

# BEACON UNDERWRITING LTD. PLEASURECRAFT WORDING (2012)

Applicable to all sections of this policy

## DEFINITIONS

The following definitions apply throughout this policy:

“**you**” and “**your**” mean the Insured(s) named on the Policy Declaration Page.

“**we**”, “**our**” and “**us**” mean the Insurance Company which is identified as the Security on the Policy Declaration Page.

“**immediate family**” means relatives residing in the same household as you including your dependents who do not live in the same household as you but are temporarily away from home attending a school, university or similar institution.

“**vessel**” means the motoryacht, runabout, sailboat, craft, cruiser, or similar vessel described on the Policy Declaration Page, including its sails, machinery, scheduled motors, furniture, tackle and other equipment normally required for its operation/maintenance or for safety as may be mandated by regulation.

“**insured property**” means the vessel and all other property listed on the Policy Declaration Page in relation to which an insured value is indicated .

“**total loss**” means that the insured property is completely lost or destroyed or is so damaged as to cease to be a thing of the kind insured.

“**constructive total loss**” means that the reasonable cost of recovering and repairing the insured property to a condition similar to that which it was prior to suffering loss or damage is equal to or is greater than its value as stated on the Policy Declaration Page.

“**property damage**” means accidental direct physical loss or damage to insured property from an external cause.

“**bodily injury**” means accidental bodily injury, sickness or death.

## AGREEMENT

The Application for Insurance forms part of this policy and on the basis of the statements contained in the Application we will provide the insurance described in this policy and, in return, you will pay the premium. You must comply with all terms, conditions and warranties of this policy or coverage will be denied. We consider all of the representations made in the Application for Insurance to be material to our agreement to provide the insurance and the premium being charged. In no event will coverage exceed the total amount(s) stated on the Policy Declaration Page.

## MATERIAL CHANGE

Any change material to the risk and within your control and/or of which you have knowledge shall avoid the policy as to the insured property affected thereby, unless the change is promptly notified in writing to us and we when so notified may return the unearned portion, if any, of the premium paid and cancel the policy, or may notify you in writing that, if you desire the policy to continue in force, you must, within fifteen (15) days of the receipt of the notice, pay to us an additional premium; and in default of such payment the policy shall no longer be in force and we shall return the unearned portion, if any, of the premium paid.

## DEDUCTIBLE

Each claim for property damage or bodily injury under any coverage, shall be adjusted separately and from each adjusted claim we will deduct the amount of the Deductible shown on the Policy Declaration Page for that coverage. Two or more partial losses resulting from the same accident or occurrence shall be treated as one claim and the highest Deductible will apply. In the event of a total loss or constructive total loss of insured property, no Deductible will be applied to that item.

## RESTRICTIONS ON THE USE OF THE VESSEL AND SCHEDULED ITEMS – WARRANTIES

In order to keep this policy in effect, you must make and keep certain promises. These promises are known as **WARRANTIES**. If any of these warranties are violated coverage will be automatically terminated from the time of such violation even if the violation did not cause the loss. Subsequent correction of the violation will not reinstate coverage. Permission to reinstate coverage must be received from us in writing. The premium remains fully earned even though the policy is terminated. It is **WARRANTED** by you that:

1. The insured property will be used solely for private pleasure purposes only and in any event, not be used for any commercial purpose whatsoever.
2. The insured property will be used only within the Trading Limit described on page 8.
3. The insured property will not be used in any race or speed test while under power. However, sailboats may engage in racing under sail.
4. The insured property will be kept in a seaworthy condition whenever afloat.
5. The insured property will be moored and/or stored in a reasonable, safe and secure manner at all times.
6. The insured property will not be used in any illegal or criminal activity.
7. The vessel will be laid up from November 15<sup>th</sup> to April 1<sup>st</sup>. This warranty does not apply to vessels operated in British Columbia, and the states of Washington, Oregon, California, New Mexico, Arizona, Nevada, Texas, Alabama, Louisiana, Mississippi, Georgia and Florida in the U.S.A.

Additional WARRANTIES AND CONDITIONS may also be included on the Policy Declaration Page. Please refer to the Policy Declaration Page.

