



USA Yacht Clauses

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CONTENTS

READ YOUR POLICY CAREFULLY

	PAGE
About ION Insurance Company Inc.	3
Insuring with ION Insurance Company Inc.	3
Important Features and Benefits	4
Words with Special Meaning	5
General Conditions	8
General Exclusions	14
Accidental Loss or Damage	18
Protection & Indemnity	27
Water Skiing	29
Oil Pollution Liability	30
Captain & Crew Liability	31
Medical Payments	32
Uninsured Boater	33
Duty of Disclosure	34
Additional Endorsements	35
Complaints Procedure	36

About ION Insurance Company Inc.

ION Insurance Company (IIC) was formed in 2016 as a natural expansion of ION Insurance Group's global presence with an opening audit confirming Balance Sheet Capital in excess of \$180,000,000 to better serve and support US based clients and employers which are primarily branches of the United States Government. Domiciled and regulated in American Samoa by the American Samoa Department of Insurance under Certificate of Authority No. 14-0102 the Company is also actively focused on supporting the local insurance market in all classes of insurance and re-insurance including Fire, Contractors All-Risk, Marine and Marine Cargo, General Aviation and of course Surety and Financial Guarantee. IIC is also registered and in good standing in the State of Louisiana under Registration No. 42291649F as well as with the National Association of Insurance Commissioners (NAIC) under Registration No. 15936.

The Group was originally formed to fill a niche in the insurance market for clients who had difficulty in obtaining coverage from mainstream insurers, either because of the nature of their business or their physical location. The Group has now evolved into a special risk underwriter concentrating on Marine Hull, Aviation, Financial Guarantees and Bonds, Facultative Reinsurance and Reinsurance Treaty business. Our experience covers all facets of Insurance and Reinsurance, from Business Production, through Underwriting of Risks, to Administration, Accounting and Claims Management.

Clients can be secure in knowing that ION appoints local third-party claims adjusters to assure absolute integrity in the loss adjustment process in a prompt and professional manner to provide our clients with a superior claims experience.

The company maintains a conservative approach to Underwriting. This strategy has worked well, and the Company has grown steadily in size, whilst maintaining its profitability.

Insuring with ION Insurance Company Inc.

In return for the payment of the premium and compliance with all applicable terms and conditions of this policy and any endorsements shown on your policy schedule. We agree to provide the insurance coverages that you have selected as shown on the proposal form and policy schedule which forms part of the contract of insurance.

By accepting this policy, you agree that the statements on the proposal form and any other required information are your agreements and representations. This policy is issued in reliance upon the truth of your representations during the application process and it includes all agreements existing between you and us or any of our representatives.

It is warranted that the insured **vessel** is seaworthy at the inception of this insuring agreement. Violation of this warranty voids this insuring agreement from its inception.

Important Features and Benefits

General Conditions

This section details all the conditions of the policy that apply to all sections of the policy and that you **must comply** with. Failure to comply with these conditions may affect any claim.

General Exclusions

This section shows all the exclusions that apply to all sections of the policy and are in addition to any exclusions shown under individual sections.

Accidental Loss or Damage to Your Boat

This section covers accidental loss, damage, fire and/or explosion or theft to your boat and certain other property up to the sum insured and limits specified in the schedule of insurance or this document. Additional limits apply to certain property such as fishing gear, water ski equipment, diving equipment, tools, and personal effects. Please note this is a market value policy which means that in the event of a claim settlement would be based on our assessment of value or sums insured whichever is the lower.

Racing

This section provides details of the cover allowed for racing. This section is not automatic to the policy and must be applied for at inception or renewal.

Liability to Other People.

This section covers your and other specified persons' legal liability to pay compensation for property damage and in some cases death and injury up to the sums insured noted on the policy schedule (excluding legal costs and expenses) to other people in certain circumstances.

Emergency Medical Expenses

We will cover the reasonable charges for necessary medical, surgical, x-ray, dental, ambulance, hospital and professional nursing services and funeral service expenses incurred within one year from the date of an accident-causing bodily injury to any person while in, upon, boarding or leaving an insured yacht. The injured person must submit to an examination by a physician selected by us when and as often as we reasonably require.

Duty of Disclosure

This section details what you should tell us and when you should tell us regarding details that may affect our decision to offer cover under this policy or the premium to be charged and conditions to impose

Complaints Procedure

This section details what you need to do in the event of a complaint as well as the addresses and telephone numbers that you would need to contact.

Words with Special Meaning

Throughout this policy most words and phrases that have special meanings appear in bold. Only the pronouns “we”, “our”, “us”, “you”, “your”, and “yours” are defined but do not appear in bold. This section defines some of the more general terms used in this policy. Bold terms that are not listed in this section, are defined within the sections they appear.

1. **We, us, our** refer to ION Insurance company Inc.
2. **You, your** refers to the **insured** named on the policy schedule
3. **Accidental Loss or Damage** means physical loss and/or damage which occurs by accident. An accident is a happening that is unforeseen, unavoidable, and unintended by you.
4. **Actual Cash Value** means the replacement cost of the lost or damaged property less depreciation
5. **Agreed Value** means the sum insured shown on the policy schedule or any endorsement to the same. This will be backed up by a recent survey and valuation to support the value requested.
6. **Bodily Injury** means physical injury, sickness or disease sustained by a person including death resulting from any of these and as a result of ownership and or operation of the insured vessel.
7. **Combined single limit** means the maximum amount we will pay towards any sum or sums that you or any other insured person becomes legally liable to pay because of any one **occurrence** arising from your operation of the insured vessel. If the **policy schedule** shows multiple liability limits, the maximum amount we will pay in respect of any one **occurrence** or series of **occurrences** arising from a single event, is limited to the amount shown as the combined single limit irrespective of the number of claims or claimants arising from the said **occurrence**, or single event and in no circumstances shall there be any aggregation of liability limits shown on the **policy schedule** more than the combined single limit that applies.
8. **Constructive Total Loss** means where we determine that either the reasonable cost of repairs exceeds the **sum insured** or where the **sum insured** less the unrepaired value of the vessel is likely to be exceeded by the cost of repairs.
9. **Containment** means any petroleum product, chemical, lubricant or solvent normally associated with the use, and operation of a watercraft.
10. **Deductible** means the amount shown on the **policy schedule** which must be paid by you when a claim under this policy is accepted. This amount may be deducted from your final settlement or be requested prior to settlement.
11. **Design Defect** means a flaw in the structural plan of the insured **vessels hull or machinery**, or any of its components. **Design defect** does not include wear and tear, gradual deterioration, corrosion, rust, electrolysis, osmosis, weathering, **latent defects**, or **manufacturer’s defects**.
12. **Divers** means any person using underwater artificial breathing apparatus, and/or submersible mechanical or electrical device including, but not limited to, submarines, diving bells and/or diving suits.
13. **Family** means any person related to you by blood or marriage, or adoption (Including a ward or foster child).
14. **Fire and/or Explosion** means **accidental loss or damage** caused to the insured **vessel** from the combustion of materials.

- 15. Gradual Deterioration** means the gradual degradation of the vessel caused by wear & tear, rust, rot, oxidation, corrosion, electrolytic or galvanic action, wasting or weathering.
- 16. Indemnity** means that we will cover the **market value** for the **replacement cost** of the **vessel** and its parts as they stand at the time of the claim.
- 17. Insured** means you and any person, firm, corporation, or legal entity that may be **operating** the insured **vessel** with your prior permission. However, this does not include a paid captain or any paid crew member of the insured **vessel**. Nor does it include any person, firm, corporation, or other legal entity or any of their agents or employees operating a shipyard, boat repair facility, marina, yacht club, sales agency, chartering agency, yacht broker, boat service station, salvor, towing service or similar organisation.
- 18. Hull** means the hull, deck, cabin, deck fixtures, equipment, appliances, and fittings on or below the deck of the **vessel**.
- 19. Latent Defect** is a hidden flaw, weakness, or imperfection, in the design, manufacture, or build of the vessel that is not apparent by routine inspection and is not the result of **gradual deterioration**, or a lack of maintenance.
- 20. Machinery** includes but is not limited to main or auxiliary engines, including gear boxes, starter motors, alternators, electrical and mechanical equipment, cables and fittings, hydraulic equipment, piping and fittings, boilers, shafts, exhaust systems, generators, air conditioning equipment, tanks, pumps, and water makers.
- 21. Manufacturer's Defect** means the improper, incorrect, or inadequate manufacturing process including osmosis, of the Insured **Vessel's hull** or **machinery** or any of its components. **Manufacturer's defect** does not include wear & tear, gradual deterioration, corrosion, rust, electrolysis, weathering, inherent vice, **latent defects** or **design defects**.
- 22. Marine Electronics** means electronic devices designed specifically for marine navigation, including fish finders, or marine communication.
- 23. Market Value** means the sale value of the boat, boat parts, personal possessions, and/or navigation equipment immediately prior to the claimed loss or damage, considering the condition and age of the items and the location of the **vessel**.
- 24. Maximum Design Speed** is the maximum speed that the **vessel** is designed to achieve under power as stated by the manufacturer with the engine fitted.
- 25. Navigational Limits** means the cruising area shown on the **policy schedule** and any waters between those points unless mutually agreed by us and stated as an endorsement to the policy.
- 26. Occurrence** means a single event, or an accident or series of accidents caused by a single event.
- 27. Operate, Operation, Operating** means to navigate or be in control of the insured **vessel**.
- 28. Personal Effects** means items of a personal nature that you own and use specifically for the **vessel** that would not normally be sold with the **vessel**. This includes but is not restricted to portable navigation equipment, fishing gear, diving equipment, clothing, shoes, waterproof gear, wetsuits, portable electronic goods. Provided that such property is situated on the **vessel** at the time of the loss.
- 29. Property Damage** means damage to tangible property.
- 30. Personal Watercraft** means a **vessel** which uses an inboard engine powering a water jet pump as its primary source of motive power, and which is designed to be **operated** by a person sitting, standing, or kneeling on the **vessel**.

