Shipowner Liability Insurance

Policy Terms no. A-7

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.

The insurance is governed by the insurance 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.

Provisions in the general terms take precedence over provisions in these terms where there is any conflict.

In these terms, the term "the company" refers to Vörður tryggingar hf.

Chapter 1. Scope of Coverage and General Terms

Art. 1. Who is insured?

1.1 The policyholder is insured.

1.2 The insurance applies on board the vessel specified on the insurance certificate or renewal receipt and in direct connection with its operation. In these terms, the word "vessel" refers to the ship or boat specified in this manner.

Art. 2. Liability arising from vessel operation

The insurance covers liability falling on the insured under Icelandic law and attributable to a sudden and unexpected event arising from:

a) personal injury attributable either to negligence of crew members in the service of the vessel or to defects in the vessel itself or its equipment;

b) damage to property belonging to parties other than employees of the policyholder or the owner of catch, cargo, or other items carried by the vessel, if the damage arises from the same causes as described in (a) and the incident occurs on board the vessel or on a quay alongside the vessel.

Art. 3. Agreements on compensation and compensation amounts

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. 4. Exclusions from liability

The insurance does not cover:

4.1 Damage arising from the insured's liability that can be insured against with standard hull insurance for a comparable vessel.

4.2 Damage to property, cf. however Art. 2(b) above.

4.3 Personal injury occurring during loading or unloading when persons other than crew are performing the work.

4.4 Expenses for medical assistance, nursing, travel costs, or funeral costs under the Seafarers Act.

4.5 Property of crew members lost or damaged in a maritime accident, fire on board, or other marine casualty.

4.6 Damage resulting from liability falling on the operator of a fishing vessel for activities on land, e.g. baiting, processing, handling fishing gear, or other related work. This risk may be insured separately.

4.7 Recovery claims from social insurance.

4.8 Damage caused by explosives or flammable materials transported in a manner and/or on a scale other than permitted by law.

4.9 Damage arising from fire.

4.10 Damage caused by acts of terrorism involving any kind of biological or chemical effects and/or poisoning, including bacteria and viruses.

4.11 Damage directly or indirectly arising from asbestos or materials containing any proportion of asbestos.

4.12 Damage directly or indirectly, in whole or in part, arising from any effects of time-recording on the operation of equipment, systems, or combinations thereof.

4.13 Damage directly or indirectly, in whole or in part, arising from consulting or advising on the effects of time-recording on the operation of equipment, systems, or combinations thereof.

4.14 Damage attributable to registered motor vehicles.

Art. 5. Wages during sick leave and benefits from occupational accident insurance

This liability insurance and its coverage obligations are conditional on the policyholder purchasing occupational accident insurance for the crew of the vessel covered under Art. 1.2, in accordance with legislation and collective agreements. Compensation payable under agreed or statutory occupational accident insurance shall be fully deducted from compensation under this insurance. The same applies to amounts that should have been paid from agreed or statutory occupational accident insurance that the employer has neglected to purchase or keep in force.

Art. 6. Wages during sick leave and benefits from accident insurance

This liability insurance is conditional on the policyholder purchasing occupational accident insurance in accordance with collective agreements and legislation. Compensation payable under agreed or statutory occupational accident insurance shall be fully deducted from liability insurance compensation. The same applies to amounts that should have been paid from agreed or statutory occupational accident insurance that the employer has neglected to purchase or keep in force. Wages that the insured is required by law or collective agreement to pay to a person injured or taken ill shall be fully deducted from compensation under this liability insurance.

Art. 7. Fines

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

Art. 8. Policy period

If the consequences of an incident that occurred during the policy period do not become apparent until after the policy has expired, the company will nonetheless pay compensation. On the other hand, the company does not pay compensation for damage arising from an incident that occurred before the policy period began, even if the damage does not become apparent until during the policy period.

Art. 9. Sum insured

The maximum sum insured for each loss is the maximum principal amount guaranteed by the company. If more than one loss arises from the same cause, they are deemed to result from a single insured event. The company's total liability in each policy year is also limited to the aforementioned sum insured.

Art. 10. Own risk

In each loss, the insured bears their own risk as stated on the certificate or renewal receipt. If the principal of a compensation claim does not reach the minimum own risk, the company does not pay costs either, even if the claim and costs together exceed the own risk amount.

Art. 11. Safety regulations – increase of risk

11.1 The policyholder and those identified with them must comply with the safety regulations set by the company in these terms or on the insurance certificate. Failure to do so may result in reduction or forfeiture of the company's liability under Art. 26 of Act no. 30/2004.

Safety regulation 11.2: The insured is obliged to ensure that only personnel with valid legal authorisation to do so work on board the vessel.

11.3 The insured must notify the company of all changes to the vessel or its operation that may result in an increased risk. If the policyholder fails to fulfil this notification obligation and a loss occurs due to the changed risk, the company's liability shall be reduced proportionally based on the premium increase the company would have required for the change in risk.

Art. 12. Handling of liability claims

12.1 As soon as the policyholder becomes aware of or suspects that a liability claim will be made against them, they must notify the company in writing.

12.2 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.

12.3 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. Premium calculation – premium refund

Where the premium is calculated on variable figures (such as turnover, wages, number of employees, machines, or equipment), an estimated premium shall be set at the beginning of the policy period, with the final premium payable at its close. Within one month of the end of the policy period, the insured is obliged to provide the company with all information it considers necessary for the final determination of the premium. If this information is not received in time, the company may determine the final premium as it considers fair. If the final premium is higher than the provisional premium calculated, the policyholder must pay the difference within 14 days of being requested to do so. If the final premium is lower than the provisional premium, the company must refund the difference within 14 days of when the calculation could take place.

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 Insurance Contracts Act no. 30/2004.

These terms are valid from 01.01.2019