



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

Effective: 02/2012

Individual State Effective Dates Will Vary

**First Choice Watercraft Program &

JetSport Personal Watercraft Program**

Program Manual

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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 may be prompted as you are quoting or 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 American Modern 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.
 - c. **Please call the American Modern Service Center (877) 459-7767 or your approving authority when you have submitted a risk for review. The modernLINK system for our Watercraft products does not have an automatic electronic notification for submissions.**

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
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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 (plus service fee).
 - c. **4 Pay Plan:** 25% down (plus service fee). 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 primarily for private pleasure use, excluding fishing tournament use in the First Choice Program. Our First Choice policy automatically allows customers to use their boat for fishing tournaments and can earn up to 50% of their gross annual income for winnings, endorsements, etc. For customers that will earn more than 50% of their income from fishing tournaments, additional coverage must be purchased with our Professional Anglers Endorsement. In selected inland states of Colorado, Iowa, Idaho, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Montana, North Dakota, Nebraska, New York (freshwater only) Ohio, Pennsylvania, South Dakota, Wisconsin, and Wyoming we offer the Professional Anglers / Fishing Guide Endorsement.

- b. Occasional participation in water-skiing or local sailing regattas is also 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.
- d. Boat Clubs or similar organizations are not eligible.

6. **RATING LOCATION**

- a. The state where the watercraft is regularly stored more than 6 months is the rating location (on or off season), however, if the watercraft is stored in a coastal state (TX, LA, MS, AL, FL, GA, SC, NC, VA, MD, DE, NJ, NY, CT, RI, MA, NH, ME) 4 months or more that state must be used as the rating state.
- b. The storage ZIP code will be utilized to drive rating territory, underwriting rules and available coverages.

7. **NAVIGATION**

- a. Navigation is permitted in the inland and coastal waters of the United States and Canada. Our First Choice Program also allows navigation on the Pacific coastal waters of Mexico (limited to no further south than Rio Santo Tomas, Mexico).
- b. For boats in our First Choice Program, navigation is also permitted in international shared lakes that are divided by the border of the United States and Mexico, provided the insured watercraft is launched on the U.S. side of the border, and mooring in Mexico only takes place in the event of an accident (see “Policy Territory” definition in the First Choice Policy).
- c. 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.
- d. 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 Canada and Mexico navigation allowances 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.

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 or as shown in modernLINK during quoting. On the www.amig.com website, the binding restriction section can be found by clicking the “For Agent” tab at the top of the screen, then clicking the “Agent Tools” link at the bottom. The “Binding Restrictions” link is at the bottom of the menu on the left side of the screen.

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:
 - (a) any watercraft moored in salt or brackish water that is over 10 years old and 27’ or greater.
 - (b) any watercraft moored in freshwater that is over 15 years old and 27’ or greater.

- (c) any watercraft with a top speed over 60 mph that is over 10 years old and 27' or greater.
- (2) The survey can be no older than 1 Year:
- (3) An in the water Marine survey is acceptable if the watercraft has had bottom maintenance within the past 24 months. This will require some form of documentation such as a work order or divers report, etc. This requirement would also apply to Liability only policies.
- (4) Pontoon boats stored in freshwater are exempt from the survey requirement.
- (5) NAMS (National Association of Marine Surveyors) or SAMS (Society of Accredited Marine Surveyors) are preferred.
- (6) 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 last survey and routine bottom maintenance has been performed. A Compliance Letter may be required.
- (7) Any Mid or High Performance boat 71 mph or greater with a lapse in coverage may require a survey. A survey can be requested by the company for any boat with a lapse in coverage.
- (8) Airboats more than 2 years old at the time of purchase may require a marine survey.
- (9) There is flexibility of the rules depending upon the unit type, claims history, transferring of business, ownership history, location of the boat, etc. Submit to the American Modern Service Center for consideration.
- (10) While the above rules will typically cover most survey situations, the company may request a survey on any risk prior to binding.

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 or bill of sale may be required at the discretion of our Underwriters. Such requests require American Modern Service Center approval.

