



230 Comprehensive Insurance for Motor Vehicles

INSURANCE TERMS

1. Insurance Contracts Act.

- 1.1 Unless otherwise dictated by these present terms and conditions, the insurance policy or other documents on which it is based, the insurance contract shall be governed by the Act No. 30/2004 on Insurance Contracts.

THE PARTIES COVERED BY THE INSURANCE

2. The insured parties.

- 2.1 The policy-holder is insured. In addition to the policy-holder, any driver who has the policy-holder's authorisation to drive the insured vehicle and who is competent to do so according to the Highway Code, is covered by the insurance policy. A leased private car, however is excluded in this respect.
- 2.2 The insurance policy is not for the benefit of parties other than those listed in paragraph 1, such as the holders of registered ownership rights, holders of mortgages or liens or of other registered or non-registered ownership rights unless otherwise specifically agreed. The insurance policy is not for the benefit of a new owner and is terminated when change of ownership occurs. The insurance policy, however is valid for the new owner if an insurance event occurs within a period of 14 days from the change in ownership, if the new owner has not taken out an insurance.

SCOPE OF THE INSURANCE

3. Geographical scope of the insurance policy.

- 3.1 The insurance is effective in Iceland. Furthermore the insurance is valid in all other countries of the European Economic Area and in Switzerland, cf. however paragraph 3. The term of insurance abroad covers a period of up to 90 days from the day when the vehicle was transported from Iceland. The insurance is not valid in other European countries nor in countries outside Europe except with the approval of the Company. See however restrictions in Article 5. Compensation for loss and damage is only paid in Icelandic krónur.
- 3.2 Furthermore, the policy is valid for the vehicle during its transport between countries by a first-class freighter, provided the insurance in question is on an annual basis.
- 3.3 The insurance policy does not cover capital equipment abroad except with the approval of the Company and the payment of an additional fee.

4. Causes of loss or damage covered by the insurance.

- 4.1 In addition to those events of loss or damage referred to in Articles 5 to 9, the Company will compensate for damage to the insured vehicle, cf. Article 12, that occurs in a sudden and unsuspected way from:
- lightning,
 - fire (if a fire breaks out) and explosion resulting from it,
 - collision,
 - collision with stationary object,
 - overturning,
 - the vehicle skidding off-road or crash-landing,
 - falling rocks,
 - mountain avalanches,
 - landslides,
 - mud or water floods.
- 4.2 The insurance policy covers specially outfitted jeeps and/or off-road vehicles driving off-road in Iceland, such as through fields and meadows, through snowbanks, on ice, across unbridged rivers or brooks, on the seashore, under seaside cliffs or on other ground only accessible at low tide, unmarked trails and/or other rough terrain. Loss or damage caused when the insured vehicle is flooded by water is not covered.

5. Theft – Vandalism.

- 5.1 Tryggingamiðstöðin compensates for damage to the vehicle in the case of theft or attempted theft. Tryggingamiðstöðin furthermore compensates for damage due to vandalism, excepting damage incurred under circumstances described in l, m and n in article 11.1.
- 5.2 It is a prerequisite for liability according to this article that Tryggingamiðstöðin and the police are notified of the damage without delay. Compensation for damage according to this article is only paid when the incident in question takes place in Iceland.



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6. Wind blast - Bad weather.

6.1 Tryggingamiðstöðin compensates for damage to the vehicle due to wind blast or if the engine cover, luggage compartment cover or doors are blown open by wind. Compensation is also paid for other damage to the vehicle due to extreme storm conditions (i.e. wind reaching 28,5m/sec). Wind speed estimation shall be based on the measurements of the Icelandic Meteorological Bureau. If there is no available information concerning the wind speed at the site of loss or damage when the loss or damage occurred it should be taken into account whether there has occurred general property damage in the area. However, damage resulting from sand, gravel, ash, pumice or other mineral matter blowing on to the vehicle is not compensated.

7. Damage in transport of vehicle.

7.1 Tryggingamiðstöðin compensates for damage to the vehicle when transported by another vehicle on land. Furthermore if it is transported by ship between ports in Iceland if such transport is part of an itinerary. However, damage during marine transport is only compensated in the case of an annually-based insurance. There is no compensation for damage due to sea-water.

