

Family Insurance 1 is a simple optional insurance that provides protection against various risk of loss or damages posed to individuals and families, such as damages to household contents. The insurance provides considerably less protection than Family Insurance 2 and 3. The terms and conditions are divided into the following sections:

[Section 1: Household contents insurance, page 1.](#)

[Section 2: Comprehensive household contents insurance, page 5 \(Optional\).](#)

[Section 3: Liability insurance, page 5.](#)

[Section 4: Accident insurance during leisure time, page 7 \(Optional\)](#)

[Section 5: General provisions, page 10.](#)

The **insured** are the policyholder, his or her spouse or cohabitant and any unmarried children, as long as those individuals have the same registered domicile in Iceland, live at that address and are all members of the same household.

SECTION 1. HOUSEHOLD CONTENTS INSURANCE

Article 1. Where does the policy apply?

The insurance is valid in the policyholder's home as stated on the insurance certificate or premium receipt. The insurance furthermore covers furniture/appliances in Iceland outside the home of the policyholder. In such cases, however, compensation is limited to 15% of the insurance amount (see however overview). Compensation for CDs due to burglary from a vehicle is limited to 1% of the insurance amount. The Company must be immediately notified of any changes to the insurance location. If such notification is not sent, compensation entitlement may be cancelled in part or in full, as provided for in Article 33 of the general terms on the effects of increased risk.

Article 2. What does the policy cover?

The insurance covers the household contents, general and specific, that are the property of the insured parties and which are not considered to be part of a real property or its general chattels. General contents means general household items such as furniture, electrical appliances, rugs, clothing, books and bedding. The insurance also covers general camping equipment and leisure time equipment. Also included are any form of personal protection equipment used when driving vehicles. The insurance policy also covers one round of summer or winter tyres for each private car belonging to the family and stored in a garage or other facility. The tyres must conform to the make of the car.

Special household contents refers to:

- a. Paintings, works of art, cameras, recorders, binoculars, musical instruments, sound equipment, radios and televisions, tape recorders and computers together with accessories for the above equipment.
- b. Cash, securities, scripts, original drawings, coin or stamp collections. Maximum compensation is 1% of insured amount.

See overview for more details.

Exempted risks

Animals, motor vehicles, caravans, trailer tents, boats or items belonging to the said equipment. Such property can be insured separately.

Article 3. Salvage costs, extra costs due to evacuation

The insurance contract will compensate:

Loss or damage to insured items that may occur due to necessary actions to rescue them from imminent liable loss or damage. In the event that the insured has to move from his home due to covered loss or damage therein, inevitable extra costs resulting therefrom, including housing rent in comparable housing, will be paid although never more than the equivalent of 6% of the insurance cost.

Article 4. How are benefits determined?

In so far as possible, compensation is based on restoring the insured party's financial position to the level it was at before the loss or damage.

Compensation for insured household contents and chattels is the maximum amount specified in the insurance policy or premium receipt. Specific items, however, are compensated to a maximum of a particular amount or percentage of the insurance amount of the household goods insurance, as further provided for in the terms, the insurance policy or premium receipt. Compensation amounts are based on the cost of repair of a damaged item or the acquisition of a comparable or significantly comparable item. The Company arbitrarily decides whether it compensates loss or damage by means of cash payment, pays the cost of satisfactory repairs to the damaged item, or delivers to the insured intact, comparable items as were lost or damaged. In the event of cash payments, the maximum amount of compensation is the amount that the Company would have paid for repairing or reacquisition of the insured item. Compensation is paid based on the price of new items. Deductions for age and use, therefore, are applicable only where the usability of items by the insured had been significantly reduced. When compensation is in regard of the following items the Company is permitted to apply the following write-down rules:

| Write-down rules: | Years without age deduction | Thereafter, annual deduction |
|------------------------------|-----------------------------|------------------------------|
| Adult clothing | 1 yr. | 20% |
| Children's clothing | 1 yr. | 30% |
| Spectacles | 1 yr. | 10% |
| Electrical equipment | 1 yr. | 20% |
| Leisure equipment | 1 yr. | 15% |
| Cameras | 2 yrs. | 10% |
| Bicycles | 1 yr. | 20% |
| Skiing and camping equipment | 1 yr. | 20% |

Maximum deduction, however, is 70%. Compensation for damaged films, video tapes or discs is limited to the cost of new, unexposed films, video tapes or discs. Computers and tablets are written-down by 25% every 12 months from the date of purchase to the date of loss or damage and are fully written-down in 5 years. Phones, smartphones and their accessories are written-down by 20% every six months from the date of purchase to the date of loss or damage and are fully written-down in 30 months. Stolen or lost items that are recovered after the Company has compensated the loss or damage are the property of the Company and shall be handed over to the Company. The insured may nevertheless keep the items if he wishes by returning the compensation. The Company may demand the submission of damaged items that have been fully compensated.

Sentimental value and lost data are not compensated.

Article 5. Insurance amount – underinsurance

The insurance amount must be in accordance with the value of all the household effects. If the value of the household effects changes during the insurance period, other than in relation to the consumer price index, e.g. due to the purchase of new items, the insured must inform the Company so that full cover can be maintained. If the total value of the insured party's household effects is higher than the insured amount, the Company will pay compensation proportionally. For instance, if the value of the household effects is twice as high as the insured amount and a claim is made for ISK 1 million, the amount of compensation will be only ISK 500,000.

Article 6. Deductible

In each case of loss or damage the insured shall be subject to the amount deductible which is indicated in the insurance policy or in the premium payment receipt.

