

# COMPREHENSIVE COLLISION INSURANCE FOR VEHICLES



## Translation of Terms and Conditions No. 502

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Comprehensive vehicle collision insurance is an optional insurance that compensates for damages to vehicles due to sudden and unforeseeable events. The terms and conditions are divided into the following sections:

[Section 1: Comprehensive Collision Insurance for Vehicles, page 1.](#)

[Section 2: General Provisions, page 4.](#)

The insurance is for the benefit of the owner of the vehicle, cf. however Article 15. Transferees, pledgees or other owners of indirect ownership rights have no entitlements under the insurance contract unless otherwise specifically negotiated with the company.

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### SECTION 1 COMPREHENSIVE COLLISION INSURANCE FOR VEHICLES

#### Article 1. Geographical scope of the insurance policy

The insurance is valid in Iceland. In addition, during travel in Europe for up to 90 days and in necessary shipment between countries, provided that the cover is an annual insurance policy. The insured's deductible, however, is double in the event of loss or damage occurring overseas. Compensation for loss or damage is only paid in Icelandic krónur (ISK).

#### Article 2. What loss or damage does the insurance compensate?

- 2.1. The insurance compensates for vehicle loss or damage due to fire (provided that there is a fire).
- 2.2. The insurance compensates for loss or damage caused to the vehicle by theft and attempted theft of the vehicle or parts thereof, provided the vehicle was locked, as provided for in the precautionary principle in Article 8.4. Compensation for theft is only paid if the event of loss or damage occurred in Iceland. The police must be notified of any theft as soon as it has been discovered, as provided for in the precautionary principle in Article 8.5.
- 2.3. The insurance compensates for loss or damage to the insured vehicle caused by stormy weather or if the hood, trunk cover or doors are blown open, cf. however the exemption provision contained in Article 3.7 and the precautionary principle in Article 8.6.
- 2.4. The insurance compensates for any other loss or damage to the insured vehicle that is caused by sudden and unexpected external events with, however, the exemptions and limitations further specified in these terms.
- 2.5. The company will pay the cost of salvage or transportation of the insured vehicle to the nearest approved repair shop if the vehicle becomes un-driveable due to a covered event of loss or damage that has occurred in Iceland.

#### Article 3. Exemptions from liability

##### The insurance does not compensate:

- 3.1. Engine break-down, i.e. any form of mechanical or electrical failures and loss or damage caused by e.g.: defects in materials, design defects, construction defects, mistakes in installation, vibrations, maladjustments, incorrect placement, loosening of machine parts, unnatural stresses, breaks due to metal fatigue, centrifugal force, heat transfer, lubrication inertia, overvoltage of any origin, insulation defects, short circuits, electrical cables where the insulation has disappeared, spark formation or other built-in defects and malfunctions.
- 3.2. Damage to cylinders, cooler or other parts of the vehicle caused by coolant or other fluid systems freezing or through other influences of the weather.
- 3.3. Damages relating to the lack of or incorrect use of lubricants, cooling mediums or fuel.
- 3.4. Damages or wear from normal use, rusting or corrosion. This includes normal wear of the vehicle's finish due to gravel thrown up off the road.

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- 3.5. Any form of damages to the undercarriage of the vehicle and tyres when the underside of the vehicle scrapes the road during driving, such as on ridges left by road levellers, speed bumps, stock grids, holes in the tarmac, protruding rocks or rough terrain, whether it be on off-road conditions and tracks or not. Including breakdown of axles, suspension, gear box, drive, battery and other parts in or attached to the vehicle undercarriage as well as damages due to the engine's melt-down. The same applies to damage from stones being thrown up and striking the underside of the vehicle during driving. This exemption article does not apply in the event of skidding off-road as an independent mishap.
- 3.6. Damages to tyres or hubs caused by normal friction or wear during the driving and treatment of the vehicle. Bumping the tyres and hubs into any form of road edges, fixed obstacles, nails or stones is considered normal friction or wear in the sense of this Article.
- 3.7. Damages due to loose ground material being blown onto the vehicle, such as sand, ash, gravel or pumice.
- 3.8. Damages due to water flooding into the vehicle caused by driving over e.g. un-bridged rivers, lakes or streams. Damages caused by unexpected puddles on asphalted roads, however, are compensated, although the deductible will be 50% of the loss or damage costs.
- 3.9. Loss or damage caused by the theft, loss or damage to the vehicle's start-up key.
- 3.10. Loss or damage caused by animals other than sheep, horses, reindeer and cattle.
- 3.11. Damages to or theft of any of the vehicle's extra equipment, e.g. trailers, communication equipment, mobile telephones, unattached positioning equipment, cranes, painted advertisements, loose roof racks and stereo equipment which are not a part of the standard equipment of the vehicle unless otherwise specifically negotiated and clearly stated in the insurance certificate.
- 3.12. Loss or damage to the vehicle in any form of racing, driving competition or during training for such competitions.
- 3.13. Loss or damage due to normal conduct, such as smoking and the consumption of food and drink in the vehicle.
- 3.14. Loss or damage due to the transportation of any cargo except in the case of a traffic accident.

