AGREEMENT

This Boat Pak policy, subject to all of it's ***terms*** and conditions, provides insurance against covered loss to the described boat(s), boating liability and other described coverages during the policy period in return for payment of the required premium. The Boat Pak policy consists of this Agreement, the Declarations, the Supplemental Declarations, the General Policy Provisions and any forms or endorsements made a part of it, including any State mandated endorsements. Each part is subject to all of the policy ***terms*** relating to it, including the ***terms*** applicable to the entire policy.

Endorsements attached to this policy which increase existing coverage or add new coverage may result in a premium increase. Electing deductibles, coverage limiting endorsements or exclusionary endorsements may result in a reduction of premium.

It is recommended that ***you*** read and understand this contract and retain it for future reference.

The Table of Contents shows the policy format. The coverage(s) ***you*** selected are shown the Declaration Page or other attachments comprising a part of this policy.

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In addition to any coverage shown:

1. on the Declarations Page;
2. on the Supplemental Declarations Page;
3. on the General Policy Provisions, General Liability Coverage; or
4. on any endorsements attached to this policy.

We provide the following additional coverages subject to the ***terms*** contained in the General Policy Provisions. The total amount recoverable under the Additional Coverages, listed below or listed on any other form made part of this policy, is not cumulative and is limited to the amounts shown.

GENERAL POLICY PROVISIONS

DEFINITIONS

We define those words which appear in bold/italic type in this policy. These definition are intended to help ***you*** better understand the coverage described elsewhere in ***your*** policy. They do not necessarily imply that coverage is provided under ***your*** policy.

1. The words ***you*** and ***your*** refer to the person named in the Declarations and ***your*** spouse if a resident of ***your*** household. The words ***we***, ***us*** or ***our*** refers to the insurance company named in the Declarations.
2. ***Bodily Injury*** means ***bodily injury***, bodily sickness or bodily disease to a person including required care, loss of services and death resulting therefrom.
3. ***Insured*** means:
   a. with respect to the covered boat(s):
      1) ***you*** and resident relatives residing in ***your*** household;
      2) any permissive user of ***your*** boat. Permissive users include anyone using the ***insured boat*** with ***your*** permission and within the scope of that permission; and
      3) any person or organization, other than a marina, boat repairer, boat sales organization or similar agency, but only with respect to acts or omissions by an ***insured*** shown in 1) and 2) above.
   b. with respect to non-owned boats:
      1) ***you***, but only with the owner's permission to use or operate the boat.
4. ***Insured boat(s)*** means the boat(s), including built-in engines, described in the Declarations.
5. ***Insured outboard motor*** means that motor described in the Declarations including fuel tanks, controls and starter apparatus when furnished as included equipment by the manufacturer.
6. ***Non-owned boat*** means a boat, similar in type and size to that shown in the Declarations, which is not owned by ***you*** or available for ***your*** regular use.
7. ***Occurrence*** means an accident, including continuous or repeated exposure to substantially similar conditions.
8. ***Portable boating equipment*** means detached or detachable ***portable boating equipment*** owned by ***you***. ***Portable Boating Equipment*** does not include water skiing equipment, fishing equipment, boat fuels, food, recreational property or personal effects.
9. ***Property damage*** means injury to or destruction of tangible property including loss of its use.
10. ***Terms*** means provisions, limitations, exclusions, definitions and conditions as used in this policy.

BASIS OF LOSS PAYMENT

We pay the reasonable costs to repair or replace covered losses to covered property with materials of like kind and quality, to the extent practicable, without deduction for depreciation. However, covered loss to batteries, trailers, canvas, sails and machinery in excess of 7 years of age will adjusted on an actual cash value basis with deduction for depreciation, however caused. ***We*** pay the covered loss in excess of the applicable deductible(s) but not more that the amount of insurance or limit of liability shown on the Declarations or Supplemental Declarations Page(s).

COVERED CAUSES OF LOSS

Covered causes of loss, unless otherwise specified, means risks of direct physical loss except as excluded or limited by ***your*** policy.

DEDUCTIBLE

We will adjust losses in accordance with the deductible option stated on the Supplemental Declarations Page made a part of this policy. ***We*** pay only the amount in excess of the deductible but no more than the amount of insurance.