## GENERAL EXCLUSIONS

*These General Exclusions are paramount and override anything contained in this insurance policy that conflicts with them.*

**We will not cover any loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:**

1. the lawful or unlawful capture, seizure, requisition or detainment of insured property by a civil authority or an attempt at any of these;
2. the use of your vessel for parasailing. This exclusion does not apply to waterskiing and the use of water toys.
3. the failure to maintain or operate the insured property in accordance with marine industry repair practices or manufacturer's guideline specifications.
4. intentional misuse of the insured property or wrongful conversion or infidelity by you or members of your immediate family, or by persons to whom the insured property may be entrusted.
5. dishonesty or illegal acts of you or members of your immediate family, or by persons to whom the insured property may be entrusted.
6. theft by you or members of your immediate family, or by persons to whom the insured property may be entrusted.

**Asbestos Exclusion:** In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from or in consequence of asbestos in whatever form or quantity.

**Cyber Attack Exclusion:** In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software program, malicious code, computer virus or process or any other electronic system.

**Radioactive Contamination, Chemical, Biological, Biochemical and Electromagnetic Weapons Exclusion:** In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

1. ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from combustion of nuclear fuel;
2. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
3. any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
4. the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes
5. any chemical, biological, bio-chemical or electromagnetic weapon.

**Terrorism Exclusion:** This policy does not apply to any loss, damage, liability, expense, or cost arising directly or indirectly, in whole or in part, out of terrorism or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate terrorism. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the loss, damage, liability, expense or cost. Whenever used in this policy, terrorism means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

**International Trade Controls and Economic Sanctions:** No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or pay any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Reinsurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any jurisdiction applicable to that Reinsurer.

**Wars and Strikes Exclusion:** In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

1. any strike, lockout, labour disturbance, riot, civil commotion or act of any person taking part in any such occurrence from any act or any person acting maliciously;
2. war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or piracy;
3. destruction of or damage to property by or under any government or public or local authority.

## GENERAL TERMS AND CONDITIONS

**Occurrence Policy:** This policy applies only to losses which occur during the policy term.

**Severability:** If any provision of this policy is found to be unenforceable or invalid for any reason, such determination shall not affect any other provision and such other provisions shall remain in full force and effect.

**Premiums:** If the insured property is a total loss or a constructive total loss or in the event of an unrepaired damage claim, all premiums shall be earned by us. In any event, all premium is deemed to be fully earned unless the insured property is sold or the policy is cancelled by us.

**If You Have Other Insurance:** In the event there is other valid and collectible insurance, this coverage shall become excess over the same up to the limit specified in this policy. If you have other insurance which covers your loss, the most we will pay for the loss will be calculated as follows:

1. we will add the total applicable coverage limits of all valid and collectible insurance covering the loss;
2. we will calculate what percentage our coverage limit is of this total;
3. we will multiply the amount of your loss by this percentage. The result is the most we will pay.

**Newly Acquired Vessel:** We will cover either an additional or replacement vessel of similar kind and quality as the current insured vessel but we must be notified of this new vessel within fifteen (15) days of acquisition and the coverage exists for thirty (30) days from acquisition or until a new policy of insurance is entered into for the additional or replacement vessel, whichever occurs first. The maximum amount we will pay for any loss on this new vessel will be its current market value OR the amount for which the current insured vessel is insured whichever is the lesser amount. The Protection and Indemnity Limit of Liability will be the same as for the current insured vessel identified on the Policy Declaration Page.

**Co-operation with Us:** In the event of a loss covered by this policy, you must cooperate with us fully. Do not assume any obligations, admit any responsibility or make any settlement or payments without first getting our written permission and ensure that no steps are taken against you in default of response to a claim or suit. However, you must take the reasonable steps which are necessary to protect any damaged insured property.

If you receive any legal papers in connection with a claim or suit, you must send us copies immediately.

**Time for suit:** No legal action may be brought against us unless the action is started within one year from the date of loss only, and any legal action(s) against us may only be brought by you.

**Defence Costs:** In the event a claim is made or a suit is brought which is covered under the terms of this policy and you are in full compliance with this policy, we will defend you. Payments for the cost of legal defense will be in addition to payments we make under coverage for liability. We will have the right to select the legal counsel. We have the right to settle a claim or suit.

If we ask, you must attend discoveries, hearings and trials. You must assist us in obtaining and giving evidence, obtaining the assistance of witnesses and in making settlements.

**Subrogation:** In the event a claim is paid out by us, we will be subrogated to the extent of the payment and have the discretion to control a recovery action as against the responsible third parties. Should there be uninsured losses as well, the recovery and legal costs of the recovery action will be split pro rata.

If we ask, you must attend discoveries, hearings and trials. You must assist us in obtaining and giving evidence, obtaining the assistance of witnesses and in making settlements.

