

Family Insurance 3 is the most comprehensive family insurance. It provides protection against common risk of loss or damages posed to individuals and families, such as damages to household contents or accidents during leisure time. The insurance is optional and is divided as follows:

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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 on page 3). 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 75 of the joint terms on the effects of increased risk.

Article 2. **What does the policy cover?**

The insurance covers the household contents, general and specific, that is the property of the insured parties and which is 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, DVD/Blue-Ray players 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 subject to registration, motor vehicles with motors larger than 5 kw not subject to registration, machinery subject to registration, caravans, trailer tents, boats or other items belonging to the said equipment. Such property can be insured separately. See also section on insurance for items used during leisure activities and pet insurance.

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. Loss or damage that only causes visual defects and does not diminish the usefulness of the insured item. 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%
Boats	1 yr.	10%
Specified leisure equipment	1 yr.	10%

Maximum deduction, however, is 70%. Compensation for loss or damage to any form of media for reproduction is limited to the price of new unrecorded media. 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.

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, smart phones 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.

Sentimental value and lost data is 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 parts 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. Moreover, the keys of vehicles not subject to registration must be 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 supplier 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 because of 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 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 checked="" type="checkbox"/>						
1) General contents, 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, minimum, however, of general own risk.	
	3) Watches & 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.		
Locked bicycles, vehicles not subject to registrations with motors under 5 kW, prams and strollers. Maximum compensation for an event of loss or damage to bicycles and vehicles not subject to registration is ISK 405,100 when the deductible has been deducted.					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
Damages to insured items caused intentionally, as well as to premises following a break-in, up to 5% of the insurance amount.	Damage or loss caused by water, oil or other liquids that leak suddenly and unexpectedly from pipes in the accommodation, water beds or fish tanks, not however, drains and gutters.	Damage or loss to the insured caused by storms 28.5 m/s and the damage is a result of the wind tearing off a roof, window or other part of a building.	Damage to freezers or refrigerators or the food they contain due to sudden and unexpected loss of power.	Damage to washing due to overheating of a washing machine or drier caused by faults in the washing machine or drier.	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.	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.	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.
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.	The insurance contract does not compensate: Damage or loss caused by external water such as ground water, 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, column M). Damage to water beds or fish tanks because of water flowing out of them, as provided for above.	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.	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 warranty of the seller of the freezer/refrigerator. Damage attributable to wear and tear or insufficient maintenance. Damage caused by the electricity supplier shutting off the electricity supply.	The insurance contract does not compensate: Damage to the washing machine or to the drier.	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/BlueRay player is involved. Damage caused while moving items about. Damages occurring outside the home of the insured. Damages resulting from spilt liquids.	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.	The insurance contract does not compensate: Loss or damage caused by avalanches nor loss or damage that results from construction defects.
Insured items: Covered <input type="checkbox"/> Not covered <input checked="" type="checkbox"/>							
Maximum 5% of insured amount in a) storage external to the accommodation building, b) sheds or garages.			Maximum 2% of the insurance amount for food in a freezer or refrigerator.	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).		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.	
Not in: a) storage external to the accommodation building, b) sheds or garages. c) outdoors.							
Own risk is 25% for each incident of damage. A minimum,							

however, of general own risk.							
Applies only to thefts from locked domestic premises and not from work sheds.							

SECTION 2. COMPREHENSIVE HOUSEHOLD CONTENTS INSURANCE

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 Articles 1 and 2 of the Household Contents Insurance and the Insurance for items for leisure activities.

Exempted risks

The insurance does not cover loss or damage of cash, securities, manuscripts, original drawings, coin collections and stamp collections. Exempted are 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 electrically 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 the amount deductible which is indicated in the insurance policy or in the renewal 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 pay concurrently compensation from the household contents or insurance for equipment of leisure time activities and comprehensive household contents insurance for the same single event of loss or damage.

SECTION 3. DEATH INSURANCE FOR PETS

Article 14. What pets are covered by the insurance?

Pet insurance covers all pets that are three months or older, are indoors at the home of the Policyholder in Iceland and which may be legally owned in Iceland.

Article 15. Payment of compensation

The Company pays compensation if a pet dies due to disease or injuries or if the pet must be euthanized for these reasons according to a veterinarian's ruling.

Article 16. How are benefits determined?

Compensation is based on the price of a comparable pet. Once the pet reaches the age of 4 years, the compensation decreases by 20% each year. Compensation therefore is not paid if the pet has reached the age of eight on the date of the loss or damage event.

