Vörður
hluti af Arion

Business Liability Insurance

Policy Terms A-1

This document is an AI translation of the official Icelandic text. In the event of any discrepancy between the translation and the original Icelandic version, the Icelandic version shall take precedence.

Business Liability Insurance is a policy that provides companies and operators with protection against liability for damages arising from personal injury or property damage caused to third parties.

Special endorsements may be added for specific types of business operations, providing broader coverage than found in these standard terms. Special endorsements are only valid if purchased separately and noted on the certificate.

The insurance is governed by the certificate together with its endorsements and special terms, these policy terms, the company's general terms no. AS-1, and the provisions of the Insurance Contracts Act no. 30/2004, hereinafter referred to as ICA. Provisions in these terms take precedence over provisions in the general terms where there is any conflict.

The general provisions of Chapter 2 apply to all aspects of the insurance.

Table of Contents:

Chapter 1. Business Liability Insurance

Art. 1. What does the insurance cover?

The insurance covers personal injury and property damage for which the insured bears liability under Icelandic tort law and which arises from the business activity specified on the insurance certificate.

The insurance also covers personal injury or property damage arising from liability falling on the insured as the owner or user of premises or real property used in connection with the specified business, provided it is listed on the certificate.

The insurance covers damages to the extent that the claimant is not required to bear the loss themselves due to contributory negligence or shared responsibility.

A prerequisite for liability under this provision is that the personal injury and/or property damage can be attributed to a sudden and unexpected event.

Art. 2. What does the insurance not cover?

The insurance does not pay compensation:

a. for damages arising within contractual relationships
b. for damages that directly or indirectly, in whole or in part:
    - arise because a product sold fails to reach the recipient, or does not reach them in time, or payment is not made at the correct time.

- arise from asbestos or materials containing any proportion of asbestos.
- arise from any PFAS substances and compounds, whether in processing such substances or products containing them.
- arise from any effects of time-recording on the operation of equipment, systems, or combinations thereof.
- arise from consulting or advising on the effects of time-recording on the operation of equipment, systems, or combinations thereof.

c. for damages covered by professional indemnity insurance, whether or not such insurance exists.
d. for damages arising from fire, nuclear energy, or radioactive substances.
e. for damages caused by acts of terrorism.
f. for any kind of biological or chemical effects and/or poisoning, including bacteria and viruses.
g. for damages attributable to aircraft or resulting from their operation, having their origin in the refuelling of aircraft, or occurring in the operation of airports.
h. for fines or other punitive sanctions.
i. for damages attributable to air, soil, vegetation, water, or marine pollution. The company will, however, pay compensation for such damage if it can be attributed to a single sudden and unexpected event and cannot be attributed to the insured having intentionally or through gross negligence failed to comply with applicable public regulations in force at the time.
j. for recovery claims from social insurance.
k. for liability claims arising from the operation of tunnels or underwater work, or from the failure of dam structures.

The insurance does not cover liability arising from a promise by the insured to bear broader liability than standard tort liability outside contract. The same applies to an agreement containing a promise to pay other or greater compensation than follows from general principles governing determination of damages outside contract.

Art. 3. Excluded risks that may be insured separately by special endorsement

The insurance does not cover:

a. liability claims for damage to or loss of items that the insured undertakes to repair, clean, install, or work on in any manner, if the damage occurs because of or in the course of that work.
b. liability claims falling on the insured as the owner or user of a registered or unregistered motor vehicle, aircraft, vessel, boat, or other means of transport.
c. liability claims attributable to the ownership, control, or use of any kind of machinery.
d. liability claims for damage arising from the insured's work involving blasting, excavation, drilling, driving, other ground works such as driving or pulling stakes and sheet piling, demolition of structures, land filling or other land alterations, changes to groundwater, water flow, or other works concerning groundwater, still water, or running water.
e. liability claims for damage to or loss of items that the insured has on loan, rental, storage, for sale, transport, goods handling, lifting, or which are in their custody for other reasons, including items taken without authorisation.

f. liability claims for liability for damage to or loss of items owned solely or jointly by the insured.
g. liability claims relating to veterinarians, fish farms, poultry farms, fur farms, and pig farms.
h. liability claims relating to package holidays, package tours, or linked travel arrangements.
i. liability claims relating to cattle grids.
j. product liability, i.e. tort liability falling on the insured under Icelandic law for personal injury or property damage caused by a defect in or contamination of a product.

Art. 4. Safety regulations

The policyholder and those identified with them must comply with the safety regulations set by the company in these terms or on the certificate. Failure to do so may result in reduction or forfeiture of the company's liability under Art. 26 of the ICA.