11. IDENTIFICATION

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

12. GENERAL WATERCRAFT CHARACTERISTICS (REFER TO CLASSES FOR INDIVIDUAL BOAT TYPE RULES)

a. First Choice Boat

- (1) **Engine Types.** Unmodified inboard (and V drive), outboard, inboard/outboard, jet-drive, jet/fan drive for Hovercraft, or none (for sailboats). Automotive engines are only permitted for use in Airboats.
- (2) **Construction.** Fiberglass, aluminum, inflatable or steel. Steel hulls are only permitted for Houseboats 15 model years old and newer at the time of new business. Hulls of ferro cement, cold mold, Kevlar, wood or wood epoxy are not permitted.
- (3) **Length.** Up to 64' (**maximum of 125'** for Houseboats). For the state of New Jersey, boats written in our First Choice program must be a minimum of 16 feet.
- (4) **Value.** Up to \$500,000.
- (5) **Top Speed. Bass boats up to 90 mph.** Mid and High-Performance Deep-V hulls up to 120 mph.
- (6) **Number of Engines.** 2 main engines are permitted for all types other than Sport-Fishing. Sport-Fishing are permitted up to 4 main OUTBOARD engines.

- b. **JetSport Personal Watercraft** with up to 4 passenger capacity.

GENERAL OWNER / OPERATOR ELIGIBILITY

The following rules are general in nature and apply to most risks. Individual rules may apply depending upon boat type, coverage eligibility, etc. These rules must also be considered and can be found throughout these guidelines.

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. However, some risks may require the Named Operator Endorsement. Refer to the endorsement for the specific definition of “operator”.
- 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. Excluding standard and endorsement policy allowances for fishing tournaments, 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 or greater. If greater than 500/500/500 there is a personal umbrella policy requirement. However, marinas requiring higher liability limits may be eligible without a personal umbrella policy.
 - (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 or accident.
 - (5) All operators added after the receipt of an application.
 - (6) Wife indicated as **only** owner and the husband listed 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.
- c. An MVR can be requested for any risk by a company underwriter.

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 / accident convictions.
 - (2) No more than 1 major violation conviction.
 - (3) No more than a combination of 1 major and 1 minor violation / accident 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. A statement of condition from a credible third party may also be required.

- c. Be especially cautious when applicants request coverage at the end of the boating season, after a holiday weekend or a period of severe weather. Do not hesitate to contact the American Modern Service Center for assistance.

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

- a. 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:
 - (1) **27' to 34'** – 1 year of ownership of a boat greater than 18'.
 - (2) **35' to 42'** – 1 year of ownership of a boat greater than 24'.
 - (3) **43' to 64'** – 1 year of ownership of a boat greater than 30'.
 - (4) **65' to 125'** – 1 year of ownership of a boat greater than 40' (**Houseboats are the only type permitted greater than 64'**).
- b. **Individual characteristics such as boat type or speed capability may also drive ownership requirements. See individual boat type rules.**

GENERAL WATERCRAFT CLASSIFICATION AND RULES

When quoting and processing risks on modernLINK, you will be required to provide the boat type classification. This selection is not automatic and rates vary by type selected. The following rules should be applied when determining the unit's classification.

Additionally, each class may have very specific rules applying to characteristics such as length, speed, coverage eligibility and ownership requirements.

Further eligibility rules for items such as coverage, minimum deductibles, maximum limits, etc., can be found in the Coverages / Endorsements Eligibility section of these guidelines.

