

Life Insurance L5

The Insurance Contract

This insurance is subject to the terms and conditions stipulated in the following documents:

- the insurance policy
- the insurance terms, i.e.:
 - any special terms that might be stated in the insurance policy
 - these present terms
- Act No. 30/2004 on Insurance Contracts

The insurance policy contains further details of the insurance contract, which are not referred to in these present terms. The provisions of the insurance policy certificate expand, limit or further define the scope of the insurance in respects not provided for in these terms. These terms shall apply to the insurance in respects other than stated in the special terms and conditions.

In the event of any inconsistency between different provisions concerning the same subject matter, the provisions of the insurance policy and renewal certificate shall supersede the insurance terms. The special terms, however, shall at all times supersede the general terms. The provisions of the insurance policy, of the renewal receipt and of the insurance contract terms take precedence over derogable legal provisions.

Term definitions

- The Company:** Sjóvá-Almennar líftryggingar hf.
- Policyholder:** the person who has entered into an agreement with the Company
- The insured:** the person insured
- Right of regret:** the insured has 30 days to terminate the insurance after it enters into effect. If the insurance is terminated within this period, the insured is under obligation to pay a premium for the time that he was insured.
- Spouse:** in these terms, the word spouse means the party with whom the insured lives in a state of matrimony or confirmed cohabitation. This term does not include a cohabiting partner.
- Beneficiary:** anyone having a claim for the payment of compensation.

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Article 1 Effective term – Premium – Due date – Defaults – Settlement on the cancellation of the contract during the effective term of the insurance

Effective term

The Company's liability is initiated when the Company has received a completed and signed insurance request as well as other necessary information and documentation in order to be able to issue an insurance policy complying with the Company's rules regarding risk assessment and reinsurance. The effective term of the insurance is stated on the policy certificate.

The insurance remains in effect from the date of issue to the time specified in the policy certificate but not, however, for longer than until the insured reaches the age of 70.

Premium

The policyholder 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 is a minimum of one month from the date that the Company sent notification for payment to the policyholder.

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.

Defaults

If the premium remains unpaid at the end of the grace period, the Company may send a new notification requiring payment within 14 days, stating the legal effect that if payment is not effected within 14 the insurance may be void.

Right to revive a life insurance without new information on health

If the insurance has been in effect for at least one year and the Company's liability has been cancelled due to arrears, a request may be made, according to Article 97 of Act No. 30/2004, to have the insurance revived without having to submit new health information. The conditions for reviving the insurance are that a special request to such effect has been submitted and that the premiums that are in arrears are paid, within three months from the date that the 14-day grace period according to the reminder notice expired. If the insurance is revived, the Company's liability begins on the day after the above conditions were met.

Settlement if the contract is terminated during the effective term of the insurance

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. This does not apply when an insurance event has occurred during the insurance period that conveys the right to payment of the insurance amount. The Company, however, does not refund the premium for the first three months after the issue of the insurance.

Article 2 Scope of coverage

The Company pays the beneficiary compensation if the insured dies during the effective term of the insurance.

Article 3 Beneficiary

The right to payment of the insurance amount is governed by the rules Chapter XV of Act No. 30/2004.

In the event that the policyholder/insured has not allocated rights according to the insurance agreement by nominating a beneficiary, whether through assignation or pledge, the rules of Article 100 of Act No. 30/2004 shall apply. The insurance amount is then paid to the spouse of the insured. If the insured does not leave a spouse, the insurance amount will be paid to the inheritors of the insured according to law or a will.

If the policyholder requests that the insurance amount be paid to specific named individuals or other beneficiaries, an agreement between the policyholder and the Company must be reached thereto. Information on the nomination of beneficiaries is recorded in the insurance policy.

Article 4 Limitations to the Company's liability

If the insured takes his own life within one year of when the insurance last entered into effect, the Company is free of liability.

Article 5 Breach of duty to inform – Fraud and false information**Information concerning the risk**

If the policyholder or the insured has fraudulently neglected the obligation to report to Sjóvá 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, as provided for in 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 83 of Act No 30/2004.

Information provided for the settlement of insurance benefits

Anyone who intentionally provides false or insufficient information when settling an insurance claim shall forfeit any right against the Company pursuant to this present and other existing insurance contracts relevant to the insurance event in question, as provided in the second paragraph of Article 120 of Act No. 30/2004. In such case, the Company may terminate all its insurance contracts with the person involved, with one week's notice.

Article 6 Surrender value and loans

This insurance has no surrender value and does not convey any rights to loans from the Company.

Article 7 Payment of the sum insured

The Company is to be notified of the demise of the insured without undue delay.

The compensation amount is based on the insurance amount in effect on the date when the death occurred, with the monthly amendments that may be made to the insurance amount using the consumer price index for price indexation from the date of death to the date of notification.

Compensation is paid within fourteen days from the date that the Company receives acceptable documentation, including a death certificate from a physician, confirming its liability. Insurance amount interest is subject to Article 123 of Act No. 30/2004.

The Company pays the cost of obtaining any medical certificates that the Company deems necessary to process the case and which are obtained at its request. 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 8 Lapse of claim

Compensation claims under this insurance policy will expire in accordance with the provisions of Article 125 of Act No. 30/2004.

