

WATERCRAFT, OUTBOARD MOTOR AND MISCELLANEOUS EQUIPMENT COVERAGE BROAD FORM

Insuring Agreement

If the "Declaration Page" shows that Watercraft, Outboard Motor and Miscellaneous Equipment Coverage (Broad Form) applies "we" insure "your" "Watercraft", "Outboard Motor(s)" and "Miscellaneous Equipment" listed on the "Declaration Page" for this coverage, against risks of direct physical loss or damage, subject to the terms and conditions below.

You're insured within the territorial limits of Canada and the continental United States of America.

Definitions

"Fungi" includes but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any "fungi" or "spore(s)" or resultant mycotoxins, allergens, or pathogens.

"Miscellaneous Equipment" means the on board accessories and equipment that are not permanently attached to the "Watercraft" "we" insure and pertain to its use and safety. "Miscellaneous Equipment" does not include water skis or other related sports equipment.

"Miscellaneous Equipment" does include boat covers, anchors, life preservers, lines, fire extinguishers, seat cushions, flares, hors, flaps, batteries, boxes, battery chargers, pumps, sails and similar equipment.

"Outboard Motors" means the outboard motor shown on the "Declaration Page" including its fuel tanks, battery and electric starting equipment.

"Spore(s)" includes, but is not limited to, one or more reproductive particles or microscopic fragments produced by, emitted from or arising out of any "fungi".

"Watercraft" means the pleasure craft shown on the "Declaration Page" including accessories and equipment permanently attached.

LOSS OR DAMAGE NOT INSURED

Property Excluded

"We" do not insure loss or damage to any "watercraft", motors or equipment:

1. illegally acquired, kept, stored or transported, or any property lawfully seized or confiscated unless the property is destroyed to prevent the spread of fire;
2. which is used for carrying people or property for compensation or which is chartered, leased or used for any commercial purpose;
3. which is used in any illegal trade or transportation or while being operated in any official race or speed test;
4. used outside the territorial limits described;
5. used in whole or in part for the cultivation, harvesting, processing, manufacture, distribution or sale of marijuana or any product derived from, or containing, marijuana or any other substance falling within the Schedules of the Controlled Drugs and Substances Act, whether or not the insured is aware of such use of the property.

Perils Excluded

"We" do not insure against loss or damage resulting from, contributed to or caused directly or indirectly by:

5. war, invasion, act of a foreign enemy, hostilities, civil war, rebellion, revolution, insurrection or military power;
6. any nuclear incident as defined in the Nuclear Liability Act, nuclear explosion or contamination by radioactive material;
7. contamination or pollution or the release, discharge or dispersal of contaminants or "pollutants";
8. wear, tear, gradual deterioration (including damage by marine life), mechanical defects or breakdown, scratching, denting, chipping, electrolysis, rust, corrosion, dampness or dryness of atmosphere or weathering or by any "fungi" or "spore(s)";
9. birds, moths, vermin (such as skunks and raccoons), rodents (such as squirrels and rats) or insects;
10. any process of refinishing, renovating, repairing, servicing or maintenance;
11. ice, freezing or extremes of temperature;
12. any intentional or criminal acts or failure to act by "you", "your" employees or anyone to whom the damaged or lost property is entrusted, or any other person at the direction of any person insured by this policy;
13. infidelity of others who borrow or use the property insured.

Data Exclusion

This policy does not insure:

- (a) "Data";
- (b) loss or damage resulting from, contributed to or caused directly or indirectly by "Data Problem".

However, if loss or damage caused by "Data Problem" results in the occurrence of further loss or damage to property insured that is directly caused by "Named Perils" as defined in this policy, this exclusion (b) shall not apply to such resulting loss or damage.

"Data" means representations of information or concepts, in any form.

"Data Problem" means:

- (i) erasure, destruction, corruption, misappropriation or misinterpretation of "Data";
- (ii) error in creating, amending, entering, deleting or using "Data"; or
- (iii) inability to receive, transmit or use "Data"; or
- (iv) damage to electronic data processing equipment or other related component system, process or device.

SPECIAL CONDITIONS

Newly Acquired Equipment: If "you" acquire any additional "watercraft", "outboard motors" or "miscellaneous equipment" while this coverage is in effect, "we" will automatically insure it provided "you" tell us within 14 days of acquisition. Under this condition "we" will not pay more than 25% of the total limit of insurance provided by this coverage.

It is specifically understood and agreed, however, that this coverage will cease to cover such items if they are not reported to us within the said 14-day period.

Any loss or damage will not reduce the amounts of insurance provided by this coverage. If, following payment of a claim, "you" acquire any articles to replace those which were lost or damaged, "you" must tell us within 14 days of acquisition.

BASIS OF CLAIM PAYMENT

Actual Cash Value

Unless stated otherwise, "we" will pay the Actual Cash Value of insured loss or damage up to "your" financial interest in the property but not exceeding the applicable amount(s) of insurance for any loss or damage arising out of one occurrence.

The Actual Cash Value will take into account such things as the cost of replacement less any depreciation, and in determining depreciation "we" will consider the condition immediately before the damage, the resale value and the normal life expectancy.

Replacement Cost

If the "Declaration Page" indicates a Replacement Cost basis of claim payment for an item insured by this Coverage "we" will agree to make settlement on the basis of the cost of repairs or replacement cost (whichever is the lesser) of the insured item without deduction for depreciation subject to the policy conditions and exclusions and the following provisions:

- a. the item is in use for its original purpose and has been maintained in good physical condition and insured to 100% of the replacement cost of the item;
- b. the repair or replacement must be made within a reasonable time after the damage
- c. loss or damage to tires and batteries and betterment resulting from the necessary repair or replacement of prior damage that was not repaired shall be settled on an Actual Cash Value basis;
- d. "we" will pay the lesser of:
 - i. the cost to repair with materials of similar kind and quality; or
 - ii. the cost of new items of similar kind, quality and usefulness without any deduction for depreciation; or
 - iii. the applicable limit of insurance for this item as stated on the "Declaration Page",

Otherwise the basis of claim payment will be Actual Cash Value.

Coinsurance: "We" will only be liable for no greater proportion of any loss than the amount of insurance bears to 100% of the actual cash or replacement cost value of the insured property.

Deductible: “We” are responsible only for the amount by which the loss or damage caused by any of the Insured Perils exceeds the amount of the deductible shown on the “Declaration Page” in any one occurrence.

If “you” qualify for a tax credit, the loss payment will be reduced by that amount.

Any loss or damage will not reduce the amounts of insurance provided by this policy

ALL TERMS AND CONDITIONS OF THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED APPLY.