

YACHT POLICY WORDING

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NAVIS MARINE INSURANCE BROKERS LTD.
 #1201 - 570 Granville Street
 Vancouver, BC V6C 3P1
 Phone:604-620-4510 Fax:604-620-4511

SECTION 1 – PHYSICAL DAMAGE

Protection Provided – Physical Damage

We cover the Insured Vessel and all of the equipment and tackle normally used on board for its operation and maintenance. Coverage under this section includes equipment whether you own the equipment or if it is equipment you have borrowed and are in the care, custody and control of. The Insured Vessel and its equipment are covered while afloat, stored ashore, or in transit by truck, ferry, rail, or trailer. The Insured Vessel and its equipment are not covered while being carried on an ocean vessel or any barge.

Coverage Extensions

Tender & Tender Motor:

We also cover your Tender, Tender Motor, Liferaft, and any related equipment which is used in conjunction with the Insured Vessel so long as its value is included in the Limit of coverage shown on the Declarations Page(s), and unless values are specifically shown on the Declarations Page(s), the Sum Insured is limited to 6% of the value under – Insured Vessel & Equipment, the applicable deductible is \$250, unless shown otherwise on the Declaration Page(s).

Electronic Navigation / Sound & Video System Equipment:

In addition, we also cover on board or ashore the Electronic Navigation Equipment, including Laptop Computers used for the purpose of navigation and related navigation software, of the Insured Vessel, as well as damage to built-in sound & video equipment, the value of which must be included in “Insured Vessel and Equipment” limit shown on the Declarations Page(s), the applicable deductible is \$250, unless shown otherwise on the Declaration Page(s).

Personal Effects:

We cover anyone’s personal effects while on board the Insured Vessel or during loading and/or discharging from the vessel. “Personal Effects” means clothing, sports equipment and other personal property and supplies. It does not include cellular phones, cameras, eyeglasses, money, traveler’s cheques, securities, valuable papers, passports, fine arts or other documents. Personal adornments, such as but not limited to jewellery, watches or furs, are subject to a Coverage limit of \$500 for any one article.

This Personal Effects coverage is subject to a separate limit, as shown on the Declarations Page(s), for all losses arising out of any one accident or event. Subject to a \$250.00 minimum deductible unless otherwise shown.

Breakdown Towing / Commercial Assistance:

This policy also covers costs incurred by you should the Insured Vessel become disabled for any reason other than loss or damage covered by this policy. We will pay for the reasonable cost, up to a maximum of \$5,000 for:

1. Towing to the nearest facility where necessary repairs can be made.
2. The cost for delivery of necessary fuel or repair parts to the site of disablement (excluding the cost of items delivered).
3. The cost of emergency labour performed at the site of disablement.
4. The cost of reasonable measures taken to avoid loss of or damage to the Insured Vessel from a known peril covered under this Policy.

This coverage is subject to a \$50 deductible, per occurrence.

Vacation Protection (Loss of Use & Additional Living Expenses):

This policy also covers costs incurred by you for the following, resulting from your vessel being damaged by an insured loss whilst you are on vacation:

1. Loss of Use / Temporary Repairs:

Should the Insured Vessel be lost or damaged by an insured peril, whilst on vacation, and it is necessary for you to rent a replacement vessel while the Insured Vessel is being replaced or repaired, we will reimburse you for that rental cost subject to the limits stated below. Alternatively at your discretion, if temporary repairs can be made such that it is safe for you to continue on your vacation, Underwriters will agree to use the estimated cost of rental, based on the anticipated rental period, to put towards temporary repairs.

2. Additional Living Expenses:

If the Insured Vessel is lost or damaged by an insured peril and it is necessary for you to incur additional living expenses while the Insured Vessel is being replaced or repaired, we will pay any reasonable increase in costs, subject to the limits stated below.

We will not pay more than \$500 in total per day for costs incurred under section 1. and 2. above, subject to a limit of \$5,000 per loss, but at no time will we pay for costs incurred within 24 hours of the loss.

Regardless of the expiry date of this policy, coverage under section 1. and 2. Above will cease on the earlier of the following dates:

- a) Completion or repairs or replacement of the Insured Vessel; or
- b) We make final payment of your claim.

All receipts must be provided to process your claim.

New Acquisitions:

This policy also covers any vessel(s), tender(s), tender motor(s) and/or trailer(s) you acquire by ownership during the policy period. You must advise us within thirty (30) days of such acquisition and pay additional premium as required.

Until we can agree upon the value, the amount insured shall be the lessor of:

- a) The purchase price; or
- b) 150% of the current Hull and Machinery Amount of Insurance shown on the Declaration Page(s) for the highest valued scheduled Insured Vessel.

In the event of a claim within the thirty (30) days of such an acquisition and prior to a formal policy endorsement, the pro-rated annual premium will be due at the current hull rate of the newly acquired Hull & Machinery value.

This policy also covers any Equipment or Electronic Equipment you acquire by ownership during the policy period.

Burglary Damage:

We cover damage occurring to the Insured Vessel in the course of gaining entry or exiting the vessel by a third party arising from a criminal activity. Subject to a \$250 minimum deductible unless otherwise shown.

