

These insurance terms and conditions consist of three independent insurance contracts and are divided into four sections. The final section applies jointly to all three insurance contracts. The division into sections is as follows:

[Section 1: Mandatory liability insurance, page 1.](#)

[Section 2: Accident insurance for driver and owner, page 2.](#)

[Section 3: Car window insurance, page 3.](#)

[Section 4: General terms and conditions, page 3.](#)

The insured is the owner or permanent custodian of the vehicle according to the first paragraph of Article 90 of Act No. 50/1987. If the vehicle is sold, the new owner is insured for 14 days after the change of ownership, unless he has taken out another insurance for the vehicle.

SECTION 1 MANDATORY LIABILITY INSURANCE

Article 1-Scope of compensation

The insurance applies to any claim for compensation against which the insured is under obligation to insure according to the Traffic Act No. 50/1987, as the owner of the insured vehicle, to compensate for loss or damage caused by its use.

Article 2-Geographical scope – driving abroad

The insurance applies to the use of the vehicle in Iceland and in other member states of the European Economic Area (EEA). The insurance also applies in Switzerland. The policyholder must acquire an international insurance card for motor vehicles (green card) for driving abroad in countries other than those already listed, provided that the country in question is party to agreements on the use of such insurance cards.

Article 3 -Damage to own vehicle

The insurance does not cover damages to the vehicle itself or other property owned by the policyholder or the insured. The insurance, however, covers damage to the insured's (policyholder's) own vehicle if the insured vehicle is struck by another vehicle owned by the insured (policyholder).

Article 4-Company's compensation obligation

The company's obligation to pay compensation for each insurance event is limited to the insurance amount specified in the insurance policy or the legally prescribed insurance sum, whichever is the higher.

Article 5-Claims settlement and related costs

When a compensation claim is lodged under the policy, the company shall have the right to handle the settlement and defence before a court of law, should the case arise. The company will pay the resulting costs, not exceeding, however, the proportion of the insurance sum of the principal of the compensation.

Article 6 -The right to pay compensation to an injured party

The company has the right to pay compensation directly to a third party (the injured party). If a compensation claim is presented, the company may, at any stage of the case in question, meet its obligations and liberate itself from further payments by paying the insurance sum with interest as well as costs corresponding to the insurance sum.

Article 7 -Deductible (own risk)

The insured is liable for a fixed sum in each event of loss or damage, provided this is set out in the (insurance) policy or premium payment receipt. The company can demand payment of the policyholder's deductible as soon as the company has delivered preliminary or full payment for the loss or damage.

Article 8-Precautionary principles

8.1. Precautionary principle regarding the condition of the vehicle

The insured, and the person who has custody of the vehicle, must ensure that the vehicle is in the condition prescribed by law, that the vehicle is subjected to mandatory inspections and that the maintenance of the vehicle is as considered normal. In particular, the insured must ensure that safety equipment, such as tyres and braking equipment, is in order. Neglecting the obligation to inform the company of this may cause the company's liability to be completely or partially eliminated according to the rules of Act No. 30/2004 on Insurance Contracts.

8.2. Precautionary principle regarding the driver's condition

The driver must be in a mental and physical condition to operate the vehicle safely and may not be under the influence of alcohol, stimulants or tranquilizing medication.

8.3. Precautionary principle regarding driving licenses

The driver must be capable of operating the vehicle safely and must have the requisite license.

SECTION 2 ACCIDENT INSURANCE FOR DRIVER AND OWNER

Article 9-Scope of compensation

9.1. Accident suffered by driver

The company pays compensation for loss or damage resulting from a traffic accident suffered by the driver when operating the vehicle, cf. Article 92 of the Traffic Act No. 50/1987.

9.2. Accident suffered by policyholder

The company also pays compensation for loss or damage due to a traffic accident suffered by the policyholder as a passenger in his own vehicle.

Article 10-Driving abroad – geographical scope

The insurance applies to the use of the vehicle in Iceland and in other member states of the European Economic Area (EEA). The insurance also applies in Switzerland. As regards the determination of compensation for traffic accidents occurring outside Iceland, Icelandic rules shall apply, as provided for in Article 12 in this section.

Article 11-Excluded risks

The company does not compensate for loss or damage resulting from war, riots, civil disturbances, strike actions or other similar incidents. The same applies to loss or damage resulting from nuclear power, radiation or radioactive materials, as well as to loss or damage resulting from volcanic eruptions, earthquakes, landslides, avalanches or other natural disasters.