8. Vehicle windscreen/windshield breakage.

8.1 Tryggingamiðstöðin compensates for breakage of the vehicle's windscreens, rear window and side windows, even if the conditions of 4.1, 5.1 and 6.1 are not fulfilled. Minor chipping of a windscreen/window is not considered breakage, nor are scratches. No compensation is paid for wind-screens broken during removal or installation.

9. Damage to the platform of a truck/transport vehicle.

9.1 Tryggingamiðstöðin compensates for damage incurred when the platform of a truck/transport vehicle falls off or falls sideways when it is elevated, whether the vehicle itself overturns or not. Nevertheless, the insured carries a 25% higher personal liability than set out in the insurance policy or premium payment receipt.

10. Transport costs.

10.1 Tryggingamiðstöðin pays the cost of transporting the vehicle to the nearest recognized repair workshop if the vehicle becomes unfit to drive due to collision, overturning or skidding off-road which occurs while driving along the country's roads.

11. Restrictions to the scope of the insurance policy, and intent and gross negligence.

11.1 The Company does not pay compensation:

- a. when loss or damage occurs because the insured or the driver has not acquired the right to drive the vehicle in question or has lost the right to drive it,
- b. in the event of racing, a racing competition, test driving or tests for such driving, unless otherwise agreed,
- c. in the event of driving where driving that vehicle is prohibited,
- d. when driving in places other than on the roads, such as through fields and meadows, through snowbanks, on ice, across unbridged rivers or brooks, on the seashore, under seaside cliffs or on other ground only accessible at low tide, unmarked trails and/or other rough terrain, except if loss or damage does occur when the driver has been forced to drive off the roadway e.g. because of maintenance work on the road,
- e. when loss or damage is caused by the vehicle being driven through water or sea-water,
- f. when the vehicle is used for other types of driving than that referred to in the driving licence,
- g. when the insurance policy has expired due to non-payment of premium or because of termination of the insurance policy,
- h. when damage occurs because of faulty materials, faulty design, faulty construction, faulty maintenance or due to the break-down of the vehicle, however damage to other parts of the vehicle that is caused by the above reasons will be compensated for in the case of collision with a stationary object, collision, from overturning or driving off of the road,
- i. when loss or damage because of wear or unsatisfactory maintenance,
- j. when the vehicle has been delivered to a party who is not capable to drive a vehicle according to Article 44 of the Highway Code,



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- k. when loss or damage is caused by natural disaster other than those referred to in items g. to j. of Article 4.1 and 6., such as volcanic eruption, earthquake or sand storm,
 - l. when the loss or damage may be attributed to war, rioting, disturbance, striking or other comparable events,
 - m. loss or damage is caused by nuclear energy, ionizing radiation and radioactive materials,
 - n. in the event of loss or damage caused by animals.
- 11.2 In addition to the exclusions listed in paragraph 1 there are furthermore special exclusions in effect regarding separate events of loss or damage that are covered by the insurance contract and detailed in Articles 4 to 9. There are also special exclusions regarding separate parts of the insured item, cf. Article 12, paragraphs 2 and 3.
- 11.3 If the insured intentionally causes loss or damage, the Company will not be liable for the loss or damage. If the Insured has caused loss or damage through gross negligence the Company is free of liability, in full or in part. The same applies if the driver, who with the approval of the insured is responsible for the vehicle, has caused the loss or damage wilfully or through gross negligence.

12. Type of damage to a vehicle that will be compensated and individual parts that will not be compensated.

- 12.1 The insurance policy will compensate for damage to the vehicle and for reasonable accessories, such as rock catchers and sill linings that are permanently attached to the vehicle.
- 12.2 Tryggingamiðstöðin does not compensate for
- a. damage in connection with damage to wheels, tires, springs, batteries, glass, other than windscreens, cf. 8., as well as damage through theft of separate parts of the vehicle and ensuing damage;
 - b. damage to the vehicle's electrical equipment, caused by a short circuit which does not cause a fire;
 - c. damage to cylinders, cooler or other parts of the vehicle caused by coolant freezing or through other influence of the weather;
 - d. damage to the vehicle caused by it being driven over a rough roadway, including breakdown of axles, suspension, gear box, drive, battery and other parts in or attached to the vehicle chassis,
 - e. damage due to burning out of the engine,
 - f. damage to the chassis caused by the vehicle scraping or touching the ground over uneven spots such as ridges left by road graders or protruding rocks,
 - g. damage from loose rocks hitting the vehicle from beneath during driving,
 - h. damage to painted billboards or other special markings,
 - i. damage to separate parts of the vehicle that already are damaged at the time when the insurance event occurs, such as due to wear or failing maintenance or any prior damage.
- 12.3 The insurance policy does not cover damage to any kind of special accessory equipment of the vehicle, such as mobile telephones, radio telephones, GPS location equipment, fork elevators and truck cranes, ski racks and loose luggage racks, unless otherwise agreed and set out accordingly in the insurance policy.

