

## Life Insurance

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### 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
- the Act on Insurance Contracts No. 30 of 2004.

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 shall supersede any permissive legal clauses. The Insurance Policy Special Terms shall expand, restrict or modify the scope of this Insurance Contract beyond what is directly stated in these Present Terms. Above and beyond what may be stated in the Insurance Policy Special Terms, the provisions of these Present Terms shall apply to the Insurance Contract.

If there is any inconsistency between different provisions concerning the same subject matter, the provisions of the Insurance Policy shall supersede the Insurance Terms, and the Special Terms shall supersede any general provisions, provided, however, that specific rules shall at all times supersede general rules.

### Definitions of concepts and terms

The insurer: means Sjóvá Almennar líftryggingar hf.

Policyholder: the one entering into an agreement with the insurer.

The insured: the one who is insured.

Right of regret: the insured has 30 days to terminate the insurance after it enters into force. If the insurance is terminated within this period, the insured is obligated 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 word does not include a cohabitation partner.

Beneficiary: anyone having a claim for the payment of compensation.

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## **Art. 1 Validity period – premium – premium payment date – arrears – settlement upon dissolution of the agreement during the insurance period**

### Validity period

The insurer's liability begins when it has accepted a filled-out and signed insurance application and other necessary information and certificates so that it is possible to issue a policy in accordance with the insurer's rules on risk assessment and reinsurance. The validity period of the insurance is recorded on policy.

The insurance is valid from the date of issue to the time specified in the insurance policy although not longer than to the insured's age of 70.

### Premium

The policyholder shall pay a premium to the insurer. The first premium's payment date is the date that the insurance enters into force. Later premiums are due on the first day of each renewal period. The payment period shall be at least one month from the date that the insurer sent a notice of payment to the policyholder.

A demand for payment of premium will be sent to the policyholder at the address he has notified the insurer of. Sending a notice or a payment slip is the equivalent of a demand for payment.

The insurer shall be notified immediately of changes of address.

### Arrears

If a premium is not paid at the end of a payment period, the insurer can send a new notice demanding payment within 14 days. If the premium is not paid within 14 days from the date of the notice, the insurance is immediately cancelled, cf. Art. 96 of Act No. 30/2004.

### Right to revive life insurance without new information about health

If the insurance has been in force for at least one year, and the insurer's liability is cancelled because of arrears, the insurance may be revived as term life insurance under Art. 97 of Act No. 30/2004 without new information about health if the unpaid premium is paid within three months from when the 14-day payment period expired.

### Settlement if agreement is dissolved during the insurance period

If an insurance agreement that shall be valid for one year or longer is terminated during the insurance period, the insurer has a right to a proportional premium, based on the time that the insurance was in force. This does not apply when an insurance event has occurred during the insurance period that conveys a right to payment of the insurance amount. Nevertheless, the insurer does not refund the premium for the first three months after issue of the insurance.

## **Art. 2 Scope of compensation**

The insurer pays the beneficiary compensation if the insured dies during the validity period of the insurance.

## **Art. 3 Beneficiary**

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

If the policyholder/insured has not allocated rights in accordance with the insurance agreement by nominating a beneficiary, assignee or pledge, the rules of Art. 100 of Act No. 30/2004 apply. The insurance amount then goes to the insured's spouse. If the insured is not survived by a spouse, the insurance amount goes to the insured's heirs in accordance with the law or a will.

If the policyholder requests that the insurance amount be paid to specific named individuals or other beneficiaries, it is necessary to make an agreement on this with the insurer. Information about designated beneficiaries is recorded in the insurance policy.

**Art. 4 Limitation of insurer's liability**

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

**Art. 5 Violation of duty to inform – fraud and wrong information**

Information about risk

If the policyholder or the insured fraudulently neglects the duty to inform of an event that could be significant for the insurer's evaluation of risk, and an insurance event has occurred, the insurer has no liability, cf. paragraph 1 of Art. 83 of Act No. 30/2004.

If the policyholder or the insured has otherwise neglected the duty to inform to an extent deemed not immaterial, the insurer's liability is cancelled in whole or in part, cf. paragraph 2 of Art. 83 of Act No. 30/2004.

Information upon settlement of benefits

One who purposely provides wrong or inadequate information when settling insurance benefits loses all rights vis-a-vis the insurer under this and other insurance agreements because of the specified insurance event, cf. paragraph 2 of Art. 120 of Act No. 30/2004. In such instances, the insurer can terminate all of its insurance agreements with the party involved with one week's notice.

**Art. 6 Repurchase and loans**

This insurance has no repurchase value and does not convey a right to loan taking with the insurer.

**Art. 7 Payment of the insurance amount**

The insurer shall be notified of the death of the insured without delay.

The payment date of the insurance amount is 14 days after receipt of sufficient proof, including a death certificate from a doctor, of the insurer's duty of payment.

Interest on amounts of compensation is governed by Art. 123 of Act No. 30/2004.

The insurer pays the cost of information that it deems necessary to process the case, and which is obtained at its request. The insurer, without its prior approval, does not pay the costs of legal assistance or other costs incurred because of an insurance event.

**Art. 8 Expiration of claims**

Claims under this insurance for damages expire under the rules of Art. 125 of Act No. 30/2004.

**Art. 9 Waiver of premium**

If the insured loses at least half of his work energy during the validity period of the insurance because of an accident or disease, he acquires the right to a proportional decrease in premiums while this condition lasts. A waiver of premium can be applied for six months after the loss of work energy started and will continue in force to age 65. Complete loss of work energy conveys the right to complete waiver of the premium, while a decrease in work energy by 50% or more conveys the right to a proportional decrease of the premium.

