

The insurance compensates loss of or damage to the insured moveable property caused by a sudden and unforeseen external event as further provided for in these terms and conditions. The terms and conditions are divided into the following sections:

[Section 1: Scope of cover, page 1](#)

[Section 2: General provisions, page](#)

The policyholder is the **insured**. The insurance is not for the benefit of other parties such as lienholders or a new owner of the insured interest. In the event of a change in the ownership of the insured property, however, the insurance shall remain in effect for the new owner for 14 days from the change in ownership, as provided for in Article 40 of Act No. 30/2004.

SECTION 1. SCOPE OF COVER

Article 1. Geographical application

The insurance is valid globally.

Article 2. Scope of cover

The insurance compensates for direct loss of or damage to the insured moveable property caused by a sudden and unforeseen external event which is not exempted in these terms and conditions.

Article 3. Limitations on liability

The insurance contract does not compensate:

Loss or damaged caused by manufacturing defects, defective materials, defective assembly, incorrect connections, vibration, heat conduction, centrifugal force, incorrect lubrication or lack of lubrication.

Wear from normal use, dents, rusting, corrosion, slow deterioration of painted or lacquered surfaces or scratches or flaking.

Loss or damage caused by insufficient maintenance or management.

Loss or damage for which the seller, repairer or transporter is responsible according to contract or by law.

Loss or damage resulting from the effect of climate or atmosphere.

Loss or damage due to insufficient or poor packaging.

Wear and tear of cables, sheets or hides.

Loss or damage caused by theft not considered to be burglary or robbery. Theft from locked vehicles, however, is compensated provided that the vehicle shows clearly visible signs of having been broken into.

Any form of consequential loss.

Loss or damage that occurs when the insured item has been forgotten, lost or misplaced.

Loss or damage to glass items that break.

Article 4. 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. If more than one item is insured, each item shall be regarded to be independently insured.

Article 5. Provisions on loss or damage – How is compensation determined?

In the event of loss or damage which can be remedied with repairs, normal repair costs will be paid to return the insured interest to the condition it was in just before the damage. In the event of total loss, i.e. if the cost of repairs is equivalent to or higher than the present value, the compensation will amount to the present value as it was just before the loss or damage less the possible value of the damaged item. Present value means the purchase price of a new item just before the insurance event, including transport costs and customs. This amount is then decreased taking into account the age, use, decreased usefulness or other circumstances. The cost of transporting insured items for repairs is paid in accordance with normal transport tariffs. The approval of the Company is required if the insured intends to use other materials for repairs than was used before. The same applies to changes to the type of the insured interest. In the event of a loss or damage of a single item worth more than 5% of the total insurance amount, the obligation to pay compensation is limited to that amount if the value of the item has not been specifically specified in the insurance policy certificate. Expenses

due to temporary repairs are of no concern to the Company unless their object is to prevent the damage becoming greater than it already is.

Article 6. 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. In each event of loss or damage, the insured bears a 10% own risk, with a minimum, however, of the amount stated in the insurance policy. 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 Article 50 of Act No. 30/2004.

Article 7. Precautionary principles and maintenance

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

If the insured causes the occurrence of an insurance event by not complying with precautionary principles or other instructions in the insurance policy, the Company's liability may be reduced or cancelled, as provided for in Article 26 of Act No. 30/2004.

The Company's liability depends on the following conditions:

1. The insured or employees holding positions of responsibility with him, are to maintain the insured interests and related equipment in good operational order and remedy or have remedied without delay defects or insufficiencies of which they may be aware.
2. That the insured interests, in the event that they are subject to public supervision, fulfil the applicable rules.
3. That the instructions of the manufacturer or seller of the insured interest is followed as regards care, use, load and maintenance.
4. Doorways, windows and other openings into the insured site where the insured property is kept must be securely locked and the keys stored so that unauthorised entities do not have access to them.

SECTION 2. GENERAL PROVISIONS

Article 8. 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.

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'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 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 9. 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 10. 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 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 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 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 as provided for in Article 3 of these terms.

Article 11. Due date of premiums – 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 14 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 12. 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 rights according to the rules of Articles 24 and 25 of Act No. 30/2004.

Article 13. Measures to prevent loss or damage

When a loss or damage that might lead to an insurance claim occurs or there is a danger that such an event might occur, the insured is under obligation to try to prevent the loss or damage. Failure in this respect may result in the reduction or loss of compensation according to the Act on Insurance Contracts No. 30/2004.

Article 14. Notification of loss or damage

The Company needs to be informed of any loss or damage as soon as possible. Forced entry, moreover, must be immediately notified to the police and an investigation requested. In cases of loss or damage abroad, a local police report shall accompany the notification sent to the Company.

Article 15. Time limit to notify of 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 16. 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 they otherwise would have been, 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 17. 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 the parties specified in Items a and b in the second paragraph of Article 29 of Act No. 30/2004. In insurance

policies that relate to commercial operations, the same shall apply as regards the conduct of the employees of the insured who bear responsibilities in the field to which the insurance applies.

Article 18. 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 insurance company that compensates the loss or damage, therefore, may demand proportional reimbursement from other companies.

Article 19. 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 20. 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 21. Loss or damage caused by war, nuclear energy, terrorism or natural disasters

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 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.

Article 22. 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 23. 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 24. 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.

These terms are valid as of 1 July 2015.

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.