- 31. Policy** the policy of insurance is represented by this document together with the marine insurance **schedule**, windstorm questionnaire, the completed proposal form, and any applicable endorsements.
- 32. Race or Speed Trials** means any event involving speed and/or of a competitive nature, including, but not limited to, Regattas and/or Rallies. 'Preparing for a race or speed trial' means any navigation of the **vessel** necessary to ensure eligibility of either you or your **vessel** to participate in a **race or speed trial**.
- 33. Replacement Cost** is the least of the following amounts:
- a. the applicable limit shown on the declarations page.
 - b. the cost to repair or replace the lost or damaged property using other new property of comparable material and quality, used for the same purpose, or starting the fifth year from the date of manufacture, the cost to replace the lost or damaged property with substantially identical property.
- 34. Resident** means any person who lives in your home.
- 35. Salvage** means those reasonable charges and expenses which are incurred by you if necessary to prevent damage, injury, or loss of life or to prevent or minimise any further loss or damage covered under this **policy**.
- 36. Schedule** is the document issued to you by us which details coverage, values, and additional limitations. Otherwise known as certificate of insurance or certificate of currency.
- 37. Seaworthy** means fit for the **vessel's** intended purpose. **Seaworthiness** applies not only to the physical condition of the hull, but to all its parts, equipment and gear and includes the responsibility of assigning an adequate crew. For the **vessel** to be seaworthy, its crew must be competent, experienced within the navigational limits allowed under this policy and appropriately licenced. The **vessel** must be suitable for its intended use and maintained in a condition conducive to its use.
- 38. Sinking** means when the **vessel** has sunk as far as is physically possible for the **vessel** to sink.
- 39. Storm** means tropical depressions, tropical storms, hurricanes or flooding as designated by the National Weather Service and/or National Hurricane Centre, whether named or not. Basic cover allows for winds of Force 6 on the Beaufort scale (25-31mph). Standard cover allows for winds up to Force 12 on the Beaufort scale (74-95mph) but excludes named or numbered tropical depressions, tropical storms, or hurricanes. Enhanced cover for all storms, includes those named and/or numbered and for winds over Force 12 on the Beaufort Scale (over 96mph)
- 40. Sum Insured** is the value of the **vessel** or other **insured property** as specified in the policy schedule.
- 41. Tender** means an auxiliary boat or dinghy which is carried on deck or towed behind your **vessel** that is used as a lifeboat or a way of transporting to your boat. This excludes **personal watercraft** unless agreed and extended in writing. The boat **tender** must be marked with the name and/or registration number of the parent **vessel**.
- 42. Trailer** refers to the insured **vessel's** trailer, used exclusively for that purpose.
- 43. Vessel** means the **vessel** described on the **schedule**, including machinery, electrical equipment, sails, masts, spars, rigging, and all other equipment normally required for the safe operation and maintenance of the **vessel** and situate on the **insured vessel**, which would normally be sold with the **vessel**. This does not include spare parts of the **insured vessel**, the **insured vessel's** life raft, tender or dinghy, unless the same has been declared on the **schedule**, nor does it include any items being stored on premises other than on-board the insured **vessel**.

INSURANCE CONTRACT AGREEMENT

This is a legally binding insurance contract between you and us, incorporating in full the application form signed by you. We will provide the insurance coverage described in this insurance contract, in return for payment to us of the premium due and compliance by **insured** persons with the provisions, conditions and warranties of this insurance contract. This contract incorporates in full your application for insurance, together with the **policy schedule** and any endorsements issued herein which constitutes the entire contract between us. At your request, various changes to this insurance contract may be made by us but only by our prior written agreement.

GENERAL CONDITIONS

1. Use of the **Insured Vessel**

If you violate any of the following conditions, coverage will be suspended until you are no longer in violation:

- a.** The **insured vessel** is for private pleasure use only. Coverage is not provided for charter, hire, lease, or any other commercial use unless agreed by us and shown on the **schedule**. Recreational entertaining of the **insured's** business clients on the **insured vessel** is not considered commercial use unless claimed against your business.
- b.** The **insured vessel** may be towed overland on its **trailer**, provided the weight of the **insured vessel**, **trailer** and any other equipment do not exceed the towing capacity as provided by the manufacturer of the towing vehicle. The **insured vessel** may not be transported overland more than 350 miles by any contract or common carrier. The **insured vessel** may not be transported overland outside of the Continental United States by any contract or common carrier. Any contract or common carrier must be licensed and must provide a certificate of insurance covering the **insured vessel**. This **policy** is then excess to the coverage provided by the licensed contract or common carrier.
- c.** Coverage is not provided anytime the **insured vessel** is being transported as waterborne cargo unless agreed by us in writing and an appropriate endorsement is issued.
- d.** If 'Laid Up' is shown on the **policy schedule**, during the laid-up period shown:
 - i.** If the **policy schedule** indicates that laid up is afloat, then the **insured vessel** must be in a safe berth for storage and the **insured vessel** may not be **operated** except as required to change berths within the immediate berthing location. However, if you are required to move the **insured vessel** for the purpose of safety, repairs, and alterations or for betterments and improvements, coverage will not be suspended.
 - ii.** If the Declarations Page indicates that laid up is ashore, then the **insured vessel** may not be afloat. An **insured vessel** on a permanent lift or hoist will be considered laid up ashore if it is out of commission and properly winterised.

- e. If stored ashore as part of your windstorm provisions, it is required that **vessels** are strapped/ secured to the ground have the mast and rigging removed and safely stored with sufficient space between the vessels to prevent contact, should they topple over. A catamaran is not required to remove the mast and rigging, however in the event damage is caused to the mast and rigging by flying debris that would not have struck the mast had it been removed and stored away safely then it would not be covered. Sufficient space should still be maintained between the catamaran and adjacent vessels.
- f. All **vessels** must be lifted for maintenance a minimum of once every five years.

2. Policy Period/Navigational Limits

This **policy** applies only to loss which occurs during the **policy** period as shown on the **policy schedule**, and:

- a. on land within the United States of America and Canada; or
- b. on land or water within the **navigational limits** shown on the **policy schedule**.

3. It is warranted that the **vessel** is always **seaworthy** and maintained in a condition conducive to its use during the duration of this insuring agreement. Breach of this warranty will void this insuring agreement from its inception.

4. Misrepresentation or Fraud

All insurance provided by this **policy** will be null and void if you, at any time, either intentionally conceal or misrepresent any fact, regardless of materiality, or if you misrepresent or conceal any material fact regardless of intent. No action or inaction by us will be deemed a waiver of this provision.

5. Notice of Cancellation

You may cancel this **policy** by returning it to us or our authorized agent, or by advising us or our authorized agent in writing, stating the future date you want the **policy** to be cancelled. We may cancel this **policy** by delivering or mailing notice of cancellation to the first named '**Insured**' at the last address/email shown in our records at least:

- a. ten (10) days before the cancellation takes effect if:
 - i. the cancellation is for non-payment of premium; or
 - ii. this **policy** has been in effect for less than sixty (60) days and is not a renewal **policy**.
- b. thirty (30) days before the cancellation takes effect in all other cases.

After this **policy** has been in effect for sixty (60) days, or if this is a renewal **policy**, we will cancel only:

- i. for non-payment of premium due.
- ii. for misrepresentation or fraud.
- iii. for substantial breach of your duties under this **policy**.
- iv. if the risk changed substantially since the **policy** was issued; or
- v. for failure to comply with our underwriting requirements within 60 days of the term effective date. Proof of mailing of this notice to the first named '**Insured**' will be sufficient proof that notice of cancellation was given. The date of the cancellation stated in the notice will become the end of the **policy** period.

This **policy** will terminate without any written notice and all premiums will be deemed fully earned by us when we pay for a total loss or a **constructive total loss**

6. Return Premium

If this **policy** is cancelled, you may be entitled to a premium refund. If we cancel the **policy**, any return premium will be computed on a pro-rata basis. If you cancel the **policy** or if the **policy** is cancelled for non-payment of premium, any return premium will be subject to our time on risk charges whereby we will retain a portion of the premium as follows:

- 1 – 3 Months 40% of the Net premium
- 4 – 6 Months 60% of the Net premium
- 7 – 9 Months 80% of the Net premium
- over 9 months Full Premium.
- all **policy** fees are deemed earned at inception of the policy.

If you cancel the **policy** within 7 days of its inception date as shown on the **policy schedule** you will receive a full refund less \$50.00 administration fee.

Any return premium will be paid to you within a reasonable amount of time after the cancellation. Refunds will be made Net of any commissions paid, taxes and administration fee.

7. Law and Jurisdiction

Your **policy** shall be governed by and construed in accordance with the law of the United States of America and the courts of the United States of America shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with your **policy**, or its subject matter or formation (including non-contractual disputes or claims) unless specifically agreed to the contrary.

