



Sample Policy-Policies issued by National Marine Underwriters

The following Policy applies to powerboats/yachts. Our sailboat Policy is the same, with the addition of, "Depreciation only applies to sails, canvas, Tender and Tender motor."

We will provide the insurance described in this Policy in return for the premium and compliance with the Policy provisions. If payment of your premium, for any reason, is not honored by your bank, you did not have nor do you have any coverage under this Policy.

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with the policy provisions. If payment of your premium, for any reason, is not honored by your bank, you did not have nor do you have any coverage under this policy.

DEFINITIONS

Throughout this Policy, "you" and "your" refer to the Named Insured on the Declaration Page. "We," "us" and "our" refer to the company providing this insurance and National Marine Underwriters, Inc. Certain words in the policy are defined as follows:

"Named Insured" - This means the person or organization shown on the Declaration Page of this Policy as an owner of the Insured Yacht.

"Insured Person" - This means you, a Family Member or any other person or organization operating the Insured Yacht with your permission, free of charge (unless this policy is restricted to Named Operator[s], see endorsements on Declaration Page and definition of Named Operator below). This does not include a paid master or crew member of the Insured Yacht or any person or organization (or employee thereof) operating a shipyard, marina, sales agency or similar business. Insurance provided other persons or organizations under this policy does not cover their possible liability to you.

"Named Operator" - IF INDICATED ON THE DECLARATION PAGE this means no coverage is provided under this policy when the Insured Yacht is being operated by anyone other than those listed as operators.

"Family Member" - This means a person related to you by blood, marriage, or adoption who is a resident of your household for more than 30 days, including a ward or foster child.

"Insured Yacht" - This means the yacht and Tender shown on the Declaration Page including spars, sails, machinery, fittings and other equipment attached to and a part of the yacht normally used in the operation or maintenance of the yacht. Moorings and cradles are excluded.

"Tender" - IF INDICATED ON THE DECLARATION PAGE this means the yacht's Tender (dinghy) and motor, provided that you are the owner, and the Tender is used to service the yacht and is not more than fourteen feet (14') in length nor capable of speeds in excess of twenty-five (25) knots.

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

"Theft Deductible" - IF A THEFT DEDUCTIBLE IS SHOWN ON THE Declaration Page it is applicable only to the theft of the entire yacht, whether recovered or not. The Bahama double deductibles DO NOT APPLY to theft of the entire yacht.

"Port Risk Only" - IF INDICATED ON THE DECLARATION PAGE this means that no coverage is afforded under this policy for any loss that occurs while the Insured Yacht and equipment is away from the location shown or underway.

"Emergency Towing Assistance" - IF INDICATED ON THE DECLARATION PAGE we will pay you up to the limit shown on the Declaration Page for the reasonable cost you incur resulting from emergency commercial towing of your yacht while afloat to the nearest place where necessary repairs can be made to it.

"Agreed Value" - This means you agreed with us that your yacht is worth the Amount of Insurance shown on the Declaration Page. In the event of a total loss or total theft we will pay, at our option, the Amount of Insurance, less the applicable deductible, or replace the Insured Yacht with one of like kind and quality, less applicable deductible.

"Waiver of Depreciation" - IF INDICATED ON THE DECLARATION PAGE this means we will settle your insured claim for loss or damage without considering depreciation, EXCEPT SAILS.

"Catastrophe Deductible" - IF A CATASTROPHE DEDUCTIBLE IS SHOWN ON THE DECLARATION PAGE it is applicable if the yacht is damaged by an event that is assigned a catastrophe number by Property Claim Services. The Bahama double deductibles DO NOT APPLY to catastrophe losses.

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"Bahamas, Turks and Caicos" - IF INDICATED ON THE DECLARATION PAGE it is hereby understood and agreed that the navigational limits are extended to include to and from the above referenced locations. The deductibles for coverages A (Yacht and Equipment, Tender and tender motor), and B (Personal Effects) shall be doubled the deductibles shown on the declaration page for any losses occurring in the above referenced locations.