Article 7. Scope of coverage

See overview table

OVERVIEW TABLE – Scope of coverage of the household goods insurance (Page 1 of 2)

(All specified amounts are based on the Consumer Price Index, exclusive of housing, when the index was 962 points and will be adjusted in accordance with the index.)

| | A Fire | B Short circuits | C Traffic accident | D Burglary | E Theft | F Robbery |
|---|---|---|--|---|--|---|
| The insurance covers the following incidences of loss: | Fire, lightning, explosions, sudden falls of soot from heating equipment. Aircraft crashes or debris from them. | Damage to electrical equipment due to short circuits. | Damage to effects in motor vehicles involved in traffic accidents. | Burglary of locked accommodation, vehicles, private boats, private aircraft, summer cottages or caravans. A prerequisite for liability is that there are clear signs of a break-in at the site. Precautionary principle: Doorways, windows and other openings into the insured site must be securely locked and the keys stored so that unauthorised entities do not have access to them. | Theft from junior/secondary schools or unlocked accommodation. A prerequisite for liability is that normal precautions have been taken. Theft of bicycles. Precautionary principle: Bicycles must be locked and the keys stored so that unauthorised persons do not have access to them. | The seizure of effects with physical violence or threats of violence. |
| Exemptions and limitations: | The insurance contract does not compensate: Scorching or melting that is not caused by fire, such as scorching from smoothing irons, burns from lit tobacco products, fireplaces or similar locations, or damage to items that are intentionally placed in danger from fire or heat. | The insurance contract does not compensate: Damage to equipment that is more than 10 years old. Loss or damage covered by the seller's warranty. Damage resulting from wear and tear, inadequate maintenance or incorrect assembly. Damage caused by electrical power supply faults and electrical power fluctuations. | The insurance contract does not compensate: Damage while moving house. Damage to items being moved for a fee. Damage that is covered by other insurances. | The insurance contract does not compensate: Damage or loss due to burglary from accommodation that has been unoccupied for more than six months. The same applies to caravans and summer cottages when they are unoccupied. Loss or damage due to theft from an accommodation or motor vehicles that the insured leases or lends to others. Damage or loss due to theft from unlocked residences or vehicles. Damage or loss due to theft from tents or trailer tents. Damage or loss due to theft committed by or witnessed by the insured. | The insurance contract does not compensate: Loss suffered when the insured forgets an item, loses it or acts in a manner likely to result in loss. Damage or loss due to theft from an unoccupied apartment or an apartment that the insured leases or lends to others. Damage or loss due to theft committed by or witnessed by the insured. | |
| Insured items: Covered <input type="checkbox"/> Not covered <input type="checkbox"/> | | | | | | |
| 1) General household effects, personal effects. | | Electrical equipment or parts pertaining to them. | | Maximum 5% of insured amount in: a) storage external to the accommodation building, b) sheds or garages. | Maximum 5% of insured amount. Own risk is 10% for each incident of damage, a minimum, however, of ISK 10,600 in primary schools. | |
| Specified contents | 2) Paintings, works of art, cameras, recorders, DVD/Blue-Ray players, binoculars, musical instruments, stereo sound systems, televisions, radios and computers. | Only radios, televisions, stereo sound systems, DVD/Blue-Ray players and computers or their accessories. | | Not in: a) storage external to the accommodation building, b) sheds or garages, c) vehicles. | Maximum 5% of insured amount. Own risk is 10% for each incident of damage, a minimum, however, of general own risk. | |
| | 3) Watches and jewellery, maximum 5% of insured amount. | | | Not in a) storage outside apartment, b) sheds and garages, c) apartments that have been unoccupied for more than two months, d) vehicles, private boats, private aircraft or caravans. | | |
| 4) Money, securities, scripts, original drawings. Coin and stamp collections. Maximum 1% of insured amount for each item. | | | | Not in vehicles, private boats, private aircraft or caravans. | | |
| 5) Locked bicycles, prams and pushchairs. Maximum compensation for damage or loss to bicycles is ISK 114,400 (after deduction of own risk). | | | | | Own risk is 25% for each incident of damage, minimum, however, of general own risk. | |
| 6) Tools, spare parts and maintenance equipment used by the insured in his employment. Maximum 5% of insured amount. | | | | But not from work huts. | | |

OVERVIEW TABLE – Scope of coverage of the household goods insurance (Page 2 of 2)

