

The insurance indemnifies for loss of work capacity due to an accident as further provided for in the terms and conditions. The terms and conditions are divided into the following sections:

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The **insured** are the employees in the employ of the Policyholder.

### SECTION 1. SCOPE OF COVER

#### Article 1. Geographical application

The insurance is valid globally.

#### Article 2. Scope of cover

The Company indemnifies for accidents sustained by the insured, as further defined in these terms and conditions or the premium payment receipt. The term "accident" in these terms and conditions means a sudden, external event which causes physical injury to the insured and occurs verifiably against their will. Indemnity will only be paid if the accident is the main cause of the death of the insured or their loss of work capacity, whether total or partial.

#### Article 3. Exempted risks

**The Company does not compensate:**

- 3.1. Accidents that occur in competitions or during training sessions in preparation for any kind of sports competition, unless the competition or training is part of the occupation of the insured.
- 3.2. Accidents occurring during flying, unless the insured is a passenger.
- 3.3. Accidents occurring during participation in any form of driving sports, martial arts, mountain/rock climbing, cliff rappelling, scuba diving, hang-gliding, glider flying, parachuting and/or any sports that are comparable and related by their nature.
- 3.4. Some of the risks that are exempted in Articles 3.1, 3.2 and 3.3 may, however, be included in the insurance by means of endorsement in the certificate and in exchange for an additional premium.

#### Article 4. Other limitations to liability

**The Company does not compensate:**

- 4.1. Accidents that are either directly or indirectly caused by nuclear changes, ionising radiation, radioactive pollution, nuclear fuel and nuclear waste or caused by war, invasion, military action, civil unrest, revolution, riots or similar action.
- 4.2. Accidents which the insured suffers in a fist fight, unless the accident is the consequence of normal self-defence reactions, or participation in a criminal act unless it is proven that there was no connection between such condition and the accident.
- 4.3. Accidents that occur due to sunbathing, medical treatment, surgical procedures or use of medicinal products, unless on the advice of a physician due to an accident subject to compensation.
- 4.4. Accidents caused by the consumption of intoxicants.
- 4.5. Accidents resulting from toxic gases, unless these have occurred without warning and against the will of the insured.
- 4.6. Accidents due to acts of terrorism, any form of biological or chemical effects and/or toxic effects, including due to pathogens and viruses.

#### Article 5. Limitations to liability with respect to natural disasters

- 5.1. If earthquakes, volcanic eruptions, flooding, landslides or other natural disasters cause injury in one and the same event to many individuals who are insured by this insurance policy, the Company's total compensation shall be limited to ISK 200 million. Compensation is divided proportionately between compensation recipients.
- 5.2. This limitation on compensation, provided for in Article 5.1, applies even if not all the injured parties are the employees of the same Policyholder.

#### Article 6. Death benefits

If an accident causes the death of the insured within three years from the date of the accident, the right holder of the benefits will be paid the amount in effect on the date of the accident and stated in the insurance policy, less any compensation for permanent disability which the Company may have paid with respect to the same accident. Death benefits are not paid when compensation entitlement for the accident is pre-existing according to mandatory vehicle insurance, i.e. irrespective of whether they are covered by third-party insurance or by the driver's and owner's accident insurance, unless otherwise provided for in collective wage agreements. The same applies if the right holder is entitled to death benefits according to the rules of the Traffic Act as regards damages caused by unknown and uninsured vehicles. The right to payment of death benefits is governed by the insurance agreement between the Policyholder and the Company and the rules of Chapter XV of Act No. 30/2004.