If an accident occurs on the policyholder's premises or in connection with their activities, the policyholder must ensure that an investigation takes place as quickly as possible in all cases. If a workplace accident has occurred that is likely to cause the injured party's absence from work, the policyholder must immediately and before the scene is disturbed notify the police and the Labour Inspectorate, cf. Art. 79 of the Act on Working Environment, Health and Safety in Workplaces no. 46/1980.

This safety regulation does not affect the general rules of evidence in tort law.

Chapter 2. General Provisions

Art. 5. Who is insured?

The party and business activity specified on the certificate.

Art. 6. Where does the insurance apply?

The insurance only covers damage that occurs in Iceland.

Art. 7. Policy period

The insurance covers incidents occurring during the policy period, even if the consequences do not manifest until later.

The insurance does not cover incidents that occurred before the policy period began, even if the damage becomes apparent during the policy period.

Art. 8. Sum insured

The company's liability is limited to the sum insured stated on the certificate.

The total payment for all loss events within the same policy period can never exceed the amount stated on the certificate, regardless of whether the event falls under these terms or special endorsements.

Costs incurred with the company's approval to determine liability, and interest on the compensation amount, are paid even if the company's payment exceeds the sum insured. If the sum insured stated on the certificate is lower than the principal of the compensation amount, only the portion of costs and interest corresponding to the compensation the company is obliged to pay shall be paid.

Art. 9. Change of risk

The policyholder must notify the company of all changes in the scope and nature of operations that may result in an increased risk of loss. Failure to comply with this notification obligation may result in limitation of the company's liability or complete forfeiture thereof under Art. 25 of the ICA.

Art. 10. Determination of compensation for personal injury

a. Compensation for personal injury is determined on the basis of the Act on Damages no. 50/1993.
b. Compensation the insured is obliged to pay an employee from collective-agreement-based or statutory occupational accident insurance shall be fully deducted from the employee's compensation claim against the insured, whether such insurance exists or not.

Art. 11. Determination of compensation for property damage

a. Compensation is determined in accordance with the rules of tort law and these terms.
b. Damages can never amount to more than the claimant's actual loss.

Art. 12. Handling of liability claims

If a liability claim is made against the insured, the company has the right to manage that claim and is authorised to take all measures to handle it, such as acknowledging liability, defending the claim, or reaching a settlement, and such measures are at the company's expense, as is any legal costs in connection therewith.

The company is not bound if the insured acknowledges a liability claim, unless it is established that the insured did only what was legally required of them when paying the claim or acknowledging its validity.

Art. 13. Fines

The company does not pay compensation for fines or other punitive sanctions.

Art. 14. Identification

The company is entitled to invoke the fact that employees of the policyholder have breached provisions of the insurance, pursuant to Art. 29(3) of the ICA no. 20/2004.

Chapter 3. Special Endorsements (optional)

The following special endorsements apply if specifically referenced on the certificate. Special endorsements are intended to extend the terms of Business Liability Insurance no. A-1 for specific risks that are otherwise excluded, thereby providing broader coverage than set out in the standard terms. Special endorsements only apply if referenced on the certificate.

No. 1 – Special Endorsement for Blasting Risk

Notwithstanding the provisions of Art. 3(d) of these terms, the company insures against liability arising from damage to property caused by blasting or driving, provided the other provisions of the terms are satisfied.

Excluded are damages to buildings or other structures within 5 metres of the blasting site.

Liability for damage caused by fire or theft is excluded.

Safety regulations: Blasting must be carried out under the supervision of a person with valid legal authorisation to do so. The company must also be given the opportunity to familiarise itself with the conditions at the blasting site before blasting takes place. Breach of these safety regulations may result in the company being fully or partially relieved of liability.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 2 – Special Endorsement for Motor Vehicle Repair Workshops

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to motor vehicles and damage caused by motor vehicles that the policyholder has for repair, cleaning, fuelling, washing, lubrication, storage, transport (collection or delivery), and test drives carried out with the approval of a workshop manager within 10 km of the workshop, provided the other provisions of the terms are satisfied.

This endorsement also applies to claims for damage to individual machines that the policyholder has for repair at their workshop or in connection with its operation.

If work needs to be redone due to unprofessional or inadequate workmanship, the insurance does not cover the cost of doing so. This also applies to repaired items that have been handed over to the owner or their representative.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 3 – Special Endorsement for Car Washes and Polish Stations

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to motor vehicles and damage caused by motor vehicles that the policyholder has for fuelling, washing, lubrication, or transport (collection or delivery) carried out with the approval of a workshop manager within 10 km of the station, provided the other provisions of the terms are satisfied.

