

## BOAT DEALER COVERAGE

1. **PROPERTY INSURED**

Stock for sale consisting of private pleasure watercraft, motors, trailers, accessories and supplies, owned by the insured, including stock on consignment, or watercraft being examined or tested prior to trade in which are owned by others for which the insured may be held legally responsible, or sold but not delivered, unless title has passed.

2. **PERILS INSURED**

The property insured is covered against all risks of direct physical loss or damage except as may be hereinafter excluded.

3. **SUM INSURED**

As per declarations.

4. **DEDUCTIBLE**

This company shall be liable only when loss of property covered exceeds the amount stated on the declarations for any one watercraft, and then only for its proportion of the excess.

5. **SCHEDULE OF LOCATIONS**

As per declarations.

Includes adjacent moorings and exposures during demonstrations and testing within 50 miles thereof.

6. **PREMIUM AND REPORTING PROVISION**

- A. The deposit premium shown in the declarations shall be payable upon the inception date of this policy.
- B. The Insured, by acceptance of this policy, agrees to keep an accurate record of the inventory of stock on hand as of the last day of each month. Such records shall be available for examination by representatives of the company at all times during business hours during the term of this policy, or thereafter. The insured further agrees to report to the company, not later than thirty (30) days after the policy expiration, the total inventory of stock at all covered locations.
- C. The earned premium will be computed at the rate(s) shown in the declarations and applied against the deposit premium. Any earned premium exceeding the deposit premium shall be due and payable to the company at the time of filing the report on which the earned premium is due. Any unearned premium, being the amount by which the deposit premium exceeds the earned premium, shall be refunded to the insured, however subject to the minimum premium described in 6.D. below.
- D. The minimum premium shown in the declarations page(s) is the minimum premium retained by the company except in the event of cancellation of this policy by the company.

- E. Notwithstanding the requirement that premium is to be adjusted on the basis of full values reported, any loss in excess of the limits stated in this policy shall be borne by the insured.

7. **PROPERTY EXCLUDED**

This policy does not insure:

- A. Property sold by or under encumbrance to the insured, or property sold by the insured under installment plan, conditional sale or similar arrangement;
- B. Property while in the course of manufacture;
- C. Accounts, bills, deeds, evidence of debt, money, notes, securities, furniture, fixtures, equipment, tools, machinery, or improvements and betterments to buildings;
- D. Property held for repair, alteration or storage;
- E. Property rented, leased, loaned, or chartered to others, either with or without an eventual purchase provision in the rental agreement;
- F. Watercraft or motors while being demonstrated for sale, delivery or testing for purchase and sale unless the insured or employee authorized by the insured is operating such property and possesses federal or state licenses where required;
- G. Watercraft or motors while engaged in any speed or race contest;
- H. Work watercraft, or any watercraft, motors, trailers or any property used by the insured or his employees for private pleasure purposes;
- I. Property that has been seized, requisitioned or repossessed by governmental authority or financial institutions.

8. **PERILS EXCLUDED**

This policy does not insure against loss or damage caused by or resulting from:

- A. Wear and tear, gradual deterioration, inherent vice, moths, vermin, rodents, insects or animals;
- B. Delay or loss of market, profits, loss of use, financial interest expense;
- C. Unexplained loss, mysterious disappearance, or shortage disclosed after taking inventory;
- D. Corrosion, rust, dampness of atmosphere, freezing or extremes in temperature;
- E. Marring, denting, scratching or breakage of glass, unless caused by fire, explosion, lightening, theft or attempted theft, windstorm, collision or upset of carrying conveyance or by a peril of the sea while afloat;
- F. Assembly or other work being performed upon the property insured unless fire or explosion ensues and then only for loss or damage to the property insured caused by such ensuing fire or explosion;

