

In addition to the specific terms and conditions and insurance certificates, general terms and conditions apply to all the insurance policies of the company unless otherwise specifically stated.

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The provisions of the insurance certificate supersede the provisions of the terms and conditions, and the provisions of the specific terms and conditions of individual insurance policies supersede the general terms and conditions. Insurance policy certificate also refers to notifications of renewal. In addition, all the above documents are considered a part of the insurance contract. The provisions in the insurance contract take precedence over derogable legal provisions. Act No. 30/2004 on Insurance Contracts, moreover, applies to this insurance. Information on the Claims Database may be found at the close of the terms and conditions.

SECTION 1. BEGINNING AND END OF COVERAGE

Article 1. Effective term

Unless otherwise determined by law or contract, the insurance shall enter into effect when the insurance contract is made, i.e. when the company or the policyholder has accepted the offer of the counterparty. The policy shall remain in effect during the period specified in the insurance policy or notification of renewal.

In the event that the policyholder has sent a written and fully completed insurance request to the company, the insurance shall come into effect on its receipt, unless the policyholder has requested another effective term or the request is rejected on the risk assessment of the company, according to Articles 13 and 74 of Act No. 30/2004.

The company may decide that its indemnity pursuant to the insurance contract does not enter into effect until after the premium has been paid in full. In such cases, the company shall inform the policyholder thereto on the purchase of the insurance.

The insurance policy shall expire at the end of the date specified in the insurance policy certificate as the last day of the insurance term if the insurance is not renewed.

Article 2. Renewal

An insurance that is valid for one year, or more, is automatically renewed for one year at a time, unless the policyholder has notified the company that he wishes to cancel the insurance contract or the company has notified the policyholder that the insurance will not be renewed. Insurance policies that provide for shorter terms of effect are not renewed, and the same applies in instances where it is clearly stated in the terms and conditions or the insurance policy certificate that the insurance becomes void on a certain date or under certain circumstances.

The company may amend the insurance terms and the insurance policy's premium when the insurance is renewed. The policyholder shall be notified of such amendments as soon as payment of the premium is requested and shall enter into effect as of the next renewal of the insurance policy after notification of the amendments has been sent.

In the event that the policyholder chooses not to renew the insurance policy, he shall verifiably notify the company thereto no later than two weeks before the expiry of the insurance period. 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, termination must be notified to the company at least one month before the expiry of the insurance period.

The company may refuse to renew insurance in the event of special conditions, cf. Articles 18 and 79 of Act No. 30/2004. The company shall notify the policyholder accordingly not later than two months before the renewal date.

Article 3. Disclosure obligation upon entry into and renewal of an insurance contract

The policyholder or, as the case may be, the insured shall provide the company with all the information the company requests and which may affect its risk assessment, cf. Articles 19 and 82 of Act No. 30/2004. In addition, they should take the initiative in the provision of information to the company about special circumstances they know or should know are of considerable importance for the company's risk assessment.

If it later becomes clear to the policyholder or the insured that they have provided incorrect or unsatisfactory information about the risk relating to Non-Life insurance, they shall inform the company accordingly at their own initiative and without undue delay. When renewing personal insurance, other than Life and Critical Illness insurance, the insured, or the

policyholder on his behalf, shall provide the company with new information about his health if it requests such information verifiably, cf. the third paragraph of Article 79 of Act No. 30/2004.

The company is not liable if the policyholder or the insured has fraudulently neglected his duty to inform and an insurance event has occurred. 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 Articles 20 and 83 of Act No. 30/2004.

Article 4. Risk assessment

In the case of insurance for real property or liquid assets, the company reserves the right to conduct a risk assessment of the insured item and its storage at any time before the purchase of the insurance, when it is renewed or during the insurance period. The same applies to risk assessments of the operation of the insured as relates to third-party liability and insurance for operational risks. The company may issue special instructions or establish a special precautionary principle as regards the treatment of the insured item on the basis of such examination or take account of such risk when determining the amount of the premium on the renewal of the insurance.

Risk assessments in Life, Health and Personal Accident insurances are based on health information that the insured provides to the company prior to purchasing an insurance or, as the case may be, prior to renewal. The decision on the provision of insurance, premiums and possible limitations to insurance protection is based on this risk assessment in cases where such assessment is made.