**Transfer of Your Interest:** This insurance policy terminates automatically 1) if the insured property is sold or transferred or 2) if this insurance is sold or transferred to any other person or organization. "Transferred" means any assignment or pledge as a security for debt or transfer of the responsibility for management, maintenance or operation of the insured property.

**Changes in Policy:** This policy contains all the agreements between you and us. No changes may be made unless agreed to by us in writing.

**Conformity to Statutes:** Any provision in this policy that conflicts with any mandatorily applicable Provincial or Federal statute is hereby amended to conform to the minimum requirements of that statute.

**Cancellations:** You may cancel this policy by returning it to us or advising our authorized representative in writing. If you cancel the policy, the premium is fully earned unless the vessel is sold. We may cancel this policy by written notice to you sent by registered mail to the address shown on the Policy Declaration Page or last known address. Cancellation by us will be effective as of the date shown on the cancellation notice but not less than fifteen (15) days after the registered mailing of notice. The registered mailing of notice is sufficient proof of notice of cancellation. Delivery of notice shall be equivalent to registered mailing. If you sell the vessel and request return premium you must make the request within forty five (45) days of date of sale and the return will be based on our short rate table. When we cancel, the return premium will be a pro rata amount of the annual premium.

## SECTION A: PHYSICAL DAMAGES

### **HULL & MACHINERY INSURANCE**

**Property That Is Covered:** We will cover your vessel identified on the Policy Declaration Page and, whether included in its insured value in the amount of insurance or if separately declared on the Policy Declaration Page, your vessel's tender, dinghy, life raft, outboard and auxiliary motors. We will also cover the furniture, tackle, tenders or other property of the vessel being separated and laid up on shore in a locked secure building or fenced yard but not exceeding the insured value as stated on the Policy Declaration Page of this policy. The insured value of the vessel shall decrease in accordance with the insured value of the separated insured property.

**Sue and Labour, General Average and Salvage Charges:** We will pay Sue and Labour, General Average and Salvage Charges, where properly and reasonably incurred, but not exceeding the insured value of the hull and machinery limit shown on the Policy Declaration Page.

#### **Additional Expenses:**

We will reimburse you the following additional expenses up to the limits shown on the Policy Declaration Page for Additional Coverages. Other expenses or charges cannot be substituted for any of the following Additional Expense coverages.

**Rental Expense:** If your vessel is damaged as a result of a loss covered by this policy, we will reimburse you for the reasonable cost of renting a similar replacement vessel until yours is repaired, provided that repairs are performed as soon as practical.

**Extra Expenses:** If your vessel is damaged as a result of a loss covered by this policy, we will reimburse you for reasonable out of pocket lodging and transportation expenses you and those travelling with you incur as a result of the loss of use of your vessel.

#### **Emergency Towing:**

We will reimburse you for the reasonable cost of any commercial tow incurred as a result of any breakdown of the vessel, including running out of fuel.

Towing is defined as from the location of the breakdown until the vessel is berthed at the home port or nearest repair or fuel facility, whichever is the lesser in distance.

#### **Fire Department Charges:**

We will pay for your liability assumed by contract or agreement for fire department charges incurred when a fire department is called to save or protect the insured property from a loss which would be covered by this policy.

**Causes of Loss That Are Covered:** We will cover All Risks of property damage to the vessel for accidental direct physical loss or damage from an external cause except from those causes listed below.

**Causes of Loss That Are Not Covered:** In addition to the General Exclusions we will not cover any loss, damage, liability or expense directly or indirectly caused by or contributed to, by or arising from:

1. wear and tear, weathering and gradual deterioration, wood rot, inherent vice, insects, marine life and borers, mould, electrolysis, rust, corrosion, dampness of atmosphere, and extremes of temperature.
2. any defect in the design of your vessel, faulty workmanship or the installation or use of improper or defective materials. However, if a reasonably thorough inspection by a professionally qualified marine surveyor could not have discovered such a defect or condition, and such defect or condition causes or results in a loss not otherwise excluded, we will pay for the resulting property damage. Under no circumstances will we pay the cost to repair or replace the part or parts possessing the defect or condition, or any part with a latent defect or the betterment or alteration in design, including any part of the vessel condemned solely in consequence of electrolysis.