Article 17. Exempted risks

No compensation is paid for euthanasiation due to:

- a. Aggressiveness;
- b. Hip dysplasia;
- c. Recognised genetic or congenital diseases;
- d. The instructions of the authorities or other comparable measures;
- e. Allergic reactions of insured family members.

No compensation is paid for loss or damages in the following instances:

- a. In the event of loss or damages occurring before the entry into effect of the insurance;
- b. In the case of commercial operations;
- c. When the pet is stolen or it runs away.

Article 18. Insurance amount – deductible

In each event of loss or damage, the maximum amount paid by the Company is the amount stated in the insurance policy or the premium receipt. The insured pays own risk in each case of loss or damage to the amount stated in the insurance policy or in the renewal receipt.

SECTION 4. INSURANCE OF EQUIPMENT FOR LEISURE TIME ACTIVITIES

Article 19. Where does the policy apply?

The insurance is valid in Iceland.

Article 20. What does the insurance cover?

Kayaks, rowing boats with or without outboard motors, RIBs and other comparable boats under 5 metres in length, canoes, sailboards, jetskis, microlights and hang-gliders without motors as well as microlights and gliders with or without motors, golf carts, mowing tractors, parachutes, diving equipment, horse-riding equipment, skiing equipment, fishing/angling equipment and golfing equipment together with personal protective equipment and clothing used in motorsports.

Article 21. Scope of coverage

Compensation is paid in accordance with rules in effect in the overview of the insurance coverage of household effects as applicable.

Article 22. Insurance amount – deductible

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. Deductibles in each case of loss or damage is the amount stated in the insurance policy or in the premium payment receipt.

Article 23. **Other provisions**

In other respects, the provisions of this household effects insurance shall apply to this insurance as applicable. The Company does not concurrently pay compensation from the household contents insurance/comprehensive household contents insurance and insurance for equipment of leisure time activities for the same single event of loss or damage.

SECTION 5. LIABILITY INSURANCE

Article 24. **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 25. **Scope of coverage**

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:

a. Liability for children

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.

b. Liability due to loss or damage to household effects

The Company compensates, irrespective of legal liability, for loss or damage that the insured cause to household effects while guests in private homes up to the insurance amount stated in the insurance policy or premium receipt. If the loss-bearer also bears some blame or responsibility, the compensation will be reduced accordingly.

c. Liability due to accident during golfing

The Company compensates, without prejudice to any statutory tort liability on the part of the insured, direct personal injury or property damage of items belonging to a third party that the insured may cause while playing golf on a golf course or on a practice area by a golf course. If the loss-bearer also bears some blame or responsibility, the compensation will be reduced accordingly.

The Company's liability due to each single insurance event is limited to the insurance amount specified in the insurance policy or premium receipt.

In the event that some other insurance applies to loss or damage pursuant to Items a, b or c of this Article, no compensation entitlement is established, cf. 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 or the loss of 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, machine subject to registration or animal or other pet.
- d. resulting from firearms for which the insured does not have a permit.
- e. caused by fire, water from firefighting services, smoke, soot or explosion.
- f. because of fines, court costs or other costs related to prosecutions.
- g. incurred by the insured as the owner of a property or a part thereof.
- h. because of demands made by the Icelandic Health Insurance (Sjúkratryggingar Íslands) or other public insurance institutions.

- i. that can be attributed to air pollution, ground pollution or 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.
- j. the Company does not compensate for loss or damage resulting from prolonged dampness or water leakage and/or mould and fungi.

Article 26. 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 27. Insurance Amount – own risk.

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 or 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 6. ACCIDENT INSURANCE DURING LEISURE TIME

Article 28. Where does the policy apply?

The insurance is valid globally. Notwithstanding the definition 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 29. 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. Medical expenses.
- b. Broken tooth.
- c. Temporary loss of work capacity.
- d. Permanent medical disability.
- e. 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 suffers due to motor vehicles registered in Iceland, nor accidents involving motor vehicles registered abroad where there are legal requirements to be insured in case of such accidents.

Article 30. Compensation for medical expenses

The Company pay medical expenses in Iceland resulting from a compensatable accident in exchange for the original receipts or payment slips. The maximum amount for medical expenses is stated in the insurance policy or premium receipt. However, the Company does not pay medical costs that the insured is repaid by the Icelandic Health Insurance (Sjúkratryggingar Íslands).

