



# Business Liability Insurance

Insurance Terms No. AA20

The insurer is VÍS tryggingar hf., reg. no. 670112-0470, hereinafter „VIS“.

## The insurance is governed by:

- The insurance policy, including endorsements and special terms.
- These insurance terms No. AA20.
- The VIS general terms and conditions No. YY10.
- Act No. 30/2004 on Insurance Contracts.

The provisions of the insurance policy and the renewal receipt take precedence over the provisions of the insurance terms. The provisions of the insurance policy, the renewal receipt and the insurance terms take precedence over the non-mandatory provisions of law.

**Business Liability Insurance** is intended for companies and operators to compensate for damages when liability arises.

The **terms** describe the rights and obligations of you and VIS.

The **policy** confirms that you have purchased insurance from VIS. The policy is accessible by logging on at vis.is

## 1. Who is insured?

1.1 The policyholder is insured.

## 2. Where is the insurance valid?

2.1 The insurance is valid for damages that occur in Iceland.

## 3. When is the insurance valid?

- 3.1 The insurance covers insured events that occur during the insurance period.
- 3.2 If the consequences of an incident that caused damage and occurred during the insurance period do not become apparent until after the insurance has expired, VIS will still pay the compensation.
- 3.3 VIS does not pay compensation for damages resulting from an incident that occurred before the start of the insurance period, even if the damage is not discovered until during the insurance period.

## 4. What is covered under the insurance?

- 4.1 The insurance covers direct personal or property damage to a third party due to the liability of the insured, as per Icelandic law:
- Due to activities specified in the policy or renewal receipt.
  - As the owner or user of a building or property used for the specified activities. "Property" includes real estate and personal property, including animals. The insurance compensates for damage to the extent that the injured party is not supposed to bear the damage themselves due to contributory negligence or shared liability.
  - As the owner or user of a registered work machine<sup>1</sup> intended for driving on public roads and not required to have insurance, if the machine is specified in the policy or renewal receipt. Compensation under this provision is limited to the maximum amount specified in the policy or renewal receipt.
  - As the owner or user of a work machine not intended for driving on public roads and not required to have insurance, if the machine is specified in the policy or renewal receipt. Compensation under this provision is limited to the maximum amount specified in the policy or renewal receipt.
- 4.2 The insurance does not cover:
- Contractual damages, i.e., damages for which the insured is liable due to breach of contract.
  - Damage to or loss of property that:

According to Icelandic law, a person is **liable for tort damages** with respect to any harm which he causes others in a culpable and unlawful manner. This principle is called the culpa rule, and it is a basic principle of Icelandic law. If the person who is subject to a litigation claim for tort damages is not culpable, that person will not be liable in tort.

**The purpose of a liability insurance** is to pay indemnity for the insured person in the event that he has incurred tort liability, to the extent that the injured party will not have to cover his own loss or damage on account of shared liability or shared accountability, and its purpose is also to pay the cost incurred by the insured party in case a tort claim is made against him.

The insurance does not cover damage that the insured causes to himself or other insured persons.

The term "**third party**" in this context refers to a person who is not covered under this insurance.

<sup>1</sup> Provisions of traffic laws and regulations established on their basis apply to the registration obligation of vehicles.



- The insured owns alone or jointly with others.
  - The insured has borrowed, rented, for storage, sale, transportation, or for any other reason in their possession, including property taken without permission.
  - The insured has undertaken to repair, clean, install, or work on in any other way, if the damage results from the work or during the work.
  - Results from fire.
- c) Damage resulting from asbestos or materials containing asbestos.
- d) Damage resulting from the liability of the insured as the owner or user of a registered vehicle, aircraft, ship, boat, or other means of transport, except as provided in item 4.1.c.
- e) Damage resulting from construction work on property owned or used by the insured.
- f) Damage resulting from the insured working on blasting, excavation, drilling, or other groundworks, such as driving in or removing piles, steel sheets, demolition of structures, landfilling, or other land changes, changes to groundwater, water flow, or other works related to groundwater, lakes, or streams.
- g) Damage resulting from product liability that falls on the insured.
- h) Damage caused by pollution of air, soil, vegetation, water, or sea. VÍS will, however, pay compensation for such damage if it can be traced to a sudden event.
- i) Recourse claims from social security.
- j) Fines or other punitive measures.
- k) Damage or increased damage directly or indirectly resulting from or caused by earthquakes, volcanic eruptions, landslides, avalanches, or other natural disasters.

## 5. Precautionary rules

- 5.1 The insured and their employees must ensure that only employees with the necessary skills and legally required rights operate work machines and other equipment.
- 5.2 Before starting ground excavation, drilling, or wall cutting in buildings or outdoors, the insured and their employees must familiarize themselves with the location of pipes, cables, and other conduits where the work is planned.
- 5.3 The insured must follow laws and regulations regarding pollution prevention.