### **Article 7. Compensation for permanent physical injury**

- 7.1. If an accident causes the insured permanent physical damage within three years from the date of the accident, disability compensation shall be paid on the basis of the amount in effect on the date of the accident. Compensation for permanent disability is not paid when compensation entitlement for the accident is pre-existing according to mandatory vehicle insurance, i.e. irrespective of whether they are covered by third-party insurance or by the driver's and owner's accident insurance, unless otherwise provided for in collective wage agreements. The same applies if the insured is entitled to compensation for permanent disability according to the rules of the Traffic Act as regards damages caused by unknown and uninsured vehicles.
- 7.2. Disability shall be assessed as a percentage, concerning the degree of disability, in accordance with the indices of the Disability Committee in effect when the disability assessment is performed. The level of disability is to be assessed without regard to the injured party's employment, special abilities or social standing. If the injury of the insured is not included in the disability tables of the Disability Committee, it shall be assessed specifically, having regard to the tables. Disability can never be more than 100%.
- 7.3. Disability compensation is paid in proportion to the insurance amount unless otherwise provided for in collective wage agreements. No account may be taken of any disability present before the accident when calculating disability benefits.
- 7.4. When determining disability compensation, the following rules shall, moreover, be followed:
  - a. Loss or deformity of a limb or organ which was unusable before the accident cannot provide entitlement to disability compensation. For the loss or deformity of a limb or organ which was deformed before the accident, the disability shall be assessed taking into account the deformity before the accident.
  - b. The disability shall be determined one year after the accident, at the earliest, with regard to the condition of the injured party at that time. If the injured or the Company is of the opinion that the disability may change, either party may demand that the final disability assessment be postponed but for no longer than three years from the date of the accident.
  - c. Even if the condition of the injured may be expected to change, no exception shall be made from the performance of the disability assessment at the very latest three years from the date of the accident. In this case, the disability shall be determined as it may be expected to be permanently. If it is considered likely that the condition of the injured may be improved through medical treatment or therapy and they are reluctant to undertake such treatment without valid reason, it is nevertheless mandatory, when determining the degree of disability, to take into account the possible improvement that such treatment could involve.
  - d. No disability compensation is paid if the insured dies before the permanent disability is assessed.
  - e. No compensation is paid for accidents which only cause disfigurement.

### **Article 8. Compensation for temporary loss of work capacity**

- 8.1. If an accident causes a temporary loss of work capacity, the Company shall pay per diem payments, as in effect on the date of the accident. Compensation for temporary disability is not paid when compensation entitlement for the accident is pre-existing according to mandatory vehicle insurance, i.e. irrespective of whether they are covered by third-party insurance or by the driver's and owner's accident insurance, unless otherwise provided for in collective wage agreements. The same applies if the insured is entitled to compensation for temporary disability according to the rules of the Traffic Act as regards damages caused by unknown and uninsured vehicles.
- 8.2. Per diem payments shall be paid in proportion to the loss of ability to work from the date determined in the insurance certificate and until the injured party has regained their ability to work – no longer, however,

than for the maximum compensation period as specified by the certificate and not for any period after three years have elapsed from the date of the accident. If the loss of work capacity of the injured is to some extent attributable to causes other than the accident, the per diem payment shall decrease in direct proportion to the part that these causes affect the loss of work capacity. The Company determines the extent of the loss of work capacity, and its permanence, on the basis of medical certificates and other available evidence.

- 8.3. Per diem payments are paid to the Policyholder during such time as the Policyholder pays the insured wages in accordance with collective wage agreements and thereafter to the insured.

### **Article 9. Compensation for broken teeth**

- 9.1. The Company pays for repairs to sound and properly repaired teeth which break or are damaged in an accident. Payment by the Company, however, is limited to 5% of the base disability insurance amount for each accident, and accrued payments, with respect to accidents over one insurance year, are limited to 7.5% of the same amount.
- 9.2. The Company does not, however, compensate for broken teeth resulting from a work-related accident, as provided for by the Social Security Act. The Company, moreover, does not compensate for teeth that break while the insured is eating.
- 9.3. Compensation for broken teeth is not paid when compensation entitlement for the accident is pre-existing according to mandatory vehicle insurance, i.e. irrespective of whether they are covered by third-party insurance or by the driver's and owner's accident insurance, unless otherwise provided for in collective wage agreements. The same applies if the insured is entitled to compensation for broken teeth according to the rules of the Traffic Act as regards damages caused by unknown and uninsured vehicles.

