



# Total Loss Insurance for Boats and Vessels

Insurance Terms No. MM50

The insurer is VÍS tryggingar hf., reg. no. 670112-0470, hereinafter "VÍS".

## The insurance is governed by:

- The insurance policy, including endorsements and special terms.
- These insurance terms no. MM50.
- 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.

**Total Loss Insurance** is intended for companies and individuals that own a boat or vessel and only wish to insure against total loss. It consists of two covers: Hull Insurance, which provides compensation for total loss, and Liability Insurance, which provides compensation for loss or damage suffered by third parties.

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 covers the boat or vessel (hereinafter referred to as the vessel) specified in the policy or renewal receipt, and its appurtenances.
- 1.2 The vessel's appurtenances include the vessel's engines, propeller shaft and other propellers, shafts, gears, winches, electrical system, fish-finding equipment, communication equipment, navigational 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 vessel.
- 1.3 The insurance does not apply to software, fish tubs, fish tanks, packaging, packing materials, catch or fishing gear, including trawls with doors and wires, nets and warps attached to the fishing gear, bags, buoys and fishing gear markers.

### 2. Who is insured?

- 2.1 The owner of the vessel is insured.

### 3. Where does the insurance apply?

- 3.1 The insurance applies within the Icelandic exclusive fishing 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 vessel 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 vessel 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 vessel.
- 4.2 The vessel and its engines may only be operated by persons who hold valid licences and qualifications as required by laws and regulations.
- 4.3 The vessel must always be properly moored.
- 4.4 When the vessel is unmanned it must be locked, the keys kept in a safe place and regular checks made on the vessel.
- 4.5 The insured must ensure that the vessel is maintained in a satisfactory and appropriate manner in accordance with applicable laws and regulations. The vessel must be seaworthy when it leaves harbour, properly equipped and manned, safely loaded and all necessary ship documents must be on board.
- 4.6 The skipper and crew must be in a mental and physical condition to be able to operate

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



the vessel safely, and must not be under the influence of alcohol, habit-forming or narcotic substances, or other stimulants or depressants when operating the vessel.

## 5. Change in risk

- 5.1 Any change in the design of the insured vessel 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.<sup>1</sup>

## 6. Price

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

## 7. Change of ownership

- 7.1 If the vessel 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 vessel when:

- a) The vessel is lost, is declared a constructive total loss<sup>2</sup>, or sustains such extensive damage that it is not possible to salvage or repair it.
- b) The vessel sustains such extensive damage that the cost of salvaging and repairing it is higher than the sum insured.
- c) The vessel has not been heard from for three months after it was last reported, or the crew has abandoned the vessel 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 vessel is seized or detained by a foreign state and not released within 12 months. This does not apply to loss resulting from the vessel being confiscated in criminal proceedings, detained or sold at the request of creditors.

8.1.2 Salvage costs pursuant to the Maritime Act, and reasonable expenses for measures taken to prevent loss or damage.

8.1.3 Contribution to general average as determined under the York–Antwerp Rules.

### 9. Vessels of the same owner

- 9.1 If the insured vessel collides with another vessel, or salves 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.
- 9.2 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.

### 10. Conduct of others

- 10.1 VÍS may rely on the conduct of persons who, with the consent of the insured, are responsible for the insured vessel.
- 10.2 In business operations, VÍS may rely on the conduct of the management of the insured

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

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



legal entity and the persons in charge of operating the insured vessel.

## 11. Determination of compensation

- 11.1 The amount of compensation is determined by the value of the vessel on the date of loss.
- 11.2 Compensation may never exceed the sum insured.

## 12. VÍS's right to damaged property

- 12.1 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

### 13. Insurance amount

- 13.1 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.

### 14. What is covered under the insurance?

- 14.1 The insurance covers loss or damage caused by the insured vessel 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.
- 14.2 The insurance covers the cost of removing the wreck of a third party's vessel.