Article 5. Policyholder's authorisation to cancel the insurance during the effective term of the insurance policy

The policyholder may cancel the automatically renewed insurance contract 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. Life- and Critical Illness insurances, however, may be cancelled without prior notice. The cancellation shall be sent to the company by verifiable means. The policyholder is, in all circumstances, under obligation to pay the premium for such time as the insurance remains in effect and the liability of the company endures.

In the event that the policyholder no longer has need for insurance intended to provide cover for one year, or if there are other special circumstances that justify cancellation, the policyholder may cancel the insurance without prior notice, as provided for in Articles 14 and 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 insurance may only be cancelled in accordance with the provisions of Article 2 of these terms and conditions.

Article 6. The company's cancellation rights during the effective term of the insurance policy

The company may cancel the insurance in the following circumstances unless otherwise provided for by law:

- a. With fourteen days' notice if incorrect or unsatisfactory information is provided about the risk on the purchase of the insurance, as provided for in Articles 21 and 84 of Act No. 30/2004. In the event that the policyholder has provided such information fraudulently, the insurance may be terminated without prior notice and the company may, in such cases, cancel all its insurance contracts with the policyholder.
- b. With 7 days' notice if the policyholder intentionally provides incorrect or unsatisfactory information on the loss or damage incident or on the settlement of insurance compensation, cf. Articles 47 and 120 of Act No. 30/2004. In addition, the company may, in such cases, cancel all its insurance contracts with the insured.
- c. If the insured has intentionally caused the loss or damage or neglected his duties according to precautionary principles, with two months' notice, cf. Articles 15 and 76 of Act No. 30/2004. The same applies if the number of losses or damages of the insured or related parties over a short period is greater than could be expected, e.g. three events of loss or damage over the course of 12 months.
- d. If the use of the insured or the insured's operation or other circumstances changes during the term of the insurance to such an extent that:
 - I. the company would not have undertaken to provide insurance if the new circumstances had been known when the insurance was purchased or
 - II. it has an effect on the company's ability to re-insure the risk.
 - III. The notice period for cancellation in such cases is two months, as provided for in Articles 15 and 76 of Act No. 30/2004.
- e. 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.
- f. In the event of a serious breach of faith between the company and the policyholder. 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.
- g. In the event of changes to laws on liability or compensation amounts during the effective term of the insurance which leads to the failure of criteria used for the calculation of premiums. The notice period for cancellation in such cases is two months, as provided for in Articles 15 and 76 of Act No. 30/2004.

In mandatory liability insurance, the company is under obligation, in addition to notifications to the policyholder, to notify the appropriate authorities or regulatory body of the cancellation as further described in the terms of the insurance, laws and regulations.

SECTION 2. PREMIUM AND INSURANCE AMOUNT

Article 7. Insurance premium and calculation

The policyholder must pay a premium to the company as determined on the purchase of the insurance and subsequent renewals. The company's decision on the amount of the premium is based on the premium listing as in effect each time. The listing takes account of any risk assessments, the insurance amount on the renewal date, price level developments and business history. In personal insurance, the risk assessment is e.g. based on age, employment, health and other individual-based criteria. When determining the premium, the company is authorised to obtain information from other insurers about the insured's loss or damage history in the fields of insurance that apply.

Premiums do not change within each insurance period, although premium increases may be negotiated in advance in the event of specific conditions. The company may modify the premium listing. This will have a general impact on the premiums of the insurance in question as of the next renewal. In the event of significant changes to the premium listing of Life and Critical Illness insurance due to general changes to risk level or because the criteria used for premium calculations change, the company shall notify the Financial Supervisory Authority before such changes enter into effect.

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 may decide upon the final premium in a manner that it considers to be fair. If the final premium amount is higher than the preliminary calculated premium, the policyholder must pay the difference within one week of being requested to do so.

If the final premium amount is less than the preliminary premium, the company must refund the difference within one week of completing the calculations.

Article 8. Due date and defaults

The due date of the insurance premium falls due on the first day of each insurance period. The payment deadline shall be a minimum of one month from the date that the company sent the request for payment. Requests for the payment of premiums are to be sent to the policyholder at his e-mail address which is listed in the National Register unless he has verifiably notified the company of another address. The delivery of a notification or payment note constitutes a request for payment. Changes of address or e-mail addresses must 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 full payment has not been made within 14 days from this notification, the insurance will be immediately cancelled, cf. Articles 33 and 96 of Act No. 30/2004.