8. Policy Changes

No change or waiver may be affected in this **policy** except by endorsement issued by us. If a premium adjustment is necessary, we will make the adjustment as of the effective date of the change. When we broaden coverage during the **policy** period, without charge, the **policy** will automatically provide the broadened coverage. It is not possible to change the storm cover during the **policy** period. This can however be changed at the renewal stage of the **policy**.

9. Legal Action Against Us

a. No suit or action may be brought against us unless there has been full compliance with all terms of this **policy**.

b. With respect to coverage provided under **Accidental Loss or Damage** to your **vessel**, no suit or action may be brought against us unless the action is brought within 6 months after the date you first have knowledge of the loss.

c. With respect to all other coverage under this **policy**, no suit or action may be brought against us until the amount of a claim against you has been determined or agreed upon.

d. Nothing in this **policy** gives any person or organization the right to join us as defendants in a suit brought against you.

e. Acceptance of this **policy** and payment of the premium constitutes an acceptance by you of all legal costs incurred by you or any other party in the event of a dispute with us.

10. No Benefits to Others

No person or organization which has custody of the **insured vessel** and is to be paid for services, will benefit from this insurance, unless agreed by us and shown on your **policy schedule**

11. Transfer of Interest

We do not provide any coverage under this **policy** if you sell, assign, transfer, or pledge the **insured** property unless prior written consent has been obtained from us and a proposal form has been completed by the new owners. In the event of your death, this **policy** will remain in effect until the end of the **policy** period for:

- a. persons covered under this **policy** at the time of your death.
- b. your legal representative while acting within the scope of duties of a legal representative; or
- c. any person having proper custody of the **insured vessel** until a legal representative is appointed.

12. Right of Recovery

You may have the right to recover from another party who is responsible for your loss. If we pay your loss under this **policy**, this right of recovery will belong to us up to the amount that we have paid you. If you, or anyone acting on your behalf, take any action that impairs our right to recover, we may consider this **policy** void and without effect as to such loss. However, signing written contracts for storage or slip rental or registration forms for sailboat races that include a waiver of subrogation provision will not void this **policy**.

13. Claim or Suit Against You

You must immediately notify us and send us every demand notice, summons or other legal papers received by you or your representative, if a claim is made or a suit is brought against you for liability that is covered under this **policy**. We will pay the ensuing cost of the suit and have the sole right to control the defence of the suit. We also have the option of naming attorneys to represent you in the suit.

14. General Duties in the event of a Claim

You must report immediately (within twenty-one (21) days) to us or our authorized agent any accident, loss, damage, or expense which may be covered under this **policy**. This report should give full details about when and where the loss occurred, how it happened and the name and address of all the people involved including all witnesses. You are required to immediately notify the authorities and produce a crime reference number and copy of the statement provided to the authorities of any theft, vandalism, or malicious damage to your **insured** property, if any injury is involved, or if required by law. You must also permit us to inspect any damage before repairs are made. After requested by us, you must file within ninety (90) days thereof, with us or our authorized agent, a written statement and completed claim form giving full details of the loss. This statement must be signed and sworn by you. As often as we may reasonably require, **you** will:

- a. show to any person we designate all that remains of any property that may be covered under this **policy**.
- b. submit and subscribe to examinations under oath by any person named by us. If more than one person is examined, we have the right to examine and receive statements separately from each person and not in the presence of the others.

c. produce for examination and permit extracts and copies of all books of account, bills, invoices, other vouchers, including relevant ownership and **vessel** purchase documentation, and any other tangible items related to the claimed loss, or certified copies thereof if the originals are lost, at such reasonable time and place as may be designated by us or our representative. You must cooperate with us in the investigation, defence, or settlement of any loss. If you do not comply with these general duties, then no coverage for the loss will be provided.

d. not admit fault, guilt, or liability, negotiate, or make any offer of settlement or payment, authorise repairs or replacements or defend any claim without our approval. Failure to comply with these requirements may result in your claim being refused.

e. take all possible steps to prevent further loss or damage to your **vessel**. Steps include but are not limited to:

- Dry the engine
- Drain oil and fuel
- Flush out the engine with hose or dewatering fluid
- Drain again
- Fill with oil and dewatering fluid
- Take to repairer or mechanic as soon as possible
- Act as a prudent uninsured.

f. where you make a claim for loss or damage to your **vessel**, we may in some circumstances, require you to:

- Dismantle your **vessel**; or
- Authorise us to dismantle your **vessel**, so we can assess your claim for the relevant **loss or damage** and /or decide if it is valid. If you do not agree we may refuse to assess and/or pay your claim. Where we determine that the claim for **loss or damage** to your **vessel** is not covered by your **policy**, you will be responsible for the costs of the above dismantling as well as any costs associated with the dismantling (including but not limited to any diagnosis, reassembly, repair and /or replacement costs).

g. we may replace the **vessel** or any **insured** item with one of similar age, type, or condition even if the appearance is not the same.

h. we will not pay the cost of replacing any undamaged item or parts to match parts that have been repaired or replaced because of a claim under the **policy**.

i. we will not pay more than the **sum insured** for any item listed in the **schedule** of insurance less any applicable **deductible** or other deduction as stated within this **policy**.

j. you must send two repair estimates and we may request that you take your **vessel** to another repairer. You must get a written agreement from us to start repairs before we will consider them. You must make the **vessel** available to us for our inspection. It is your responsibility to ensure that you are satisfied with the repairs to your **vessel**.

k. if we make a **total loss** payment for your **vessel**, you will, at our request, transfer title to the **vessel** either to us or to our designated or named nominee. We will provide you with the option to retain title to the **vessel** should you match or better the highest bid to purchase the **vessel** that we receive. We may offset any claim payment due to you against such sum due should you retain title to the **vessel** in accordance with the above.

l. you are required to pay any applicable **deductible** shown on the **policy schedule**, for every claim made under your **policy**, including **total loss** claims. Third party claims will not be dealt with until the relevant **policy deductible** is received by us.

m. make any payments necessary once approved by us and forward final settled invoices for reimbursement within the terms and conditions of your **policy**.

n. in the event of abandonment whereby you abandon the **vessel** and make no attempt to mitigate the loss, any claim can be repudiated and/or the **policy** can be voided from inception. At our option however we are entitled to the **salvage** value of any property or equipment where we have settled a claim in full under this insuring agreement, in respect of such property or equipment.

o. if we take steps to protect damaged or endangered property, this does not constitute acceptance of abandonment of that property by us or acceptance of any claim as may be covered under this **policy**.

15. Other Insurance

In accordance with legislation covering dual insurance, we will only provide cover to the extent that the amount of the claim is more than any payment that may be made from any other insurance.

16. Non-renewal

If we decide not to renew your **policy**, we or our authorized representative will mail to the first named '**Insured**', at the address / email shown on the **policy schedule**, written notice of non-renewal. The written notice will be mailed/emailed to the first named '**Insured**' at least thirty (30) days before the end of the **policy** term. A copy of the notice will also be sent to any lienholder named on the **policy schedule**. If we decide not to renew your **policy**, our mailing/emailing of notice to the address/email of the first named '**Insured**' shown on the **policy schedule** will constitute proof of notice as of the date we mail/email it.

17. This insurance contract does not cover any **loss or damage** which occurs after its expiration. However, if you have been at sea in the **vessel** for at least 24 hours and this insurance contract expires other than due to cancellation, you may renew or reinstate the insuring agreement as soon as the **vessel** arrives safely at its next port of call and for a further 24 hours if you contact us during that 24 hour and make the necessary arrangements to renew or reinstate the contract.

18. If you have used a broker/agent to effect cover, it is agreed that your brokers/agents, substituted brokers (whether surplus line approved or otherwise), shall be deemed to be exclusively the agents of you and not of us in all matters relating to this insurance. Any notice given or mailed by or on behalf of us to the said brokers in connection with this insurance, or its cancellation, shall be deemed to have been delivered to you.

19. It is warranted that **insured** persons must always comply with all laws and regulations, governing the use and or **operation** of the **vessel**. We shall not be deemed to provide cover or pay any claim or provide any benefit to the extent that the provision of cover, payment of a claim or provision of benefit would expose us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

20. If the **vessel** is fitted with fire extinguishing equipment, then it is warranted that the equipment is properly installed and is maintained in good working order. This includes the weighing of tanks once a year, certification/tagging and recharging as necessary.

21. If we request a survey of the **vessel** then it is warranted that a survey is in existence prior to the effective date of this insurance and a copy of this must be received by us within 30 days of the effective date of this agreement. If the survey makes any recommendations with respect to the **vessel**, it is warranted that all recommendations are completed prior to any loss giving rise to any claim, by skilled workmen marine grade materials and that either/or;

a. The surveyor who carried out the survey certifies in writing that all recommendations have been completed to his (the surveyors) satisfaction prior to any loss and/or claim

Or,

b. The workmen/repair yard that carried out the said work and/or recommendations certifies in writing that all recommendations have been completed prior to any loss and/or claim. Failure to comply with this warranty will void this agreement from inception.

22. Where the terms warranty or warranted are used, the term shall be deemed a warranty and regardless of whether this provides that any breach will void this insuring agreement from inception, it is hereby agreed that any such breach will void this **policy** from inception.

23. In the event of a claim we reserve the right to replace the **vessel** or any **Insured** item with one of a similar age, type or condition, even if the appearance is not the same.

