



**American Modern Home Insurance Company
American Family Home Insurance Company
American Southern Home Insurance Company
American Modern Insurance Company**

Effective Beginning 3/15/07

**First Choice Watercraft Program &

JetSport Personal Watercraft Program**

Underwriting Guidelines

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NOTE: UNLESS OTHERWISE NOTED, THE FOLLOWING RULES APPLY TO BOTH THE FIRST CHOICE AND JETSPORT PROGRAMS

RISK EVALUATION

The guidelines on the following pages are provided to assist you in evaluating each risk as it is received. Keep in mind that sound underwriting requires judgment applied to each individual situation. Therefore, on occasion, a risk may be deemed unacceptable by American Modern Insurance Group even though it is not expressly prohibited in this guide. Contact the American Modern Service Center at (877)-459-7767 with any questions.

QUOTING AND BINDING PROCEDURES

1. Regardless of binding authority level, the majority of acceptable risks can be quoted at the agency level through modernLINK. Some risks may require submission to the American Modern Service Center (or your approving authority General Agent) prior to binding.
2. Risks requiring submission:
 - a. modernLINK will prompt you when a risk is required to be submitted.
 - (1) For many risks, you will be prompted at the end of a quick-quote, and again as you are attempting to issue. If you are prompted, the reason will appear, and you will simply need to click the "Submit for Issue" button and the risk will be placed in the "Under Review" status.
 - (2) Other risks may trigger an underwriting edit during the quoting / binding procedure that will not allow for further progression. If you have questions during this process, save your progress and contact the American Modern Service Center (or your approving authority) for assistance.
 - b. Contact the American Modern Service Center (or your approving authority) with identifying information such as the customer's name, quote number, etc. The Service Center will review and approve the risk, if acceptable. The risk is not considered bound until it has been submitted through modernLINK, the American Modern Service Center (or your approving authority) has approved the risk, and a policy number is provided.
3. Due diligence should be exercised in obtaining signed applications, proofs of discount, marine surveys, photographs, etc. It may be necessary to forward such items to your underwriting authority for their review prior to binding, or to keep such documentation readily available for review.

4. For specific questions regarding these procedures contact the American Modern Service Center.

American Modern Service Center
PO Box 1560
St. Charles, MO 63302-1560
Phone (877) 459-7767
Fax (877) 459-7768

TEMPORARY SUSPENSION OF WRITINGS

During periods of severe weather, do not accept any applications to add Physical Damage coverage or requests to lower deductibles on existing policies. Impending severe weather includes, but is not limited to tornado, flood, hurricane or tropical storm warnings and/or watches. Renewals of expiring policies may be written provided there is no increase in coverage or lapse between policies.

IMPENDING SEVERE WEATHER – BINDING RESTRICTIONS AND PROCEDURES:

FOR UPDATES, CALL (800) 543-2644 EXT. 3700 or go to www.amig.com, under Agent's Area, in the Other Agent Services section, and click on "Binding Restrictions".

PAYMENT PLAN OPTIONS AND FEES

1. **Payment Plans**
 - a. **1 Pay Plan:** Must be paid in full.
 - b. **2 Pay Plan:** 50% down.
 - c. **4 Pay Plan:** 25% down. Available only in the following states: **AL, AZ, AR, CA, FL, GA, LA, MS, NM, NC, SC, TN, TX and VA.**
2. **Payment / Down Payment Method**
 - a. **Credit Card.** MasterCard®, Visa®, Discover®, and American Express® are accepted.
 - b. **EFT (One Time Payment).**
 - c. **Bill Policyholder.** Policyholder will be billed for the payment required for the selected payment plan. For mid-term payments, standard payments by written check, check by phone (EFT), or credit card can be utilized.
3. **Service Fees.** modernLINK will apply the appropriate service fees to the "Minimum Down Payment" on the billing screen.

