

Commercial liability insurance compensates for physical injury and/or damage to property that the Insured causes a third party provided that the Insured is liable for such loss or damage according to Icelandic laws. The insurance also covers liability in tort incurred by the Insured due to physical injury and/or damage to property caused by the dangerous qualities of goods that the Insured sells or delivers to others in another manner. The terms and conditions are divided into the following sections:

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The **policyholder** is the Insured.

Section 1 SCOPE OF COVER

Article 1. Geographic scope of the insurance policy

Unless otherwise agreed, the insurance applies only to loss or damage occurring in Iceland for which the Insured is liable according to legislation in effect in Iceland.

Article 2. Commercial liability

The insurance covers liability in tort incurred by the Insured due to physical injury or property damage arising from the business operation, specified in the insurance policy or premium receipt, provided that the physical injury or damage can be attributed to a sudden and unexpected event. In the same manner, this insurance covers liability in tort incurred by the Insured as the owner or user of a building or real estate used for the operation stated. Provisions in these insurance terms and conditions that apply to acts or omissions of the Insured also apply to the comparable conduct of his employees, as provided for in the third paragraph of Article 29 of Act No. 30/2004.

Article 3. Product liability

Unless otherwise negotiated, the insurance applies to liability in tort incurred by the Insured due to physical injury or property damage caused by the dangerous qualities of goods that the Insured sells or delivers to others in another manner provided that the physical injury or damages can be traced to a sudden and unexpected event. The provisions of Articles 17–25 of these terms and conditions apply to such liability together with Section 2 on general provisions. Unless otherwise expressly agreed, loss or damage occurring overseas will not be compensated.

Article 4. Agreements on compensations and amounts

The insurance does not cover claims arising from the Insured's promise to bear more extensive liability than normal non-contractual liability. The same applies to any contract involving the promise of other or more compensation under general rules on the determination of non-contractual compensation.

Article 5. Exempted risks

The insurance does not cover:

- 5.1. Loss or damage resulting from non-delivery or late delivery of products to the recipient, or by payment not being effected in due time.
- 5.2. Loss or damage from nuclear power or radioactive materials.
- 5.3. Loss or damage that is attributable to, resulting from or in consequence of, or is in some way part of or in any way connected with the material asbestos or materials containing asbestos in any form or volume whatsoever.
- 5.4. Loss or damage resulting from:
 - a. Chemical weapons, biological weapons or electromagnetic weapons.
 - b. The use or operation of any kind of computer, computer systems, software for computers, computer viruses or processes or electronic system when such is used as a means of inflicting harm.
- 5.5. Loss or damage of aircraft, or the consequence of its use, attributable to refuelling or occurring due to the operation of airports.
- 5.6. Loss or damage covered by professional liability insurance whether in effect or not.

- 5.7. Subrogation claims by an insurance company on account of indemnity paid by compulsory motor insurance.

Article 6. Exempted risks due to property damage

The insurance does not cover liability for damage or loss or property that:

- 6.1. The Insured owns alone or with others.
- 6.2. The Insured has borrowed, rented, has in storage, has for sale, is transferring or are because of other reasons kept by him, including items that the Insured has taken without authorisation.
- 6.3. The Insured has taken on for repair, cleaning, setting up or working on in one way or another, if the damage is caused by the work or during it.
- 6.4. Is the result of a fire.

Article 7. Exempted risk relating to physical injury

- 7.1. The insurance does not cover liability for physical injury which can be traced to long-term exposure to electrical or magnetic fields.
- 7.2. 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.
- 7.3. The Company does not compensate loss or damage or costs which to some extent or entirely are caused, directly or indirectly, or originate in or from:
 - a. Ionic radiation or pollution from any kind of nuclear fuel or nuclear waste or from the combustion of nuclear fuel.
 - b. Radiation, poisoning, explosions or other hazardous or polluting properties of nuclear stations.
 - c. Nuclear reactors or other nuclear equipment, or any parts thereof.
 - d. 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.
- 7.4. 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, one or more, 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.

