Professional Liability Insurance for Certified Public Accountants

Terms No. SA-2

Cf. Article 8 of Act No. 94/2019, Regulation No. 1010/2020, and Regulation No. 1092/2020.

In these Terms, the term "the Company" means Vörður tryggingar hf.

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.

In the event of any inconsistency, the provisions of the General Terms and Conditions shall take precedence over the provisions of these Terms.

Art. 1 Who is insured – Scope of the Insurance

1.1 The insured are the certified public accountants specified in the insurance policy or renewal notice.

1.2 Cover is provided against liability in damages imposed on the insured, as a certified public accountant, where a third party suffers general financial loss attributable to the insured personally or to an employee of the insured. The insurance applies anywhere within the European Economic Area.

Art. 2 Excluded Risks

The insurance does not cover liability attributable to:

2.1 intent on the part of the insured or the insured's employee;

2.2 liability assumed by the insured that is more extensive than the insured's general liability as a certified public accountant;

2.3 fines imposed on the insured or a third party;

2.4 bodily injury or damage to property;

2.5 audit 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.

Art. 3 Sum Insured

3.1 The sum insured for each loss and within each insurance period is specified in the insurance policy or renewal notice. These sums insured are adjusted in accordance with the index, cf. Art. 12 of these Terms.

3.2 The Company shall pay costs that it is reasonable for the insured to incur 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.

3.3 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. 4 Deductible

For each loss, the policyholder and/or the insured bears a deductible as specified in the policy or premium receipt. This amount is adjusted annually in accordance with the index, cf. Art. 12 of these Terms. The policyholder's deductible does not affect the legal position of the third party.

Art. 5 Right of Termination

5.1 The insurance terminates if the insured's right to practise as an accountant is revoked, or if the insured surrenders their licence.

5.2 Even where the insurance has lapsed, the Company remains liable to the injured party (third party) for any loss attributable to loss events occurring until 8 weeks have elapsed from the date the Company notified the policyholder and the Accounting Board (endurskoðendaráð) that the insurance had lapsed, unless adequate insurance has been taken out for that period.

Art. 6 Time Limits

6.1 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.

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

a) the third party makes a written claim for damages against the insured;

b) the insured first becomes aware that a third party 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.

6.3 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 6.2(a) and notifies the Company no later than 2 years after the insurance ends.

6.4 The Company does not cover a claim for damages under Art. 6.2 attributable to loss occurring either suddenly or gradually, where the loss became apparent, in whole or in part, before the insurance period began.

Art. 7 Handling of Claims for Damages

7.1 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.

7.2 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.

7.3 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. 8 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. 9 Right of Recourse

The Company shall always have a right of recourse against the policyholder where the Company has paid compensation after the insurance has lapsed, cf. Art. 5.2.

Art. 10 Calculation of Premium – Refund of Premium

Where the premium is calculated based on variable factors (such as turnover, wages, or the number of employees), an estimated premium shall be calculated at the start of the insurance period, with the final premium payable at its end. Within one month of the end of the insurance period, the insured is required to provide the Company with all information it considers necessary to determine the final 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 shall pay the difference within 14 days of being requested to do so. If the final premium is lower than the provisional premium, the Company shall refund the difference within 14 days of when the calculation could be carried out.

Art. 11 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 No. 30/2004.

Art. 12 Index-Linking

The sum insured under Art. 3 is based on the consumer price index for indexation, with a base index value of 487 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 January 2021.