| G Vandalism | H Spillages | I Bad weather | J Refrigerator and freezer storage | K Overheated washing | L Breakage or collapse | M Cloud -bursts/sudden thaws | N Heavy snow |
|--|---|--|--|--|---|---|--|
| <p>Damages to insured items caused intentionally, as well as to premises following a break-in, up to 5% of the insurance amount.</p> | <p>Damage or loss caused by water, oil or other liquids that leak suddenly and unexpectedly from pipes in the accommodation, waterbeds or fish tanks, not however, drains and gutters.</p> | <p>Damage or loss to the insured caused by storms with wind ≥ 28.5 m/s and the damage is a result of the wind tearing off a roof, window or other part of a building.</p> | <p>Damage to freezers or refrigerators or the food they contain due to sudden and unexpected loss of power.</p> | <p>Damage to washing due to overheating of a washing machine or dryer caused by faults in the washing machine or dryer.</p> | <p>Damage to the insured party's household contents caused by their falling suddenly and unexpectedly and breaking. Household contents refers to items affixed to walls or ceilings, such as wall cabinets, shelves, paintings, pictures, ceiling and wall lights, as well as items that were in or on the falling objects.</p> | <p>Loss or damage to household contents when water flows in, provided that such inflow is due to sudden downpour (cloud-burst) or snow melt (sudden thaw). Sudden downpour and snow melt means that the water volume is suddenly so great that drainage systems cannot channel it away.</p> | <p>Loss or damages to the household effects which is the consequence of sudden heavy snow that has overburdened the roof or walls of the property.</p> |
| <p>The insurance contract does not compensate: Damage to items that are outdoors elsewhere than on the property of the insured. Damage or loss caused by the insured or by anyone permitted to be in the home of the insured.</p> | <p>The insurance contract does not compensate: Damage or loss caused by external water such as groundwater, rain, flood or melt-water, or water escaping from sewage pipes due to high pressure. However, the insurance does cover such damage if directly attributable to blockages or burst pipes inside the building (see, however, item M). Damage to waterbeds or fish tanks because of water flowing out of them, as provided for above.</p> | <p>The insurance contract does not compensate: Loss or damage to outdoor items. Damage resulting from floods in the wake of storms. Damage caused by precipitation unless it is a direct consequence of sudden damage to the building involved.</p> | <p>The insurance contract does not compensate: Damage to the freezer itself or refrigerator itself if the item is older than 5 years old. Loss or damage covered by the seller's warranty. Damage attributable to wear and tear or insufficient maintenance. Damage caused by the electricity supplier shutting off the electricity supply.</p> | <p>The insurance contract does not compensate: Damage to the washing machine or to the dryer.</p> | <p>The insurance contract does not compensate: Damage to objects in or on cabinets or shelves if they fall individually, unless a television, hi-fi equipment or DVD/Blue-Ray player is involved. Damage caused while moving items about. Damages occurring outside the home of the insured. Damages resulting from spilt liquids.</p> | <p>The insurance contract does not compensate: Damages caused by external water from balconies, gutters or their drainpipes or due to tides and/or groundwater. The same applies to water damage covered by the Iceland Catastrophe Insurance.</p> | <p>The insurance contract does not compensate: Loss or damage caused by avalanches nor loss or damage that results from construction defects.</p> |
| <p>Insured items: Covered <input type="checkbox"/> Not covered <input checked="" type="checkbox"/></p> | | | | | | | |
| <p>Maximum 5% of insured amount in a) storage external to the accommodation building, b) sheds or garages.</p> | | | <p>Maximum 2% of the insurance amount for food in a freezer or refrigerator.</p> | <p>Own risk is 25% of each loss, a minimum, however, of general own risk (invoice due to repair of washing machine or dryer shall be attached to claim).</p> | | <p>Precautionary principle: It is a condition of the Company's liability for compensation that the insured maintains the drains by the property free of debris so that snow, ice or other detritus do not block them.</p> | |
| <p>Not in: a) storage external to the accommodation building, b) sheds or garages, c) outdoors.</p> | | | | | | | |
| | | | | | | | |
| <p>Own risk is 25% for each incident of damage, a minimum, however, of general own risk.</p> | | | | | | | |

| | | | | | | | |
|---|--|--|--|--|--|--|--|
| Applies only to thefts from locked domestic premises and not from work sheds. | | | | | | | |
|---|--|--|--|--|--|--|--|

SECTION 2. COMPREHENSIVE HOUSEHOLD CONTENTS INSURANCE

This insurance is a separate insurance that can be purchased as an addition to the Family insurance policy for an extra fee.

Article 8. Where does the policy apply?

The insurance is valid in Iceland and during trips abroad lasting up to three months.

Article 9. What does the policy cover?

The insurance applies to the chattels belonging to the household effects of the insured as provided for in Article 2 of the Household Contents Insurance.

Exempted risks

Loss or damage to money, securities, manuscripts, original drawings, coin or stamp collections and to personal protection equipment used when driving vehicles, other than protective clothing.

Article 10. Scope of coverage

The insurance covers loss and damage to insured chattels. The loss or damage must be attributable to a sudden and unforeseeable event during the insurance period.

Exempted risks

The Company does not compensate:

- a. Loss or damage that is caused by normal wear and tear, defect, wrong assembly, insufficient maintenance or internal breakdown such as mechanical breakdown.
- b. Loss or damage that only causes visual defects and does not diminish the usefulness of the insured item.
- c. Loss or damage that occurs when the insured forgets an object, leaves in a public place, misplaces or loses an object.
- d. Loss or damage due to theft.
- e. Loss or damage caused by sudden changes in temperature and/or humidity.
- f. Loss or damage attributable to mould or fungal growth.
- g. Loss or damage caused by pets scratching and chewing or from pets' urine and excrement.
- h. Loss or damage to machine or electric-powered leisure equipment during their use.

Article 11. Insurance amount

The maximum compensation for each single case of loss or damage as well as the maximum compensation during the period of insurance is indicated in the insurance policy or the premium payment receipt.

Article 12. Deductible

In each case of loss or damage the insured shall be subject to at least the amount deductible which is indicated in the insurance policy or in the premium payment receipt.

Article 13. Other provisions

Moreover, the provisions of Articles 3–5 apply to the insurance. In each loss or damage, the policyholder may decide whether to accept compensation in accordance with the rules contained in the general terms for Household Contents Insurance or the terms of the Comprehensive Household Contents Insurance. The Company does not simultaneously pay compensation from the home contents insurance, travel insurance and the comprehensive household contents insurance for the same single event of loss or damage.

SECTION 3. LIABILITY INSURANCE

Article 14. Where does the policy apply?

The insurance applies in Iceland and on travels abroad for up to three months from the day of departure from Iceland.

Article 15. What does the insurance cover?

Indemnity under the law:

The Company insures against those liabilities that fall on the insured as an individual (i.e. not connected to his employment) in accordance with Icelandic law, provided that the liability is the direct result of the injury or death of persons or damage to property (including buildings and animals) and that it is no broader than usual extra-contract liability. The insurance does not cover any liability that falls on the insured because of his employment, whether he is self-employed or employed by another party.

Compensation beyond legal liability:

The Company compensates, irrespective of legal liability, loss and damage to persons or items that the child of the insured, aged under 10 years, causes. If the loss-bearer also bears some blame or responsibility, the compensation will be reduced accordingly. Insurance coverage is not valid when the child is party to a traffic accident or if the loss is in relation to a registered motor vehicle that is in use.

When the child of the insured causes loss or damage covered by another insurance, no compensation entitlement is established, as provided for in Article 19 of the Act on Tort Law No. 50/1993.