Sue & Labour / Loss Expense:

In addition to any other payments, we will also pay for all reasonable expenses you incur for salvage of your Insured Vessel or protecting the property from further damage following a covered loss. Our limit of coverage under this clause is the same as shown on the Declarations Page(s) for "Insured Vessel and Equipment". But in no case can any expense collected under this clause be used to establish a Total Loss.

Perils Clause

We will pay for direct physical loss or damage to the Insured Vessel, its equipment, and personal effects from all risks not otherwise excluded.

Exclusions

We will not pay for loss:

- 1) Caused by your failure to use reasonable care in the maintenance of the Insured Vessel.
- 2) Illegal acts, committed by an Insured, including persons entrusted by the Named Insured with the Insured Vessel and/or property;
- 3) The intentional acts of any Insured;
- 4) Wear and tear, inherent vice, faulty design, latent defect, gradual deterioration, or corrosion, except when a reasonably thorough inspection could not have discovered such a defect or condition, and such a defect or condition causes a loss not otherwise excluded in this policy, we will pay for the resulting loss but excluding in all cases the cost of repairing or replacing the part(s) possessing the defect or condition.
- 5) War, including undeclared war or any warlike operation, civil war, insurrection, rebellion or revolution or any consequence of any of these.
- 6) We do not pay for loss, damage, or expense applicable to currency, traveler's cheques, securities, and valuable papers.

Settlement of Losses

Total loss

We will pay the limit of coverage shown on the Declaration Page(s) if the Insured Vessel is a total loss. No deductible will be applied. A "Total Loss" means that:

- 1) The Insured Vessel is completely lost or destroyed; or
- 2) If the reasonable expense for salvaging and repairing the Insured Vessel exceeds 80% of the Insured Value of the Vessel Insured.

In no event will we pay for unrepaired damage in addition to a total loss.

Partial loss

We pay the cost to repair or replace with material of like kind and quality, subject to the following:

At our option, we pay in accordance with either generally accepted shipyard practices or the specifications or recommendations of the Insured Vessel's builder.

With respect to repairs to the finish of your hull, the following will apply:

1. Vessel(s) with gelcoat will be repaired to best of the repairer's ability, using gelcoat.
2. Vessel(s) with Awlgrip, Emron Paint or similar non repairable paint, where the paint is less than 5 years old, and whereas the overall condition of the paint is such that there are no other flaws or pre-existing damage to the paint, the side of the vessel with damage will be repainted. If there is pre-existing damage to the paint, that is not attributable to the claim, the cost of repainting the affected side(s) and/or transom will be prorated between us and you based on the surface areas impacted. Should you choose not to paint the entire side, the repair will be conducted under 3. below. Cost of hauling out and storage will be paid in full as part of the claim. Should you decide to repaint the entire vessel, the cost to paint the undamaged side and/or transom will be your responsibility.
3. Vessel(s) with Awlgrip, Emron Paint or similar non repairable paint, where the paint is more than 5 years old, or where the overall condition of the paint is such that there are other flaws and/or pre-existing damage, only the area of the damage will be repainted to the best of the repairer's ability, using the closest colour match possible. Should you decide to repaint the entire vessel and/or repaint areas with flaws and/or pre-existing damage, the cost to paint the undamaged side and/or transom and/or areas with flaws and/or pre-existing damage will be your responsibility.
4. Vessel(s) with Alexseal, Awlcraft Paint or similar repairable paint, the area of damage will be repaired based on the specification of the Paint Manufacturer, and should an industry standard repair not be possible, then the entire side of the vessel with the damage will be painted. The cost to paint the undamaged side or transom will be your responsibility.

With respect to machinery only losses, the following deductible will apply:

Vessels where the engine(s) are over 30 years of age –The greater of; the amount shown for Hull & Machinery Deductible or 50% of the gross machinery claim.

In all cases, regardless of the age of your engine, should parts for your engine not be able available to affect the required repairs, we will pay only the actual cash value of the engine at the time of the loss.

Each loss is subject to the deductible shown on the Declarations Page(s), except for the following losses:

- 1) Collision from an at fault third party when your yacht is securely at anchor or moored with engines off;
- 2) Fire losses, when it can be proven that the fire did not originate on your yacht.

The most we pay for a partial loss is the amount of insurance shown on the Declarations Page(s) reduced by the deductible

Replacement Cost Protection

Coverage for the Insured Vessel is extended to provide Total Loss guaranteed replacement cost, irrespective of the Amount of Insurance shown for Insured Vessel on the Declaration Page(s), subject to the following conditions:

The Insured Vessel has been declared a Total Loss which is payable under SECTION 1 – PHYSICAL DAMAGE of this policy;

1. the Insured Vessel is no more than 3 years of age from the original date of purchase and/or original hand over from the boat dealer or manufacturer and;
2. the vessel is insured for the price paid including taxes, equipment, commissioning and delivery freight;

At our option, we will replace the Insured Vessel with;

- a new vessel directly from the boat dealer or manufacturer of the same model, year, manufacturer & original equipment or;
- If the same model year is unavailable then the closest model year or;
- a new vessel and equipment of like kind and quality, as determined by us.

