Vörður
hluti af Arion

Motor Vehicle Insurance

Policy Terms B-1

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.

Motor vehicle insurance always includes statutory third-party liability insurance, which is compulsory and covers payment of compensation claims for damage arising from the use of a vehicle. Accident insurance for the driver and owner is also statutory and covers personal injury to the driver and owner caused by vehicles other than off-road vehicles. Accident insurance for the driver and owner is optional in the case of off-road vehicles. Windscreen insurance is optional.

The insurance is governed by the 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, hereinafter referred to as ICA. Provisions in these terms take precedence over provisions in the general terms where there is any conflict. The provisions of these terms do not in any way limit the right of recourse that the company has or may acquire under general legal principles, the Road Traffic Act no. 77/2019, or the Insurance Contracts Act.

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

Table of Contents:

Chapter 1. Statutory Third-Party Liability Insurance

Art. 1. What does the insurance cover?

The insurance covers every compensation claim that the owner of the insured vehicle is required to insure against, pursuant to the applicable Motor Vehicle Insurance Act, for damage arising from the use of the vehicle.

Art. 2. What does the insurance not cover?

The insurance does not cover damage to the vehicle itself or to other property belonging to the policyholder, the insured, or the driver. However, the insurance does cover damage to the insured's or driver's own vehicle caused by a collision with the insured vehicle.

Art. 3. Who is insured?

The owner of the vehicle as specified on the certificate is insured, as is every person who uses or drives the vehicle with the owner's consent. If the vehicle is sold, the new owner is insured for 14 days following the change of ownership, provided they have not taken out other insurance for the vehicle. Even if the insurance lapses, the company continues to bear liability towards claimants for any loss occurring until four weeks have elapsed since the insurance lapsed, unless other adequate insurance has been taken out.

Art. 4. Own risk

The policyholder bears their own risk for each loss. The company therefore pays losses exceeding the policyholder's own risk amount, if this is stated on the certificate or in information sent at annual renewal. The company's claim for payment of the own risk falls due as soon as the company has made a provisional or final payment for the loss. The policyholder's own risk has no effect on the legal position of claimants.

Chapter 2. Accident Insurance for Driver and Owner

Art. 5. What does the insurance cover?

The company pays compensation for personal injury suffered by the driver in a traffic accident while operating a vehicle, or by the owner as a passenger in a vehicle covered by the insurance, provided the accident can be attributed to the use of the vehicle, cf. Art. 9 of the Motor Vehicle Insurance Act.

The insurance is optional for off-road vehicles not used in general traffic. This refers to vehicles such as snowmobiles, all-terrain vehicles, motocross bikes, and quad bikes with off-road registration plates.

If optional accident insurance for the driver and owner is in place, compensation is only paid if the permanent impairment pursuant to Art. 4 of the Act on Damages no. 50/1993 is at least 15 points. The company does not pay for out-of-pocket expenses, e.g. medical certificates and assessments, until permanent impairment has been confirmed by an assessment. If permanent impairment is below 15 points, no out-of-pocket expenses are paid by the company. Total compensation to each claimant under optional accident insurance can never exceed ISK 40 million per policy period.

Art. 6. Determination of compensation

Compensation is determined in accordance with the general rules of tort law and the Act on Damages no. 50/1993, except as set out in Art. 5(3) of these terms.

If the insured is entitled to compensation under the Motor Vehicle Insurance Act or other compensation rules, compensation from this insurance is reduced accordingly.

Chapter 3. Windscreen Insurance (optional)

This insurance is included if specified on the certificate.

Art. 7. What does the insurance cover?

The insurance covers breakage of vehicle windscreens. Specifically, the front, side, and rear windscreens, including the cost of fitting. Chipping or scratching of a windscreen does not constitute breakage. Breakage of windscreens is only compensated by repair or replacement of the insured windscreens.

Art. 8. How is compensation determined?

Compensation can never exceed 35% of the actual value of the vehicle. Actual value is the amount that a comparable vehicle of the same type, age, or quality would cost on the open market on the date of loss based on a cash payment.

Compensation is based on a comparable windscreen with the same characteristics as the one that was in the vehicle before the loss. Prior approval from the company must be obtained for the repair service provider. The company is not obliged to pay compensation for repairs commenced without its approval.

Art. 9. Own risk

If the insurance covers the loss of a windscreen with a new windscreen, the policyholder bears the own risk stated on the certificate. If the damaged windscreen can be repaired without replacement, the insurance covers the cost of the repair without the policyholder bearing an own risk.

Art. 10. Exclusions – removal – fitting – loss of use

A windscreen that breaks during removal or fitting is not covered. Loss arising from the inability to use the vehicle when a windscreen breaks is not covered.

Chapter 4. General Provisions

Art. 11. Where does the insurance apply?

The insurance applies in Iceland. It also applies in member states of the European Economic Area, the United Kingdom, and Switzerland. The policyholder must obtain an international insurance certificate ("green card") for driving abroad, provided the country in question is a party to agreements on the use of such insurance cards.

Art. 12. Limitations

The insurance does not apply when the vehicle is used for purposes other than as a vehicle or when it takes part in a motor racing competition.