- G. Misappropriation, secretion, conversion, infidelity, or any dishonest act on the part of the insured or other party of interest or his or their employees or others to whom the property may be entrusted (carriers for hire excepted);
- H. Short circuit, blow-out or other electrical disturbance within any article insured hereunder, unless fire or explosion ensues and then only for loss or damage to the property insured caused by such ensuing fire or explosion;
- I. Mechanical breakdown or latent defect in the machinery or hull unless an accident to the watercraft ensues and then only for loss or damage to the property insured caused by such ensuing accident;
- J. Loss, damage, or expense caused by or resulting from:
- 1) hostile or warlike action in the time of peace or war, including action in warring, combating, or defending against an actual, impending or excepted attack:
    - (a) by any government of sovereign power (dejure or de facto), or by any authority maintaining or using military, naval or air forces, or
    - (b) by military, naval or air forces; or
    - (c) by an agent of any such government, power, authority or forces;
  - 2) any weapon or war employing atomic fission or radioactive force whether in time of peace or war;
  - 3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against which an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority;
- K. Nuclear reaction, radiation, or radioactive contamination, regardless of how it was caused. However; subject to all provisions of this policy, if this policy insures against fire, then direct physical damage to property insured located in the United States, Canada or Puerto Rico, by fire directly caused by the above excluded perils is insured, provided that the nuclear reaction, radiation, or radioactive contamination was not caused, whether directly or indirectly, by any of the perils excluded by the F.C. & S. Clause of this policy;
- Nothing in this clause shall be constructed to cover any loss, damage, liability or expense caused by nuclear reaction, radiation or radioactive contamination arising directly or indirectly from the peril of fire mentioned above.
- L. Flood, however caused, inundation, surface waters, high water or overflow, waves, tide or tidal wave, including the backing up of sewers and drains resulting from any of the foregoing; all whether or not caused by water inundation or flooding land, the rising of or the breaking of boundaries of natural or made-made lakes, reservoirs, rivers, or other bodies of water, or the accumulation on land of water immediately derived from natural sources; and all whether driven by wind or not, or whether caused by or attributable to earthquake, or other movement; but this exclusion shall not apply to property in transit nor to watercraft while afloat;
- M. Seepage, leakage or influx of water immediately derived from natural sources through basement walls, including doors, windows and other openings therein,

foundations, basement floors, sidewalks or sidewalk lights, unless directly caused by or resulting from physical damage to the location containing the property covered by a peril not otherwise excluded;

- N. Earthquake or other earth movement, but this exclusion shall not apply to property in transit nor to watercraft while afloat, nor to ensuing loss caused by or resulting from fire, explosion or smoke;
- O. Defects in design or manufacture, faulty workmanship or the installation or use of improper or defective materials.

9. **EXTENSION OF COVERAGE**

Coverage under this policy includes:

- A. Expense incurred in the removal of debris or property covered from a loss insured against in the policy, but this company shall not be liable for expense resulting from the enforcement of any state or municipal law or ordinance which necessitates the demolition of any portion of a building or removal of contents thereof which has not suffered damage.
- B. Loss except by fire or explosion to that part of the building occupied by the insured and containing property covered, and to equipment therein pertaining to the service of the building directly resulting from theft, (including attempted theft), provided the insured is the owner of such building or equipment or is liable for such damage, but in no event shall this coverage apply to glass (other than glass building blocks) or to any lettering or ornamentation thereon;
- C. The contingent interest of the insured in shipments sold by the insured on other than C.I.F. terms providing any loss recoverable under this policy is not collectible from the purchaser or any other insurance that would have attached if this policy had not been issued.

The provisions of this section do not increase the limits of liability or the amount recoverable as specified or provided for elsewhere in this policy applicable to the property covered where the loss occurs.

10. **VALUATION**

Property insured hereunder shall be valued at:

- A. As to new property the cost price to the insured plus freight charges and assembly costs actually incurred and;
- B. As to used property the actual cost to the insured either through outright purchase or as an allowance in trade-in plus the costs of repairs actually made; but this company's liability shall be limited to the cost and expense of repairing or replacing any damaged part or parts, including forwarding charges, labor and installation charges necessary to repair or restore the damaged property to its original condition, but not in excess of the above valuation nor in excess of the cost to replace the property, whichever is the lesser.

*Appraisal:* if the insured and the company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty days after receipt of proof of loss by the company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent

and disinterested umpire and failing for fifteen days to agree upon such umpire then on the request of the insured or the company, such umpire shall be selected by a judge of a court to record in the state in which such appraisal is pending.

11. **PROTECTION AND INDEMNITY**

With respects to watercraft insured by this policy and only for liability arising while such watercraft are afloat, this policy is extended to pay such sums as the insured shall have become legally liable to pay on account of:

- A. Loss of life of, or bodily injury to any person (other than an employee of an insured under this policy);
- B. Loss of, or damage to, or expense in connection with any fixed or movable object or property of whatsoever nature;
- C. Costs or expenses of, or incidental to, the removal of the wreck of the insured watercraft when such removal is compulsory by law;
- D. Costs and expenses, incurred with this company's approval, of investigation and/or defending any claim or suit against the insured arising out of a liability or an alleged liability of the insured covered above.

