



102 Home Insurance TM2

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INSURANCE TERMS

1. The Insured.

- 1.1 The Insured are the Policyholder, his or her spouse or cohabitant and any unmarried children, as long as those individuals have the same registered address in Iceland, live at that address and are all members of the same household.

2. Payment of Premiums.

- 2.1 The first premium shall be paid when the insurance comes into force and subsequent premiums paid on the specified due dates. Tryggingamiðstöðin (The Company) sends notification concerning payment of the premium to the policyholder. The period of grace shall be stated in the notification, and it shall be a minimum of one month from the date on which the notification is sent.
- 2.2 If a premium is not paid by the end of the period of grace pursuant to Paragraph 1, then the Company is permitted to send a special warning demanding payment within 14 days, after which the insurance policy is terminated if the premium is still unpaid.
- 2.3 If the Policyholder has not specifically negotiated with the Company concerning the payment of the premium before the period of grace expires pursuant to Paragraph 2, then the premium shall be regarded as unpaid if it has not been paid in full when the period of grace ends.
- 2.4 A demand for payment of the premium shall be sent to the address of the Policyholder as specified in the National Registry unless he has particularly specified another address. The company shall be notified immediately regarding changes to the specified address.
- 2.5 If insurance is terminated pursuant to Paragraph 2, the Policyholder shall nevertheless pay the premium for the period when the insurance was in force. The premium shall then be calculated as if it were a short-term insurance.

3. Price Indexing and the Index.

- 3.1 The sums insured and other sums specified on the insurance certificate or premium receipt that limit the Company's liability are revised annually at the start of the period of insurance in proportion with changes to the Consumer Price Index.
- 3.2 The sums specified in the Summary of Home Insurance at the end of these terms are relative to the Consumer Price Index when it stood at 264.0 points in September 2006. The amounts are changed annually at the start of the period of insurance in proportion with changes to the index.

4. Period of Validity – Renewal and cancellation.

- 4.1 The insurance is valid for the period specified on the insurance certificate or premium receipt. At the end of this period, the insurance is extended by one year at a time unless the policyholder has cancelled the insurance within one month from the date on which notification was sent by the Company regarding the due dates of the new period according to Paragraph 1 of Article 2. However, notice of termination must be received by the Company no later than two weeks before the end of the term.
- 4.2 In the event of an insurance event which has led to a serious breach of confidentiality between the Company and the Insured, or if the risk assessment on which the policy and its premium is based has altered substantially, the Company may terminate the policy with two months' notice. A written termination shall be issued without undue delay as soon as the Company becomes aware of an event which entitles it to termination. The Company is under obligation to proportionally refund the premium for the remaining insurance period.

5. Notification of Loss.

- 5.1 The Insured shall notify the Company of any incident without delay. The same applies if the Insured gains knowledge of, or suspects, that a compensation claim will be made against him that might be covered by the policy.
- 5.2 In addition to informing the Company according to Paragraph 1, the police shall immediately be informed in cases of theft, vandalism and robbery, with a request for an investigation.
- 5.3 In cases of theft abroad, a local police report shall accompany the notification sent to the Company.
- 5.4 In cases of theft, the Insured must be able to prove that such an event took place. The Company will not compensate the Insured if he or she has forgotten or lost items, or acted in a manner that might be expected to lead to loss.
- 5.5 Failure to fulfil the obligations of the Insured pursuant to Paragraphs 1 and 4 may result in the reduction or loss of compensation in accordance with Act No. 30/2004 on Insurance Contracts.



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6. Measures to Prevent Loss or Damage.

- 6.1 When an event occurs that might lead to an insurance claim or there is a danger that such an event might occur, the Insured must try to prevent loss or damage. Failure in this respect may result in the reduction or loss of compensation in accordance with the Act on Insurance Contracts.

7. Intent and Gross Negligence on the Part of the Insured.

- 7.1 The Company is in no way liable for damages intentionally caused by the Insured. If damage has occurred through the gross negligence of the Insured, and insurance other than liability insurance is involved, then the Company is free of liability in whole or in part.

8. Insurance with Other Companies.

- 8.1 When damage occurs and other insurance is in force covering that damage, the payment of compensation shall be made as recommended in Article 37 of the Act on Insurance Contracts. However, this provision does not apply Accident Insurance During Leisure Time according to Chapter III.

9. Limitations to the Scope of the Insurance.

- 9.1 The insurance does not cover damage that occurs in the following circumstances:
- war, riots, civil disturbances, strike actions or other similar incidents;
 - when attributable to nuclear power, ionising radiation and radioactive materials;
 - volcanism, earthquakes, landslides, avalanches, floods and other natural disasters except where otherwise stated;
 - any kind of biological or chemical effect and/or poisoning, including infections and viruses resulting from acts of terrorism.

10. Payment of Compensation and Interest.

- 10.1 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 the compensation. The Insured is entitled to interest on his/her claim in accordance with Article 50 of the Act on Insurance Contracts.

11. Recourse.

- 11.1 If the Insured has a claim against another party with respect to compensatable loss, the Company reserves the right to recourse to the extent that the Company has compensated the Insured.

12. The Act on Insurance Contracts and the Settlement of Disputes, etc.

- 12.1 Except as otherwise provided for in these terms, the insurance certificate or other documentation on which the insurance contract is based, the provisions of Act No. 30/2004 on Insurance Contracts shall apply.
- 12.2 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.
- 12.3 Despite the provisions of Paragraph 2, the parties may bring the disputed matter before the courts. Such disputes shall be brought before the District Court of Reykjavík.
- 12.4 The domicile and venue of Tryggingamiðstöðin are in Reykjavík.

