



Pleasure Craft and Small Boat Insurance

Insurance Terms No. MM10

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. MM10.
- 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.

Pleasure Craft and Small Boat Insurance is intended for owners of smaller boats, whether the boat is used for commercial purposes or leisure. It consists of two types of insurance: hull insurance, which compensates specified loss or damage to the boat, and liability insurance, which compensates loss or damage suffered by a third party.

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

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

I. General provisions

1. What is insured?

- 1.1 The insurance applies to the boat specified in the policy or renewal receipt, and its appurtenances.
- 1.2 The appurtenances of the boat are considered to include the boat's engines, propeller shaft and other propellers, shafts, gears, winches, electrical system, fish-finding equipment, communication equipment, navigation equipment and other similar equipment which is considered necessary at any given time, as well as safety equipment, survival suits and spare parts, provided that these items are on board the boat.
- 1.3 The insurance does not apply to provisions, luggage, software, fish tubs, fish tanks, packaging, packing materials, catch or fishing gear, including nets and warps attached to the fishing gear, bags, buoys and fishing gear markers.

2. Who is insured?

- 2.1 The owner of the boat is insured.

3. Where does the insurance apply?

- 3.1 The insurance applies within the Icelandic exclusive fisheries zone.
- 3.2 However, the insurance will apply if it is necessary to go beyond these geographical limits because of a covered event or to prevent loss or damage to persons or property. The boat must always be sailed back within the limits as soon as the circumstances that made it necessary to go beyond them no longer apply.

4. Precautionary rules

- 4.1 The boat must be constructed, equipped and maintained in accordance with its use. The insured, or parties for whom the insured is responsible, must also comply with laws and regulations which are set to ensure the safety of the boat.
- 4.2 The boat and its engines may only be operated by persons who hold valid licences and qualifications as required by laws and regulations.
- 4.3 The boat must always be properly moored.
- 4.4 When the boat is unmanned it must be locked, the keys kept in a safe place and regular checks made on the boat.
- 4.5 When the boat is taken ashore for storage or is in harbour or at anchorage for an extended period, loose equipment such as navigation equipment, communication equipment, jigging reels and other loose equipment must be removed from the boat.

Precautionary rules are requirements that are made to prevent damage or reduce the likelihood of damage. It is important to know what they are.



- 4.6 The insured must ensure that the boat is maintained in a satisfactory and appropriate manner in accordance with applicable laws and regulations. The boat must be seaworthy when it leaves harbour, properly equipped and manned, safely loaded and all necessary ship documents must be on board.
- 4.7 The skipper and crew must be in a mental and physical condition to be able to operate the boat safely, and must not be under the influence of alcohol, habit-forming or narcotic substances, or other stimulants or depressants when operating the boat.

5. Change in risk

- 5.1 Any change in the design of the insured boat or its use that may result in an increased risk of damage must be reported to VÍS without delay. If the insured fails to do so, this may result in a reduction in compensation.¹

6. Price

- 6.1 The insurance price is calculated on the basis of the use, type and value of the insured boat.

7. Change of ownership

- 7.1 If the boat is sold or placed under different operational management, the insurance will no longer be in effect from the time the change of ownership or operational management takes place. Notwithstanding this, VÍS is liable if a covered event occurs within 14 days from the change of ownership or operational management, provided that the new party has not taken out insurance.

II. Hull insurance

8. What is covered under the insurance?

- 8.1 The insurance covers:

8.1.1 Total loss of the insured boat when:

- a) The boat is lost, is declared a constructive total loss², or sustains such extensive damage that it is not possible to salvage or repair it.
- b) The boat sustains such extensive damage that the cost of salvaging and repairing it is higher than the sum insured.
- c) The boat has not been heard from for three months after it was last reported, or the crew has abandoned the boat and it has not come back into the possession of the insured within three months from the time it was abandoned; at that time a covered event is also deemed to have occurred under this provision.
- d) The boat is seized or detained by a foreign state and not released within 12 months. This does not apply to loss resulting from the boat being confiscated in criminal proceedings, detained or sold at the request of creditors.