"Extended Cruising Endorsement" - IF INDICATED ON THE DECLARATION PAGE AND in consideration of the premium received, it is hereby understood and agreed that the navigational limits are extended to include to and from the Caribbean, but no further East than 59 degrees West longitude and no further South than 9 degrees North latitude. It is also hereby warranted that the insured vessel be South of 16 degrees North latitude by the 1st of July and remain South of this parallel through November 1st. The deductible applying during this navigation period shall be doubled the deductible amount shown on the Declaration Page but as to Coverage A (Yacht and Equipment) no less than \$2,000. In the event that this policy is cancelled for any reason this portion of the premium is fully earned. The territorial waters of CUBA, COLOMBIA, NICARAGUA, and HAITI are excluded.

"Convicted" - means a determination of guilt that is the result of a plea or a trial, regardless of whether adjudication is withheld.

"Conversion" - (see "Exclusions" section item B number 7) An unauthorized assumption or exercise of the right of ownership or an act which deprives an owner of his property permanently or for an indefinite period of time.

Section A

YACHT AND EQUIPMENT

What We Insure. This is an Agreed Value Policy; we cover the Insured Yacht for the amount shown on the Declaration Page, less the applicable deductible. This is the maximum amount we will pay for the Insured Yacht and equipment. The maximum amount we will pay for the Tender is the Agreed Value of the Tender as shown on the Declaration Page.

Coverage Provided and Deductible. We will indemnify the insured the cost to repair direct and accidental physical damage unless excluded, to the Insured Yacht and its equipment, minus any deductible shown the Declaration Page and any applicable depreciation. The Bahama double deductibles do not apply to theft or catastrophe losses.

Condition of Payment of Loss. We may pay for a loss in money with proper deduction for depreciation. We may also repair or replace damaged or missing parts with parts of like kind and quality. Before we pay for or replace property stolen or presumed stolen we may return it to you, with payment for any physical damage, less the applicable deductible, as shown on the Declaration Page. If your Insured Yacht is stolen or presumed stolen, and is not found, we will pay for the loss, less the applicable deductible, or at our option, replace the Insured Yacht with one of like kind and quality, less the applicable deductible, after 60 days from the day you reported the loss to us, if you have met the requirements of Section G. Any loss under Section A or Section C shall be payable to the named insured and the lien holder as shown.

When the estimated cost of the reasonable expense of recovering and repairing the Insured Yacht exceeds 70% of the Amount of Insurance, we may, at our option, replace the insured vessel with one of like kind and quality, less applicable deductible, or pay the Amount of Insurance less the applicable deductible. Then, at our option, the Insured Yacht becomes our property.

When we pay for a loss and the salvage becomes our property, you must give us clear title to the salvage. When we pay a total loss premium is fully earned.

Oil/Fuel Clean-up or Disposal - If you are legally obligated to clean up or dispose of oil/fuel, we will indemnify the insured the amount necessary to attempt or actually to clean up or dispose of oil/fuel but not to exceed the Limit of Liability referenced in the "Yacht Liability section as shown in Coverage D on the Declaration Page.

This coverage does not apply to criminal penalties or fines as a result of a fuel spill or clean up.

Emergency Expense Reimbursement - Coverage is afforded up to \$500 for reasonable reimbursement of emergency expenses you incur as a result of an insurable loss occurring beyond 100 miles from your primary point of debarkation. The reimbursement of these expenses is limited to temporary, economical lodging and/or transportation in instances wherein continued use and/or habitation of the insured vessel is impermissible or unsafe.

Towing. We will pay the reasonable expense to tow your vessel from the scene of an insurable loss to the nearest repair facility.

Abandoned Property. We are not obligated to accept any property which you abandon to us.

Appraisal and Dispute. If you have met the requirements of Section G, and if the loss is still in dispute, you or we may demand an appraisal of the loss. Each will choose and pay a competent and disinterested appraiser. The appraisers will pick a third person to settle differences. Each will share other appraisal cost equally. Each appraiser will separately state the amount of loss. An award agreed to in writing by two of these appraisers will be the amount of loss. An award under the terms of this condition shall be entered as Final Judgement in any lawsuit, in any court, arising out of this claim.