Liability for damage caused by fire or theft is excluded, as is damage to vehicles caused by the washing machine.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 4 – Special Endorsement for Lubrication Stations

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to motor vehicles and damage caused by motor vehicles that the policyholder has for fuelling, washing, lubrication, or transport (collection or delivery) carried out with the approval of a workshop manager within 10 km of the lubrication station, provided the other provisions of the terms are satisfied.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 5 – Special Endorsement for Ship Repairs

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to ships or boats on which the policyholder carries out repairs or alterations, as well as damage caused by them, provided the other provisions of the terms are satisfied.

This endorsement also applies to claims for damage to individual machines that the policyholder has for repair at their workshop or in connection with its operation.

If work needs to be redone due to unprofessional or inadequate workmanship, the insurance does not cover the cost of doing so.

Liability for damage caused by theft is excluded.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 6 – Special Endorsement for Cloakrooms

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from clothing being damaged or lost in a cloakroom, provided the other provisions of the terms are satisfied.

Continuous supervision must be maintained in the cloakroom and a numbered ticket must be issued for all items received by the attendant. Breach of these safety regulations may result in the company being fully or partially relieved of liability.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 7 – Special Endorsement for Fish Farms

Notwithstanding the provisions of Art. 3(g), the insurance covers liability for damage attributable to fish farms, provided the other provisions of the terms are satisfied.

The endorsement does not cover damage caused by infection from fish, fry, eggs, or smolt that the policyholder sells or delivers alive for continued farming outside the station.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 8 – Special Endorsement for Veterinarians

Notwithstanding the provisions of Art. 3(g) of these terms, the company insures against liability arising from damage to animals treated by the policyholder as a veterinarian, provided the damage results in the death of the animals and the other provisions of the terms are satisfied.

The endorsement does not cover:

a. damage occurring in fish farms and fur farms.
b. damage caused by infection.
c. damage arising from work for another veterinarian, veterinary hospital, or the like, where liability rests with such party under the rules of tort law on employer liability.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 9 – Special Endorsement for Petrol Stations

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to motor vehicles and damage caused by motor vehicles that the policyholder provides with fuel, windscreen wash, wiper blade replacement, and similar services, provided the other provisions of the terms are satisfied.

Liability for damage caused by fire, theft, advice on oils, and charging stations is excluded.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 10 – Special Endorsement for Tyre Workshops

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to motor vehicles to which the policyholder provides service, provided the other provisions of the terms are satisfied.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 11 – Special Endorsement for Cattle Grids

Notwithstanding the provisions of Art. 3(i) of these terms, the company insures against liability arising directly from a cattle grid, but not other indirect or consequential damage, such as damage to enclosed land resulting from livestock crossing or passing the grid.

A separate road must be provided for horses and similar animals to pass the cattle grid, and warning signs directing to the alternative route must be posted. Breach of these safety regulations may result in the company being fully or partially relieved of liability.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 12 – Special Endorsement for Electrical Appliance Workshops and Electricians

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to equipment that the policyholder has for repair, installation, cleaning, or storage, provided the other provisions of the terms are satisfied.

If work needs to be redone due to unprofessional or inadequate workmanship, the insurance does not cover the cost of doing so.

Liability for damage caused by fire or theft is excluded, as is liability for repairs to ships or equipment from ships.

The general provisions on minimum or maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 13 – Special Endorsement for Machine Workshops

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to equipment that the policyholder has for repair, cleaning, or storage, provided the other provisions of the terms are satisfied.

If work needs to be redone due to unprofessional or inadequate workmanship, the insurance does not cover the cost of doing so.

Liability for damage caused by fire or theft is excluded, as is liability for repairs to ships or equipment from ships.

The general provisions on minimum or maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 14 – Special Endorsement for Vehicle Inspection Stations

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from damage to motor vehicles and damage caused by motor vehicles that the policyholder has for inspection, as well as test drives carried out with the approval of a workshop manager within 1 km of the inspection station, provided the other provisions of the terms are satisfied.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum or maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 15 – Special Endorsement for Jet Skis

Notwithstanding the provisions of Art. 3(b) of these terms, the company insures against liability arising from jet skis, provided the other provisions of the terms are satisfied.

The company's liability is conditional on jet skis not being on shipping lanes.

The insurance does not apply if the operator of the jet ski is under 16 years of age.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum or maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 16 – Special Endorsement for Dry Cleaners

Notwithstanding the provisions of Art. 3(a) of these terms, the company insures against liability arising from clothing that is lost or damaged during cleaning or storage, provided the other provisions of the terms are satisfied.

The endorsement does not apply if the damage can be attributed to incorrect garments being placed together in a machine.

It is a condition that the customer holds a marked and numbered ticket from the dry cleaner that was issued when the garments were brought in for cleaning.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum or maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 17 – Special Endorsement for Property Shares in a Building

Notwithstanding the provisions of Art. 3(f), the insurance covers liability for damage attributable to the property or ownership share specified on the certificate. The insurance only covers damage arising from the property or the insured's (ownership) share, or from their joint liability with other owners or users of the building, in proportion to their (ownership) share, provided the other provisions of the terms are satisfied.