13. Scope of Insurance.

- 13.1 This insurance includes ten types of insurance, of which four are optional, with the following titles:
- Home Contents Insurance
 - Third-Party Liability Insurance
 - Accident Insurance During Leisure Time
 - Credit Card Insurance



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- V. Legal Costs Insurance
- VI. Luggage Insurance (Optional, Condition No. 2)
- VII. Luggage Delay Insurance (Optional Condition No 2)
- VIII. Medical Expenses and Abandonment of Travel Abroad Insurance (Optional, Condition No. 1)
- IX. Comprehensive Home Contents Insurance (Optional, Condition No. 12)
- X. Trauma Counselling.

Conditions for Particular Insurances.

I. HOME CONTENTS INSURANCE

14. Insured Location.

- 14.1 The insurance is valid in the Policyholder's home as stated on the insurance certificate or premium receipt. The insurance also covers household effects that are temporarily outside the home and in Iceland, in which case the insurance is limited to 15% of the insured amount. (See the Summary at the end of these conditions.)

15. Insured Items.

- 15.1 The insured items are the household contents and the Insured's other personal effects as stated in the Summary of the Scope of the Insurance that can be found at the end of these terms.
- 15.2 The Insurance covers accessories and spare parts for family motor vehicles, caravans, trailer tents or boats that are kept in a garage or other locked store in the Policyholder's home. The maximum compensation for each loss incident is 2% of the insured amount.

16. Items Not Covered By the Insurance.

- 16.1 The Insurance does not cover loss or damage to animals, motor vehicles, caravans, trailer tents or boats, nor to items that are part of that equipment except those items mentioned in Paragraph 2 of Article 15.

17. Scope of Insurance.

- 17.1 Liability for loss and limits of liability with respect to individual household items are specified in a special Summary that can be found at the end of the conditions.
- 17.2 In addition to insurance coverage according to Paragraph 1, the Policyholder is permitted to buy broader household contents insurance known as Comprehensive Home contents Insurance. Special conditions apply to that type of insurance as printed at the end of the general terms.

18. Rescue Costs and Loss of Use.

- 18.1 The insurance will compensate for loss and expenses borne by the Insured because of necessary measures taken to avoid impending damage as further provided for in Article 38 of the Insurance Contracts Act.
- 18.2 The insurance provides for compensation for loss of use of accommodation should it be necessary to move out because of loss or damage that is subject to compensation according to these insurance conditions. Compensation will be based on the time taken to carry out repairs and on the cost of renting accommodation comparable to that in which the damage occurred. However, compensation may not be for an amount greater than 1% of the insured amount for each month and will not be paid for a period longer than six months for each insurance incident. If the accommodation is irreparable, then compensation for loss of use will be for one month. If accommodation rental costs are paid from another insurance policy, then loss of use payments will not be made from this insurance.

19. Determination of Compensation.

- 19.1 In so far as possible, compensation is based on restoring the Insured's financial position to the level it was at before the loss.
- 19.2 Compensation is paid based on the price of new items. Reductions because of age and use are therefore applicable only where the usability of items by the Insured had been considerably reduced.
- 19.3 The below depreciation rules shall apply, with respect to compensation for the following items, notwithstanding the provision of Article 19.2:



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Depreciation Rules:

	No. of years without annual deduction	Subsequent annual deduction
Adult clothing	1 yr.	20%
Children's clothing	1 yr.	30%
Sound systems Televisions and radios	2 yrs.	10%
Video players/DVD and video recorders	1 yr.	20%
Computers	1 yr.	20%
Other electrical equipment	1 yr.	10%
Cameras	1 yr.	10%
Bicycles	1 yr.	20%
Skiing & camping equipment	1 yr.	10%
Maximum deduction is	70%	

With respect to computers there is a special rule appreciating them by 10% every six months, for the first time when the computer is six months old. Compensation will therefore not be paid for computers that are five years or older.

- 19.4 Compensation for damaged films or video tapes is limited to the cost of new, unexposed films or video tapes. Sentimental value will not be compensated.
- 19.5 The Company decides whether a loss should be compensated with money, by paying the cost of satisfactory repairs, or by providing the claimant with items comparable to those that were damaged.
- 19.6 Compensation for damage to items that belong to a pair or a set will be paid proportionally.
- 19.7 Lost or stolen items that are recovered after payment of compensation are the property of the Company and shall be handed over to the Company.

20. Insurance Amount and Own Risk.

- 20.1 The maximum compensation for each insurance incident and the maximum accrued compensation during the insurance year are equal to the insurance amount as specified on the insurance certificate or the premium receipt.
- 20.2 The insured amount must be comparable to the value of all the home contents.
- 20.3 If the value of the home contents changes during the insurance period, other than in relation to the Consumer Price Index, the Insured must inform the Company so that full coverage can be maintained.
- 20.4 If the total value of the Insured's home contents is higher than the insured amount, the Company will pay compensation proportionally. For instance, if the value of the home contents is twice as high as the insured amount and a claim is made for ISK 1 million, the amount of compensation will be only ISK 500,000.
- 20.5 If a loss has been compensated, the insured amount will be reduced by the amount of that compensation from the day of the loss until the end of the insured period.
- 20.6 However, payment of an additional premium may increase the insured amount to the level it was before the loss.
- 20.7 The Insured's own risk of each loss is specified on the certificate or premium receipt.

II. THIRD-PARTY LIABILITY INSURANCE

21. General Information About liability and Liability Insurance.

- 21.1 According to Icelandic law, everyone is liable for damage they cause to others because of mistakes or negligence. This rule is known as the Culpability Rule, and it is a fundamental part of Icelandic law and trial proceedings. If a claim for compensation against a person is made, and that person is not responsible for the damage, then he will generally not have to pay compensation.
- 21.2 The purpose of third-party liability insurance is to pay compensation on behalf of the Insured, if he has become liable (in so far as the claimant is not himself liable due to shared liability or shared responsibility) and also to pay the costs borne by the Insured if a claim for compensation is made against him.
- 21.3 Legal responsibility is a complex subject, so the Insured should approach the Company for advice concerning his legal position if a claim for compensation is made against him that he believes he may be responsible for. At the same time, he is advised to read the following Third Party Liability Insurance terms with that in mind.
- 21.4 Any admission of liability for compensation by the Insured commits only the Insured and not the Company. By giving such an admission, the Insured may put himself in the position of having to pay damages himself in cases not covered by the liability insurance.