Notwithstanding the foregoing, this company will not pay for:

- A. Any loss, damage or expense to property loaned to, owned by, or leased by, the insured;
- B. Any liability, cost, or expense assumed by the insured beyond that imposed by law;
- C. Any liability, cost or expense arising from watercraft while being demonstrated for sale, delivery or testing for purchase and sale unless the insured or employee authorized by the insured is operating such property and possesses federal or state licenses where required;
- D. Any liability cost or expense while watercraft are engaged in any speed or race contest.

12. **CONDITIONS**

- A. No recovery for the constructive total loss of any property insured hereunder shall be had unless the expense of recovering and repairing the property shall exceed the policy valuation.
- B. Immediate notice shall be given to this company or to the agency through whom the policy was issued in the event of an accident whereby, loss, damage or expense may result in a claim.
- C. In case of any loss or misfortune, it shall be lawful and necessary for the insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the property insured or any part thereof, without prejudice to this insurance, to the charges whereof this company will contribute their proportion as provided herein. And, it is especially declared and agreed that no acts of the underwriters or insured in recovering, saving or

preserving the property insured shall be considered as a waiver or acceptance of abandonment.

- D. Any agreement, contract or act, past or future, positive or implied, by the insured, whereby any right of recovery of the insured against any property, person or corporation is released, decreased, transferred or lost which would, on acceptance of abandonment or payment of loss by this company, belong to this company but for such agreement, contract or act, shall render this policy null and void as to the amount of any such loss or damage, but the company's right to retain or recover the full premium shall not be affected. This clause does not apply to property in due course of transit by carriers for hire.
- E. This company shall not be liable for loss, if at the time of loss, there is any other valid and collectible insurance which would attach if this insurance had not been purchased, except that this insurance shall apply only as excess, and in no event as contributing insurance, and then only after all such other insurance has been exhausted.
- F. This entire policy shall be void if the insured, or his agent, has concealed or misrepresented in writing, or otherwise, any fraudulent action of attempted fraud, or has sworn falsely in reference to any matter or subject relating to this insurance, whether before or after a loss.
- G. The insured warrants and agrees to give immediate notice to the local police authorities in the event of theft and vandalism and submit a copy of the report to underwriters.
- H. This insurance shall be void in case this policy shall be assigned, transferred, or pledged, or if there be any change in management without the previous consent in writing of this company.
- I. It is a condition of this insurance that the insured shall maintain, so far as is within their control, such protective safeguards as were represented by the insured, or their representative, to be in effect at the time of attachment of this policy.
- J. Either party may cancel this policy by giving thirty (30) days notice in writing to the other party, except ten (10) days in the event of non-payment of premium. Notice to the insured shall be sent to their last known address. The earned premium shall be calculated at pro rata of the policy premium or rate on average inventory between inception and cancellation dates if cancelled by this company. The earned premium shall be calculated at short rate of policy premium or rate on average inventory between inception and cancellation dates if cancelled by the insured. In no event shall the earned premium be less than the minimum premium as stated in the declarations.
- K. Whenever required by this company, the insured shall aid in securing information and in obtaining witnesses and shall cooperate with this company in the defense of any claim or suit or in appeal from any judgment. This company shall have the option of naming the attorneys who shall represent the insured in the prosecution or defense of any litigation or negotiations between the insured and third parties concerning any claim covered by this policy, and shall have the direction of such litigation or negotiations. If the insured shall fail or refuse to settle any claim as authorized by this company, the liability of this company shall be limited to the amount for which settlement could have been made. The insured shall, at the option of this company, permit this company to conduct, with an attorney of this

company's selection, at this company's cost and expense and under its exclusive control, a proceeding in the insured's name to limit the insured's liability to the extent, and in the manner provided by the present and any future statutes relative to the limitation of shipowner's liability. The insured shall not make any admission of liability, either before or after any occurrence that could result in a claim for which this company may be liable.

The insured shall not interfere in any negotiations of this company, for settlement of any legal proceedings in respect of any occurrence for which this company may be liable under this policy; provided, however, that in respect of any occurrence likely to give rise to a claim under this policy, the insured is obligated to and shall take such steps to protect his and/or the company's interest as would reasonably be taken in the absence of this or similar insurance.