Article 31. 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 7.5% 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 11.5% 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 32. 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 33. 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%. 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 and 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 sixfold 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 34. **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 35. **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 36. 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, paralysis, 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 37. 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 38. 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. 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 39. 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 32, 33 and 34 of these terms.

SECTION 7. HOSPITALISATION INSURANCE**Article 40. Where does the policy apply?**

The insurance is valid globally.

Article 41. Scope of indemnity – insurance amount – payment of benefits

If the insured is hospitalised due to an disease, an illness or accidents, hospitalisation benefits will be paid from this insurance as further described in these terms, the insurance policy or premium receipt. Benefits are not paid if the consecutive stay in the hospital is shorter than 5 days and nights. Compensation will be paid only if hospitalisation occurs during the term of the insurance. Hospitalisation compensation is paid for the suffering and inconvenience caused by the hospitalisation and is determined on the basis of the number of days the insured stays in hospital. Compensation is paid as a lump sum after the hospital stay has ended on discharge and the amount is based on the amounts specified in the insurance policy or premium receipt having taken price changes into consideration. Double compensation is paid for the time that the insured is in an intensive care unit. The period of compensation is up to 26 for each hospitalisation. The waiting period is 5 days (120 hours) from admittance to hospital and compensation is only paid from and including the sixth day of hospitalisation. 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. 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 does not pay the cost of legal assistance or costs incurred due to an insurance event without the approval of the Company. Compensation is paid as a lump sum within fourteen days from the date that the Company receives acceptable documentation confirming its liability.

Article 42. Limitations on the liability of the Company

This Article described circumstances in which the Company cannot be held liable.

Pre-existing illnesses

Hospitalisation for illnesses the symptoms of which had first appeared before the insurance entered into effect.

Transition period

No compensation is paid if hospital admittance begins 90 days after the first effective date of the insurance policy unless the admittance is due to an accident occurring after the policy's entry into effect.

AIDS

All hospitalisations, directly or indirectly resulting from or in connection with:

Infections that involve, among other, antibodies in the blood to HIV or the AIDS virus or other similar or related diseases or syndromes. Disease or illness which directly or indirectly can be traced to such infection, disease or syndrome.

Congenital diseases

Any form of congenital physical abnormalities. Any types of diseases and birth defects.

Plastic surgery

All hospitalisations for plastic surgery unless such admittance is due to an accident occurring after the insurance became effective. The treatment must take place within, at most, 6 months after the accident and with the prior written approval of the Company unless the main purpose of the treatment is to rehabilitate the part of the body that suffered damage and that such physical condition is not in other respects exempted (such as pre-existing disease, congenital disease, etc.). Breast reconstruction that is performed as result of breast removal due to cancer is covered by the Insurance. Modifications of breast implants already in place are not covered by the insurance.

Dental procedures

All dental surgery or treatments, (including oral cavity surgery) and tooth extraction;

Dialysis

Treatment involving dialysis.

Epilepsy, mental illnesses or geriatric diseases, mental geriatric illnesses

Hospitalisation resulting from any form of epileptic fits or any type of anxiety, mental illnesses, senile dementia, Alzheimer, treatment in a psychiatric ward or psychiatric nursing home.

Childbirth

Pregnancy, foetal loss (except as the result of an accident), or childbirth and/or treatment related to pre-natal and post-natal birthing assistance, infertility, abortion or sterility operations and contraception including all problems relating thereto.

Suicide, sexually transmitted diseases (STDs), physical defects

Intentional self-inflicted injury or physical injury resulting from the criminal acts of the insured, suicide or attempted suicide by a mentally healthy mentally unsound person.

STDs, inebriation or birth defects, congenital physical defects or deformation, including physical and mental defects already in existence from birth or AIDS infection and all infectious diseases requiring isolation or quarantine by law.

Treatment not recommended by doctors

Hospitalisation that has not been recommended and is not considered medically necessary.

Stays at naturopathic centres

Stays at naturopathic centres

Hospitalisation due to diagnosis of disease etc.

Hospitalisation initially intended for diagnosis, x-ray or general medical examination.

Respite care and preventative procedures

Admittance to sanatoriums, bathing or respite care, admittance to naturopathic centres and comparable centres or hospitalisation for preventative purposes. Also mandatory admittance to rehabilitation facilities or to nursing homes.

Fluctuations in body weight

Medical treatment for obesity, weight loss, weight adjustment, overeating, anorexia.

Intent, negligence, etc.