We will limit the amount payable under this clause to the Amount of Insurance shown for Insured Vessel on the Declaration Page(s) if; a suitable replacement has been identified and you have not accepted settlement within 30 days; or a cash settlement has been requested by you.

Personal Effects

We pay the reasonable cost to repair or replace with material of like kind and quality up to the Limit of Coverage shown on the Declarations Page(s) after subtracting the applicable deductible shown on the Declarations Page(s). In the event that the property is not replaced, settlement will be based on depreciated value.

SECTION 2 – PROTECTION & INDEMNITY

Protection Provided – Liability

You can expect us to respond to all marine liability claims made against you, other than those we list under “What is not covered” and those which are unrelated to owning and operating the insured yacht. Your *crew members* are also insured for claims made against them as a result of carrying out their professional duties.

If you purchase a new yacht or sell your current yacht we will cover your liability to your *crew* during pre-delivery and/or post-delivery periods, providing these are of a short duration. Whilst you are insured for your liability to your *crew* during such periods, you are not insured for any liability you may have due to their negligent actions and you will need to advise us in advance and obtain our agreement to cover you.

Your insurance extends to cover people whom you allow to use your yacht by informal, non-commercial agreement, such as family and friends.

We cover your liabilities whilst your yacht is chartered out on a fully crewed basis, including claims made against you due to the activities of charterers or their guests. However, your charterers will need to arrange insurance separately for their own liabilities.

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Claims arising from the use of *tenders* and water sports equipment are covered, providing these arise from activities connected with the insured yacht.

To obtain cover for *tenders* which are registered separately from your yacht, you must declare them to us and if we agree to insure them they will be covered under their own policy.

The liabilities we insure you against include:

Crew, Guests and Others

Claims from your *crew*, guests or others for personal injury, illness or death. Related costs and expenses, including medical costs, are also covered.

Collision and Property

Claims for collision damage or for loss of or damage to piers, wharves, jetties, pontoons or any property belonging to others.

Enquiries and Proceedings Costs

The reasonable costs and expenses of attending formal enquiries and proceedings following a *casualty* and the cost of engaging legal representation for these purposes.

Fines

Fines for breach of *pollution*, smuggling or immigration laws, providing these were accidental or caused by your *crew's* independent, deliberate actions or omissions. If your yacht is subject to the provisions of *MARPOL*, *SOLAS*, the ISM code or the ISPS Code, it must comply with the provisions of those conventions and codes for a *fine* to be recoverable.

We also cover *fin*es due to an inadvertent breach of statutory health and safety regulations applying to your yacht.

Investigation and Defence Costs

The reasonable costs of investigating and defending insured claims.

Pollution

Pollution from your yacht, including the cost of clean up and reasonable measures taken to prevent an imminent risk of *pollution*.

Stowaways and Life Salvage

Costs and expenses arising from stowaways and the saving of life at sea.

Water Sports

Claims arising from the use of water sports equipment belonging to and carried by the insured yacht.

Wreck Removal

Wreck removal, marking or lighting costs following the loss of your yacht. The residual value of any property recovered may be offset against your claim.

Contractual Liabilities

You are covered for any contractual indemnities which you are required to accept under a club, marina, boatyard or supplier's standard terms and conditions. We will also agree to waive rights of subrogation if this is required by these standard terms and conditions. If you charter your vessel to others and enter into contracts or agreements with them which increase the liability that you would otherwise have, you need to refer these contracts to us for our review and approval.

Piracy

You remain covered for any of the claims listed here under "Your cover" which arise following acts of piracy against your yacht. Please note our exclusion in respect of kidnap and ransom demands contained in "What is not Covered" - Exclusion 14 below.

Racing Cover

We cover sailing yachts participating in casual racing events or those organised by yacht clubs, sailing associations or racing events governed by an internationally recognised sailing federation. If your yacht's principal purpose is competitive racing or you intend to undertake any form of professional ocean racing, you need to talk to us in advance so that we can determine whether we can offer cover. We do not provide racing cover for motor yachts, unless we have been advised of the racing in advance and you have obtained our written agreement to insure it.

Uninsured or Underinsured Boaters

If an *Uninsured or Underinsured third party vessel* is responsible for you, your *crew* or your guests sustaining personal injury whilst on board your yacht or its *tenders*, we agree to meet any medical costs or expenses which are not recoverable from them.

What is not Covered:

Your cover is subject to certain exclusions. **We do not insure the following:**

1. Claims resulting from you or your employees' or agent's failure to maintain your yacht in a seaworthy condition or to keep or operate it in accordance with the requirements of her flag state, certifying authority or classification society.
2. Claims resulting from your *wilful misconduct*, including your infringement of any law, rule or regulation, or from permitting any activity on board or in connection with your yacht which is unsafe or unduly hazardous.
3. Wreck removal claims which result from lack of maintenance or repair.
4. Loss of or damage to property you own or have leased.
5. Claims arising from *bare-boat chartering* your yacht. We do however continue to cover you for any strict liabilities which attach to vessel owners, such as *pollution* liabilities arising under Bunker Blue Cards.
6. Claims arising as a result of towing other vessels unless it is your own *tender* or a vessel in distress and you are providing emergency assistance.
7. Any claim arising from an *incident* which falls outside the period of insurance stated on your Certificate of Insurance.
8. *Claims arising from commercial diving or the use of submarines, mini subs or diving bells.*
9. Claims arising from the use of mechanically powered vehicles whilst ashore, which would ordinarily be insured under a motor vehicle policy.