3. freezing damages unless the insured property has been properly winterized by professional marine service personnel, or in accordance with industry standards.
4. incidents that occurred 12 months or more prior to the date the incident was reported to us.
5. We will also not cover any loss, damage or expense to electrical apparatus, including wiring, caused by electricity other than lightning, unless fire ensues and then only for property damage arising by such ensuing fire.

**Claims:** For total losses we will pay the insured value for the vessel or if insured separately from the vessel, the insured value for its outboard motor, auxiliary motor and dinghy/tender as shown on the Policy Declaration Page. Premiums remain fully earned in the event of a total loss and/or a constructive total loss, even though the policy is terminated. We will pay that amount, if the reasonable expense of recovering and repairing the insured property equals or exceeds the insured value stated on the Policy Declaration Page. In the event of partial losses we will reimburse you based on the reasonable cost of repairs actually incurred.

If the damage to the vessel or its equipment is not repaired:

1. we will not be liable for more than the actual cash value of the damaged parts. That value will not exceed what it would cost to repair the damaged property with material of like kind and quality;
2. we will not pay for unrepaired damage in addition to a payment for a subsequent total loss of the vessel and its equipment;
3. we will not be liable for any unrepaired damage that amounts to more than the amount of insurance shown for your vessel at the time this policy terminates.

In the event of property damage to the vessel covered by this policy we will only be liable for repairs made by applying suitable patches to the damaged hull area in accordance with good repair practice. We will not be liable for the cost or expense of painting or impregnating colour beyond the immediate damaged area or areas. These principles shall also govern in determining whether or not the vessel is a constructive total loss.

## **TRAILER INSURANCE**

**Property That Is Covered:** If an insured value for a trailer is shown on the Policy Declaration Page we will insure the trailer for the amount shown on the Policy Declaration Page for property damage subject to the following terms and conditions:

**Causes of Loss That Are Covered:** We will cover All Risks of property damage to the trailer for accidental direct physical loss or damage from an external cause except from those causes listed below.

**Causes of Loss That Are Not Covered:** The General Exclusions and the Causes of Loss That Are Not Covered under the Hull & Machinery Insurance section also apply to the trailer insurance.

**Claims Valuation:** We will pay for partial losses to the trailer without deduction for depreciation up to the amount stated on the Policy Declaration Page for the trailer.

## **BOATHOUSE / BOAT LIFT INSURANCE**

**Property That Is Covered:** If an insured value for a boathouse / boat lift is shown on the Policy Declaration Page and it is the boathouse / boat lift where the vessel is customarily moored or hauled, we will insure the boathouse / boat lift for the amount shown on the Policy Declaration Page for property damage subject to the following terms and conditions:

**Causes of Loss That Are Covered:** We will cover All Risks of property damage to the boathouse / boat lift for accidental direct physical loss or damage from an external cause except from those causes listed below.

**Causes of Loss That Are Not Covered:** The General Exclusions and the Causes of Loss That Are Not Covered under the Hull & Machinery Insurance section also apply to the boathouse / boat lift insurance.

**Property That Is Not Covered:** Any personal property contents of the boathouse.

**Claims Valuation:** We will pay for partial losses to the boathouse / boat lift without deduction for depreciation up to the amount stated on the Policy Declaration Page for the boathouse / boat lift.

## **PERSONAL EFFECTS**

**Property That Is Covered:** We will cover any of your and your immediate family's personal effects, and at your option the personal effects of your guests or volunteer crew, provided such property is aboard the vessel, or is being laden upon or unladen from the vessel. Electric downriggers and all fishing gear are considered personal effects even if these items are mounted to the vessel.

**Property That Is Not Covered:** We will not cover currency, traveler's cheques, passports, securities, evidence of debt, valuable papers or documents, jewelry, furs, cameras, camcorders/video cameras, fine arts, prescription or non-prescription eyeglasses and contact lenses, dental wear, cellular phones, and tools. Any equipment required for maintenance of the vessel is included in the value of the hull & machinery insured value of the vessel.

**Causes of Loss That Are Covered:** We will cover All Risks of Property Damage to the personal effects for accidental direct physical loss or damage from an external physical cause except those causes listed below.

**Causes of Loss That Are Not Covered:** In addition to the General Exclusions and the Causes of Loss That Are Not Covered under the Hull & Machinery Insurance section, which also apply to personal effects, we will also not cover:

- 1) effects occasioned by or happening through their undergoing any process involving the application of heat
- 2) machinery damage including electrical or mechanical derangement unless arising from a sudden and accidental event
- 3) installation of a defective part or part with a latent defect or arising from faulty design, including any consequential loss or damage arising from such condition
- 4) marring, scratching, denting or breakage of any property if arising from normal wear and tear.