COVERAGE A-PHYSICAL DAMAGE COVERAGE

We cover:

1. the boat(s), including built-in engine(s), described on the Declarations Page;
2. the outboard motor(s) described on the Declarations Page;
3. the boat trailer(s) described on the Declarations Page; and
4. the ***portable boating equipment*** described on the Declarations Page.

EXTENSIONS OF COVERAGE

We cover:

1. Newly Acquired Property-***we*** pay up to 25% of the amount of insurance applicable to the ***insured boats***, ***insured outboard motors*** and scheduled boat trailers respectively, for covered damage to additionally acquired property of similar size and capabilities as that shown on the respective schedule.
   This extension of coverage for newly acquired property ceases when one of the following occurs:
   a. at the time more specific insurance incepts;
   b. 30 days from the date of acquisition of such boat, outboard motor or boat trailer;
   c. on the date that the value of such property is reported to ***us***; or
   d. on the date this coverage is terminated.
2. Emergency Service Coverage-***we*** pay up to $75 for towing and labor at the point of disablement of the ***insured boat*** or ***insured outboard motor***.
3. Removal of Boat Wreckage-***we*** pay the reasonable costs, up to $1,000, for removal, or attempt thereat, and disposal of the wreck of the ***insured boat*** where ***you*** are required to do so by law.

WHAT *WE* DO NOT PAY FOR

We do not pay for loss:

1. occurring anywhere other than while on land or on inland and coastal waters within the contiguous states of the United States of America and Canada. Coastal waters means ocean water within 5 nautical miles of the shores of the contiguous United States or Canada.
2. while the ***insured boat***, ***insured outboard motor***, trailer or ***portable boating equipment*** is being held for or used for charter, hire or carriage of goods or persons for compensation.
3. while the ***insured boat*** (excepting sailboats), ***insured outboard motor***, trailer or ***portable boating equipment*** is being used in an official race or speed contest of any type.
4. deterioration, wear and tear, faulty manufacture, rust or corrosion, marine life, freezing or overheating, ice damage, latent defect, structural, mechanical or electrical breakdown or failure.
5. intentionally caused by or at the direction of an ***insured***, resulting from illegal trade or other illegal act, or resulting from the neglect of an ***insured*** to protect the covered property at and after a covered loss.
6. resulting from unseaworthiness of the ***insured boat(s)*** or from acts of dishonesty or infidelity by any ***insured*** or employee of any ***insured***.
7. caused by repairing or servicing operations on the ***insured boat***, ***insured motors***, trailers or ***portable boating equipment***, unless fire or explosion results and then only for the resulting damage caused by the fire or explosion.
8. caused by carrying weight in excess of the rated capacity of the scheduled boat trailer.
9. caused by war or radioactive contamination or nuclear event.
10. by theft of any item of ***portable boating equipment*** with a value in excess of $100. At ***your*** option, ***you*** may list such property on the schedule, pay the premium due and ***we*** will adjust any covered loss accordingly.

HOW MUCH *WE* PAY FOR LOSS OR CLAIM

The following conditions apply:

1. with respect to ***insured boats***, ***we*** pay the reasonable costs to repair plywood, plastic, fiberglass and molded hull boats, when repairable according to manufacturer's specifications or accepted repair practice.
2. with respect to ***portable boating equipment***, ***we*** do not pay a greater proportion of any loss than the amount of insurance bears to the actual cash value of all detachable equipment at risk at the time of loss and no more than the applicable amount of insurance.
3. with respect to a temporary substitute boat (that ***non-owned boat*** substituted for the ***insured boat*** which is out of normal use because of breakdown, repair, servicing, loss or destruction), ***we*** pay up to the amount of insurance applicable to the ***insured boat***.
4. with respect to ***non-owned boats***, unless otherwise indicated in this policy, the most that ***we*** pay in any one ***occurrence*** of a covered loss is $5,000.
5. with respect to loss of parts-if there is a loss of an item of covered property which consists of several parts when complete, ***we*** are only liable for the actual cash value of the part. The loss is not considered a total loss of the item.