Exempted risks

The liability insurance does not cover loss or damage:

- a. Caused by the insured parties to each other.
- b. Caused to items the insured has borrowed, rented, stored or are for other reasons in his care, including items the insured has in his possession without permission.
- c. Caused by the insured as the owner, user or operator of a ship, boat, aircraft, motor vehicle subject to registration, motor vehicle not subject to registration with a motor larger than 5 kw, gun or animal.
- d. Caused by fire, water from firefighting services, smoke, soot or explosion.
- e. Because of fines, court costs or other costs related to prosecutions.
- f. Incurred by the insured as the owner of a property or a part thereof.
- g. Because of demands made by the Icelandic Health Insurance (Sjúkratryggingar Íslands) or other public insurance institutions.
- h. That can be attributed to air pollution, ground pollution, pollution of vegetation, water or sea. The Company will, however, compensate such loss or damage if it can be attributed to a single determinable event.
- i. The Company does not compensate for loss or damage resulting from prolonged dampness or water leakage and/or mould and fungi.

Article 16. When are persons liable? – procedures

According to Icelandic law, everyone is liable for loss damage they cause to others because of mistakes or negligence. This rule is known as the Culpability Rule, and it is a fundamental part of Icelandic law and trial proceedings. If a claim for compensation against a person is made, and that person is not responsible for the damage, then he will generally not have to pay compensation. The purpose of third party liability insurance is to pay compensation on behalf of the insured, if he has become liable (insofar as the loss-bearer is not himself liable due to shared liability or shared responsibility) and also to pay the costs borne by the insured if a claim for compensation is made against him. Legal responsibility is a complex subject and the insured is under obligation to consult the Company concerning his legal position in the event that a claim for compensation is made against him for loss or damage he is believed to be responsible for. The insured is also advised to read the following liability insurance terms and conditions with this in mind. An admission of liability for compensation by the insured commits only the insured and not the Company. By giving such admission, the insured may put himself at risk of having to personally pay damages in cases not covered by the liability insurance. When a compensation claim is lodged against the insured within the scope of the insurance policy, the Company shall have the right to handle the settlement and defence before a court of law, should the case arise. In the event of court proceedings involving this insurance policy and only the Company is summoned, the Company may require that the legal action is also directed at the insured. The Company reserves the right to represent the insured in the proceedings.

Article 17. Insurance amount – deductible

The Company's liability due to each single insurance event is limited to the insurance amount specified in the insurance policy or premium payment receipt. The insured bears 10% deductible for each loss, but never less than the minimum amount of the deductible and never a greater amount than the maximum deductible

specified in the insurance certificate or premium payment receipt. The Company pays costs, incurred with the approval of the Company, to determine the liability of the insured and the amount of compensation. The aggregate compensation including the cost of the proceedings, however, can never exceed the insurance amount. Moreover, if the capital of a damage claim does not exceed the deductible own risk, the Company does not pay for costs or interest, even if such total amount exceeds the amount of the own risk. Insurance amount interest is subject to Article 50 of Act No. 30/2004.

SECTION 4. ACCIDENT INSURANCE DURING LEISURE TIME

This insurance is a separate insurance that can be purchased as an addition to the Family insurance policy for an extra fee.

Article 18. Where does the policy apply?

The insurance is valid globally. Notwithstanding the provisions in the introductory text of these terms, the insurance applies to students temporarily moving from home, in Iceland or overseas, for up to 9 months.

Article 19. Scope of coverage

The Company pays compensation for an accident which the insured suffers during his leisure time, in the performance of domestic duties, during school courses or when participating in sports activities if this causes:

- a. Broken tooth.
- b. Temporary loss of work capacity.
- c. Permanent medical disability.
- d. Death.

The term "accident" in these terms and conditions shall mean a sudden, external event, which causes physical injury to the insured and occurs against his will. An accident involving the extremities, however, only requires a sudden event that causes physical injury to the insured and is against their will. The insurance does not cover accidents that the insured suffers at work, as an employee or self-employed for the insured's own gain or that of others, where there is danger of a work accident. The accident insurance will not pay compensation for accidents the insured may suffer involving motor vehicles registered in Iceland, nor accidents involving motor vehicles registered abroad where the legal requirement is for vehicles to be insured in case of such accidents.

Article 20. Compensation for broken teeth

The Company pays for repairs to healthy and properly repaired teeth which break or are damaged in an accident. Payment by the Company, however, is limited to 5% of the base amount of insurance coverage for disability for each accident, and accrued payments, with respect to accidents over one insurance year, are limited to 7.5% of the same amount. The Company does not, however, compensate for broken teeth resulting from a work-related accident, as provided for by the Social Security Act. The Company, moreover, does not compensate for teeth that break while the insured is eating.

Article 21. Compensation for temporary loss of work capacity

If an accident causes temporary loss of work capability, the Company will make per diem payments in accordance with the amount in effect on the day of the accident as specified on the insurance certificate or premium receipt. Compensation amounts take account of the age of the insured on the date of the accident. Children aged 16 years and younger are not insured against temporary loss of work capacity. If the insured is, on the date of the accident aged between 16 and 66, compensation amounts for temporary loss of work capacity are based on 100% of the base amount of weekly benefits, as stated in the insurance policy or premium receipt. If the insured is aged between 67 and 70 on the date of the accident, the maximum compensation for the temporary loss or work capacity is based on 50% of the base amount of weekly benefits. If, on the date of the accident, the insured is aged 71 or older, no compensation is paid for the temporary loss of work capacity. Per diem payments are paid in proportion to the loss of work capacity from the end of the waiting period, i.e. 4 weeks, and as long as the insured is unable to work in the opinion of a physician, but for no longer than 48 weeks and not for periods later than three years after the accident. If the loss of work capacity of the injured is to some extent attributable to causes other than the accident, the per diem payment shall decrease in direct proportion to the part that these causes affect the loss of work capacity. The Company will not compensate temporary loss of work capacity that is less than 50% of normal work capacity. The Company assesses the loss of work capacity and how long it will last on the basis of medical certificates and other available documentation. The Company will not pay compensation for

temporary loss of work capacity after it is deemed permanent according to a medical certificate or disability assessment.