### 15. What is not covered under the insurance?

- 15.1 The insurance does not cover:
  - 15.1.1 Claims for compensation from employees of the owner or operator of the insured vessel, nor claims for compensation from owners of catch or other goods carried by the vessel.
  - 15.1.2 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.
  - 15.1.3 Fines and other penal sanctions.
  - 15.1.4 Indirect loss, such as loss of catch and expenses resulting from delay.

### 16. Determination of compensation for bodily injury

- 16.1 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.

### 17. Determination of compensation for property damage

- 17.1 Compensation is based on the value on the date of loss, cf. however Article 15 of these terms and conditions.
- 17.2 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.
- 17.3 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.
- 17.4 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.
- 17.5 The insured should not profit from the damage event. The insurance only compensates for the actual loss of the insured.



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

- 18.1 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.
- 18.2 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.
- 18.3 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.
- 18.4 The position of the injured party is otherwise governed by Article 44 of the Insurance Contracts Act No. 30/2004.

## **19. Handling of compensation claims**

- 19.1 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.
- 19.2 The insured may not acknowledge their liability or enter into compensation agreements without VÍS's consent.
- 19.3 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.**



## Annex I – Apportionment rules for loss or damage

### 1. Docking/slipway costs

- 1.1 VÍS will cover all costs of hauling out and launching if work is carried out in the dock/slipway solely due to covered repairs. If work is also carried out at the owner's expense, VÍS will cover half of the costs. If a full six months have passed since the vessel was last docked, the operator will pay all costs of hauling out and launching.
- 1.2 VÍS will cover all costs of shifting the vessel within the dock/slipway if this is required solely due to covered repairs, but half of such costs if the vessel must also be moved for work carried out at the owner's expense.
- 1.3 Dock/slipway hire is divided between VÍS and the operator in direct proportion to the number of days that the operations, for which each bears the cost, would have taken if they had been carried out separately.

### 2. Crew costs

- 2.1 If the vessel is delayed from fishing or other normal use due to covered repairs, VÍS will compensate guaranteed wages of the vessel's officers in accordance with the collective agreements of SFS, less the first seven days of delay. Wages will never be paid for a period longer than the statutory notice period, less seven days. Officers are considered to be the master, deck officers and engineers.
- 2.2 Crew costs are not compensated unless the damage is of such a nature that repairs must be carried out within six months from the occurrence of the covered event. It is a condition for VÍS's liability that the operator is obliged to pay such crew costs.
- 2.3 If work is carried out simultaneously at the owner's expense, the guaranteed wages are divided between VÍS and the owner in direct proportion to the number of days that the operations, for which each bears the cost, would have taken if they had been carried out separately.
- 2.4 If the vessel is sent abroad specifically for repairs of covered damage with the approval of VÍS, VÍS will compensate crew costs for those crew members required to sail the vessel between countries, in accordance with the amounts determined from time to time in the collective agreements between seamen and operators. If work is carried out on the vessel at the same time at the owner's expense, crew costs are divided in proportion to the number of days that the operations, for which each bears the cost, would have taken if they had been carried out separately. VÍS will likewise compensate the cost of sending the crew home and back out to collect the vessel if this costs less than their stay abroad.

### 3. Fuel consumption, port charges and watchkeeping

- 3.1 VÍS will compensate fuel consumption in the vessel's engines, port charges and necessary watchkeeping/guarding while the vessel is delayed in port due to covered repairs. If work is carried out at the same time at the owner's expense due to modifications to the vessel, necessary repairs or necessary maintenance, these costs are divided in the same way as dock/slipway hire.
- 3.2 If the vessel is sent abroad specifically for repairs of covered damage with the approval of VÍS, VÍS will compensate fuel consumption in the vessel's engines on the voyage in the same manner as crew costs.

### 4. Tender/boat carried on board

- 4.1 The vessel's tender (boat carried on board) is insured together with the vessel, and VÍS will compensate damage to the boat while it is in its designated position on board the vessel or when it is used as a lifeboat.

### 5. Temporary repairs

- 5.1 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.