GENERAL UNDERWRITING RULES

1. **POLICY TERM**

Policies may only be written for a term of 12 months.
2. **MULTI-WATERCRAFT POLICIES**
 - a. The First Choice Program only provides single unit policies. Each individual watercraft must be written on a stand alone policy.
 - b. Up to 2 personal watercrafts can be written on a single JetSport Program application. For more than 2, please quote the risks separately, and contact the American Modern Service Center for assistance.
3. **MINIMUM PREMIUM**
 - a. First Choice Program. The minimum premium is \$100.00.
 - b. JetSport Personal Watercraft Program. The minimum premium is \$65.00 per unit.
4. **WATERCRAFT USE**
 - a. All watercraft must be used for private pleasure use only.
 - b. Occasional participation in water-skiing and fishing tournaments, or local sailing regattas is permitted. Sailing regattas are restricted to 6 events per year.
 - c. Business entertainment is acceptable when there is no direct or indirect financial payment. An example of an unacceptable risk would be a realtor using their boat to show lakefront property.
5. **WATERCRAFT OWNERSHIP**
 - a. No more than 2 owners are permitted (owner and spouse are considered 1 owner). If the watercraft has 2 owners, both owners must be identified on the application and the declarations.
 - b. Corporate ownership is permitted, but use is still restricted as defined in #4 above. The policy must be titled in the name of the company or corporation and all potential operators must be identified. A maximum

of 4 regular operators is permitted.

- c. Living Family Trust ownership is permitted, but use is restricted to private pleasure use only.

6. RATING LOCATION

The state where the watercraft is regularly stored more than 6 months is the rating location (on or off season).

7. NAVIGATION

- a. Navigation is permitted in the inland and coastal waters of the United States and Canada; and the Pacific coastal waters of Mexico (limited to no further south than Rio Santo Tomas, Mexico).
- b. Coastal Waters means the waters of the Atlantic Ocean, Pacific Ocean and the Gulf of Mexico including their adjacent sounds, bays, harbors, inlets, waterways, or other major tributaries containing salt or brackish water.

The Chesapeake Bay and Pacific Ocean Waters (including any inlet or waterway) are not subject to a coastal surcharge.

- c. Offshore Navigation:

(1) The First Choice policy contains the following standard navigation restrictions:

- (a) Up to 50 miles offshore for boats 24' or less.
- (b) Up to 150 miles offshore for boats 25' or greater.

NOTE: With the exception of the Mexico navigation allowance shown above, navigation into the territorial waters of any foreign country or province is prohibited, and is not covered in the policy. Examples of such navigation include (but not limited to) the Bahamas and Cuba.

(2) The JetSport policy contains a 5 mile offshore restriction for all PWCs insured in the program.

- d. **First Choice Only.** For states other than Mississippi and Texas, watercraft stored or located within 10 miles of coastal waters as defined above are subject to a Coastal Surcharge.

(1) For the state of Texas, the surcharges must be applied for any boat moored in the entire counties of Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jackson, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Orange, Refugio, San Patricio, Victoria and Willacy. Boats moored in the following Harris County ZIP codes must also be surcharged:

77012	77047	77061	77087	77504	77520	77546	77586
77015	77048	77062	77089	77505	77521	77547	77587
77017	77058	77073	77502	77506	77530	77562	77598
77034	77059	77075	77503	77507	77536	77571	

(2) For the state of Mississippi, the surcharges must be applied to any boat moored in the entire counties of Hancock, Harrison and Jackson.

(3) For the purposes of determining the appropriate Coastal Surcharge (if required) the following terms will be utilized:

- (a) "Trailerable" means a watercraft 30' or less with a maximum top speed of 60 mph. A trailer must also be insured along with the insured watercraft.
- (b) "Non-Trailerable" means a watercraft greater than 30', a watercraft with a maximum speed greater than 60 mph, or a policy without an insured trailer.

Please refer to the SURCHARGES section.

8. RESTRICTED TERRITORIES

The following territories are restricted:

- a. The New York boroughs of Manhattan, Brooklyn (Kings County), Queens, Bronx and Staten Island (Richmond County).
- b. The Florida counties of Dade, Broward and Monroe.
- c. Additional restrictions may apply as found in our www.amig.com website.

9. WATERCRAFT AGE AND SURVEY REQUIREMENTS

a. The age is determined by subtracting the model year from the current calendar year, with no consideration for the month the watercraft was manufactured.

b. There is no maximum watercraft age restriction.