Article 22. Compensation for permanent physical injury

If an accident causes the insured permanent physical damage within three years from the date of the accident, disability compensation will be paid on the basis of the base amount of disability pension in effect on the date of the accident.

If the insured, on the date of the accident, is aged 59 years or younger, the maximum compensation is 100% of the insurance amount of disability pension, as stated in the insurance policy or premium receipt. As of the age of 60, the insurance amount paid to the insured decreases and the amounts will be the following percentages of the insurance amount of disability pension.

| | |
|--------------------|-----|
| 60-62 yrs. | 95% |
| 63-64 yrs. | 90% |
| 65-66 yrs. | 85% |
| 67-68 yrs. | 70% |
| 69-70 yrs. | 60% |
| 71-72 yrs. | 50% |
| 73-74 yrs. | 40% |
| 75-76 yrs. | 30% |
| 77 years and above | 20% |

Disability shall be assessed as a percentage, concerning the degree of disability, in accordance with the indices of the Disability Committee in effect when the disability assessment is performed. The level of disability is assessed without regard to the injured party's employment, special abilities or social standing. If the injury of the insured is not included in the disability tables of the Disability Committee, it shall be assessed specifically, having regard to the tables. Disability can never be more than 100%. Permanent disability which is less than 15% is not compensated. Disability pensions are paid in proportion to the base amount of disability pension, in such a way, however, that each point of disability rating from 26% to 50% shall have double weighting, each point of disability rating from 51% to 75% shall have quadruple weighting and each point of disability rating from 76% to 100% shall have six-fold weighting. Compensation for disability assessed as 100%, therefore, will be 325% of the base amount of disability pension stated in the insurance policy or premium receipt.

When determining disability compensation the following rules shall, moreover, be followed:

- a. Loss or deformity of a limb or organ which was useless before the accident cannot provide entitlement to disability compensation. For the loss or deformity of a limb or organ which was deformed before the accident, the disability shall be assessed taking into account the deformity before the accident.
- b. The disability shall be determined one year after the accident, at the earliest, with regard to the condition of the injured party at that time. If the injured or the Company is of the opinion that the disability may alter, either party may demand that the final disability assessment be postponed, but not for longer than three years from the date of the accident.
- c. Even though the condition of the injured may be expected to change, no exception shall be made from the performance of the disability assessment at the very latest three years from the date of the accident. In this case, the disability shall be determined as it may be expected to become finally. If there is a likelihood that the condition of the injured may be improved through medical treatment or therapy, and he is reluctant to undertake such treatment, it is nevertheless mandatory, when determining the degree of disability, to take into account the possible improvement that such treatment could involve.
- d. If the injured party dies after more than one year has passed from the date of the accident but before the final disability assessment has been performed, compensation shall be paid in accordance with the interim disability assessment pursuant to items b and c.
- e. No compensation is paid for accidents which only cause disfigurement.
- f. The insurance does not pay disability compensation for broken teeth.

Article 23. Death benefits

If an accident causes the death of the insured within one year from the date of the accident, the right holder of the benefits will be paid the amount stated in the insurance policy or premium payment receipt, less the compensation for permanent physical damage which the Company may have paid with respect to the same accident. Compensation is based on the insurance amount of death benefits on the date of the accident, cf. provisions on the indexation of benefit amounts. If the insured is aged between 16 and 69 on the date of

death, the base amount of the death benefits stated in the insurance policy or premium receipt will be paid, unless the insured does not have any dependants. If the insured is, on the date of death, younger than 16 or older than 70, the amount of death benefits is 25% of the base amount of benefits stated in the insurance policy or premium receipt. If the insured has no dependants, 25% of the accident insurance's death benefits will be paid. A dependent is a child or an adult individual supported by the insured. A spouse or cohabiting partner, as provided for in the introductory text of these terms and conditions, is the beneficiary of death benefits. If the insured does not leave a spouse/cohabiting partner, the insurance amount will be paid to the inheritors of the insured according to law or a will. Death benefits are only paid if the accident is the direct and only cause of the death of the insured.

Article 24. Exempted risks**The Company does not compensate:**

- a. Accidents that insured parties 16 years of age and older suffer during competitions or training in preparation for competitions in organised sports. The term organised sports means single person and team sports, for which the insured trains regularly under the guidance of a trainer employed by associations and organisations the object of which is sports competitions.
This limitation does not apply to the participation of the general public in training or golf competitions, cross-country or street running or to other sports in which the general public can participate without special conditions.
- b. Accidents the insured suffers in
 - i. any form of driving sports
 - ii. martial arts,
 - iii. mountain hiking in any form if the height of the mountain is greater than 4,000 m above sea level, mountain biking, mountain, cliff or ice climbing and rappelling,
 - iv. kayaking, sailing down rivers and waterways with strong currents and RIB safaris
 - v. hang gliding, air balloon flying, glider flying, bungee jumping parachute jumping, and scuba diving, and/or other underwater or underground activities
 - vi. during an exploration, when hunting wild beasts or during journeys that can be considered research expeditions
 - vii. other activities that are comparable to and are by their nature related to all of the above
- c. Accidents occurring during flying, unless the insured is a passenger on a scheduled or chartered flight operated by a party having the requisite aviation authority permits.
- d. Accidents that occur due to sunbathing, medical treatment, surgical procedures or use of medicinal products, unless on the advice of a physician due to an accident subject to compensation.
- e. Accidents caused by food poisoning, alcohol poisoning or the consumption of stimulants.
- f. Accidents, which the insured sustains in a fist fight or participation in a criminal act unless it is proven that there was no connection between such condition and the accident.
- g. Accidents from infections caused by insect bites or stings.
- h. Accidents resulting from toxic gases, unless these have occurred without warning and against the will of the insured.
- i. Accidents due to acts of terrorism, any form of biological or chemical effects and/or toxic effects, including due to bacteria and viruses.
- j. Accidents that occur during the direct route to or from work.