- 1. **Airboats** are generally aluminum, flat bottom boats that are propelled by air using high horsepower automotive engines and a caged propeller. **Airboats are only acceptable with a Named Operator Endorsement.** Airboats with the following risk characteristics are not eligible:
 - a. Maximum speed greater than 80 mph.
 - b. Units more than 20 years old.
 - c. Liability limits greater than \$500,000.
 - d. Makes or models not identified in modernLINK. Use of "make not listed" or "model not listed" is not permitted.
 - e. Owners with less than 2 years of operating comparable airboats.
 - f. If the horsepower of the Airboat is greater than 650 AND:
 - 1. Any owners or operator under 25 years old.
 - 2. Owners with less than 2 years of airboat ownership experience.
 - 3. MVR results requiring a surcharge
- 2. **Bass / Walleye Boats** are smaller, outboard powered boats designed specifically for fishing activities. Common makes are Ranger, Champion, Nitro, Bass Cat, Alumacraft, Crestliner, Lund, Lowe, etc. Bass / Walleye Boats are acceptable up to 90 mph. Bass / Walleye boats with calculated speeds greater than 60 mph with the following risk characteristics are not eligible:
 - a. Speeds greater than 90 mph.
 - b. Units more than 20 years old.
 - c. Owners and operators less than 25 years old.
 - d. Owners with less than 2 years of previous ownership experience.
 - e. MVR results requiring a surcharge.
- 3. **Cruisers** are generally 27 feet and greater that can be used for longer activities than their counterpart Runabout because of amenities such as sleeping quarters, small kitchen areas, enclosed head, etc. Cruisers are acceptable up to 60 mph. modernLINK will automatically reclassify speeds greater than 60 mph to either Mid or High-Performance.
- 4. **Houseboats** are boats with house-like amenities like a full galley, enclosed head, sleeping berths, hot tubs, party decks, etc. Houseboats with the following risk characteristics are not eligible:
 - a. Greater than 64' **AND** over 15 years old.
 - b. Steel hulls greater than 15 years old.

- c. Calculated speed is greater than 30 mph.
 - d. Moored in salt or brackish waters. Individual mooring location characteristics will vary based upon protection, marina location, etc. For consideration contact the American Modern Service Center.
 - e. Unpowered, or non-cruising models or floating structures.
5. **Hovercrafts** are amphibious boats capable of moving over water or land (or most relatively smooth surfaces) on a cushion of air created by jet / fan engines. Hovercrafts with the following risk characteristics or use are not eligible:
 - a. Speed greater than 60 mph.
 - b. Makes or models not identified in modernLINK. Use of “make not listed” or “model not listed” is not permitted.
 - c. Units not used primarily on or around water.
 6. **Pontoons** are supported by aluminum tubes with a flat deck surface. Deck Boats (which have similar above water structure designs as pontoons but a fiberglass V type hull) are not considered Pontoons and must be placed in the Runabout class. Pontoons are acceptable up to 60 mph. modernLINK will automatically reclassify speeds greater than 60 to either Mid or High-Performance.
 7. **Runabouts** are very versatile boats, generally 26 feet and under and used for many short term recreational activities. Many will have an open bow seating area, and typically do not have sleeping quarters, dining facilities, enclosed head, etc. Runabouts are acceptable up to 60 mph. modernLINK will automatically reclassify speeds greater than 60 mph to either Mid or High-Performance.
 8. **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.
 9. **Ski Boats** (a.k.a., tournament ski boats) are specifically designed to safely tow one or more skiers, wake boarders, or other similar tethered water sports. They use high horsepower engines that are usually positioned in the midsection of the boat and use inboard propulsion. Other boat types such as Runabout, Pontoon or Cruisers that are capable and used to pull skiers are NOT Ski Boats and must be classified in their correct category. Ski boats are acceptable up to 60 mph. modernLINK will automatically reclassify speeds greater than 60 mph to either Mid or High-Performance.
 10. **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 4 outboard motors may qualify for the Sport-Fishing class. Some models may have Inboard/ Outboard (I/O) or Stern Drive propulsion systems. Sport-Fishing boats are acceptable up to 79 mph. modernLINK will automatically reclassify speeds greater than 79 mph to High-Performance. Sport-Fishing boats with the following risk characteristics are not eligible:
 - a. More than 4 outboard motors.
 - b. If greater than 60 mph;
 - (1) Units more than 20 years old.
 - (2) Owners and operators less than 25 years old.
 - (3) Owners with less than 2 years of previous ownership experience.
 - (4) MVR results requiring a surcharge.
 11. **Trawlers** are very slow moving powerboats, larger than 26 feet in length, with a single or twin inboard motor. Most Trawlers are powered with diesel engines. Trawlers are acceptable up to 20 mph. modernLINK will automatically reclassify speeds greater than 20 mph to Cruiser.
 12. **Personal Watercraft** in our **JetSport PWC Program** are jet propelled, “motorcycle style” watercraft that are generally 14 feet and under. The most common units are the Kawasaki JetSki, Honda AquaTrax, SeaDoo and the Yamaha WaveRunner. Mini Jet Boats made by the same or other manufacturers (like the SeaDoo Speedster) are NOT Personal Watercraft and must be classified as a Runabout in our First Choice program.