- c. **First Choice Only:**

(1) An acceptable out of water Condition and Valuation Marine Survey is required for any watercraft that is over 10 years old and 27' or greater. The survey can be no older than:

- (a) 90-days if the unit is stored in salt or brackish water, or

- (b) 1-year if the unit is stored in freshwater.
- (2) For liability only, the same conditions apply, however the survey may be done in water.
- (3) NAMS (National Association of Marine Surveyors) or SAMS (Society of Accredited Marine Surveyors) are preferred.
- (4) The above survey age requirements can be waived to 24-months if the unit is currently insured by your agency and has been claim free since the date of the survey.
- (5) A survey can be requested by the company for any boat with a lapse in coverage.
- (6) There is flexibility of the rules depending upon the unit type, claims history, transferring of business, ownership history, location of the unit, etc. Submit to the American Modern Service Center for consideration.

10. WATERCRAFT VALUE

- a. The value must not be less than the purchase price if purchased within 1 year; or
- b. The value must be within 20% of the suggested market value range shown in a published price guide (ABOS, BUC, NADA, etc.) if purchased more than 1 year ago.
- c. The value of the watercraft should not normally exceed the owner's insurable interest.
- d. modernLINK will prompt you if you have entered a value that is not within the range specifications shown above. To consider higher or lower values, a survey may be required at the discretion of our Underwriters. Such requests require American Modern Service Center approval.

11. IDENTIFICATION

A valid ID or serial number must be obtained for any insured watercraft, outboard motors, trailers, and tenders/dinghies.

OWNER/OPERATOR ELIGIBILITY

1. GENERAL OWNER / OPERATOR ELIGIBILITY RULES

- a. The titled owner(s) must be at least 18 years old and listed as the Named Insured(s) on the policy.
- b. The titled owner(s) and any operator 17 years or older must have a valid U.S., Canada, or International driver's license.
- c. All regular operators must be identified on the application. For boats, an operator is defined as someone with responsibility for the unit and its passengers. Taking a turn steering the boat does not make someone an operator if someone with greater responsibility is also aboard.
- d. The following minimum age requirements apply:
 - (1) For First Choice, all regular operators must be at least 16 years of age.
 - (2) For JetSport, all regular operators must be at least 14 years of age or older if required by state law.
- e. If required by the state, operators must also hold a valid watercraft operator's license.
- f. Owners or regular operators must not have any pending insurance claims with another company.
- g. Owners/operators who want seasonal coverage or have a history of cancellation for non-payment are not eligible.
- h. Owners/operators who intend to receive financial benefit for the watercraft's use are not eligible.

2. MVR REQUIREMENTS

- a. At new business, the following situations will require an MVR prior to binding:
 - (1) **First Choice Only:** Any boat with a top speed greater than 60 mph.
 - (2) Limits of 500/500/500.
 - (3) Any owner 25 years old or younger requesting liability limits of 100/100/300 or higher.
 - (4) Any operator that declares a moving violation.
 - (5) All operators added after the receipt of an application.
 - (6) Wife indicated as owner and the husband shown as an operator.
- b. modernLINK will identify risks that require an MVR, **but will not automatically order the MVR**. Risks that have been identified as requiring an MVR will not be bound by the system until you have ordered the MVR and identified the violations, if any.

3. MVR AND LOSS HISTORY EXPERIENCE PERIOD

- a. Experience Period: 3 years (36 continuous months) preceding the effective date of the policy. The conviction date must be utilized for MVR history in all states except Washington, which uses the incident date.

- b. Owners/Operators must meet the following eligibility requirements within the experience period:
 - (1) No more than 6 minor violation convictions.
 - (2) No more than 1 major violation conviction.
 - (3) No more than a combination of 1 major and 1 minor violation conviction.
 - (4) No more than 1 declared liability loss.
 - (5) No more than 2 declared physical damage losses.
- c. Subject to the last 10 years, any owner/operator that has ever been charged with, convicted of, or plead no contest to any felony is not eligible.
- d. Violations are identified in modernLINK. If an MVR is required, and violation convictions are present, modernLINK will provide a list of violations that will need to be selected. Once selected, modernLINK will automatically define the type of violation and will determine if a surcharge is required.

4. **MARITAL STATUS**

- a. Married is defined as an owner who is legally married and residing with a spouse or widowed.
- b. Common law marriages will be rated using the Multiple / Corporate Owned Surcharge.
- c. Single is defined as an operator who is unmarried, divorced or separated and living in a separate household.

