Professional Liability Insurance for Lawyers

Terms SA-1

This insurance is issued pursuant to Article 25 of the Attorneys Act No. 77/1998 and Regulation No. 200/1999 on professional liability insurance for lawyers.

This insurance is governed by the insurance policy, together with any endorsements and special terms, these Terms, the Company's General Terms and Conditions No. AS-1, and the provisions of the Insurance Contracts Act No. 30/2004, hereafter the Insurance Contracts Act. In the event of any inconsistency, the provisions of these Terms shall take precedence over the General Terms and Conditions.

In these Terms, the term "the Company" means Vörður tryggingar hf. Where reference is made to a "client", this means an individual who has authorised a lawyer to carry out specific tasks on their behalf.

Chapter 1. Scope of Cover

Art. 1 What does the insurance cover?

Cover is provided against liability in damages imposed on the insured, as a lawyer, where a client suffers general financial loss attributable to the insured personally or to an employee of the insured.

Art. 2 What is not covered by the insurance?

The insurance does not cover liability attributable to:

- intent on the part of the insured or the insured's employees.
- liability assumed by the insured that is more extensive than the insured's general liability as a lawyer.
- fines imposed on the insured or the client.
- bodily injury or damage to property.
- legal work performed by the insured outside the European Economic Area, or liability in damages that is more extensive than provided for under the rules applicable there regarding the basis for damages or the determination of the amount of compensation.

Chapter 2. General Provisions

Art. 3 Who is insured?

The insured are the lawyers specified in the policy.

Art. 4 Where does the insurance apply?

The insurance applies anywhere within the European Economic Area.

Art. 5 Sum Insured

The sum insured is the amount stated in the policy, and the Company's liability is limited to that amount. The sum insured is adjusted in accordance with the index, cf. Art. 14 of these Terms.

The Company shall pay costs incurred in determining liability for damages or the amount of compensation, even if this causes the Company's payment to exceed the sum insured. The same applies to interest that the insured is ordered to pay on a claim for damages covered by the insurance.

Where the sum insured is lower than the damages awarded, the Company is required to pay only that portion of the interest and costs corresponding to the amount of compensation it is liable to pay.

Art. 6 Deductible

For each loss, the policyholder and/or the insured bears a deductible as specified in the policy. This amount is adjusted annually in accordance with the index, cf. Art. 14 of these Terms. The policyholder's deductible does not affect the legal position of the client.

Art. 7 Right of Termination

The insurance terminates if the insured no longer satisfies the statutory requirements for a licence to practise law.

Even where the insurance has lapsed, the Company remains liable to the client for any loss attributable to loss events occurring until 30 days have elapsed from the date the Company notified the insured and the Board of the Icelandic Bar Association that the insurance had lapsed, unless other adequate insurance has been put in place for that period.

Art. 8 Period of Liability

The insurance covers a claim for damages against the insured that arises during the insurance period, regardless of when the event giving rise to the claim occurred.

A claim for damages is deemed to have arisen at whichever of the following occurs first:

a. the client makes a written claim for damages against the insured.
b. the insured first becomes aware that a client has suffered financial loss that may be attributable to negligence on the part of the insured or the insured's employee, or that there is a direct risk that such loss will occur.

The insurance does not cover loss arising from a claim for damages against the insured that has arisen during the insurance period, unless the claim is notified to the Company no later than 3 months after the insurance ends. Even where a loss is deemed to have occurred during the insurance period and has been notified to the Company within 3 months after the insurance ends, the insurance does not cover such loss unless the insured has received a written claim for damages under item (a) of the second paragraph and notifies the Company no later than 2 years after the insurance ends.

The Company does not cover a claim for damages under the second paragraph attributable to loss occurring either suddenly or gradually, where the loss became apparent, in whole or in part, before the insurance period began.

Art. 9 Handling of Claims for Damages

As soon as the insured becomes aware of, or suspects, that a claim for damages will be made against them, they shall notify the Company in writing.

If a claim for damages is made against the insured, the Company shall represent the insured in respect of that claim and is authorized to take any measures necessary to handle it, such as admitting liability, defending against the claim, or settling it, provided that such measures, and any related legal costs, are at the Company's expense.

The Company is not bound by any payment or admission of a claim for damages by the insured, unless it is shown that the insured, in paying the claim or acknowledging its validity, did no more than what they were legally obliged to do.

Art. 10 Increase in Risk

Where changes occur to circumstances or information disclosed to the Company in the application for insurance, or otherwise, the policyholder shall notify the Company of such changes.

Art. 11 Right of Recourse

The Company shall always have a right of recourse against the policyholder/insured where the Company has paid compensation after the insurance has lapsed, cf. the second paragraph of Art. 7.

Art. 12 Imputation of Conduct

The Company may rely on a breach of the provisions of this insurance by employees of the policyholder or the insured, pursuant to the third paragraph of Article 29 of the Insurance Contracts Act.

Art. 13 Index-Linking

The sum insured under Art. 4 is based on the consumer price index for indexation, with a base index value of 184.5 points. It shall be adjusted on 1 January each year in proportion to changes in that index. The premium and the deductible are adjusted in the same manner.

These Terms are effective from 1 April 2023.