Article 9 Waiver of premium

If the insured loses at least half of his work capacity during the effective term of the insurance, due to accident or illness, he is entitled to a decrease in premiums while such condition lasts but not longer, however, than for five years. The right to waiver of premium expires upon the insured reaching the age of 65. The waiver begins six months after the loss of capacity was assessed. Complete loss of capacity provides the right to full premium discount, while a 50% or greater loss of capacity provides the right to a proportionate premium discount.

Requests for waiver of premium must be submitted to the Company in writing on the appropriate form together with the necessary documentation for evaluation of loss of capacity to work, at no cost to the Company. The Company will use the insured's ability to undertake his former work, and the possibility of undertaking other work, as the basis for the evaluation of the loss of capacity to work.

Waiver of premium is never granted for a period longer than one year retroactively from the time the request for a discount was delivered to the Company. During such time as the insured enjoys a waiver of premium, he is under obligation to provide the Company with the necessary health information together with other information and to attend medical examinations as needed, at the Company's expense. The insured is under obligation to immediately notify the Company if he regains his capacity to work in part or in full.

The insured does not acquire the right to waiver of premium if his loss of capacity is directly or indirectly caused by:

- a. war, riots, civil disturbances, strike actions or other similar incidents; the same applies to any damage attributable to nuclear power, ionising radiation and radioactive materials.
- b. acts of terrorism, any form of biological or chemical effects and/or toxic effects, including due to bacteria and viruses.
- c. illness that the insured had, or had symptoms of, before the entry into effect of the insurance, or for the consequences of an accident that occurred before the entry into effect of the insurance.

If the loss of capacity can be attributed to conduct that is evaluated as the insured's gross negligence or intent, such as the abuse of alcohol, addictive drugs or toxic substances, or due to participation in a punishable offence, the insured will not be entitled to waiver of premium. In the case of an intentional act, the Company is not liable, as provided for in Article 89 of Act No 30/2004.

In the case of gross negligence, the liability of the Company may be reduced or cancelled, as provided for in the first paragraph of Article 90 of Act No. 30/2004.

The provisions of Article 5, on violations of the duty to provide information, fraud and incorrect information also apply to waiver of premium as appropriate.

The Company informs the insured of its decision on the waiver in writing.

As regards waiver of premium in other respects, the general terms of the insurance apply as appropriate.

Article 10 Change in the sum insured and premium

The effective amount of insurance coverage is indicated in the insurance policy and in the renewal receipt.

The policy also states whether the sum insured changes with age. If so, the age of the insured at which the change occurs is also recorded in the policy, and the sum decreases annually from that time (at 12 noon on the next renewal date) in accordance with rules approved by the Financial Supervisory Authority. The calculation of the decrease is based on the premium remaining unchanged in real terms between years. In general, however, the insurance premium is governed by the age of the insured and changes annually on the renewal date.

Article 11 Indexation

The effective insurance amount and premium pursuant to Article 10 changes on the renewal date. The change shall be the same proportion as the ratio between the current consumer price index at the beginning of the insurance year and the base index of the policy certificate.

Within each insurance year, the insurance amount increases on a monthly basis in accordance with changes to the consumer price index for price indexation. Calculations are based on the index of the month before the insurance or the increase in the insurance amount comes into effect. In the event that consumer price index decreases, this will not have the effect of decreasing the insurance amount. If the premium is paid more often than once a year, the later payments will change in the same manner as the amount.

Article 12 Change in premium basis

The Company reserves the right to change the premium listing if a general increase in risk occurs or the general conditions of the insurance reveal themselves to be different from what was expected in the insurance's technical provisions. All such changes would be submitted to the Financial Supervisory Authority before coming into effect.

Article 13 Cancellation rights during the effective term of the insurance policy

The Company may terminate the insurance if any of the following circumstances apply:

1. With 14 days' notice if incorrect or unsatisfactory information is provided about the risk, cf. 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, cf. Articles 84 and 76 of Act No. 30/2004.

The policyholder may terminate the contract at any time according to the first paragraph of Article 75 of Act No. 30/2004.

Article 14 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 that relate 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, as well as further details regarding the scope of activities and procedures of the Committee are available at the offices of Sjóvá and the Financial Supervisory Authority (FME).

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 15 Venue

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

Article 16 Obligation of confidentiality – Protection of personal information

All information relating to the insurance will be treated as confidential.

According to Act No. 77/2000 on the Protection of Privacy as Regards the Processing of Personal Data, any person whose personal data has been recorded is entitled to receive information from the Company regarding the processing of such personal data. Furthermore, such person has the right to have the Company correct any false, misleading or insufficient information that has been recorded.

The Company will use the personal data it has collected for this insurance policy only for the evaluation of insurance requests, with the purpose of assessing the need for insurance coverage; for providing the policyholder with advice when selecting the type of insurance coverage needed; when settling insurance claims; for providing the insured with information; and in other normal operations of the Company.

The Company places great importance on security and confidentiality in the handling of personal data. Information regarding the Company's clients will not be delivered to any third party except by means of a clear power of attorney, in accordance with provisions of law or by a court ruling.

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 effective as of 15 April 2010.