5. **PREVIOUS INSURANCE**

- a. Lapses in coverage greater than 30 days require careful underwriting. Confirmation that the watercraft does not have unrepaired damage and the applicant is not looking for seasonal coverage must be verified.
- b. **First Choice Only.** Photos are required for watercraft greater than \$20,000 with a lapse in coverage for more than 30 days. Time sensitive or date verifiable photos (within 3 days of the effective date) of the port, stern, bow, transom, engines, engine compartment, cabin (if any), interior, and trailer (if applicable) are required.
- c. Be especially cautious when applicants request coverage at the end of the boating season or after a holiday weekend. Do not hesitate to contact the American Modern Service Center for assistance.

6. **FIRST CHOICE ONLY. BOAT OWNERSHIP REQUIREMENTS**

For boats over 26' in length, the owner must have prior ownership experience with the subject boat or prior boats. Owners must meet the following ownership requirements if the subject boat is within the lengths identified:

- a. **27' to 34'** – 1 year of ownership of a boat greater than 18'.
- b. **35' to 42'** – 1 year of ownership of a boat greater than 24'.
- c. **43' to 64'** – 1 year of ownership of a boat greater than 30'.

WATERCRAFT ELIGIBILITY

1. **FIRST CHOICE BOAT ELIGIBILITY**

a. **BOAT CLASSES**

When quoting and processing risks on modernLINK, you will be required to provide the boat classification. The following rules should be applied when determining the unit's classification.

- (1) **Powerboats (Standard)** are any boat that is powered by a motor and not identified below as its own type, including inflatable units (powered by outboard motors). For clarification, the following risks will be automatically reclassified as a "Powerboat" in modernLINK:
 - (a) Trawlers that exceed 20 mph.
 - (b) Pontoons that exceed 60 mph.

For both situations, modernLINK will provide a message prior to the change.

- (2) **Bass Boats** are smaller, outboard powered boats designed specifically for fishing activities. Generally 16 to 22 feet in length, many bass boats are capable of relatively fast cruising speeds, but its primary purpose is for bass fishing, walleye fishing, etc. Most have fiberglass hulls, but aluminum models are also common. Common fiberglass makes are Ranger, Champion, Nitro, and Bass Cat, but you can also classify aluminum fishing boats from manufacturers such as Alumacraft, Crestliner, Lund, Lowe, etc. Bass Boats are acceptable up to 70 mph, and should be classified as "Spt Fish / Bass" in modernLINK.
- (3) **Houseboats** are classified as any boat with a motor that has house-like amenities, a full galley, enclosed head, sleeping berths, etc. Houseboats usually have top speeds that range from a few miles per hour up to 30 mph.

- (4) **Performance** boats are any deep V hull powerboat with a top speed ranging from 61 to 70 miles per hour. Classify performance boats as a "Powerboat" in modernLINK. Performance Catamarans and similar hull designs are not eligible.
- (5) **Pontoons** are any boat that is powered by a motor that is supported by aluminum tubes with a flat deck surface. For additional clarification, Deck Boats (which have similar above water structure designs as pontoons but a fiberglass V type hull) must be placed in the Powerboat class.
- (6) **Sailboats** are boats that use a sail for primary power. Some models do have an auxiliary engine such as a small horsepower outboard or inboard. Mono-hull and multi-hull designs are acceptable. With Sailboats, overall top speeds are not a factor.
- (7) **Sport-Fishing** boats are generally center console units that are primarily designed for coastal and offshore fishing, but can also be found in the Great Lakes or larger inland lakes and rivers. Boats with single or twin inboard or up to 3 outboard motors may qualify for the Sport-Fishing class. Inboard/ Outboard stern drive Sport-Fishing boats do not qualify. Most Sport-Fishing boats have Deep V hulls. Catamaran Sport-Fishing boats are acceptable as long as the model is set-up for sport-fishing and the top speed does not exceed 70 mph. Performance Catamarans are not eligible. Classify Sport-Fishing units as "Spt Fish / Bass" in modernLINK.
- (8) **Trawlers** will be classified as any powerboat that is larger than 26 feet in length, with a single or twin inboard motor and top speed up to 20 mph. Most Trawlers are powered with diesel fuel. If the top speed exceeds 20 mph it must be classified as a Powerboat.

b. **ADDITIONAL REQUIREMENTS**

- (1) **Engine Types.** Unmodified marine inboard (and V drive), outboard, inboard/outboard, jet-drive or none (for sailboats).
- (2) **Construction.** Fiberglass, aluminum or inflatable.
- (3) **Length.** Up to 64'.
- (4) **Value.** Up to \$300,000.
- (5) **Top Speed.** Up to 70 mph.

