-owned personal effects** in any one loss is the aggregate of \$500.
- c. The limit for loss to any one item of **personal effects** in any one loss is \$1,000.
- d. The limit for loss to all personal effects within a fishing equipment or sporting equipment group will be a maximum of \$2,500.
- e. Payments for loss covered under this Endorsement are subject to the following provisions:
 - (1) a deductible of \$250 shall apply to each loss to personal effects or nonowned personal effects;
 - (2) no more than one deductible shall be applied to any one covered loss;
 - (3) in determining the amount necessary to repair damaged property to its pre-loss physical condition, the amount to be paid by us:
 - (i) will not exceed the prevailing competitive labor rates charged in the area where the property is to be repaired, and the cost of repair or replacement parts and equipment, as reasonably determined by us; and
 - (ii) will be based on the cost of repair or replacement parts and equipment, which may be new, reconditioned, remanufactured, or used, including, but not limited to:
 - a. original manufacturer parts or equipment; and
 - b. non-original manufacturer parts or equipment; and
 - (5) duplicate recovery under this policy for the same elements of loss is not permitted.
- f. If the **non-owned personal effect** or **personal effect** is not replaced within 180 days the loss will be settled on an **actual cash value** basis.

Any other policy provisions not in conflict with this endorsement apply.

These Declarations and all Endorsements issued together with the policy jacket, form your complete insurance policy.

AMERICAN RELIABLE INSURANCE COMPANY LOSS PAYABLE CLAUSE

If you borrowed money to buy your watercraft, the person or business that loaned you the money is called the loss payee. The designation of a loss payee on the Declarations is considered to be an acknowledgement by you that the entity named has a legal interest in the watercraft due to an installment sales contract or other security agreement. Your loss payee may require you to name it on the Declaration as a separate insured party for any insurable interest it may have.

When a loss payee is named on the Declarations, our Payment Method will recognize their interest in your property. If we elect to settle your loss or damage in money, both your name and your loss payee's will appear on our payment check. If you have paid off your loss payee, please tell us so that their name may be removed from the policy.

If your interest in the watercraft is terminated, our Payment Method will recognize only the loss payee's. No change in title or ownership of your watercraft or any negligent acts of yours will cancel the loss payee's interest in this policy.

You or the loss payee must let us know of any change of ownership or any increase in hazard which comes to your or the loss payee's knowledge. If an increase in hazard requires an additional premium, you must pay the additional premium.

If you fail to pay any premium due for this policy, your loss payee may be requested to pay that premium.

If you fail to give us proof of loss within 90 days, the loss payee is given an additional 30 days to notify us of the loss.

We have the right to cancel this policy as provided in the policy and the cancellation shall terminate this agreement with respect to the loss payee's interest. When we cancel, we will give the same advance notice of cancellation to the loss payee as we give to you.

When we pay the loss payee, we are entitled, to the extent of our payment, to the loss payee's right of recovery.

AMERICAN RELIABLE INSURANCE COMPANY ADDITIONAL INSURED

ENDORSEMENT NO. will be as displayed on Declaration Page

Attached to and made a part of Policy No. will be as displayed on Declaration Page

Issued by AMERICAN RELIABLE INSURANCE COMPANY

Name and Address of Additional Insured: will be as displayed on Declaration Page

We agree that Section B – Watercraft Liability of this policy is extended to cover the above entity as an additional insured, subject, however, to the following modifications, terms and conditions:

1. The additional insured named in this endorsement is insured only with regard to claims rising out of their interest, if any, in **Your Insured Watercraft** and only with respect to the liability arising out of the negligence of the insured for damages arising out of the ownership, maintenance or the use of the **Insured Watercraft**;
2. This coverage shall not apply with regard to claims made by any insured or additional insured under this policy against any other insured or additional insured under this policy;
3. We agree to waive our right of subrogation under Section B – Watercraft Liability of this policy against the additional insured named above;
4. We will give the additional insured named above ten (10) days written notice before any cancellation of this policy shall be effective;
5. Except as expressly stated in this endorsement, the coverage extended to the additional insured is subject to all the terms and conditions of the policy to which this endorsement is attached.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

AMERICAN RELIABLE INSURANCE COMPANY

FISHING EQUIPMENT COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSURING AGREEMENT

If **you** pay the premium for this coverage, **we** will pay for sudden, direct and accidental loss to **fishing equipment**.

No coverage is provided for theft of **fishing equipment** from any location other than a **watercraft** unless such equipment is stolen from:

1. a locked compartment,
2. a locked vehicle or
3. **your** locked residence,

the theft is supported by visible evidence of forcible entry, and the **insured person**, or someone on his or her behalf, reports the theft to the United States Coast Guard, the police, or other civil authority within 24 hours or as soon as practicable after the loss.