10. Claims recoverable under a *war risks* policy extended to include marine liability risks.
11. *Deductibles* which you are required to bear under other policies. These are not considered to be liabilities for the purposes of collecting a claim under this policy.
12. Claims which we consider to be in the nature of a dispute with *crew*, guests or others, rather than a liability claim arising from the ownership and operation of your yacht. Cover for the costs incurred in the handling of a dispute may be available from the Club as an Optional Additional cover. We suggest that you contact us for details of our Legal Assistance and Defence cover.
13. Personal injury compensation recoverable under mandatory state or national insurance schemes.
14. Ransom demands, extortion, blackmail, bribery or any form of illegal payments or any associated costs or expenses.
15. Any claim in respect of *nuclear risks* or radioactivity.

It is a requirement of this policy that you use your vessel for lawful purposes; otherwise your liabilities may not be covered.

General Conditions Applicable to both Section 1 & Section 2

The following general conditions apply to Parts of Section 1 – Physical Damage and Parts of Section 2 – Protection & Indemnity

Insuring Agreement - We agree to provide the insurance described in this policy if you pay the premiums and if you comply with all terms, conditions and warranties of the policy.

This policy, together with the current Declarations Page(s), any endorsements, the application for insurance, marine survey(s) or any other written submissions or summaries used in the submission for insurance form part of this legal contract between You and Us.

Warranties - The Marine Insurance Act makes reference to both Implied and Express Warranties. Implied Warranties are those which are not written into the policy, but include Seaworthiness and Legality of the Voyage. Express Warranties are conditions which are written into the policy by us and in order to keep this policy in effect, you must comply with these warranties. If any of these warranties are violated, coverage will cease from the time of such violation. Subsequent correction of the violation will not reinstate the coverage.

1. The Insured Vessel will be used solely for private pleasure purposes. The Insured Vessel may not be chartered or leased or used for any commercial purpose without our prior written permission.
2. The Insured Vessel will be used only within the Navigating Limits spelled out on the Declarations Page(s).
3. The Insured Vessel may be used in predicted log races under power, and Sail racing is permitted. No other forms of racing are allowed under this policy.
4. There are to be no propane or CNG refrigerators aboard the Insured Vessel unless approved by a surveyor and accepted by underwriters. All propane powered installations with a continuous burning pilot light must have the gas supply turned off when the vessel is left unattended for over 24 hours.
5. In addition to these warranties, please refer to Page 2 of the Declarations Page(s) for additional warranties.

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War - This policy does not cover loss, damage or liability that is caused by or results from war, warlike operations, or any civil unrest.

Nuclear Activity - In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to, by, or arising from:

1. ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
2. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
3. any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
4. 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 purposes.

Institute Chemical, Biological, Bio-Chemical, Electromagnetic Weapons And Cyber Attack Exclusion - In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

1. any chemical, biological, bio-chemical or electromagnetic weapon
2. the use or operation, as a means for inflicting harm, of any computer, computer system, computer software program, computer virus or process or any other electronic system.

Transfer of Insured Vessel or Insurance- This policy becomes void if you sell, assign, transfer or pledge the Insured Vessel or this policy.

Illegal Use- This policy becomes void if you use or allow your Insured Vessel to be used for any illegal purpose.

Concealment or Fraud - This policy is void if you conceal, misrepresent or fail to disclose any material fact or circumstance pertaining to this insurance.

Canceling this Policy- You may cancel this policy by returning it to us or by notifying us in writing when at a future date cancellation is to take effect. We may cancel this policy by notifying you and named loss payee, if any, in writing of the date cancellation takes effect. This cancellation notice sent by Certified or Registered mail to you, at your mailing address shown on the Declarations Page(s), will be proof that you were notified. We must mail the notice to you at least 10 days before the effective date of such cancellation.

When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded. When you request cancellation, the return premium will be 90% of pro-rata. When we cancel, the return premium will be pro-rata, but, there shall be no cancellation nor return of premium if we have paid for a total loss of the Insured Vessel.

If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date of cancellation takes effect.

Other Insurance - If both this insurance and other insurance apply to a loss, involving the Insured Vessel, we will pay our share. Our share will be the proportionate amount that this insurance bears to the amount of all applicable insurance.

Payment of Loss - We will pay for losses covered under this policy within 30 days after we receive proof of the loss that is satisfactory to us.

Suits Against Us - Any suit against us to recover under this policy must be brought within one year after the event out of which the loss or damage arose, unless not permitted by applicable legislation, in which case the shortest time limit permitted by such legislation will apply.

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Non-Waiver Provisions- No action on our part, after a loss, to recover or save the property from further loss, nor any action which we may take in connection with the investigation of any loss will be considered as a waiver of any of our rights under this policy.

Impairment of Recovery- After a loss we assume your rights to recover damages from any carrier, bailee, or other party who may be liable to you, and you are not permitted under this policy to waive these rights.

Subrogation - If we make payment of a loss to anyone who has a right to recover damages from others, we will take over that person's right to recover the damages, and that person must then cooperate with us in our efforts to recover the amount which we paid.