GENERAL EXCLUSIONS

No coverage is provided under this **policy** for **loss or damage**, liabilities incurred by any person, injury or damages or expenses of any type for loss caused by, resulting from, or arising out of:

1. Extended Radioactive Contamination

a. ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear material.

b. the radioactive, toxic, explosive, or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.

c. any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

d. 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 purpose.

However, if while the **insured vessel** is within the policy territory, a fire arises directly or indirectly from one or more of the above causes in items a., b., and d., then any loss or damage arising directly from that fire will, subject to the provisions of this **policy**, be covered. No coverage is provided for any **loss or damage**, liabilities, incurred by any person, injury or damages or expenses of any type for loss caused by, resulting from, or arising out of nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

2. War or any warlike operation. This includes declared and undeclared wars, civil wars, revolutions, any civil unrest, terrorism, or electronic / cyber-attacks.
3. The lawful or unlawful capture, seizure, requisition, or detainment of your **insured vessel** by a civil authority or any attempt at any of these.
4. An actual or threatened act involving a chemical, biological, bio-chemical, or electromagnetic weapon, device, agent, or material when used in an intentionally hostile manner.
5. Preparation for or participation in any race, speed, stunting contest, or rally. This does not apply to sailboats where **racing/rallies** can be included if agreed by us and is shown on your **policy schedule**. If the sailing vessel exceeds 17 knots under sail whether **racing** or participating in a rally or being used for pleasure purposes, then Section 12 applies.
6. Wilful or intentional misconduct or criminal act on the part of any **insured** or during any illegal activity on the part of any **insured**.
7. The **vessel** being outside of the cruising range shown in the schedule of insurance, unless required to safeguard the **vessel**, you, or your guests.
8. The **vessel** being used for charter, hire, or any commercial purposes unless agreed in advance by us and the relevant endorsement is attached to the **policy Schedule**.
9. Any claim arising from an incident involving your **vessel** or any **vessel** covered by this **policy** when the **vessel** is under the control of:
 - An unlicensed person when a license is necessary
 - A person without adequate experience to reasonably control the **vessel**.
 - A person under the influence of alcohol or drugs.
 - A person who has been refused boat or motor vehicle insurance within the last five years unless we have been notified of the refusal and we have subsequently agreed to cover such a person under this **policy** and named them on the **policy schedule**.
10. Any damage caused by wear and tear, mould, deterioration, vermin, corrosion, electrolysis, electrolytic / Galvanic action, or inherent vice, marring, scratching or denting of the **hull** and/or its equipment
11. Your **vessel** or any **vessel** covered by this **policy** being fitted with a motor more powerful than that recommended by the manufacturer of its **hull**.

12. For any **vessel** that exceeds 17 knots unless this is agreed by us and shown on your insurance **policy schedule**. If this is agreed, then the following exclusions apply:

- fire or explosion on the **vessel** unless the **vessel** is equipped in the engine room with a fire extinguishing system automatically operated, or
- has controls at the steering position, or
- controls next to the engine room and
- all are professionally installed and maintained.
- **sinking** or swamping whilst the **vessel** is unattended afloat off an exposed beach or shore.
- Rudder, strut, shaft, propeller, or any part of an outboard motor or inboard engine unless this has been agreed by us and is shown on your **policy schedule**.

13. Any claim caused by or arising because of the unseaworthiness, lack of repair or maintenance of your **vessel** or any **vessel** covered by this **policy**.

14. Any claim caused by or arising because of the use of your **vessel**, or any **vessel** covered by this **policy** for water-skiing, wake boarding or towing of any toys, unless you have advised us, and we agree to extend cover in writing on your **policy schedule**.

15. Any claim for **loss or damage** caused by or arising because of the lack of reasonable care, protection and/or security of your **vessel** or any **vessel** covered by this **policy** or other **insured** property.

16. Any claim for **loss or damage** caused by or arising because of the mooring used by your **vessel** or any **vessel** covered by this **policy** not being:

- of a suitable design and weighting for your **vessel** or any **vessel** being covered by this **policy**.
- Appropriately sited.
- Regularly maintained and professionally inspected on at least an annual basis and being kept in good order.

17. Any claim caused by or arising because of your **vessel**, or any **vessel** covered by this **policy** exceeding the speed declared on your proposal form.

18. Any claim for **loss or damage** to any appliance, **machinery**, equipment, or other property which is a computer, or which contains or comprises any computer technology and which:

- Fails to perform or function in the precise manner for which it was designed for any reason arising from the performance or functionality of such computer technology or,
- arises directly or indirectly from the importation of any software virus whether the importation was malicious, negligent, or accidental,
- or arises from any form of cyber-attack.

- 19.** Fire or explosion on the **vessel** if fitted with inboard **machinery** unless:
- a.** The **vessel** is equipped in the engine compartment with a fire extinguishing system which is either automatically operated or has controls at the steering position or has controls next to the engine compartment, or
 - b.** Has portable firefighting equipment on board and that allows access to the engine compartment through a designated access panel.
All fire extinguishing equipment must be professionally installed, maintained and up to date.
- 20.** Any loss of use of the **vessel**, loss of profits or loss of value.
- 21.** The cost of travel expenses and temporary accommodation.
- 22.** Indirect losses unless specifically covered elsewhere in the **policy**.
- 23.** Any punitive or exemplary charges or any costs resulting from any criminal proceedings.
- 24.** any **loss or damage** to any part of the **vessel** and/or its parts and equipment unless they were stored on or being used on your **vessel** at the time of the loss or damage
- 25.** Any **loss or damage** to your moorings.
- 26.** Any incident that may give rise to a claim whilst your **vessel** is left anchored in open mooring or off a beach or offshore without shelter, and without the presence on board of a person who can take care of navigation, unless underwriters have been informed and such provision is given on the **policy schedule**.
- 27.** any incident that may give rise to a claim whilst navigating between the hours of sun set and sun rise unless we have been informed and such provision is shown on the **policy schedule** as night navigation.
- 28.** Any incident arising from the negligence of you or any representative in charge of the **vessel** by order and with the knowledge of you.
- 29.** Any salvage charges unless agreed with us and stated on the **policy schedule** under the section wreck removal and salvage.
- 30.** Any action brought in a court of law outside of United States of America or a court that applies law that is not United States of America law.
- 31.** Contact with a charted reef and/or grounding during the hours of darkness or when the sun is below 5 degrees from the horizon.
- 32.** Contact with a charted reef and/or grounding where a forward lookout and appropriate navigation equipment has not been utilized.

33. Piracy which will be excluded in any areas highlighted by the IMB (International Marine Bureau) as risk areas.

34. Any **storm** where the wind exceeds force 6 on the Beaufort Scale (25-31mph), unless otherwise shown on the **policy schedule**.

35) The use of lithium, gel or lead acid batteries unless they are stored correctly, with the correct ventilation, are of marine grade or are suitable for marine use (as per the manufacturers instruction and are within the manufactures warranty period.

Accidental Loss or Damage

1. Coverage

Unless otherwise stated in your **policy schedule** this policy is one of **indemnity** (actual cash value) unless a **constructive total loss** and **agreed value** is indicated on the **police schedule**.

A. Hull Coverage (Including Tenders) We will cover sudden **accidental** direct physical **loss or damage** to the **insured vessel** which occurs during the period of insurance shown on the **policy schedule** and within the agreed **navigational limits**, subject to the provisions of the insurance contract, warranties, conditions, **deductibles**, and exclusions.

Reasonable expenses incurred by you to minimize or mitigate a loss covered by this **policy** will be paid by us whether the attempt was successful or not, the maximum that can be claimed for this is 10% of the **hull sum insured** up to a maximum of \$50,000.

Under '**Hull**' Coverage, we do not cover:

- i)** dock boxes, moorings, cradles, lifts, or shore stations.
- ii)** personal watercraft unless agreed by us and shown on the **policy schedule**.
- iii)** items which are covered elsewhere under this **policy**; or
- iv)** fuel.

What We Pay

- i).** In the event of a **total loss** or **constructive total loss**, we will pay the applicable limit on the **policy schedule** or **actual cash value** whichever is the lower unless **agreed value** has been requested and is shown on the **policy schedule**. However, if there is a **total loss** or **constructive total loss** to a **tender** or outboard motor that is not described on the **policy schedule** and a separate limit for '**Tender Coverage**' and **Outboard Motor Coverage**' is not shown on the **policy schedule** for it, then the loss to such a **tender** or outboard motor will be adjusted as a partial loss to the **insured vessel**.
- ii)** The most we will pay for **loss or damage** to such a **tender** and outboard motor will be 5% of the '**Hull**' limit, subject to a maximum of \$20,000.00.
- iii)** In the event of a partial loss, we will pay for damage on a replacement cost basis, except as described in the **Actual Cash Value** provision.

iv) Actual Cash Value. We will pay for repairs to or replacement of the following lost or damaged **property** on an **actual cash value** basis where a **market value** cannot be determined:

- a)** sails and protective covers of any type.
- b)** outdrive units and outboard motors.
- c)** a **tender** that is not described on the **policy schedule** and a separate limit for 'Tender Coverage' is not shown on the **policy schedule** for it.
- d)** carpeting, upholstery, cushions, and any fabric

We will pay for resulting direct physical loss to the **insured vessel** for a dismasting if a professional rig inspection was completed within the last two years and any deficiencies that were identified with the standing rigging or chain plates were remedied as recommended and the work was completed by a professional rigger.