COVERAGE B-BOATING LIABILITY

We pay, up to ***our*** limit of liability, all sums for which any ***insured*** is legally liable because of ***bodily injury*** or ***property damage*** caused by an ***occurrence*** to which this coverage applies. The loss must occur during the policy period and arise out of the ownership, maintenance or use of the ***insured boat*** or any ***non-owned boat.***
We will defend (with counsel of ***our*** choice) any suit seeking damages, provided the suit resulted from ***bodily injury*** or ***property damage*** not excluded under this coverage.
We may make any investigation and settle any claim or suit that ***we*** decide is appropriate. ***We*** are not obligated to provide a defense after ***we*** have paid, either by judgment or settlement, an amount equal to ***our*** limit of liability.
The most that ***we*** will pay in any one ***occurrence*** is the limit of liability shown on the Declarations Page as applicable to Coverage B. ***We*** will not pay more than that amount without regard to the number of ***insureds***, claims made or persons or property injured or damaged.

EXCLUSIONS APPLICABLE TO COVERAGE B

This policy does not apply to liability:

1. caused directly or indirectly by war or radioactive contamination or nuclear event.
2. to ***you*** and, if residents of ***your*** household, ***your*** relatives, and any other person under the age of 21 in ***your*** care or in the care of ***your*** resident relatives.
3. to ***bodily injury*** or ***property damage*** caused intentionally by or at the direction of an ***insured***.
4. to liability assumed under any contract or agreement.
5. to ***bodily injury*** to an employee of an ***insured*** in the course of his/her employment by an ***insured***.
6. to ***bodily injury*** or ***property damage*** caused by or resulting from use of the covered property for para-sailing, kite-skiing or other similar activity.
7. to ***property damage*** to property owned by or transported by an ***insured***, property rented to or under ***your*** control excepting a residence or private, non-commercial boathouse or property in care of an ***insured***.

COVERAGE C-MEDICAL PAYMENTS

We pay the reasonable and necessary medical expenses incurred or medically determined within three years from the date of an accident to which this coverage applies.
This coverage applies only to ***bodily injury***:

1. to any person occurring while on, upon, entering or alighting from the ***insured boat***; or
2. to any person while being towed on water skis or other floatation device by the ***insured boat.***

Medical expenses means reasonable charges for necessary medical, surgical, x-ray and dental services including prosthetic devices, and necessary ambulance, hospital, professional nursing and funeral services.

WHAT *WE* DO NOT PAY FOR

We do not provide medical payments for:

1. ***bodily injury*** sustained by any person(s) to whom or for whom benefits are payable under any Worker's Compensation plan or other similar law; and
2. ***bodily injury*** sustained by any person(s) trespassing on the ***insured boat.***

CONDITIONS APPLICABLE TO MEDICAL PAYMENTS

The following conditions apply:

1. Medical Reports, Proof and Payment of Claim-as soon as practicable, the injured person, or their representative, shall give ***us*** a written proof of claim, under oath if required, and on ***our*** request shall provide medical authorization(s) to enable ***us*** to obtain medical reports and records.
2. Independent Medical Examination-the injured person shall submit to physical examination (s) by physicians selected by ***us*** as often as ***we*** may reasonably request.
3. ***Our*** Limit of Liability-the limit stated on the Declarations Page as applicable to "each person" is the maximum payable for all medical expenses for ***bodily injury*** to any one person as a result of any one accident. ***Our*** total limit of liability for medical expenses for ***bodily injury*** to two or more persons incurred in any one accident shall not exceed the applicable amount shown on the Declarations or Supplemental Declarations Page.

CONDITIONS APPLICABLE TO THIS POLICY

SPECIAL CONDITIONS APPLYING TO THE BOATPAK:

1. **Territory**- The following navigational territories apply:
   a. **Territory 1**-Southern territory comprising the Atlantic Ocean and the Gulf of Mexico (within 5 nautical miles of shore of a contiguous state of the United States) but not including territorial waters of Mexico. This territory commences at the North Carolina/Virginia border and extend south.
   b. **Territory 2**-Northern territory comprising the Atlantic Ocean (within 5 nautical miles of the shore of a contiguous state of the United States or Canada) and the Hudson River south of the Tappan Zee Bridge. This territory commences at the North Carolina/Virginia border and extends north.
   c. **Territory 3**-The Great Lakes comprising Lake Erie, Lake Huron, Lake Michigan, Lake Ontario, and Lake Superior and the St. Lawrence River.
   d. **Territory 4**-All other inland waterways that are within the contiguous United States and Canada.
2. **Lay-up Warranty-**The following lay-up agreement is applicable to ***insured boats*** lodged in the territories shown above:
   a. Territories 2, 3 and 4 reflect a premium adjustment as ***you*** agree to lay up the ***insured boat*** on land or in a protected anchorage for a three month period commencing on the first day of December and lifting on or after the last day of February of the following year.
3. **Insurance Under More Than One Policy**-with respect to property coverage, ***we*** will pay ***our*** share of the loss.