A request for a waiver of premium shall be received by the insurer in writing on the appropriate form along with necessary information for the assessment of work energy loss, at no cost to the insurer. The insurer will base the evaluation of work energy loss on the insured's ability to do his work and the possibility of doing other jobs.

A waiver of premium is never granted for a period longer than one year prior to when a request regarding it was received by the insurer. While the insured enjoys a waiver of premium, he is obligated to provide the insurer with a necessary information on his health in addition to other information and to go in for medical examinations as needed, at the insurer's expense. The insured is obligated to notify the insurer as soon as he has regained his work energy in whole or in part.

The insured does not acquire a right to waiver of premium if his work energy is diminished, directly or indirectly, because of:

- a. war, riot, turmoil, strike procedures or other comparable events. The same applies to any kind of damage caused by nuclear energy, ionized radiation and radioactive substances.
- b. terrorist acts because of any kind of biological or chemical effects and/or poisoning, including from bacteria and viruses.
- c. disease that existed or had exhibited symptoms before entry into force of the insurance or because of the consequences of an accident occurring before entry into force of the insurance.
- d. if the cause of the loss of work energy can be attributed to behaviour that is evaluated as the life insured's gross negligence or design, such as the misuse of alcohol, addictive drugs or toxic substances or participation in a criminal act.

If purposeful behavior is involved, the insurer has no liability, cf. Art. 89 of Act No. 30/2004. If gross negligence is involved, the insurer's liability may be decreased or cancelled, cf. paragraph 1 of Art. 90 of Act No. 30/2004.

The provisions of Art. 5 on the violation of the duty to inform, fraud and wrong information also apply, as relevant, to waiver of premium.

The insurer will notify the policyholder in writing of its decision on waiver of premium.

In other respects, the general provisions of the terms of the insurance apply to waiver of premium, as applicable.

## **Art. 10 Change in the insurance amount and premium**

The applicable insurance amount appears on the insurance policy and renewal receipts.

The policy also states whether the insurance amount changes with age. If it does, the age of the insured at which the change occurs is also registered on the policy, and the insurance amount then decreases annually from that time (12 o'clock noon on the next main payment date) in accordance with the rules approved by the Financial Supervisory Authority, Iceland. Calculation of the decrease is based on the premium remaining unchanged in real terms between years, but the insurance premium generally depends on the age of the insured and changes annually upon renewal on the main payment date. The main payment date is annual and is the same date of the month as the insurance first went into force.

## **Art. 11 Indexation clause**

The current insurance amount and premium under Art. 8 change on the main payment 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.

The insurance amount also changes quarterly during each insurance year. The change is in the same proportion as the ratio between the current consumer price index at the start of the relevant quarter and the index at the beginning of the year. If the premium changes more than once a year, later payments change in the same manner as the amount.

## **Art. 12 Change in premium basis**

The insurer reserves the right to change the premium tariff if there is a general increase in risk, or the general assumptions of the insurance prove to be other than those estimated in the actuarial model for the insurance. All such changes would be submitted to the Financial Supervisory Authority, Iceland, before entering into force.

## **Art. 13 Right to terminate during the insurance period**

The insurer can terminate the insurance if any of the following events apply:

1. if wrong or inadequate information about the risk has been provided, with a 14-day notice, cf. Art.s 84 and 76 of Act No. 30/2004;

2. if a policyholder has acted fraudulently in providing information to the insurer about the risk, without notice, cf. Art.s 84 and 76 of Act No. 30/2004;

The policyholder can terminate the agreement at any time, paragraph 1 of Art. 75 of Act No. 30/2004, and this shall be done in writing.

#### **Art. 14 Dispute**

If a dispute arises regarding the insurance, an Icelandic court shall rule on it under Icelandic law, unless an international agreement obligating Iceland requires otherwise.

A dispute about the insurer's liability to pay compensation, including the culpability and division of culpability of liable parties, can be submitted to the Insurance Companies' Damage Committee. The parties incur no cost for the committee's handling of the case. By paying an appeals fee, a dispute over liability to pay compensation, culpability and division of culpability, in addition to a dispute over aspects of the provisions of Act No. 30/2004 on insurance agreements, can be submitted to the Insurance Rulings Committee, which is housed at the Financial Supervisory Authority, Iceland. An appeal application form for the Rulings Committee can be obtained from the insurer, in addition to information about the purview and procedures of the committees.

Handling of the case before these committees does not diminish an appellant's right to submit the case to general courts.

#### **Art. 15 Venue**

The insurer's venue is in Reykjavík. Cases arising against the insurer because of this insurance shall be conducted before the District Court of Reykjavík.

#### **Art. 16 Duty of confidentiality – protection of personal information**

Information about the insurance is treated confidentially.

Under the Act on the Data Protection Authority and handling of personal information, no. 77/2000, one about whom information is recorded has the right to obtain information from the insurer on the processing of personal information about him; in addition, he has the right to have the insurer correct wrong, misleading or defective information.

The insurer uses the personal information gathered because of this insurance only in evaluating the request for the insurance, for the purpose of evaluating the need for insurance protection and advising the policyholder on selection of insurance, processing demands for benefits, providing information to the policyholder and for other normal business activities.

The insurer heavily emphasizes the security and confidentiality of the handling of personal information. Information about the insurer's clients is not delivered to a third party unless in accordance with a clear power of attorney, the law or a court judgment.

**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 conditions enter into effect as of 1<sup>st</sup> January 2006.**

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