Unrepaired Damage. We will not pay for unrepaired prior damage in addition to a payment for a subsequent total loss of the yacht and its equipment.

Our Option of Repair. We have the option of limiting payment of the reasonable cost of applying suitable patches, in accordance with good marine repair practice, to the damaged area.

Reinstatement of Coverage. If your Insured Yacht is damaged, the amount of coverage for the yacht will be reduced by the amount of the damage. The coverage will be automatically increased, at no additional premium, by the cost of repairs completed until the Amount of Insurance has been restored or the Policy expires.

Section B

PERSONAL EFFECTS

Provided with Yacht and Equipment. When insurance is provided under Section A (YACHT AND EQUIPMENT) insurance is also provided under this Section.

What We Insure. We cover Personal Effects while they are on board or being carried onto or off the Insured Yacht but

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only while the Insured Yacht is afloat.

Coverage Provided. We will pay for direct and accidental loss to Personal Effects, but not exceeding what it would cost to repair or replace the property with material of like kind and quality. Our liability in any one accident to Personal Effects will not be more than the amount shown on the Declaration Page.

Section C

TRAILER

What We Insure. We cover the trailer used for the transportation of the Insured Yacht if an Amount of Insurance is shown for the trailer on the Declaration Page. We do not provide liability coverage for the trailer.

Coverage Provided. We will pay for direct and accidental physical damage to the trailer unless excluded. We will also pay for loss as a result of the theft of the entire trailer.

Deductible. Each adjusted loss to the trailer will be reduced by the deductible amount shown for the trailer on the Declaration Page.

Valuation. We will pay for loss to the trailer without deducting any amount for depreciation. Our liability for any one loss will not exceed the Amount of Insurance shown for the trailer on the Declaration Page.

Abandoned Property. We are not obligated to accept any property which you abandon to us.

Section D

YACHT LIABILITY

Liability Coverage. We will pay damages, except punitive damages, for bodily injury or property damage for which the Named Insured or any Insured Person becomes liable by reason of the ownership, operations, maintenance or use of the Insured Yacht. This does not include the trailer.

We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. Our obligation to settle or defend ends when the amount we pay for damages equals our limit of liability stated for this coverage. The number of Insured Persons does not increase the limit of liability as shown in Section D of the Declaration Page.

Supplementary Payments. In addition to the limit of liability shown for Yacht Liability on the Declaration Page, we will pay on behalf of a Named Insured or any Insured Person:

1. Premiums on appeal bonds and other bonds required in any suit we defend, but not for bonds in amounts which exceed the limit of liability stated for Yacht Liability.
2. Interest which is earned on our portion of a judgment before we make payment.
3. Loss of earnings (but not of other income) of up to \$50 a day for attendance at court proceedings at our request.
4. Other reasonable expenses incurred at our request.

Removal of Wreck. If you are legally obligated to remove or otherwise dispose of the wreck of the Insured Yacht, we will pay the amount necessary to attempt or actually remove or otherwise dispose of the wreck, or the amount for which you are held legally liable for failing to do so, but not to exceed 15% of the Amount of Insurance for the Insured Yacht as shown in Section A (YACHT AND EQUIPMENT) on the Declaration Page.

Section F

MEDICAL PAYMENTS

Provided with Yacht Liability. When insurance is provided under Section D (YACHT LIABILITY) insurance is also provided under this section.

Coverage Period. We will pay the necessary medical and funeral service expenses incurred within one year from the date of an accident causing bodily injury to any person while in, upon, boarding or leaving or while water skiing behind the Insured Yacht. Medical expenses means reasonable charges for medical, surgical, X-ray, dental, ambulance, hospital and professional nursing services. Medical expenses also include prosthetic devices.

Limit of Liability. Our liability in any one accident shall not exceed the amount of insurance shown for Medical Payments on the Declaration Page, regardless of the number of persons involved or claims made in the accident.

