CHILD INSURANCE

Translation of Terms and conditions No 303

The insurance covers damage to the health of the insured (the child) occurring during the insurance period due to accidents and/or diseases, as further provided for in the terms and conditions. The terms and conditions are divided into the following sections:

Section 1: Future protection page 1.
Section 2: Trauma protection, page 1.
Section 3: Care protection, page 2.
Section 4: Critical Illness protection, page 2.
Section 5: Death benefits, page 4.
Section 6: Waiver of premium, page 4.
Section 7: General provisions, page 4.

Only the legal guardian of the child can be the **Policyholder**.

SECTION 1. FUTURE PROTECTION

Article 1. Compensation for permanent physical injury

Future protection pays compensation in a lump sum for medical disability caused by a disease or accident suffered by the insured during the insurance period. Compensation from Future protection is paid if the assessment of permanent medical disability on final disability assessment is 15% or more. Compensation for medical disability assessed as less than 15% is not paid. Compensation is paid in proportion to the base insurance amount of Future protection , except that each point of disability rating from 51% to 100% shall have quadruple weighting. Compensation for disability assessed as 100%, therefore, will be 250% of the base amount of Future protection stated in the insurance policy. The insurance amount for compensation from Future protection changes in line with changes to the consumer price index for price indexation, from the date of loss or damage to the date of payment.

Article 2. Assessment of permanent medical disability

Medical 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 shall be assessed without regard to the injured party's employment, special abilities or social standing. If the injury/loss of health of the insured is not included in the disability tables of the Disability Committee, it shall be assessed specifically, having regard to the tables. In such cases, the assessor is to take account of the issued disability tables of other countries, to the extent possible. Disability can never be more than 100%. Pre-existing medical disability when the insurance entered into effect never grants entitlement to compensation. The same applies to scars or other cosmetic defects.

Medical disability shall be finally determined when the disability assessment of the insured is considered realistic in the opinion of the Company's consulting physician. The disability assessment, however, must at the earliest be made one year after the event and not later than at the age of twenty, in which case the expiry provision contained in Article 125 of the Act on Insurance Contracts does not apply. If the insured is diagnosed with more than one disease and/or has suffered an accident or more than one accident during the insurance period, the assessment of the permanent medical disability is based on the overall assessment of all covered diseases and/or accidents. Disability caused by other diseases, accidents or other events not covered by the insurance during the insurance period will not be assessed as part of the assessment for the payment of compensation.

Article 3. Conditions for the payment of compensation

Compensation will be paid to the insured party when the final disability assessment has been completed. If the insured is not financially competent on the date of payment of the compensation, the compensation will be deposited into a restricted bank account in a recognised financial institution undertaking in Iceland. The account will be restricted until the age of eighteen.

SECTION 2. TRAUMA PROTECTION

Article 4. Compensation for permanent physical injury

Trauma Cover pays compensation in a lump sum for medical disability caused by a disease or accident suffered by the insured during the insurance period. Compensation is paid in direct proportion to the base insurance amount of Trauma protection as stated in the insurance policy. Compensation from Trauma protection is paid if the assessment of permanent medical disability is 15% or more. Compensation for medical disability assessed as less than 15% is not paid.

Article 5. Assessment of permanent medical disability

The assessment of medical disability for Trauma protection is in accordance with Article 2 of these terms and conditions. The assessment of medical disability for Trauma protection is carried out when the consequences of the covered accident or disease are known. As a rule, the assessment should be carried out within two years.

Article 6. Payment of compensation and right holder

Compensation is paid to the Policyholder.

SECTION 3. CARE PROTECTION

Article 7. Conditions for the payment of compensation

Compensation is paid when the insured, due to illness or accident, is hospitalised and/or needs 24-hour care, together with active treatment, for a total of sixty days over a period of 120 days. “Active treatment” means whatever needs to be done to have an effect on the illness, such as medication, training, medical treatment and general care and nursing. A condition for liability is that the certificate issued by the physician responsible for the care of the insured during the aforementioned period confirms the admittance to a medical facility and/or the necessity of care and active treatment, as well as the relevant admittance period.

Article 8. Limits to liability

Compensation is paid once for each covered accident or disease. This limitation also covers any associated complications of the diseases, accidents and illnesses or the symptoms medically associated with them.

Article 9. Payment of compensation and right holder

Compensation is paid to the Policyholder.

SECTION 4. CRITICAL ILLNESS PROTECTION

Article 10. Conditions for the payment of compensation

Compensation for Critical Illness protection is paid in a single lump sum if the insured is diagnosed with any of the following conditions, as further described in Article 11 of these terms and conditions:

- MS (Multiple Sclerosis)
- Cancer
- Diabetes (Diabetes Mellitus, type 1)
- Severe burns
- Cystic fibrosis
- Arthritis
- AIDS, due to needlestick injuries

Liability for compensation is subject to the condition of being diagnosed later than three months from the entry into effect of the insurance. Liability is also dependent on the insured being alive 30 days after having been diagnosed.