When an insurance is purchased with the unilateral declaration of the policyholder, the deadline for the premium is 7 days from the date that the company sends a request for the payment of the premium. If full payment has not been made within this deadline, the insurance will be immediately cancelled without further notice.

Article 9. Premium settlement on the cancellation of the contract during the insurance period

In the event that an insurance contract, effective for one year or more, 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 proportionately premiums for the 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 or for other reasons and the insurance is cancelled for these reasons. Premiums for short-term insurance will not be refunded.

Article 10. Insurance amount

The insurance amounts are stated in the insurance policy certificate and, as a rule, are based on the total value of the insured item or risk assessment. In real property insurance, the amount is based on the fire insurance valuation of the property at the beginning of the insurance period. The insurance coverage amount defines the maximum compensation together with costs that may be paid during the insurance period as a whole and also for each individual event of loss or damage for each insured or with respect to a single item, a pair or assembly as appropriate each time. The insurance amount does not constitute proof of the value of the insured interests prior to the event of loss or damage. In case of more than one insurance event resulting from the same cause, they will be considered, in the liability insurance, to have been caused by a single insurance event.

The policyholder and the insured are responsible for ensuring that the insurance amount is in accordance with its risk or value of the insured interests. The same applies to amount of the fire insurance valuation of real property, and the insured is under obligation to notify the company of any re-evaluation.

Article 11. Deductible

The proportion and amount of the deductible is stated in the insurance policy. If the principal of the compensation claim is less than the deductible, based on the amount of the deductible on the date of loss or damage, no payment of compensation will be made from the insurance; otherwise the amount of the deductible will be deducted from the payment of the company on settlement of claim. 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.

In mandatory liability insurance, the deductible has no impact on the legal position of the injured party, in which case the company is under obligation to pay him the compensation amount in full despite the deductible. In other liability insurance, the company may choose whether it pays the entire compensation amount including the deductible to the injured party. The policyholder and the insured are under obligation, in solidum, to reimburse the company in full the amount of the deductible. The company may decide against whom it directs requests for reimbursements.

Article 12. Currency and rates

The amounts of the insurance policy are in Icelandic króna (ISK) unless otherwise derived from law or especially stated in the insurance policy certificate.

Claim payments are paid in Icelandic króna (ISK) unless otherwise specifically negotiated. If the insurance amount or the amount of the deductible is specified in another currency, they shall, on settlement of compensation claims, be translated into Icelandic króna (ISK) based on the mid-rate of the Central Bank of Iceland on the date of loss or damage.

Article 13. Price changes

The insurance amount and the deductible follow the development of price levels in Iceland and change in accordance with changes on the initial date of the insurance period to the index specified in the insurance policy certificate or regulation, in the case of mandatory insurance.

SECTION 3. OBLIGATIONS OF THE INSURED IN THE EVENT OF LOSS OR DAMAGE**Article 14. Measures to prevent loss or damage**

When an insurance incident has taken place, or there is imminent danger that it may occur, the insured and the injured party shall do their utmost to prevent or reduce the damage. In addition, the insured is under obligation to comply with the fair and normal instructions of the company to minimise the scope of the loss or damage. In the event of an accident or illness, the insured is under obligation to seek the attention of a physician, undergo necessary medical treatment and in all respects follow the recommendations of the physician. The policyholder and the insured are, moreover, under obligation to do everything in their power to ensure the company's ability to claim right of recourse against a third party, when appropriate, until the company is itself able to guard its own interests. Failure in this respect may result in the reduction or loss of compensation in accordance with Articles 28 and 93 of Act No. 30/2004.

In the event of a covered loss incident, the insured can request a refund from the company for paid-out costs and the loss or damage suffered by the insured as a result of the above measures, to the extent that they can be considered special and justifiable, cf. Articles 30, 38 and 93 of Act No. 30/2004.

Article 15. Notification of loss or damage

In the event of loss or damage, the insured or, as the case may be, the compensation right holder shall immediately and without undue delay notify the company of such event in writing or by other verifiable means. The same applies if he gains knowledge of, or suspects, that a compensation claim likely to be covered by the policy will be made against him.