Conditions for Payment. A person presenting a claim for bodily injury must also:

1. Submit as often as we request, to physical examinations by physicians of our choice.
2. Permit us to obtain copies of medical reports and other medical records.

Uninsured Boaters Coverage means we will extend your Medical Payments coverage limit to the Limit of Liability referenced in the Yacht Liability" section as shown in Coverage D on the Declaration Page because of bodily injury received, sustained or suffered aboard the Insured Yacht and caused by collision with an uninsured vessel.

EXCLUSIONS: We do not provide coverage under Uninsured Boaters Coverage:

- A) For instances caused in whole or in part by the negligence, whether by an act or omission, of an Insured Person;
- B) For instances involving an uninsured vessel owned by or furnished for an Insured Person;
- C) For a person using your vessel without permission;
- D) Where no evidence of physical contact exists between the Insured Yacht and an unidentified vessel, or where no evidence of physical contact exists between the Insured Yacht and an uninsured vessel; or
- E) When the vessel named in this policy is being chartered.

LOSS SETTLEMENT: The above-stated limit is the most we will pay under Uninsured Boaters Coverage, regardless of the number of Insured Persons, claims made or vessels involved in any one accident or series of accidents arising out of the same event. This coverage will not apply directly or indirectly to the benefit of any insurer under any State or Federal Compensation Law or Act.

Section G

DUTIES FOLLOWING A LOSS

Duties Following Any Loss. In the event of any accident that might give rise to a claim under any section, any insured or their representative must give immediate notice to National Marine Underwriters, Inc. by phone, and in writing, at the address appearing in this policy, of the details involved as follows:

1. As to how, when and where the loss occurred, the property involved, the names and addresses of any persons injured or killed, and the names and addresses of any witnesses.
2. Immediately 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 written permission, except expenses incurred to protect damaged property from further loss.
4. Cooperate with us in the investigation, defense, or settlement of any loss, and agree to be examined under oath if we so request.
5. Permit us to examine any records needed to verify the loss and its amount.
6. Take all reasonable steps to protect the Insured Yacht or other insured property from further loss. We will pay the reasonable expenses incurred in doing this.
7. Give prompt notice to the Police or U.S. Coast Guard authorities upon discovery of a theft of the Insured Yacht, its equipment, Personal Effects, or trailers.
8. Permit us to inspect the damage to the Insured Yacht, trailer, its equipment, or personal property, before it is disposed of or repaired.
9. Submit a written sworn proof of loss within 60 days, unless we waive this requirement in writing.

Failure to comply with these duties may result in the loss of coverage under this policy.

Section H

GENERAL CONDITIONS

These conditions apply to all sections of this policy.

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

When and Where You Are Covered. Coverage is provided during the policy period shown on the Declaration Page while the Insured Yacht is afloat within the navigable waters of the Continental United States of America (3 miles offshore) unless otherwise extended or restricted on the Declaration Page, on shore or being transported on land. If the navigation limits of this policy are breached because of circumstances beyond the control of the operator, by going to the aid of a vessel in distress, or by inclement weather, this policy shall remain in effect provided notice is given to National Marine Underwriters, Inc.

Private Pleasure Only. You must make certain that the Insured Yacht is used for personal or non-commercial use. Any use for which a charge is made, whether paid or not, is not covered.

Concealment or Misrepresentation. If any person or organization has negligently or intentionally omitted, misrepresented or concealed any material fact or circumstance relating to this insurance, this policy shall be void from inception.

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

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

Our Right to be Repaid. If we make payment for a loss to anyone or on behalf of anyone who has a right to recover damages from others, we will take over that person's right, to the extent of our payment, to recover the damages. That person must cooperate with us in efforts to recover the amount which we paid, and by acceptance of our claim payment agrees to do so.

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.

Transfer of Interest in Your Policy. Neither you nor anyone we protect can transfer an interest in this policy without our written consent through National Marine Underwriters, Inc.