MID AND HIGH PERFORMANCE WATERCRAFT CLASSIFICATION AND RULES

Mid and High-Performance Boats are Deep-V hull powerboats with a top speed ranging from 61 to 120 mph. (Some family style Deck Boats with Catamaran type hulls may be eligible)

Because of the volatility of performance boats, binding will not be immediate and acceptance will be at the sole discretion of a company underwriter. Each risk will require a submission with a standard minimum turnaround of 24 hours, and may take longer depending upon the circumstances of the risk. Additional supporting information not shown in these guidelines may be requested to determine eligibility.

1. **Mid-Performance (61-70 mph)** boats with the following risk characteristics are not eligible:
 - a. Units more than 20 years old.
 - b. Owners with less than 2 years previous ownership experience.
 - c. Owners under the age of 25.
 - d. MVR results requiring a surcharge.
 - e. Makes or models not identified in modernLINK. Use of “make not listed” or “model not listed” is not permitted.
 - f. More than 2 main engines.
2. **Mid-Performance (71-79) and High-Performance (80-120)**
 - a. **Any Mid-Performance (71-79 mph) and High-Performance (80-120 mph)** boat with the following risk characteristics are not eligible:
 - (1) Units more than 20 years old.
 - (2) Watercraft that are unseaworthy.
 - (3) Speeds greater than 120 mph.
 - (4) Values less than \$50,000.
 - (5) Lengths under 26 feet.
 - (6) More than 2 main engines.
 - (7) Greater than 700 horsepower per engine.
 - (8) Owners and operators under the age of 30.
 - (9) Owners with less than 3 years previous ownership experience with Mid or High-Performance Boats.
 - (10) MVR results requiring a surcharge.
 - (11) Any previous watercraft liability claims in the 3 years prior to the effective date.
 - (12) More than one physical damage (hull) claim in 3 years prior to the effective date.
 - (13) One physical damage (hull) claim in the 3 years prior to the effective date of \$10,000 or more.
 - (14) Makes or models not identified in modernLINK. Use of “make not listed” or “model not listed” is not permitted.
 - (15) Any unit identified in modernLINK as Restricted.
 - b. The following forms are required to be considered for eligibility for any Mid or High-Performance boat 71 mph or greater:
 - (1) The **Named Operator Endorsement** and **Performance Boat Endorsement** will attach to each policy. See coverages section for clarification.
 - (2) A **Performance Boat Supplemental Application** will be required with the standard application. This application points out to the applicant what is required for eligibility, what is contained in the Performance Boat Endorsement, some Named Operator provisions, and their duty as the owner of a high risk performance vessel.

All forms must be completed and signed properly before any boat 71 mph or greater will be bound. modernLINK will allow the quoting of any eligible Mid or High-Performance boat 71 mph or greater, but an American Modern Underwriter must print the application and all required forms, and will be the final approving authority.

ADDITIONAL RISKS NOT WRITTEN

In addition to other rules found throughout these guidelines, the following risks are not eligible and cannot be bound. modernLINK will identify most risks with ineligible characteristics and show a red message explaining the rule. Some of these rules are general in nature, such as historical non payment, and will not show in modernLINK. Please read these to make sure that general rules are followed as well.

1. Watercraft stored in theft prone areas (parking lots, apartment parking lots, public parking areas).
2. Watercraft that are unseaworthy.
3. Watercraft that have any deficiencies or unrepaired damage.
4. Watercraft used for racing, other than occasional sailing regattas.
5. 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.
6. Watercraft stored in a restricted territory.
7. Watercraft held for sale or consignment.
8. Watercraft with engines modified from the original manufacturer’s specifications to increase the top speed.
9. Watercraft not stored in the U.S.

10. Homemade, kit or custom made watercraft or trailer.
11. Watercraft used as a primary residence (liveaboards).
12. Manually powered watercraft, unpowered boats, non-cruising units or floating structures (excluding Sailboats).
13. Sailboats used exclusively for racing.
14. Boats manufactured before 1993 with jet-drive engines.
15. Boats other than Sport-Fishing units with more than 2 main outboard engines; any Sport-Fishing unit with more than 4 main outboards engines.
16. Any unit identified as "Restricted" in modernLINK.
17. Houseboats and Pontoons moored in territories 53 or 54 are ineligible.