Hospitalisation that can be traced to intent or the gross negligence of the insured, consumption of drugs, alcohol or other habit forming narcotic substances, participation in fist-fights or criminal acts.

Alcohol

Hospitalisation due to alcoholism, including treatment of all diseases which, in the opinion of the Company's consulting physician, is considered to be the underlying cause or the direct cause of the alcoholism.

Drug abuse, drug addiction

Hospitalisation due to drug abuse or drug addiction, which, in the opinion of the Company's consulting physician, is considered to be the underlying cause or direct linked to the abuse of drugs or drug addiction.

Risk-taking

All hospitalisations caused by the insured participating in the following risk related conduct: Mountain climbing, cliff rappelling, parachuting, bungee jumping, professional sports, speed sports, driving sports, diving requiring breathing equipment, boxing and flying, except when the insured is a passenger in a scheduled or charter flight operated by a party having the requisite aviation authority permits.

Competitive sports

Hospitalisation that can be traced to accidents suffered by those age 16 and older in competitions or during training sessions in preparation for competitions.

Article 43. Age limits

This insurance does not apply to persons aged 60 or older.

SECTION 8. PAYMENT CARD INSURANCE**Article 44. Where does the policy apply?**

The insurance is valid in Iceland and during trips abroad.

Article 45. Scope of cover

The insurance will pay compensation up to the amount specified on the insurance certificate or premium receipt during the period of insurance for losses incurred as a result of the loss of a payment card by the insured that is fraudulently used by an unauthorised party. Compensation is conditional on the insured having followed the rules and procedures of the issuer of the payment card to their full extent and on his or her having immediately notified the issuer concerning the loss.

SECTION 9. LEGAL ASSISTANCE

The purpose of the Legal assistance insurance is to pay legal costs incurred in civil suits. A pre-condition of insurance coverage is that the insured seeks legal assistance. The attorney shall inform the Company when accepting the case and before further steps are taken. The attorney may, however, proceed in matters of urgency. The Company is under obligation, on the basis of available information, to announce whether the case as such is covered or not.

Article 46. Scope

The insured may enjoy legal assistance if the events or issues that form the basis of the claim:

- a. Occur in the Nordic countries.
- b. Occur outside the Nordic countries while the insured was travelling and the dispute concerns the insured as a tourist.

Article 47. What does the policy cover?

The insurance covers disputes concerning the insured as an individual which may be resolved by a district court in Iceland or, after a ruling by a district court, may be referred to the Supreme Court. If the dispute is of such a nature that it cannot be brought before a court of law except on the conclusion of legal action in another venue, the insurance contract covers only the costs incurred on the conclusion of such legal action. The insurance contract also covers a retrial, although only when the retrial is permissible.

The insurance does not cover criminal prosecutions or actions that can be ruled upon only by the executive branch or by special courts.

Article 48. When can legal assistance be requested?**Principal rule**

Legal assistance may be requested if the insurance is in force when a dispute arises and has been in force for at least two consecutive years. The insurance need not have been with this Company the entire time. If the insured has had a comparable insurance with another company, such insurance will be taken account of to his advantage.

If the insured has not had the insurance for two years

If the insured has an insurance when the dispute arises, but has not had it for two years, the insured may nevertheless receive legal assistance if the events or the issues underlying the claim occurred after the Legal assistance insurance came into force.

If the insurance is no longer in force

If the insured no longer has legal assistance Insurance or comparable insurance when a dispute arises, the insured can nevertheless be recompensed for legal assistance from this insurance if it was in force when the events or issues that form the basis of the claim occurred and no more than four years have elapsed since those events or issues occurred.

Article 49. The insurance does not cover disputes, cases or petitions:

- a. In cases involving legal divorce or cases that may arise in connection with divorce cases. The same applies to cases relating to legal separation and other matters concerning disputes about the custody of children and access rights.
- b. Concerning the employment or performance in an official capacity, including cases concerning work-related accidents.
- c. That relate to commitments into which the insured has entered.
- d. That relate to financial measures that are unusual or on an exceptionally large scale for an individual or exist because one individual provides guarantees for another.
- e. That relate to claims or other demands that the insured has assigned.
- f. Concerning the insured as the owner of real estate property.
- g. That relate to the insured as the owner, user or operator of a motor vehicle, caravan or other trailer, aircraft, ship, steamship, motorboat or sailboat.
- h. That relate to compensation or other claims concerning conduct leading to suspicion or indictment against the insured because of a culpable offence.