Article 12-Determination of compensation – disputes

The determination of compensation is based on the general rules of Icelandic law of tort.

Article 13-Deduction of compensation

Compensation from the accident insurance shall be deducted from any compensation that the injured party may be entitled to on account of the accident, according to traffic laws or other rules of the law of torts.

Article 14-Maximum compensation

The maximum compensation to the injured party for a single event of loss or damage is determined by the Minister of Justice in accordance with authorisations in the Traffic Act. This insurance amount is adjusted annually.

Article 15-Other Terms

Reference is otherwise made to the Company's terms for the Mandatory Vehicle Insurance, as applicable.

SECTION 3 CAR WINDOW INSURANCE

Article 16- Scope of compensation

The insurance compensates for the vehicle's broken windows together with installation costs. Chipping or scratches to the glass are not considered as a breakage. The insurance compensates for front, side and rear windows only. If the insured or a person who, with the consent of the insured, is responsible for the insured vehicle, intentionally or through gross negligence causes an insurance event, the company shall not be held liable according to the provisions of Article 27 of Act No. 30/2004 on Insurance Contracts.

Article 17-Insurance amount and compensation payments

The insurance amount is stated in the insurance policy certificate. Compensation from car window insurance is only paid in exchange for the submission of an invoice from a workshop itemising the materials used and the work performed. The compensation, however, can never be a greater amount than the equivalent of 50% of the real value of the vehicle. The real value is the amount that a comparable vehicle of the same type, age or quality costs on the open market on the day of the insurance event, based on cash payment. Compensation is based on a comparable window with the same characteristics as the window in the vehicle before the loss or damage. The choice of a repair workshop shall be subject to the prior approval of the company. The company is not liable to pay for repair work undertaken without the company's prior approval.

Article 18-Excluded risks

Compensation is not paid for a window broken on removal or during installation. Neither is payment made for loss of use of the vehicle if a window breaks.

Article 19-Deductible (own risk)

In each case of loss or damage the policyholder shall be subject to the amount deductible, which is indicated in the insurance policy or in the premium payment receipt. If the window can be repaired without being replaced, the insured will not have to pay own risk.

Article 20-Other Terms

Reference is otherwise made to the Company's terms for the Mandatory Vehicle Insurance, as applicable.

SECTION 4 GENERAL TERMS AND CONDITIONS

Article 21-Entry into effect – effective term – renewal – termination

21.1. Entry into effect and effective term of the insurance

The insurance shall enter into effect on the day specified in the insurance policy according to the insurance application. If an insurance policy certificate has not been issued, the insurance enters into effect when the company or its agent receives the insurance application, unless otherwise agreed. In the event that the insurance is to remain in effect to a specific date and the time of expiry is not specified, the insurance shall be deemed to have expired at midnight (24:00) on the final date of the insurance period. The same applies to subsequent renewals of the insurance.

21.2. Renewal of insurance – termination

An insurance that is valid for one year, or more, 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.

When the insurance policy is taken out on account of the operation of a business and the extent of the business corresponds to more than five man-years or if the business is for the most part conducted overseas,

the policyholder can only terminate the insurance on its date of renewal. Termination in such case must be notified to the Company at least one month before the expiry of the insurance period.

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 may amend the insurance terms and the insurance policy's premium. This amendment will enter into effect as of the next renewal of the insurance. In the event that the company makes amendments to the insurance terms and/or premium base other than those subject to Article 25.1 of this section, the company shall notify the policyholder specifically of such amendments, failing which the notice of termination shall not apply. The termination of the insurance contract is in other respects governed by the provisions of Articles 25, 26 and 22 of this section.

The termination only takes effect, however, if an insurance contract has been made with another company not later than the said due date.

Article 22-Company's authorisation to terminate the insurance contract

The company is authorised to terminate the insurance contract in the event that the policyholder and/or the insured has repeatedly and grossly neglected his duties with respect to the company or intentionally given the company incorrect or insufficient information during the settlement of compensation. In the event that the company terminates the insurance contract under this provision, the company shall notify the policyholder thereto, in a verifiable manner, and inform the insured of the implications of this termination. Moreover, the company must notify the Road Traffic Directorate of the decision, cf. the rules of Chapter III of Regulation No. 424/2008 on Statutory Vehicle Insurance. In such an instance the Chief of Police shall ensure, in accordance with the Regulation, that the registration plates are immediately removed from the vehicle. The company continues to be liable towards a third party for any loss or damage that occurs until four weeks have passed from the expiry of the insurance, unless another satisfactory insurance has been purchased. In the event that the insurance is terminated in this manner, the company will refund the premium proportionally for the remainder of the cover period.

