Vörður
hluti af Arion

Machinery and Electronic Equipment Insurance

Terms E-44

This insurance is a composite policy for machinery and electronic equipment, comprising Breakdown Insurance and Fire Insurance. In addition, three optional types of cover are available for an additional premium. The General Provisions in Chapter 6 of these Terms apply to all components of the insurance.

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 (hereinafter the "Insurance Contracts Act"). In the event of any inconsistency, the provisions of these Terms shall take precedence over the General Terms and Conditions.

Fire insurance automatically establishes insurance cover with the Icelandic Catastrophe Insurance (Náttúruhamfaratrygging Íslands) under Act No. 55/1992. The Icelandic Catastrophe Insurance covers damage caused by natural catastrophes, including volcanic eruptions, earthquakes, landslides, avalanches, and flooding, cf. Article 4 of that Act.

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Chapter 1. Breakdown Insurance

Art. 1 What does the insurance cover?

The insurance covers damage to the insured equipment caused by breakdown or operating errors. Breakdown means sudden and unforeseen damage that stops the insured equipment from functioning. Breakdown also means that the insured equipment cannot be started or activated, such that repair becomes necessary.

Art. 2 What is not covered by the insurance?

The insurance does not cover damage:

a. due to any weakness or defect that existed at the inception of the insurance and of which the policyholder, the insured, or their managers were aware, or ought to have been aware.

b. for which the manufacturer, seller, repairer, or carrier is liable under contract or law.

c. due to incorrect assembly.

d. due to modifications made to equipment that do not comply with the seller's instructions, or the use of spare parts not approved by the seller.

e. due to inadequate maintenance.

f. limited to parts that require regular replacement during normal use, including consumables, supplies, light bulbs, batteries, filters, and lamps.

g. due to deterioration, gradual wear, corrosion, wear and tear, rust, or other environmental effects occurring over an extended period.

h. occurring during transport or repair, or when the insured equipment is otherwise located outside the insured premises.

i. attributable solely to functional disturbances (with no physical damage).

j. occurring because equipment is subjected to loads exceeding its capacity, or is not used as intended or as its design permits.

k. for the cost of renewing, recovering, or reprocessing lost or damaged data.

l. to software.

m. caused by cyberattacks.

n. due to business interruption loss or other indirect or consequential loss, including additional costs incurred to prevent operational disruption.

o. caused by intent or gross negligence on the part of the insured, or of employees in positions of responsibility such as managing directors, plant managers, foremen, or shift supervisors, in the area covered by this insurance.

p. arising from water damage, burglary, or storms, which are covered under the optional sections of these Terms.

Art. 3 Safety Regulations

a. The insured shall take all reasonable measures to keep the insured equipment in good working order and ensure that it is not operated under excessive load.

b. The insured shall fully comply with the manufacturer's instructions regarding use, inspection, and maintenance, as well as, where applicable, the laws and regulations of the state and local authorities and any other binding rules in force regarding their use and maintenance.

c. Employees of the insured and other users shall hold the appropriate qualifications and have received adequate training in the use of the equipment.

Chapter 2. Fire Insurance

Art. 4 What does the insurance cover?

The insurance covers direct damage to the insured equipment caused by:

a. Fire. Scorching or melting without open fire does not constitute fire within the meaning of this Article.

b. Lightning. Lightning means the thermal or mechanical effect of electricity in connection with the conduction of lightning current to earth. The insurance covers damage caused by lightning even where no open fire occurs.

c. Explosions. This refers to chemical reactions occurring instantaneously with substantial heat generation and a powerful expansion in the volume of substances.

d. Boiler damage. This refers to damage to a steam boiler or high-pressure heating system occurring during normal use.

e. Soot deposits from an approved heating appliance or fireplace, where the damage occurs due to sudden and unforeseen causes.

f. An aircraft crashing. This refers to damage caused by an aircraft, or parts of an aircraft, crashing or falling from the sky. The insurance covers such damage even where no open fire occurs.

g. Firefighting and rescue operations. The Company shall pay reasonable costs of rescuing, transporting, and storing the insured movable property where the purpose of such measures is to avoid or limit damage covered by the insurance. The same applies to movable property lost during firefighting and rescue operations.

Art. 5 What is not covered by the insurance?