If we make a payment for a loss to anyone or on behalf of anyone who also recovers damages for that loss from others, that person will hold the proceeds of the recovery in trust for us and will reimburse us to the extent of our payment.

Conformity to Provincial or Federal Statutes - Any provision in this policy that conflicts with any Provincial or Federal Statute is hereby amended to conform to the minimum requirements of the Provincial or Federal Statute.

Hold Harmless Agreement – Permission is granted for you to sign Moorage Contracts, which contain Hold Harmless Agreements, with Clubs, Marinas, and other Authorities where such Moorage Contracts are necessary or customary and at our discretion you may be required to provide copies of such Agreements to us.

Canadian Law and Practice – This policy will be subject to the Law & Jurisdiction of a Canadian Province or territory as determined by the relevant Insurance Act(s).

Several Liability Notice - The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

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Lloyds Policyholders Complaints Protocol - Should a policyholder wish to file a complaint relative to a policy with Lloyd's Underwriters effected through you, the policyholder must be provided with the following Lloyd's Underwriters' Complaint Protocol:

LLOYD'S UNDERWRITERS' POLICYHOLDERS' COMPLAINT PROTOCOL

Lloyd's strives to enhance your customer experience with us through superior service and innovative insurance products.

We have developed a formal complaint handling protocol in accordance with the Insurance Companies Act of Canada to ensure your concerns as our valued customer are addressed expeditiously by our representatives. This protocol will assist you in understanding the steps we will undertake to help resolve any dispute which may arise with our product or service. All complaints will be handled in a professional manner. All complaints will be investigated, acted upon, and responded to in writing or by telephone by a Lloyd's representative promptly after the receipt of the complaint. If you are not satisfied with our products or services, you can take the following steps to address the issue:

- Firstly, please contact the broker who arranged the insurance on your behalf about your concerns so that he or she may have the opportunity to help resolve the situation.
- If your broker is unable to help resolve your concerns, we ask that you provide us in writing an outline of your complaint along with the name of your broker and your policy number.

Please forward your complaint to:

Lloyd's Underwriters

Attention: Complaints Officer:

1155 rue Metcalfe, Suite 2220, Montréal (Québec) H3B 2V6

Tel: 1-877-455-6937 - Fax: (514) 861-0470

E-mail: info@lloyds.ca

Your complaint will be directed to the appropriate business contact for handling. They will write to you within two business days to acknowledge receipt of your complaint and to let you know when you can expect a full response. If need be, we will also engage internal staff in Lloyd's Policyholder and Market Assistance Department in London, England, who will respond directly to you, and in the last stages, they will issue a final letter of position on your complaint.

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In the event that your concerns are still not addressed to your satisfaction, you have the right to continue your pursuit to have your complaint reviewed by the following organizations:

General Insurance OmbudService (GIO): assists in the resolution of conflicts between insurance customers and their insurance companies. The GIO can be reached at:
Toll free number: 1-877-225-0446
www.giocanada.org

For Quebec clients:

Autorité des marchés financiers (AMF): The regulation of insurance companies in Quebec is administered by the AMF. If you remain dissatisfied with the manner in which your complaint has been handled, or with the results of the complaint protocol, you may send your complaint to the AMF who will study your file and who may recommend mediation, if it deems this action appropriate and if both parties agree to it. The AMF can be reached at
Toll Free: 1-877-525-0337
Québec: (418) 525-0337
Montréal: (514) 395-0311
www.lautorite.qc.ca

If you have a complaint specifically about Lloyd's Underwriters' complaints handling procedures you may contact the FCAC.

Financial Consumer Agency of Canada (FCAC) provides consumers with accurate and objective information about financial products and services, and informs Canadians of their rights and responsibilities when dealing with financial institutions. FCAC also ensures compliance with the federal consumer protection laws that apply to banks and federally incorporated trust, loan and insurance companies. The FCAC does not get involved in individual disputes. The FCAC can be reached at:

427 Laurier Avenue West, 6th Floor, Ottawa ON K1R 1B9
Services in English: 1-866-461-FCAC (3222)
Services in French: 1-866-461-ACFC (2232)
www.fcac-acfc.gc.ca

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NOTICE CONCERNING PERSONAL INFORMATION

Who we are:

We are the Lloyd's underwriter(s) identified in the insurance contract and/or the certificate of insurance. Your privacy is important to us. This Privacy notice explains what personal information we collect, use and disclose about policyholders, beneficiaries, claimants and witnesses and for what purposes, in compliance with applicable Canadian privacy laws.

What personal information we collect

Personal information is any information about an identified and or identifiable individual. The personal information that is collected for a clear and legitimate use and disclosure generally includes the following:

- Identification and contact information (name, address including postal code, country, telephone number, email address, month and date of birth, drivers licence, employer, job title, employment history, family details)
- Policy information (policy number, policy amounts, policy terms)
- Claim information (claim number, information relating to a potential or existing claim)
- Payment information (credit card details, bank account details, credit score)
- Other information related to your insurance cover or a claim only for legitimate business purposes

We also collect personal information about you when you visit www.lloyds.com. Further details can be found on our online Cookies policy at <http://www.lloyds.com/common/privacy-and-cookies-statement>

We will not use your personal information for marketing purposes and we will not sell your personal information to other parties.