Article 8. Exempted risk that can be insured specifically

The Company does not pay:

- 8.1. Liability for damages incurred by the Insured as owner or user of a vehicle, aircraft, ship, boat, or any other conveyance subject to registration.
- 8.2. Liability for loss or damage resulting from construction work on a building owned or used by the Insured.
- 8.3. Liability arising from the operation of tunnels or underwater work.
- 8.4. Liability arising from the failure of dams.
- 8.5. Property loss or damage caused by the Insured's working on explosions; excavations; other executions in the earth, such as beating poles, steel panels, etc. into the earth or taking them up; tearing down buildings; landfills; doing other kinds of landscaping; changes in ground water, flow of water, or other executions involving ground water, lakes or stream water.

Article 9. Pollution

The insurance does not cover loss or damage attributable to the gradual pollution of air, earth, vegetation, water or the sea. The company does, however, compensate for acute pollution if it can be traced to a single

sudden and unexpected event and which is not due to the intent or gross negligence by the Insured to fail to comply with current public instructions. Compensable acute pollution means loss or damage or injury to humans, animals, ecosystem, soil and material valuables.

Article 10. Wages during absences due to accidents and compensation from accident insurance

This insurance is conditional upon the Insured purchasing an occupational accident insurance in accordance with collective wage agreements and legal provisions. Compensations that are paid from contractual or mandatory occupational accident insurance are deducted in full from compensations from this liability insurance. The same applies to amounts that should have been paid from the contractual or mandatory occupational accident insurance that the employer has neglected to buy or maintain in effect. Wages that the Insured must, according to law or collective wage agreements, pay a person that has had an accident or becomes ill are deducted in full from compensations from this liability insurance. The Company does not cover recourse claims from social security.

Article 11. When the insurance is effective

Unless otherwise negotiated, the insurance applies to events that have occurred during the effective term of the insurance and which have resulted in loss or damage. If the consequences of an event that has caused damage and which has happened within the effective term of the insurance are not revealed until the insurance is no longer valid, the Company will, nevertheless, pay compensation. The Company does not compensate, however, for damage caused by an event that took place before the start of the insurance period, even if the damage is only revealed after the insurance period has started.

Article 12. Insurance amount

The Company's liability due to each single insurance event is limited to the insurance amount specified in the insurance policy or premium receipt. In case of more than one insurance event resulting from the same cause, they will be considered to have been caused by a single insurance event. The Company's liability in each insurance year is also limited to the said insurance amount. This applies even if more than one incident of damage occur within the insurance year. The Company pays costs, incurred with the approval of the Company, to determine the liability of the Insured or the amount of compensation. The same applies to interest that the Insured is ordered to pay on a claim. Interest on compensation amounts is paid even if the Company's payment thereby exceeds the insurance amount. Interest on compensation claims are governed by the provisions of Article 50 of Act No. 30/2004, cf. Article 16 of the Act on Tort Law No. 50/1993. The rules of Chapter III of Act No. 38/2001 on Interest and Price Indexation apply to penalty interest. If the insured amount is less than the principal of the compensation amount, the Company only pays for the part of the cost and interest that corresponds to the insurance amount. If the principal of a compensation claim does not exceed the deductible, the Company does not pay for costs even if the sum of the claim and the cost exceeds the amount of the deductible.

Article 13. The Company's entitlement to negotiate with the injured party

The Company is empowered to negotiate agreements with the injured party (party claiming compensation from the Insured) and, as appropriate, undertake defensive measures. Expenses will be paid by the Company pursuant to the provisions of Article 27 of these terms and conditions. The Company may pay compensation directly to the injured party. If a compensation claim is presented, the Company may, at any stage of the case, 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 14. Fines

The Company does not pay compensation for fines or other penal sanctions.

Article 15. Deductible

In each event of loss or damage, the Insured shall bear a particular proportion of the damage as own risk. The deductible is specified in the insurance policy. If the principal of a compensation claim does not exceed the deductible, the Company does not pay any compensation from the policy nor does the Company pay for costs even if the sum of the claim and the cost exceeds the amount of the deductible.