We pay for repairs that are made in accordance with the manufacturer's specifications or accepted repair practices, including spot repair.

If the **insured vessel** was damaged before the loss, we will not pay to repair the prior damage. In the event of a **total loss** or **constructive total loss**, the amount we will pay will be reduced by the cost that would have been incurred had the prior damage been repaired.

Claims will be settled in accordance with the principle of average. This means that the amount of cover you require should fully cover the value of the **vessel** and accessories. If the value requested does not represent the full value of the **vessel** and accessories, then claim settlements will be based on the percentage of cover requested and shown on your **schedule** of insurance.

In the event of partial damage, claims will be settled based on the proportion of the **vessel** damaged being the proportion of the **sum insured** applicable.

Exclusions

We will not pay for loss, damage or expense caused by or resulting from:

- 1)** failure to maintain the **insured vessel** (including its **machinery** and equipment) in good condition so that the **insured vessel** cannot be damaged by ordinary weather or water conditions or the rigors of normal use. However, we will pay for loss, damage or expense caused by ice and freezing, provided you contracted with a commercial marina or repair facility for necessary winterization maintenance.
- 2) loss or damage** caused by wear and tear, gradual deterioration, vermin, corrosion, electrolysis, mould, osmosis, inherent vice and/or lack of maintenance.
- 3) manufacturer's defects** or **design defects**,
- 4) storm** for any **vessel** unless agreed by us and such cover is shown on the **policy schedule**. If you have opted for full **storm** cover including named and numbered tropical storms, hurricanes refer to Section E.
- 5)** marring, scratching, or denting of the **hull** and/or equipment of the **vessel**.
- 6)** electrolysis, osmosis, blistering, mould, mildew, wet or dry rot.
- 7)** any reduction in the value of the **vessel** because of damage and/or repair.
- 8) latent defects**, however, any resulting direct physical loss to the **insured vessel** will be covered.
- 9)** previously unrepaired damage to the **vessel** whether you are aware of the damage or not (except where required to prevent or minimise a loss).

- 10) the cost of making good any defect arising from any repair, alteration or maintenance work carried out on the **vessel**
- 11) theft of a **tender** that does not have a permanent identifiable mark
- 12) theft by persons to whom your **vessel** is entrusted
- 13) gradual accumulation of rainwater or snow in or on the **vessel** unless resulting from sudden, rare, and extreme weather conditions
- 14) incursion of water into the **vessel** unless sudden and unforeseen, or accidental.
- 15) any water damage caused by partial or total immersion unless the **vessel** is fitted with a fully functional and working automatic bilge pump.
- 16) **loss or damage** to sails caused by the wind or water whilst in use unless the spars they are attached to are damaged at the same time.
- 17) loss and/or damage to sails, sail covers, external canvases, including but not limited to bimini tops arising from a named or numbered tropical depression, tropical **storm**, or hurricane even if such cover is included under the **policy** and shown on the **policy schedule**
- 18) For lightning strikes on sailing **vessels** where a lightning rod conductor is not fitted to the mast in accordance with manufacturer's instructions.
- 19) damage to mast, spars, sails and rigging whilst the **vessel** is **racing** unless this has been agreed by us and is shown on the **schedule** of insurance in which case cover is extended.
- 20) **loss or damage** to consumables, which are goods used by you that must be replaced regularly because they wear out or are used up including, but not limited to, food, drink, paint, varnish, lubricants, fuel and antifoul.
- 21) malicious damage caused by any person/s named in the **schedule** or their immediate **families**.
- 22) **loss or damage** to mechanical parts, fittings and appliances that are not in accordance with manufacturers original specifications and are not marine grade.
- 23) **loss or damage** which is a secondary financial loss sustained by you because of **loss or damage** to your **vessel** or other **insured property** or associated loss or damage, including losses caused by delay in repairs and/or loss of use, and/or enjoyment of the **vessel** and/or its equipment.
- 24) the cost of repairing or replacing any part of your **vessel** due to mechanical and/or electrical breakdown or failure.
- 25) the cost of improving or altering your **vessel**.
- 26) any damage resulting from scratching or gouging to any part of the **vessel** whilst the **vessel** is being lifted from or returned to the water and whilst on a **trailer** or any other mode of transportation whilst in transit overland (whether by **trailer** or any other method of transportation approved and agreed by us in writing)
- 27) **loss or damage** to an outboard motor when secured to your **vessel** or the **vessel tender** in a manner other than that specified or recommended by the manufacturer of the motor, your **vessel** or your **vessel's tender**.
- 28) theft of any outboard motor whose serial number you do not provide us with or theft of the outboard motor unless from a locked cabin or locker, locked storage, locked vehicle or secured to the **vessel** or her **tender** by an anti-theft device specifically designed and marketed for the purpose in addition to the normal method of attachment
- 29) unrepaired damage claims if the **vessel** is later deemed by us to be an **actual total loss** or **constructive total loss** during the policy period.

30) theft of the **vessel** or any **vessel** shown on the **policy schedule** and/or its equipment whilst on a **trailer** unless the **vessel** is in a locked and fenced enclosure or marina and where there is visible evidence of entry to or exit from the said enclosure.

31) personal expenses of the named **insured** and/or their **family** including but not limited to the cost of your own labour, hotel or accommodation costs, car rental, communication costs or travel costs.

32) loss or damage to any **vessel** covered by this contract and/or its equipment where you have abandoned the **vessel** without damage which would have resulted in a payable claim under this contract.

33) loss or damage to any **vessel** because of a repair yard Lien being enforced, including but not restricted to the arrest or detention of the **vessel** by a repair yard.

34) emotional, psychological, or sentimental loss which occurs due to the loss or damage sustained to your **vessel**.

35) survey recommendations not having been completed prior to any claim and certified by a surveyor or professional repairer/yard. Failure to comply with said recommendations may result in this **policy** being cancelled from inception.

B. Personal Effects Coverage. We will cover subject to the amount specified on your **policy schedule** sudden accidental direct physical **loss or damage** to your **personal effects**, and those of your guests and unpaid crew members, while on board the **insured vessel** or while being loaded on or unloaded from the **insured vessel**. **Personal effects** are items such as sports equipment, clothing, and other personal items. Fishing gear and tackle unless permanently fixed to the **vessel** is deemed to be **personal effects**.

Under '**Personal Effects**' Coverage, we do not cover:

i) accounts, bills, money, traveller's cheques, or any other valuable papers or documents.

ii) jewellery, watches, furs, china, glass, silverware, antiques, or collectibles.

iii) cameras, portable radios, mobile phones, moorings, provisions, and fuel unless you specify these items individually and we agree to extend the cover to them in writing

iv) watercraft including personal watercraft.

v) property which is covered under '**Hull**' Coverage.

vi) dock boxes, moorings, or cradles

vii) personal computers and computer software unless agreed in writing.

viii) consumables, which are goods used by you that must be replaced regularly because they wear out or are used up including, but not limited to, food, drink, paint, varnish, lubricants, and fuel.

ix) fishing gear or tackle that is permanently fixed to the **vessel**, unless the **vessel** becomes a **total** or **constructive total loss**.

What We Pay

We will pay the **actual cash value** of the **personal effects** less the **deductible** and any claims will be adjusted in accordance with the principle of average. This means that if the sum **insured** under **personal effects** is deemed to be lower than the **actual cash value** of the covered property on the **vessel**, we will only pay claims in the ratio that the sum **insured** bears to the overall cash value of the covered property at the time of the loss. Our liability for any one occurrence will not exceed the limit for '**Personal Effects**' on the **Policy Schedule** and will not exceed a single article limit of \$1000 unless documentary evidence of the item is sent to us, and we have agreed to specify the item under this section of the **policy**.

Exclusions

We will not pay for loss, damage or expense caused by or resulting from:

- 1) wear and tear, gradual deterioration, vermin, or inherent vice.
- 2) mechanical or electrical breakdown, unless caused by lightning where a lightning conductor has been fitted.
- 3) theft or unexplained disappearance unless there are visible marks of forcible entry or exit from the **vessel**.
- 4) **loss or damage** to **personal effects** in relation to any **vessel** under 15 feet in length overall.
- 5) **loss or damage** to any single item of **personal effects**, fishing gear, diving equipment, water ski equipment and tools more than US\$1000.00 unless agreed by us.
- 6) breakage of articles of a fragile or brittle nature.
- 7) **loss or damage** to **personal effects** insured under any other **policy** of insurance.
- 8) **loss or damage** to **personal effects**, fishing gear, diving equipment, water ski equipment and tools unless they were stored on or being used on your **vessel** at the time of **loss or damage**
- 9) theft by persons to whom your **vessel** is entrusted
- 10) any water damage caused by partial or total immersion unless the **vessel** is fitted with a fully functional and working automatic bilge pump.
- 11) malicious damage caused by any person/s named in the **schedule** or their immediate families.
- 12) **storm**, unless the **policy** endorsed to include the coverage.
- 13) diminution value.

C. Trailer Coverage. If a sum **insured** is shown under the **trailer** section of the **policy schedule**, we will cover sudden accidental direct physical **loss or damage** to your **trailer**, but only if used exclusively for transporting the **insured vessel** up to the sum insured.

What We Pay

We will pay the **actual cash value** of the **trailer** or the cost to repair or replace the **trailer** with one of the same age and value. Our liability for any one occurrence will not exceed the limit for '**Trailer**' on the **policy schedule** and depreciation due to age, and wear and tear will be considered.