Theft, burglary, robbery, sabotage or assault must always be reported to the police or to the nearest authority in the country in which the event took place and an investigation requested. Such reports shall be submitted to the company. The company may require the submission of proof, such as invoices, receipts and warranty certificates for lost items, as appropriate. 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 or destroyed.

The company must be notified immediately of any fatality, accident and illness on appropriate forms provided by the company or the website of the company, if possible, or in another manner temporarily. In personal insurance, the company may have a consulting physician examine the insured in the event of an accident or illness and assess the medical aspects relating thereto. The company shall be notified as soon as possible in the event of the demise of the insured for reasons that may be covered by the insurance. The company is entitled to require that the deceased undergo an autopsy. When the medical assistance concludes, or when the consequences of the accident or illness can be assessed, the company shall be sent a medical certificate and a claim for compensation.

Failure in this respect may result in the reduction or loss of compensation if such failure limits the ability of the company to investigate the facts of the case or guard the company's interests in accordance with Articles 28 and 92 of Act No. 30/2004.

Article 16. Obligations of the insured in the event of loss or damage

The insured, or others who intend to claim compensation from the insurance, are under obligation to provide evidence that they have suffered loss or damage and its scope. These parties shall provide the company with information and deliver the data to which they have access and the company considers necessary to be able to assess its liability and the scope of the loss or damage. The insured is under obligation to do everything in his power to ensure that the company receives correct and sufficient information on the circumstances and causes of a loss or damage. The aforesaid information shall be submitted to the company on the initiative of the insured or at the request of the company and shall be provided free of charge.

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 Articles 47 and 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 Article 6 of these terms.

SECTION 4. INCIDENTS THAT MAY AFFECT INSURANCE COVERAGE AND COMPENSATION RIGHTS**Article 17. Increased risk**

The insured must immediately notify the company of any changes to the insured risk in non-life insurance. In this context, changes means any form of changes to the insured location, to the use or field of use of the insured item, loan or lease, sale or other assignment of assets or right to use the insured, registration or deregistration of the insured or any other changes that may pose increased risk for the company. The same applies to changes in residence, employment, health or other circumstances of the insured, in personal insurance other than Life and Critical illness insurance, when the premium had been determined on the basis of such circumstances. Failure to provide such information to the company, which would have led to a higher premium or amended terms, may lead to the partial or full cancellation of compensation rights according to the rules of Articles 24, 25 and 88 of Act No. 30/2004.

Article 18. Violations of the precautionary principles

Precautionary principles are rules of conduct set forth with the intent to prevent and limit loss or damage. A precondition for paying compensation from the insurance is that the established precautionary principles have always been followed. If the insured has neglected to comply with the precautionary principles or other instructions contained in the insurance contract, the liability of the company may be reduced or cancelled, as provided for in Articles 26 and 90 of Act No. 30/2004.

Article 19. 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 pursuant to the aforesaid, 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 may demand proportional reimbursement from the other companies based on the coverage of each company. This provision does not apply to personal insurance.

Article 20. Underinsurance

The insurance amount must always 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 total value of the insured. This provision does not apply to personal insurance.

Article 21. The insured causes an event of loss or damage

In the event that the insured has intentionally caused an event of loss or damage, the company cannot be held liable according to the first paragraph of Article 27 and Article 89 of Act No. 30/2004.

If the insured has caused an event of loss or damage by gross negligence or if its consequences 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 and Article 90 of Act No. 30/2004.

Article 22. The conduct of individuals other than the insured

Provisions providing for the insured's entitlement to compensation being curtailed or cancelled due to the actions or inaction of the insured also apply to the insured's entitlement to compensation due to the comparable actions of the spouse of the insured who lives with the insured and to persons with whom the insured is living in a permanent relationship, as provided for in the second paragraph of Article 29 of Act No. 30/2004. The same applies to the conduct of the person who, with the approval of the owner or custodian, is responsible for an insured automobile, vessel, aircraft or other vehicle or animal. When an insurance is purchased in connection with commercial operations, the same applies also to comparable conduct by the employees of the insured and other entities that he has in his service and for whom he is responsible as employer.