How we use your information

By purchasing insurance from certain Lloyd's Underwriters ("Lloyd's"), a customer provides Lloyd's with his or her explicit consent to the collection, use and disclosure of personal information. Meaningful consent is subject to the customer's understanding of the nature, purpose and consequences of the collection, use or disclosure of their personal information.

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Information is generally collected, used, disclosed and stored in order to provide you with the insurance products that you have requested, including to:

- Identify you and provide you with insurance cover
- Communicate with Lloyd's policyholders
- Calculate, collect or refund premiums
- Underwrite policies and facilitate policy administration
- Evaluate and process claims
- Detect and prevent fraud, carry out anti-money laundering and sanctions checks
- Investigate and prosecute fraud
- Meet our regulatory and other legal obligations
- Enforce terms or exercise rights under the insurance contract
- Analyze insurance risk and business results
- Improve our services and offerings
- Provide general client care
- Defend or prosecute legal claims
- Renew your insurance policy
- Transfer of books of business, company sales and reorganisations

Or as may be otherwise required or authorized by law.

Your information may be shared and disclosed;

In order to fulfil the purposes described in this Privacy notice, we may share your personal information with other third parties that we have engaged to provide services on our behalf, or who otherwise assist us in providing you with services, such as affiliated organizations, sub-contractors, agents/coverholders, legal counsel, insurers, brokers, reinsurers, loss adjusters and other service providers.

We will limit this disclosure to only the Personal Information that is reasonably necessary for the purpose or service for which the third party or affiliate will provide. We will use contractual and other means to provide a comparable level of protection while the information is being processed by these service providers, including limiting such providers to using your Personal Information solely to provide Lloyd's with the specific service for which they were engaged, and for no other purpose. You can obtain more information about our policies and practices with respect to the use of Personal Information by Third Party Service Providers by contacting us as described below, under the section "How to Contact Us" at the end of this document.

Some of these entities may be located outside Canada, therefore your information may be processed in a foreign jurisdiction, where it will be subject to the laws of that jurisdiction, which may be different than the laws in your province. Personal information that is stored or processed outside Canada may also be accessible to the law enforcement and national security authorities of that jurisdiction.

We may also share or transfer your Personal Information where reasonably required in the context of a sale, merger or amalgamation of all or part of our business or the insurance or securitization of our assets. In any such case, the recipient parties will be contractually required to keep the information confidential and use it only for the purposes of the transaction, or proposed transaction, in question. In the event a business transaction is affected, assignees or successors of Lloyd's or our business or assets, or those of our affiliated entities, may use and disclose Personal Information only for the purposes as set out in this Privacy notice, unless further consent is obtained.

We may also share your Personal Information with law enforcement, national security agencies or other governmental officials, as required or permitted by law, such as in response to a court order or a verified request relating to a criminal investigation or

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alleged illegal activity, where we are legally obligated to contribute information to compulsory insurance databases, or where required to detect, prevent or prosecute fraud.

Authority to collect, use and disclose personal information

When you share information with us for particular purposes, such as providing you with insurance, you give us explicit consent to collect, use and disclose your information for those purposes. Canadian law also authorizes us to collect, use and disclose personal information without consent in certain circumstances prescribed by law, which may include the following:

- Detecting or suppressing fraud
- Investigating or preventing financial abuse
- For communication with the next of kin or authorized representative of an injured, ill or deceased individual
- Investigating a breach of an agreement or a contravention of the laws of Canada or a foreign jurisdiction where obtaining consent would compromise the availability or accuracy of the information
- Witness statement necessary to assess, process or settle insurance claims
- Information that is produced in the course of an individual's employment, business or profession

There may be situations where we need your additional consent to collect, use, and disclose information about you. In those situations, we will ask you for consent separately. You do not have to give your consent and, subject to legal and contractual restrictions, you can withdraw your consent to us collecting, using and disclosing your information at any time. However, withdrawing your consent may affect our ability to provide you with insurance cover or other services.

Retention and security

We retain personal information for as long as necessary to provide you with insurance cover and meet the other purposes for collection, use and disclosure described in this Privacy notice, or as otherwise required or permitted by law. When your Personal Information is no longer required, we will make all reasonable efforts to ensure all electronic and hard copies of such information are securely destroyed and irreversibly deleted from our systems.

We use various physical, technical and administrative security measures, appropriate to the sensitivity of the personal information, that are designed to protect against loss, theft, unauthorized access, disclosure, copying, use or modification by. Although we will take reasonable measures to protect personal information, the transmission of information through the internet or other electronic means is not guaranteed to be secure and may create risks for the privacy and security of your information.

How to access your personal information

Subject to certain exceptions provided by applicable law, you have the right to access your personal information, request corrections about your personal information if you identify any inaccuracies, and request that we delete your information. If you would like to exercise any of these rights, please contact the Ombudsperson at info@loyds.ca.

The Ombudsperson can also provide additional information about Lloyd's policies and practices, answer questions about the collection, use, disclosure or storage of personal information by Lloyd's and its service providers located outside Canada, as well as discuss any complaints you may have regarding the collection, use and disclosure of your personal information.