The **deductible** shown on the **policy schedule** under the trailer section will apply to every claim.

Exclusions

We will not pay for loss, damage or expense caused by or resulting from:

- 1) wear and tear, gradual deterioration, corrosion, insects, mould, animal life, marine life or inherent vice.
- 2) mechanical breakdown
- 3) diminution in value.

- 4) theft of the **trailer** and any items attached to it, including the **vessel**, unless the **trailer** has been locked with a wheel clamp or is stolen from a locked building following forcible or violent entry to or exit from said building.
- 5) marring, scratching, gouging, or denting.
- 6) **manufacturing defects** or **design defects** including **latent defects**
- 7) damage to the tyres of your **trailer**.
- 8) malicious damage caused by any person/s named in the **schedule** or their immediate **families**.
- 9) mechanical parts, fittings and appliances that are not in accordance with manufacturers original specifications.
- 10) losses due to exceeding the manufacturers maximum load or speed specifications.
- 11) theft by persons to whom your **trailer** is entrusted
- 12) the personal expenses of the **insured** or their **family**, including but not limited to your own labour, hotel or accommodation cost, car rental, communication, or travel.

D. Emergency Towing and Assistance Coverage. In the event of **loss or damage** that would be covered under this insurance contract, we will reimburse the reasonable expenses you incur resulting from the following services to the **insured vessel** if help is not available and you must obtain commercial assistance:

- 1) towing to the nearest place where necessary repairs can be made.
- 2) delivery of fuel, oil, parts, or loaned battery (excluding the cost of the items themselves) or emergency labour, while away from a safe harbour.

If '**Trailer**' coverage is shown on the **policy schedule**, this coverage also applies to such expenses incurred because the **trailer** is disabled. However, we will not pay for delivery of fuel to any conveyance transporting the **insured vessel** if the reason the **trailer** is disabled is because the conveyance is out of fuel.

What We Pay

The most we will pay for any one occurrence is the limit for 'Wreck removal and salvage' shown on the **policy schedule** less the applicable **deductible**.

E. Windstorm Coverage. If a premium is shown on the **policy schedule** for 'Hull' and if a **storm** watch or warning is issued for the area where your **insured vessel** is moored, and if you have paid for full **storm** coverage, we will share the costs that you incur to protect the **insured vessel** from **loss or damage** including:

- 1) to have the **insured vessel** professionally hauled out of the water at the time the watch or warning is issued for your mooring area and to have the **insured vessel** launched after the watch or warning has ended, (subject to general condition 1e) or
- 2) to hire a qualified individual, who is not an **insured** under this **policy**, to navigate the **insured vessel** to a safe harbour because of the watch or warning, or

What We Pay

We will pay 50% of your actual incurred expenses, subject to a maximum of \$5000 for any one **storm**, and \$10,000 total in any single **policy** period.

If you do not protect your **vessel** and/or accept this offer, and your **vessel** is subsequently damaged by a named or numbered tropical **storm**, or hurricane then your **storm** coverage will be invalidated.

Exclusions

We will not pay for loss, damage or expense caused by or resulting from

1. Any named or numbered tropical **storm**, or hurricane that is in existence or been forecast at the time that the policy has been incepted.

F. Racing Whilst the **vessel** is **racing** and this has been agreed by us and is shown on the **policy schedule** cover is provided for **loss or damage** to mast, spars, sails and rigging, and loss of entry fee if your **vessel** is unable to take part in a regatta, series, or event which you have entered, because of any loss to the **vessel** covered under section 1A of this policy.

What We Pay

1. Mast, spars, sails and rigging to a maximum of 65% of the value prior to deduction of **policy deductibles** and write downs.
2. Loss of **race** entry fee up to \$750

Exclusions

We will not pay for loss, damage or expense caused by or resulting from:

1. Your **vessel** not being a sailing **vessel**
2. The additional **deductible** as stated on your **policy schedule**.
3. Mast, Spars and Sails unless the full value of mast, spars, sails is shown on your **schedule** of insurance.

All other conditions, exclusions, general **deductibles**, and deductions apply in every case.

2. Loss Conditions

A. Deductibles and Deductions:

- i. We will not pay for loss, damage, or expense for any one occurrence until the amount of the loss, damage or expense exceeds the applicable **deductible** shown on the **policy schedule**.
- ii. The **deductible** for a **tender** is shown on the **policy schedule**.
- iii. The **deductible** applicable to marine electronics for **insured vessels** for all covered causes of loss except theft without evidence of forced removal or forced entry is \$500 or as shown on the **policy schedule**. If the above conditions are not met, the **deductible** shown for 'total **sum insured**' on the **policy schedule** applies.
- iv. If a loss occurs because of one occurrence and the loss would require the application of more than one **deductible**, only the highest **deductible** will be applied to the loss.

- v. The **policy deductible** does not apply to the costs incurred under 'Storm Extra Expense'. However, if a **storm deductible** is shown on the **policy schedule**, then the **storm deductible** will apply to all partial, total, or **constructive total losses** caused by or resulting from any **storm**.
- vi. The **deductible** applicable under this **policy** is doubled when the **vessel** is moored, or at anchor, unless said mooring is on a secure pontoon or wall mooring in a recognised marina, or on a permanent riverside mooring.
- vii. Prior to the deduction of the **policy deductible** we will reduce the amount we will pay for wear and tear if repairing or replacing the following items would restore them to a better condition than prior to the **loss or damage**.
 - Protective covers and canopies
 - Machinery (excluding outboard motors), batteries and **tenders**
 - paintwork and surface finish
 - upholstery and soft furnishings
- viii. Claims for outboard motors will be paid based on the current **market value** at the time of the loss or the sum shown in the **policy schedule** whichever is the lower.
- ix. Whilst the **vessel** is **racing** and cover for this has been agreed by us and is shown on the **policy schedule** the **deductible** shown on the **policy schedule** will be doubled.
- x. In the event of a claim to mast and spars the value will be calculated on a sliding deduction scale of 5% per annum from the date of manufacture or age of **vessel**.
- xi. In the event of a claim to sails and rigging the value will be calculated on a sliding deduction scale of 10% per annum from the date of manufacture or age of **vessel**.
- xii. In the event of any claim, accident, or loss against this **policy** in the first 90 days from inception the **policy deductible** will be trebled.
- xiii. The total **policy deductible** will be doubled for any claim relating to fire.

B. Salvage and Abandonment

If we pay the limit as shown on the **policy schedule** for 'Hull' or 'Trailer', we reserve the right to take possession of the remains. At our request, you will transfer the title of the property to us or to a **salvage** buyer appointed by us. Any recovery or **salvage** on a loss will accrue entirely to our benefit until the sum paid by us has been made up. We are not obligated to accept any **property** you abandon, nor are we obligated to pay any storage fees incurred because you abandoned any property to any other person or organization.

C. Payment of Loss

We will pay losses within 60 days after the earliest of the following:

- i. we reach agreement with you and have received a signed discharge.
- ii. final judgment is rendered in a court of law.
- iii. an appraisal award is filed with us; or
- iv. a proof of loss is accepted by us.

D. Appraisal

If you dispute our evaluation of the amount of the loss, then you must submit a written request for appraisal within one year of the date of loss. You and we will then each appoint and pay for a competent and disinterested Loss Adjuster. If the two Loss Adjusters cannot agree on the amount of the loss, the Loss Adjusters or a judge of the local court of record will select an umpire who will decide any differences. The expense of the umpire and all other expenses of the appraisal will be paid by you except for the Loss Adjuster appointed by us. An award in writing by any two such persons will determine the amount of your loss. You and we will be bound by that amount.

Appraisal is not available where there is a dispute as to the existence of coverage. Nothing herein will prejudice or in any way impact our right to contest coverage and to bring suit in a court within the legal jurisdiction of this policy.

E. Protect and Recover

In the event of a covered loss to the **insured vessel**, you must protect the **insured vessel** from further loss and make every effort to recover it. If you have **salvage** cover on your **policy schedule** we will pay the reasonable costs you incur under this condition in addition to any other payments we make for **loss or damage** under **Hull** coverage, but not to exceed the limit for 'Hull' on the **policy wording**. We will not cover any further loss incurred due to your failure to protect the insured **vessel**.

F. Loss Payee

If an interested party is named on the **policy wording**, any loss will be paid to you and the interested party as your and their interests appear. If your interest in the **insured vessel** is terminated, any loss payment will only recognise the interested party interest. No change in title or ownership of the **insured vessel** or any acts of yours will affect the interested parties interest in this **policy** except that the interested parties interest will not be protected in the event of fraud, misrepresentation, material omission, or wilful or intentional misconduct or criminal act on the part of any **insured** or during any illegal activity on the part of any **insured**.

You or the interested party must let us know of any change of ownership or any increase in hazard of which you or the interested party are aware.

If you fail to give us sworn proof of loss within 30 days when requested by us, the interested party will do so within sixty (60) days thereafter, in form and manner as provided by the **policy**, and further, shall be subject to the provisions of the **policy** relating to duties following a loss, appraisal, time of payment and of suing. Payment may be made to both jointly, and separately, at our discretion.

PROTECTION AND INDEMNITY

1.Coverage.

If a sum **insured** is shown on the **policy schedule** under third party liability, we will cover damages for **bodily injury** or **property damage** for which an **insured** becomes legally liable through ownership, maintenance, or use of the **insured vessel**.