Article 25. Limitations to liability with respect to diseases, etc.

No death benefits will be paid if disease, debility or the insured's pathological condition were contributing factors to his death. This applies irrespective of whether this condition was present at the time of the accident or arose later without its direct and sole cause being an accident covered by the insurance policy. The Company does not pay compensation for an accident which is directly or indirectly caused by poor sight, poor hearing, physical disability, mental illness, epilepsy, fits, stroke, diabetes or other serious disease or debilitation. If such reasons are contributing factors to the insured temporarily or permanently losing the ability to work, compensation is only paid for the loss of ability which he may have been expected to suffer if these conditions had not been present. Even if an accident is considered the proven cause, the Company will not pay compensation due to the following diseases or pathological conditions: Discus prolapse, lumbago ischia, rheumatoid arthritis, degenerative joint disease or any other form of arthritis.

Article 26. Measures in the event of an accident

The injured is under obligation to seek the attention of a physician immediately after an accident has occurred, to undergo necessary medical treatment and in all respects follow the recommendations of the physician. The Company must be notified immediately of any accident on appropriate forms provided by the Company, if possible, or in another manner temporarily. The Company shall be notified as soon as possible in the event of the accidental death of the insured. The Company is entitled to require that the deceased undergo an autopsy.

In the event of an accident, the Company may have a consulting physician examine the insured. When the medical assistance concludes, or when the consequences of the accident can be assessed, the Company shall be sent a medical certificate and a claim for compensation.

Article 27. Data acquisition and payment of costs

The Company pays the normal costs of acquiring medical certificates which, in the opinion of the Company, are necessary to process claims for compensation under the insurance. This means that the Company pays, without special permission, for traditional medical certificates, such as injury certificates, general inability to work certificates and final certificates. In addition, the Company pays the cost of other certificates that the Company believes necessary and which are obtained at the Company's request or with its approval. The Company also pays for disability assessments pursuant to these terms, with the exception, however, of if it is obvious that there are no permanent consequences. The Company does not pay the cost of legal assistance or costs incurred due to an insurance event without the approval of the Company.

Article 28. Insurance amounts – price changes – age limits

The insurance policy or premium receipt states the insurance amounts. These amounts change in accordance with changes to the consumer price index (excluding housing) from the initial date of the insurance period. The compensation amounts of disability compensation, death benefits and benefits for temporary loss of work capacity are calculated on the basis of the effective insurance amount on the date of the accident and change in accordance with changes to the consumer price index (excluding housing) from the date of the accident to the date of settlement. The duration of the indexation of benefits does not, however, exceed three years from the date of the accident. The maximum amount of compensation for children's broken teeth is adjusted according to index changes from the date of the accident to the date of settlement. Benefit amounts take account of the age of the insured, as stated in Articles 21, 22 and 23 of these terms.

SECTION 5. GENERAL PROVISIONS

Article 29. Validity – renewal – cancellation rights

Validity period

Unless otherwise determined by law or contract, the insurance shall enter into effect on the date on which the insurance contract is made, i.e. when the Company or the insurance applicant has accepted the offer of the counterparty. The policy shall remain in effect during the period specified in the insurance policy or the premium receipt.

Renewal and cancellation

Insurance that is valid for one year, or longer, is renewed for one year at a time, unless the policyholder has notified the Company that he wishes to cancel the insurance contract. The policyholder may cancel the insurance contract in writing with one month's notice at any time during the insurance period, in which case the termination will take effect at the beginning of the following month. In the event that the termination is to take effect on the date of the renewal of the insurance contract, the notification of termination must be delivered to the Company not later than two weeks before the end of the insurance period. The policyholder may cancel the insurance contract during the insurance period if he no longer needs the insurance or if there are other special circumstances that justify cancellation, cf. the second paragraph of Article 14 or the third paragraph of Article 75 of Act No. 30/2004.

If the Company does not intend to extend the insurance, the Company must notify the policyholder to such effect not later than two months before the insurance term expires. The Company may amend the insurance terms and the insurance policy's premium. Such amendments take effect as of the next renewal of the insurance policy after notification of the amendments has been sent.

The Company's cancellation rights during the effective term of the insurance policy

The Company may cancel the insurance:

1. With 14 days' notice if incorrect or unsatisfactory information is provided about the risk, as provided for in Articles 21 and 15 or Articles 84 and 76 of Act No. 30/2004.
2. Without notice if the policyholder has acted fraudulently when providing the Company with information about the risk, as provided for in Articles 21 and 15 or Articles 84 and 76 of Act No. 30/2004. In addition, the Company may in such cases cancel all its insurance contracts with the insured.
3. With 7 days' notice, if the policyholder intentionally provides incorrect or unsatisfactory information on the settlement of insurance compensation, cf. Articles 47 and 15 or Articles 120 and 76 of Act No. 30/2004. In addition, the Company may in such cases cancel all its insurance contracts with the insured.
4. After loss or damage has occurred, if
 - a. the insured caused the loss or damage intentionally;
 - b. the insured violated precautionary principles;
 - c. the number of losses or damage over a short period is greater than could be expected, e.g. three losses or damages over twelve months.

The notice period for cancellation in such cases is two months, as provided for in the first and second paragraphs of Article 15 or the second and third paragraphs of Article 76 of Act No. 30/2004.
5. If the use of the insured or the policyholder's operation changes during the term of the insurance to such an extent that:
 - a. the Company would not have undertaken to provide insurance if the new circumstances had been known when the insurance was purchased;
 - b. it has an effect on the Company's ability to re-insure the risk

The notice period for cancellation in such cases is two months, as provided for in the first and second paragraphs of Article 15 or the second and third paragraphs of Article 76 of Act No. 30/2004.
6. On repeated defaults of premium payments. The notice period for cancellation in such cases is two months, as provided for in the first and second paragraphs of Article 15 or the second and third paragraphs of Article 76 of Act No. 30/2004.
7. In the event of a serious breach of faith between the Company and the insured.

