



**Pacific Specialty Insurance Company
State of California**

**Underwriting and Rate Guide
Pleasure Boat Program**

(Edition 4)

**Pacific Specialty Insurance Company
CALIFORNIA PLEASURE BOAT PROGRAM**

I. POLICY TERM

Policies will be written for 12-month terms only. Installment Payment Plan option is available. A premium invoice will be mailed directly to the insured 20 days prior to the monthly policy anniversary date. A fully earned (non-refundable) \$3.00 service fee is added to all installments paid electronically using automatic payment plans and \$10.00 if installments are invoiced and paid manually. If the policy is paid-in-full, no service fee applies.

II. BINDING PROCEDURES

A Pacific Specialty Insurance Company ("PSIC") pleasure boat application must be fully completed and mailed to PSIC (or its representative). No coverage is bound unless all of the following provisions are satisfied when the application is submitted:

1. *Risks meet all underwriting criteria; and*
2. *A PSIC application (including any/all necessary disclosures) is fully completed and signed by both the applicant and producer; and*
3. **When physical damage coverage is requested for watercrafts valued UNDER \$50,000, ONE of the following must accompany the application:**
 - a. *Fully completed Applicant Inspection Certification; **OR***
 - b. *Photographs of the complete left front and right rear sides of the watercraft; **OR***
 - c. *Copy of an insurance policy with physical damage coverage for the watercraft and the policy expires no later than the requested effective date; **OR***
 - d. *If watercraft is new and unused, a sales contract from a licensed dealer showing the watercraft was purchased within 48 hours of requested binding.*
4. **When physical damage coverage is requested for watercrafts valued at \$50,000 to \$75,000, photographs of the complete left front and right rear sides of the watercraft MUST accompany the application.**
5. **When Agreed Value Physical Damage coverage is requested for watercraft two (2) years old or less a sales receipt must accompany the application to determine market value. If a sales receipt is unavailable or the watercraft is more than two (2) years old, market value can be determined by a current BUC, ABOS, or NADA guide, local dealer, or accredited marine survey.**

Binding Procedure (3), (4), or (5) is not required if physical damage coverage is not purchased.

6. *Full net premium or required down payment for Installment Payment Plan accompanies the application; and*
7. *All of the above referenced items are mailed and postmarked to PSIC (or its representative) within two (2) business days of requested effective date. Metered mail is effective the date received in our office.*
8. *All operators residing in the household MUST be listed on the application. No liability or physical damage coverage will be extended to the non-listed operator residing in the household. All operators must be included or excluded.*

<u>IMPORTANT:</u> Applications received in our office that are not postmarked within the required binding period specified above, provided all other underwriting criteria are met, will be made effective the date received in our office.

If an installment payment option is selected, then the applicable gross down-payment amount must be submitted with the application - commissions may <u>NOT</u> be retained.

CATASTROPHE MANAGEMENT

A. Suspension of Binding Authority

All binding authority is automatically suspended whenever the following conditions exist in a given area:

- Impending severe local weather conditions or bulletin(s)
- Civil unrest

No application for new coverage will be accepted. No endorsements of existing policies will be accepted which will have the effect of increasing the company's exposure. Applications with an effective date/postmark combination, which would violate the prohibition(s) listed above, will be rejected and no coverage will exist. Renewals of the company's expiring policies will be issued provided there is no increase in coverage or exposure.

This temporary suspension of binding authority will remain in effect until these binding restrictions have been lifted by PSIC.

B. General Emergency Restrictions

Pacific Specialty Insurance Company may also establish discretionary restrictions on binding authority during emergency periods of potential floods, mudslides, forest fires, or other natural or manmade disaster emergencies. Agents who are aware of such conditions **SHOULD NOT BIND COVERAGE UNTIL THEY HAVE CALLED THE COMPANY TO VERIFY THAT NO BINDING RESTRICTIONS ARE IN EFFECT.**

If enacted, these emergency restrictions will be identical to those detailed in the above "Suspension of Binding Authority" section.

This temporary suspension of binding authority will remain in effect until these binding restrictions have been lifted by PSIC.

C. Miscellaneous Restrictions

Pacific Specialty Insurance Company, as part of its Catastrophe Management Program, may also establish (at its discretion) temporary and/or permanent restrictions on binding authority to properly control and maintain appropriate geographic concentration levels.

III. COVERAGES AVAILABLE

The following is a breakdown of the **ONLY** coverages offered under our program

➤ **COVERAGE A – WATERCRAFT INSURANCE (ACV or Agreed Value)**

- Physical damage coverage is available up to \$75,000.
- Agreed value is available for additional charge. (Unacceptable for watercraft over 25 years old.)