- i. Concerning cases involving bills of exchange against the insured where the claim is uncontested or incontestable, and cases relating to bankruptcy agreements or composition where the insured himself is insolvent or seeks composition.
- j. If there are no legitimate interests served by obtaining a judgment in the case. Such interests would not be considered to be present, for instance, if an application for legal aid has for some reason been denied or the granting of legal aid has been cancelled.
- k. Concerning matters of dispute between the insured and the Company (Sjóvá-Almennar tryggingar hf.)

Article 50. Choice of litigation lawyer

It is a pre-condition for the liability for compensation that the insured has sought the assistance of an attorney who will take the case. The insured is responsible for appointing an attorney from among the members of the Icelandic Bar Association.

An attorney may not represent himself without the consent of the Company.

Article 51. Scope of coverage

The Company will, in connection with each case of loss or damage, pay the necessary and reasonable legal fees and legal costs that the insured cannot reclaim from the opposing party or from the state. This means i.a. that the Company does not pay if the insured surrenders the opportunity to collect compensation from the counterparty with or without legal action. The insured is duty bound to try to reclaim legal costs from the Authorities, by e.g. applying for legal aid, except where it is clear that the insured does not meet the necessary requirements. The Company may set the requirement for the payment of compensation that the insured bring any dispute concerning the reasonableness of an attorney's remuneration before the Lawyers' Disciplinary Committee of the Icelandic Bar Association in accordance with Article 26 of the Lawyers Act No. 77/1998. The Company will pay the case fee in such cases. Compensation from this insurance will be paid when the dispute has been settled.

The Company pays:

- a. Attorney's fees and expenses.
- b. The cost of producing opinion reports, if the insured's attorney requests an opinion report before the matter goes to court or if it is clear that a judgment will not be forthcoming without such an opinion report. The cost of obtaining opinion reports, however, is not paid until after the dispute has been settled.
- c. Costs incurred by obtaining witness testimonies or in presenting other evidence before courts of law or tribunals.
- d. Court expenses.
- e. Legal costs that the insured is ordered by the court or the tribunal to pay to the opposing party at the conclusion of the case.
- f. Legal costs that the insured agrees to pay to the opposing party as part of a court settlement when it is clear that the court would have imposed higher legal costs if the case had proceeded.

Compensation is not paid to the insured for:

- a. The insured's own work, loss of earnings, travel and accommodation expenses or other expenses of the insured.
- b. The enforcement of a judgement, ruling or settlement.
- c. Additional costs incurred by appointing extra attorneys or by replacing attorneys.
- d. Payments to arbitrators.
- e. Additional costs resulting from the insured or his/her attorney being guilty of negligence in the conduct of the case or having, in any other respect, exhibited negligence.

Article 52. Insurance amount and deductible

In each event of loss or damage, the maximum amount paid by the Company is the amount stated in the insurance policy or the premium receipt. In each case of loss or damage, the insured party's deductible is 20% of costs. Deductibles in each case of loss or damage is the amount stated in the insurance policy or in the premium payment receipt. In matters of dispute relating to financial interests, however, compensation can never be greater than the value of the interests to which the dispute relates.

It is to be considered a single case of loss or damage if the insured parties proceed jointly in a legal dispute or litigation. If the insured is involved in further legal disputes, then such disputes shall be considered to be a single case of loss or damage provided that the asserted claims arise essentially from the same facts.

If the insured is entitled, in a single event of loss or damage, to compensation in accordance with Article 48 from numerous insurances from one or more insurance companies, such compensation is limited so that the sum of the compensation and compensation from other insurances is not greater than the maximum compensation amount stated in the insurance policy or premium receipt.

Article 53. Recourse

Insofar as compensation under this insurance policy has been paid, the Company will acquire the right of the insured to receive legal expenses from the opposing party or from the state.

10. TRAUMA COVERAGE – EXPERT ASSISTANCE

Article 54. Scope of cover

The insurance pays the cost of specialist support if the insured has suffered a mental shock or suffers from mental illness as a result of any of the following events to which Family Insurance 3 applies and which may arise during the insurance period.

- burglary in the home of the insured
- robbery, i.e. the seizure of insured effects with physical violence or threats of immediate violence
- death or serious accident
- serious fire damage

Article 55. Scope of coverage

The insurance pays the cost of up to four hours of counselling treatment. The treatment must take place within six months from the date of loss or damage. Cost refers to payment to specialists for psychotherapy. The cost of travel to and from a specialist is not paid. Mental trauma or mental illness refers to a condition that was not pre-existing before the loss or damage and which is of such a nature that it is not considered to improve without the external assistance of a specialist.