Article 23-Change in risks

23.1. Change of domicile, modifications to vehicle, increased risks

The policy-holder shall immediately notify the company of any change of address. The premiums paid for this insurance are dependent on the use of the insured vehicle as specified in the insurance policy. In the event of any changes to the use of the vehicle, the insured is under obligation to notify the company as soon as the insured becomes aware of such change.

In the event that the insured fails to issue such notification this may result in the compensation rights to be partly or completely eliminated in accordance with the rules of Articles 24 and 25 of Act No. 30/2004.

23.2. Vehicle racing

This insurance policy does not apply to the racing of vehicles unless otherwise specifically negotiated in exchange for an additional premium and an additional clause thereto on the insurance certificate.

Article 24-Breach of duty to inform – fraud and false information

Information concerning the risk

If the policy holder or the insured has fraudulently neglected the obligation to report circumstances that may be important for the company to assess its risk and an insurance event has occurred, the company shall not be held liable, as provided for in the first paragraph of Article 20 of Act No. 30/2004. In the event that the policy holder or the insured has otherwise neglected the obligation to report information to such a degree that such failure cannot be considered insignificant, the company's liability shall be cancelled in whole or in part, as provided for in the second paragraph of Article 20 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 and in 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 third paragraph of Article 47 and third paragraph of Article 120 of Act No. 30/2004.

Article 25-Premium, due date and effects of defaults

25.1. Determination of premiums – due date – renewal premium

The insured must pay a premium to the company. The first premium falls due on the date that the insurance contract enters into effect. Subsequent premiums fall due on the first day of each renewal period. The period of grace shall be at least one month from the date that the company sends notification for payment to the policy holder. The request for payment of premiums will be sent to the policy holder 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. The premium for this insurance policy is calculated in accordance with the company's premium rates. The company reserves the right to determine a renewal premium in accordance with a new tariff with regard to general modifications of the risks involved, price changes and other causes which disrupt the compensation base. Such changes shall not constitute an authorisation for either the policyholder or the company to terminate the insurance contract.

25.2. Premium surcharge

In the event that the company pays compensation for loss or damage that can be traced to the use of the vehicle or an accident suffered by the driver or owner, the policyholder shall pay a premium surcharge in accordance with the company's premium rates. The amount of the premium surcharge shall be specified in the insurance policy certificate or the premium payment receipt. The premium surcharge is due when the company has paid compensation for loss or damage that is at least the amount stated in the insurance policy certificate or premium payment receipt. In the event that the company's loss and damage experience as regards the policyholder is in some manner abnormal, the company may determine the premium on an individual basis.

25.3. Information on loss and damage experience

When determining the premium, the company is authorised to obtain information from other insurers about the insured's loss or damage history in this field of insurance.

25.4. Defaults

In the event of arrears of the premium, the company may cancel the insurance in accordance with the provisions of Regulation No. 424/2008 on Mandatory Vehicle Insurance and inform the Road Traffic Directorate (Umferðastofa) thereof. In such an instance the Chief of Police shall ensure, in accordance with the Regulation, the immediate removal of the registration plates from the vehicle.

The company shall give written notice to the party in question if the company intends to exercise this right, and of the legal effect of such a notice. See, moreover, Article 22 in this section. Premiums are subject to distraint under the provisions of the Traffic Act.

Article 26-Refund of the premium on the termination of the insurance or if the vehicle is not used

If the vehicle is sold or de-registered, the company will refund the proportion of the premium corresponding to the remaining part of the cover period, provided that a new policy has been acquired for the vehicle when it changed hands. 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. In the event of a demand for reimbursement following a change of ownership according to Article 31.1c, cf. Article 28.1, the company will refund the seller the proportion of the premium from the date of the loss or damage. If the vehicle has not been in use and its registration plates have been stored with the Road Traffic Directorate, the police authorities or their representatives for at least 30 consecutive days, the company will refund the premium in proportion to the storage period. This does not apply, however, to insurance for tractors, snow vehicles, special off-road vehicles (snowmobiles and quad bikes) vintage vehicles and motor homes, provided this has been taken into consideration upon the determination of the premium. Premiums for car window insurance, however, are not refunded when registration plates are stored.

Article 27-Violations of precautionary principles

Precautionary principles are rules of conduct set forth with the intent to prevent and limit loss or damage. A precondition for the payment of compensation is that the established precautionary principles have always been followed.