8

AMERICAN MODERN SERVICE CENTER SUBMISSIONS

modernLINK will determine binding eligibility for new business depending upon your authority level. Blue messages will be provided in modernLINK explaining why the risk must be submitted. As a guide, the following risks represent the majority of 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 or greater. (If greater than 500/500/500 there is a personal umbrella policy requirement)
4. Any boat that exceeds 60 mph or the top speed is uncertain.
5. Any boat with a hull value between \$150,001 and \$500,000.
6. Any boat value that is not within 20% of the value shown in published pricing guides or the owner's insurable interest.
7. Any watercraft requiring a professional marine survey.
8. Any Sport Fishing boat type with Inboard/Outboard (I/O) or Stern Drive propulsion.
9. Any Mid or High-Performance family style Deck boat with Catamaran type hull.
10. Any physical damage claim equal to or greater than \$10,000.
11. Any single engine Mid or High-Performance boat and the customer is requesting Watersport liability.

COVERAGES / ENDORSEMENTS AND ELIGIBILITY

Descriptions below are general in nature. Refer to the policy forms and endorsements for specific coverage limits, exclusions and provisions.

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 (Pollution Liability for covered losses is included in Property Damage).
- c. Automatically includes a sub-limit of coverage for injuries to family members (some state exceptions apply).
- d. For multi-unit JetSport policies, the limits must be the same for all units.
- e. Limit eligibility rules:
 - (1) The minimum liability limit available for Arkansas is 50/50/50.
 - (2) The minimum liability limit available for Utah is 50/50/100.
 - (3) 100/100/100 maximum for:
 - (a) Any risk with an MVR surcharge.
 - (b) Previously declared liability claims.
 - (4) 300/300/300 maximum for:
 - (a) Owners under the age of 30.

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) \$25,000 for First Choice.

- (2) \$5,000 for JetSport.

3. WATERSPORTS LIABILITY

- a. With the exception of the following, Watersports Liability is optional:
 - (1) **Required** for Ski Boats.
 - (2) **Not available** for Airboats of any speed, or twin engine Mid-Performance or High-Performance boats exceeding 60 mph.
 - (3) **Some single engine Mid-Performance or High-Performance boats may be eligible. Such requests require American Modern Service Center approval.**
- b. Includes coverage for waterskiing, wakeboarding and tubing.
- c. Watersports Coverage forms part of Watercraft Liability (this is not a separate limit).
- d. For all eligible units, Watersports will be automatically selected as “Yes” in modernLINK. If your customer does not require the coverage, change to “No” to remove the coverage and premium charge.

4. PHYSICAL DAMAGE (HULL)

a. First Choice Watercraft Program

- (1) Watercraft Physical Damage (Hull) is optional. Physical Damage Only policies are not permitted.
- (2) Standard Total Loss coverage included is Agreed Value for boats up to 10 years old and Market Value (ACV) for boats 11 years and older.
- (3) Optional Total Loss Settlement Endorsements:
 - (a) **Extended Agreed Value Endorsement**, available for boats 11 or more years old.
 - (b) **Market Value Endorsement**, available for boats new to 10 years old. When the unit reaches 11 model years old at renewal, the endorsement will be removed. **IMPORTANT NOTE: This endorsement is not available in the state of Montana.**
 - (c) **Replacement Cost Endorsement**, available for boats new to 3 years old. When the unit reaches 4 model years old at renewal, the endorsement will be removed.
- (4) Partial Loss Settlement
 - (a) Standard Partial Loss coverage is replacement cost for partial losses on parts new to 2 years old, regardless of boat age.
 - (b) **Extended Parts Replacement Coverage** extends partial loss replacement provisions to parts new to 10 years old, and is available for boats of any age.
- (5) Deductibles:
 - (a) 1% included with hull coverage on most boats.
 - (b) Options of 2%, 3%, 4%, 5% are available.
 - (c) Minimum deductible requirements:
 - 1. 5% for values \$5,000 and under.
 - 2. 4% for values between \$5,001 and \$6,000.
 - 3. 3% for values between \$6,001 and \$8,000.
 - 4. 2% for values between \$8,001 and \$12,500.
 - 5. 2% for Mid or High-Performance boats exceeding 70 mph or Airboats of any speed. **Application of higher deductibles on any boat exceeding 70 mph is at the sole discretion of a company underwriter.**
 - 6. 3% for any Sport-Fishing unit with 3 or 4 main engines.
 - 7. 2% for any customer with a reported physical damage claim.
 - (d) The **Diminishing Deductible Endorsement** is available for any boat. If purchased, the chosen deductible will be reduced by 25% at each loss free renewal until it reaches 0%. Named Storm losses are always subject to the Named Storm Deductible (if applicable) and will not be diminished.
 - (e) If **Named Storm Coverage** is not rejected, a Named Storm Deductible will apply. This deductible will be 2 times the deductible shown on the declarations page.