Deductible Options:

\$ 250	\$2,500
\$ 500	\$5,000
\$1,000	

➤ **COVERAGE B – TRAILER**

We will insure the trailer which is designed to transport the watercraft as shown on the declarations page. \$2,000 of trailer coverage is included with the purchase of Coverage A. Additional coverage is available for purchase up to \$10,000. A \$250 deductible applies.

➤ **COVERAGE C – PERSONAL PROPERTY**

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Includes wearing apparel, sports equipment, fishing equipment and other personal property owned by any of the insureds or their guests while on board or being carried on or off the watercraft. Coverage available per \$100 - up to \$10,000. Replacement cost coverage is available for an additional charge.

Deductible Option:
\$250

➤ **COVERAGE D – TOWING AND ASSISTANCE**

If the watercraft is disabled while afloat or away from safe harbor or the trailer is disabled, we will pay for:

- The cost of emergency labor performed at the site of disablement; or
- Towing to the nearest place where needed repairs can be made; or
- Delivery of gas, oil or battery; however, we do not pay for the cost of the items.

Limits available are as follows:

\$ 500	\$2,000	\$5,000
\$ 750	\$3,000	
\$1,000	\$4,000	

➤ **COVERAGE E – PERSONAL LIABILITY – Combined Single Limits (CSL) available are as follows:**

\$10,000	\$30,000	\$60,000	\$300,000
\$20,000	\$40,000	\$65,000	
\$25,000	\$50,000	\$100,000	

- Includes \$20,000 of Coverage E1 – Watersport Liability with the purchase of Coverage E or the amount listed on the declarations page for Coverage E (whichever is less).

➤ **COVERAGE E2 – WATERSPORT LIABILITY – Combined Single Limits (CSL) available are as follows:**

\$25,000	\$60,000
\$30,000	\$65,000
\$40,000	\$100,000
\$50,000	

- Increased Watersport Liability limits may not exceed Personal Liability limits.

➤ **COVERAGE F – MEDICAL PAYMENTS - limits per person are available are as follows:**

\$1,000	\$4,000	\$7,000	\$10,000
\$2,000	\$5,000	\$8,000	
\$3,000	\$6,000	\$9,000	

➤ **COVERAGE G – UNINSURED WATERCRAFT BODILY INJURY LIABILITY**

Provides coverage for compensatory damages for Bodily Injury that the insured is legally entitled to recover from the owner or operator of an uninsured watercraft. This coverage is subject to the policy Limit of Liability, exclusions and policy provisions.

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Available Limits:

\$10,000	\$30,000	\$60,000	\$300,000
\$20,000	\$40,000	\$65,000	
\$25,000	\$50,000	\$100,000	

Uninsured watercraft limits must match the Personal Liability limits.

IV. UNDERWRITING RULES

ELIGIBILITY

1. All risks must be insured to their full value of hull, motor, trailer, and permanently attached accessories. All motors and equipment must be listed on the application where specified.
2. Full net premium must accompany original application. Installment Payment Plan option is available.
3. Registered owner(s) of watercraft must sign original application prior to effecting coverage.
4. Premium is based on highest rated operator.
5. Copy of current registration for watercraft and trailer must be included with application.

Watercraft must be:

1. No more than 26 feet in length or 36 feet for sailboats (eligibility length does not include swim platforms),
2. Operated on the navigable waters of the United States and Canada, including coastal waters (coastal waters means the marine area, including bays, harbors, and sounds extending from the coast to 20 nautical miles offshore), and
3. Owned and operated by the Insured and family members of the same household or permissive users.

UNACCEPTABLE RISKS

PACIFIC SPECIALTY INSURANCE COMPANY will not accept the following risks:

1. All watercraft without properly functioning mandatory lighting and mandatory safety equipment.
2. Watercraft with replacement engines of greater horsepower than original engine.
3. Watercraft with engine modifications of any kind without prior approval.
4. Watercraft with more than 3 owners.
5. Watercraft used for commercial or business activities of any kind.
6. Watercraft leased or rented to others for a fee.
7. Watercraft loaned to others.
8. Watercraft stored in common area parking lots, i.e. apartment parking lots.
9. Watercraft with other than the following power sources: sail, gasoline engine, diesel engine, or battery power electric motor.
10. Watercraft utilized as full time or seasonal residence.
11. Watercraft under construction or with preexisting damage.
12. Watercraft used in speed contests or racing (except sailboats) or designed or modified for racing.
13. Watercraft with more than 2 trailers.
14. Watercraft with more than 3 motors (excluding trolling motors).
15. Watercraft with a maximum speed in excess of 120 mph.
16. Corporate or business owned watercraft.
17. Tunnel hull, pickle fork, hydro-planes, airboats, and inflatables.
18. Power or sailboats under 15 feet in length. Power boats over 26 feet in length. Sailboats over 36 feet in length.