### **Article 4. General Exemptions**

- 4.1. Loss or damage that can be traced to war or civil war.
- 4.2. Loss or damage caused by volcanic eruptions, earthquakes or ocean flooding.
- 4.3. Loss or damage caused by nuclear power, ionising radiation or radioactive materials.

### **Article 5. Determination of compensation – Settlement of loss or damage**

- 5.1. The company pays compensation for total loss in exchange for a transfer of title for the vehicle, if all three of the following conditions are met on the date of the loss or damage and the insured has made a request thereto:
  - a. If less than 12 months have elapsed from the initial registration of the vehicle,
  - b. if the vehicle has been driven less than 20,000 km and
  - c. if the company estimates that the repair costs will exceed 45% of the actual value of the vehicle.
- 5.2. The company will also pay compensation for total loss if the vehicle meets the conditions of Article 5.1 and:
  - a. If the vehicle sustains such extensive damage that the company deems it impractical to repair it or
  - b. if the vehicle is stolen and has not been found within four weeks from the date the company was notified of the incident or the police notified of the incident.

- 5.3. When compensation is paid for total loss, the company is under obligation to pay the real value of the vehicle (its insurance value, cf. Article 6.1). The company can either pay the real value in exchange for a transfer of title for the vehicle or the difference between the real value and the value of the vehicle after the event of loss or damage. The company has the right to compensate for the loss or damage by providing another vehicle of the same type which is of a comparable age, type and use in exchange for the transfer of title of the insured vehicle from the policy holder.
- 5.4. The real value of the vehicle will be determined, if the insured or the company so requests, by a valuation report prepared by court appointed assessors. As a general rule, the value of the vehicle must be estimated both just before the event of loss or damage and after the event of loss or damage. The real value of the vehicle that the company has provided to replace the insured vehicle must also be evaluated, cf. Article 5.3, in the same manner. Whichever party benefits from the assessment is not liable for the costs involved.
- 5.5. If the vehicle sustains damage without the conditions of Article 5.1 or 5.2 existing, the company pays the costs of repairing the vehicle to the extent that renders it in the same or similar condition as before the damage.
- 5.6. The company has the right to pay either the repair costs or compensation for assessed repair costs. In the event that no agreement can be reached on the assessment of repair costs, such an assessment will be made by court-appointed parties.
- 5.7. The company does not compensate a decrease in the market price of the vehicle, indirect damage, for example loss of use, extra costs because of work outside of regular working hours, or extra costs resulting in spare-parts that are specially ordered.
- 5.8. The choice of a repair workshop shall be subject to the prior approval of the company. The company is not liable to pay for repair work undertaken without the company's prior approval.
- 5.9. In the event of a disagreement as to whether or to what extent the company should participate in renewing specific parts of the vehicle, the disagreement may be referred to court-appointed assessors. Whichever party benefits from the assessment is not liable for the costs involved.
- 5.10. Interest on compensation amounts is governed by Article 50 of Act No. 30/2004.

### **Article 6. Insurance amount – Insurance value**

- 6.1. The insurance amount for the vehicle is generally not specified in the insurance policy certificate. The insurance value of the vehicle is always its market value, which is the amount that a comparable vehicle of the same type, age or quality costs on the open market on the day of the insurance event, based on cash payment.
- 6.2. The amount of compensation paid for damages that occur during a single insurance period may not exceed the insurance value.
- 6.3. If the insurance amount is specified in the insurance policy certificate, the same rules as stated in this Article shall apply.

