Acute Pollution Liability Insurance

Pursuant to Art. 16 of Act no. 33/2004, cf. Art. 2(1) of Regulation no. 1078/2005.

Policy Terms no. A-6

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?

The policyholder and their employees are insured.

Art. 2. Scope of coverage

2.1 The insurance covers the insured's liability for acute pollution pursuant to Art. 16 of Act no. 33/2004 on the Prevention of Pollution of the Sea and Coast, cf. Art. 2(2) of Regulation no. 1078/2005 on insurance for vessels and land-based operations for acute pollution. The insurance also covers the insured's costs of measures to limit or prevent further damage.

2.2 This insurance is a supplement to business liability insurance and covers only incidents falling outside the scope of that insurance.

Art. 3. Geographical scope

The insurance applies in Iceland and within Iceland's pollution jurisdiction.

Art. 4. General exclusions regarding damage to property

The insurance does not cover liability for damage to or loss of property that:

4.1 is owned solely or jointly by the insured;

4.2 the insured has on loan, rental, storage, for sale, transport, or which is in their custody for other reasons, including property taken without authorisation;

4.3 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.

Art. 5. Other general exclusions

The insurance does not cover:

5.1 general financial loss, i.e. loss not constituting direct damage to persons, animals, living organisms, soil, or material assets;

5.2 damage arising 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;

5.3 damage arising from fire;

5.4 damage caused by acts of terrorism involving any kind of biological or chemical effects and/or poisoning, including bacteria and viruses;

5.5 damage resulting from any kind of handling of asbestos;

5.6 damage not classified as acute pollution, such as remediation and damage resulting from a prolonged state of pollution.

Art. 6. Excluded risks that may be insured separately against payment of an additional premium

The company does not pay liability claims falling on the insured as the owner or user of a registered motor vehicle, aircraft, vessel, boat, or other means of transport, unless otherwise agreed and noted on the certificate.

Art. 7. Intent and gross negligence

7.1 The company acquires the rights of the third party to the extent that it has paid compensation.

7.2 The company may seek recovery from the insured or their employees in positions of responsibility who caused the damage intentionally. If the same parties caused the damage through gross negligence, the company may also seek full or partial recovery from them.

7.3 The company always has a right of recourse against the policyholder if the company has paid compensation after the policy has lapsed.

Art. 8. Fines / Policy period

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

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

9.1 The sum insured is limited to one million SDR (Special Drawing Rights) per insured event and in aggregate for all insured events in each policy period.

9.2 The company pays interest on the compensation amount and costs incurred with the company's approval to determine the insured's liability, even if the company's payment thereby exceeds the sum insured. If the sum insured is lower than the principal of the compensation amount, only the portion of costs and interest corresponding to the sum insured shall be paid.

9.3 In each loss, the insured bears their own risk as stated on the certificate or renewal receipt. The insured's own risk does not affect the right of third parties (claimants) to compensation under the insurance.

Art. 10. Safety regulations – increase of risk

10.1 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.

10.2 The premium for this insurance depends on the use of the insured item and/or the business activities of the insured as reported at the time of taking out the insurance. If a specific use or activity is stated on the certificate and the use or activity changes, the insured and/or those entitled under this insurance must notify the company as soon as they become aware of the change. Failure to do so may result in limitation of the company's liability under Art. 25 of the Insurance Contracts Act no. 30/2004.

Safety regulation 10.3: The insured is obliged to ensure that only personnel with valid legal authorisation and competence to operate machinery and other equipment do so.

Safety regulation 10.4: The insured must be in a physical condition to carry out their duties safely and must not be under the influence of alcohol, stimulants, or sedatives.

Safety regulation 10.4 [second]: Before commencing excavation, drilling, or sawing in buildings or outdoors, the insured and their employees must familiarise themselves with the layout of pipes, cables, and other conduits in the area where work is planned.

Art. 11. Handling of liability claims

11.1 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.

11.2 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.

11.3 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. 12. 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. 13. 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.

Art. 14. Domicile – Jurisdiction – Disputes

The company's domicile and place of jurisdiction is Reykjavík. Disputes regarding liability may be referred to the Insurance Companies' Claims Committee or the Insurance Complaints Committee. Information about these committees and their procedures is available from the company. Disputes as to whether an incident to which damage is attributed constitutes acute pollution may also be submitted to the Minister for the Environment for adjudication, cf. Art. 7(3) of Regulation no. 1078/2005. Cases arising under this insurance contract shall be brought against the company before the District Court of Reykjavík.

These terms are valid from 01.01.2019