The insurance does not cover damage:

a. to electrical equipment caused by lightning, short circuit, or another electrical phenomenon, unless this results in fire or is a consequence of fire.

b. occurring during work with explosives in the course of construction operations.

c. due to soot that has accumulated gradually through the use of heating appliances.

Art. 6 Safety Regulations

a. The insured shall ensure that property is not exposed to danger from fire or heat.

b. The insured shall ensure that all installations at the insured location comply with the requirements of applicable laws and regulations.

c. The insured shall comply with instructions or observations from public supervisory authorities, such as the Housing and Construction Authority (Húsnæðis- og mannvirkjastofnun) and fire departments.

Chapter 3. Water Damage Insurance (Optional)

This cover is included if specified in the insurance policy.

Art. 7 What does the insurance cover?

The insurance covers direct damage to the insured equipment caused by:

a. water that unexpectedly and suddenly escapes from the pipework of the building, where the source of the leak is within the walls of the building, due to error or malfunction.

b. water that unexpectedly and suddenly leaks from appliances permanently connected to the building's pipework, such as sanitary fixtures, washing machines, and refrigerators, due to error or malfunction.

c. groundwater ingress, provided it results from sudden torrential rain (cloudburst) or rapid snowmelt (thaw). This refers to the volume of water suddenly becoming so great that ground drains cannot carry it away. The assessment of liability shall have regard to whether general property damage occurred in the loss area due to torrential rain and/or rapid snowmelt at the time of the loss event.

d. oil or coolant that suddenly escapes from an oil tank, oil-fired appliance, refrigerator, or cooling system.

Art. 8 What is not covered by the insurance?

The insurance does not cover damage:

a. to equipment located in a basement, unless it stands on a base at least 10 cm high that does not absorb moisture.

b. resulting from long-term leakage or dampness.

c. due to mould or fungal growth, even where this is considered a consequence of a covered loss event.

d. caused by external water, such as groundwater, sewage, or precipitation, subject however to item (c) of Art. 7.

e. due to flooding from the sea, lakes, rivers, or streams.

f. due to external water from balconies, roofs, gutters, or their drainage pipes.

g. resulting from construction work, repairs, or maintenance.

h. occurring during the filling of oil or coolant.

Art. 9 Safety Regulations

a. The insured shall ensure that pipework and permanently connected appliances are properly maintained.

b. In unheated premises, the water supply shall be shut off. Water pipes and any connected appliances shall be drained of water when there is a risk of frost.

c. The insured shall ensure that insured equipment in basements is placed on a raised stand and that drains are present in the room.

d. The insured shall ensure that drains are kept in working order by clearing snow, ice, leaves, and surface soil from them.

Chapter 4. Burglary Insurance (Optional)

This cover is included if specified in the insurance policy.

Art. 10 What does the insurance cover?

The insurance covers loss due to:

a. theft of, and damage to, the insured equipment during a burglary. Burglary is deemed to occur when a person forces entry into the insured premises by irregular means or with a stolen key, through locked doors or openings not intended for entry. It is a condition for payment of compensation that there are unambiguous signs of forced entry at the scene.

b. damage to the building caused by burglary, or attempted burglary, at the location where the insured movable property is situated. This applies both to premises owned by the owner of the insured property and to premises for which they are responsible as a tenant. The Company's maximum liability under this item is 10% of the sum insured.

c. robbery at the insured premises or during domestic transport. Robbery is deemed to occur when insured property is taken from the insured or their employees by physical force or the threat of immediate physical force. Compensation under this item is limited to 10% of the sum insured.

Art. 11 What is not covered by the insurance?

The insurance does not cover loss:

a. arising from burglary, or attempted burglary, committed by the insured's staff, or where staff are complicit in (participants in) such an offence.

b. due to theft of, or damage to, movable property stored in open sheds, shelters, or other such storage facilities that are neither permanent nor secure.

Art. 12 Safety Regulations

a. The insured shall ensure that doors and other entrances are securely locked and windows closed and latched whenever the insured premises are left unattended.

b. The insured shall ensure that keys and access cards are kept in a manner that prevents unauthorized persons from gaining access to them.

Chapter 5. Storm and Windstorm Insurance (Optional)

This cover is included if specified in the insurance policy.