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19. Submarines, motordriven surfboats, watercycles, wet bikes, and any type of personal watercraft.
20. Houseboats, ferro cement boats, ice boats, or homemade boats.
21. Physical Damage coverage on wood hull boats 15 years of age and older, unless renewal.
22. Physical Damage coverage on watercraft over 25 years of age, unless renewal.
23. Named Insured's who are under 18 years of age.
24. Operators without a valid driver's license issued by one of the 50 United States, Canada, or the District of Columbia. If we are unable to obtain a Motor Vehicle Report (MVR) or otherwise verify validity of any of the insured's licenses, the risk is subject to cancellation and/or nonrenewal.
25. Any operator with more than two at-fault accidents or three accidents regardless of fault in the 36 months prior to the requested effective date of the policy. Any operator with more than two major convictions. Any operator with more than 5 minor violations.
26. Persons who have had 3 or more paid losses in the last three years consisting of:
 - 1 Bodily Injury liability claims; or
 - 1 Fire losses; or
 - 1 Pollution claims; or
 - 1 Property Damage liability claims; or
 - 1 Sinking/Upset losses; or
 - 1 Total theft losses; or
 - 1 Partial theft losses; or
 - 1 Mysterious disappearance.
27. Risks where limits of 300 CSL are desired and operators under the age of 25 regularly or occasionally operate watercraft.
28. Risks where total value exceeds \$100,000.
29. Liability limits greater than \$300,000.
30. Trailers not specifically manufactured for use as a boat trailer.
31. Navigation in Mexico.

V. MINIMUM PREMIUMS AND FEES

Policies are subject to minimum written premium.

Minimum Written Premium Per Watercraft: \$100

Policy fees are \$30 per policy and are non-refundable (fully retained).

VI. DISCOUNTS (Applies to Coverages A and E – except when specified elsewhere)

A. PSIC CLAIM FREE DISCOUNT: 10%

For renewal business, if there have been no at-fault accidents for each insured on the policy during the past twelve months, a 10% discount will apply to the policy.

B. MULTI-POLICY DISCOUNT: 5%-10%

If the insured has another in force policy with Pacific Specialty Insurance Company, or any affiliate, a premium credit will be allowed based on the schedule below. This credit will apply to the basic premium for the policy and is available for all programs. This credit will be discontinued if/when the other policy(ies) lapse. Only one credit for the highest qualifying discount level, as identified below, can be applied to the policy at any time.

Discount Level	Other Policy Type	Credit
Level I	Any PSIC Commercial, CPL, Excess Flood, Earthquake, or any other PSIC policy not otherwise specified in this table. This discount level also applies if a private passenger auto policy is written with the same producer.	5%

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Level II	Any PSIC Personal Umbrella, all Powersports (except Pleasure Boat) – Motorcycle, Motorhome, Travel Trailer, PWC, or Residential Property (HO-3, HO-4, HO-6, dwelling fire, mobile home), Motorcycle (dirt), or 3 or more PSIC policies of any type. This discount level also applies if the insured has an extended warranty through PSIC's affiliate Western Service Contract Corporation.	10%
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C. PROTECTIVE DEVICE DISCOUNT: 5%

A discount of 5% will apply for any of the following protective devices: Automatic Fire Extinguishing Equipment, Central Station Monitoring System, Alarm System (High water/Fire/Theft), or No Strike Lightning System. *Only one discount will be given regardless of the number of devices.* (Applies to Coverage A only)

D. BOATER'S SAFETY COURSE/LICENSE/DEGREE DISCOUNT: 5%

A discount of 5% will apply for any of the following: Coast Guard Auxiliary, Coast Guard Course, Captain's License, Chapman Boating School, Marine Pilot's License, Merchant Marine License, Power Squadron Course, State & Federal Accredited Maritime Academy, State Administered Safety Course, Commercial Aviation License. *Only one discount will be given regardless of the number of operators or completed courses. (Copy of course completion, license and/or degree must accompany application.)*

E. WATERCRAFT MACHINERY DAMAGE COVERAGE LIMITATION DISCOUNT: 10%

A discount of 10% will apply to the policy if the insured limits watercraft machinery damage coverage. (Applies to Coverage A only.)