2. **JetSport PERSONAL WATERCRAFT**

a. **Construction/Type.**

- (1) Fiberglass, "jet-ski" type.
- (2) Sit down and stand up models are permitted.
- (3) "Mini Jet Boats" must be written as a Powerboat in the First Choice Program.

b. **Passenger Capacity.** Up to 4 passengers.

RISKS NOT WRITTEN: DO NOT SUBMIT

The following risks are not eligible and cannot be bound.

1. Owners or regular operators with pending insurance claims with another company.
2. Owners who want seasonal coverage or have a history of cancellation for non-payment.
3. Owners or regular operators who intend to receive financial benefit for the watercraft's use.
4. Owners or regular /Operators with more than:
 - a. 6 minor violation convictions.
 - b. 1 major violation conviction.
 - c. A combination of 1 major and 1 minor violation conviction.
 - d. 1 declared liability loss.
 - e. 2 declared physical damage losses.
5. Any owner or regular operator with a felony in the past 10 years.
6. Any owner under the age of 30 requesting 500/500/500 (lower limits are available).
7. Liability limits greater than 100/100/100 for any customer with an MVR surcharge or any previous liability claims declared at new business.
8. Inexperienced owners or regular operators of a watercraft over 26' (as defined by #6 in Operator Eligibility).
9. Watercraft stored in theft prone areas (parking lots, apartment parking lots, public parking areas).
10. Watercraft that have any deficiencies or unrepaired damage.

11. Watercraft used for racing, other than occasional sailing regattas.
12. Watercraft stored more than 300 miles from the owner's residence that are not adequately protected or secured by a local person or marine facility.
13. Watercraft stored in a restricted territory.
14. Watercraft held for sale or consignment.
15. Watercraft with more than 2 owners or more than 4 regular operators.
16. Watercraft with engines modified from the original manufacturer's specifications to increase the top speed.
17. Watercraft exceeding 70 mph.
18. Watercraft exceeding 60 mph that are more than 20 years old.
19. Watercraft exceeding 60 mph with liability limits of 500/500/500.
20. Any boat with an MVR surcharge that exceeds 60 mph.
21. Airboats, hovercrafts and amphibious watercrafts.
22. Watercraft not stored in the U.S.
23. Watercraft used for business or commercial purposes, including boats owned by boat clubs or other boating organizations.
24. Homemade, kit or custom made watercraft or trailer.
25. **First Choice Only:** Watercraft exceeding 60 mph with owners/operators under the age of 25.
26. **First Choice Only:** Watercraft exceeding 60 mph with owners/operators without at least 2 years of previous ownership experience.
27. **First Choice Only:** Values in excess of \$300,000.
28. **First Choice Only:** Hulls of steel, ferro-cement, Kevlar, wood or wood epoxy.
29. **First Choice Only:** Performance catamarans, tunnel hulls, air entrapment hulls, hydroplanes, pickleforks, and hydrofoils. **However, Sport-Fishing catamarans like World Cat and Glacier Bay are eligible.** Contact the American Modern Service Center if you have any questions regarding acceptability.
30. **First Choice Only:** Houseboats or Pontoons used in coastal waters or the Great Lakes.
31. **First Choice Only:** Watercraft used as a primary residence (liveaboards).
32. **First Choice Only:** Watercraft greater than 64'.
33. **First Choice Only:** Manually powered watercraft (excluding Sailboats).
34. **First Choice Only:** Sailboats used exclusively for racing.
35. **First Choice Only:** Watercraft manufactured before 1993 with jet-drive engines.
36. **First Choice Only:** Watercraft with more than 3 main outboard engines.
37. **First Choice Only:** Any unit identified as "Restricted" in modernLINK.

AMERICAN MODERN SERVICE CENTER SUBMISSIONS

modernLINK will determine binding eligibility for new business depending upon your authority level. As a guide, the following risks represent those that will require approval from the American Modern Service Center, or your approving authority.