8.1.2 Partial loss of the insured boat due to:

- a) Fire, lightning or explosion.
- b) Stranding.
- c) Collision with another fixed or floating object, including structures, shoals, drifting objects or ice.
- d) Collision with another vessel, provided that at least one of the vessels is under navigational control.
- e) Storm. A storm is when wind speed reaches 28.5 metres per second. If no recognised measurements of wind speed are available at the location where the loss occurred, the assessment of liability shall take into account whether general property damage occurred in the area as a result of the weather conditions when the covered event took place.
- f) Heavy seas where a breaking wave strikes the boat with the result

¹ See Article 25 of Act No. 30/2004 on Insurance Contracts.

² See Article 2 of Act No. 34/1985 on Maritime.



- that the boat or its parts are damaged.
- g) Burglary, theft or vandalism.
 - h) Sudden and unforeseen accidental event during launching or hauling, as well as during transport to and from the place of storage within the same jurisdiction.
 - i) Earthquake, volcanic eruption, landslide and avalanche.
- 8.1.3 Salvage costs pursuant to the Maritime Act, and reasonable expenses for measures taken to prevent loss or damage. The deductible is 25% of the cost of the assistance, but never higher than the deductible specified in the policy.

9. What is not covered under the insurance?

- 9.1 The insurance does not cover:
- 9.1.1 Damage to those parts of the boat which are subject to material defects, construction defects or repair defects.
 - 9.1.2 Loss or damage resulting from inadequate maintenance, rot, fatigue, corrosion, wear and tear or similar causes.
 - 9.1.3 Loss or damage attributable to design defects and/or modifications to the boat that are required due to design defects.
 - 9.1.4 Loss or damage resulting from cold work (hot work / cutting and welding) carried out on boats, ships or harbour structures.
 - 9.1.5 Expenses associated with covered repairs which the owner/operator would have been required to pay regardless of the covered event, due to operation of the vessel, maintenance and/or repair.
 - 9.1.6 Overtime and public holiday pay.
 - 9.1.7 Costs of cleaning and painting the hull of the boat.
 - 9.1.8 Indirect loss, such as loss of catch and expenses resulting from delay. The same applies to staff costs, port charges and fuel consumption while repairs are being carried out.
 - 9.1.9 Fines and other penal sanctions.

10. Boats of the same owner

- 10.1 If the insured boat collides with another vessel, or saves or assists another vessel, VÍS is liable to pay compensation under these terms and conditions even if that vessel is owned by the insured or both vessels are under the same operational management.
- 10.2 In such cases, the insured and VÍS shall jointly appoint a single arbitrator to determine fault, salvage award or remuneration for assistance. If the parties cannot agree on an arbitrator, they shall request that the District Court Judge of Reykjavík appoint one. The arbitrator's decision is binding and cannot be appealed to the courts.

11. Conduct of others

- 11.1 VÍS may rely on the conduct of persons who, with the consent of the insured, are responsible for the insured boat.
- 11.2 In business operations, VÍS may rely on the conduct of the management of the insured legal entity and the persons in charge of operating the insured boat.

12. Determination of compensation

- 12.1 The amount of compensation for total loss is determined by the value of the vessel on the date of loss.
- 12.2 Compensation for partial loss:
- 12.2.1 VÍS will compensate damage to the boat by paying the necessary repair costs incurred by the insured, cf. however Article 12.2.2.
 - 12.2.2 When settling claims for damage to the boat's engines, equipment and machinery, compensation will never exceed the original purchase price of the item less depreciation based on its age. Depreciation is 6% for each year up to a maximum of 12 years for engines and electronic equipment.
 - 12.2.3 Damage to a hull made of fibreglass or plastic materials is compensated



according to recognised repair methods. The repair is considered final even if cosmetic defects remain.

12.2.4 If temporary repairs are carried out to covered damage, VÍS will compensate the cost of such repairs to the extent that they are useful for the final repair.

