

The insurance compensates for loss of work capacity due to accident. Optional compensation aspects are per diem payments due to temporary loss of work capacity, disability benefits due to permanent loss of capacity and death benefits. The terms and conditions are divided into the following sections:

Section 1: Scope of cover, page 1.

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SECTION 1 SCOPE OF COVER

Article 1. Where does the insurance apply?

The insurance is valid globally.

Article 2. Scope of coverage

The Company pays compensation for accidents involving the insured, as stated in this insurance policy certificate. The term "accident" in these terms and conditions shall mean a sudden, external event which causes physical injury to the insured and occurs against his will. An accident involving the extremities, however, only requires a sudden event that causes physical injury to the insured and is against his will.

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.
- 3.2. 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.
- 3.3. Accidents occurring during flying, unless the insured is a passenger on a scheduled or chartered flight operated by a party having the requisite aviation authority permits.

Some of the items that are excluded here could, however, be included in the insurance on payment of a special additional fee.

Article 4. Limitations to liability with respect to diseases, etc.

If a disease, debilitation or pathological condition suffered by the insured is a contributing factor to his death, no death benefits will be paid. This applies irrespective of whether this condition was present at the time of the accident or arose later without its direct and sole cause being an accident covered by the insurance policy. The Company does not pay compensation for an accident which is directly or indirectly caused by poor sight, poor hearing, paralysis, deformity, insanity, epilepsy, fits, stroke, diabetes or other serious disease or debilitation. Moreover, the Company does not compensate for damages from infections caused by insect bites or stings. If such reasons are contributing factors to the insured temporarily or permanently losing the ability to work, compensation is only paid for the loss of ability which he may have been expected to suffer if these conditions had not been present. Even if an accident is considered the proven cause, the Company will not pay compensation due to the following diseases or pathological conditions: discus prolapse, lumbago ischia, rheumatoid arthritis, degenerative joint disease or any other form of arthritis.

Article 5. Other limitations to liability

The Company does not compensate:

- 5.1 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 actions, civil commotion, revolution, riots or similar events. The same applies to accidents that are directly or indirectly attributable to earthquakes, volcanic eruptions, floods, landslides, snow avalanches or other natural disasters.
- 5.2 Accidents which the insured sustains in a fist fight or participation in a criminal act unless it is proven that there was no connection between such condition and the accident.
- 5.3 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.
- 5.4 Accidents caused by food poisoning, alcohol poisoning or the consumption of stimulants.
- 5.5 Accidents resulting from toxic gases, unless these have occurred without warning and against the will of the insured.

- 5.6 Accidents due to acts of terrorism, any form of biological or chemical effects and/or toxic effects, including due to bacteria and viruses.

Article 6. Death benefits

If an accident causes the death of the insured within one year from the date of the accident, the right holder of the benefits will be paid the amount stated in effect on the date of the accident, as provided for in Articles 15, 22 and 23, less the compensation for permanent physical damage which the Company may have paid with respect to the same accident. Death benefits are only paid if the accident is the direct and only cause of the death of the insured.

Article 7. Beneficiary of death benefits

The right to payment of the death benefits is governed by the insurance agreement and the rules of Chapter XV of Act No. 30/2004. In the event that the policyholder/insured has not nominated the beneficiary of death benefits, the rules of Article 100 of Act No. 30/2004 shall apply. The insurance amount is then paid to the spouse of the insured. The term spouse, according to Act No. 30/2001, does not include cohabiting partners. If the insured does not leave a spouse, the insurance amount will be paid to the inheritors of the insured according to law or a will.

Article 8. Compensation for permanent physical injury

If an accident causes permanent physical damage within three years from the date of the accident, disability compensation shall be paid on the basis of the insurance amount in effect on the date of the accident, as provided for in Articles 15, 22 and 23.