Article 16. Precautionary principles

The Insured and his employees are obliged to make sure that only legally certified employees are allowed to control work machines and other equipment. Before drilling into the earth, commencing on other work on drilling or masonry in houses, or outside, the Insured and his employees shall inform themselves on how wires, cables, and other mains lie where the operations are planned. Failure to comply with precautionary principles according to the above may lead to a decrease or loss of compensation according to Act No. 30/2004. The amount of the Insured's own risk for each loss or damage as regards damages to utilities due to work using bulldozers, mechanical shovels, excavators, mechanical drills, masonry drills, etc. is stated in the insurance policy or premium payment receipt. The policyholder and other insured entities are under obligation to do everything in their power to ensure that the Company receives correct and sufficient information on the circumstances and causes of a loss or damage. In the event of an accident at the operating facility of the policyholder or in connection with his operations in other respects, the policyholder must ensure that an investigation into the cause takes place as soon as possible. In the event of a work-related accident, which is of such a nature as to cause the injured to be unable to work, the policyholder must immediately, before the scene is disturbed, notify the police and the Administration of Occupational Safety and Health about the accident, as also provided by Article 79 of Act No. 46/1980 on Working Environment, Health and Safety in Workplaces. In no way does this precautionary principle detract from the general rules of evidence of the law of tort.

Article 17. Product liability

The insurance applies to liability in tort, incurred by the Insured due to physical injury or property damage caused by the dangerous qualities of goods that the Insured sells or delivers to others in another manner, provided that the physical injury or damages can be traced to a sudden and unexpected event which occurs after the Insured delivered the product. The company is only obliged to pay if the damage was caused in the field of operation stated in the insurance policy or premium payment receipt and which is caused by the goods mentioned therein.

Article 18. Dangerous characteristics of raw material, building parts, machine parts, etc.

The insurance also covers damages to items manufactured from the sales goods of the Insured, that are added or mixed with it or are in any other comparable manner connected with it. Compensation is paid in cases stated in the first paragraph, irrespective of whether loss or damage has occurred in accordance with Article 17 or financial loss has occurred pursuant to Article 19.2. In other respects, the Company's obligation to pay is dependent on Article 17. The Company's obligation is limited to liability that is traced directly to the necessity of disposing of or repairing an item that is made from the Insured's merchandise or connected to it, pursuant to the first paragraph, or the fact that the items become more expensive in manufacture or their price is reduced.

Compensation, however, is paid only for the item's decrease in worth, for additional cost in its production or manufacture, or the direct cost of its repair. Compensation for other damage, expenses or costs, e.g. for sending repairmen or other employees to the location, recalling the item, investigating or transporting items created using the product of the Insured or providing warning of the risk of such items, will not be paid. If damage has occurred on account of items that are stated in the first paragraph, the worth of the Insured's merchandise as it was, as an unflawed product, is to be deducted from the insurance compensations.

Article 19. Exceptions to liability as regards dangerous characteristics

In order for this insurance policy to cover dangerous characteristics, the condition is set that:

- a. The policyholder must comply with public rules and instructions on chemical additives.
- b. If manufacturing sales products that can form these characteristics after storage for a particular length of time, the packaging must be clearly labelled with a "Use by" label.
- c. The insured must comply with rules and instructions on the labelling of goods.

Exempted risks:

- 19.1. Damage to the product itself.
- 19.2. Financial loss that cannot be traced to a physical injury or property damage, cf. however, Article 18.2.
- 19.3. Loss, expenses or cost when the Insured recalls products, makes or hands out a new product or takes away a product or makes any other arrangements of that nature due to defects in the sold items.

