



DOUGLAS MARITIME

INSURANCE BROKERS, INC.

License #0E86517
1825 State St., 3rd Floor, Santa Barbara, CA 93101 * [REDACTED] * Fax [REDACTED]

PASSENGER VESSEL APPLICATION

Owner's Name: Truth Aquatics Inc. Tel. # _____

Address: 301 W. Cabrillo Blvd. Santa Barbara, CA 93101 Email: _____

Vessel Name: Conception Manufacture: Hauser-Fritzler Year Built: 1981

Length: 80' Beam: 26' Draft: 4' GRT: 97 Hull Construction: Wood

Engines: No. of: 2 Year: 2005 Mfg.: Detroit Diesel HP: 1000 Gas Diesel

Navigational Equipment:

Ship to Shore Radar Auto Pilot Compass VHF Loran

Watch Alarm GPS Depth Sounder EPIRB _____

Vessel to be used for: (check all that apply)

Sportfishing Excursion Whale Watching Scuba Snorkeling

Commercial Fishing Other (explain) Kayaking/ trips to local Islands

Navigational Area: Per Coast Guard Certificate of Inspection

Berthed: Moored: Location: Santa Barbara/ Sea Landing

Period of Navigation: Year-round Lay-up: _____

Date of last Haul Out: 2015 Next Haul Out: 2017 Date last Surveyed: 01/26/2011

Hull Information: Replacement cost: 2.5M Market Value: 1.4M Cost to Owner: _____

Loss Payee: None Address: _____ Balance Due: _____

Innocent Mortgagee Endorsement Needed: Yes No BFU438: Yes No

Protection & Indemnity Information (Liability): Limit of Liability Required: 2,000,000

Is vessel owner-operated? Yes No Owner's experience in years: as owner 10+ as Captain 10+

Number of Hired Crew 6 (maximum) Servers: 0 (maximum) Volunteers: 0

Number of Passengers: 45 (maximum) Average Number # of Passengers: _____

Any employees other than crew members: Yes No

Name all paid Captains: Various

Employees:

Are employees required to take pre-employment physicals? Yes No

In what manner do you satisfy USCG drug testing requirements? Pre-employment and Random Drug Testing Program

Misc.:

Effective Date of Coverage: Current Insurance Carrier: Premium:

How long have you been insured with this carrier?

Do you currently have Oil Pollution coverage? Yes No

Are you interested in an additional quote for such coverage? Yes No

Loss Information:

Prior five years History. Please list any and all incidents for which you, an insurance carrier, or any other party have paid (including passengers, crew, third parties and hull & machinery) for any vessel you (personally or as a stockholder) have owned, operated or had any financial interest. Include date of incident, description, amount paid and current status (open or closed). If no losses please state -NONE

Please See Five Year Loss Runs Attached

Please include the following (Required):

Copy of most recent survey Copy of current Coast Guard Certificate of Inspection (if applicable)

Your Duty to Disclose

Before you enter into a contract of insurance with any company, you have a duty to disclose to the company every matter that you know, or could reasonably be expected to know, that is relevant to the company's decision whether to accept the risk of the insurance and if so on what terms. Failure to answer all questions fully and accurately may cause reduction or cancellation of coverage

APPLICANT'S STATEMENT: the answers given herein and all information provided in connection with the declaration are in every respect true and correct. I have not withheld any information relative to this declaration. I will immediately advise any material changes or alterations to the contents of this questionnaire if it should occur during the currency of the hull and machinery insurance of the vessel. Statements are offered as an inducement to the company to issue the policy for which I am applying.

