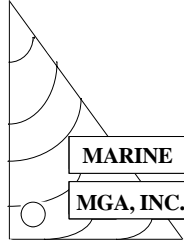


1117 ELM STREET
MANCHESTER, NH
03101



YACHT BUILDER'S RISK

Attached to and forming part of Policy Number: _____

Issued to: _____

Insured's Location (City and State): _____

1. **PROPERTY INSURED**

THIS POLICY COVERS THE FOLLOWING DESCRIBED PROPERTY:

- A. Vessels while in the course of construction including boat materials, marine parts and supplies, machinery and electronics and boat furniture and fixtures;
- B. Plans, drawings, loftings, patterns and mold;
- C. Vessels or property that has been constructed or supplies by the Insured and has been returned to the insured premises for repair or alteration;
- D. Stock held for sale consisting principally of vessels the Insured has constructed, new or used vessels and their accessories and vessels on the insured premises that have been sold but not delivered;
- E. Boats, motors and their accessories, the property of the Insured or which the Insured is legally liable while on exhibit off the insured premises.

2. **LIMITS**

THIS POLICY INSURES FOR AMOUNT NOT TO EXCEED:

- A. \$ _____ on any one vessel, including property that is destined for that vessel;
- B. \$ _____ while in transit by land or water for which the Insured is responsible;
- C. \$ _____ while off premises on exhibit or demonstration;
- D. \$100,000..... Salvage, Recovery or Waterways Contamination Coverage;
- E. \$ _____ while on premises at: _____
\$ _____ while on premises at: _____
- F. \$ _____ in any one casualty or disaster.

3. **DEDUCTIBLE**

EACH CLAIM FOR LOSS OR DAMAGE TO PROPERTY COVERED SHALL BE ADJUSTED SEPARATELY AND FROM THE AMOUNT OF EACH SUCH ADJUSTED CLAIM OR THE APPLICABLE LIMIT OF LIABILITY, WHICHEVER IS LESS, THE SUM OF \$ _____ SHALL BE DEDUCTED.

4. **REPORTING CLAUSE**

A. The Insured agrees to keep an accurate record of the final completed value of property insured hereunder at each location as of the last day of each month and to report to this Company within fifteen (15) days thereafter such value and to pay this Company premium thereon at the rate of _____ per \$100 of value per month;

B. This policy is issued in consideration of a deposit premium of \$ _____. All monthly earned premiums shall be applied against the deposit premium until such time as it shall have been fully earned by the Company after which premium shall be due and payable as earned.

5. **PERILS AND GEOGRAPHIC LIMITATIONS**

This policy insures against risks of direct physical loss or damage to the covered property including risks associated with hauling out or launching that occur at the premises listed above, while on trial trips within a distance of 100 nautical miles or while being delivered at the Insured's risk within a distance of 500 miles by land or water. In no event will this policy provide coverage; while on land, outside the Continental United States and Canada or while on water outside United States territorial waters.

6. **SALVAGE, RECOVERY AND WATERWAY CONTAMINATION**

In the event an insured vessel is damaged at sea or while being hauled out or launched, this Company will pay up to the amount specified in Paragraph 2.D., those sums necessarily and reasonably incurred to salvage and recover the damaged vessel. In addition, if the damaged vessel shall cause the contamination of adjacent waterways, this Company will pay those expenses necessarily and reasonably incurred to mitigate or clean-up the contamination.

7. **EXCLUSIONS**

THIS POLICY DOES NOT COVER LOSS, DAMAGE OR EXPENSE CAUSED BY, RESULTING FROM, CONTRIBUTED TO OR AGGRAVATED BY ANY OF THE FOLLOWING. SUCH LOSS, DAMAGE OR EXPENSE IS EXCLUDED REGARDLESS OF ANY OTHER CAUSE OR EVENT CONTRIBUTING CONCURRENTLY OR IN ANY SEQUENCE TO THE LOSS OR DAMAGE:

- A. MARRING, DENTING, CHIPPING OR SCRATCHING, WEAR AND TEAR, GRADUAL DETERIORATION, FAULTY DESIGN, ERRORS IN MANUFACTURING OR ASSEMBLY PROCESS TO PARTS OR COMPONENTS MANUFACTURED BY THE INSURED;
- B. INHERENT VICE OR LATENT DEFECT; WEATHERING OR EXTREMES IN TEMPERATURE;
- C. LOSS, DAMAGE OR EXPENSE WHILE VESSEL(S) ARE ENGAGED IN ANY RACE OR SPEED TEST;
- D. AGAINST LOSS DUE TO DELAY NOR LOSS OR SHORTAGE DISCLOSED UPON TAKING INVENTORY;
- E. MISAPPROPRIATION, SECRETION, CONVERSION, INFIDELITY OR ANY DISHONEST ACT ON PART OF THE INSURED OR OTHER PARTY OF INTEREST, HIS OR THEIR EMPLOYEES OR AGENTS OR OTHERS TO WHOM THE PROPERTY MAY BE ENTRUSTED (CARRIERS FOR HIRE EXCEPTED);
- F. LOSS OR DAMAGE CAUSED BY EARTHQUAKE;

- G. REAL PROPERTY, BOATS PERMANENTLY OWNED BY THE INSURED. MONEY, NOTES, SECURITIES OR ARTICLES OF VIRTUE;
- H. LOSS OR DAMAGE RESULTING FROM FAILURE OF THE VESSEL TO MEET SPECIFICATIONS REQUIRED BY CONTRACT, THE BUYER, THE UNITED STATES COAST GUARD OR ANY OTHER GOVERNMENT ORGANIZATION OR ANY CLASSIFICATION SOCIETY;
- I. ANY FINE, PENALTY, ADMINISTRATIVE EXPENSE OR PUNITIVE SUM RESULTING FROM A CLAIM COVERED BY THIS POLICY.

8. **CONDITIONS**

- A. Notwithstanding the requirements that premium be paid on the total values at risk, this Company's liability shall in no event exceed the limits of liability provided by this policy;
- B. In the event of loss or damage to the property insured hereunder, this Company shall be liable for no greater portion of such loss or damage that the total values last reported by the Insured prior to the loss or damage bear to the actual total values at risk hereunder as of the date for which such report was made;
- C. In the event of cancellation, the Insured shall report all values at risk hereunder up to and including the date of cancellation and premium shall be adjusted on a pro-rata basis;
- D. The Insured agrees to keep such records open to inspection by representatives of this Company at all reasonable times during business hours within the policy period and for one year after the expiration or termination of this policy.

9. **VALUATION**

In case of loss to property insured hereunder, the basis of adjustment shall be as follows:

- A. On boats in the course of construction at the value of raw materials and cost of labor expended plus 50% of such value for overhead plus 10% of such value for profit. In no event shall such value exceed the contract price of the vessel(s);
- B. On completed boats, the value of such property shall be the contract price less all discounts and charges to which the property would be subject had no loss occurred;
- C. On plans, patterns and molds at replacement cost, if actually replaced, otherwise at cash value;
- D. On all other property, at the actual cash value of the property at the time of loss;
- E. The Insured agrees that all repairs and replacements for which the Company shall be liable hereunder shall be made at net cost prices to him for time, labor and materials;
- F. It is understood and agreed that this insurance shall automatically cease when any property insured hereunder passes into the custody or control of any person or persons other than the named insured regardless of whether the Insured may still retain an interest (carriers for hire excepted).

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

AGENT: _____

Applicant's Signature: _____