Article 11. More detailed description conditions covered by Critical Illness protection

MS (Multiple Sclerosis)

Multiple sclerosis diagnosed in the paediatric ward of a recognised hospital or by a specialist on neurological disorders.

The insured must have neurological symptoms for at least 6 months or have at least two clinically confirmed periods of symptoms. For confirmation, the symptoms of demyelination and disruptions to movement and sensory perception must be typical, together with an analysis of spinal fluid and the results of an MRI scan.

Cancer
A disease that manifests itself as malignant tumour, characterised by uncontrollable growth and dispersal of malignant cells and invasion of tissue. The diagnosis must be verified by means of a definitive biopsy investigation. The term cancer includes leukaemia and malignant diseases in the lymphatic system such as Hodgkin's disease.
Exemptions:
• any form of skin cancer (including on the lips) with the exception of malignant melanomas.
• all tumours that are histologically described as premalignant or which only show early malignant changes.
• cancer in situ, not invasive.

• Diabetes (Diabetes Mellitus, type 1)
Diabetes diagnosed by a specialist in paediatrics or internal medicine. Fasting blood sugar levels in repeated samples must be higher than 8 mmol/l and the insured must have received treatment with insulin for more than three months.

Severe burns
Severe burns are defined as third-degree burns covering at least 20% of the surface of the body of the insured or, if there are third-degree burns on the face, the burns must cover at least 7% of the surface of the body. This diagnosis must be confirmed by a specialist.

Cystic fibrosis
Cystic fibrosis diagnosed by a specialist in paediatrics. The insured must have had a long-term lung disease and/or lack of pancreatic juice production. In addition, a sweat test must show that the concentration of chlorides is more than 60 mmol/l in children aged sixteen and younger and more than 80 mmol/l in those older than sixteen.

Arthritis (juvenile rheumatoid arthritis/chronic arthritis)
Arthritis, juvenile rheumatoid arthritis or chronic arthritis diagnosed in a recognised hospital or by a rheumatologist. Arthritis in all contexts refers to joint inflammation and at least two of the following symptoms: Loss of mobility, raised temperature and pain.

Arthritis in children aged sixteen and younger
Arthritis in more than one joint for more than three months. Tests must have been carried out to eliminate the chance that the symptoms are from joint inflammation related to infections, infectious joint diseases, orthopaedic diseases, injuries, unnatural tissue growth, immune rejection and vasculitis.

Arthritis in children older than sixteen
At least four of the following symptoms must be in evidence:
1. morning stiffness (stiffness in and around joints lasting for more than one hour)
2. joint inflammation in three or more of the following joints at the same time: wrists, proximal phalanx of fingers, middle phalanx of fingers, elbow, knee joint, ankle joint and metatarsophalangeal joints
3. arthritis in the following joints of the hand: wrist, proximal phalanx of fingers or middle phalanx of fingers
4. symmetric arthritis (arthritis in the same joints on the right and left side of the body at the same time)
5. rheumatoid nodules
6. positive rheumatoid factors
7. typical x-ray changes in hand and wrist images

Symptoms 1-4 must be evident for at least six weeks. Symptoms 2-5 must have been found by the same physician as diagnosed the disease.

AIDS, due to accidental needle stick injuries.
HIV infection due to accidental needle stick caused to the insured by a needle left in play areas and outdoor recreation areas. All accidents that may lead to claims for compensation must be notified to the Company within 7 days of the accident. The notification must be accompanied by an accident report together with a confirmation of a negative result from a HIV-antibody test performed immediately after the accident. The change into a positive result (seroconversion) must have happened within 6months of the accident.

Article 12. Payment of compensation and right holder
Compensation is paid to the Policyholder.

Article 13. Limitations to Critical Illness Cover
Compensation is paid once for each type of disease according to Articles 10 and 11 of the terms and conditions. The insurance continues to apply to the other types of diseases stated therein. This means, for instance, that compensation is only paid once from Illness Cover for all possible types of cancer.
If compensation is paid from Critical Illness protection, no compensation will be paid from Care protection for the same condition.

SECTION 5. DEATH BENEFITS

Article 14. Conditions for the payment of death benefits
Death benefits will be paid if the insured dies during the insurance period. The insurance amount is stated in the insurance policy.

Article 15. Payment of death benefits and right holder
Compensation is paid to the Policyholder.

SECTION 6. WAIVER OF PREMIUM

Article 16. Conditions for Waiver of premium.
If the Policyholder of the child insurance (under the age of 65) dies during the effective term of the insurance, the Company will pay the premium for the remaining effective term. This, however, is subject to the insurance having been in effect for 24 months prior to the demise of the Policyholder.

SECTION 7. GENERAL PROVISIONS

Article 17. 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. The Company does not pay the cost of legal assistance or other costs incurred without the approval of the Company.

Article 18. Age limits
The Company does not insure children under the age of three months and the insurance policy expires when the insured reaches the age of eighteen.