- 19.4. Operating loss, loss of use or any other indirect loss or damage.
- 19.5. Damage caused by a product used in the operation of aircraft and which either causes an air accident or increases the risk of such accident.
- 19.6. Specific punitive damages.
- 19.7. The insurance does not cover liability resulting from the manufacture of oral contraceptives whose primary purpose is to prevent pregnancy. "Contraceptives" in this case means tablets that women use to prevent pregnancy. The active ingredients in oral contraceptives are synthetic analogues or antagonists of two types of female hormones, oestrogen and progesterone.
- 19.8. The insurance does not cover liability resulting from the manufacture of vaccines. "Vaccines" means medicinal products that are made from diluted, dead or inactive pathogens (antigens), special antibodies (immunoglobulins) or toxins, or materials derived through genetic synthesis.
- 19.9. The insurance does not cover liability resulting from the manufacture of silicone products. "Silicone products" herein means preparations of synthetic polymer compounds of silicone and hydrogen and carbon compound, usually referred to as "polyorganosiloxane", that is injected, used internally or implanted into humans for a variety of reasons and which contain wholly or partly silicone, whether contained in a membrane or other enclosure, whether as a fluid or as a gel, paste or solid, including when it forms a bag envelope or coating.
- 19.10. The insurance does not cover liability for death, addiction or contraction of disease or becoming ill from a disease, or whose illness is exacerbated or worsened from a disease, fever, injury, mental anguish or trauma or physical and/or mental illness which is caused by or believed to have been caused by or in some manner resulted from tobacco goods and/or advertisements or other presentations of such products. "Tobacco goods" herein means all tobacco and/or tobacco goods and/or nicotine and/or nicotine goods and/or cigarette paper and/or filters and/or substances used in place of tobacco that are manufactured, processed and handled by the policyholder. This exemption provision does not apply to nicotine used as a therapeutic.
- 19.11. The insurance does not cover liability on account of the dangerous characteristics of goods that are sold and delivered after the sale and delivery of such goods in the market has been prohibited.

Article 20. Gross negligence, etc.

The insurance does not apply to product liability as provided for in Articles 17 and 18 when:

- 20.1. The loss or damage can be traced to gross negligence in the management of the operation of the policyholder.
- 20.2. The policyholder, or the entity entrusted with the management of the operation on his behalf, knew that the sales product was defective or intentionally caused the defect. The same applies if the operator did not know that the product was defective and that such lack of knowledge can be adjudged the result of gross negligence.
- 20.3. Loss or damage results from incorrect information being given intentionally, or through gross negligence, as to how to use the product or the manner in which it may be used, irrespective of the manner in which such information is given.

Article 21. Loss or damage overseas

In addition to loss or damage in Iceland, as provided for in Article 1 of these terms and conditions, the insurance covers loss or damage due to the dangerous characteristics of goods which occurs in the countries stated in the insurance policy or premium payment receipt.

The payment of a special premium for such risk is required if the insurance is to apply to loss or damage overseas. Compensation for loss or damage, as specified in Articles 17 or 18 and that occurs outside the stated countries, will be paid if the damage is caused by merchandise that is exported from these countries (unchanged, recycled or as part of another product) for either:

- a. Private use
- b. Professional use, without the Insured's knowledge or alleged knowledge regarding the export of the product from these states.

Article 22. Period of cover

Instead of Article 11 of the terms, the following rule shall apply to the loss or damage stated in Articles 17 and 18:

The policy covers compensation claims against the policyholder during the effective term of the policy, irrespective of when the incident giving rise to the claim occurred. The policy does not cover damages which come to light before the insurance term commences. A compensation claim is considered delivered when the earlier of the following has occurred:

- a. When the policyholder receives the first written claim for compensation for an incident of damage.
- b. When the policyholder, or the entity managing the operation on his behalf, is first aware that an incident of damage has occurred or there is direct risk that there will be loss or damage which could possibly be traced to the conduct of the Insured or his merchandise.

The Company will not compensate for damages of a compensation claim made against the policyholder during the term of the policy if the policyholder does not notify the Company of the claim within 3 months from the termination of the policy. In the event that the Insured has notified the Company of an incident of loss or damage within the above time limit without, however, having received a written claim, compensation from the insurance will only be paid if a written claim from the injured party is notified to the Company within two years from the termination of the policy.

Article 23. Insurance amount

Instead of Article 12 of these terms, the following rules shall apply to loss or damage due to the dangerous characteristics of merchandise:

The company's liability during each single insurance year is limited to the insurance amount specified in the insurance policy or premium receipt. This applies even if more than one incident of damage occurs within the insurance year. Costs that result in order to determine whether or not the Insured is liable, and which the Company has agreed upon, and interest on the sum insured are paid even if the Company's payment thus exceeds the sum insured. If the insured amount is less than the principal of the compensation amount, the Company only pays for the part of the cost and interest that corresponds to the insurance amount. In the event of loss or damage occurring outside the Nordic countries, the Company's obligation to pay is generally limited to the sum insured. The cost of preventing loss or damage, as provided for in Article 16, is paid up to the amount specifically stated in the insurance policy certificate or premium payment receipt.