### **Article 7. Deductible**

- 7.1. The insured carries their own risk in every instance of damage as provided for in these terms, the insurance policy or the premium payment receipt. The deductibles are adjusted each time the insurance contract is renewed in accordance with price level changes, i.e. a special index for hull and car window insurance.
- 7.2. Own risk is 50% higher than specified in the insurance policy in the event of loss or damage to the insured vehicle when the bed of a dump truck starts moving or rolls on its side when elevated irrespective of whether the vehicle itself overturns or not. Also due to snow clearance or the use of truck cranes.

### **Article 8. Precautionary principles**

#### **8.1. Precautionary principle regarding the condition of the vehicle**

The insured, and those who use the vehicle, are under obligation to ensure that the condition of the vehicle is in compliance with the law and in perfect order. In particular, the insured must ensure that safety equipment, such as tyres and braking equipment, is in order. Furthermore, the insured must ensure that the vehicle is free of wear and that its maintenance is acceptable.

#### **8.2. Precautionary principle regarding driving licences**

The insured and those who, with the approval of the insured are responsible for the insured vehicle must be in possession of a valid driving licence when driving the vehicle.

#### **8.3. Precautionary principle regarding the driver's condition**

The driver must be in a mental and physical condition to operate the vehicle safely and may not be under the influence of alcohol, stimulants or tranquilizing medication.

#### **8.4. Precautionary principle regarding the locking of the vehicle**

The insured and those who, with the approval of the insured, are responsible for the insured vehicle, are under obligation to keep the vehicle locked when not in use and to store its keys or other unlocking devices in a secure location.

#### **8.5. Precautionary principle regarding theft.**

The police must be notified of any theft of the insured vehicle as soon as such theft is discovered.

#### **8.6. Precautionary principle regarding the use and storage of the vehicle in stormy weather**

The insured and those who, with the approval of the insured, are responsible for the insured vehicle, are under obligation to store the vehicle in such a way that there is no risk of the vehicle being blown away in adverse weather conditions. The vehicle may not be used for driving in areas where warnings against driving vehicles have been issued due to stormy weather or where wind-speeds have verifiably been measured as being over 24.5 m/s according to the measurements of the Icelandic Meteorological Office.

## **Section 2 GENERAL PROVISIONS**

### **Article 9. Entry into effect – Effective term – Renewal – Cancellation rights**

#### **9.1. Entry into effect and effective term**

The insurance enters into effect when the company has agreed to the insurance request, unless an agreement is reached on the insurance taking effect at a later date. The policy shall remain in effect during the period specified in the insurance certificate or the premium payment receipt.

#### **9.2. Renewal**

An 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

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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.

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

#### **The company may cancel the insurance:**

1. With 14 days' notice if incorrect or unsatisfactory information is provided about the risk, cf. Articles 21 and 15 of Act No. 30/2004
2. Without notice, if the policyholder has acted fraudulently when providing the company with information about the risk, cf. Articles 21 and 15 of Act No. 30/2004
3. With 7 days' notice, if the policyholder intentionally provides incorrect or unsatisfactory information on the settlement of insurance compensation, cf. Articles 47 and 15 of Act No. 30/2004. In addition, the company may in such cases cancel all its insurance contracts with the insured
4. After loss or damage has occurred, if
  - a. the insured caused the loss or damage intentionally
  - b. the insured violated precautionary principles
  - c. the number of losses or damage over a short period is greater than could be expected, e.g. three losses or damages during 12 months

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

5. If the use of the insured or the policyholder's operation changes during the term of the insurance to such an extent that:
  - a. the company would not have undertaken to provide insurance if the new circumstances had been known when the insurance was purchased
  - b. it has an effect on the Company's ability to re-insure the risk

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

6. On repeated defaults of premium payments. The notice period for cancellation in such cases is two months, cf. the first and second paragraph of Article 15 of Act No. 30/2004
7. In the event of a serious breach of faith between the company and the insured, the notice period for cancellation in such cases is two months, as provided for in the first and second paragraph of Article 15 or the second and third paragraph of Article 76 of Act No. 30/2004.