"The undersigned hereby acknowledges, understands and agrees that any insurance policy or services provided in connection herewith are being provided based upon, and in reliance upon, the credit of the vessel(s) insured, regardless of whether of the credit of the named insured is also relied upon. The undersigned hereby further acknowledges and understands that in the event of any failure to pay for premiums or charges for any insurance policy or services provided to the vessel(s), the insured vessel(s) may be arrested, subject to in rem proceedings and sold at public or private auction in accordance with the Commercial Instruments of Maritime Lien Act (46 USC § 31301, et seq.) and any amendments thereto. The undersigned further acknowledges, understands and agrees that the prevailing party in any action arising in connection with the failure to pay for such services, whether in person am or in rem, shall be entitled to recover reasonable attorneys' fees and costs."

Applicant's Signature: _____

Date: _____

Hans Jørgen Andersen, AMS®/SMS®
Accredited Marine Surveyor®/Senior Marine Surveyor – SAMS®
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Since 1967

Report of Marine Survey

Of the Vessel

Conception

For the Exclusive Use of

***Sunderland Marine Mutual Insurance Co.
2284 West Commodore Way, Suite 200
Seattle, Washington 98119, USA***



NOTICE

Boating is generally acknowledged to be a potentially hazardous vocation and avocation and hazardous events may occur that are beyond the control or responsibility of any party. This Report of Marine Survey shall attempt to identify those hazardous conditions found aboard the subject vessel, at the time of the survey, to mitigate the potential hazards. There are no warranties or guarantees expressed or implied that all hazardous conditions will be discovered. This Report of Marine Survey is issued for the exclusive use of the requestor identified within and the onus is upon said requestor to fully understand the information contained within the report and upon information shared verbally by the attending marine surveyor during the course of the survey. This report is not transferable without the express written consent of the undersigned marine surveyor. Should any questions arise regarding this Report of Marine Survey, the requestor should contact the undersigned marine surveyor for clarification. This Report of Marine Survey represents the professional opinion of the condition of the subject vessel at the time the survey was performed and is valid for thirty-days of undisturbed lay-up or the first use of the vessel after the survey was performed. The Report of Marine Survey is issued without bias or prejudice. The subject vessel was inspected by the undersigned marine surveyor in all accessible areas without removal of ceiling plates, tanks, machinery, bulkheads or stowed gear. Should the requestor wish to have such impediments removed for deeper inspection, an additional charge will be incurred for labor.

Machinery, such as engines and generators, are not normally evaluated during the course of a hull survey. Should the requestor seek information as to the operational conditions of such machinery he/she is advised to engage the services of a reputable marine mechanic to perform a mechanical survey. The undersigned marine surveyor examines the installation of such machinery, cooling hoses, condition of control cables or actuators, shaft couplers, shaft logs, struts and propellers where accessible to inspection. The undersigned marine surveyor does not operate the machinery and no statements are made regarding the operational characteristics unless specifically stated in this report.

Tankage is examined in accessible areas without removals or openings. Fuel and water piping is also examined where accessible. Electrical cables are examined where accessible without opening fastened down compartments. Electrical equipment such as electronics should be operated and tested during sea trial and notations made for the marine surveyor of items that are inoperative or questionable. Surveyor attendance on the sea trial is available for an additional fee; arrangements for that service should be made in advance of the survey.

The undersigned marine surveyor utilized all due professional diligence in the performance of this survey with the prevailing conditions at that time. It is possible that some defects or hazards, hidden or obvious, may have gone undetected in the course of the survey. As this report is a statement of the professional opinion of the condition of the vessel at the time the survey was performed there is no warranty or guarantee expressed or implied in any way by this Report of Marine Survey. A court of competent jurisdiction shall not hold this firm, the undersigned marine surveyor, or any and all employees, agents or representatives liable for any inaccuracies, misstatements, omissions or errors in judgment unless such acts are adjudged to be acts of willfulness conduct on the part of the attending marine surveyor. In any dispute the limitation of liability to this firm shall not exceed the actual cost of the marine survey.