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22. Scope of Third-Party Liability Insurance.

- 22.1 Legal Liability.** The Company insures against those liabilities that fall on the Insured as an individual (i.e. not connected to his employment) in accordance with Icelandic law, as long as the liability is the direct result of the injury or death of persons or damage to property (including buildings and animals) and that it is no broader than usual extra-contract liability. The insurance does not cover any liability that falls on the Insured because of his employment, whether he is self-employed or employed by another party.
- 22.2 Compensation Beyond Legal Liability.** If a child of the policyholder causes loss that is not subject to compensation according to law, the Company will pay compensation if the child is less than 10 years old. If the claimant also bears some blame of responsibility, the compensation will be reduced accordingly. Insurance coverage according to this provision is not valid when the child is party to a traffic accident and the loss is in relation to a registered motor vehicle that is in use.

23. Excluded Risks.

- 23.1. Third-Party Liability Insurance does not cover loss or damage:
- caused by the Insured to each other
 - caused to items the Insured has borrowed, rented, stored or are for other reasons in his care, including items the Insured has in his possession without permission;
 - caused by the Insured as the owner or user of a motor vehicle, ship, boat, aircraft, gun or animal;
 - caused by fire, water from fire fighting services, smoke, soot or explosion;
 - because of fines, court costs or other costs related to prosecutions;
 - because of demands made by the State Social Security Institute or other public insurance institutions;
 - that fall on the Insured as a property owner or property shareholder unless Property Insurance is in force in addition to Home Insurance;
 - that is caused by pollution of the atmosphere, ground, plants, sea or water, except where the loss is connected to a particular incident;
 - resulting from long-term dampness or water seepage.
- 23.2 If it is the case that both Home Insurance and Property Insurance are in force according to Paragraph 1, Item g, then the Third-Party Liability Insurance covers the Insured with respect to damage connected to minor repairs to property. If the expected cost of work because of repairs exceeds 5% of the property's fire compensation assessment, or if scaffolding is used for the work, the Company must be notified, as the Third-Party Liability Insurance does not cover work of this nature without amendment.

24. Geographical and Temporal Limits.

- 24.1 The insurance is valid in Iceland and during travel abroad for up to 92 days from the day of departure.
- 24.2 If the consequences of an action or failure to act that cause damage during the period of validity of the insurance do not become apparent until after the insurance is terminated, the Company will pay compensation as before. On the other hand, the Company will not pay compensation for loss resulting from actions or failure to act before the period of validity of the insurance, even when the loss becomes apparent during the period of validity.
- 24.3 If there is doubt about when a failure to act caused damage, it will be deemed as having happened when a course of action preventing damage could last have been carried out.

25. Insurance Amount and the Insured's Own Risk.

- 25.1 The maximum compensation for each event of damage, and the accrued compensated events during the insurance year, is the amount specified on the insurance certificate or the premium receipt.
- 25.2 In addition to compensating the injured parties, the Company will pay legal costs even though the combined total may be higher than the insured amount. However, compensation outside the Nordic countries is limited to the insured amount.
- 25.3 The Insured bears 10% of each loss as own risk within the upper and lower limits as specified on the insurance certificate or premium receipt.



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III. ACCIDENT INSURANCE DURING LEISURE TIME.

26. Introduction and the Concept of an Accident.

- 26.1 The Company will pay compensation because of an accident involving the Insured in accordance with the following provisions of these conditions.
- 26.2 The term "accident" in these terms and conditions shall mean a sudden, external event that causes physical injury to the Insured and occurs against his will.
- 26.3 Injury to limbs requires only a sudden event that causes physical injury to the Insured and occurs against his will. For the purposes of these conditions, limbs are arms from the shoulder joint down and legs from the hip joint down.

27. Scope of Insurance.

- 27.1 The insurance is valid only during the Insured's free time, during domestic duties or educational courses, and the Company will pay compensation because of:
 - a. death,
 - b. permanent physical damage (permanent disability),
 - c. broken teeth and
- 27.2 The policy covers accidents that occur during general sports activities. Excluded, however, are accidents that insured parties 16 years of age and older suffer due to participation in competitions, or training in preparation for competitions, in any kind of sport as well as for accidents pursuant to Item a of Paragraph 1 of Article 28.
- 27.3 The insurance does not cover accidents that the Insured suffers at work, as an employee or self-
- 27.4 This Accident Insurance will not pay compensation because of accidents involving motor vehicles registered in Iceland, nor accidents involving motor vehicles registered abroad where the legal requirement is for vehicles to be insured in case of such accidents.

28. Further Limitations to the Scope of the Insurance.

- 28.1 The insurance does not compensate for accidents traceable to the participation of the Insured in the following activities:
 - a. boxing, any form of wrestling, driving sports, hang gliding, gliding, parachuting, bungee jumping, mountain climbing, cliff rappelling or scuba diving;
 - b. flying, unless the Insured is a passenger on a scheduled or chartered flight operated by a party having the requisite aviation authority permits;
 - c. fist-fighting, criminal acts, consumption of sedatives and/or narcotics;
 - d. sunbathing, medical treatment or use of medicinal products, unless on the advice of a medical doctor due to an compensatory accident.
- 28.2 Moreover, the insurance does not compensate for damages:
 - a. caused by food poisoning, beverage poisoning or the consumption of stimulants;
 - b. from infections caused by insect bites or stings;
 - c. resulting from toxic gases, unless these have occurred without warning and against the will of the Insured.