The notice period for cancellation in such cases is two months, as provided for in the first and second paragraphs of Article 15 or the second and third paragraphs of Article 76 of Act No. 30/2004.

**Article 30. Breach of duty to inform – Fraud and false information
Information concerning the risk**

If the policyholder or the insured has fraudulently neglected his duty to report circumstances that may be important for the Company to assess its risk, the Company shall not be liable, cf. the first paragraph of Article 20 or the first paragraph of Article 83 of Act No. 30/2004.

In the event that the policy holder or the insured has otherwise neglected the obligation to report information to such a degree that such failure cannot be considered insignificant, the Company's liability shall be cancelled in whole or in part, as provided for in the second paragraph of Article 20 or the second paragraph of Article 83 of Act No. 30/2004.

Information provided for the settlement of insurance benefits

If the insured intentionally provides false or insufficient information when settling an insurance claim, he shall forfeit any right pursuant to this present and other existing insurance contracts relevant to the insurance event in question, as provided for in the second paragraph of Article 47 or the second paragraph of Article 120 of Act No. 30/2004. In such an event the Company may terminate all its insurance contracts with the insured with one week's notice as provided for in Articles 47 and 15 or Articles 120 and 76 of Act No. 30/2004.

Article 31. The premium – due date – defaults – settlement on the cancellation of the contract during the effective term of the insurance

The insured must pay a premium to the Company. The due date for the first premium falls on the date that the insurance contract enters into effect. Due dates for subsequent premiums fall on the first day of each renewal period. The payment deadline shall be a minimum of one month from the date that the Company sent notification for payment. The request for payment of premiums will be sent to the policyholder at the address he has provided to the Company. The delivery of a notification or payment note constitutes a request for payment. Changes of address shall be immediately notified to the Company. If the premium remains unpaid at the end of the grace period, the Company may send a new notification requiring payment within fourteen days. If the payment has not been effected within 14 days from this notification, the insurance will

be immediately cancelled, as provided for in Article 33 of Act No. 30/2004. In the event that an insurance contract valid for one year or longer is cancelled during the insurance term, the Company is entitled to payment in proportion to the period in which the insurance was effective and will refund premiums for any other period already paid. In the event that the premium is determined on a seasonal basis, this may be taken into account when refunding premiums, as provided for in the second paragraph of Article 17 of Act No. 30/2004. No premiums are refunded in the event that the value of the insured is paid in full due to total loss and the insurance therefore cancelled.

Article 32. Insurance amounts – deductible – price changes

The insurance amount and the amount of the insured party's deductible (own risk) are stated in the insurance policy or the premium payment receipt. These amounts follow the development of price levels in Iceland and change in accordance with changes to the consumer price index, excluding real property, from the first day of the insurance period. The amount of the premium of the insurance changes in the same manner in accordance with the insurance amount as current on the date of the renewal of the insurance. Loss and damage are compensated in accordance with the insurance amount in effect on the date of the loss or damage. The same applies to the deductible. Compensation amount interest is governed by Articles 50 and 123 of Act No. 30/2004.

Article 33. Increased risk

Events relating to the Company's risk can affect both the determination of the premium of the insurance and the Company's decision on whether to limit its liability due to increased risk. The insured must immediately notify the Company of any changes to the insured risk. Failure to provide such notification may lead to the partial or full cancellation of compensation entitlements according to the rules of Articles 24 and 25 or Article 88 of Act No. 30/2004. The Company must be immediately notified of any changes to the insurance location. If such notification is not sent, compensation entitlement may be cancelled in part or in full.

Article 34. Violations of the precautionary principles

Precautionary principles are rules of conduct set forth with the intent to prevent and limit loss or damage. A precondition for the payment of compensation is that the established precautionary principles have always been followed. If the insured causes the occurrence of an insurance event by not complying with precautionary principles or other instructions in the insurance policy, the Company's liability may be reduced or cancelled, as provided for in Article 26 and the first paragraph of Article 90 of Act No. 30/2004. Accident insurance during leisure time allows the partial or complete cancellation of the Company's liability if the insured has, through gross negligence caused the insurance event by not following the precautionary principles, as provided for in the second sentence of the first paragraph of Article 90 of Act No. 30/2004.

Article 35. Measures to prevent loss or damage

When an insurance incident has taken place, or there is imminent danger that it may occur, the insured shall do his utmost to prevent or reduce the damage. Failure in this respect may result in the reduction or loss of compensation in accordance with Act No. 30/2004 on Insurance Contracts.

Article 36. Notification of loss or damage

The insured must immediately notify the Company of any loss or damage. The same applies if the policyholder gains knowledge of or suspects that a compensation claim likely to be covered by the policy will be made against him. Forced entry, theft and robbery, moreover, must be immediately notified to the police and an investigation requested. In cases of theft abroad, a local police report shall accompany the notification sent to the Company. In cases of theft, the insured must be able to prove that such an event took place. The Company will not compensate the insured if the insured has forgotten or lost items, or acted in a manner that might be expected to lead to loss. In the case of the theft of a bicycle, the Company may require the submission of an invoice or warranty certificate stating the frame-number of the bicycle and its value. Not doing so may cause the curtailment or loss of compensation. The insured shall provide the Company with an option to inspect and assess the loss or damage prior to repairs being carried out or damaged items disposed of.

**Article 37. Time limit to notify of loss or damage – expiry
The insured loses the right to compensation if:**

1. He does not notify the insurance Company of his claim within one year from the time when he became aware of the event which gave rise to the claim.
2. He has not initiated court proceedings or requested procedure before the Insurance Complaints Committee within one year from the receipt of written notification that the claim was rejected, as provided for in Article 51 or Article 124 of Act No. 30/2004.