Article 23. Deadlines and expiry of compensation claims

The insured loses the right to compensation if:

- a. 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.
- b. 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 or Article 124 of Act No. 30/2004.

The claim of the insured for compensation may expire according to the provisions of Article 52 or Article 125 of Act No. 30/2004. Special rules may apply to expiry according to acts of law in individual fields.

SECTION 5. GENERAL LIMITATIONS TO SCOPE OF APPLICATION**Article 24. IT and Internet crime**

The Company does not compensate for any loss or damage which, irrespective of cause, results from the deletion or harmful changes to information data or software or that reduces the functionality, usefulness or access to computer systems or electronic media. In addition, the Company does not compensate for any loss or damage directly or indirectly caused by Internet crime or other harmful use or operation of computers, electronic systems or software, whether intentionally or not, such as cyber-attacks, fraud or the distribution of computer viruses, malware or spyware, skimming equipment, etc.

Article 25. War, terrorism, nuclear energy and weapons of mass destruction

The Company does not compensate for loss or damage directly or indirectly caused by any form of armed conflict and use of force, such as war, civil conflict, revolution, resistance movement, martial law or martial control, revolts or public unrest. The same applies to loss or damage due to explosions, radiation, poisoning, pollution or other effects of nuclear energy, including nuclear weapons, nuclear fuel or nuclear waste and loss or damage caused by virus or biological attacks, the use of chemical, bio-material or electromagnetic weapons or other kinds of weapons based on the splitting or fusion of atoms or nuclei. The Company does not compensate for loss or damage directly or indirectly attributable to the biological or chemical effects caused by any form of terrorism, including poisoning, pollution or loss or damage caused by bacterium, microbes or viruses.

Article 26. Natural disasters and related events

The Company does not compensate for loss or damage resulting from eruptions, earthquakes, landslides, snow avalanches, water or sea surges and any other form of natural disasters irrespective of their cause. Property loss or damage in Iceland resulting from natural disasters are compensated by the Icelandic Natural Catastrophe Insurance (Náttúruhamfaratrygging Íslands) according to Act No. 55/1992 in accordance with the rules of the body.

Article 27. Strike actions and epidemics

The Company does not compensate for loss or damage resulting from operational suspension, strikes or strike actions of any form. The Company does not compensate direct or indirect loss or damage caused by epidemics or communicable diseases of any form. Exemptions regarding epidemics and communicable diseases do not apply to Life, Health and Personal accident insurances, Travel insurance and Medical Cost insurance.

Article 28. Fines and sanctions

The Company does not pay compensation for fines, punitive damages or other penal sanctions of any form.

SECTION 6. HANDLING OF COMPENSATION AND SETTLEMENT OF CLAIMS**Article 29. The company's entitlement to negotiate with the injured party and handle defence before a court of law in third party liability insurance cases**

In liability insurance, the company has full and unrestricted rights to enter into negotiations and reach a settlement with injured parties as a result of claims against the insured and, as the case may be, to represent and handle defence before or outside a court of law. The company shall pay the cost of such actions as further described in these terms and conditions. In the event of court proceedings involving this insurance policy and only the company is summoned, the company may require that the legal action is also directed at the insured.

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 principal of the compensation claim, accrued interest and costs, the maximum of which corresponds to the insurance sum and, as the case may be, the deduction of the deductible.

Article 30. Determination of compensation

In liability insurance, compensation shall be based on the insured receiving compensation for real and verifiable loss or damage and that his financial status or the condition of the loss or damage item is as before the event, insofar as possible.

The compensation paid, however, is the maximum of the insurance coverage amount that was in effect on the date of loss or damage minus the deductible.

The company decides whether compensation will be paid for partial loss, i.e. repair costs or value deterioration, or compensation for total loss or damage. The company is entitled to decide, at its own expense, whether the damaged item shall be repaired or whether it pays the insured or injured party compensation for repair costs according to submitted receipts or according to estimates.

When compensation is paid for total loss of items, the compensation shall take account of their market price on the date of the loss or damage, having taken into account its age, use, depreciation, etc., unless otherwise negotiated. When a loss or damage item is compensated as a total loss according to the above, the company gains full ownership rights to such item and is entitled to the immediate delivery of the item free of any encumbrances or other indirect ownership rights. In the event that an agreement is reached to the effect that the company does not acquire the damaged item on settlement of compensation, the company may deduct from the compensation the value of the damaged item on the date of loss or damage.