- 8.1 Disability shall be assessed as a percentage, concerning the degree of disability, in accordance with the indices of the Disability Committee which are 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 Assessment Committee, it shall be assessed specifically, having regard to the tables. Disability can never be more than 100%.
- 8.2 For 100% disability, the whole insurance amount shall be paid, while lesser disabilities shall be compensated proportionally. When determining disability compensation, the following rules shall, moreover, be followed:
- 8.3 Loss or deformity of a limb or organ which was useless 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.
- 8.4 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 not for longer than three years from the date of the accident.
- 8.5 Even though 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 become finally. If there is a likelihood that the condition of the injured may be improved through medical treatment or therapy and he is reluctant to undertake such treatment, it is nevertheless mandatory, when determining the degree of disability, to take into account the possible improvement that such treatment could involve.
- 8.6 If the injured party dies after more than one year has passed from the date of the accident but before the final disability assessment has been performed, compensation shall be paid in accordance with the interim disability assessment pursuant to Articles 8.4 and 8.5.
- 8.7 No compensation is paid for accidents which only cause disfigurement.

Article 9. Compensation for temporary loss of work capacity

If an accident causes a temporary loss of work capacity, the Company shall pay per diem payments, as applicable on the date of the accident and as are in effect from time to time while the loss of work capacity continues, cf. Articles 15, 22 and 23. 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 his ability to work, no longer, however, than for the maximum compensation period as specified by the certificate and not for any period after five 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 necessary medical certificates and other available documentation.

Article 10. Compensation for broken teeth

The Company pays for repairs to healthy and properly repaired teeth which break or are damaged in an accident. Payment by the Company, however, is limited to 5% of the 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. 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.

Article 11. 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, with the exception, however, of 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 12. Age limits

The insurance policy expires at the close of the insurance year in which the insured becomes 67 years of age, unless otherwise provided for in the insurance certificate. The Company does not insure children under the age of 16 against the loss of ability to work nor for higher death benefits than are equivalent to normal funeral costs.

Article 13. Payment of compensation

Compensation is paid 14 days after satisfactory evidence of the liability of the Company has been submitted and the amount of the compensation can be determined. Insurance amount interest is governed by Article 123 of Act No. 30/2004.

Article 14. 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 15. Insurance amounts

Insurance amounts are in accordance with the insurance agreement between the policyholder and the Company.

Information on insurance amounts is stated in the insurance certificate.

1. KAFLI

2. KAFLI SECTION 2 GENERAL PROVISIONS

Article 16. Basis of agreement and entry into effect

The insurance relationship is based on these insurance terms, on information provided in the insurance request and on other data related to the contract, at the time at which it was entered and later.

The Company's liability commences when it has received a completed, written insurance application in accordance with Article 74 of Act no 30/2004, provided that such request is not declined by the Company's risk assessment. On the acceptance of the insurance applicant, the insurance shall enter into effect as of the receipt of the applicant, unless the insured has requested, in writing, a different time of entry into effect, in which case the liability of the Company shall commence as of that time.

The date of the policy's entrance into effect is negotiable in writing.

The Company may request new information on the risk in connection with the renewal of the insurance.

Article 17. Validity – Renewal – Cancellation rights

Effective term

Unless otherwise determined by law or contract, the insurance shall enter into effect on the date on which the insurance contract is made, i.e. when the Company or the insurance applicant has accepted the offer of the counterparty. The policy shall remain in effect during the period specified in the insurance policy or the premium receipt.

Renewal and cancellation

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, as provided for in Articles 21 and 15 or Articles 84 and 76 of Act No. 30/2004.
2. Without notice if the policyholder has acted fraudulently when providing the Company with information about the risk, as provided for in Articles 21 and 15 or Articles 84 and 76 of Act No. 30/2004. In addition, the Company may in such cases cancel all its insurance contracts with the insured.
3. With 7 days' notice if the policyholder intentionally provides incorrect or unsatisfactory information on the settlement of insurance compensation, as provided for in Articles 47 and 15 or Articles 120 and 76 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 damages 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, 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.

5. If the use of the insured or the policyholder's operation changes during the term of the insurance to such an extent that:

- a. the Company would not have undertaken to provide insurance if the new circumstances had been known when the insurance was purchased.
- b. it has an effect on the Company's ability to re-insure the risk.

The notice period for cancellation in such cases is two months, as provided for in the first and second paragraph of Article 15 or the second and third paragraph of Article 76 of Act No. 30/2004.