The undersigned marine surveyor is available to answer questions regarding the client's vessel. If research or a trip to the boat is necessary, a nominal fee will be charged. If, however, the surveyor can answer the questions without an attendance or research the service is free. Thank you for the opportunity to serve you and we hope to serve you again in the future. Acceptance and use of this Report of Marine Survey, for any purpose, serves as an acknowledgement of the terms and conditions expressed herein for all purposes.

General Information

File Number CONCEPTION'111
Date of Survey January 25, 2011
Requester.....SMMI
Purpose of Survey Underwriting
Surveyed At Ventura Harbor Boatyard, Ventura, CA
While the Vessel Was Dry docked
In Attendance Glen Fritzler
Owner Glen R. Fritzler, 301 #. Cabrillo Blvd, Santa Barbara, CA 93101
Flag USA
Vessel's Name CONCEPTION
Hailing Port Santa Barbara, CA
Official Number 638133 (USCG Documentation – valid)
Radio Call Sign WYR 8548
Fish and Game Number 36098
Certificate of Inspection Expiration 02 DEC 2014
Service Passenger, more than six
Designer Hauser-Fritzler
Builder Seaway Boats of Long Beach, CA
Year and Model 1981 Passenger Dive Excursion vessel
Type of Vessel Twin oil screw passenger dive boat (sub-chapter T)
Required Crew 1 Master, 1 licensed mate, 2 Deckhands
Passenger Limitations 106
Accommodations 46 passenger, 4 crew

Navigational Area

OCEANS: Pacific Ocean, not on an international voyage, between the San Luis Obispo/Monterey county line: 35 degrees 47.5 minutes north latitude and 31 degrees 45 minutes north latitude not more than 100 miles from the mainland shore.

Valuation

Note: The values expressed herein are derived from published price guides, current asking or selling prices, and the opinion of the undersigned marine surveyor.

Fair Market Value, As-Is \$1,400,000.00
Replacement Value (Like and Kind, New Construction) \$2,500,000.00

Dimensions

Note: The dimensions and capacities listed herein are derived from published sources and are believed to be correct but are not guaranteed.

Length, Overall	80' 00"
Length, Registered	75.0'
Length, On Deck	80' 00"
Beam	26' 00"
Breadth	25.0'
Draft	4' 00"
Depth	6.0'
Ballast	Tanks and machinery
Tonnage	97 GRT, 66 NRT

Construction

Type of Hull	Semi-displacement hard chine w/flared bow and stepped transom
Hull Material	4-layers of 1/2" plywood iwo bottom and 2 layers 1/2" plywood topsides
Frames	Bulkheads, stringers and built-ins
Fasteners	Silicon bronze screws, epoxy glue, and nails
Stringers	Laminated and dimensional fir
Bulkheads	Plywood
Number of Watertight Bulkheads	Four
Hull to Deck Joint	Sheer clamp
Deck Beams	Bulkheads and fir 2x6 longitudinals
Decking	Marine-grade plywood, two layers of 1/2" w/non-skid surface
Superstructure	Plywood
Topsides Finish	Linear polyurethane paint
Anti-Fouling Properties	Copper-based marine anti-fouling paint

Machinery

Number and Type of Engines	Twin inboard turbocharged 8-cylinder marine diesels
Manufacturer and Model Number	Detroit Diesel "8V-92 DDEC"
Year Model	2005
Serial Numbers	(p) DD08VF169865 (s) DD08VF170277
Engine Hours	Not available
Total Horse Power	500 x 2 = 1,000
Carburetion	Turbocharged fuel injection
Engine Cooling System	FWC through heat exchangers

Exhaust Type Emission controlled water injected, wet through aft topsides
 Engine Room Ventilation Natural ducting
 Engine Bearers Wooden stringers
 Motor Mounts Solid
 Reduction/Reverse Gears Twin Disc "MG-5114" w/3:1 reduction
 Throttle and Shifter Controls Hynautic hydraulic shifters
 Shaft Couplers Steel cuff
 Shaft Log Packing Glands Bronze compression
 Propeller Shafts 3" stainless steel
 Propellers Out to shop
 Propeller Shaft Bearings Strut cutlasses
 Propeller Shaft Struts Stainless steel V-struts
 Steering System Hydraulic, single station
 Rudders Twin stainless steel spades