Article 24. Maximum amount, when multiple loss or damage can be traced to the same cause

The Company's liability as regards compensation claims made against the Insured, cf. Article 22, and which are traceable to the same cause, is limited to the insurance amount provided for in Article 23. The Company's liability for all the claims is limited to the insurance amount during the insurance year in which the claim for compensation was made for the first instance of damage even if the claims are put forward over many years. Any insurance compensation which may have been paid out for other incidents of loss or damage during the year shall be deducted.

Article 25. Cost of delivering new products, etc.

Notwithstanding the provisions of Article 33 of these terms and conditions, in no case does the Company pay costs, expenses or damage even if these result from efforts to prevent loss or damage. The same applies to cost or damage that comes about when investigating whether or not the product is defective, or whether there is a risk that the insurance event will take place, or whether there is a damage that is caused by the fact that a defective product cannot be used.

Section 2 GENERAL PROVISIONS

Article 26. Entry into effect and effective term of the insurance

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.

Article 27. Renewal and termination of insurance

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'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, cf. Articles 21 and 15 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 21 and 15 of Act No. 30/2004.
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 during 12 months.The notice period for cancellation in such cases is two months, cf. the first and second paragraph of Article 15 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, cf. the first and second paragraph of Article 15 of Act No. 30/2004.
6. On repeated defaults of premium payments. The notice period for cancellation in such cases is two months, cf. the first and second paragraph of Article 15 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 paragraph of Article 15 or the second and third paragraph of Article 76 of Act No. 30/2004.

Article 28. 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 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, cf. Article 15 of these terms.

Article 29. Premium payment – due date – effect of defaults

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 period of grace, the Company may send a new notification requiring payment within 14 days. If the payment has not been made 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 30. Premium calculation

When premiums are calculated based on variables (such as turnover, wages, number of employees, machines or equipment), the premium shall be estimated at the beginning of the insurance period and the final premium shall be paid at its close. No later than one month before end of the period of insurance, the policyholder is required to provide the Company with all the information which the Company considers necessary to be able to make a final determination regarding the premium. Should this information not arrive in time, the Company is allowed to decide upon the final premium in a way that it considers to be fair. If the final premium is higher than the preliminary premium that was calculated, the policyholder must pay the difference within one week of being requested to do so. If the final premium is lower than the preliminary premium, the Company must refund the difference within one week of completing the calculations.

Article 31. 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 entitlements according to the rules of Articles 24 and 25 or Article 88 of Act No. 30/2004.

Article 32. 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 cancelled in part or in full, as provided for in Article 26 of Act No. 30/2004.

Article 33. Measures to avert loss or damage

When 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. Failure in this respect may result in the reduction or loss of compensation according to the Act on Insurance Contracts. The insurance applies to damage and costs imposed on the Insured as a result of measures to prevent loss or damage, as provided for in Article 30 of Act No. 30/2004.

Article 34. 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. The same applies if the policyholder gains knowledge of or suspects that a compensation claim likely to be covered by the policy will be made against him.

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.

Article 35. Deadline to notify of loss or damage and for legal action – expiry

The Insured loses the right to compensation if:

1. He does not notify the insurance 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 36. Intent

The insurance does not cover claims for loss or damage if the insurance event can be traced to the intent of the Insured or his employees.

Article 37. 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 38. 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. Information and application forms for a request for referral to the Committee may be obtained from the websites www.fme.is and www.sjova.is, as can as further details regarding the scope of activities and procedures of the Committee. 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 39. Venue

Sjóvá's headquarters are in Reykjavik. Any disputes arising against the Company due to this insurance policy shall be brought before the District Court of Reykjavik. Special terms for the insurance due to product liability: The above terms apply with the following amendments on risk due to the dangerous characteristics of merchandise (product liability). The payment of a special premium for such risk is required if the insurance is to apply to loss or damage overseas, as provided for in Article 21.

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.