Changes

We may amend this Privacy notice from time to time as our business evolves, in response to legal developments, as new technologies become available, or as we introduce new features, products or services.

When we make changes to wording of this Privacy notice we will revise the “last updated” date at the bottom of this Privacy notice. You should check back here periodically to find out if any changes have been made to this Privacy notice. If we make substantial changes we will, as appropriate prominently post these changes to our Site or notify registered Users directly.

How to contact us

Further information about Lloyd’s personal information protection policy may be obtained by visiting, <https://www.lloyds.com/lloyds-around-the-world/americas/canada/market-conduct> from your broker, or by contacting Lloyd’s by phone: 514 861 8361, 1 877 455 6937 or email: info@lloyds.ca.

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Lloyd’s Underwriters Code of Consumer Rights & Responsibilities

Insurers (including Lloyd's Underwriters), along with the brokers and agents who sell home, auto and business insurance are committed to safeguarding your rights both when you shop for insurance and when you submit a claim following a loss. Your rights include the right to be informed fully, to be treated fairly, to timely complaint resolution, and to privacy. These rights are grounded in the contract between you and your insurer and the insurance laws of your province. With rights, however, come responsibilities including, for example, the expectation that you will provide complete and accurate information to your insurer. Your policy outlines other important responsibilities. Insurers and their distribution networks, and governments also have important roles to play in ensuring that your rights are protected.

Right to Be Informed - You can expect to access clear information about your policy, your coverage, and the claims settlement process. You have the right to an easy-to-understand explanation of how insurance works and how it will meet your needs. You also have a right to know how insurers calculate price based on relevant facts. Under normal circumstances, insurers will advise an insurance customer or the customer’s intermediary of changes to, or the cancellation of a policy within a reasonable prescribed period prior to the expiration of the policy, if the customer provides information required for determining renewal terms of the policy within the time prescribed, which could vary by province, but is usually 45 days prior to expiry of the policy.

You have the right to ask who is providing compensation to your broker or agent for the sale of your insurance. Your broker or agent will provide information detailing for you how he or she is paid, by whom, and in what ways.

You have a right to be told about insurers' compensation arrangements with their distribution networks. You have a right to ask the broker or agent with whom you deal for details of how and by whom it is being paid. Brokers and agents are committed to providing information relating to ownership, financing, and other relevant facts.

Responsibility - to Ask Questions and Share Information

To safeguard your right to purchase appropriate coverage at a competitive price, you should ask questions about your policy so that you understand what it covers and what your obligations are under it. You can access information through one-on-one meetings with your broker or agent. You have the option to shop the marketplace for the combination of coverages and service levels that best suits your insurance needs. To maintain your protection against loss, you must promptly inform your broker or agent of any change in your circumstances.

Right - to Complaint Resolution

Insurers, their brokers and agents are committed to high standards of customer service. If you have a complaint about the service you have received, you have a right to access Lloyd’s Underwriters’ complaint resolution process for Canada. Your agent or broker can provide you with information about how you can ensure that your complaint is heard and promptly handled. Consumers may also contact their respective provincial insurance regulator for information. Lloyd's is a member of an independent complaint resolution office, the General Insurance OmbudService.

Responsibility to Resolve Disputes - You should always enter into the dispute resolution process in good faith, provide required information in a timely manner, and remain open to recommendations made by independent observers as part of that process.

Right to Professional Service

You have the right to deal with insurance professionals who exhibit a high ethical standard, which includes acting with honesty, integrity, fairness and skill. Brokers and agents must exhibit extensive knowledge of the product, its coverages and its limitations in order to best serve you.

Right to Privacy

Because it is important for you to disclose any and all information required by an insurer to provide the insurance coverage that best suits you, you have the right to know that your information will be used for the purpose set out in the privacy statement made available to you by your broker, agent or insurance representative. This information will not be disclosed to anyone except as permitted by law. You should know that Lloyd's Underwriters are subject to Canada's privacy laws - with respect to their business in Canada.

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LSW1565C

Definitions Applicable to Section 1 and/or 2

When used in this policy, the following words have a special meaning assigned to them, as follows:

Amount of Insurance means the Limits of Insurance shown on the Declaration Page(s) for the corresponding coverage provided by the policy.

Auxiliary Outboard means an outboard motor which is not the primary means of propulsion, but is normally used in the service of the Insured Vessel.

Bare-boat chartering means making your yacht available for hire or reward to other parties, unconnected to you, without your crew on board. Inter-company arrangements in which your yacht is chartered from one related company to another within a company group or otherwise, is not considered to be *bare-boat chartering* for the purposes of this policy.

Casualty means an *incident* affecting the physical condition of your yacht so as to render it incapable of safe navigation to its intended destination, or which creates a threat to the life, health or safety of your crew or guests. Engine breakdown is not a *casualty* for the purposes of this policy.

Covered or **Coverage** means insured by this policy, or insurance provided by this policy.

Crew or **Crew member** means any person engaged or employed in any capacity in connection with your yacht, whether on board or proceeding to or from your yacht or on yacht's business. This includes day workers, but the total number of day workers engaged on or around the vessel at any one time must not exceed 50% of your yacht's normal crew complement unless we have been advised and agreed in writing, in advance. *Crew* or *Crew member* does not mean yacht brokers or yacht agents or those supplying services to your yacht.

