



335 Baggage Insurance

TERMS AND CONDITIONS

1. Scope of the insurance policy.

- 1.1 The insurance compensates for damages to the insured luggage caused by fire, theft, transportation accidents, vandalism, burglary and break-ins, 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, airplane or vessel has an accident which causes damage to the insured items. Moreover, it means damage to items in the custody of the transporting party.
- 1.2 Luggage means only the personal moveable goods which the insured have with them when travelling and which are not excluded by the terms.
- 1.3 It is a prerequisite that all the luggage of the Insured is insured except in the case of insurance for special items. If the value of the luggage is of greater value than the insurance amount specifies, compensation shall only be paid proportionally.

2. Limitations to the scope of the insurance.

- 2.1. The insurance does not compensate for:
 - a. cash, cheques, travellers' cheques, tickets, securities or any other documents,
 - b. damage, including, as applicable, internal damage, such as mechanical break-downs, short circuits, and other damage to electrical systems, damage 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,
 - c. scratches, dents, bruising or rubbing which does not lessen the usefulness of the insured item,
 - d. delays caused by the actions of public entities, seizure by customs authorities or damage directly or indirectly caused by wars, insurrections, civil commotions, strikes or other comparable events,
 - e. damage attributable to nuclear power, ionising radiation or radioactive materials,
 - f. damage to items caused by use, e.g. skis and other sports equipment,
 - g. damage to items stolen from unlocked premises, storage, vehicles or vessels,
 - h. damage 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 restrooms etc.,
 - i. damage resulting from insufficient or poor packaging, wear or deterioration, vermin or the decomposition of items,
 - j. damage to suitcases.
 - k. damage resulting from any form of biological or chemical effects and/or toxic effects, including due to bacteria and viruses, caused by acts of terrorism.

3. Geographical limitations.

- 3.1 The policy is in effect during travel overseas.

4. Term of Effect.

- 4.1. The policy shall remain in effect during the period specified in the insurance certificate or the premium receipt. When the period expires, the insurance shall be extended for one year at a time, unless the Insured has cancelled the policy within one month from the time that the Company sent notification of the due date for the new period pursuant to Article 5.1. However, cancellations need not be notified until two weeks prior to the close of the period.
- 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. Payment of premiums.

- 5.1 The payment of the first premium shall be made when the insurance policy comes into effect and subsequent premiums shall be paid on specified due dates. The Company shall send the Insured notification for the payment of the premium. The notification shall specify the period of grace which shall be a minimum of one month from the date that the notification is sent.



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- 5.2 In the event that the premium is not paid when the period of grace expires in accordance with Paragraph 1, the Company may send a special warning demanding payment within 14 days or the insurance shall be cancelled if the premium is still unpaid.
- 5.3 If the Insured has not specifically negotiated with the Company concerning the payment of the premium before the period of grace pursuant to Paragraph 2 expires it shall be regarded as unpaid, if it has not been paid in full when the period of grace ends.
- 5.4 Demands for the payment of the premium are sent to the address of the Insured specified in the National Registry unless the Insured has specified another address. Any changes to the specified address shall be immediately notified to the Company.
- 5.5 In the event of the termination of the policy pursuant to Paragraph 2, the Insured shall nevertheless pay a premium for the period that the policy remained in effect. The premium shall then be calculated as in the case of a short-term insurance.

6. Fraud and other incorrect information.

- 6.1. If the Insured, on the preparation or renewal of the insurance contract, has fraudulently, or through other means, failed to fulfill his obligations to provide information to the Company concerning events which may have an effect on its risk evaluation and an insurance event has occurred, the liability of the Company shall be cancelled in full or in part, pursuant to Article 20 of the Act on Insurance Contracts. Incorrect and insufficient information, moreover, entitles the Company to terminate the policy, pursuant to Article 21 of the Act.
- 6.2. If the Insured, on the settlement of compensation, intentionally gives incorrect or incomplete details, which he knows or ought to know will result in the Insured being paid compensation to which he is not entitled, the Insured forfeits his compensation entitlement and the Company may terminate all its insurance contracts with the Insured as further provided for in Article 47 of the Act on Insurance Contracts.

7. Intent and gross negligence.

- 7.1. The Company is in no way liable for damage intentionally caused by the Insured. If the Insured has caused damage through gross negligence the Company is free of liability, in full or in part.

8. Precautionary Principle.

- 8.1 The insured shall guard his luggage well and take necessary precautions, to the extent possible, to prevent damage. He is moreover under obligation to abide by other precautionary principles specifically set from time to time. Violations of applicable precautionary principles may lead to the termination of the Company's liability, in full or in part.

9. Notification of damage - measures taken due to damage.

- 9.1 In the event of damage to which this policy applies, the Insured shall submit proof of the event of damage and the value of items. Local police shall be notified of theft, robbery or break-ins and their report shall be submitted. Damages to luggage located in hotels, under the care of the transportation provider or others, shall be notified to these parties and their report submitted. Damages shall also, in all cases, be notified to tour guides if such guides are present.
- 9.2 The Company shall in all cases be notified of the damage without undue delay and reports and the damaged items shall be submitted to the Company.
- 9.3. Failure to fulfil the obligations of the Insured pursuant to Paragraphs 1 and 2 may result in the reduction or loss of compensation in accordance with the Act on Insurance Contracts.

10. Insurance amount, limitations to compensation and own risk.

- 10.1 The insurance amount for each insurance period is specified on the insurance certificate or the premium receipt.
- 10.2 In the event of damage to a single item valued at more than ISK 40,000, based on the consumer price index for inflation adjustment in July 1996 (176.7 points), the Company's liability is limited to this amount unless said item was listed on the certificate and valued therein. On the assessment of damage, account shall be taken of the item's depreciation in price due to age, use, reduced usefulness or other circumstances.
- 10.3 The insured shall carry 25% own risk in each event of damage, but never, however, a lesser amount than is stated in the policy or the premium receipt.



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11. Payment of compensation and interest.

11.1 Claims for the payment of compensation may be made 14 days after the Company had the opportunity to obtain the information necessary to assess the insurance event and determine the amount of the compensation. The insured is entitled to interest on his claim pursuant to Article 50 of the Act on Insurance Contracts.

12. Recourse against a third party.

12.1 The Company shall acquire the claims of the Insured against a third party without special transfer provided that the Company has compensated for the damage. Lost luggage which is subsequently found is the property of the Company to the extent that compensation has been paid for the luggage.

13. Act on Insurance Contracts.

13.1. 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.

These terms are effective as of 1 January 2006