A Third-Party Liability

What We Pay

The legal liability to pay compensation in circumstances specified below, for you or anyone in charge of your **vessel** with your consent, up to the sums **insured** shown on the **policy schedule**, in respect of any one incident or series of incidents arising from the same event. We reserve the right to defend any claims or suits brought against you, using attorneys of our choice if required. Our obligation to settle or defend third party liability claims ends when the amount we pay for damages, investigation costs, legal expenses and wreck removal is equal to the sum **insured** shown on the **policy schedule**. The **deductibles** shown on the policy schedule apply to every claim

We have the right and duty to defend any suit to which this insurance applies. However, we may investigate and settle any claim or suit at our discretion. Our duty to defend any claim or suit ends when the amount we pay, or tender to the Court of Jurisdiction for any pending litigation on your behalf, for damages resulting from the occurrence equals the limit for 'Third Party Liability' shown on the **policy schedule** or shown in these **policy** clauses. If a suit is brought against you for claims falling within the coverage provided under the **policy**, seeking both compensatory and punitive or exemplary damages, we will afford a defence to such

action, however, we will not have any obligation to pay for any costs, interest, or damages attributable to punitive or exemplary damages.

We will not pay for third party legal costs or for any legal costs and expenses relating to any criminal, maritime or traffic proceedings

i) damage caused by the **insured vessel** to any property or **vessel** not owned by you or a member of your **family**.

ii) death or injury, except to paying passengers unless agreed by us and shown on the **policy schedule**.

iii) Legal costs incurred or required to be paid when defending a claim, subject to our prior written consent.

iv) fees and/or expenses incurred in respect of attendance at any official enquiry, subject to our prior written consent.

v) Legal costs are covered. Provided we first agree in writing, we will pay for all legal costs and expenses incurred in defending any court proceedings which may arise in respect of any liability covered by this section subject to the maximum third party liability limits shown on your **policy schedule**. We will not pay for third parties' legal costs or for any legal costs and expenses relating to any criminal, maritime or traffic proceedings.

Exclusions

We will not pay for:

1) legal liabilities of anyone operating, managing, or working upon the **vessel** who is employed by a shipyard, repair yard, marina, yacht club, sales agency, delivery contractor, similar organization or self-employed who should have been covered by any compulsory compensation insurance

2) **bodily injury** or **property damage** while the **insured vessel** or a non-owned **vessel** is being transported on land on a **trailer** except where the **vessel** is being hauled out or launched by a person covered under this **policy**.

3) any fine or penalty assessed by any government unit.

4) **bodily injury** or **property damage** sustained by any **insured**, their spouse, other members of their **family** or persons living in their household.

5) **bodily injury**, illness, or any other payment or obligation to any person eligible to receive any benefits required to be provided by you. This includes, but is not limited to, any employment, unemployment, disability, worker's compensation, non-occupational disability, occupational disease law, Federal Longshoremen's and Harbour Worker's Compensation Act, or any state or federal workers' or workmen's compensation law or occupational disease law or migrant or seasonal worker's law.

6) any liability covered or excluded under the OIL POLLUTION LIABILITY section of this **policy**.

7) punitive or exemplary damages or associated interest.

8) any liability to third parties admitted, accepted, or agreed without our consent.

9) any liability to third parties whilst the **vessel** is being used for water-skiing, towing of water toys, aquaplaning or similar activity unless we have agreed to such activity and it is shown on your **policy schedule**, in which case refer to section B below.

- 10) any liability arising whilst the **vessel** is used for or in connection with parasailing or other similar activity unless we have agreed to such activity, and it is shown on your **policy schedule**. If such activity is agreed cover will not extend to persons outside of the **vessel** taking part in said activity.
- 11) any liability to third parties while the **vessel** is attached to, carried on or towed by a motor vehicle or has become unintentionally detached from a motor vehicle.
- 12) liability to fare paying passengers or passengers carried under charter unless you have a commercial policy with passenger liability included and this is shown on your **policy schedule**.
- 13) any liability arising other than from the hull, motors, masts, spars, rigging, sails, equipment, and accessories being used on your **vessel**, vessels' **tender** or **trailer**.
- 14) any liability for disease that is transmitted by you or anyone using your **vessel**.
- 15) any liability for any relief or recovery other than monetary amounts.
- 16) any liability from a contract that imposes on you a liability which you or a covered person would not otherwise have.
- 17) any liability that is covered under any other **policy**. We will be liable under this section only for the amount your liability exceeds the limits of cover under any other **policy**.
- 18) any liability that is in part covered in any way by any:
- Statutory or compulsory insurance policy or statutory or compulsory insurance, or
 - Compensation scheme or fund even if the amount recoverable is nil.
- 19) any liability arising directly or indirectly out of or in any way connected with the existence, at any time, of asbestos.
- 20) any liability arising directly or indirectly from or in any way connected with, the existence, use, operation, or maintenance, at any time, of computer technology, electronic mail, a computer virus, an internet site or other internet-based service, intranet, or any web site.
- 21) liability to or for **divers** and the use of diving equipment from the time they commence to leave the **vessel** and until they are safely back on board.
- 22) any claim when the **vessel** is under tow or towing another **vessel** except for the **vessels tender** or unless agreed by us.
- 23) any liability resulting from intentional acts.
- 24) liability for damage to any marine environment, artificial or natural reef, living or dead coral or any other marine organisms, caused by the **vessel**, its **operator**, or passengers.
- 25) liabilities or medical expenses arising out of any illness or injury caused by exposure to the sun or the sun's rays either cumulatively or suddenly.

B Water Skiing

Water-skiing only applies when the **policy schedule** shows that you have selected this option. You and/or any person using your boat with your permission and/or any person engaged in water-skiing, wakeboarding and/or aquaplaning activities (using only recognized and commercially manufactured water ski and/or wakeboarding equipment and/or barefoot water-skiing) while being towed by your boat within the **navigational limits** during the period of your insurance cover for:

- i) Death or injury to any person caused by a water-skier who is being towed by your **vessel**.
- ii) **Property Damage** caused by a water-skier being towed by your **vessel**.

Whilst the **vessel** is being used for water skiing the third-party liability limits relating to this activity are reduced to:

- | | | |
|------|--------------------------|------------|
| i) | Property Damage | US\$20,000 |
| ii) | Bodily Injury | US\$20,000 |
| iii) | Maximum any one incident | US\$40,000 |

These limits apply from the moment any person leaves the vessel until they are safely back aboard. All other terms, warranties, conditions, and exclusions remain in effect except for exclusion 9 above.

We have the right and duty to defend any suit to which this insurance applies. However, we may investigate and settle any claim or suit at our discretion. Our duty to defend any claim or suit ends when the amount we pay, or tender to the Court of Jurisdiction for any pending litigation on your behalf, for damages resulting from the occurrence equals the limit for 'Water Skiing' shown in these policy clauses above. If a suit is brought against you for claims falling within the coverage provided under the **policy**, seeking both compensatory and punitive or exemplary damages, we will afford a defence to such action, however, we will not have any obligation to pay for any costs, interest, or damages attributable to punitive or exemplary damages. We will not pay for third party legal costs or expenses relating to these proceedings.

C OIL POLLUTION LIABILITY

We will cover:

- 1)** the sums which you are legally liable to pay because of **property damage** or **bodily injury** arising out of an oil pollution incident.
- 2)** the reasonable costs directly associated with the actual clean-up of an oil pollution incident.
- 3)** the reasonable costs or expenses legally imposed upon you by those government authorities assisting or monitoring an oil pollution incident.
- 4)** administrative charges and civil expenses levied against you by a judiciary body because of an oil pollution incident.
- 5)** the reasonable costs and expenses to defend you against legal action from an oil pollution incident.

Oil pollution incident means the sudden, accidental, and unexpected emission, discharge, release, leakage, escape, or spillage of a contaminant from an **insured vessel** or in an accident that is specific in place and time within the **policy** period.

What We Pay

We will pay no more than the limit for 'Oil Pollution Liability' \$1,000,000 for all damages or expenses resulting from any occurrence. This is the most we will pay, regardless of the number of persons covered under this section, claims made, watercraft or premiums shown on the **policy Schedule**, or the number of watercraft involved.

Exclusions

We will not pay for:

- 1) liability assumed under any contract or agreement.
- 2) any fine or penalty assessed by any governmental unit.
- 3) an oil pollution incident, if any **insured** knows, or has reason to know, of the incident and fails to report it as required by law(s).
- 4) **property damage** sustained by an **insured** or **resident**.
- 5) liability for natural resource damage unless legal action commences within one (1) year of the incident.
- 6) an oil pollution incident unless you provide all reasonable cooperation and assistance with containment and clean-up operations as is required by law or by someone acting under their legal authority; or
- 7) punitive or exemplary damages or associated interest.

Defense

We have the right and duty to defend any suit to which this insurance applies. However, we may investigate and settle any claim or suit at our discretion. Our duty to defend any claims or suit ends when the amount we pay, or tender to the Court of Jurisdiction for any pending litigation on your behalf, for damages resulting from the occurrence equals the limit for 'Oil Pollution Liability' shown in the **policy**.

If a suit is brought against you for claims falling within the coverage provided under the **policy**, seeking both compensatory and punitive or exemplary damages, we will afford a defense to such action; however, we will not have any obligation to pay for any costs, interest, or damages attributable to punitive or exemplary damages nor shall we pay any third-party costs.