Our share is that part of the loss that the amount of insurance stated in ***your*** policy bears to the total amount of insurance applicable to the loss. With respect to boating liability, this insurance is excess over other valid and collectible insurance applicable to the loss.

WHAT *YOU* MUST DO IN CASE OF LOSS

1. **Notice.**
   a. In case of a loss or if ***you*** become aware of anything that indicates there might be a claim under this policy, ***you*** must:
      1) promptly give ***us*** or ***our*** agent notice (in writing if requested);
      2) promptly notify the police when the act causing the loss is also a violation of law.
   b. The notice to us must state:
      1) ***your*** name, policy number and the time, place and circumstances of the loss; and
      2) names and addresses of any potential witnesses.
2. **Protect Property**-***You*** must take all reasonable steps to protect covered property at and after a covered loss to avoid further damage. ***We*** pay for repairs which are reasonable and necessary to protect the property from further damage, provided ***you*** keep an accurate record of such expenses. These payments do not increase the amount of insurance otherwise applicable to the loss.
3. **Cooperation**-***You*** must cooperate with ***us*** in performing all acts required by this policy.
4. **Volunteer Payments**-***You*** must not, except at ***your*** own cost, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses.
5. **Proof of Loss**-***You*** must submit to ***us*** a proof of loss (sworn to by ***you*** if requested) within 60 days after the loss or accident, containing the following information:
   a. the time, place and circumstances of loss;
   b. ***your*** interest and the interests of all others in the property involved, including all mortgages and liens on the covered property;
   c. other policies of insurance that may cover the loss on the property;
   d. changes in title or occupancy of the property during the policy period;
   e. available plans and specifications of ***insured boat(s)***, ***insured outboard motor(s)*** or boat trailer(s);
   f. detailed estimates for repair of the damage; and
   g. if requested, an inventory of ***damaged portable boating equipment*** showing in detail the quantity, description, cost, actual cash value and amount of loss. ***You*** must attach to the inventory copies of all bills, receipts and related documents that substantiate the inventory.
6. **Additional Duties**-*You* must:
   a. on request, ***you*** and each ***insured*** separately, must submit to examination under oath at such times as may be reasonably required about any matter relating to this insurance or ***your*** claim, including ***your*** books and records. In such event, ***your*** answers must be signed;
   b. exhibit the damaged property and allow ***us*** to take samples for testing or analysis as often as ***we*** reasonably request;

c. produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss and expenses and permit copies and extracts to be made of them as often as ***we*** reasonably request; and
d. assist in enforcing any right of recovery which ***you*** may have against any party causing the loss.

POLICY CONDITIONS

In addition to the policy ***terms*** which are contained in other sections of this policy, the following conditions also apply:

1. **Assignment**-Assignment of this policy is not valid without ***our*** written consent.
2. **Cancellation**.

With respect to cancellation and non-renewal, ***Required Policy Period*** means a period of three years from the date the policy is first issued or voluntarily renewed.