29. Other Limitations to Liability.

- 29.1 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 whether this condition was present when the accident occurred or developed later, without, however, being the direct and sole consequence of an accident covered by the insurance.
- 29.2 The insurance does not cover an accident that is directly or indirectly caused by poor sight, poor hearing, paralysis, deformity, insanity, epilepsy, fits, stroke, diabetes or other serious disease or debilitation. If such conditions are contributing factors to the Insured suffering permanent physical damages, compensation is paid only for the portion of physical damage that he may have been expected to suffer if these conditions had not been present.
- 29.3 Even if an accident is considered the proven cause, the Company will not pay compensation for the following diseases or pathological conditions: discus prolapse, lumbago ischias, rheumatoid arthritis, degenerative joint disease or any otherform of arthritis.



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30. Geographical Limitations.

- 30.1 The insurance is valid anywhere in the world.
- 30.2 Despite the provisions of Item 1 of Paragraph 1, the insurance is valid for students studying abroad for 92 days from the day of departure from Iceland at the commencement of their studies.

31. Measures in the Event of an Accident.

- 31.1 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.
- 31.2 The Company shall be notified immediately of any accident on the appropriate forms provided by the Company where possible, otherwise in another manner to begin with.
- 31.3 When an accident occurs, the Company is entitled to have its physician examine the Insured and obtain information on the earlier health of the Insured.
- 31.4 In the event of death due to an accident, the Company has the right to request a post-mortem to ascertain the cause of death and other matters that may affect the Company's liability.
- 31.5 The Company pays for the necessary medical certificates.

32. Death Benefits.

- 32.1 If an accident results in the death of the Insured within one year of the date of the accident, the Insured's spouse or partner will be compensated by the amount specified on the insurance certificate or renewal receipt according to Paragraph 1 of Article 1. If the Insured's spouse or partner is no longer alive, death benefits are paid to the Insured's children. If the Insured is a child, death benefits are paid to the parents or to the parent who meets the criteria of Paragraph 1 of Article 1 when only one of them meets those criteria. Death benefits will be reduced by the amount of any compensation already paid by the Company for permanent injuries resulting from the same accident.
- 32.2 If the Insured has no dependents, only 25% of the Accident Insurance's death benefit will be paid. A dependent is a child or an adult individual in the care of the Insured.
- 32.3 If the Insured dies as a result of the accident when more than one year has passed but before the final disability assessment has been performed, compensation shall be paid in accordance with the interim disability assessment, the amount, however, never exceeding the amount which the death benefits would have been.
- 32.4 Death benefits are paid only if the accident is the direct and only cause of the death of the Insured.

33. Compensation for Permanent Physical Damage.

- 33.1 If an accident causes the Insured permanent physical damage within three years from the date of the accident, disability compensation shall be paid on the basis of the amount in effect on the date of the accident.
- 33.2 Disability shall be assessed as a percentage in accordance with the indices of the Disability Committee, concerning the degree of disability, which are 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 national standing. If the injury of the injured party is not included in the indices of the Disability Committee, it shall be evaluated separately based on the indices. Disability can never be more than 100%. No compensation is paid for Permanent Physical Damage lower than 15%.
- 33.3 For 100% disability, the whole insurance amount shall be paid, while lesser disabilities shall be compensated proportionally, in accordance with Paragraph 9.
- 33.4 The 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.
- 33.5 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 is postponed, but for no longer than three years from the date of the accident.
- 33.6 Although 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.



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33.7 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 Paragraphs 5 and 6.

33.8 No compensation is paid for accidents that cause only disfigurement.

33.9 Compensation for permanent physical injury is paid in proportion to the basic insured amount as specified on the insurance certificate or renewal receipt in force on the day of the accident, although in such a way that each degree of disability from 26-50% is doubled and each degree of disability from 51-100% is quadrupled. Compensation paid for 100% disability is therefore 275% of the basic insured amount.

34. Compensation for Broken Teeth.

34.1 The Company pays for repairs to healthy and properly repaired teeth that break or are damaged in an accident. The Company's payment is, however, limited to 7.5% of the basic insured amount of the disability insurance for each accident, and accrued payments, with respect to accidents during one insurance year, are limited to 11.5% of the same amount.

34.2 The Company does not, however, compensate for teeth that break while the Insured is eating. Furthermore, no compensation is paid for damages such as teeth that are broken in a work-related accident, or other incidents which are compensated by the State Social Security Institute (SSI) pursuant to the Act on Social Security and regulations relating to the participation of the SSI in dental costs.

35. Age Limits.

35.1 If the Insured is older than 60 years of age when he or she is injured, the disability compensation paid will be a percentage of the basic insured amount as specified on the insurance certificate or renewal receipt, as follows:

61 yrs. 95%	62 yrs. 90%	63 yrs. 85%
64 yrs. 80%	65 yrs. 75%	66 yrs. 70%
67 yrs. 65%	68 yrs. 60%	69 yrs. 55%
70 yrs. 50%	71 yrs. 45%	72 yrs. 40%
73 yrs. 35%	74 yrs. 30%	75 yrs. 25%
76 yrs. and older 20%		

35.2 Children younger than 16 years and individuals older than 67 years are not covered for temporary loss of ability to work and not for death benefits more than 25% of the Accident Insurance death benefits.

36. Price Indexation of Compensation Amounts.

36.1 Compensation amounts are calculated on the basis of the insurance amount on the date of the accident but change, however, on the basis of the Consumer Price Index as follows:

- Death benefits change in proportion to changes in the index from the date of the accident to the date of death.
- Disability benefits due to permanent physical injury change in proportion to changes in the index from the date of the accident to the date of settlement. The duration of the indexation of disability benefits is, however, never longer than three years from the date of the accident.
- Per diem payments change every day in proportion to the changes to the index from the date of the accident.