1. Any watercraft with Liability Only and the customer is requesting Physical Damage coverage mid-term (an acceptable marine survey may be required at the discretion of an Underwriter).
2. Any risk with a prior liability claim.
3. Any risk with liability limits of 500/500/500.
4. **First Choice Only:** Any watercraft that exceeds 60 mph or the top speed is uncertain.
5. **First Choice Only:** Any watercraft with a hull value between \$150,001 and \$300,000.
6. **First Choice Only:** Any watercraft value that is not within 20% of the value shown in published pricing guides or the owner's insurable interest.
7. **First Choice Only:** Any watercraft requiring a professional marine survey.

COVERAGES AND COVERAGE ELIGIBILITY

1. WATERCRAFT LIABILITY

- a. Watercraft Liability is required. Liability Only coverage is permitted. Lienholder cannot be listed on the application.

- b. Includes coverage for bodily injury and property damage.
- c. Limits greater than 100/100/100 are not available for any risk requiring any MVR Surcharge or if any previous liability losses are declared at new business.
- d. Owners under the age of 30 are not eligible for limits of 500/500/500.
- e. Automatically includes a sub-limit of coverage for injuries to family members, and Pollution Coverage in the event of a covered loss (some state exceptions apply).
- f. The minimum liability limit available for Arkansas is 50/50/50.
- g. The minimum liability limit available for Utah is 50/50/100.
- h. **JetSport Only.** For multi-unit policies, the limits must be the same for all units.

2. MEDICAL PAYMENTS

- a. Medical Payments is required and included at a limit of \$1,000.
- b. Coverage is available in \$1,000 increments up to:
 - (1) \$10,000 for First Choice.
 - (2) \$5,000 for JetSport.

3. WATERSPORTS LIABILITY

- a. Watersports Liability is optional.
- b. Includes coverage for waterskiing, wakeboarding and tubing.
- c. If selected, Watersports Coverage forms part of Watercraft Liability (this is not a separate limit).

4. WATERCRAFT PHYSICAL DAMAGE

- a. Watercraft Physical Damage (Hull) is optional.
- b. Physical Damage Only policies are not permitted.
- c. First Choice:
 - (1) Standard Agreed Value for boats up to 10 years old (can be extended with the purchase of the Optional Agreed Value Endorsement).
 - (2) Standard Market Value (ACV) for boats 11 years and older.
 - (3) Replacement Cost coverage for any part new to 2 years old, regardless of boat age.
 - (4) Deductible options are \$250; \$500 (standard); \$1,000; \$1,500; and \$2,000; subject to the following:
 - (a) \$500 is the minimum permitted for boats equal to or greater than \$50,001 in value.
 - (b) \$1,000 is the maximum permitted for boats equal to or less than \$50,000 in value.
 - (c) \$500 is the minimum permitted for single engine boats over 60 mph.
 - (d) \$1,000 is the minimum permitted for twin engine boats over 60 mph.
 - (e) \$2,000 is the minimum permitted for any acceptable triple engine boat.
- d. JetSport.
 - (1) Coverage is Market Value (ACV) for all units.
 - (2) Deductible options are \$250 (standard) and \$500.

5. ADVANTAGE AND ADVANTAGE PLUS ENDORSEMENTS

Coverages Included	First Choice Limits		JetSport Limits	
	Advantage	Advantage Plus	Advantage	Advantage Plus
Uninsured Watercraft and Non-Owned Watercraft Liability	50% of Per Person Watercraft Liability	Equal to Per Person Watercraft Liability	Greater of \$15,000 or 50% of Per Person Watercraft Liability	Equal to Per Person Watercraft Liability
Towing and Emergency Assistance	\$350 (\$1,000 per policy term)	\$1,500 (\$3,000 per policy term)	\$150 (\$300 per policy term)	\$250 (\$500 per policy term)
Personal Effects	\$1,000	\$5,000	\$150	\$300

- a. Advantage and Advantage Plus Endorsements are optional.
- b. Not available unless Watercraft Physical Damage coverage is purchased, except in Virginia, where each endorsement can be purchased with Liability Only.
- c. **NOTE:** The state of Virginia requires that Uninsured Watercraft Coverage is offered at a limit equal to the chosen liability limit. In this regard, the Advantage Plus Endorsements must be offered to a customer to

comply with this rule. However, the Advantage Endorsements can be purchased if the customer does not wish to purchase the Advantage Plus Endorsements.