D CAPTAIN AND CREW LIABILITY

Coverage

We will cover, subject to our prior written agreement and your completion of a crew liability form damages (including if applicable, maintenance and cure, repatriation and other related expenses) for which you and / or any **insured** person are legally liable to pay an employed captain or crew member under the Federal Jones Act 46, U.S.C. Section 30104 as amended, or the general maritime law of the United States in respect of your legal liability to any employed crew which occurs whilst the crew member is in the service of your **vessel**.

What We Pay

The maximum amount recoverable in respect of crew liability claims shall be the amount shown on the **policy schedule** under third party liability and shall form part of the maximum recoverable under section A third party liability. The **deductible** shown on the **policy schedule** under this section will apply to each crew liability claim. All other terms, warranties, conditions, and exclusions remain unaltered and in effect with the exception of exclusion 5 under Section A above.

Exclusions

We Will Not Pay For

- 1) legal liabilities of anyone operating, managing, or working upon the **vessel** who is employed by a shipyard, repair yard, marina, yacht club, sales agency, delivery contractor, similar organization or self-employed who should have been covered by any compulsory compensation insurance.
- 2) **bodily injury** while the **insured vessel** is being transported on land.
- 3) any liability covered or excluded under the OIL POLLUTION LIABILITY section of this **policy**.
- 4) punitive or exemplary damages or associated interest.
- 5) any liability admitted, accepted, or agreed without our consent.
- 6) any liability while the **vessel** is attached to, carried on or towed by a motor vehicle or has become unintentionally detached from a motor vehicle.
- 7) any liability for disease that is transmitted by you or anyone using your **vessel**.
- 8) any liability that is covered under any other **policy**. We will be liable under this section only for the amount your liability exceeds the limits of cover under any other **policy**.
- 9) any liability that is in part covered in any way by any:
 - Statutory or compulsory insurance policy or statutory or compulsory insurance, or
 - Compensation scheme or fund even if the amount recoverable is nil.
- 10) any liability arising directly or indirectly out of or in any way connected with the existence, at any time, of asbestos.
- 11) any claim directly or indirectly caused using diving equipment.
- 12) any claim when the **vessel** is under tow or towing another **vessel** except for the **vessels tender** or unless agreed by us.
- 13) any claim resulting from or because of pre-existing medical conditions.
- 14) any claim where an employee is wholly or partially responsible for the incident leading to said claim.

E MEDICAL PAYMENTS

Coverage

We will cover the reasonable charges for necessary medical, surgical, x-ray, dental, ambulance, hospital and professional nursing services and funeral service expenses incurred within one year from the date of an accident causing **bodily injury** to any person while in, upon, boarding or leaving an **insured vessel**. The injured person must submit to an examination by a physician selected by us when and as often as we reasonably require.

What We Pay

We will pay no more per person than the limit for 'Medical Payments' shown on the **policy schedule** for any occurrence. This is the most we will pay, regardless of the number of claims made or **vessels** or premiums shown on the **policy schedule** or schedule of **vessels** if the **policy** covers more than one **vessel**, or the number of **vessels** involved. Payment under this section will reduce any further payment made under section A should liability under Section A be accepted.

Each person seeking payment under this coverage must:

- 1) provide us with written authorisation for release to us copies of pertinent medical reports and records.
- 2) submit a valid proof of loss within one year of the incurred expenses.

Exclusions

Payments under this section will not be made to, or on behalf of, any person:

- 1) injured while trespassing.
- 2) for whom liability is assumed by you under contract or agreement.
- 3) injured while the **insured vessel** is being transported on land.
- 4) hired to work for or on behalf of any **insured**.
- 5) **bodily injury** or any other payment or obligation to any person eligible to receive any benefits required to be provided by you. This includes, but is not limited to, any employment, unemployment, disability, worker's compensation, non-occupational disability, occupational disease law, Jones Act, Federal Longshoremen's, and Harbour Worker's Compensation Act, or any state or federal workers' or workmen's compensation law or occupational disease law or migrant or seasonal workers' law.
- 6) **insured** persons, their spouses, **family** or other persons who may **reside** with them or anybody who is employed by the **insured** or that should be covered under a state or federal act of statute.

Any payment made under this section is not an admission of liability by you or us.

F UNINSURED BOATER

Coverage

If you have coverage under this Section F and the coverage is shown on your **policy schedule** then we will provide cover in respect of any sums which you as the **insured** on this contract are legally entitled to recover from a third party **vessel**, owner or **operator**, but which cannot be recovered due to the third party having no marine liability insurance and no realisable assets or they cannot be identified such as a hit and run **operator**.

We will also pay for any medical expenses incurred by your **family** or non-fare paying passengers because of any such incident. The **deductible** shown on the **policy schedule** for uninsured boater cover will apply to every claim made under this section of the contract. The sum **insured** shown under this section on the **policy schedule** is the maximum liability for all uninsured boater claims regardless of the number of people involved or the number of claims made.

Uninsured watercraft means a waterborne vehicle of any type.

What We Pay

We will pay no more than the limit for Uninsured Boater shown on the **policy schedule** for all damages or losses resulting from any one **occurrence**. This is the most we will pay, regardless of the number of persons covered under this section, claims made, watercraft or premiums shown on the **policy schedule**, or the number of **vessels** involved.

If an underinsured watercraft causes the **bodily injury**, we will pay only after all other liability bonds or policies have been exhausted by judgements or payments. Any amount payable under this coverage will be reduced by all sums paid by or for anyone who is legally responsible, including all sums paid under medical payments section of the **policy**.

Exclusions

We will not pay for:

- 1) any claim settled without our consent.
- 2) **bodily injury** to any person on board the **insured vessel** without your permission.
- 3) the direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits law or any similar law.
- 4) damages where there is no evidence of physical contact between the **insured vessel** and either an unidentified or uninsured watercraft; or
- 5) **bodily injury** to any person arising out of the transportation of an uninsured watercraft or underinsured watercraft on land.
- 6) loss due to an uninsured **vessel** being a government **vessel**.
- 7) loss from an incident involving any other **vessel** owned or operated by the **insured** or on the same **policy**.
- 8) any loss or damage otherwise recoverable under this contract
- 9) **bodily injury** or death of the **insured**.
- 10) any loss otherwise excluded under this insurance contract.

DUTY OF DISCLOSURE

- 1) You have a duty to tell us before the **policy** is entered, every matter known to you which:
 - i) you know or
 - ii) A reasonable person in the circumstances could be expected to know, is relevant to our decision whether to insure you and whether any special conditions need to apply to your **policy**.
- 2) You do not need to tell us about any matter that:
 - i) Diminishes our risk
 - ii) Is of common knowledge
 - iii) We should know as an insurer, or
 - iv) We tell you we do not need to know
- 3) Everyone who is **insured** under this **policy** must comply with this duty
- 4) If you or they do not comply with this duty, we may cancel the **policy** or reduce the amount that we would pay if you made a claim. If fraud is involved or we believe we were deliberately misled by non-disclosure we may treat the **policy** as though it never existed and pay nothing.

ADDITIONAL ENDORSEMENTS

We can adjust the standard policy using the endorsements below to ensure that your individual requirements are met:

Taken Ashore – It is warranted that the **insured vessel** will be taken and kept ashore on all occasions after use and in any event overnight and kept in a locked building.

Commercial Fishing – Cover is extended to include static fishing and the use of nets, pots, lines etc. but does not include **loss or damage** to any fishing gear by any cause whatsoever or any liability arising from the positioning of such gear. It is also warranted that the **insured** and/or the **insureds** qualified skipper be always on board and in control of the **vessel** when so used.

Dividing Parties – Cover is extended so that the vessel may be used for charter **diving** parties, but cover does not include liability to or any of the **divers** whilst in the water. It is also warranted that the **insured** and/or the **insureds** qualified skipper be always on board and in control of the **vessel** when so used.

Single Handed Sailing – Permission is given for this **vessel** to be sailed single handed by the owner or any person whose details or experience etc. have been submitted to and accepted by us within the cruising limits authorised on the schedule. Subject to the terms and conditions of these ION USA Yacht Clauses.

Builders Risks – Builders risks to apply including sea trials within one-mile radius of either the boat yard or home port.

Houseboat/Live-aboard – Cover is extended to allow residential occupation by the **insured** and/or the **insureds family** or as otherwise advised and accepted by us.

Racing Risk – Permission is given for this **vessel** to be used for racing as per the terms and conditions of these ION USA Yacht Clauses under section 1F on page 24.

Night Navigation – Cover is extended to include navigation between the hours of sunset and sunrise. Any **policy deductible** applicable to all sections of the policy will be increased by fifty percent (50%) whilst the vessel is being navigated during these hours.

Agreed Value – If shown on your insurance schedule we guarantee to pay the sum insured agreed in the event of a **total loss** or **constructive total loss** claim. **Agreed value** will only be applied once we are in receipt of proof of purchase, a full survey, valuation, and recent photographs of the vessel and said documents have been approved by us. Until these documents are approved the **policy** will be one of indemnity/market value (See Market Value on Page eight of this **policy**)

COMPLAINTS PROCEDURE

We take pride in the service provided to you, However, if you are unhappy with any aspect of the handling of your insurance, please contact the complaints representative dealing with complaints for your agent. If for any reason, they are unable to resolve your complaint immediately it will be referred to ION Insurance Company complaints department and subsequently if you are still not satisfied you can refer your claim to a local ombudsman. Full details will be provided at each stage of the process.



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