Deductible means the initial amount you have to pay yourself before the insurance policy will respond to a loss under a policy. Some policies refer to this as an excess. For the purposes of this policy, the words *deductible* and excess in this context have the same meaning.

Direct Physical Loss or Damage means the actual damage to your insured property resulting directly from and insured peril.

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Electronic Equipment means electronic equipment normally used to navigate, operate and maintain the Insured Vessel, whether permanently attached or portable.

External Cause means a force independent of an item which damages the item.

Fines include civil penalties, penal damages and other impositions similar in nature to *fin*es, but not punitive damages.

Incident means an accident or occurrence relating to the operation or use of your yacht. A series of *incidents* which have the same cause will be treated as one *incident* and for the purpose of claims' settlements one claim's excess will apply.

Insured refers to the Named Insured – the person(s) or Legal Entity named on the declaration page(s)

Insured Vessel means the boat described on the Declaration Page(s), and its inboard, outboard, or inboard/outboard machinery, spars, sails, tackle, apparel, furniture and equipment required for the normal operation of the vessel

Latent Defect means a hidden flaw or defect in the construction of the Insured Vessel and/or machinery which is not readily discovered by a qualified person during an ordinary inspection.

MARPOL means the International Convention for the Prevention of Pollution from Ships 1973 and its protocols and, as modified by the Protocol of 1978, or and as modified or amended by any subsequent protocol, or the legislation of any state giving effect to that Convention.

Navigation Limits means the Insured Vessel will be used only within the navigational limits stated in the declarations unless otherwise agreed to in writing by us and is shown in the Warranties Section of the policy.

Nuclear risks means any loss, damage or expense due to or arising out of, directly or indirectly, nuclear reaction, radiation or radioactive contamination regardless of how it was caused.

Occurrence means an accident, including continuous or repeated exposure to substantially the same harmful conditions, which takes place during the policy period.

Personal Effects means tangible personal property owned by you or your guest, that is on board the Insured Vessel, including, but not limited to, clothing, fishing tackle, downriggers, sports fishing gear and water sports equipment. Personal Effects does not include currency, traveler's cheques, securities, and valuable papers.

Pollution means the accidental discharge or escape of oil or other substances from your yacht.

Private Pleasure Purposes means the Insured Vessel is used for recreational or leisure time activities.

Property Damage means physical damage to, or destruction of tangible property.

SOLAS means the International Convention for the Safety of Life at Sea.

Tender means a vessel(s), including, personal watercraft, including jet skis, wave runners and other similar watercraft usually stored on or attached to a larger vessel, and used solely in the service of and in connection with the Insured Vessel.

Tender Motor means a motor which is specifically used for the propulsion of the tender.

Trailer means the trailer described on the Declaration Page(s) used exclusively for transporting the Insured Vessel on land.

Uninsured third party vessel means a third party vessel which collides with your yacht and which fails to stop and identify itself afterwards or a vessel whose owner or operator has no vessel liability insurance or whose liability insurer denies cover or becomes insolvent.

Underinsured third party vessel means a third party vessel whose owner or operator has insufficient insurance to cover medical costs and expenses of your *crew* or guests.

War risks means liabilities incurred as a result of war, civil war, revolution, rebellion, insurrection or resultant civil strife or any hostile act by or against a belligerent power or by any act of terrorism; capture, seizure, arrest, restraint or detainment; mines, torpedoes, bombs, rockets, shells, explosives or similar weapons of war; any chemical, biological, bio-chemical or electromagnetic weapon; the use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

Wilful Misconduct means an intentional act or deliberate omission done by you either with knowledge that the act or omission is likely to result in loss, or in such a way as to allow an inference of reckless disregard for the probable consequences.

We, Us and Our refer to the Insurer providing this insurance.

You and Your refer to the Named Insured shown on the Declarations Page(s)

Please note that the use of *italic* text in this policy indicates that the word or phrase is defined in the clauses. Words in the singular shall include the plural and vice versa.

Responsibilities Immediately Following a Loss

If there is a loss, or a claim filed, which may be covered under this policy, the Insured must:

1. Take all reasonable steps to protect the property from further loss. Taking steps to protect damaged property does not waive any right to abandon the property. If we take steps to protect the damaged property, it does not mean we are accepting abandonment of the property.
2. Notify your broker immediately, and before commencing repairs.
 - In case of a theft, also notify the local police.
 - In case of a collision or bodily injury, also notify the Coast Guard.
3. Obtain the names and addresses of involved parties or witnesses.
4. Make the Insured Vessel available for our inspection prior to commencement of repairs.
5. Promptly give us a signed detailed statement of the loss or claim. Provide all available bills, invoices or other documents when required to prove the claim.
6. Cooperate with us in our investigation of the loss and our defense of any claim. Promptly send us any legal papers relating to the accident. The Insured must not assume any liability or make any admission of fault.
7. Preserve any right of recovery from others. When we pay the loss the right of recovery passes to us up to the amount of payment.
8. Transfer your rights in the Insured Vessel to us, if we request it, upon payment for a Total Loss.