The approval of the Company must be obtained before assistance is sought.

Article 56. Limitations to the scope of the insurance

The Company does not pay the cost of psychotherapy if any of the co-insured is responsible for the loss or damage or in cases where the insured is subject to criminal liability according to Icelandic law.

SECTION 11. TRAVEL INSURANCE

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

Article 57. Scope

The insurance pursuant to the following terms is generally valid during leisure time and during work if this involves business transactions, conferences or theoretical courses. The insurance is valid during international travel for up to 92 consecutive days of travel from the day of departure from Iceland until the return to Iceland. The insurance is not valid when the insured is studying or working abroad if the duration of study or employment is longer than 92 days. However, the insurance contract is valid during travel to and from Iceland.

Article 58. Scope of cover

This insurance includes:

- Medical expenses insurance
- Disruption of travel
- Travel expenses of other parties
- Reimbursement of travel expense
- Security service and emergency assistance
- Luggage insurance
- Luggage delay insurance
- Cancellation insurance

in accordance with further provisions in these terms.

Article 59. Definitions

For the purposes of these insurance terms, the following definitions shall apply:

The insured means the person who is entitled to compensation, in such event, as is also provided for in the definition contained in the introductory text to these terms and conditions. Also insured are the policyholder's children and/or those of his spouse (cohabiting partner) who are younger than 16 years of age, even though they may have a different registered domicile from that of the policyholder, when they are travelling abroad in the charge of the policyholder and/or his spouse.

The **insurance amount** means the amount stated in the insurance policy or premium receipt for different compensation items.

Travel expense means the cost of travel tickets and/or accommodation.

Living expenses means the costs incurred for accommodation and transport, and other expenses deemed necessary by the Company. Food expenses are not classified as living expenses.

Close relative refers to the spouse, registered domestic partner, fiancé(e), child, grandchild, parent, sibling parent-in-law, children-in-law or grandparent of the insured.

Close professional associate refers to a business partner of the insured or a person for whom the insured acts as a substitute.

Transport accident involving goods refers to an accident involving public means of transport and causing damage to insured property. It also refers to damage to property in the custody of a carrier engaged in such transport.

A **light motorcycle** is a motorcycle whose motor is small enough that the driver is not required to have a licence.

Article 60. Medical expenses**Medical expenses during travel abroad**

The Company will pay compensation of up to the insurance amount for an accident or illness sustained by each covered individual.

The Company pays compensation for the following:

Physician and specialist costs, hospitalisation, nursing, medication, and treatment according to a medical certificate from the healthcare institution concerned, in the event that the insured becomes ill or sustains an accident while travelling. Ambulance service in the country where the accident or illness occurs and the necessary extra accommodation and costs for the journey home, in consultation with SOS INTERNATIONAL. Cost of necessary dental care following a verifiable accident or in order to relieve suffering. Transport of the earthly remains of the insured to Iceland. SOS INTERNATIONAL shall be notified as soon as possible of a serious accident or illness sustained by the insured while travelling abroad.

Article 61. Travel interruption

The Company will pay necessary additional expenses, up to the insurance amount, for a return trip to Iceland if the insured is obliged to curtail his or her stay abroad due to:

- a. The death, serious accident or sudden serious illness of a close relative of the insured who resides in Iceland.
- b. Substantial property damage to the insured's home or private business which necessitates the presence of the insured.

The Company does not compensate for the unused portion of travel expenses, nor does it compensate for new travel in place of the interrupted trip.

Article 62. Travel expenses of other parties**The Company pays:**

Necessary travel and accommodation expense, up to the insurance amount, for a close relative or friend of the insured who stays with the insured or accompanies him back home, upon the advice of a physician and in consultation with SOS INTERNATIONAL or the Company, because of a serious accident or illness sustained by the insured. Necessary travel and accommodation expense, up to the insurance amount, in consultation with the Company, for a close relative or friend of the insured who travels from Iceland or the insured's country of residence and back home because of a serious accident or illness sustained by the insured.

Article 63. Reimbursement of trip

The Company reimburses proportionally up to the insurance amount of the non-recoverable travel expense of the insured, for that part of the trip that the insured is unable to use because he or she is required, in

accordance with written medical instructions and with the approval of the Company and SOS INTERNATIONAL, to interrupt his or her trip and return home, or must be hospitalised, because of a serious illness or accident. The insurance does not cover trips of a duration of 5 days or less. Compensation is only paid for the patient and the insured parties who must interrupt their travels and accompany the patient home.