a. By ***you-You*** may cancel this policy at any time by giving ***us*** written notice or returning the policy to ***us*** and stating when thereafter the cancellation is to be effective.
b. By ***us-We*** may cancel this policy by written notice delivered to or mailed to ***you*** at the address shown in the Declarations. Proof of delivery or mailing is sufficient proof of notice.
This notice must be delivered or mailed the required number of days prior to the effective date of the cancellation. For a description of the number of days of required notice, refer to: 1) Nonpayment of Premium, 2) New policy, 3) Policy with a term Over One Year, 4) Nonrenewal, and 5) All Other Situations.
c. When ***We*** May Cancel-***We*** may cancel or non-renew this policy under the following conditions:
    1) Nonpayment of Premium-If the premium has not been paid when due, ***we*** may cancel at any time by giving the required notice at least 15 days before cancellation is effective.
    2) New Policy-If this is a new policy which has been in effect less than 60 days and is not a renewal, ***we*** may cancel by providing a statement giving the specific reason(s) for cancellation and by giving the required notice at least 30 days before cancellation is effective. A renewal of a policy issued by ***us*** is not a new policy.
    3) Policy with Term Over One Year-If this policy is written for a term longer than one year, ***we*** may cancel for any reason by giving ***you*** the required notice at least 45 days (but not more than 60 days) before the anniversary date of the ***required policy period***.
    4) Non-renewal-***We*** may elect not to renew or continue this policy by giving written notice of ***our*** intent at least 45 days (but not more than 60 days) before the end of the ***required policy period***. This notice shall contain ***our*** specific reason(s) for non-renewal or conditional renewal. The notice may be delivered or mailed to ***you*** at the mailing address shown in the Declarations. Proof of delivery or mailing shall be sufficient proof of notice.
    5) All Other Situations-After a covered policy has been in effect for 60 days or more or is a renewal of a policy issued by ***us***, ***we*** may cancel only for the reasons set forth below and by giving the required notice at least 30 days before cancellation is effective. The reasons are:
        a) conviction of a crime arising out of acts increasing the hazard insured against;
        b) discovery of fraud or material misrepresentation in obtaining the policy or in the presentation of a claim thereunder;
        c) discovery of willful or reckless acts or omissions increasing the hazard insured against;
        d) physical changes in the property insured occurring after issuance or last anniversary date of the policy, which results in the property becoming uninsurable in accordance with the insurer's objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or
        e) a determination by the Superintendent that the continuation of the policy would violate or would place the insurer in violation of the law;
d. ***We*** refund premium for the unexpired policy period on a pro rata basis.
e. **Refund of Premium**-payment or tender of unearned premium is not a condition of cancellation. If the unearned premium is not refunded with the cancellation notice, it will be sent to ***you*** in a reasonable time.

3. **Change, Modification or Waiver of Policy *Terms***-A waiver or change of any ***terms*** of this policy must be issued by ***us*** in writing to be valid. ***Our*** request for an appraisal or examination under oath does not waive any of ***our*** rights.
If ***we*** adopt any revision of forms or endorsements during a policy period which would broaden coverage under this policy without additional premium, the broadened coverage will automatically apply to this policy.
If this policy is issued on a continuous basis (with no specified expiration date), ***we*** may substitute or add, upon any anniversary date, forms or endorsements which are authorized for use on this policy in accordance with ***our*** manual rules in effect at the time.
If the change in forms or endorsements reduces coverage or limits, ***we*** must notify ***you*** as provided under the

non-renewal ***terms*** contained in this endorsement.

4. **Conformity with Statute**-***terms*** of this policy in conflict with the statutes of the state where the property described in the Declarations is located, are amended to conform to such statutes.
5. **Misrepresentation, Concealment or Fraud**-We do not provide coverage if, whether before or after a loss:
   a. An ***insured*** has willfully concealed or misrepresented:
      1) any material fact or circumstance concerning this insurance; or
      2) an ***insured's*** interest herein.
   b. There has been fraud or false swearing by an ***insured*** regarding any matter relating to this insurance or the subject thereof.
6. **Inspection**-***We*** are permitted but not obligated to inspect ***your*** property and operations. ***Our*** inspection or any resulting advice or report does not warrant that ***your*** property or operations are safe or healthful or are in compliance with any law, rule or regulation.
7. **Policy Premium**-if this policy is issued without a specified expiration date, it may be continued by payment of the required premium for the next annual period. The premium must be paid to ***us*** on or before each anniversary date.
8. **Recoveries**-if ***we*** pay an ***insured*** for loss under this policy and lost or damaged property is recovered or payment is made by those responsible for the loss, the following provisions apply:
   a. The ***insured*** must notify ***us*** or ***we*** will notify the ***insured*** promptly if either recovers property or receives payment;
   b. Any proper expenses incurred by either party in making the recovery are reimbursed first;
   c. The ***insured*** may keep recovered property by refunding to ***us*** the amount of the claim paid or any lesser amount to which ***we*** agree; and
   d. If the claim paid is less than the agreed loss due to a deductible, special limit of insurance or other limiting ***terms*** of the policy, any recovery will be pro-rated between the ***insured*** and ***us*** based on ***our*** respective interests in the loss.
9. **Subrogation**:
   a. If ***we*** make a payment under this policy, ***we*** may require that the ***insured*** assign to ***us*** his or her right of recovery against any person for the loss to the extent of the payment. The ***insured*** must do everything necessary to make this assignment and secure ***our*** rights.
   b. ***We*** are not liable for any loss if an ***insured*** does anything after the loss occurs to impair ***our*** right to recover. ***You*** may waive ***your*** right of recovery in writing before a loss occurs without voiding the coverage.
   c. If ***we*** pay a loss to or on behalf of an ***insured*** and the ***insured*** recovers damages from another person for the same loss, the ***insured*** shall hold the amount recovered in trust for ***us*** and shall reimburse ***us*** as provided under Recoveries.
10. **Suit Against Us**:
   a. **Property Coverages**-No ***suit*** to recover for any property claim may be brought against ***us*** unless:
      1) the terms of this policy have been fully complied with; and
      2) the suit is commenced within 2 years after the loss.
   b. **Liability Coverage**-No suit may be brought against ***us*** to recover amounts due for ***bodily injury*** or ***property damage*** unless:
      1) the ***terms*** of this policy have been fully complied with; and
      2) the amount of any ***insured's*** liability has been conclusively fixed:
         (a) by a final judgement against the ***insured***; or
         (b) by written agreement of the ***insured***, the claimant and ***us***.