### **Article 10. Breach of duty to inform - Fraud and false information**

#### **10.1. Information concerning the risk**

If the policy holder or the insured has fraudulently neglected the obligation to report circumstances that may be important for the company to assess its risk and an insurance event has occurred, the company shall not be held liable, as provided for in the first paragraph of Article 20 of Act No. 30/2004.

In the event that the policy holder or the insured has otherwise neglected the obligation to report information to such a degree that such failure cannot be considered insignificant, the Company's liability shall be cancelled in whole or in part, as provided for in the second paragraph of Article 20 of Act No. 30/2004.

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

If the insured intentionally provides false or insufficient information when settling an insurance claim, he shall forfeit any right pursuant to this present and other existing insurance contracts relevant to the insurance event in question, as provided for in the second paragraph of Article 47 of Act No. 30/2004. In such event the company may terminate all its insurance contracts with the insured with one week's notice, cf. Article 9 of these terms.

### **Article 11. Determination of premiums**

Unless otherwise specified, the premium for this insurance is determined in accordance with the company's effective premium rates for comprehensive collision insurance for vehicles (kaskótrygging ökutækja). The company reserves the right to determine a renewal premium in accordance with a new tariff with regard to general modifications of the risks involved, price changes and other causes which may disrupt the compensation base to the extent of 5% or more. Such changes shall not constitute an authorisation for either the policyholder or company to terminate the insurance contract.

### **Article 12. Due date of premium – Defaults**

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

### **Article 13. Refund of premiums at the termination of the insurance or if the vehicle is not used.**

- In the event that an insurance contract, valid for one year or longer, is cancelled during the insurance term, e.g. due to the vehicle being sold or de-registered, the company is entitled to payment in proportion to the period in which the insurance was effective and will refund premiums for any other period already paid. In the event that the premium is determined on a seasonal basis, this may be taken into account when refunding premiums, as provided for in the second paragraph of Article 17 of Act No. 30/2004. No premiums are refunded in the event that the value of the insured is paid in full due to total loss and the insurance therefore cancelled.
- 13.1. In the event that the company pays compensation for total loss in exchange for transfer of title for the vehicle, the insurance shall expire on the date of the transfer of title without any refund of the premium.
  - 13.2. If the vehicle has not been in use for reasons other than due to loss or damage covered by this insurance and its registration plates have been stored with the appropriate authorities for at least 30 consecutive days, the company will refund the premium in proportion to the plates' storage period less the part of the premium that applies to the fire and theft risks of the insurance. Premiums for tractors, snowmobiles, light motorcycles, off-road vehicles (snow sleds and quad bikes), vintage automobiles and mobile homes will not be refunded, provided that this has been taken into account when determining the premium.
  - 13.3. Premiums for short-term insurance will not be refunded.

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### **Article 14. Provisions relating to value added tax**

If the insured is a value added tax liable entity, the company reserves the right to arrange the execution of repairs and/or settlement of compensation in such a manner that the reimbursement of value-added tax is deductible from the loss in conformity with applicable laws and regulations.

### **Article 15. Transfer of ownership**

The company must be notified without delay, if the vehicle is deregistered or sold, as the policy shall not be valid for a new owner. The company is liable, however, if an insurance event takes place within 14 days following the transfer of ownership in the event that the new owner has not purchased insurance.

### **Article 16. Changes in risk**

- 16.1. The premiums paid for this insurance are dependent on the use of the insured vehicle and information provided when the insurance is purchased. In the event that the insurance certificate states a particular use of the insured property and the use changes, the insured and/or those who enjoy rights pursuant to this insurance, must notify the company as soon as they become aware of the change.
- 16.2. Failure to notify changes in risk, such as if a private vehicle is rented without a driver, may limit or cancel the company's liability in accordance with Article 25 of Act No. 30/2004 on Insurance Contracts.

