

PROTECTION AND INDEMNITY**For Watercraft Liability****1. Third Party Liability**

The Insurer will pay all sums which the Insured becomes legally liable to pay as compensatory damages because of bodily injury or property damage caused as a result of the ownership, use, operation or maintenance of a watercraft.

2. Limit of Liability

Subject to the limit stated on the declaration page(s) we will pay for all loss or damage resulting from:

- 2.1 any one occurrence or accident;
- 2.2 any series of occurrences or accidents arising out of the same event, regardless of the number of claimants or Insureds or boats involved.
- 2.3 However, the limit of liability for bodily injury or property damage caused by water-skiing will be limited to the \$1,000,000 for any one occurrence or accident.

3. Defense

The Insurer has the exclusive right to settle or defend, as considered appropriate by the Insurer, any claim or suit seeking damages. The Insurer will provide a defense even if the suit is groundless, false or fraudulent. The Insurer's obligation to settle or defend any claim or suit ends when the amount the Insurer pays for damages, including legal expenses, equals the limit of liability as stated on the "Declaration Page(s)". The Insurer has the exclusive right to select the lawyer who will defend the Insured. If the Insurer asks, the Insured must attend hearings and trials.

4. Supplemental Payments

In addition to the limit of liability the Insurer will pay:

- 4.1 any expenses incurred at our request;
- 4.2 the premium on any bond required in a suit defended by us, but not for bond amounts greater than the limit of liability. The Insurer is not obliged to apply for or provide the bond;
- 4.3 interest on the Insurer's portion of the judgment or amount of settlement that is earned before the Insurer makes payment.

5. Obligation to Pay

The Insurer will not pay any amount unless the Insured's obligation to pay has been determined by judgment against the Insured after trial or by written agreement between the Insured, the claimant and the Insurer.

6. Exclusions

The Insurer does not insure:

- 6.1 bodily injury to any workmen or other persons employed in any capacity whatsoever by the Insured in connection with the watercraft insured;
- 6.2 any liability assumed by an Insured under any type of contract or agreement, unless the watercraft is rented or leased to the Insured;
- 6.3 bodily injury or property damage arising out of the transportation on land, by a licensed conveyance, of the Insured's watercraft;
- 6.4 bodily injury or property damage caused by the Insured's ownership, use or operation of any licensed trailer;
- 6.5 property damage to watercraft owned by, rented to, used by or in the care, custody or control of any Insured;
- 6.6 any fine or penalty which any level of government requires the Insured to pay;
- 6.7 any liability for bodily injury to any Insured;
- 6.8 any liability for which an Insured becomes liable as a result of discharging or releasing any fuel, chemicals, waste or other pollutants unless the discharge is sudden and accidental;
- 6.9 punitive or exemplary damages.
- 6.10 bodily injury or property damage arising from tethered flight watersports.

7. Other Insurance

If the Insured has other insurance (except under this policy) against a liability covered by this Protection and Indemnity Insurance, the Insurer shall not be liable under this Protection and Indemnity Insurance for a greater proportion of such loss than the applicable limit of liability stated in this policy bears to the total applicable limits of liability of all valid and collectible insurance against such loss.

8. Removal of Wreck

The Insurer will pay the costs involved in the removal or demolition of watercraft insured if it is wrecked in a waterway and the authority holding jurisdiction requires its removal or demolition, or the Insurer will pay the amount for which the Insured is held liable for failing to do so. The Insurer's liability shall be limited to the amount of insurance for Hull Insurance as stated on the applicable "Declaration Page(s)".

9. Newly Acquired or Replaced Vessel

If the Insured acquires any additional or replacement watercraft, the Insurer will automatically insure it under Protection and Indemnity to the amount of insurance stated on the "Declaration Page(s)".

10. Non-Owned Vessel

The Insurer will cover under Protection and Indemnity a non-owned watercraft which the Insured is using for losses arising out of the use or operation of that vessel provided (a) the Insured has the owner's permission, and (b) it is not owned, furnished, hired or chartered by the Insured nor available for the Insured's regular and frequent use. The limit of our liability will be the amount of insurance stated on the "Declaration Page(s)" for Protection and Indemnity. This extension of coverage will be in excess of all other valid and collectible insurance protecting the Insured in respect of the same event and, accordingly, will not contribute.

11. Mooring at Slips, Spaces or Buoys

the Insurer agrees to pay on behalf of the Insured, subject to the limit of liability, all sums which the Insured shall become obligated to pay by reason of the liability imposed on the insured by law for property damage to watercraft, the property of others, while in the care, custody or control of the Insured at the premises scheduled in the Declarations Page or while mooring at slips, spaces or buoys provided by the Insured. This is subject to the limit of Liability as stated on the Policy Declarations.