Number and Type of Generators One diesel/electric
 Manufacturers and Model Numbers Northern Lights "MP55C"
 Model Year 2005
 Generator Serial Numbers 4452-31288
 Generator Hours 24,831.77
 Kilowatts and Phase 55 KW, 3-phase

Bilge Pumps 1½" Jabsco mechanical
 Fresh Water Pumps 120-volt
 Wash Down Pumps 120-volt
 Toilet Pumps 120-volt
 Windlasses AC electric vertical capstan
 Air Compressors Two Ingersoll Rand 3-phase AC electric

Fuel Systems

Number and Material of Fuel Tanks Two, mild steel
 Capacity of Fuel Tanks 1,600 US gallons
 Framing of Fuel Tanks Wooden frames
 Location of Fuel Tanks Engine room
 Fuel Tank Fill Locations Port and starboard aft decks
 Fuel Tank Fill Labeling Diesel
 Fuel Lines Copper and rated Aeroquip hose
 Fuel Line Support Excellent

Fuel Shut-Off Valves Accessible from on deck
Primary Fuel Filters Sea Pro 300
Fuel Tank Venting Atmosphere
Fuel Tank Vent Flash Screens Yes
Fuel System Grounding Yes per ABYC and NFPA standards

Plumbing Systems

Number and Material of Fresh Water Tanks Four, plywood and fiberglass
Capacity of Fresh Water Tanks 1,200 US gallons
Framing of Fresh Water Tanks Wooden frames
Location of Fresh Water Tanks Lazarette
Fresh Water Tanks Fill Locations Aft deck
Fresh Water Tank Fill Labeling Water
Fresh Water Piping PVC pipe and hose
Fresh Water Piping Support Excellent
Fresh Water System Shut-Off Valves In-line and at tanks
Fresh Water Service To Galley sink, head sinks, and showers
Gray Water Discharge Overboard
Number and Type of Toilets Three pressure water
Number and Material of Sewage Holding Tanks One, polyethylene
Sewage Discharge Overboard
Water Heaters 220-volt 40-gallon
Number and Type of Through Hull Fittings Nine ball valves

Electrical Circuitry

AC Voltage 120-240 volts, 60 Hz, 50 Amp, 3-phase
Source of AC Voltage Shore power or generator
AC Conductors 3-wire, marine-grade
AC Circuit Protection Thermal circuit breakers
Battery Chargers Guest "2632-OS", Professional Mariner "2430"
DC Voltage 12-volt
Source of DC Voltage Batteries and alternators
DC Conductors 2-wire marine-grade
DC Circuit Protection Thermal circuit breakers
Battery Switches Cole Hersee and Perko
Batteries Five 12-volt Series 8-D
Battery Protection Boxed and covered

Deck Equipment

Anchors Two Bruce-type
 Anchor Rode Chain and line
 Sea Anchors Drogue
 Cleats Aluminum
 Life Rails Bulwarks, wooden rails on bridge deck
 Swim Step Plywood integral to hull, stainless steel dive platform w/ladder
 Dock Lines Nylon
 Fenders Ample
 Search Lights 120-volt remote, 12-volt hand-held
 Radar Arch Pylon mast

Electronics and Aids to Navigation

Compasses, Wheelhouse Danforth "Constellation" 3½" magnetic
 GPS Navigator Furuno "GP31"
 GPS Plotter Nobeltech software on computer
 Radars Furuno 48-mile
 Fathometers Data Marine "International Offshore"
 Video Depth Sounders Furuno "FCV600L"
 VHF-FM Transceivers Icom "IC-M502" w/emergency locator beacon
 SSB Transceivers Icom "IC-M700PRO"
 SSB Antenna Tuner Icom "AT-130"
 Rudder Angle Indicator Wagner "35DM"
 Shipboard Computer System Dell PC clone
 Hailer Standard Horizon "LH-10"