IV. CREDIT CARD INSURANCE

37. Scope of Compensation and Geographical Limits.

37.1 This insurance will pay compensation up to the amount specified on the insurance certificate or premium receipt during the period of insurance for losses incurred as a result of the loss of a credit card by the Insured that is fraudulently used by an unauthorised party. Compensation is conditional on the Insured having followed the rules and procedures of the issuer of the credit card to their full extent, and on his or her having immediately notified the issuer concerning the loss. Compensation can be reduced or cancelled if this is not the case.

37.2 The insurance is valid in Iceland and during trips abroad.



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V. LEGAL COSTS INSURANCE

38. Introduction.

- 38.1 The purpose of Legal Costs Insurance is to pay legal costs incurred because of private proceedings. A condition of the insurance is that the Insured seeks legal assistance.
- 38.2 The lawyer shall inform the Company when he accepts the case and before further steps are taken. However, the lawyer may proceed in matters of urgency.
- 38.3 The Company is required to notify the Insured as to whether or not the matter falls under the scope of the Legal Costs Insurance once satisfactory information has been presented pertaining to the case.

39. Further Limits to the Scope of Compensation of the Insurance.

- 39.1 The insurance covers disputes affecting the Insured as an individual that come before a District Court or the Supreme Court in Iceland and are resolved with a judgement, ruling or settlement according to Article 109 of Act 91/1991 on Civil Proceedings. If the dispute is not brought before the court except on the conclusion of legal action in another arena, the insurance covers only the costs incurred after the conclusion of such legal action. The insurance also covers resubmissions, although only when the resubmission is permissible and the conditions of Article 50 are fulfilled.
- 39.2 The insurance does not cover criminal prosecutions or actions that can be ruled upon only by the Government or by special courts.

40. Items Not Covered by the Insurance.

- 40.1 The insurance does not cover legal costs incurred in disputes of the types specified below in Paragraphs 2 to 12.
- 40.2 Those concerned with divorce or matters resulting from separation and other matters concerning disputes about the custody of children and access rights.
- 40.3 Concerning the Insured's employment or professional post.
- 40.4 Concerning commitments into which the Insured has entered.
- 40.5 Concerning financial measures that are unusual or on an exceptionally large scale for an individual or exist because one individual takes responsibility for another.
- 40.6 Concerning demands or other claims that the Insured has endorsed.
- 40.7 Concerning the Insured as a property owner, unless the Insured has taken out Property Insurance with the Company and the terms of Article 50 are fulfilled with respect to that insurance. Legal costs will not be paid if they are concerned with the Insured's ownership of property or a share of a property not mentioned on the insurance certificate or renewal receipt for the Property Insurance.
- 40.8 Concerning the Insured as the owner, user or controller of a motor vehicle, caravan, trailer-tent or other trailer, aircraft, ship, steamship, motorboat or sailboat.
- 40.9 Concerning compensation or other claims concerning action leading to accusations or charges against the Insured in relation to prosecutable offences.
- 40.10 Concerning bills of exchange cases and debt collection cases against the Insured where the demand is uncontested or incontestable, and cases related to bankruptcy or moratoria where the Insured himself/herself is insolvent or seeking a moratorium.
- 40.11 If legitimate interests are not served by obtaining a judgement in the case. Such interests would not be served, for instance, if an application for legal aid has for some reason been denied or the granting of legal aid has been cancelled.
- 40.12 The insurance will not cover the legal costs of the Insured in any action taken against the Company.

41. Choice of Lawyer.

- 41.1 It is a condition of the liability for compensation that the Insured has sought the assistance of a lawyer who will deal with the case. The Insured himself appoints a lawyer from the members of the Icelandic Bar Association. A lawyer may not represent himself without the consent of the Company.

42. Payment of Compensation.

- 42.1 When a dispute pursuant to Paragraph 1 of Article 46 has been settled, the Company will pay necessary and normal



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lawyer and legal costs in accordance with Paragraph 3 that the Insured cannot reclaim from the opposing party or from the Authorities. The Insured is bound to try to reclaim legal costs from the Authorities, for instance, by applying to the Legal Aid Committee, except where it is clear that he or she does not meet the necessary requirements.

42.2 If a dispute arises concerning legitimate lawyer's remuneration, the Insured is required to put the dispute before the Lawyers' Disciplinary Committee of the Icelandic Bar Association in accordance with Article 26 of Act 77/1998 on Lawyers.

42.3 The Company Pays:

- a. lawyer's fees and expenses;
- b. cost of producing reports, if the Insured's lawyer requests a report before the matter goes to court or if it is clear that a judgement will not be forthcoming without such a report;
- c. costs incurred by witnesses or in putting other evidence before the court;
- d. court fees;
- e. legal expenses that the Insured must pay the opposing party at the end of the case as a result of a judgement or ruling of the court;
- f. legal expenses the Insured agrees to pay to the opposing party as part of a settlement when it is clear that the court would have imposed higher legal costs if the case had proceeded.

42.4 Compensation is not paid because of:

- a. the Insured's own employment, loss of earnings, travel and accommodation expenses and other expenses;
- b. enforcement of a judgement, ruling or settlement;
- c. additional costs incurred by appointing extra lawyers or by changing lawyers;
- d. additional costs resulting from the Insured or his lawyer being guilty of negligence in the conduct of the case or having, in any other respect, exhibited negligence.

43. Further Conditions for the Payment of Legal Costs.

43.1 It is possible that legal costs will be paid if the insurance is in force when a dispute arises and it has been in force for at least two consecutive years with the Company. If the Insured has been similarly insured with another company, that insurance will be taken into account.

43.2 Despite the provisions of Paragraph 1, the Insured can nevertheless be recompensed for legal costs if the events or issues that are the basis of the claim happened after the insurance came into force.

43.3 If the Insured no longer has Legal Costs Insurance or comparable insurance when a dispute arises, he can nevertheless be recompensed for legal costs from this insurance if it was in force when the events or issues that form the basis of the claim occurred and no more than four years have passed since those events or issues occurred.