Payment of Loss. Payment of loss will be made within 60 days after either we reach agreement with you or your lien holder if they are in legal possession of your yacht, a final judgment is entered in a court, or any amount is awarded by the appraisal process and is filed with us.

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

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

Cancellation. We may cancel this policy by written notice to you at the address shown in this policy, or last known address. Cancellation by us will be effective as of the date and time shown on the Cancellation Notice. The mailing of notice is sufficient proof of notice of cancellation. Delivery of notice shall be equivalent to mailing.

When we cancel, the return premium will be pro rata. When we pay a total loss the premium is fully earned. If for any reason your policy is cancelled the extended cruising premium is fully earned.

To cancel this policy you must notify us in writing and the effective date of cancellation will be the postmarked date on

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your envelope. When you request cancellation, the return premium will be based on our short-rate table, with a minimum of 20% earned premium by us.

Conformity to Statutes. Any provision in this policy that conflicts with any State statute is hereby amended to conform to the minimum requirements of the State statute.

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

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

Section I

EXCLUSIONS

A. There is no coverage under any section of this Policy if the Insured Yacht:

1. Is leased or rented to or hired by others, or a charge is made, whether paid or not, for use of the Insured Yacht.
2. Is used for any unlawful purpose.
3. Is used in a manner which requires a special permit or waiver from any government or regulatory body whether issued or not.

B. We will not pay for any loss under Sections A, B, and C (YACHT AND EQUIPMENT, PERSONAL EFFECTS, TRAILER):

1. Due and confined to wear and tear, gradual deterioration (including marine life) marring, denting, scratching, chipping, electrolysis, mechanical breakdown, corrosion, rust, dampness of atmosphere, weathering, insects, or blistering.
2. Resulting from intentional acts or willful misconduct of any person insured under this policy.
3. Resulting directly or indirectly from ice, freezing or extremes of temperature.
4. Which occurs while the Insured Yacht is being operated in any race or speed test, except on "predicted-log" cruises. This provision does not apply to sailboats.
5. To electrical apparatus caused by electricity, other than lightning, unless fire results, and then only for the loss caused by the resulting fire.
6. Due to or caused by terrorist activities, arrest, restraint, seizure, confiscation, detention by or at the direction of any government, or caused by declared or undeclared war.
7. Due to conversion (see "Definitions"), embezzlement, or secretion.
8. Resulting from unseaworthiness of the yacht.
9. Of fuel.
10. Any loss, damage or expense directly caused by faulty construction and/or improper design including losses due to latent defects.
11. Any loss caused by pre-detonation or post-detonation of fuel within the motor(s).

C. We will not pay for any loss under Section D (YACHT LIABILITY) for:

1. Bodily injury or property damage to anyone who is a Named Insured or an Insured Person, a Family Member of a Named Insured or an Insured Person under this Policy; this exclusion shall not apply to Section F.
2. Bodily injury or property damage intentionally caused by or at the direction of the Named Insured or any Insured Person.
3. Bodily injury to an employee of the insured arising out of and in the course of employment by the insured.
4. Bodily injury or property damage arising out of the transportation of the Insured Yacht on land.
5. Punitive damage.
6. Bodily injury or property damage liability you assume by contract or agreement.
7. Pollution or contamination of any kind.
8. Bodily injury or property damage liability arising out of "parasailing".

D. We will not pay for any loss under Section F (MEDICAL PAYMENTS) for any person for:

1. Bodily injury incurred during the course of employment by the insured if Workers' Compensation or Federal Longshoremen's and Harbor Workers' Compensation benefits are required or available for the injury.
2. Bodily injury sustained while in, upon, boarding or leaving the Insured Yacht without a reasonable belief that the person is entitled to be on board the Insured Yacht.
3. Bodily injury sustained while "parasailing".

E. We will not pay for any loss under any section of this policy resulting directly or indirectly from:

1. Radioactive contamination.
2. Discharge of any nuclear weapon (even if accidental), war (declared or undeclared), civil war, insurrection, rebellion or revolution, or any consequence of any of these.