The claim of the insured for compensation may expire according to the provisions of Article 52 or Article 125 of Act No. 30/2004.

Article 38. The insured causes an insurance event

Intent

In the event that the insured has intentionally caused the occurrence of an insurance event, the Company cannot be held liable as provided for in the first paragraph of Article 27 or Article 89 of Act No. 30/2004.

Gross negligence

If the insured has caused an insurance event by gross negligence or if the consequences of the insurance event were greater than otherwise would have been the case, the Company's liability may be reduced or cancelled, as provided for in the second paragraph of Article 27 or the first paragraph of Article 90 of Act No. 30/2004.

Article 39. The conduct of individuals other than the insured – rules on identification

Provisions providing for the insured's entitlement to compensation being curtailed or cancelled due to the actions or inaction of the insured also apply to the insured's entitlement to compensation from household goods insurance due to the comparable actions of the spouse of the insured who lives with him and to persons with whom the insured is living in a permanent relationship, as provided for in item b of the second paragraph of Article 29 of Act No. 30/2004.

Article 40. Multiple insurance

If the interests covered by this insurance are also covered by another insurance, the insured may decide from which insurance he will request benefits, until he has received the benefits to which he is entitled. If one or more insurance companies are liable for loss or damage, they shall, unless otherwise negotiated, pay proportional compensation according to the liability of each for the loss or damage. The insurance company that compensates the loss or damage, therefore, may demand proportional reimbursement from other companies. This provision does not apply to holiday accident insurance.

Article 41. Right of recourse

In the event that the insured is entitled to financial compensation against another party due to a covered loss, the Company acquires that right to the extent that it has paid compensation to the insured. The insured must, in such cases, take the necessary measures to secure the claim until such time as the Company can guard its own interests.

Article 42. Explanatory provisions relating to information technology

Property damage insured against according to this insurance covers material damage and loss to property with ownership rights attached. Material loss or damage to property with ownership rights does not cover loss or damage to information data or software, particularly harmful changes to information data, software or computer programming caused by destruction, distortion or because their original form has been deformed.

As a result, the following are not included in this insurance policy:

- a. Loss or damage to information data or software, particularly harmful changes to information data, software or computer programming, caused by their destruction, their distortion or because their original form has been deformed, as well as all operating losses due to the cessation or disruption of operations caused by such loss or damage.
- b. Loss or damage caused by the reduction of function or usefulness, scope of use or access to information data, software or computer programming, as well as all operating losses due to the cessation or disruption of operations caused by such loss or damage.

Article 43. Wars, strikes, nuclear energy, terrorism, natural disasters, etc.

The Company does not compensate loss or damage directly or indirectly caused by war, invasions, the actions of foreign enemies, military actions (irrespective of whether war has been declared), civil war, armed resistance, revolution, uprisings, uprisings against the authorities, riots, strikes, military coups or coups d'état, martial law or siege or events or causes that are critical factors leading to a declaration of the entry into effect of martial law or siege conditions.

The Company does not compensate loss or damage or costs which are entirely or to some extent caused, directly or indirectly, or originate in or from:

1. Ionic radiation or pollution from any kind of nuclear fuel or nuclear waste or from the combustion of nuclear fuel.
2. Radiation, poisoning, explosions or other hazardous or polluting properties of nuclear stations, nuclear reactors, or any kind of nuclear equipment, or any parts of such stations, reactors or equipment.
3. Any form of weapons using atomic or nuclear fission or the fusion of atoms or nuclei or other similar nuclear reactions, radiation energy or other radioactive materials.

The Company does not compensate for loss or damages or costs directly or indirectly caused by biochemical or chemical pollution from any form of acts of terrorism irrespective of any possible interactive causes. **Acts of terrorism** include, but are not limited to, the use of force or violence and/or threats of such use, by a person or a group of persons, whether he or they work alone or on behalf or in connection with one or more organisations or governments, one or more, and which are performed for political or religious purposes, for idealistic or nationalistic purposes or for such reasons, including for the goal of having an effect on the government and/or to make the public, or a proportion thereof, fearful. **Pollution means corruption**, poisoning or restrictive and/or limiting effects on the use of items and materials due to chemical compounds and/or biological materials.

The Company does not compensate for loss or damage resulting from volcanic eruptions, earthquakes, landslides, snow avalanches, floods or other natural disasters. Property loss or damage resulting from natural disasters is compensated by the Iceland Catastrophe Insurance according to Act No. 55/1992.

Article 44. Provisions in the insurance policy

The provisions of the insurance certificate or of a policy renewal receipt take precedence over the provisions of the insurance terms. The provisions of the insurance policy, of the renewal receipt and of the terms and conditions take precedence over derogable legal provisions.

Article 45. Disputes

In the event of a dispute as regards this insurance policy, the dispute shall be resolved by an Icelandic court of law in accordance with Icelandic law unless otherwise stipulated by international agreements binding to Iceland. The Insurance Complaints Committee shall rule on any dispute concerning liability, fault and culpability as well as issues relating to Act No. 30/2004 on Insurance Contracts. The Insurance Complaints Committee is housed at the Financial Supervisory Authority. Application forms for a request for referral to the Insurance Complaints Committee can be accessed on the websites www.fme.is and www.sjova.is, as can further details regarding the scope of activities and procedures of both committees.

A procedure before the Insurance Complaints Committee will not limit the right of the referring parties to also refer the case to a court of law.

Article 46. Venue

The Company's legal venue is in Reykjavík. Any disputes arising against the Company due to this insurance policy shall be brought before the District Court of Reykjavík.

This document is an English translation of the original Icelandic insurance terms. In case of any discrepancy between this translation and the Icelandic terms, the Icelandic terms shall apply.

These terms and conditions are valid as of 1. May 2018