### **Article 10. Data acquisition and payment of costs**

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. This means that the Company pays, without special permission, for traditional medical certificates, 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 disability assessments pursuant to these terms, except, however, if it is obvious that there are no permanent consequences. The Company does not pay the cost of legal assistance or costs incurred due to an insurance event without the approval of the Company.

### **Article 11. Age limits**

If the insured is aged seventy years or older, the amount of insurance coverage shall be limited to the following percentages of the maximum amounts stated in the relevant collective wage agreement or certificate:

Aged 70 yrs 95%	Aged 78 yrs 55%
Aged 71 yrs 90%	Aged 79 yrs 50%
Aged 72 yrs 85%	Aged 80 yrs 45%
Aged 73 yrs 80%	Aged 81 yrs 40%
Aged 74 yrs 75%	Aged 82 yrs 30%
Aged 75 yrs 70%	Aged 83 yrs 20%
Aged 76 yrs 65%	Aged 84 yrs 10%
Aged 77 yrs 60%	

The Company does not insure children under the age of thirteen for higher death benefits than are equivalent to normal funeral costs.

### **Article 12. Payment of compensation**

Compensation is paid within fourteen days after satisfactory evidence of the liability of the Company has been submitted and the amount of the compensation can be determined. Interest on insurance amounts is governed by Article 123 of Act No. 30/2004.

### **Article 13. Measures in the event of an accident**

The injured is under obligation to seek the attention of a physician immediately after an accident has occurred, to undergo necessary medical treatment and in all respects follow the recommendations of the physician. The Company must be notified immediately of any accident on appropriate forms provided by the Company, if

possible, or in another manner temporarily. The Company must be notified as soon as possible in the event of the accidental death of the insured. The Company is entitled to require that the deceased undergo an autopsy. In the event of an accident, the Company may have a consulting physician examine the insured. When the medical assistance concludes or when the consequences of the accident can be determined, the Company is to be sent a medical certificate and a claim for compensation.

### **Article 14. Insurance amounts**

Insurance amounts are based on the applicable effective collective wage agreements. These, moreover, provide for rules on the indexation of insurance amounts and compensation amounts. Information on insurance amounts is given in the insurance certificate or reference is made to them in the certificate.

## **SECTION 2. GENERAL PROVISIONS**

### **Article 15. Basis of agreement and entry into effect**

The insurance relationship is based on these terms and conditions, on information provided in the insurance application, and on other data related to the contract, both at its initial issue and subsequent renewal. 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.

### **Article 16. Effective term – Renewal**

The policy shall remain in effect during the period specified in the insurance policy or the premium payment receipt. 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. Notification must be received by the Company within one month from the date that the Company sent notification of the due date of the new period. The termination must be in writing. 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. Insurance that is effective for a shorter period than one year will be renewed only by means of an application.

### **Article 17. Cancellation rights during the effective term of the insurance policy**

The Company may terminate the insurance if any of the following circumstances apply:

1. With fourteen days' notice if incorrect or unsatisfactory information is provided about the risk, as provided for in 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 84 and 76 in Act No. 30/2004.
3. After loss or damage has occurred, if
  - a. the insured caused the loss or damage intentionally
  - b. the insured violated precautionary principles
  - 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 second and third paragraphs of Article 76 of Act No. 30/2004.

4. If the Policyholder's operations change during the term of the insurance to such an extent that:
  - a. the Company would not have undertaken to provide insurance if the new circumstances had been known when the insurance was purchased
  - b. it has an effect on the Company's ability to re-insure the risk

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

5. On repeated defaults of premium payments. The notice period for cancellation in such cases is two months, as provided for in the second and third paragraphs of Article 76 of Act No. 30/2004.

The Policyholder may cancel the insurance contract if they no longer need the insurance or if there are other special circumstances that justify cancellation, cf. the third paragraph of Article 75 of Act No. 30/2004.