b. JetSport Personal Watercraft Program

- (5) Coverage is Market Value (ACV) for all units.
- (6) Deductible options are \$250 (standard) and \$500.

5. PACKAGE ENDORSEMENTS - CHECK STATE AVAILABILITY

Coverages Included	First Choice Available Endorsements and Limits				
	Advantage	Advantage Plus	*Yacht Plus 27' & Greater	Professional Angler	Professional Angler/ Fishing Guide
Uninsured/Underinsured Watercraft and Non-Owned Watercraft Liability	50% of Per Person Watercraft Liability	Equal to Per Person Watercraft Liability	Equal to Per Person Watercraft Liability	Equal to 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)	\$2,500 (\$5,000 per policy period)	\$1,500 (\$3,000 per policy period)	\$1,500 (\$3,000 per policy period)
Personal Effects	\$1,000	\$5,000	\$10,000	\$10,000	\$10,000
Travel Loss Reimbursement	N/A	N/A	\$1,000 per day (\$10,000 per policy period) Watercraft Rental; \$1,000 (\$2,500 per policy period) Emergency Lodging, Meal and Transportation	N/A	N/A
Tournament Fee Reimbursement	N/A	N/A	N/A	\$500 (\$1,500 per policy term)	(\$2,500 per policy term)
Personal Fishing Guide Use	N/A	N/A	N/A	N/A	Yes

Coverages Included	Jet Sport Available Endorsements and Limits	
	Advantage	Advantage Plus
Uninsured Watercraft and Non-Owned Watercraft Liability	Greater of \$15,000 or 50% of Per Person Watercraft Liability	Equal to Per Person Watercraft Liability
Towing and Emergency Assistance	\$150 (\$300 per policy term)	\$250 (\$500 per policy term)
Personal Effects	\$150	\$300

- a. All Package Endorsements are mutually exclusive; no two (or more) can attach to any one unit.
- b. All Package Endorsements are optional and not available unless Watercraft Physical Damage coverage is purchased, except in Virginia, where the Advantage or Advantage Plus Endorsements can be purchased with Liability Only.
- c. (1) Yacht Plus Endorsement is only available for boats 27' and greater in length.
 *(2) In the states listed below, this endorsement includes coverage for temporary crew (up to 45 days), Longshoreman and Harbors Workers Compensation Act, and Pollution coverage.
 - (a) (Individual state effective dates will vary) Alabama, Arizona, California, Washington, Oklahoma, Louisiana, Arkansas, Mississippi, Georgia, South Carolina, Tennessee, North Carolina, Virginia, Maryland, Missouri, Illinois, Indiana, Ohio, Pennsylvania, Minnesota, Michigan, Maine, New Hampshire, New York, New Jersey, Massachusetts, Rhode Island, Connecticut, Kentucky.
- d. The Professional Angler Endorsement is designed for Bass/Walleye and Sport Fishing types of boats up to 26' in length.
- e. **STATE SPECIFIC PACKAGE ENDORSEMENT REQUIREMENTS:**
 - (1) The state of Virginia requires that Uninsured Watercraft Coverage is offered at a limit equal to the chosen liability limit (even for Liability Only policies as stated above). In this regard, the Advantage Plus Endorsements must be offered to a customer to comply with this rule. However, the Advantage Endorsement can be purchased if the customer does not wish to purchase the Advantage Plus Endorsements.
 - (2) The state of New Hampshire requires that the Advantage Plus Endorsement is included with each policy, at a minimum. You may offer the Professional Angler or Yacht Plus Endorsements in lieu of the Advantage Plus. The Advantage Endorsement is not available in the state of New Hampshire.
 - (3) The Professional Angler / Fishing Guide Endorsement is only available in the states of Colorado, Iowa, Idaho, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Montana, North Dakota, Nebraska, New York (only available in territory 50), Ohio, Pennsylvania, South Dakota, Wisconsin,

and Wyoming. This coverage is designed for Bass/Walleye types of boats used for freshwater fishing. Please see the endorsement for details.