F. MULTI-BOAT DISCOUNT: 25%

A discount applies to all boats on a multi-boat. To qualify for this discount the policy must meet the following requirements:

- 1) Only boats owned by the Named Insured and Resident Spouse may be combined on a multi-boat policy.
- 2) All boats must have the same coverages and limits with the exception of Coverages A, B & C, which may vary by boat.

G. MAXIMUM DISCOUNT: 50%

VII. SURCHARGES (Applies to Coverages A and E – except when specified elsewhere)

A. AGREED VALUE SURCHARGE: 20%

A 20% surcharge will be applied if the owner elects the policy to be valued at an Agreed Value basis. (Applies to Coverage A only)

B. MULTI-OWNER SURCHARGE: 10%

A 10% surcharge will be applied for watercraft with 2 or 3 owners (4 or more owners is unacceptable).

C. LOSS SURCHARGE: 10%-150%

This surcharge will apply dependent upon the Loss Level. This surcharge is based on the owner's record of paid marine losses for the past three years. The Paid Loss Level is used to determine the applicable surcharge.

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LEVEL	%	CRITERIA
Paid Loss Level 1	0%	Loss free, excluding towing claims.
Paid Loss Level 2	10%	1 paid loss, excluding towing claims.
Paid Loss Level 3	25%	2 paid losses, excluding towing claims.
Paid Loss Level 4*	75%	3 paid losses, excluding towing claims.
Paid Loss Level 5*	150%	4 or more paid losses, excluding towing claims.

*UNACCEPTABLE RISK – ONLY APPLICABLE TO RENEWAL BUSINESS

D. ACCIDENT SURCHARGE: 35%-100%

An accident will be considered chargeable unless documentation is furnished describing the accident and showing that the applicant was less than 50% at fault. The surcharge applies to all coverages and is shown below:

Accidents	Surcharge
0	0%
1	15%
2	30%
3*	75%
4+*	100%

*UNACCEPTABLE RISK – ONLY APPLICABLE TO RENEWAL BUSINESS

Chargeable Accident means an accident for which the driver's actions or omissions were at least 51% of the proximate cause of the accident and the damages are in excess of \$1,000.

E. MINOR CITATION SURCHARGE: 10%-100%

The surcharge applies to all coverages and is shown below:

Minor Citations	Surcharge
0	0%
1	10%
2	20%
3	30%
4	40%
5	75%
6+*	100%

*UNACCEPTABLE RISK – ONLY APPLICABLE TO RENEWAL BUSINESS

MINOR VIOLATIONS:

Any moving violations that are not defined as Major Violations.

F. MAJOR CITATION SURCHARGE: 50%-150%

The surcharge applies to all coverages and is shown below:

Major Citations	Surcharge
0	0%
1	50%
2	100%
3+*	150%

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*UNACCEPTABLE RISK – ONLY APPLICABLE TO RENEWAL BUSINESS

MAJOR VIOLATIONS:

- Drag Racing
- Operating while impaired
- Operating or driving under the influence of controlled substance
- Operating or driving under the influence of liquor
- Fleeing or eluding an officer
- Reckless driving
- Unlawful blood alcohol level
- Failure to stop or identify after property damage, bodily injury or personal injury accident
- Failure to stop and report an accident (attempted)
- Manslaughter, negligent homicide, felony involving use of motor vehicle
- Felonious driving

The experience period for driving surcharges is 36 months. Violations will be charged based on the conviction date. Count all violations and chargeable accidents received while operating a pleasure boat, private passenger automobile or motorcycle.

VIII. WATERCRAFT CLASSIFICATIONS

➤ **POWER TYPE**

The following power types are used to classify the insured watercraft:
Inboard/Outdrive, Outboard, Sail, Inboard, Jet Drive, Outboard Jet Drive or no engine (not sailboat).

IX. TERRITORY

➤ **TERRITORY DETERMINATION**

Pleasure Boat rates are based on the primary place of the watercraft's operation.

➤ **TERRITORY DEFINITIONS**

Territory O:

Consists of the Inland waters of California.

Territory P:

Consists of the Coastal waters of California.

X. WATERCRAFT AGE

The age of the watercraft is determined by taking the current model year less the model year of the watercraft. The current model year shall change effective October 1 of the calendar year regardless of the actual introductory date of new model year watercraft.

XI. ADDITIONAL PREMIUMS

The following schedule designates the required down payment for any additional premium generating endorsements or up rates due to MVR inaccuracies.

Schedule I
Required Down Payments on Additional Premiums

Days from Policy Inception
(Binder or Postmark Date
whichever is sooner)

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Days Passed	Required Down
0-30	20%
31-60	25%
61-90	35%
91-120	45%
121-150	50%
151-180	70%
181+	100%

The insured will then have the following options:

FOR POLICIES UTILIZING OPTIONAL INSTALLMENT PAYMENT PLAN:

The outstanding additional premium balance will automatically be divided over the remaining installments.