If the insured has neglected to comply with the precautionary principles or other instructions in an insurance contract, the liability of the company may be reduced or cancelled, cf. Article 26 of Act No. 30/2004.

Article 28-Duties of the insured with respect to the company

28.1. Sale of vehicle - de-registration

The policyholder is under obligation to inform the company without delay if the vehicle is de-registered or sold, as the policy only retains its validity towards the new owner for 14 days after the change of ownership, cf. introductory text in these terms.

Article 29-Duties of the insured in the event of loss or damage – measures in the event of loss or damage

The insured must notify the company in writing as soon as he learns or suspects that a compensation claim will be made and it may be assumed that the claim will be covered by the policy.

The insured may not admit his liability, or enter into any agreements regarding compensation, without the company's permission. If the insured does so without the approval of the company, the company shall not be bound by any such admission or agreement.

When the 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. If the insured neglects these duties, such neglect may cause a reduction or loss of insurance coverage according to Act No. 30/2004 on Insurance Contracts.

Article 30-The insured causes an insurance event

Intent

In the event that the insured has intentionally caused an insurance event, the company cannot be held liable according to the first paragraph of Article 27 and 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 they otherwise would have been, then the Company's liability may be reduced or cancelled, cf. the second paragraph of Article 27 and the first paragraph of Article 90 of Act No. 30/2004.

When assessing whether conduct is considered to involve gross negligence, account will be taken, among other things, of whether or not the insured was considered able to control a vehicle securely, or whether he was unable to do so according to the provisions of the Traffic Act because of the foregoing consumption of alcohol, drugs, stimulants or tranquilizing medication.

Article 31-Company's right of recourse

31.1. Demand for reimbursement due to lack of rights, intention, gross negligence, change of ownership or default

The company may demand reimbursement from the policyholder and/or the driver, if the company has, due to the provisions of the Traffic Act, regulations or the insurance contract, paid the insured compensation for loss or damage to which the insured is not entitled to have insurance coverage, when:

- a. the insured has not obtained the right to drive the vehicle in question or has lost the right to drive it.
- b. the damage was caused by intent or gross negligence. When assessing whether conduct is considered to involve gross negligence, account will be taken, among other things, of whether or not the insured was considered able to control a vehicle securely, or whether he was unable to do so according to the provisions of the Traffic Act because of the foregoing consumption of alcohol, stimulants or tranquilizing medication.
- c. 14 days have elapsed from the date of change of ownership, cf. Article 28.1 in this section, the insurance has expired due to defaults of premium payments or has been cancelled.

31.2. Hiring out of vehicle without a driver

When vehicles are rented without a driver in accordance with Act No. 64/2000 on Car Rentals, the insurance remains in effect and the right of recourse will not be applied against the insured (the lessor), even if the lessee has violated the provisions of the terms of the insurance. The provisions of the terms and conditions, however, remain effective in the case of the conduct of the insured or a person for whom the insured is responsible.

The company has the right of recourse against the insured for loss or damage incurred when the vehicle has been rented out without a driver, in violation of the provisions of Act No. 64/2000 on Car Rentals. If the insured succeeds in proving that the cause of the damage or its extent cannot be traced to an infringement of the provisions of this Act, however, the company does not have the right to claim a refund.

31.3. Driving other than specified

The company is entitled to demand reimbursement from the insured and/or the driver if the vehicle has been used for driving other than that specified in the insurance policy.

31.4. Reference to provisions of law

The provisions of these insurance terms shall not in any way reduce the right to demand reimbursement to which the company is entitled, or might acquire the right to, under general rules of law, the Traffic Act No. 50/1987, or Act No 30/2004 on Insurance Contracts.

Article 32-Provisions of 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 insurance contract terms take precedence over derogable legal provisions.

Article 33-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. Disputes over the company's liability, including the fault and the division of fault among liable entities, may be brought before the Insurance Companies Claims Committee. Proceedings before the committee are free of charge. By paying an appeals fee, it is possible to refer disputes relating to liability, fault and division of fault, as well as disputes relating to aspects relating to the provisions of Act No. 30/2004 on Insurance Contracts, to the Insurance Complaints Committee, which is housed at the Financial Supervisory Authority. Appeals forms for the Committee may be obtained from the company, as can further information on the scope and procedures of both the committees. Proceedings before these committees will not limit the right of the referring parties to also refer the case to a court of law.

Article 34-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.

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 July 2015.