ADDITIONAL DEFINITIONS

When used in this Section A - Property Damage Coverage:

1. **Agreed Value** means the Rating Basis shown on the Declarations Page.
2. **"Fishing equipment"** means any sport fishing gear and equipment owned by **you** or a **family member** that is used in the legal taking of fish for sport and recreation, or for personal consumption, including, but not limited to, rods, reels, lures, lines, and tackle boxes. **"Fishing equipment"** does not include **permanent equipment, portable boating equipment, or personal effects**.
3. **"Marine electronics"** means electronic devices used for marine navigation or marine communication, including, but not limited to, portable or handheld devices such as GPS.
3. **"Permanent equipment"** means equipment permanently installed on a covered watercraft using bolts or brackets, including slide-out brackets. **"Permanent equipment"** includes, but is not limited to, permanently installed:
 - (1) **marine electronics**;
 - (2) fish finders; and
 - (3) auxiliary trolling motors.
4. **"Personal effects"** means clothing and other personal property owned by **you** or a **family member**. **"Personal effects"** does not include:
 - a. money, traveler's checks, securities, evidence of debt, or valuable papers or documents;
 - b. jewelry, gems, precious stones, watches, silver, gold, or other precious metals;
 - c. antiques, fine arts, liquor, or furs;
 - d. computer hardware and software;
 - e. any property used in **your** or a **family member's** business or employment;
 - f. animals (including birds and fish);
 - g. **fishing equipment**;
 - h. **permanent equipment**; or
 - i. **portable boating equipment**.
5. **"Portable boating equipment"** means detachable boating equipment owned by you and customarily kept in or on an **insured watercraft** for the maintenance or use of the watercraft. **"Portable boating equipment"** includes, but is not limited to:
 - (1) anchors;
 - (2) oars;
 - (3) sails;
 - (4) tarpaulins;
 - (5) extra fuel tanks;
 - (6) portable cook stoves;
 - (7) safety and life-saving equipment;
 - (8) deck chairs;
 - (9) water skis and other water sports equipment intended to be towed by a watercraft, including, but not limited to, wake boards, knee boards, tubes, and air chairs; and
 - (10) portable marine electronics.

EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS FISHING EQUIPMENT COVERAGE.

Coverage under this Section A - Property Damage Coverage does not apply to any loss to **fishing equipment**:

1. while the **insured watercraft** is being used:
 - a. to carry persons or property for compensation or a fee;
 - b. in any illegal transportation or trade; or
 - c. for commercial or business purposes.Subparts a. and c. of this exclusion do not apply to use of an **insured watercraft** for tournament fishing;

2. caused by, or reasonably expected to result from, a criminal act or omission of **you** or a **family member**. This exclusion applies regardless of whether **you** or the **family member** is actually charged with, or convicted of, a crime. This exclusion precludes coverage for any person insured by this policy regardless of whether the person seeking coverage participated in the criminal act or omission. For purposes of this exclusion, criminal acts or omissions do not include violations of laws or regulations governing the operation of watercraft;
3. that occurs because the **insured watercraft** is not in **seaworthy** condition;
4. resulting from participation by **you** or a **family member** in, or sustained during practice or preparation by **you** or a **family member** for:
 - a. any pre-arranged or organized racing, stunting, speed, or demolition contest or activity; or
 - b. any driving, riding, navigation, piloting, or boating activity conducted on a permanent or temporary racecourse. This exclusion does not apply to loss resulting from the use of a sailboat in any pre-arranged or organized racing or speed contest, or in practice or preparation for any such contest;
5. due to a nuclear reaction or radiation;
6. for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability;
7. due to destruction or confiscation by governmental or civil authorities because **you** or any **family member** engaged in illegal activities;
8. caused by an intentional act committed by or at the direction of **you** or a **family member**, even if the actual damage is different than that which was intended or expected.
This exclusion precludes coverage for any person insured by this policy regardless of whether the person seeking coverage participated in the intentional act;
9. caused directly or indirectly by:
 - a. wear and tear;
 - b. gradual deterioration of any kind including, but not limited to, weathering, rust, corrosion, mold, wet or dry rot, osmosis, delamination, or blistering;
 - c. dock rash or other gradual marring or scratching;
 - d. mechanical, electrical, or structural breakdown, except for subsequent loss by fire or explosion; or
 - e. any design, manufacturing, or latent defect;
 of any watercraft or trailer. This exclusion does not apply:
 - a. if the loss results from the theft of a **insured watercraft**; or
 - b. to ensuing loss caused by consequential sinking, burning, explosion or collision of an **insured watercraft**;
10. caused directly or indirectly by:
 - a. insects, birds, or other animals, including rodents and other types of vermin, unless the **insured watercraft** in or on which the **fishing equipment** was located at the time of the loss was secured with a fitted cover at the time of the loss;
 - b. marine life; or
 - c. smog, humidity, mildew, mold, freezing, thawing, or extremes of temperature.
 This exclusion does not apply to:
 - a. loss resulting from impact with an animal or marine life; or
 - b. ensuing loss caused by consequential sinking, burning, explosion or collision of an **insured watercraft**;
11. due to theft or conversion of such **fishing equipment**:
 - a. by **you**, a **family member**, or any resident of **your** household; or
 - b. prior to its delivery to **you** or a **family member**;
12. while the **fishing equipment** or the **insured watercraft** which the **fishing equipment** is in or on is leased or rented to others or given in exchange for any compensation.
This exclusion does not apply when **you** or a **family member** is using the **fishing equipment** or the **insured watercraft** that the **fishing equipment** is in or on;
13. caused directly or indirectly by:
 - a. war (declared or undeclared) or civil war;
 - b. warlike action by any military force of any government, sovereign, or other authority using military personnel or agents. This includes any action taken to hinder or defend against an actual or expected attack; or
 - c. insurrection, rebellion, revolution, usurped power, or any action taken by a governmental authority to hinder or defend against any of these acts;
14. caused directly or indirectly by any accidental or intentional discharge, dispersal, or release of radioactive or nuclear material;
15. arising out of an accident while using a **watercraft** as a primary or permanent residence; or
16. that occurs because an **insured watercraft** has not been properly winterized in accordance with the manufacturer's specifications, subject to local customs.