6. **TRAILER PHYSICAL DAMAGE**

- a. Trailer Physical Damage coverage is optional.
- b. Not available unless Watercraft Physical Damage is purchased for the insured watercraft.
- c. Subject to the following deductibles:
 - (1) \$250 for First Choice.
 - (2) \$100 for JetSport.

7. **FIRST CHOICE ONLY. TENDER / DINGHY COVERAGE**

- a. Tender / Dinghy coverage is optional.
- b. Not available for tenders 13' and over, or any tender with more than 15 hp.
- c. Tenders can be written on a stand alone policy basis, subject to all stated requirements.
- d. Subject to a \$250 deductible.

8. **FIRST CHOICE ONLY. EXTENDED PARTIAL LOSS COVERAGE**

- a. Extended Partial Loss coverage is optional.
- b. Not available unless Watercraft Physical Damage is purchased for the insured watercraft.
- c. For a percentage of the hull premium, this coverage extends the included 2 year replacement cost provisions in the policy to 5 years.
- d. This coverage is only available if the unit is new and has never been titled (no pre owned boats). Model year must be the current year, current year minus one year, or future model year units.
- e. This coverage will be removed, at renewal, when the unit is greater than 5 years old.

9. **FIRST CHOICE ONLY. OPTIONAL AGREED VALUE ENDORSEMENT**

- a. The Agreed Value Endorsement is optional.
- b. Available only to units 11 model years and older, and 27' and greater.
- c. Value verifications must be completed prior to the inclusion of this coverage.

10. **JETSPORT ONLY. MACHINERY DAMAGE EXCLUSION ENDORSEMENT**

- a. The Machinery Damage Exclusion Endorsement is an optional selection.
- b. If selected, a \$50.00 credit will be applied and damage to machinery and equipment will be excluded.

DISCOUNTS

1. **10% OWNERSHIP EXPERIENCE DISCOUNT**

- a. Occasional use or prior operating experience will not be considered "experience".
- b. This discount will be based off of the titled owner's experience (operator #1).
- c. For First Choice, 3 years of previous boat ownership is required.
- d. For JetSport, 2 years of previous personal watercraft or boat ownership is required.
- e. To qualify for the discount, previous boats owned must be identified by manufacturer, length and years of ownership.

2. **5%–10% RENEWAL DISCOUNTS**

- a. For customers not having a paid loss in excess of \$300, 5% will be applied at the first renewal and 10% will apply at the second and following renewals.
- b. If combined paid losses exceed \$300, the discount will be reduced by one level only. For instance, if a customer has the 10% discount, then suffers a loss in excess of \$300, the next renewal will receive a 5% discount. That will increase to 10% in the next subsequent renewal of no losses are paid on the policy.

3. **FIRST CHOICE ONLY. 5% DIESEL FUEL DISCOUNT**

This discount will apply to any watercraft powered by diesel engines.

4. **FIRST CHOICE ONLY. 10% - 15% TRANSFER DISCOUNTS**

- a. The 15% discount will apply if there has been no lapse in coverage between the expiration date of the current carrier, and the effective date of a First Choice Policy. 15% is not permitted in Oregon.
- b. The 10% discount will apply if there has been up to a 30 day lapse.
- c. Customers purchasing a new or used unit may still qualify for the Transfer Discounts depending upon their current or recent status as an owner of an insured unit. The following customers qualify for the Transfer

Discounts:

- (1) Customer has sold their unit insured with another company and is purchasing a new unit and insures with American Modern.
 - (2) Customer currently owns a unit insured with another company and purchases an **additional** unit, and insures the new unit or both (separately) with American Modern.
- d. No discount will apply for lapses greater than 30 days, including previously owned boat qualifications.
- e. **IMPORTANT NOTE: TRANSFER DISCOUNTS ARE NOT AVAILABLE IN THE FOLLOWING STATES:** Alabama, Connecticut, Delaware, Florida, Georgia, Louisiana, Maryland, Massachusetts, Mississippi, New Jersey, North Carolina, Rhode Island, South Carolina, Texas, Virginia, and Washington. **THIS LIST IS SUBJECT TO CHANGE AT ANY TIME PER INDIVIDUAL STATE DEPARTMENT OF INSURANCE REQUIREMENTS.**
- f. A copy of the current or previous declarations page must be maintained on file and available for review upon request for any customer that has been granted the Transfer Discount(s). This rule applies to item C above as well, even for units not currently owned.
5. **JETSPORT ONLY. 10% MULTI UNIT DISCOUNT**
This discount applies if more than one personal watercraft is insured under one JetSport policy.