## 6. Violation of precautionary rules

- 6.1 It is mandatory to follow the precautionary rules in these terms. Failure to comply with the precautionary rules may result in VÍS's liability being fully or partially waived.

## 7. Change in risk

- 7.1 The insured must inform VÍS of any changes in the scope and nature of the business that may increase the risk of damage. Neglecting this notification obligation may result in VÍS's liability being fully or partially waived.

## 8. Price

- 8.1 The insurance price is based on turnover, wages, number of employees, their job scope, machines, and equipment. The price for property owner's liability is based on the fire insurance valuation of the property. If the final price cannot be determined at the beginning of the insurance period, it is estimated, and the final price calculated at the end of the period. The policyholder must provide VÍS with all necessary information for the final price determination no later than two months before the end of the insurance period. If this information is not received in time, VÍS is entitled to determine the final price as it deems fair.

## 9. Insurance amount

- 9.1 VÍS's liability for each damage event is limited to the maximum compensation amount specified in the policy or renewal receipt. If multiple damage events result from the same cause, they are considered to be caused by one damage event.
- 9.2 The total payment by VÍS for all damage events within the same insurance period can never exceed the amount specified in the policy or renewal receipt.
- 9.3 Costs incurred with VÍS's consent to determine the insured's liability and interest on the compensation amount are paid, even if VÍS's payment exceeds the amount specified in the policy or renewal receipt.
- 9.4 If the compensation amount specified in the policy or renewal receipt is lower than the principal amount of the compensation claim, only the part of the costs and interest corresponding to the compensation amount VÍS is liable to pay will be covered.

**Precautionary rules** are requirements that are made of the insured with the aim of preventing or reducing the likelihood of damage.



## 10. Deductible

- 10.1 The policyholder bears the deductible specified in the policy or renewal receipt for each damage.
- 10.2 If the principal amount of the compensation claim does not reach the minimum deductible, VIS does not cover the costs, even if the claim and costs together exceed the deductible amount.

## 11. Determination of compensation for personal injury

- 11.1 Compensation for bodily injury is determined based on the Tort Liability Act No. 50/1993.
- 11.2 Compensation payable under an agreed or mandatory occupational accident insurance of the insured is fully deducted from the compensation under this insurance. The same applies even if the agreed occupational accident insurance is not in place.
- 11.3 Wages payable by the insured according to laws or collective agreements to an individual who has been injured are fully deducted from the compensation under this insurance.

## 12. Determination of compensation for property damage

- 12.1 Compensation is based on the value on the day of the damage.
- 12.2 If it is possible to repair the damaged item to a condition similar to its pre-damage state and the repair is deemed worthwhile by VIS, VIS may either pay the estimated repair cost to the insured or cover the repair cost directly.
- 12.3 If it is not possible to repair the damaged item or it is not deemed worthwhile by VIS, VIS may pay compensation in money or provide a similar item to the one damaged. If VIS pays compensation under this provision, it reserves the right to claim the damaged item.
- 12.4 VIS has the right to pay the difference between the value of the damaged item before the damage event and its value after the damage event.
- 12.5 The insured should not profit from the damage event. The insurance only compensates for the actual loss of the insured.

## 13. The status of the injured party when loss or damage occurs

- 13.1 If the insurance covers the insured's liability for damages, the injured party can claim compensation directly from VIS. VIS and the insured are obliged to inform the injured party about the liability insurance if it exists.
- 13.2 If a claim for compensation is made against VIS, it must notify the insured without unreasonable delay and provide information on the handling of the claim. VIS's acknowledgment of liability-related issues is not binding on the insured.
- 13.3 If the injured party notifies VIS of their intention to file a lawsuit against it, VIS can demand that the lawsuit also be directed against the insured. VIS must notify the injured party of this demand without unreasonable delay and in a verifiable manner.
- 13.4 The position of the injured party is otherwise governed by Article 44 of the Insurance Contracts Act No. 30/2004.

## 14. Handling of compensation claims

- 14.1 The insured may not acknowledge their liability or enter into compensation agreements without VIS's consent.
- 14.2 VIS represents the insured and manages the entire claim process and court proceedings if necessary. The same applies to claims for rescue or assistance wages.

**The information provided on the right margin is for the guidance of customers only and is not part of the terms themselves and is not intended to be used for interpreting specific clauses of the terms.**

**This is a translation of the authoritative Icelandic text. In the event of any discrepancies between the translation and the original Icelandic text, the original text shall prevail.**