Article 19. Payment of compensation
Compensation is paid within 14 days after satisfactory evidence of the liability of the Company has been submitted and the amount of the compensation can be determined. Interest on compensation amounts is governed by the provisions of the Act on Insurance Contracts.

Article 20. General limitations
The insurance does not cover any diseases that manifest symptoms within three months from the date that the insurance enters into effect. The insurance does not cover accidents or illnesses 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 events; nor does it cover

accidents or illnesses caused by acts of terrorism involving any form of biological or chemical effects and/or toxic effects, including pathogens and viruses.

Article 21. Special limitations

1. Before the entry into effect of the insurance

The insurance does not cover illnesses, accidents, physical defects or mental developmental/retardation disorder or the consequences of such conditions if the symptoms of such conditions were evident before the entry into effect of the insurance.

2. Congenital disorders

The insurance does not cover congenital disorders, congenital physical defects or congenital mental developmental/retardation disorders or the consequences of such conditions if it is considered likely according to medical experience that such conditions existed from birth or that its root cause can be traced to an illness during the first month from birth or that the tendency for such condition had been present from birth. If the symptoms first become evident after the child has reached the age of six, the limitations of item 2 do not apply.

3. Complete limitation

The insurance does not cover the following illnesses, syndromes or conditions regardless of when the symptoms became known:

- ADD, DAMP or ADHD (Attention Deficit Disorder, Deficits in Attention, Motor control and Perception, Attention Deficit Hyperactivity Disorder)
- OCD (obsessive compulsive disorder)
- Asperger's syndrome
- Tourette syndrome
- any form of mental retardation/developmental disorder
- autism
- dyslexia or other learning disabilities
- mental disorders or mental illnesses

Mental disorders or mental illnesses means, for example, personality disorder, eating disorders, neurological disorders, insanity, emotional disorder, depression or long-term fatigue.

The insurance does not cover illnesses traceable to the abuse of alcohol, drugs or narcotics nor does it cover plastic surgery.

Article 22. Age-related limitations for children aged 16 years and above

If the insured has caused an insurance event by gross negligence or if the consequences of the insurance event were greater than otherwise would have been, then the Company's liability may be reduced or cancelled. The insurance does not cover 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.

Article 23. Validity period – Renewal

The policy shall remain in effect during the period specified in the insurance policy. The insurance is renewed for one year at a time.

Article 24. Cancellation by the Policyholder – Premium settlement

The Policyholder may cancel the insurance contract in writing at any time during the insurance period. In such cases, 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. The entitlement to a refund does not apply when an insurance event that conveys the right to compensation has occurred during the insurance period.

Article 25. Termination by the Company during the insurance period

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
2. without notice, if the Policyholder has acted fraudulently when providing the Company with information about the risk

Article 26. Violations of the obligation to provide information on risk

If the Policyholder 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. 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.

Article 27. Violations of the duty to inform when settling compensation payments

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. In such an event, the Company may terminate all its insurance contracts with the person in question with one week's notice.

Article 28. Premium

The insured must pay a premium to the Company. The premium is determined in accordance with the Company's premium rates. 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 sends 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. Changes of address shall be immediately notified to the Company.

Article 29. Premium payment 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 from this notification, the insurance will be immediately cancelled.

Article 30. Insurance amounts and price indexation

Insurance amounts are in accordance with the insurance agreement between the Policyholder and the Company. Information on insurance amounts is stated in the insurance policy or the premium payment receipt.

Article 31. Accident

The term "accident" in these insurance terms and conditions shall mean a sudden, external event which causes physical injury to the insured and occurs against their will. An accident involving the extremities, however, only requires a sudden event that causes physical injury to the insured and is against their will.

Article 32. Disease

The term "disease" means that the health of the insured has worsened, although not caused by an accident within the meaning of the insurance. A disease is considered to be in evidence from the date when a physician is first consulted. Medically related diseases count as one and the same disease. Quarantine due to infection according to the orders of the authorities is considered a disease.

Article 33. Time limit to notify claim

Loss or damage must be notified as soon as possible by contacting the Company.
The insured can lose 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

Article 34. Lapse of claim

Compensation claims under this insurance policy will expire in accordance with the provisions of the Act on Insurance Contracts. Deducted from such deadline, however, is the time that elapses from the correctly notified loss or damage according to Article 19, in cases where the Company's physician, according to Article 2, is of the opinion that it is too early to perform the final disability assessment one year from the event of loss or damage.

Article 35. 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 and conditions. The provisions of the insurance policy, of the renewal receipt and of the insurance contract terms take precedence over derogable legal provisions.

Article 36. 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 can be accessed on the websites www.fme.is and www.sjova.is as well as further details regarding the scope of activities and procedures of both committees. A procedure before the Insurance Complaints Committee will not limit the right of the referring parties to also refer the case to a court of law.

This document is an English translation of the original Icelandic insurance terms. In case of any discrepancy between this translation and the Icelandic terms, the Icelandic terms shall apply. These conditions enter into effect as of February 12th 2016.