LIMITS OF LIABILITY

- a. **Our** limit of liability under loss to **fishing equipment** will be the lowest of:
- (1) the amount necessary to replace the stolen or damaged property, reduced by the applicable deductible;
 - (2) the amount necessary to repair the damaged property to its pre-loss physical condition, reduced by the applicable deductible; or
 - (3) the amount shown on the declarations page for Fishing Equipment Coverage.
- However, the most **we** will pay for loss or damage to any one item of **fishing equipment** is \$1,000. A tackle box or any other container used to store lures, hooks, and baits is considered one item regardless of the number of lures, hooks, baits, and other items stored in the container. A rod and reel are considered two separate items.
- b. Payments for loss covered under Fishing Equipment Coverage are subject to the following provisions:
- (1) a deductible of \$250 shall apply to each loss to **fishing equipment**;
 - (2) no more than one deductible shall be applied to any one covered loss;
 - (3) in determining the amount necessary to repair damaged property to its pre-loss physical condition, the amount to be paid by **us**:
 - (i) shall not exceed the prevailing competitive labor rates charged in the area where the property is to be repaired, and the cost of repair or replacement parts and equipment, as reasonably determined by **us**; and
 - (ii) will be based on the cost of repair or replacement parts and equipment that may be new, reconditioned, remanufactured, or used, including, but not limited to:
 - (a) original manufacturer parts or equipment; and
 - (b) non-original manufacturer parts or equipment; and
 - (4) duplicate recovery under this policy for the same elements of loss is not permitted.

Any other policy provisions not in conflict with this endorsement apply.

AMERICAN RELIABLE INSURANCE COMPANY COASTAL NAVIGATION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

If **you** pay the premium for coastal navigation of 125 nautical miles, for any **insured watercraft**, **your** Watercraft Policy is amended as follows:

A. The Policy Period, Territory provision under Section E – General Conditions is deleted and replaced by the following:

2. Policy Period, Territory

a. This policy applies only to accidents and losses occurring during the policy period shown on the declarations page that occurs within:

- (1) a state, territory, or possession of the United States of America, or a province of Canada, including their inland lakes, rivers, and navigable waterways;
- (2) the Great Lakes;
- (3) ocean waters 125 nautical miles or less from the coast of either the United States or Canada, but not including the territory or territorial waters of any country other than the United States or Canada, except as provided in the following subsection (4); or
- (4) territory or 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).

The **insured watercraft** shall not remain in ocean waters greater than 100 (50 in Florida) nautical miles from the coast of the United States or Canada for more than 30 consecutive days at a time. If the **insured watercraft** remains in ocean waters greater than 100 (50 in Florida) nautical miles from the coast of the United States or Canada for more than 30 days, the coverage afforded by this endorsement shall not apply beyond the 30 days and shall not be available until the **insured watercraft** returns to within 100 (50 in Florida) nautical miles from the coast of the United States or Canada.

b. For **insured watercraft** and trailer on shore or being transported by land conveyance within the Continental United States and Canada.