Instead of monetary payment of compensation for partial or total loss, the company may compensate damages to insured items by providing (or pay the insured's or injured party's cost of obtaining) another item in its place which is similar in age, type and use, in exchange for the damaged item.

In liability insurance, compensation for physical injury is determined according to the Tort Damages Act No. 50/1993. In personal insurance, compensation is paid according to the insurance amount in effect on the date of loss or damage in accordance with the provisions of the insurance contract.

Article 31. Consultation regarding repairs

In the case of real property insurance and liquid assets, the insured is under obligation to fully consult the company as to whether, where and when repairs shall be carried out. As a rule, repairs shall be carried out as soon as possible once the company has been given the opportunity to assess the loss or damage. The company is not obliged to pay compensation for additional costs or increased damages caused by lack of consultation or delay in effecting repairs.

If the insured intends to change the type or appearance of the insured asset in conjunction with the repair or use other materials for the repairs than were used previously, the company does not pay the resulting extra costs, unless the company has agreed to do so in advance. The same applies to expenses for temporary repairs, unless their purpose is to prevent further damage to the insured asset.

Article 32. Value added tax

In the event that the insured or injured party gain entitlement to VAT reimbursement or tax deduction, such parties are under obligation to take advantage of such measures to limit their loss or damage. The company may arrange the compensation settlement in such a manner as to ensure that any tax concessions are deductible from the amount of damages.

Article 33. Rights of lienholders and transfer of ownership

The insurance is for the benefit of the insured and not for any new owner of the insured interests, lienholders or other owners of indirect ownership rights to the insured asset, unless otherwise negotiated or derived from non-discretionary legislative provisions. On transfer of ownership of the insured asset, however, the new owner is considered insured for 14 days from the date of transfer of ownership, provided that he has not purchased other insurance according to Article 40 of Act No. 30/2004.

Article 34. Beneficiary

Payments of compensation from the insurance policy shall be to the insured unless otherwise negotiated and stated in the insurance policy certificate or terms and conditions. Compensation will only be paid to the agent of the insured in exchange for the submission of a fully valid letter of proxy. When compensation is paid to underage persons, the company shall inform the district commissioner of the payment in accordance with Article 73 of the Act on Legal Competence No. 71/1997.

Death or life insurance benefits are paid to the right holder specified in the terms of the insurance or in the insurance policy certificate according to effective right holder registrations. If no instruction has been provided as regards the beneficiary of the benefits in the terms and the policyholder or the insured has not specified a right holder, benefits will be paid to the spouse of the insured. The term spouse applies exclusively to married persons and not cohabiting persons. If the insured has no surviving spouse, the benefits are to be paid to the heirs of the insured according to Article 100 of Act No. 30/2004.

Article 35. Payment of compensation

Compensation is paid within fourteen days from the date that the company receives acceptable documentation to confirm its liability and assess the compensation amount.

The insured or injured party is under obligation to present the damaged liquid assets and deliver them to the company if so requested. When the company pays compensation for total loss of liquid assets, it gains ownership rights to them, unless otherwise provided for in the contract between the insured or injured party. The insured is under obligation to issue a conveyance of title for the damaged item if the company so requests.

Article 36. Interest

In cases where the compensation amount is not based on the price level in effect on the date of settlement, the company pays interest on the compensation amount in accordance with Articles 50 and 123 of Act No. 30/2004. In liability insurance, interest, which the insured is under obligation to pay on a claim for damages, is paid in accordance with the provisions of Act No. 38/2001 on Interest and Price Indexation or the provisions of the Tort Damages Act No. 50/1993. The rules of Chapter III of the Act on Interest and Price Indexation apply to penalty interest.

Interest is paid even if this means that the payment of the company exceeds the insurance amount. If the aggregate sum of the principal and interest does not reach the amount of the deductible, the company does not pay interest. If the insured amount is less than the principal of the compensation amount, the company only pays for the part of the interest that corresponds to the insurance amount.