Article 64. Limitations to liability with respect to Articles 60–63

The Company does not compensate:

- a. Expenses that are paid according to a reciprocal medical insurance agreement.
- b. The cost of treatment or follow-up treatment in Iceland.
- c. Claims for any type of accident, illness, or disease from which the insured has suffered for which he or she has received medical care and/or treatment during the six months prior to the payment of the confirmation fee for the travel.
- d. **Loss or damage that can be attributed to the fact that the insured:**
 - a. Could expect to give birth to a child before returning home or within two months of the return date, or
 - b. Was travelling in defiance of the advice of a practising physician, or with the intention of seeking medical treatment abroad.
- e. expense due to any kind of illness or disease from which a close relative or close business associate was suffering when the confirmation fee for the trip was paid.
- f. medical bills submitted more than twelve months after the insurance event.

Article 65. Luggage insurance

The insurance covers damage to luggage and personal property due to fire, theft, burglary, robbery, vandalism, or transport accidents. The insured must take the utmost care in safeguarding the insured item. The Company pays compensation for the loss or damage of private property which the insured has when travelling. Compensation is paid in accordance with the rules that apply to the household contents insurance. The total compensation can never exceed 10% of the insurance amount of the household contents insurance. Compensation with respect to any single item is limited to 10% of the insurance value of the luggage insurance. The insured, however, always bears the own risk indicated in the insurance policy or in the renewal receipt.

Exempted risks

The insurance contract does not compensate:

- a. Damage caused by moths, vermin, atmospheric conditions, weather, normal wear and tear or damage that does not impair the utility of the insured property.
- b. Damage to luggage due to liquids, food and other contaminating substances carried in luggage, except in the case of an accident involving public means of transport.
- c. Loss due to damage to sports equipment during use.
- d. Loss deriving from confiscation or impoundment of property by customs officers or other authorities.
- e. Loss of postage stamps, manuscripts, documents, cash or any kind of securities.
- f. Loss due to luggage damaged in the custody of an airline or other carrier.
- g. Loss or damage due to insufficient or poor packaging.
- h. Loss or damage to items that any of the insured lose, drop, forget, mislay or leave unattended in public places or in unlocked living quarters, storages, vehicles and boats.
- i. Loss of items stolen from unlocked suitcases.
- j. Loss to property that is stolen from or disappears from locked dwellings, storage facilities, vehicles, or boats without proof of burglary.
- k. Loss to camping equipment while in use, due to damage and/or theft, and loss of luggage stored in tents.
- l. Loss stemming from theft or burglary that the insured has, intentionally or through negligence, neglected to report to the police within 24 hours of the time the loss occurred or was discovered.
- m. Loss due to fire, unless a motor vehicle or building has caught fire.
- n. Loss or damage of bicycles stored outdoors.

In order to receive compensation, the insured must take the necessary action to prove that the loss incident took place. The appropriate authorities shall be notified of the theft, robbery, or burglary, and a report on the incident must be obtained. Furthermore, the loss incident must always be reported to the tour guide, hotel

and vehicle rental agency. Losses occurring during transport shall be reported immediately to the carrier, and a report on the incident must be obtained.

Article 66. Delayed luggage

In the event that the insured does not receive his luggage within 8 hours of arrival at the destination, due to delays or incorrect processing, compensation shall be paid for the purchase of necessary items for each insured party aged 16 and above. Compensation is paid to children under 16 years of age if they are travelling without a parent or legal guardian. The amount specified in the Insurance Policy is paid for every hour exceeding an 8 hour delay for up to 10 hours. The person suffering the loss must submit to the Company a written confirmation of the delay from the carrier, stating explicitly the duration of the delay. Compensation is not paid for delayed luggage when the insured is returning home. Compensation is not paid if the delay occurs because the insured scheduled a connecting flight within a time limit narrower than the minimum set by the airline/airport in question and an observation to this effect is noted when the reservation is made. Payment of compensation according to this Article does not require the presentation of invoices for cost outlays.

Article 67. Cancellation insurance

The Company will compensate for prepaid travel costs, or costs for which prepayment has been negotiated and which is non-refundable, up to the insurance amount for a journey that the insured unable to take if the reason is one of the following:

Death, bodily injury, illness, childbirth, or quarantine of the insured, subject to confirmation by a practising physician.