**Claims Valuation:** We will pay losses without deduction for depreciation up to the amount stated on the Policy Declaration Page for personal effects, but only if the items are replaced within six (6) months of the date of loss; otherwise depreciation will apply.

## SECTION B: LIABILITY INSURANCE

### PROTECTION AND INDEMNITY INSURANCE

Under this section we will reimburse you if you become legally liable for damages arising from the ownership or use of the vessel or boathouse / boat lift for:

1. bodily injury or death;
2. property damages including collision damages with another vessel;
3. costs that result from the attempted or actual raising, removal or destruction of the wreck of your vessel or boathouse / boat lift if required by law;
4. the rescue of you, your passengers and members of your volunteer crew;
5. sudden and accidental discharging or releasing of any fuel, chemicals, waste or other pollutants from the vessel.

**Payment for Losses:** Regardless of the number of insured persons the most we will pay for any damages arising out of any one accident or occurrence caused by the same event is the amount indicated on the Policy Declaration Page.

**Claims That Are Not Covered:** We will not cover you for:

1. any liability assumed under any contract or agreement;
2. any liability, fee or cost or any act whatsoever that might be construed as an admission of liability;
3. any liability for bodily injury or property damage intentionally caused to any person(s) or property;
4. any liability for bodily injury to yourself;
5. any liability for damage to property owned, leased, rented or operated by you, or in your care, custody and control, or of or by your immediate family;
6. any liability for bodily injury to or the death of workers, or bodily injury to or death of persons employed in any capacity whatsoever by you or your immediate family on or about or in connection with the vessel or other scheduled item, if benefits are required or available under a workers compensation law;
7. any fine or other penalty which any government body requires you or your immediate family to pay;
8. any liability arising out of the ownership or use of any trailer even if the trailer is shown on the Policy Declaration Page;
9. any liability arising from any incident unless notice in writing is given forthwith to us by you after you first learn of any such incident.
10. liability to and of scuba divers whilst diving.
11. liability to and of parasailers whilst parasailing.

**Obligation to Pay:** We will not pay any amount under this section unless your obligation to pay has been determined by judgment against you after trial and has been paid by you, unless we agree in writing otherwise.

**If You Use Someone's Vessel:** If, as an individual, you have express permission to use someone else's vessel for private pleasure use, this section of the policy and its limits will provide liability insurance to you during such use as if the vessel being used by you was the one insured by this policy. This coverage is subject to all terms and conditions of this policy. We will pay for damages only after all other insurance covering the loss has been exhausted. This limitation will apply whether you or the vessel's owner has the other insurance. But under no circumstances will we pay for damage to or loss of the other person's vessel.

**If Someone Uses Your Vessel:** We will indemnify the liabilities of other people arising from the use of the vessel so long as:

- a. they are operating the vessel with your express prior permission, and
- b. they have complied with all provisions of this policy as if they were an insured named on the Policy Declaration Page, and
- c. only after all other insurance covering the loss has been exhausted.

We will not pay for any losses arising from the vessel being used or operated by a paid master or crew of the vessel or a person, firm, corporation or other legal entity or any agent or employee thereof, operating a shipyard, boat repair yard, marina, yacht club, sales agency, boat service station or similar organization.

## **UNINSURED AND UNDERINSURED BOAT INSURANCE**

### **Definitions:**

- **Uninsured vessel** means a vessel for which neither the owner nor the operator has liability insurance to cover bodily injuries.
- **Underinsured vessel** means a vessel for which the limit of liability insurance carried by an identified third party is less than the limit of liability of this policy as shown on the Policy Declaration Page.

Under this coverage we will pay for bodily injuries sustained by you and your immediate family as a result of an accident with a third party uninsured or underinsured vessel, subject to the following conditions:

- You and your immediate family must be occupying a vessel insured by this policy at the time of the accident;
- We will only respond to claims which you or your immediate family would be legally entitled to recover from the third party after a Judgment is obtained against them from a Court of competent jurisdiction. We are only liable for the difference between the limits payable under the third party's liability insurance, if any, and the limits of liability of the policy as shown on the Policy Declaration Page; This coverage will only apply in excess of any other collectable proceeds available from third parties;
- The maximum amount we will pay, regardless of the number of injured persons, is the limit of liability as shown on the Policy Declaration Page;
- In circumstances involving a claim under Protection & Indemnity Insurance Limit and the coverage provided herein, we will not pay more than the limit of liability shown on the Policy Declaration Page arising out of any one accident;
- This coverage does not apply if the third party vessel is owned by a governmental body or is owned or operated by a person insured by this policy;
- Once we pay under this coverage we will be entitled to subrogate against the third party for any amounts we pay.