SURCHARGES

1. **MVR SURCHARGES**
 - a. A 25% surcharge will apply for 3 or 4 minor violation convictions.
 - b. A 50% surcharge will apply for 5 minor violation convictions OR any 1 major violation conviction.
 - c. A 100% surcharge will apply for 6 minor violation convictions OR a combination of 1 major and 1 minor violation convictions.
2. **LOSS EXPERIENCE SURCHARGES**
 - a. A 10% surcharge will apply for 1 physical damage loss between \$1,000 and \$4,000.
 - b. A 50% surcharge will apply for the following:
 - (1) One physical damage loss greater than \$4,000.
 - (2) Two physical damage losses, regardless of amount.
 - c. **FOR THE STATE OF FLORIDA ONLY**, the surcharge should not be considered for weather related physical damage losses. Weather related claims for Florida customers should still be input during processing. Our modernLINK software and mainframe processing will facilitate this differentiation.
3. **20% MULTIPLE / CORPORATE OWNED SURCHARGE**
 - a. This surcharge applies to any watercraft with more than one owner (applicant and spouse are considered one owner), or any watercraft titled in the name of a company or corporation.
 - b. A maximum of 2 owners is permitted, with no more than 4 regular operators.
4. **FIRST CHOICE ONLY. COASTAL SURCHARGES**
 - a. If a watercraft is stored in either a coastal Mississippi or Texas county, or within 10 miles of the Atlantic Ocean or Gulf of Mexico coast in remaining states (as defined in the general underwriting rules), it is subject to a Coastal Surcharge.
 - b. For "Non-Trailerable" (as defined in the general underwriting rules) the following surcharges apply:
 - (1) 20% for Atlantic North states (ME to VA).
 - (2) 40% for Atlantic South states (NC to GA).
 - (3) 40% for Alabama and Louisiana.
 - (4) 40% for Florida.
 - (5) 100% for Mississippi and Texas.
 - c. For "Trailerable" (as defined in the general underwriting rules) the following surcharges apply:
 - (1) 10% for Atlantic North states (ME to VA).
 - (2) 20% for Atlantic South states (NC to GA).
 - (3) 20% for Alabama and Louisiana.
 - (4) 40% for Florida.
 - (5) 50% for Mississippi and Texas.

HOW TO REACH US WHEN YOU NEED US

TO REPORT A CLAIM OR REACH OUR CUSTOMER CARE SERVICES DEPARTMENT:

Please call: 1-800-543-2644

Fax: 1-800-217-5150

or Report Claims Online:

<http://www.amig.com>

choose "Claims"

select "File a Claim"

select the "Watercraft" form

New Loss Notices may be sent to:
American Modern Insurance Group, Inc.

Attn: Customer Care

P.O. Box 5323

Cincinnati, Ohio 45201-5323

TO OBTAIN SUPPLIES:

modernLINK®: www.amig.com

modernLINK is available Monday through Friday 7 a.m. - 12 a.m. Eastern

Saturday and Sunday 8 a.m. - 9 p.m.

For assistance contact your modernLINK Profile Administrator located within your office
or contact American Modern's Systems Support Team at 1-866- 527-9583.

Normal Business hours 8 a.m. to 6 p.m. Eastern, Monday - Friday.

Calls received Monday - Friday 6 p.m. - 9 p.m., weekends and holidays 8 a.m. - 9 p.m., will be
answered by voice- mail, and a member of Systems Support will return the call within one hour.

E-mail: supply@amig.com

or **Fax:** 1-513-947-4050

If you have a question about supplies, please call:

1-800-759-9008, ext. 5561

When obtaining supplies, please refer to the form number at the lower left hand corner of this page.



AMERICAN MODERN INSURANCE GROUP, INC.

EXECUTIVE OFFICE

POST OFFICE BOX 5323

CINCINNATI, OHIO 45201-5323

1-800-543-2644

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