Article 37. Data acquisition and payment of costs

The company does not pay the cost of legal assistance or costs incurred due to an insurance event without the approval of the company. In liability insurance, the company, however, pays necessary costs, incurred with the approval of the company, to determine the liability of the insured or the amount of compensation in accordance with the general rules of tort. If the principal of the compensation amount is higher than the insurance amount, the company only pays for the part of the cost that corresponds to the insurance amount.

In personal insurance, the company pays the normal costs of acquiring medical certificates which, in the opinion of the company, are necessary to process claims for compensation under the insurance, such as injury certificates, general inability to work certificates and final certificates. In addition, the company pays the cost of other certificates that the company believes necessary and which are obtained at the company's request or with its approval. The company also pays for out-of-court disability assessments, obtained in consultation with the company, with the exception, however, if it is obvious that there are no permanent consequences.

Article 38. Set-off

The company is authorised to set-off defaulted premium payments against the insurance compensation it is to pay, as provided for by Articles 49 and 122 of Act No. 30/2004.

Article 39. Right of recourse

In the event of any of the insured having a claim for monetary compensation against a third party because of damage, the company receives this right insofar it has paid compensation. The same applies to the entitlement of the insured as regards court costs from a counterparty or the authorities.

The company always has the right of recourse against the policyholder and the insured if it has remitted compensation payments after the insurance has expired or, in cases where the company is not liable, in accordance with the insurance contract. If the company has paid compensation from the liability insurance for loss or damage that can be traced to the intent of the insured or his employees, the company gains right of recourse against the policyholder or the insured for the compensation paid together with interest and costs. The same applies with respect to an employee of the insured who has intentionally caused loss or damage.

SECTION 7. MISCELLANEOUS PROVISIONS**Article 40. Liability and role of third-party liability insurance**

According to Icelandic law, a person is liable for tort damages with respect to any harm which he causes others in a culpable and unlawful manner. This principle is called the culpa rule, and it is an unwritten basic principle of Icelandic law. If the person who is subject to a litigation claim for tort damages is not culpable, that person will generally speaking not be liable in tort.

The role of the third-party liability insurance is to pay damages for the insured to the extent that he has become liable, together with interest and costs resulting from the claim for damages. Legal responsibility is a complex subject and the insured is under obligation to consult the company concerning his legal position in the event that a claim for compensation is made against him for loss or damage he is believed to be responsible for.

An admission of liability for compensation by the action or statement of the insured commits only the insured and not the company. By giving such admission, the insured may put himself at risk of having to personally pay damages in cases not covered by the liability insurance.

Article 41. Claims Database

Certain information on loss or damage reported to the insurance is recorded in a Claims Database that Samtök fjármálafyrirtækja (SFF) (the Icelandic Financial Services Association) operates in accordance with special permissions from Persónuvernd (the Data Protection Authority). Sjóvá-Almennar is responsible for the processing of the information, and Creditinfo is the controller.

The object of processing information in the Claims Database is to prevent insurance fraud and the overpayment of insurance compensation. The following information is recorded in the Claims Database:

- a. ID No. of the injured party
- b. Case No. at the company
- c. Type of insurance
- d. Type of loss or damage
- e. Date of loss or damage
- f. Date of registration in the Claims Database
- g. Name of insurance company
- h. Location of loss or damage
- i. Unique identifying number of the insured item, e.g. vehicle

Only the employees of the insurance companies involved in claims settlements have access to information in the Claims Database. The information will be deleted when there is no longer any need for such information for the purposes of processing, at the very latest when ten years have elapsed since such information was recorded.

Article 42. Dispute resolution

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. Disputes relating to the rights and obligations of the parties as regards insurance distribution, including presentation, sales and the company's obligation to inform, will be referred to the Insurance Complaints Committee on insurance distribution according to Act No. 30/2004.

The Insurance Complaints Committee is housed at the Financial Supervisory Authority. Further information on the Committee and referrals thereto may be seen on the websites www.fme.is and www.sjova.is. Proceedings before the aforementioned complaints committees will not limit the right of the referring parties to also refer the case to a court of law.

As regards mandatory vehicle insurance, disputes on liability, fault and culpability may be referred to the Insurance Companies' Claims Committee, at no cost to the consumer. The opinion of the Committee is not binding and may be referred onward to the Insurance Complaints Committee.

Article 43. Venue and conflict of laws

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. 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.

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 terms and conditions are effective as of April 2nd 2021