B. The following is added to 18. Return Premium provision under the General Provisions:

The premium for this Coastal Navigation Endorsement is fully earned upon payment and no refund will be provided if **your** policy or this Coastal Navigation Endorsement is cancelled.

All other terms, limits and provisions of this policy remain unchanged.

AMERICAN RELIABLE INSURANCE COMPANY

DIMINISHING DEDUCTIBLES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSURING AGREEMENT

If Diminishing Deductibles is shown on the declarations page, then the following is added to the 3. Limits of Liability provision under this Section A – Property Coverage:

If, during any policy period, **you** do not have a loss under Section A - Property Damage Coverage for which **we** have paid any amount, then:

- a. any deductible for Section A - Property Damage Coverage for a watercraft for which the declarations page shows Diminishing Deductibles shall be reduced for the following policy period by 25 percent; and
- b. no deductible for Section A - Property Damage Coverage for a watercraft for which the declarations page shows Diminishing Deductibles will apply for the fifth policy period and thereafter if **you** do not have any losses during the previous four consecutive policy periods.

If **you** have a loss at any time for which **we** make a payment under Section A - Property Damage Coverage, then the most recent elected deductibles for Section A - Property Damage Coverage will be restored for the subsequent policy period for each watercraft for which Diminishing Deductibles is shown on the declarations page. Thereafter, the deductibles for each watercraft for which Diminishing Deductibles is shown on the declarations page may again be reduced if the conditions set forth above are satisfied.

Reductions and increases in the deductible under this provision shall apply to all watercraft for which Diminishing Deductibles is shown on the declarations page.

The provisions in this policy regarding Diminishing Deductibles will reduce or eliminate the deductible for loss to an **insured watercraft** only if the declarations page shows Diminishing Deductibles for that **insured watercraft**. The provisions in this policy regarding Diminishing Deductibles will not reduce or eliminate the deductible for loss to trailers or **marine electronics**.

ADDITIONAL DEFINITION:

Marine electronics means electronic devices used for marine navigation or marine communication, including, but not limited to, portable or handheld devices such as GPS.

Any other policy provisions not in conflict with this endorsement apply.

AMERICAN RELIABLE INSURANCE COMPANY

RELIABLE OUTDRIVE COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSURING AGREEMENT

If **you** pay the premium for this coverage for an **insured watercraft**, **we** will pay the cost to repair or replace **covered parts** in that **insured watercraft**, **which** sustain a **breakdown**. When necessary to perform such repair or replacement, **we** also will pay the cost to repair or replace seals, o-rings, gaskets, and water pump parts in that **insured watercraft**.

ADDITIONAL DEFINITIONS

1. **"Breakdown"** occurs when a **covered part** totally ceases to perform the function for which it was designed due to normal wear and tear, or defect, of the **covered part**.
2. **"Covered part"** means any of the following parts:
 - a. the following components within the outboard lower unit: lower gear case housing; propeller shaft; vertical drive shaft; forward, reverse and pinion gears; sliding clutch; clutch cross pin; bearing carrier; bearings; races; shift shaft; shift cam; and shift follower;
 - b. the following components within the stern drive lower unit: lower gear case housing; propeller shaft; vertical drive shaft; forward, reverse and pinion gears; sliding clutch; clutch cross pin; bearing carrier; bearings; races; shift shaft; shift cam; and shift follower;
 - c. the following components within the stern drive upper unit: upper drive shaft housing; vertical drive shaft; vertical drive shaft coupler; gears; bearings; cone clutch; shift fork; and input shaft assembly including input shaft, u-joints and yolks; and
 - d. propeller(s).

EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, RELIABLE OUTDRIVE COVERAGE WILL NOT BE AFFORDED.

Reliable Outdrive Coverage will not apply to:

1. an **insured watercraft**:
 - a. while being used:
 - i. to carry persons or property for compensation or a fee;
 - ii. in any illegal transportation or trade; or
 - iii. in any business or occupation.Subparts i. and iii. of this exclusion, do not apply to use of an **insured watercraft** for tournament fishing;
 - b. for diminution of value;
 - c. while it is leased or rented to others or given in exchange for any compensation. This exclusion does not apply to the operation of an **insured watercraft** by **you** or a **family member**;
 - d. while in Mexico, except for those repairs that must be performed in Mexico in order to return the **covered watercraft** to the United States; or
 - e. while being used as a primary or permanent residence;
2. **breakdown**:
 - a. resulting from, or sustained during practice or preparation for:
 - i. any organized racing, stunting, speed, or demolition contest or activity; or
 - ii. any driving, riding, navigation, piloting, or boating activity conducted on a permanent or temporary racecourse.This exclusion does not apply to **breakdown** resulting from the use of a sailboat in any pre-arranged or organized racing or speed contest, or in practice or preparation for any such contest;
 - b. caused directly or indirectly by:
 - i. weathering, rust, corrosion, osmosis, delamination, or blistering;
 - ii. dock rash or other gradual marring or scratching;
 - iii. marine life;
 - iv. smog, humidity, mildew, mold, ice, freezing, thawing, or extremes of temperature;
 - v. failure to follow all customary or manufacturer-recommended preventative maintenance guidelines, or recommendations of a repair shop, dealer or other person servicing the **insured watercraft** for compensation or a fee; or
 - vi. an issue that is the subject of a recall or voluntary repair program; or
 - c. that occurs because an **insured watercraft** has not been properly winterized in accordance with the manufacturer's specifications, subject to local customs;
3. the gradual diminishing performance of a **covered part**; or
4. an **insured watercraft**.

LIMITS OF LIABILITY

1. The limit of liability under Reliable Outdrive Coverage for an **insured watercraft** that does not also have Agreed Value coverage or Total Loss Replacement coverage is the lowest of:
 - a. the actual cash value, at the time of the **breakdown**, of the **insured watercraft** that contains the **covered part** that sustained the **breakdown**, reduced by the applicable deductible;
 - b. the amount necessary to replace the **covered part** that sustained the **breakdown**, reduced by the applicable deductible; or
 - c. the amount necessary to repair the **covered part** that sustained the **breakdown** to its pre-**breakdown** condition, reduced by the applicable deductible.
2. The limit of liability under Reliable Outdrive Coverage for an **insured watercraft** that also has Agreed Value coverage is the lowest of:
 - a. the **agreed value** for the **insured watercraft** that contains the **covered part** that sustained the **breakdown**, reduced by the applicable deductible;
 - b. the amount necessary to replace the **covered part** that sustained the **breakdown**, reduced by the applicable deductible; or
 - c. the amount necessary to repair the **covered part** that sustained the **breakdown** to its pre-**breakdown** condition, reduced by the applicable deductible.
3. The limit of liability under Reliable Outdrive Coverage for an **insured watercraft** that also has Total Loss Replacement coverage is the lowest of:
 - a. the **agreed value** for the **insured watercraft** that contains the **covered part** that sustained the **breakdown**, reduced by the applicable deductible;
 - b. the amount necessary to replace the **covered part** that sustained the **breakdown**, reduced by the applicable deductible; or
 - c. the amount necessary to repair the **covered part** that sustained the **breakdown** to its pre-**breakdown** condition, reduced by the applicable deductible.
4. Payments for **breakdown** are subject to the following provisions:
 - a. A deductible of \$250 shall apply to each **breakdown**.
 - b. If two or more deductibles apply to any one covered loss under Reliable Outdrive Coverage, only one deductible will apply. If deductibles under both Reliable Outdrive Coverage and Section A - Property Coverage apply to any one covered loss, only the Property Damage coverage deductible will apply.
 - c. In determining the amount necessary to repair a **covered part** to its pre-**breakdown** condition, the amount to be paid by **us**:
 - (i) will not exceed the prevailing competitive labor rates charged in the area where the **covered part** is to be repaired, and the cost of repair or replacement parts and equipment, as reasonably determined by **us**; and
 - (ii) will be based on the cost of repair or replacement parts and equipment, which may be new, reconditioned, remanufactured, or used, including, but not limited to:
 - (a) original manufacturer parts or equipment; and
 - (b) non-original manufacturer parts or equipment.
 - d. **We** may make reductions for unrepaired prior damage in determining the amount to be paid.
 - e. The actual cash value is determined by the market value, age, and condition of the **insured watercraft** at the time the **breakdown** occurs.
 - f. In the event of a **breakdown** to part of a pair, set or series of objects, pieces, or panels, **we** may elect to:
 - (i) pay to repair or replace any part needed to restore the pair, set or series to its pre-**breakdown** condition, reduced by the applicable deductible; or
 - (ii) pay the cost of a substitute part that reasonably matches the remainder of the pair, set or series, reduced by the applicable deductible.

We have no obligation to repair or replace the entire pair, set or series if only a portion is lost or damaged.
 - g. Duplicate recovery for the same elements of damages is not permitted.

All other terms, limits and provisions of this policy remain unchanged.