44. Geographical Limitations.

44.1 This insurance provides for compensation for events that occur in Iceland or during travel abroad for up to 92 consecutive days from the departure date.

45. Insurance Amount.

45.1 The maximum compensation for each event of damage, and the accrued compensated incidents during the insurance year, is the insurance amount of the Legal Costs Insurance as specified on the insurance certificate or the premium receipt.

45.2 Only one insurance incident will be considered if other insured parties are involved on the same side of a dispute or case. If the Insured is involved in other disputes, those cases shall be considered to be one insurance incident where the existing claims have, for the most part, the same root.

46. The Insured's Own Risk.

46.1 In each event of loss or damage, the Insured bears the own risk specified on insurance certificate or the premium receipt.

47. Demand for Reimbursement.

47.1 In so far as compensation with respect to this insurance has been paid, the Company assumes the rights of the Insured to legal expenses from opposing parties or from the Authorities.



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Optional Insurance

VI. LUGGAGE INSURANCE (Optional, Condition No. 2)

48. Who is Insured.

- 48.1 The Insured are those specified in Paragraph 1 of Article 1.
- 48.2 The Policyholder's children and/or those of his spouse who are younger than 16 years of age are also insured even if they have a different registered domicile than the Policyholder, when they are travelling abroad in the charge of the Policyholder and/or his spouse.

49. Damages Covered by the Insurance.

- 49.1 The insurance compensates for damages to the insured luggage caused by fire, theft, robbery, burglary, vandalism and transportation accidents, as well as if the insured luggage is completely lost during transportation, subject however to the limitations described in these terms. Transportation accident means an incident where a vehicle, aeroplane or vessel has an accident that causes damage to the insured items. Moreover, it means damage to items in the custody of the transporting party.

50. Insured Items.

- 50.1 The insurance also covers personal effects in the possession of the Insured when travelling.

51. Limitations to the Scope of the Insurance.

- 51.1 The insurance does not compensate for:
- cash, cheques, travellers cheques, tickets, securities or any documents;
 - damages, including, as applicable, internal damages, such as mechanical break-downs, short circuits, and other damages to electrical systems, damages to fragile or delicate items, such as radios, records, discs, tape recorders, video players, cameras, video recorders, eye glasses, ceramics, items made of glass or statues, unless the damage is caused by fire, theft or because of an accident to the means of transport;
 - scratches, dents, bruising or rubbing which does not lessen the usefulness of the insured item;
 - damage to luggage caused by fluids or food that are contained in the luggage, except when there is an accident involving the means of transport;
 - delays due to the actions of government officials or detention by customs officials;
 - damages to items that are damaged by use, e.g. skis and other sports equipment;
 - damages to items stolen from unlocked premises, storerooms, vehicles and boats;
 - damages to items which the Insured forgets, loses, misplaces or items which are left unattended in public places, such as in the premises of the transport entity, bathing centres, camping sites, public toilets etc.,
 - damages resulting from insufficient or poor packaging, wear or deterioration, vermin or the denaturation of items;
 - damage to suitcases in the possession of the traveller.

52. Geographical Limitations.

- 52.1 The insurance is valid abroad for up to 92 consecutive days of travel from the day of departure until the return to Iceland.
- 52.2 The insurance is not valid when the Insured is studying or working abroad if the duration of study or employment is longer than 92 days. However, the insurance is valid during travel to and from Iceland.

53. Precautionary Principle.

- 53.1 The Insured shall guard his luggage well and take necessary precautions, to the fullest extent possible, to prevent damages. Violations of this principle may lead to the termination of the Company's liability, in full or in part.



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54. Insurance Amount.

54.1 Compensation with respect to each loss incident and in total for each insurance year may be a maximum of 10% of the insured amount of the Home Insurance as current at the time.

55. Determination of Compensation.

55.1 Compensation is paid in accordance with the rules that apply to the Home contents Insurance. Compensation with respect to any single item is limited to 15% of the insurance value of the Luggage Insurance. **(For this reason, it may be necessary for the Insured to take out additional luggage insurance if the value of the luggage exceeds this amount.)**

56. Own Risk.

56.1 The Insured bears 25% own risk for each loss, but never less than the amount specified on the insurance certificate or premium receipt.

VII. LUGGAGE DELAY INSURANCE.

57. Who are the insured?

57.1 The Insured are those specified in paragraph 1 of Article 1.

57.2 The Policyholder's children and/or those of his spouse who are younger than 16 years of age are also insured, even though they may have a different registered domicile from that of the Policyholder, when they are travelling abroad in the charge of the Policyholder and/or his spouse.

58. Scope of application.

58.1 The Policy applies to delays in the delivery of luggage to a destination in a scheduled or chartered flight for 92 consecutive days from the beginning of the journey from Iceland.

58.2 The Policy does not apply when the insured is engaged in study or work overseas, if such study or work lasts longer than 92 days and the delay occurs at the destination where the insured is engaged in study or work.

59. Scope of insurance.

59.1 In the event that the insured does not receive his luggage within or 12 hours on arrival at the destination, due to delays or incorrect processing, compensation shall be paid for the purchase of necessary items for each insured party aged 16 and above.

59.2 Compensation shall be paid to children under the age of 16 who are not accompanied by a legal guardian.

58.3 Compensation is not paid for luggage delivery delay when the insured is on his way home.

59.4 Receipts for paid-out costs need not be submitted in order to claim compensation hereunder.

60. Precautionary principle.

60.1 The insured shall organise his travel arrangements so that the time between connecting flights is not less than the minimum stipulated by the airline/airport in question and note of which is made in travel booking. Violations of this principle may lead to the termination of the Company's liability, in full or in part.

61. Insurance amount.

61.1 Insurance amounts, i.e. the maximum compensation paid from the Policy during each period and for each insured party in each insurance event are stated in the insurance policy or the renewal receipt.

