

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.

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SECTION 1 SCOPE OF COMPENSATION

Article 1-Items covered by the insurance

The insurance is for the benefit of the policy holder / owner of the insured interest. The insurance is not for the benefit of other parties such as lienholders or a new owner of the insured interest. The insurance expires on the transfer of ownership of the insured interest.

Compensation is paid for loss or damage and costs as follows:

1. Total loss in the event the insured interest is lost with the vessel.
2. Total loss and partial loss if directly caused by the vessel running aground, sinking, capsizing or colliding with another vessel or fixed or floating objects.
3. Fire.
4. General average contribution, general average costs or similar costs and salvage.
5. Capelin and herring purse seines are not covered by this policy.
6. Excluded are all losses attributable to nuclear power, ionising radiation and radioactive materials.

Article 2-Insurance amounts - Own risk - Price changes

Loss and damage is compensated in accordance with the insurance amount in effect on the date of the loss or damage. The same applies to the deductible. Interest on compensation amounts is governed by Article 50 of Act No. 30/2004.

Article 3-Underinsurance

The insurance amount must be in accordance with the value of the insured interests. If the insurance amount is less than the value of the insured interests, the liability of the Company is only proportionate according to the difference between the insurance amount and the value of the insured interests.

SECTION 2 GENERAL PROVISIONS

Article 4-Validity - Renewal - Cancellation rights

Effective term

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 certificate or the premium payment receipt.

Renewal

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.

Cancellation rights during the effective term of the insurance policy

The company may cancel 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;
3. after loss or damage has occurred, if
 - a. the insured caused the loss or damage intentionally;
 - b. the insured violated precautionary principles;

The notice period for cancellation in such cases is two months, cf. the second and third paragraph of Article 76 of Act No. 30/2004.

4. if the circumstances of the Insured, including his work or lifestyle, change 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, cf. the second and third paragraph of Article 76 of Act No. 30/2004.

5. on repeated defaults of premium payments, the notice period for cancellation in such cases is two months, cf. the second and third paragraph of Article 76 of Act No. 30/2004.
6. 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 75 of Act No. 30/2004.

Article 5-Settlement rule with respect to tax deduction or VAT refunds

In the event that the Insured can use costs due to loss or damage for tax deduction or entitlement to repayment of VAT due to repairs to the insured interest in the aftermath of loss or damage, the compensation amount shall be reduced by a corresponding amount.

Article 6-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 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 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.

Article 7-The premium - Due date - Defaults - Settlement on the cancellation of the contract during the effective term of the insurance

The Insured must pay a premium to the Company. The first premium falls due 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 Insured. 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 period of grace, the Company may send a new notification requiring payment within 14 days. If the payment has not been effected within 14 days from this notification, the insurance will be immediately cancelled, cf. 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 8-Change of risk level - Increased risk

The Insured must immediately notify the Company of any changes to the insured risk, such as:

- if his operation is relocated
- in the event of any changes that increase the risk of loss or damage to the insured interest
- if another insurance covering the same risk is purchased
- in the event of a change of ownership, including in the event of a change in operating form

The Company reserves the right to terminate the insurance, cf. Article 3 of these terms and conditions, or to amend the insurance terms in the event of any of the above changes. Should the insurance be terminated, the premium for the remainder of the insurance period will be refunded. In the event that the Insured fails to notify the Company of any changes pursuant to the above, the compensation rights may be partly or completely eliminated in accordance with the rules of Articles 24 and 25 of Act No. 30/2004.

Article 9-Breach 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 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 of Act No. 30/2004.

Article 10-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 11-Notification of loss or damage - Measures taken with respect to loss or damage

The Insured must immediately notify the Company of any loss or damage. If an insurance event has taken place, or there is imminent danger that it may occur, the Insured must do his utmost to prevent or reduce the damage. 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. If the Insured neglects these duties, such neglect may cause the reduction or forfeiture of compensation.

Article 12-Time limit to notify loss or damage - Expiry

The Insured loses 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;
2. he has not initiated court proceedings or requested procedure before the Insurance Complaints Committee within one year from the receipt of written notification that the claim was rejected, as provided for in Article 51 of Act No. 30/2004.

The claim of the Insured for compensation is statute barred according to the provisions of Article 52 of Act No. 30/2004.

Article 13-The Insured causes an insurance event

Intent

If the Insured has intentionally caused an insurance event, the Company will not be held liable, as provided for in the first paragraph of Article 27 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, then the Company's liability may be reduced or cancelled, as provided for in the second paragraph of Article 27 of Act No. 30/2004.

Article 14-The conduct of individuals other than the Insured - Rules on identification

Provisions stipulating that the Insured's right to compensation will be reduced or cancelled due to the actions or inaction of the Insured also apply to the Insured's right to compensation due to the corresponding conduct of his employees, as provided for in the second and third paragraphs of Article 29 of Act No. 30/2004.

Article 15-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 16 - 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, therefore, may demand proportional reimbursement from other companies.

Article 17 - 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 insurance contract terms take precedence over derogable legal provisions.

Article 18 - 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 19 - 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.

These terms and conditions apply as of 1 July 2015.