Art. 13. Safety regulations

The insured must comply with the safety regulations set by the company in these terms or on the certificate. Failure to do so may result in reduction or forfeiture of the company's liability under Art. 26 of the ICA.

a. The driver must be in a physical condition to operate the vehicle safely and must not be under the influence of alcohol, stimulants, or sedatives.
b. The driver must be competent to operate the vehicle safely and must hold the required licence to do so.
c. The insured and the person in charge of the vehicle must ensure that it is in a legally required condition, that the vehicle is presented for mandatory inspection, and that the vehicle is maintained in accordance with the manufacturer's instructions and service manual.
d. Particular care must be taken to ensure that safety equipment such as tyres and braking systems are in order.

Art. 14. Use other than specified

The company may seek full or partial recourse from the policyholder and/or driver for compensation paid if a vehicle is used for purposes other than those stated on the certificate or for purposes other than what would reasonably be expected to fall under the industry classification (ÍSAT) under which the company is registered. If a vehicle is used for commercial purposes, e.g. rental, the company must be notified.

Art. 15. Premium arrears

In the event of premium arrears, the company may cancel the insurance pursuant to Art. 13 of the Motor Vehicle Insurance Act and the provisions of the ICA, and notify the Transport Authority (Samgöngustofa) accordingly. The company must also notify the policyholder and the keeper, if registered. Registration plates must be removed from the vehicle immediately and the police are responsible for following this up. The policyholder must nonetheless pay the premium for the period during which the insurance was verifiably in force. Notwithstanding the cancellation of the third-party liability insurance, the company continues to bear liability towards claimants for any loss occurring until four weeks have elapsed since the insurance lapsed, unless other adequate insurance has been taken out. The driver's and owner's right to compensation lapses as soon as the company notifies the Transport Authority of the cancellation or when the registration plates are surrendered to the Transport Authority, pursuant to Art. 14 of the Motor Vehicle Insurance Act.

Premiums are enforceable by execution and constitute a statutory lien on the vehicle, taking precedence over other obligations encumbering it, such as loans, pursuant to the Motor Vehicle Insurance Act.

Cancellation at the policyholder's request does not take effect until the vehicle owner has taken out new insurance with another insurance company or there is official confirmation that the vehicle has been taken out of circulation by deregistration or surrender of registration plates to the Transport Authority.

Art. 16. Insurance lapses mid-period

The general rule is that if the insurance lapses during the policy period, the policyholder must pay the premium for the period during which the insurance is in force. The company refunds the premium for the period for which payment has been made and the insurance was not in force. This rule does not apply where the premium is determined by seasonal risk. The certificate states whether seasonal risk applies, together with the vehicle category.

If the insurance lapses during the policy period for a vehicle where the premium is determined by seasonal risk, as stated on the certificate, the policyholder must pay the premium based on the cumulative proportion of the annual premium specified in the table below for the period during which the insurance was in force, with the vehicle category stated on the certificate. The company refunds the premium according to the same rule for the period for which payment has been made and the insurance was not in force.

Month	Motorcycles	Motorhomes	Snowmobiles	Quad bikes
January	1%	2%	6%	1%
February	1%	3%	30%	1%
March	4%	7%	30%	2%

April	6%	9%	16%	5%
May	17%	13%	5%	6%
June	18%	19%	1%	20%
July	17%	19%	1%	20%
August	17%	14%	1%	16%
September	13%	6%	1%	12%
October	4%	4%	1%	10%
November	1%	2%	6%	2%
December	1%	2%	6%	2%
Total	**100%**	**100%**	**100%**	**100%**

Art. 17. Sale of vehicle – deregistration – surrender of registration plates

The policyholder must notify the company without delay if the vehicle is deregistered or sold, as the insurance does not apply to the new owner after 14 days from the change of ownership. If the vehicle is sold or deregistered, the company refunds the premium in proportion to the remaining period of the policy, provided new insurance has been taken out for the vehicle at the change of ownership and the premium has been paid.

If the registration plates of the vehicle have been surrendered to the custody of the Transport Authority or to a party authorised by the Transport Authority to receive registration plates, this constitutes cancellation of the insurance contract and the third-party liability insurance lapses at that time.

Art. 18. Premium determination – renewal premium

When determining the premium, the company is entitled to obtain information from other insurers about the policyholder's loss history, and such information may affect the premium.

Art. 19. Recourse against the insured

The company may seek recourse from the insured if the company has, pursuant to the provisions of road traffic legislation or regulations, paid compensation for a loss to which the insured is not entitled to insurance coverage, where:

a. the insured has breached the provisions of this insurance contract.

b. the insured does not hold a licence to drive the insured vehicle or has lost such a licence.
c. the loss was caused intentionally or through gross negligence; driving a vehicle under the influence of alcohol, sedatives, or stimulants is considered gross negligence.
d. 14 days had elapsed since the change of ownership.
e. the insurance had lapsed due to premium arrears or cancellation.
f. the vehicle is rented without a driver without satisfying the conditions of the legislation on the rental of registered vehicles for passenger transport without a driver, currently Act no. 65/2015 on the rental of registered vehicles.

These terms are valid from 01.02.2025