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

7. In the event of a serious breach of faith between the Company and the insured.

The notice period for cancellation in such cases is two months, as provided for in the first and second paragraph of Article 15 or the second and third paragraph of Article 76 of Act No. 30/2004.

Article 18. Change in risk

The premium is dependent on the circumstances of the insured, including his occupation. The Company must be immediately informed of any change taking place in 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 a notification not have been sent to the Company by payment of initial 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. In assessment of liability, regard shall be made to the premium the Company would have charged should it have 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 to the Company 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 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 present 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 effective term of the insurance

The insured must pay a premium to the Company. The first premium falls due on the date that the insurance contract enters into effect. Due dates for subsequent premiums fall on the first day of each renewal period. The payment deadline shall be a minimum of one month from the date that the Company sent notification for payment. The request for payment of premiums will be sent to the policyholder at the address he has provided to the Company. The delivery of a notification or payment note constitutes a request for payment. Changes of address shall be immediately notified to the Company. If the premium remains unpaid at the end of the grace period, the Company may send a new notification requiring payment within 14 days. If the payment has not been effected within 14 days from this notification, the insurance will be immediately cancelled, as provided for in Article 33 of Act No. 30/2004. In the event that an insurance contract valid for

one year or longer is cancelled during the insurance term, the Company is entitled to payment in proportion to the period in which the insurance was effective and will refund premiums for any other period already paid. In the event that the premium is determined on a seasonal basis, this may be taken into account when refunding premiums, as provided for in the second paragraph of Article 17 of Act No. 30/2004. The Company, however, does not refund the premium for the first three months after the issue of the insurance.

Article 21. Price indexation of insurance amount and premiums

The insurance amounts stated in the policy certificate or on the renewal receipt are indexed and subject to changes on the first day of each month in direct proportion to changes in the consumer price index (excluding housing), based on price levels of the previous month according to the base index stated in the policy or on the renewal receipt. In the event that premiums are paid on more than one due date, the premium paid on other and later due dates must be adjusted in the same manner in proportion to the consumer price index (excluding housing).

Article 22. Insurance amounts – Price changes

The insurance policy or premium receipt states the insurance amounts. These amounts change in accordance with changes to the consumer price index (excluding housing) from the initial date of the insurance period. The compensation amounts of disability compensation, death benefits and benefits for temporary loss of work capacity are calculated on the basis of the effective insurance amount on the date of the accident and change in accordance with changes to the consumer price index (excluding housing) from the date of the accident to the date of settlement. The duration of the indexation of benefits does not, however, exceed three years from the date of the accident.

Article 23. Index-based changes

If there are changes to the basis of the consumer price index (excluding housing), the instructions of Hagstofa Íslands (Statistics Iceland) shall be followed with respect to the linking of the index pursuant to the new basis to the index pursuant to the older basis.

Article 24. Breach of precautionary principles

Precautionary principles are rules of conduct set forth with the intent to prevent and limit 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 25. Time limit to notify of loss or damage – Expiry

The insured loses the right to compensation if:

1. he does not notify the Company of his claim within one year from the time when he became aware of the event which gave rise to the claim.
2. he has not initiated court proceedings or requested procedure before the Insurance Complaints Committee within one year from the receipt of written notification that the claim was rejected, as provided for in Article 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 26. 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 27. 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 28. Disputes

In the event of a dispute as regards this insurance policy, the dispute shall be resolved by an Icelandic court of law in accordance with Icelandic law unless otherwise stipulated by international agreements binding to Iceland. The Insurance Complaints Committee shall rule on any dispute concerning liability, fault and culpability as well as issues that relate to Act No. 30/2004 on Insurance Contracts. The Insurance Complaints Committee is housed at the Financial Supervisory Authority. Application forms for a request for referral to the Insurance Complaints Committee, as well as further details regarding the scope of activities and procedures of both committees, are available at the offices of Sjóvá and the Financial Supervisory Authority (FME). A procedure before the Insurance Complaints Committee will not limit the right of the referring parties to also refer the case to a court of law.

Article 29. 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.

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 1 July 2015.