### **Article 17. Breach of precautionary principles**

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

### **Article 18. Duties of the insured in the event of the occurrence of loss or damage**

- 18.1. In the event of loss or damage, the insured must immediately notify the company of such an event in writing and must, moreover, provide the company with all the information and data necessary to assess the loss or damage.
- 18.2. When a loss or damage has occurred or there is the imminent danger of it occurring, the insured must make every effort to prevent or minimise such occurrence. The insured shall also take measures to guarantee repayment to the company if he is entitled to compensation from a third party. Failure in this respect may result in the reduction or loss of compensation according to the Act on Insurance Contracts No. 30/2004.
- 18.3. The insured shall give the company the option of inspecting and estimating the damage before repairs commence or damaged goods are disposed of.

### **Article 19. Time limit to notify of loss or damage – Expiry**

#### **The insured loses the right to compensation, if:**

1. He does not notify the insurance company of his claim within one year from the time when he became aware of the event which gave rise to the claim
2. He has not initiated court proceedings or requested procedure before the Insurance Complaints Committee within one year from the receipt of written notification that the claim was rejected, as provided for in Article 51 of Act No. 30/2004.



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The claim of the insured for compensation statute barred according to the provisions of Article 52 of Act No. 30/2004.

### **Article 20. The insured causes an insurance event**

#### **20.1. Intent**

If the insured has intentionally caused an insurance event the company will not be held liable, as provided for in the first paragraph of Article 27 of Act No. 30/2004.

#### **20.2. Gross Negligence**

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, as provided for in the second paragraph of Article 27 of Act No. 30/2004. When assessing whether conduct is considered to involve gross negligence, account will be taken, among other things, of whether or not the insured was considered able to control a vehicle securely, or whether he was unable to do so according to the provisions of the Traffic Act because of the foregoing consumption of alcohol, drugs, stimulants or tranquilizing medication.

### **Article 21. The conduct of individuals other than the insured – Rules on identification**

- 21.1. Provisions stipulating that the insured's right to compensation will be reduced or cancelled due to the actions or inaction of the insured also apply to the insured's right to compensation due based on the conduct of a party who, with the approval of the insured, is responsible for the insured vehicle, as provided for in Item A in the second paragraph of Article 29 of Act No. 30/2004. The same applies to rental vehicles and other vehicles leased without a driver.
- 21.2. As regards vehicles used for commercial purposes, the same applies to entitlement to compensation due to the conduct of the employee of the insured, as provided for in the third paragraph of Article 29 of Act No. 30/2004.

### **Article 22. Multiple insurance**

- 22.1. If the interests covered by this insurance are also covered by another insurance company, the insured may decide which insurance he will use, until he has received the compensation to which he is entitled.
- 22.2. If one or more insurance companies are liable for loss or damage, 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, therefore, may demand proportional reimbursement from other companies.

### **Article 23. Right of recourse**

- 23.1. If the company compensates a loss for which a third party is liable, it acquires the rights of the insured against that third party to the extent of the compensation paid.
- 23.2. The company may demand reimbursement from the policyholder and/or the insured (party responsible for the loss or damage), if the company has, due to the provisions of Act No. 30/2004 on Insurance Contracts or in accordance with the insurance contract, paid the insured compensation for loss or damage to which the policyholder/insured is not entitled to have insurance coverage, when the loss or damage has been caused by intent or gross negligence.

### **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



# COMPREHENSIVE COLLISION INSURANCE FOR VEHICLES

The logo for SJÓVÁ, consisting of the word "SJÓVÁ" in white, uppercase letters on a blue rectangular background.

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of the insurance contract terms 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 Companies Complaints Committee shall rule on any dispute concerning liability, fault and culpability as well as issues that relate to Act No 30/2004 on Insurance Contracts. The Insurance Complaints Committee is housed at the Financial Supervisory Authority. Information and application forms for a request for referral to the Committee may be obtained from the website [www.fme.is](http://www.fme.is) and [www.sjova.is](http://www.sjova.is), as well as further details regarding the scope of activities and procedures of the Committee. A procedure before the Insurance Complaints Committee will not limit the right of the referring parties to also refer the case to a court of law.

### **Article 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.

**This document is an English translation of the original Icelandic insurance terms. In case of any discrepancy between this translation and the Icelandic terms, the Icelandic terms shall apply. These conditions enter into effect as of 1 July 2015.**