## **NO FAULT MEDICAL PAYMENTS INSURANCE**

If any person other than you is injured or dies while boarding, on board, or alighting from the vessel, we will reimburse them their reasonable medical and funeral expenses if incurred within one year after the date of injury or death. The amount shown on the Policy Declaration Page is the most we will pay for any one accident.

**Who Will Be Paid:** Medical Payments may be made directly to the injured person or to the person or organization that provided the treatment.

**No Admission of Liability:** The fact that we make a medical payment does not mean that your or our legal responsibility for the injury is admitted.

### **When We Will Not Make Medical Payments:**

1. We will not make a medical payment when you have contractually assumed liability to the injured person;
2. We will not pay under this section for injuries suffered by persons employed to maintain or repair the vessel or by any other employees while they are engaged in their employment;
3. We will not pay under this section for injuries to the extent for which benefits are payable or available under any Provincial or Federal medical scheme.

## **TERMS AND CONDITIONS IN THE EVENT OF A LOSS**

In the event that you are involved in any incident that may result in loss, damage or expense recoverable under any section of this policy, you must:

**Notify Us:** Immediately notify your agent or us of the incident. Immediately provide us with a written notice, which shall state:

- a. with respect to the incident, where, when and how;
- b. the property concerned and the nature of the loss;
- c. the names and addresses of the injured persons and the nature of the injuries;
- d. the names and addresses of witnesses.

**Notify the Authorities:** If an injury or collision is involved immediately notify the Coast Guard. If a theft or suspected theft, fire, vandalism or malicious acts is involved, immediately notify the police or the fire department.

**Salvage/Mitigation:** It is the duty of you as an insured and/or your agent to take such measures as are reasonable for the purpose of averting or diminishing a loss under this policy. We will pay all costs and expenses reasonably incurred in minimizing or averting a greater loss, which would have formed a claim under this policy. If repairs are made, have the repair yard save all the parts which were replaced. We may want to inspect them.

**Inspection:** You must permit us to inspect the damages before repairs are made. You must not make any repairs which are unnecessary to actually protect the property from further damage without our prior permission. If you do, we do not have to reimburse you for your expenses.

**Repairs:** After written notice has been given to us it is your responsibility to authorize repairs. Repairs to your vessel can only be made after repair estimates have been obtained. All repairs will be made according to customary repair practices and according to repair procedures recommended by the builder. We will only reimburse the reasonable cost of repairs. We will not pay any claim under Section A of this policy submitted for payment more than one year from the date the incident or occurrence was reported.

**Preserve Our Right to Recover:** You may have the right to recover for a loss from someone else. Once we pay your loss under this policy, this right of recovery and control of the recovery action will belong to us. Where a recovery is obtained from any third party, you shall have the opportunity to participate in the proportion which the policy deductible or other self-insured or uninsured loss bears toward the total sum claimed against the third party and we shall participate on a like basis so far as the insured proportion of such claim is concerned. Costs or other legal expenses shall be apportioned in a like manner. Whether or not you wish to join in the recovery action, you must do everything possible to preserve our right to recover.

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

**Misrepresentations:** If any material fact or circumstance is misrepresented, omitted, concealed or incorrectly stated by you or on your behalf to obtain this insurance or in the process of submitting a claim, this policy shall be void from inception.

**Canadian Law and Usage:** This policy is subject to Canadian Law and Usage as to liability for and settlement of any and all claims and any disputes arising from this policy are subject to the exclusive jurisdiction of Canadian courts.

## TRADING LIMIT

WARRANTED during the currency of this policy the insured property is operated only within Canada and the Continental USA, limited to a 1,500 mile radius of your address provided on the Policy Declaration Page and with respect to:

i Coastal waters of British Columbia not North of Skagway, Alaska (60 degrees North Latitude), and not South of Westport, Washington (47 degrees North Latitude), in any event not exceeding 200 miles offshore.

OR

ii Coastal waters of Eastern Canada not North of Henley Harbour, Labrador (52 degrees North Latitude), and not South of Gloucester, Massachusetts (42.5 degrees North Latitude), in any event not exceeding 200 miles offshore.