Safety Equipment

Fixed Fire Fighting System 200# carbon dioxide
 Portable Fire Extinguishers One B-I, 5 B-II
 Fire Stations Two, each with 50' of 1½" hose
 Fire Axes One
 Fire Alarms Engine room
 Smoke Alarms Galley and bunkrooms
 Bilge High Water Alarms All compartments
 Machinery Alarms Audio/visual
 General Alarm Horn and public address system

Underwater Recall Alarm Heath Kit
 Public Address System Hailer
 EPIRB ACR 406 MHz w/hydrostatic release
 Distress Signals Hand and aerial flares
 Ship's Whistle 12-volt and hailer
 Ship's Bell Brass
 Navigation Lights 12-volt international
 Anchor Lights 12-volt
 Deck Lights 12-volt
 COLREG Lights Red/White/Red
 Buoyant Apparatus Six for 110 people
 Flotation Strobe Lights Seven
 PFDs 110 Adult, 11 child Type I (additional child size available)
 Type IV PFDs 3 rings, one with light and line
 Man Overboard Retrieval Ladder and swim step
 Day Shapes Dive flag and anchor ball
 First Aid Kit Large

Government Required Navigational Aids and Placards

Light List Chart 1
 Coast Pilot #7
 Navigation Charts Local waters
 MARPOL Trash Placard Posted
 Logged Trash Disposal Plan Logged
 Oil Discharge Placard Posted

Amenities

Galley Range Wells 2-burher range top, Superior griddle
 Range Hood and Vent Fan Stainless steel w/fire suppression
 Refrigerator Kenmore 24 cu ft refrigerator/freezer, mechanical refrigerator box
 Freezer Kenmore 8 cu ft
 Microwave Oven Sharp "Carousel" commercial grade
 Oven Whirlpool "Accubake" (two)
 Coffee Maker Curtis "Concourse"
 Ice Maker Ice-O-Matic
 Televisions Magnavox 23" color
 Video Cassette Recorders GO Video VHS/DVD

Wet BarSoda gun

Notes, for the Record

This vessel underwent considerable reconstruction in 2005 after a grounding near Point Arguello, CA. Her original bottom of three layers of cold molded 1/2" plywood was replaced with four layers of 1/2" plywood. At the same time a new forecastle was installed to replace the damaged one and the stern was reconstructed. Floors and longitudinal stringers as well as bulkhead frames were repaired at the same time. A new external keel was installed. She is in very good condition as observed in dry dock and enjoys excellent preventative maintenance. This vessel is in very good condition with no structural defects.

The engines are in good condition and are well installed and maintained. The generator is in good condition and is well installed. Exhaust systems are in good condition with no leaks noted. The air compressors are in good condition. Ancillary machinery and pumps are in good condition.

The fuel tanks are in good condition and the fuel lines are free from defects. The water tanks were beginning to suffer from age and were repaired at this haul out period. The fresh water system is in good condition and is free of defects. The sewage system is in good condition and meets all requirements. Deck equipment is in good condition and is adequate for this vessel. Electronics are a mixture of modern and traditional equipment and is all functional. Safety equipment is up to date and in good condition.

Overall this vessel is in very good condition and enjoys above average maintenance.

Recommendations

- 1. Repair the lid on the life float storage box on the bridge deck.

Statement of Physical Risk

This vessel should be considered as a good physical risk for underwriting purposes while maintained and utilized in a prudent and proper fashion. She is well suited for her intended use.

Signed, without bias or prejudice,

Hans J. Andersen, AMS-SMS



Hans Jørgen Andersen, AMS®/SMS
Accredited Marine Surveyor®/Senior Marine Surveyor – SAMS®
Principal Marine Surveyor
34°41.757N 120°28.315W