

## SECTION 1

### WATERCRAFT FLOATER

(Words and phrases that appear in quotation marks have special meaning. Refer to the General Definitions of the policy this form is attached to. This coverage must be shown on the "Declaration Page" of "your" policy for it to apply.)

#### Insuring Agreement

If the "Declaration Page" shows that Watercraft Floater (WC) 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" are only insured within the territorial limits of Canada and the continental United States of America.

#### 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;

##### PERILS EXCLUDED

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

1. 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)";
2. birds, moths, vermin (such as skunks and raccoons), rodents (such as squirrels and rats) or insects;
3. any process of refinishing, renovating, repairing, servicing or maintenance;
4. ice, freezing or extremes of temperature;
5. infidelity of others who borrow or use the property insured.

#### Coinsurance

"We" will only be liable for no greater proportion of any loss than the amount of insurance bears to 90% of the actual cash value of the insured property.

#### Special Conditions

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

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.

"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

### Replacement Cost - Option

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:

1. 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;
2. the repair or replacement must be made within a reasonable time after the damage;
3. 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;
4. "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".

### Definitions

**"Actual Cash Value"** will consider the cost to repair or replace the lost or damaged property, whichever is less, with new materials of similar kind, quality, and usefulness, but with proper deduction for depreciation.

In determining the proper deduction for depreciation, "we" will consider:

1. the condition of the property immediately before the loss or damage;
2. the use of the property and its obsolescence;
3. its resale value; and
4. its normal life expectancy.

**"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" includes boat covers, anchors, life preservers, lines, fire extinguishers, seat cushions, flares, oars, flaps, batteries, boxes, battery chargers, pumps, sails and similar equipment.

"Miscellaneous Equipment" does not include water skis or other related sports equipment.

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

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

**ALL THE STATUTORY AND ADDITIONAL CONDITIONS, GENERAL DEFINITIONS AND  
GENERAL LOSS OR DAMAGE NOT INSURED ALSO APPLY TO THIS COVERAGE**