Where the policyholder is a homeowners' association that has purchased insurance for an entire multi-unit building, a section of a homeowners' association, or a stairwell, the insurance also covers the liability of individual unit owners towards each other, subject to all other limitations in the insurance contract.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 18 – Special Endorsement for Fur Farms and Pig Farms

Notwithstanding the provisions of Art. 3(g), the insurance covers liability for damage attributable to fur farms and pig farms, provided the other provisions of the terms are satisfied.

The endorsement does not cover damage caused by infection from animals that the policyholder sells or delivers alive for continued farming outside the farm.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 19 – Special Endorsement for Poultry Farms

Notwithstanding the provisions of Art. 3(g), the insurance covers liability for damage attributable to poultry farms, provided the other provisions of the terms are satisfied.

The endorsement does not cover damage caused by infection from birds or eggs that the policyholder sells or delivers alive for continued farming outside the farm.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 20 – Special Endorsement for Contractors and Construction Work

Notwithstanding the provisions of Art. 3(d), the insurance covers liability for damage attributable to excavation, drilling, or masonry sawing in buildings or outdoors, provided the other provisions of the terms are satisfied.

Liability for damage caused by fire or theft is excluded.

The general provisions on minimum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 21 – Special Endorsement for Competitions with Unregistered Vehicles

Notwithstanding the provisions of Art. 3(b), the insurance covers liability for damage attributable to unregistered vehicles in competition, provided the other provisions of the terms are satisfied.

This liability insurance is intended solely as coverage for damage suffered by third parties, e.g. spectators at the competition venue.

Personal injury and property damage to a participant in the motor competition in which the vehicle is participating are excluded from liability, whether the person is a driver or passenger.

Liability for damage caused by fire or theft is excluded.

The endorsement applies in the competition and on the days specified as endorsements on the certificate.

No. 22 – Special Endorsement for Goods Handling

Notwithstanding the provisions of Art. 3(e) of these terms, the company insures against liability arising from damage to goods that the policyholder has for goods handling, provided the other provisions of the terms are satisfied.

If work needs to be redone due to unprofessional or inadequate workmanship, the insurance does not cover the cost of doing so.

Liability for damage caused by fire or theft is excluded, as is damage occurring during transport.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 23 – Special Endorsement for Cranes

Notwithstanding the provisions of Art. 3(e) of these terms, the company insures against liability arising from damage to items that are lifted, lowered, or moved by the crane specified on the certificate, provided the other provisions of the terms are satisfied.

The registration number of the crane covered by this endorsement must be recorded on the certificate.

The endorsement only covers damage attributable to the normal use of the crane as a work machine. The company does not pay compensation for damage covered by statutory motor vehicle liability insurance or other insurance.

Damage to items owned solely or jointly by the insured, or items the insured has on loan or taken without authorisation, is not covered.

If work needs to be redone due to unprofessional or inadequate workmanship, the insurance does not cover the cost of doing so.

Liability for damage caused by fire or theft is excluded, as is damage occurring during transport.

Safety regulation: The crane's equipment must comply with applicable regulations, inspection obligations must be fulfilled, and the crane operator must hold valid legal authorisation. Breach of these safety regulations may result in the company being fully or partially relieved of liability.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

No. 24 – Special Endorsement for Package Holidays (Package Tours and Linked Travel Arrangements)

Notwithstanding the provisions of Art. 3(h) of these terms, the company insures against liability arising from package holidays pursuant to Act no. 95/2018 on package tours and linked travel arrangements, for personal injury or property damage resulting from an inadequate package holiday that the insured has organised and/or sold, provided the other provisions of the terms are satisfied.

Claims notified more than two years after the end of the package holiday are not covered.

Notwithstanding the sums insured referred to in Art. 8, the company's liability towards each individual claimant is limited to the amounts specified on the certificate, separately for personal injury and for property damage.

If the sum insured is insufficient to cover eligible losses after taking account of the limit, proportional compensation is paid to individual claimants.

In areas where the insured is permitted under international conventions to limit damages, the company never pays more than the permitted limitation provides.

The endorsement does not cover liability for:

a. fire or theft.
b. claims covered by other insurance or public insurance.
c. liability for damage to luggage while in the custody of a carrier.
d. special punitive damages.
e. trips undertaken for the purpose of seeking medical treatment or undergoing cosmetic procedures.

The endorsement applies worldwide, notwithstanding the provisions of Art. 6.

The general provisions on minimum and maximum own risk of the insured do not apply; instead, the special provisions on the certificate apply.

These terms are valid from 01.01.2026