- 12.3 For each covered event, compensation for damage to or loss of the boat shall not exceed the sum insured.
- 12.4 If the boat is lost, no compensation is paid for unrepaired damage to it.
- 12.5 If the boat is repaired even though the conditions of Article 8.1.1 are met, VÍS's liability is limited to the sum insured less the value of the boat after the covered event.
- 12.6 Reasonable compensation is paid in excess of the sum insured for costs incurred by the insured in preventing loss or damage after a covered event has occurred.³

13. Repairs of damage

- 13.1 The insured must give VÍS the opportunity to inspect and assess the damage before repairs are started or damaged items are disposed of.
- 13.2 The insured shall arrange repairs to the boat unless VÍS requests otherwise. The insured must fully consult with VÍS on where and when repairs covered by the insurance are to be carried out. If the insured fails to do so, VÍS is not obliged to pay any additional costs resulting from this.
- 13.3 As a general rule, repairs must be carried out within one year from the covered event. VÍS is not obliged to pay additional costs if repairs are delayed beyond this. The same applies if the actual damage increases because repairs are delayed for more than one year.

14. VÍS's right to damaged property

- 14.1 When compensation has been paid for total loss or for individual items, VÍS acquires the insured's rights to what may remain of the item which has been compensated. VÍS is entitled to receive all documents and evidence relating to such items from the insured.

III. Liability insurance

15. Insurance amount

- 15.1 The maximum aggregate compensation under this section for any one covered event is the maximum amount provided for in paragraphs 1–3 of Article 177 of the Maritime Act No. 34/1985.

16. What is covered under the insurance?

- 16.1 The insurance covers loss or damage caused by the insured boat in a collision, and loss or damage otherwise resulting from negligence in its operation, provided that the loss or damage consists of direct bodily injury or property damage which the insured causes through negligent and unlawful conduct.
- 16.2 The insurance covers the cost of removing the wreck of a third party's boat.

17. What is not covered under the insurance?

- 17.1 The insurance does not cover:
- 17.1.1 Claims for compensation from employees of the owner or operator of the insured boat, nor claims for compensation from owners of catch or other goods carried by the boat.
- 17.1.2 Loss or damage to third parties arising from the insured's liability for damaged or lost property which the insured has borrowed, leased, taken into storage, for sale or transport, or which is otherwise in the insured's custody, including property which the insured has taken without authorisation.
- 17.1.3 Fines and other penal sanctions.

³ See Article 38 of Act No. 30/2004 on Insurance Contracts.



17.1.4 Indirect loss, such as loss of catch and expenses resulting from delay.

18. Determination of compensation for bodily injury

18.1 Compensation for bodily injury is determined in accordance with the Tort Damages Act No. 50/1993, cf. however Article 15 of these terms and conditions.

19. Determination of compensation for property damage

19.1 Compensation is based on the value on the date of loss, cf. however Article 15 of these terms and conditions.

19.2 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 VÍS, VÍS may either pay the estimated repair cost to the insured or cover the repair cost directly.

19.3 If it is not possible to repair the damaged item or it is not deemed worthwhile by VÍS, VÍS may pay compensation in money or provide a similar item to the one damaged. If VÍS pays compensation under this provision, it reserves the right to claim the damaged item.

19.4 VÍS 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.

19.5 The insured should not profit from the damage event. The insurance only compensates for the actual loss of the insured.

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

20.1 If the insurance covers the insured's liability for damages, the injured party can claim compensation directly from VÍS. VÍS and the insured are obliged to inform the injured party about the liability insurance if it exists.

20.2 If a claim for compensation is made against VÍS, it must notify the insured without unreasonable delay and provide information on the handling of the claim. VÍS's acknowledgment of liability-related issues is not binding on the insured.

20.3 If the injured party notifies VÍS of their intention to file a lawsuit against it, VÍS can demand that the lawsuit also be directed against the insured. VÍS must notify the injured party of this demand without unreasonable delay and in a verifiable manner.

20.4 The position of the injured party is otherwise governed by Article 44 of the Insurance Contracts Act No. 30/2004.

21. Handling of compensation claims

21.1 The insured is required to seek consultation with VÍS regarding their legal status if they are demanded compensation for a loss for which they are considered to be at fault.

21.2 The insured may not acknowledge their liability or enter into compensation agreements without VÍS's consent.

21.3 VÍS 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.