### **Article 18. Change in risk**

The premium is dependent on the circumstances of the insured, including their occupation. The Company must be immediately informed of any change taking place in the insured's occupation or other aspects disclosed in the application for insurance and which have an effect on the risk assumed by the Company, so that it can determine whether the insurance can continue on existing terms. Should such notification not have been sent to the Company by payment of the first premium following the change, at the latest, and should such neglect have resulted in the Company not raising the premium, the liability of the Company shall be reduced proportionally for each loss, as provided for in Article 88 of Act No. 30/2004. This could mean a rejection or reduction of indemnity specified in the policy schedule, in cases where the Company would have rejected the insurance or charged higher premium had it been aware of the new occupation. When assessing liability, regard shall be made to the premium the Company would have charged had it known of the changes in insured's occupation. Should the insurance be cancelled, the premium for the remainder of the insurance period will be refunded.

### **Article 19. 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, as provided for in the first paragraph of Article 83 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 83 of Act No. 30/2004.

#### **Information provided for the settlement of insurance benefits**

Anyone who intentionally provides false or insufficient information when settling an insurance claim shall forfeit any right against the Company pursuant to this and other existing insurance contracts relevant to the insurance event in question, as provided in the second paragraph of Article 120 of Act No. 30/2004. In such an event, the Company may terminate all its insurance contracts with the person in question with one week's notice.

### **Article 20. The premium – Due date – Defaults – Settlement on the cancellation of the contract during the insurance period**

#### **Premium**

The insured must pay a premium to the Company. Premiums are determined according to the effective premium rates of 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 is a minimum of one month from the date that the Company sent notification for payment to the Policyholder. The request for payment of premiums will be sent to the Policyholder at the address they have provided to the Company. The delivery of a notification or payment note constitutes a request for payment. The Company shall be immediately notified of any changes of address.

#### **Determination of premium**

Premiums are to be estimated at the beginning of each insurance year, based on information from the Policyholder as regards the estimated number of working weeks in each risk category. No later than two months before the 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 the Policyholder fail to provide this information in good time, the Company may 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 paid, 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.

#### **Defaults**

If the premium remains unpaid at the end of the grace period, the Company may send a new notification requiring payment within fourteen days. If the payment has not been effected within fourteen days of this notification, the insurance will be immediately cancelled, as provided for in Article 96 of Act No. 30/2004.

#### **Settlement if the contract is terminated during the effective term of the insurance**

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. This does not apply when an insurance event has occurred during the insurance period that conveys the right to payment of

the insurance amount. The Company, however, does not refund the premium for the first three months after the issue of the insurance.

### **Article 21. Violations of the precautionary principles**

Precautionary principles are rules of conduct set forth with the intent of preventing and limiting loss or damage. If the insured, through gross negligence, 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 the first paragraph of Article 90 of Act No. 30/2004.

### **Article 22. Time limit to notify of loss or damage – Expiry**

#### **The insured forfeits the right to compensation if:**

1. They do not notify the Company of his claim within one year from the time when they became aware of the event which gave rise to the claim.
2. They have 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 124 of Act No. 30/2004.

Compensation claims under this insurance policy will expire in accordance with the provisions of Article 125 of Act No. 30/2004.

### **Article 23. The insured causes an insurance event**

#### **Intent**

In the event that the insured has intentionally caused the occurrence of an insurance event, the Company shall not incur liability, as provided for in Article 89 of Act No. 30/2004.

#### **Gross negligence**

If the insured causes the occurrence of an insurance event by gross negligence or if the consequences of the event are more serious than they would have otherwise been, the Company's liability may be reduced or cancelled, as provided for in the first paragraph of Article 90 of Act No. 30/2004.

### **Article 24. 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 25. 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. Information and application forms for a request for referral to the Committee may be obtained from the websites [www.fme.is](http://www.fme.is) and [www.sjova.is](http://www.sjova.is), as can 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 26. Venue**

The Company's legal venue is in Reykjavik. Any disputes arising against the Company due to this insurance policy shall be brought before the District Court of Reykjavik.

**These terms and conditions enter into effect on 15<sup>th</sup> June 2016.**

**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.**