62. Notifications of loss or damage to airlines

62.1 In the event that luggage is lost during a journey or while luggage is in the custody of an airline, the injured party is under obligation to notify of the loss immediately on landing to the service desk of the airline by means of the appropriate form (P.I.R. form). The injured party shall submit to the Company a written confirmation from the airline which clearly states how long the delay was.



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63. Double insurance.

- 63.1 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.

VIII. INSURANCE FOR OVERSEAS MEDICAL COSTS AND ABANDONMENT OF TRAVEL (Optional, Condition No. 1)

64. Who is Insured.

- 64.1 The Insured are those specified in Paragraph 1 of Article 1.
64.2 The Policyholder's children and/or those of his spouse who are younger than 16 years of age are also insured even though if they have a different registered domicile than the Policyholder, when they are travelling abroad in the charge of the Policyholder and/or his spouse.

65. Scope of Insurance.

- 65.1 The Company pays costs incurred during travel abroad for up to 92 consecutive days of travel from the day of departure from Iceland because of accident, illness or death of the Insured during leisure time as further discussed in Articles 66 to 72 below.
65.2 The Company pays costs incurred during travel abroad because of employment for up to 92 consecutive days of travel from the day of departure from Iceland when related to non-dangerous business activities, such as meetings, conferences or training courses.
65.3 The insurance is not valid when the Insured is studying or working abroad if the duration of study or employment is longer than 92 days. However, the insurance is valid during travel to and from Iceland.

66. Medical Costs Covered by the Insurance.

- 66.1 The policy pays the Insured compensation for costs that are further specified below in Paragraphs 2 to 9.
66.2 Hospitalisation and medical assistance, medicinal products and other services provided by the hospital. The stay and treatment shall be ordered by a physician, and payment shall be relative to a general hospital in the country in question.
66.3 Medical assistance and medicinal products recommended by a physician.
66.4 Pain relieving dental repair (only in emergencies), never, however, more than 1% of the insurance amount.
66.5 Extra expenses for special hotel accommodation, when a physician is of the opinion that treatment can take place in a hotel. These expenses include costs relating to nursing, medically recommended diet, etc., never, however, more than 1% of the insurance amount.
66.6 Extra expenses for the travel home, or travel to return to a predetermined travel schedule due to delays caused by the hospitalisation of the Insured at the recommendation of a physician, and in consultation with the emergency services of the Company, including the travel expenses of a companion, if such companion is considered necessary in the opinion of the physician.
66.7 If the physician who has attended the Insured is of the opinion that travel home by normal means of travel is necessary and adequate, his written confirmation will suffice the Company. In such cases, extra expenses for the travel home, such as an extra seat, more expensive seat, etc., will be paid. If the illness or accident event is so serious that the physician is of the opinion that the Insured must be transported home in another manner, the emergency service of the Company shall take care of such transport.
66.8 In the event of the death of the Insured during his travel, the emergency service of the Company shall take care of the transportation of the deceased and his travel companion to Iceland as well as costs resulting from mandatory measures.
66.9 If the Insured is injured, becomes seriously ill or dies during his travel, the company will pay the travel and accommodation expenses of a close relative, who is summoned to the Insured, in consultation with the emergency service of the Company. The maximum compensation paid by the Company for each damage event, subject to these provisions, amounts to 10% of the insurance amount of the medical costs insurance pursuant to Paragraph 1 of Article 72.



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67. Refund of Holiday Trip Costs.

- 67.1 If a stay is cut short due to the instruction of a physician to return home during the earlier part of the stay or due to hospitalisation during at least half the stay, the Company pays the price that the Insured paid for his journey before its commencement. It is a condition for the payment of compensation that the trip is strictly a holiday trip.
- 67.2 After the trip has passed the halfway point, the Company will reimburse proportionally the Insured's irretrievable travel expenses for the remaining part of the trip that the Insured cannot make use of because, according to the written advice of a physician and with the agreement of the Company and its emergency service, he/she must interrupt his trip and return home, or he/she is hospitalised due to serious illness or a serious accident.
- 67.3 The maximum liability of the Company for each event of damage that falls under Paragraphs 1 and 2 amounts to 10% of the insurance amount of the medical costs insurance, cf. Paragraph 1 of Article 68.
- 67.4 Compensation with regard to a loss incident that falls under Paragraph 2 will be paid only with respect to trips that last for six days or longer, and payment will be made only for the patient and an insured party who must necessarily abandon his/her trip to accompany the patient home.

68. Abandonment of Travel.

- 68.1 The Company pays the necessary additional costs of returning to Iceland if the person who is insured is obliged to abandon his overseas stay due to:
- death, serious accident or sudden serious illness of a spouse, cohabiter, children, parents, siblings, the parents-in-law, the son-in-law or the daughter-in-law of the person insured;
 - substantial property damages in the home of the Insured, or in a company owned by him, thus requiring his presence.
- 68.2 The Company does not pay for the unused part of the travel expenses or for a new trip overseas to replace the trip which was abandoned.
- 68.3 The maximum compensation paid by the Company for each loss incident that falls under Paragraph 1 amounts to 10% of the insurance amount of the Medical Expenses Insurance pursuant to Paragraph 1 of Article 72.

69. Limitations to the Scope of the Insurance.

- 69.1 The insurance does not compensate for costs which may be traced to the following:
- use of medicinal products without the benefit of medical advice;
 - diseases occurring during the ninth month of pregnancy and caused by birth or the loss of a foetus, nor diseases caused by an abortion;
 - diseases or accidents which can be traced to the consumption of alcohol or controlled substances;
 - chronic diseases and accidents for which the Insured has received medical attention during the past twelve months;
 - continuing treatment, if the Insured refuses to be transported home at the recommendation of the physician attending him and/or the recommendation of emergency service of the company;
 - treatment overseas for longer than three months;
 - the purchase of any form of prosthetic or orthotic devices, such as prosthetic limbs, teeth, glasses, eye lenses, hearing aids, etc.
- 69.2 The limitations to liability that apply to Accident Insurance During Leisure Time and that are specified in Articles 27.2, 28 and 29 also apply to this policy as applicable. However, the company will pay compensation for the illness, accident or death of the Insured caused by food poisoning or beverage poisoning.