FOR POLICIES NOT UTILIZING OPTIONAL INSTALLMENT PAYMENT PLAN:

The insured will be mailed an additional premium notification for the outstanding additional premium balance. If the additional premium is not paid, the policy will be cancelled by direct notice. Information required to delete the additional premium may be faxed to PSIC for review and processing as appropriate.

XII. ENDORSEMENTS

You must include the policy number along with producer's or customer's gross check for the additional premium and submit these items within 48 hours of the insured's request. Faxed responses to suspense letters are acceptable if due date is within 72 hours.

A. POLICY CHANGES

Any policy change request that deletes watercraft on a multi-unit policy, deletes drivers, or deletes or reduces coverages requires a written request signed by the Named Insured.

All endorsement requests must be mailed to GENERAL AGENT or COMPANY within 48 hours after the endorsement is taken.

B. ENDORSEMENT DEPOSITS

A down payment must be included with the request for all endorsement requests resulting in additional premium. Any remaining balance will be divided equally over the remaining installment payments, (refer to Schedule-I above to determine required percentage.) For assistance regarding the calculation of additional premium amounts for endorsements call customer service at 1-800-303-5000. Endorsement requests resulting in additional premiums that are submitted without payment will be returned UNBOUND.

XIII. RENEWALS

A. A notice of expiration/renewal offer will be mailed to the insured and loss payee at least 30 days prior to expiration. This is the only notice sent. Insured is to pay PSIC or GENERAL AGENT directly, whichever is applicable. To be renewed with no lapse in coverage, premium payment must be postmarked BEFORE the expiration date. Renewals will not be accepted beyond 30 days after expiration. The same options apply to renewals as to new business.

B. When you are renewing a policy on behalf of the policyholder, we require the notice sent to the policyholder or a copy of the notice sent to you. WE CANNOT PROCESS RENEWALS WITHOUT ONE OF THESE FORMS.

C. Please note that the policy is subject to re-rating at each renewal.

D. If the insured has agreed value physical damage coverage, the market value of the watercraft will be verified every other year at renewal.

XIV. CANCELLATIONS

- A. No flat cancellations are allowed after the inception date except when an insured's credit/debit card transaction is denied, or proof of double coverage is provided. PSIC or GENERAL AGENCY (whichever is applicable) must receive a copy of duplicate coverage within 30 days of binder date.
- B. A \$20 fee will be assessed for all non-sufficient funds checks.
- C. Cancellations may be requested by return of the original policy or written request signed by the insured.
- D. Return premiums for all company and insured requested cancellations will be calculated on a prorated basis.

XV. CLAIMS PROCEDURE

For fast and friendly claim service and to completely eliminate your time involvement in processing claim forms, please instruct your insureds and claimants to call our claims department directly.

This procedure will give PACIFIC SPECIALTY INSURANCE COMPANY the opportunity to give both your client and claimants immediate direct claim service.

CLAIM TELEPHONE NUMBER: (800) 962-1172

PRODUCER HAS NO AUTHORITY TO ASSIGN A LOSS FOR ADJUSTMENT TO AN ENTITY OTHER THAN PACIFIC SPECIALTY INSURANCE COMPANY.

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Rate Worksheet

Coverage	A	B	C	D	E	E2	F	G
Limit								
Annual Base Rate								
x Power Type								
x Speed Ability								
x Operator Age/Marital Status								
x Age of Watercraft								
x (1- Discounts)								
= One	1.000				1.000	1.000		
- PSIC Claim Free								
- Multi-Policy								
- Protective Device								
- Boater Safety Course								
- Multi-Boat								
- Machinery Damage Coverage Limitation								
x (1 + Surcharges)								
= One	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
+ Agreed Value								
+ Multi-Owner								
+ Paid Loss								
+ At-Fault Accident								
+ Minor Violation								
+ Major Violation								
x Replacement Cost (Coverage C)								
x Increased Limits								
x Deductible Factor								
= Basic Premium								
= Total Final Premium (Subject to \$100 Minimum Written Premium)								
+ Policy Fee	\$30.00							
= Total Watercraft Premium								

OPERATOR ASSIGNMENT:

1. The rating factor for each watercraft is determined by applying the highest rated operator to the highest rated watercraft in descending order. The highest rated watercraft is determined by the dollar amount of Coverage A. The highest rated operator is determined by the Operator Age/Marital Status factor.