OBLIGATIONS OF THE INSURED IN THE EVENT OF DAMAGE

13. Notification of damage - Measures taken in connection with damage.

- 13.1 When damage has occurred, the insured shall notify Tryggingamiðstöðin immediately in writing.
- 13.2 When a damage has occurred or if there is clear danger that it will come to pass the insured must try to avert the damage or reduce its extent. The insured shall also take measures to ensure reimbursement to the company, should he have a right to indemnity from a third party. The insured shall give Tryggingamiðstöðin the option to inspect and assess the damage prior to repairs being carried out or damaged goods disposed of.
- 13.3 Neglecting the duties of the insured according to paragraphs 1 and 2 may cause reduction in, or the loss, of insurance cover according to the Act on Insurance Contracts.
- 13.4 Tryggingamiðstöðin is relieved of its responsibility if the policyholder does not demand compensation rock catchers and sill linings that are permanently attached to the vehicle. within one year from the time he received knowledge of the incident giving rise to the claim made.

14. Assignment/transfer of rights - Right to reimbursement.

- 14.1 The policy-holder may not without the consent of Tryggingamiðstöðin assign/transfer or mortgage his rights under the insurance contract. If Tryggingamiðstöðin compensates for damage for which a third party is liable, the company acquires the right of an insured against this party to the extent of the compensation sum.



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INSURANCE SUM - DAMAGE SETTLEMENT - DETERMINATION OF COMPENSATION

15. Insurance sum.

- 15.1 The insurance value of the vehicle is its market value at any time, which is the amount of money that a comparable vehicle of the same type, age or quality cost on the open market on the day of the insurance event based on cash payment. In the event that the vehicle is subject to one or more events of loss or damage during the same insurance term, the total amount of compensation shall not exceed the value of the vehicle at the outset of the insurance period. Even though the insurance amount is specified in the insurance policy, the market price will always apply as mentioned above.

16. Total loss.

Tryggingamiðstöðin will pay compensation for total loss, provided

- a. the damage to the vehicle is such that Tryggingamiðstöðin deems it not worth repairing;
- b. the vehicle has been stolen and not been found within 4 weeks after Tryggingamiðstöðin and police authorities have been notified.

17. Compensation for total loss.

- 17.1 In the event of total loss, Tryggingamiðstöðin may choose at its own discretion to compensate for the loss by:
- a. paying out the market value of the vehicle (in a cash payment), however up to a maximum equal to the insurance amount, cf. Article 15, or
 - b. delivering another vehicle of the same type and of a similar make, age and quality in lieu of the vehicle in question and if this is not feasible with a view to all respects, Tryggingamiðstöðin shall also indemnify for the loss by the payment of cash equivalent to the market value of the insured vehicle deducting the market value of the returned vehicle .
- 17.2 In a settlement pursuant to paragraph 1, Tryggingamiðstöðin may demand the transfer of the title to the car and a deed of conveyance.

18. Repair costs.

- 18.1 Should damage occur to the vehicle under conditions other than those set out in Article 16, the Company shall cover the cost of repair with the intent of rendering the vehicle as far as possible to its previous state.
- 18.2 The Company has the option to pay either the repair costs or compensation for assessed repair costs. When determining the compensation for repair the market value of the vehicle must be taken into consideration according to Article 15. Should an agreement not be reached on the assessment of repair costs, such an assessment will be made by court-appointed party.
- 18.3 The reduction of the vehicle's market-price and (other) indirect loss, such as the loss of use of the vehicle, extra costs due to work outside regular hours, or extra costs due to the special ordering of spare parts, will not be compensated for.
- 18.4 The choice of a repair workshop shall be subject to the prior approval of Tryggingamiðstöðin. Tryggingamiðstöðin is not liable to pay for repair work undertaken without the company's prior approval.