Art. 13 What does the insurance cover?

The insurance covers damage to the insured equipment caused by a storm, that is, where wind speed measures over 28.5 m/s according to measurements by the Icelandic Meteorological Office. Where verified wind-speed data for the location of the loss is not available, the assessment of the insurance's liability shall have regard to whether general property damage occurred in the area as a result of the weather conditions at the time of the loss event. Storm damage is deemed to include only damage to insured equipment indoors where wind has breached the roof, windows, or other parts of the building.

Art. 14 Safety Regulations

a. The insured shall ensure that insured equipment in basements is placed on a raised stand and that drains are present in the room.

b. The insured shall ensure that drains are kept in working order by clearing them.

Chapter 6. General Provisions

Art. 15 What is insured and what is not insured?

The insurance covers the machinery and electronic equipment specified in the insurance policy. The equipment shall be installed and tested in accordance with the manufacturer's instructions. Accessory equipment is insured only if specifically listed in the insurance policy.

Art. 16 Who is insured and co-insured?

The insured is the owner of the interests specified in the insurance policy.

Mortgagees and other parties with a financial interest in the insured equipment are not co-insured within the meaning of the Insurance Contracts Act No. 30/2004, unless they have obtained confirmation to that effect from the Company. Co-insured parties never acquire greater rights against the Company than the insured.

Art. 17 Where does the insurance apply?

The insurance applies to the insured property while it is located at the insured premises specified in the policy. The insurance does not cover equipment stored outdoors, in open sheds or shelters, or in buildings under construction.

Art. 18 Insured Value

The sum insured is the amount stated in the insurance policy. This amount is adjusted at renewal in line with the consumer price index. The amount of the sum insured shall not be regarded as proof of the value of the insured interests. It is the policyholder's (and the insured's) own responsibility to ensure that the sum insured corresponds to the risk at any given time.

Art. 19 Indirect Loss

The insurance does not extend to indirect loss that may result from a covered event, such as business interruption loss, delays in production, or delays in the delivery of goods.

Art. 20 Limitations or Safety Regulations

The insured, and any person whose acts are attributed to the insured, shall comply with the safety regulations set by the Company in these Terms or in the insurance policy. Failure to do so may result in a reduction or forfeiture of the Company's liability, cf. Article 26 of the Insurance Contracts Act.

Art. 21 Determination of Compensation

a. Compensation is generally based on the replacement cost of comparable items, based on market value as of the date of loss.

b. In the event of total loss, compensation is based on comparable equipment. The replacement cost of comparable equipment shall be assessed based on age, type, and use.

c. Loss of profit margin is not compensated.

d. Where the loss does not constitute total loss, the Company may either pay the estimated cost of repair or arrange for repair of the damaged item so that it is restored to a condition similar to that before the loss, provided the Company considers this to be cost-effective.

e. If the Company pays compensation in cash or provides a comparable item, it reserves the right to claim the damaged item.

f. The insured shall not profit from an insured event. The insurance shall compensate only the insured's actual loss.

g. No compensation is payable for additional costs, such as those arising from breaking through masonry, or reinforcing walls and floors. The same applies to additional costs due to strikes, lockouts, force majeure, overtime work, express delivery, or air freight.

h. If spare parts are unavailable, or obtainable only at significant additional expense, the amount of compensation shall be based on what it would normally have cost to repair the damage.

i. Where used spare parts are obtainable, the Company may base compensation on their price.

j. The Company shall pay the cost of a temporary repair if such repair forms part of the final repair and does not increase the total cost of repair.

Art. 22 Policyholder's Duty to Provide Information

The Company may inspect the insured equipment and its installations at any time during the insurance period, whenever it wishes.

Art. 23 Change of Use or Activity

The premium for this insurance depends on the location of the insured property and the activity carried out there, as disclosed at the time the insurance was taken out. If the specified activity changes, the insured and/or any person entitled to benefits under this insurance shall notify the Company as soon as they become aware of the change. Failure to do so may result in a limitation of the Company's liability, cf. Article 25 of the Insurance Contracts Act.

Art. 24 Index-Linking

Sums insured and deductible amounts under this insurance follow price developments in the country and are therefore adjusted in line with the consumer price index at each renewal of this insurance.

These Terms are effective from 1 October 2022.