   No person shall have any right under this policy to join or implead ***us*** in any action brought to determine an ***insured's*** liability.
11. **Bankruptcy of an *Insured***-Bankruptcy or insolvency of any ***insured*** or his or her estate does not relieve ***us*** of any of ***our*** obligations under this policy.

CONDITIONS APPLICABLE TO PROPERTY COVERAGES ONLY

12. **Abandonment of Property**-***We*** may take the property or any part of it at the agreed or appraised value, but an ***insured*** may not abandon the covered property to ***us*** unless ***we*** specifically agree.
13. **Appraisal**-if ***you*** and ***we*** do not agree on the cost to repair or replace, actual cash value of or amount of loss to covered property when loss occurs, either party may demand that these amounts be determined by appraisal. If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, ***you*** or ***we*** can ask a judge of a court of record in the state where the property is located to select an umpire.
    The appraisers will then determine the amount of the damage stating separately, in detail: the cost to repair or replace, actual cash value of, and amount of loss to each building item and item of personal property. If the

appraisers submit a written report of any agreement to ***us***, the amount agreed upon will be the amount of damage or value. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the cost to repair or replace, actual cash value of and amount of loss to each item. Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by ***you*** and ***us***.

14. **No Benefit to Bailee**-insurance under this policy shall not directly or indirectly benefit any hired carrier or anyone else who is paid for assuming custody of covered property.
15. **Secured Party Coverage**-Applies Only to Coverage on ***Insured Boat(s)***, ***Insured Outboard Motor(s)*** and boat trailer(s).

    (This entire clause is void unless the name of a secured party is inserted in the Declarations or the Supplemental Declarations. This clause applies only to the interest of a secured party and does not affect the ***insured's*** rights or duties under the policy).

    If a secured party is named in this policy, any loss payable on property subject to the security interest shall be payable to the secured party and ***you*** as interest may appear. If there is more than one security interest in the same property, the order of payment shall be the same as their order of priority. If ***we*** deny ***your*** claim, that denial shall not apply to a valid claim of a secured party if such party has:

    a. notified ***us*** of any change in ownership, occupancy or substantial change in risk of which the secured party became aware;
    b. paid any premium due under the policy on demand if ***you*** have not made such payment; and
    c. submitted a signed, sworn proof of loss within 60 days if an ***insured*** has failed to do so.

    Policy conditions relating to Appraisal, Suit Against ***us*** and Loss Payment apply to the secured party. If the policy is canceled by ***us***, the secured party shall be notified at least 15 days before the date cancellation takes effect. If ***we*** pay the secured party for any loss for which ***we*** have denied payment to ***you***:

    a. ***we*** are subrogated to all the rights of the secured party granted under the security agreement; or
    b. at ***our*** option ***we*** may pay the secured party the remaining amount due on the security agreement plus interest and receive a full assignment of the security agreement and any securities held as collateral for the agreement.

    However, the secured party's interest is not covered for conversion, embezzlement or secretion by an ***insured*** in possession of the encumbered property, unless specifically covered and a premium is paid for such.