19. Vehicle owned by a business operator.

- 19.1 When a vehicle is owned by a business operator who is in a position to apply VAT payments connected with the vehicle as input VAT in his/her operations, the Company will not compensate for the part of the damage comprising the VAT, whether it is compensation for total loss or for repair costs.

20. Renewal of separate parts.

- 20.1 Should a disagreement arise on whether or to what extent Tryggingamiðstöðin should participate in renewing separate 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.



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CHANGING THE RISK – FALSE INFORMATION AND PRECAUTIONARY RULES

21. A change in risk.

- 21.1 The policy-holder shall immediately notify Tryggingamiðstöðin in case of change of domicile. The policy-holder shall make known all modifications to the vehicle or its uses likely to entail change in risks, i.e. the use of special equipment.
- 21.2 In the event that the policy holder neglects his/her duty to notify according to paragraph 1, and loss or damage occurs on account of the change in risk the compensation will be lowered relatively in relation to the increase in premium that the Company has reserved the right to implement due to the change in risk.

22. Fraud and false information.

- 22.1 If the policy holder, when taking out or renewing the insurance contract, fraudulently or by other means neglected his duty to provide the Company with information concerning events that may be of importance for its assessment of the risk and an insurance event subsequently occurs the Company's liability is cancelled in part or in whole Article 20 of the Act on Insurance Contracts. False and insufficient information, furthermore, provides the company with the right to terminate the insurance policy, cf. Article 21 of the Act.
- 22.2 If under the settlement of compensation the insured intentionally provides wrong information that he/she knows or should have known would result in the insured receiving compensation that he/she is not entitled to receive, the insured's right to compensation will be cancelled and the Company may terminate all its insurance contracts with the insured as further stated in Article 47 of the Insurance Contracts Act.

23. Rules of precaution.

- 23.1 The policy-holder and those who are in possession of the vehicle are obligated to make sure that the vehicle is in the condition prescribed by law. In particular it is important to ensure that safety equipment is in order. Furthermore it must be ensured that the vehicle is free from any kind of wear that may increase the risk of the occurrence of an event of loss or damage and that the vehicle receives proper maintenance in accordance with the manufacturer's instructions, including a service manual based on such instructions from the manufacturer.
- 23.2 An insured motor vehicle may only be driven by those who have a license to drive the vehicle in question and have the competence and knowledge to do so. The driver must at all times be physically and mentally competent to operate the vehicle and not be under the influence of alcohol or other stimulants or narcotic substances.
- 23.3 When the insured vehicle is not in use it must be locked and the windows and other openings must be securely closed. The keys to the vehicle must be kept in a safe place in order to prevent them from coming into the hands of unauthorised parties.
- 23.4 Violations of applicable rules of precaution may lead to cancellation of the Company's liability, in full or in part, cf. Article 26 of the Insurance Contract's Act.

COVER PERIOD - PREMIUMS ETC.

24. Cover period of the insurance.

- 24.1 The insurance shall enter into force on the day specified in the insurance policy according to the insurance application. If an insurance policy has not been issued, the insurance becomes effective when Tryggingamiðstöðin or its agent is in receipt of the insurance application and has examined the vehicle, unless otherwise provided for.
- 24.2 Unless otherwise agreed, the insurance is valid until the next due date at 00.00 hours.

25. Renewal of the insurance policy and its termination.

- 25.1 The insurance is renewed for one year at a time unless it is terminated by the policy holder within at least one month from the time when the Company sent a notice of the new payment date for the renewed period according to Article 27.1. However, notice of termination must be received by the Company no later than two weeks prior to the end of the term. If on the other hand 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 operations are mainly conducted abroad, the Company must receive the termination notification at least one month prior to the end of the term.



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26. Amendments to the insurance terms.

26.1 If the Company makes amendments to the insurance terms, the Company must notify the policy holder of these amendments in accordance with the provisions of the Act on Insurance Contracts.

27. Payment of premiums.

27.1 The first premium falls due as soon as the insurance policy takes effect, cf. Article 24.1, and subsequent premiums at the specified due dates. The Company notifies the policy holder of the payment of the premium. The period of grace shall be stated in the notification, and shall be a minimum of one month from the date on which the notification is sent.

27.2 Should the premium remain unpaid after the grace period has expired according to paragraph 1, the Company may send out a special reminder stating that should the premium remain unpaid 14 days after the reminder, the company's liability will be cancelled without further notice.