A close relative or a close professional associate:

- a. Dies.
- b. Suffers serious physical injury or succumbs to a serious illness, provided that this is certified by a practising physician.

Witness duty before a court, cancellation due to professional engagements that the insured cannot be excused from undertaking in accordance with legislation on mandatory quarantine, or prevention of travel because of official restrictions due to an epidemic.

Substantial property damage to the insured's home or private business, which necessitates the presence of the insured.

Disturbance leading to a delay of at least 12 hours in the scheduled departure of a public means of transport used by the insured on travel abroad, according to the itinerary provided to the insured.

The means of transport is hijacked.

If the insured pays a special cancellation fee to a travel agency, or if such a fee is collected from him when he purchases the trip, the cancellation insurance of the travel agency concerned replaces the cancellation insurance according to these terms. Medical certificates must be presented on forms issued by the Company for this purpose. The above incidents shall be of such a nature as to make the cancellation of the reservation unavoidable.

Compensation according to the present Article is paid for cancellations that come to pass during the time prior to departure from the insured's home.

Exempted risks

The insurance contract does not compensate:

1. Loss resulting from any kind of illness or disease from which any of the insured family members was suffering and for which they were receiving treatment at the time the confirmation fee for the trip was paid. Treatment means any form of therapy intended to improve or maintain physical or mental health, such as physician's visits, use of medicinal products, rehabilitation, counselling, interviews, special foods, alternative medical treatment, etc.
2. Loss or damage deriving directly or indirectly from the following:
 - a. Directives issued by governmental authorities (except those regarding mandatory quarantine).
 - b. The omission or negligence of entities responsible for transportation or accommodation or the omission of the agent responsible for the arrangement of the journey.
 - c. The insured's reluctance to travel or his poor financial situation.
 - d. Expenses that should be paid by a travel agency, hotel or airline.
 - e. Changes to the planned summer holiday period.

- f. Extra charges added by a travel agency, leading to an increase in the basis for its tariff.
3. Loss or damage resulting from neglecting to inform the travel agency or the entity organising the transportation craft or accommodation that it has proved necessary to cancel the journey.
4. Loss or damage resulting from the failure of the insured to register for departure according to the travel schedule provided to the insured, provided that no changes to the scheduled time have been confirmed by the airline or travel agency;
5. Loss or damage resulting from an aircraft or vessel being temporarily removed from service or removed in another manner according to the decree of a public entity.
6. Loss due to a strike which it was known, at the time the confirmation fee for the trip was paid, would commence before departure.
7. Loss due to financial difficulties or bankruptcy of a travel agency and/or other such parties organising passenger transport.

Article 68. **General limitations on liability**

The Company does not compensate:

Loss or damage exempted according to items a., b., c., d. and e. in Article 35 of the insurance.

Loss resulting directly or indirectly from automobile and motor sports or the use of motorcycles, whether the insured is a driver or a passenger. The restriction on motorcycles does not apply, however, to the use of a light motorcycle rented during travel covered by this insurance.

Loss or damage that directly or indirectly results from suicide, mental illness, self-inflicted injuries, fist fights, participation in a criminal offence, the abuse of drugs, consumption of controlled substances, alcohol, sexually transmitted diseases or loss or damage resulting from the insured exposing himself to unnecessary risk.

SECTION 12. GENERAL PROVISIONS

Article 69. **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 70. Breach of duty to inform – fraud and false information
Information concerning the risk**

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

In the event that the policyholder 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 71. The premium – due date – defaults – settlement on the cancellation of the contract during the insurance period

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 72. 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 50 123 of Act No. 30/2004.

Article 73. 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.

Article 74. 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 paying compensation from the insurance is that the established precautionary principles have always been followed.

If the insured has neglected to comply with the precautionary principles or other instructions contained in the insurance contract, the liability of the Company 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 75. 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 76. 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 77. Time limit to notify of loss or damage – expiry

The insured forfeits the right to compensation if:

1. He does not notify the Company of his claim within one year from the time when he became aware of the event which gave rise to the claim.

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 78. **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 79. **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, cf. item b of the second paragraph of Article 29 of Act No. 30/2004.

Article 80. **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 Company that compensates the loss or damage may demand proportional reimbursement from the other companies. This provision does not apply to holiday accident insurance.

Article 81. **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 82. **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 83. **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, 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 84. **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 85. **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 86. **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 2. June 2017