Duties and Requirements after a Loss

12. Notice of Proof of Loss

In the event of any accident, loss, damage or bodily injury for which a claim may be made under this policy, the Insured or someone acting on the Insured's behalf must:

- 12.1 give immediate notice to the Insurer or the Insured's broker; and
- 12.2 give details within 30 days of reporting, under oath, if requested, including:
- 12.3 the Insured's name, address and phone number; and
- 12.4 the watercraft insured involved and where it may be inspected; and
- 12.5 the date, location and description of the loss, damage or bodily injury; and
- 12.6 the names, addresses and phone numbers of any witnesses; and
- 12.7 the names, addresses and phone numbers of any injured persons and the nature of their injuries.

12.8 This information must be confirmed in writing as soon as possible with details of other insurance and the Insured's financial interest in the watercraft insured.

12.9 The Insured shall immediately forward to the Insurer every demand, notice, summons or other process received if a claim is made or suit is brought against the Insured.

13. Notify the Authorities

The Insured must notify:

- 13.1 the police in the event of vandalism or theft; and
- 13.2 the fire department in the event of a fire; and
- 13.3 the Coast Guard or other appropriate authority in the event of collision or bodily injury.

14. Unauthorized Settlements

The Insured shall not assume any obligation, admit to any liability or fault or incur expenses, without our written agreement.

15. Mitigation

The Insured must make every effort to protect the watercraft from further loss and to recover it. The Insurer will pay all reasonable expenses incurred in reducing or avoiding further loss, which would have been covered by this policy. If emergency repairs are made, have the repairer save all the parts, which were replaced as the Insurer may request to inspect them. The Insurer will not apply a deductible to such expenses.

16. Non-Waiver

No action on our part after a loss to recover or save the watercraft insured from further loss nor any action which the Insurer or the Insurer's investigators or lawyers may take in connection with the investigation of any loss shall be considered as a waiver of any of the Insurer's rights under this policy.

17. Inspection

The Insured must permit the Insurer to inspect the damages before repairs are made. The Insured must not make any repairs, which are unnecessary to actually protect the watercraft insured from further damage without the Insurer's prior permission. If the Insured does, the Insurer does not have to reimburse the Insurer for the Insured's expenses.

18. Co-operation

The Insured shall co-operate and assist the Insurer with the investigation, settlement or defense of any suit or claim under this policy. This includes being examined under oath, if requested.

19. Subrogation

If the Insurer makes a payment under this policy and the person to or for whom payment was made has a right to recover damages from another, the Insurer shall be subrogated to that right. That person shall do whatever is necessary to enable the Insurer to exercise the Insurer's rights and do nothing to prejudice them.

20. Action

20.1 The Insurer will not be liable for any loss, damage or expenses unless a claim is made within twelve (12) months of the date of occurrence.

20.2 No action may be brought against the Insurer unless all the conditions and provisions of the policy have been complied with and the action commences within twelve (12) months next after the happening of the loss or damage and not afterwards.

21. Misrepresentation, Fraud or Concealment

This policy will be void from inception in case of fraud by the Insured relating to this policy; or, if at any time, the Insured conceals or misrepresents a material fact concerning (a) the insurance, prior insurance, prior losses, prior claims, prior occurrences that could give rise to a loss; or (b) the watercraft insured; or (c) your interest in the watercraft insured; or (d) previous, current and future use of the watercraft insured.

22. Examination under Oath

After an accident or occurrence has taken place, the Insured must, as often as the Insurer may reasonably require, submit to examinations under oath and produce members of the Insured's family, produce members of the Insured's household or others for examination under oath to the extent it is within the Insured's power to do so. The Insured must also produce all records and documents the Insurer requests and permit the Insurer to make copies of them.

23. Abandonment

The Insurer is not obligated to accept, nor is the Insurer liable for, any watercraft abandoned by the Insured.

General Terms and Conditions**24. Policy Changes**

This policy contains all the agreements between the Insured and the Insurer. No changes may be made to the contents of this policy unless agreed to by the Insurer.

25. Termination

25.1 This contract may be terminated,

25.1.1 by the Insurer giving to the Insured fifteen days' notice of termination by registered mail or five days' written notice of termination personally delivered;

25.1.2 by the Insured at any time on request.

25.2 Where this contract is terminated by the Insurer,

25.2.1 the Insurer shall refund the excess of premium actually paid by the Insured over the pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified; and

25.2.2 the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.

25.3 Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.

25.4 The refund may be made by money, postal or express company money order or cheque payable at par.

25.5 The fifteen days mentioned in clause 24.1.1 of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

26. Currency

All amounts of insurance, premiums and other amounts expressed in this policy are in Canadian dollars.

27. Territorial Limits

This insurance insures covers only within the limits of Canada and the Continental United States of America.

28. Transfer of Interest

The Insured agrees not to:

28.1 transfer any interest the Insured may have in the watercraft insured to another person or organization; nor

28.2 transfer this policy, or any part of it, to any other person or organization, without the Insurer's prior permission. "Transfer" includes any assignment or pledge as a security for a debt.

29. Conformity to Statutes

Any provision in this policy that conflicts with any federal, provincial or state statute is hereby amended to conform to the minimum requirements of that statute.

All other terms and conditions of the Policy remain unchanged.