70. Measures to Avoid Damages.

- 70.1 The insured shall, without exception, follow the instructions of the physician who has attended him as well as the emergency service of the Company.
The Company will not pay any extra expenses resulting from the failure to follow such instructions.

71. Compensation Deduction.

- 71.1 The Company pays only costs pursuant to Article 66 to the extent that such costs are not paid by another party, e.g. public health insurance or the State Social Security Institute.



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72. Insurance Amount and Own Risk.

- 72.1 The maximum compensation for each loss incident and the accrued compensated events during the insurance year, is the insurance amount of the Medical Expenses and Abandonment of Travel Insurance specified on the insurance certificate or the premium receipt.
- 72.2 This insurance bears no own risk element.

IX. COMPREHENSIVE HOUSEHOLD CONTENTS INSURANCE (Optional, Condition No.12)

73. Scope.

- 73.1 Comprehensive household protection can be purchased in addition to the protection provided by the Home contents Insurance. This protection is called Comprehensive Home contents Insurance.
- 73.2 The insurance covers loss or damage to insured personal effects caused by sudden and unforeseen external circumstances during the insurance period. Compensation will be paid by this insurance on the condition that the loss is not covered by the Home contents Insurance. This insurance will not pay any additional portion of the loss that is not compensated by the Home contents Insurance because the compensation amount is the maximum provided for.

74. Insured Items.

- 74.1 The insurance covers loss or damage to the Insured's household and personal effects as specified in Item 1 in the inventory of insured effects in Home contents Insurance, in the Summary of the Scope of the Insurance. The insurance also covers loss or damage to effects included in Items 2, 3 and 5 of the Summary. However, the insurance does not cover cash, passports, scripts, original drawings, coin collections or stamp collections pursuant to Item 4 of the Summary and neither to tools, pursuant to Item 6.

75. Geographical Limitations.

- 75.1 The insurance is valid in Iceland and on a travel abroad for up to 92 consecutive days of travel from the day of departure from Iceland.

76. Exclusions.

- 76.1 The insurance does not compensate for loss:
- when insured items are lost, forgotten, misplaced or left behind in public places;
 - due to theft from unlocked premises, cars, boats, caravans or folding trailers, nor as a result of theft from tents, trailer tents or folding trailers;
 - caused by sudden changes in temperature or humidity;
 - caused by natural wear and tear or unsatisfactory maintenance;
 - caused by faults, visual defects, structural defects or breakdowns.

77. Insurance Amount.

- 77.1 The maximum compensation for each loss incident, and the accrued compensated events during the insurance year, is the insurance amount for Comprehensive Home contents Insurance as specified on the insurance certificate or the premium receipt.

78. Own Risk.

- 78.1 The Insured's own risk for each loss incident is the same as that specified in Paragraph 7 of Article 20 of the Home contents Insurance, and is further specified on the insurance certificate or premium receipt.

79. Miscellaneous Provisions.

- 79.1 In other respects, the provisions of the Household Insurance apply to this insurance.



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INSURANCE TERMS

XII. TRAUMA COUNSELLING

80. Who are the insured?

- 80.1 The Insured are those specified in paragraph 1 of Article 1.
- 80.2 The Policyholder's children and/or those of his spouse aged 18 years or younger are also insured even though they may have a different registered domicile than the Policyholder, when they were in the charge of the Policyholder and/or his spouse when the insurance event occurred.

81. What is trauma counselling?

- 81.1 Trauma counselling is psychiatric support for individuals or groups that have suffered severe distress or fear as a result of an event of loss or damage which is so threatening or overwhelming that it may be assumed that people will find it difficult to process the experience without assistance.

82. Scope of the insurance.

- 82.1 Trauma counselling is offered to insured parties in the event of circumstances described in Article 93.1, caused by the following events of loss or damage which occur subsequent to the entry into force of the insurance:
- the insured has experienced a life-threatening situation;
 - the insured has been involved in a serious accident or is directly involved in such an accident;
 - the home of the insured is burglarized;
 - the home of the insured is substantially damaged;
 - the insured is diagnosed as having a serious illness, as well as if the children, spouse or parents of the insured, 65 years of age or younger, are diagnosed as having a serious illness, are involved in serious accidents or die.

83. Limitations to the scope of the insurance.

- 83.1 Trauma counselling is not offered for long-term distress or long-term difficulties.
- 83.2 Trauma counselling is not paid by this policy as regards difficulties that are not connected with a particular event of loss or damage pursuant to Items a to e of Article 94.1.
- 83.3 Trauma counselling is available to the Policyholder for up to six weeks after the event of loss or damage.

84. Geographical limitations.

- 84.1 Trauma counselling is offered to the insured with respect to events of loss or damage that occur in Iceland and during overseas travel lasting up to 92 days.

85. Scope of indemnification.

- 85.1 The Company pays for up to two interviews with trauma counselling therapists which the Company is responsible for providing.
- 85.2 The Company shall approve a trauma counselling interview before the interview begins.
- 85.3 Trauma counselling interviews can only take place in Iceland.
- 85.7 Although general trauma counselling is provided following an event of loss or damage, the right of the insured to trauma counselling pursuant to this Policy does not lapse.
- 85.5 Trauma counselling from this Policy is provided at the workplace of therapists and not at the site of the event of loss or damage.
- 85.6 Only the cost of the interviews is paid; other expenses, such as travel expenses, are not covered by the Policy.

These terms are valid from January 1, 2009.



TRYGGINGAMIÐSTÖÐIN HF

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