Liability Insurance for Carriers and Transporters

Cf. Art. 145(4) of the Merchant Shipping Act no. 34/1985 and Regulation on licences for passenger transport by ship no. 463/1998

Policy Terms no. A-3

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.

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

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.

Art. 1. Who is insured?

The policyholder and their employees are insured.

Art. 2. Scope of coverage

The insurance covers damage arising from the insured's liability resulting from a passenger being injured or killed, or luggage being lost or damaged, during a voyage of the vessel specified in the insurance certificate or renewal receipt, for which the insured as carrier or transporter bears liability under Chapter V of the Merchant Shipping Act no. 34/1985 on the carriage of passengers and luggage, and Chapter IX of the same Act on the liability of the operator and limitation of liability. On the same conditions, the insurance covers liability arising from delay in connection with the carriage of a passenger or luggage. The insurance also applies to transport between ship and shore, provided that this transport is included in the fare or is carried out by a vehicle provided by the carrier.

Art. 3. Geographical scope

The insurance applies only within Icelandic jurisdiction.

Art. 4. Exclusions from liability

The insurance does not cover:

4.1 Damage that the insured assumes if the liability is broader than their general liability as a carrier or transporter.

4.2 Fines or other sanctions imposed on the insured.

4.3 Damage occurring before a passenger boards the vessel and after they have disembarked.

4.4 Damage for which another party, who handles part of the transport under a contract of carriage, bears liability.

4.5 Damage to live animals carried as luggage.

4.6 Damage to or loss of money, securities, or other items of special value such as gold, silver, precious stones, jewellery, or works of art, unless the carrier has taken them into safe custody.

Art. 5. Sum insured and own risk

5.1 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.

5.2 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.

5.3 In each loss, the insured bears their own risk as stated on the certificate or renewal receipt. The policyholder's own risk does not affect the legal position of third parties.

Art. 6. Policy period – time limits

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. 7. Other insurance

Where a loss has occurred and another insurance policy covering the loss is in force, the settlement of compensation shall proceed in accordance with Art. 37 of Act no. 30/2004.

Art. 8. Safety regulations – increase of risk

8.1 If there are changes to the circumstances or information reported to the company in the insurance application or otherwise, including regarding the vessel or its operation, the policyholder must notify the company. 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.

8.2 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 8.3: The insured is obliged to ensure that only personnel with valid legal authorisation and competence to operate boats/vessels and other equipment do so. The operation of the vessel and its management in all other respects must comply with navigation rules and other written or unwritten rules regarding the safety and comfort of passengers.

Safety regulation 8.4: 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.

Art. 9. Obligations of the insured upon a loss event

9.1 When the insured event has occurred, or there is a risk that it may occur, the insured has a duty to try to prevent or minimise the loss. If the insured has incurred expenses for this reason, the company will reimburse them to the extent they are considered justified. Failure in this regard may result in a reduction or loss of compensation under Art. 28 of the Insurance Contracts Act no. 30/2004.

9.2 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 without delay.

9.3 The insured must provide the company with the information and documents they have or can obtain that the company needs to assess its liability and pay compensation. If the insured intentionally provides incorrect or insufficient information that they know or ought to know will result in the claimant receiving compensation they are not entitled to, all their rights under the insurance contract are forfeited.

Art. 10. Handling of liability claims – right of recourse

10.1 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.

10.2 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.

10.3 If the company pays compensation for damage for which a third party bears liability, the company acquires the insured's right of recourse against that party to the extent of the compensation paid.

Art. 11. 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. 12. Limitation period

The limitation of claims falling under this insurance is governed by Chapter XII of the Merchant Shipping Act no. 34/1985.

These terms are valid from 01.01.2019