27.3 If the policy holder has not made a special agreement with the Company on the payment of the premium prior to the expiry of the grace period according to paragraph 2 the premium shall be considered unpaid if it has not been fully paid when the grace period has expired.

27.4 A claim for the payment of the premium is sent to the address of the policy holder according to information in the National Registry unless the policy holder has specifically designated another address. The company shall be notified immediately regarding changes of the specified address.

27.5 If the insurance policy is cancelled according to the provisions of paragraph 2, the policy holder must nevertheless pay a premium for the period during which the insurance was in effect. The premium shall then be calculated as if it were a short-term insurance.

27.6 When collecting the insurance premium the Company may collect a special charge that must be further specified in the insurance rates list for the purpose of meeting the cost of collecting the premium. This must also be specifically indicated in the notice of payment of the premium.

28. Sale of vehicle – deletion from register.

28.1 The policy-holder shall inform Tryggingamiðstöðin without delay, should the vehicle be deleted from the register of motor vehicles or sold, as the policy shall not be valid for a new owner cf. Article 2.2. Should the vehicle be sold or struck off the register of motor vehicles, Tryggingamiðstöðin will refund the proportion of premium corresponding to the remaining part of the cover period.

28.2 Should Tryggingamiðstöðin compensate for total loss, the insurance contract is terminated once the loss has been formally settled, in which case the policy-holder is not entitled to refunds.

29. Lay-up period of registration number.

29.1 If the vehicle has not been in use for reasons other than damage covered by the present contract, and its registration plates have been in the safekeeping of the Icelandic Vehicle Inspection (Umferðastofa), or of police authorities or their agents for at least 30 consecutive days, Tryggingamiðstöðin will refund the premium proportionally for the lay-up period, subtracting such part of the premium as covers risks of fire and theft. This shall not apply, however, to the insurance of tractors, snowmobiles, snow sleds and all-terrain vehicles, providing this has been taken into account when determining the premium. A premium for a short-term insurance will not be refunded.

30. Determination of premium

30.1 The premium for this insurance policy is calculated in accordance with the company's premium rates. Tryggingamiðstöðin reserves the right to determine a renewal premium in accordance with new premium rates, with regard to general changes in the risk, prices changes and other causes which disrupt the compensation base. Such changes shall not authorize the policy-holder or Tryggingamiðstöðin to terminate the insurance contract.

31. The Company's right to terminate the contract.

31.1 If an insurance event occurs that has resulted in a serious breach of confidence between the Company and the policy holder, or if the risk assessment, which is the basis for the insurance and upon which the premium is determined, has been substantially altered, the Company may terminate the insurance policy with two months' notice. A written notice of termination shall be issued without undue delay as soon as the Company becomes aware of an event which entitles it to terminate the insurance contract. The Company is under obligation to proportionally refund the premium for the remaining insurance term.



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PAYMENT OF COMPENSATION, PERSONAL RISK AND VENUE

32. Payment of compensation and interest.

- 32.1 Claims for the payment of compensation may be made 14 days after the Company has had the opportunity to obtain the information necessary to assess the insurance incident and determine the amount of compensation. The insured person is entitled to interest on his claim pursuant to Article 50 of the Act on Insurance Contracts.
- 32.2 Compensation will only be paid in Icelandic krónur irrespective of where the insurance event occurred.

33. Deductible.

- 33.1 Out of each damage, the policy-holder is liable for a fixed sum, as set out in the current insurance policy or receipt for premium paid.

VENUE

34. Handling of disputes and legal venue.

- 34.1 Disputes relating to the insurance contract and the company's liability in other respects may be appealed to the Insurance Companies Claims Committee and the Insurance Complaints Committee. Information on these committees, and the rules governing their work, may be obtained from the Company.
- 34.2 Notwithstanding the provisions of paragraph 1, the parties may bring the disputed matter before a court of law. Such disputes shall be brought before the District Court of Reykjavík.
- 34.3 The domicile and venue of the Company is in Reykjavík.

TERMS

The following terms apply if they are mentioned in the policy or premium receipt:

No. 1 SPECIAL VEHICLE EQUIPMENT (Trailers/Mobile homes)

The present insurance covers the vehicle's inside installations, as well as all connected equipment, i.e. GPS-localizing equipment, stove, refrigerator, TV-set and stereo equipment. The insurance does not cover furniture or other loose objects or properties.

These terms are valid as of January 1 2009.