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. Maximum trailer value is \$20,000.
- d. \$250 deductible for First Choice.
- e. \$100 deductible for JetSport.

7. FIRST CHOICE ONLY. BOAT LIFT COVERAGE

- a. Boat Lift Physical Damage Coverage is optional. Coverage is not provided for any dock, pier, wharf, enclosure, or similar structure where boat is anchored or attached.
- b. Not available unless Watercraft Physical Damage is purchased for the insured watercraft.
- c. Provides Market Value coverage for the lift used exclusively for the insured Watercraft.
- d. Subject to a \$250 deductible.

8. FIRST CHOICE ONLY. TENDER / DINGHY COVERAGE

- a. Tender / Dinghy coverage is optional.
- b. This option is only available if Watercraft Physical damage is purchased.
- c. Tenders can be written on a stand alone policy basis, subject to all stated requirements.
- d. Subject to a \$250 deductible.

9. FIRST CHOICE ONLY. NAMED STORM EXCLUSION OPTION

- a. This option is only available if Watercraft Physical damage is purchased.
- b. Option for coastal moored boats to exclude Named Storm coverage for an inland rate.
- c. Applicant will be required to complete a Named Storm Coverage Rejection Form.
- d. If rejected, physical damage losses caused by named storms (as defined in the First Choice Policy) will not be covered.

10. FIRST CHOICE ONLY. NAMED OPERATOR ENDORSEMENT

- a. The Named Operator Endorsement is required for Mid or High-Performance boats exceeding 70 mph or Airboats of any speed.
- b. The endorsement is optional for other risks, and can only be applied by a company underwriter.
- c. If an accident occurs while the watercraft is operated by anyone not provided within the definition of a Named Operator, no physical damage coverage will be provided, and liability protection will be reduced to the minimum limit offered within the First Choice program.
- d. **IMPORTANT NOTE: This endorsement is not available in the states of New Hampshire and Virginia.**

11. FIRST CHOICE ONLY. PERFORMANCE BOAT ENDORSEMENT

- a. The Performance Boat Endorsement is required for Mid and High-Performance boats exceeding 70 mph.
- b. This endorsement adds additional coverage restrictions and exclusions to the policy pertaining to the increased risk associated with higher performance vessels.

12. FIRST CHOICE ONLY. BAHAMAS NAVIGATION COVERAGE ENDORSEMENT

- a. This coverage is optional.
- b. This coverage allows the insured watercraft to be navigated into any of the islands of the Bahamas.
- c. The insured watercraft must be 27 feet or greater in length and have 2 or more engines (unless the insured watercraft is a sailboat, then no engine is required).
- d. This coverage is available for any trawler.
- e. This coverage is not available for pontoons or houseboats.

13. 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 "ownership experience".
- b. This discount will be based off of the titled owner's ownership 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. Coverage must be continuous and without a lapse.
- 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, **including Sailboats**.

4. **FIRST CHOICE ONLY. 10% - 15% PRIOR INSURANCE 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.
- 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 Prior Insurance Discounts depending upon their current or recent status as an owner of an insured unit. The following customers qualify for the Prior Insurance 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. No discount will apply for transfers from American Modern Insurance Group.
- 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. **FIRST CHOICE ONLY. TRANSFER DISCOUNTS**

- a. These discounts are available for book conversions with approval from American Modern Insurance Group and subject to state approval.

6. **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 / accident convictions.
- b. A 50% surcharge will apply for 5 minor violation / accident convictions OR any 1 major violation conviction.
- c. A 100% surcharge will apply for 6 minor violation / accident convictions OR a combination of 1 major and 1 minor violation / accident 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 will not apply 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.



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