

Proposed Resolutions

Of the Board of Directors of Vátryggingafélag Íslands hf. before the Company's Annual General Meeting 20 March 2019

Item 2

Proposal for confirmation of the annual accounts

The Board of Directors proposes that the Annual General Meeting approves the Consolidated Annual financial statements for 2018.

Remarks:

The Annual Consolidated Financial Statements for the year 2018 are available on the Company's website, www.vis.is/fjarfestar. The statement will be presented by the CEO of VÍS, Mr. Helgi Bjarnason.

Item 3

Proposal on how to address the profit

The Board of Directors proposes that a dividend of ISK 1,07 per share be paid for the operational year 2018, or approx. 2.044 million ISK in total. The declaration date is 20 March 2019, meaning that shareholders identified in the Company's shareholder registry at the end of day 22 March 2019 (record date) have the right to dividend payments. Ex-dividend date is therefore 21 March 2019 which is the first day of trading after the declaration date and dividend payment date is 29 March 2019.

Remarks:

VÍS has defined the risk appetite of the Company with regards to a solvency ratio ranging from 1,35 to 1,7. The Company's dividend policy is to pay up to 100% of each year's profit after tax on dividends. However, the dividend payment amount must never result in a lower solvency ratio after payment of dividend, than the Company's risk appetite stipulates. The Board of Directors' proposal regarding the amount of the dividend payment, is just under 100 % of the profit for the year 2018. The Group's solvency ratio without dividend payment is 1,60 but if dividend and repurchases are considered the solvency ratio is 1,40 at the end of 2018.

Item 4

Proposal on the remuneration policy and compensation system

The Board of Directors proposes that the Company's remuneration policy as put forward by the Board before the AGM be approved. A remuneration policy with information on a compensation system can be found in a separate document appended to these proposals.

Remarks:

The material changes made from last year's remuneration policy are that the Company's compensation system is expanded by adding level 2, a general employee compensation system which is framed around employees' common goals, financial and strategic, but excluding key personnel. All employees on this level will be paid equally in accordance with the success of the whole company.

Item 5

Proposal on reduction of share capital in relation to repurchasing of own shares pursuant to a share buyback programme

The Company's Board of Directors proposes the following to the Annual General Meeting:

"The Annual General Meeting of VÍS, held at 20 March 2019, agrees to reduce the Company's share capital from ISK 1.952.642.307 in nominal value to ISK 1.910.042.307 in nominal value and that own shares of the Company of ISK 42.600.000 in nominal value will thus be deemed valueless. The proposal is approved by the AGM subject to the approval of the Financial Supervisory Authority in Iceland, as per requirements of EU Regulation no. 2015/35, Art. 51 of Regulation no. 585/2017 and the approval of the Icelandic Company Registry (RSK). Upon the approval of the Icelandic Financial Supervisory Authority, the Board of Directors shall be authorised to update the Company's Articles of Association in accordance with the share reduction."

Remarks:

At the Company's Annual General Meeting on March 22 2018, it was agreed to authorise the Board of Directors, with the purpose of introducing market making services with the Company's shares and/or set up a formal share buyback programme, to purchase in the next 18 months up to 10% of the Company's share capital, i.e. to a maximum of 220.264.231 shares at nominal value.

Based on the aforementioned resolution, the Company's Board twice made a decision on the implementation of the share buyback programme. Firstly, on 17 August 2018, a decision was made in accordance with the authorisation on purchasing own shares at a nominal value of ISK 26.500.000. The termination of the share buyback was announced on 12 November 2018, when the programme's maximum had been reached. Secondly, based on the same authorisation, the Board again decided to purchase the Company's own shares at a nominal value of ISK 22.500.000. On the 31 December 2018 the termination of the buyback was announced, but at that time 16.100.000 own shares had been purchased in accordance with the programme. In total, own shares at a nominal value of ISK 42.600.000 were purchased in accordance with the 2018 Annual General Meeting's authorisation.

The share buyback program was executed according to Chapter II in the Appendix to the Directive on Insider Dealing and Market Manipulation (Market Abuse) no. 630/2005.

Item 6

Proposal on amendments to the Articles of Association

The Board of Directors proposes the following amendments be made to the Company's Articles of Association:

Proposal I: Should the proposal on the reduction of share capital as laid out in Item 5 be approved, the Board of Directors is authorised pursuant to the Icelandic Financial Authorities' approval, to update paragraph 3 in the Articles of Association in accordance with an approved reduction of share capital, so that the said paragraph's phrasing will be:

„The Company's share capital is ISK 1.910.042.307 – One billion nine hundred and ten million forty two thousand three hundred and seven Icelandic Kronur – divided into equally many parts.“

Remarks on proposal: The proposed amendment is self-explanatory, and is dependant upon the approval of the proposal laid out in Item 9.

Proposal II: A proposal is made for an amendment to paragraph 3 in Article 12 in the Company's Articles of Association, to the effect that permission be granted to call for a shareholder meeting by publishing an online announcement using the Exchange's news distribution system (now: "by electronic means"), paragraph 4 will be changed so that shareholders' deadline to request items be brought up at a shareholder meeting be set as 10 days prior to the meeting (is now: "with long enough notice so that the matter can be brought to the meeting's agenda"), and that a wording will be added to the effect that the Company must publish the documents to be submitted to a shareholders' meeting, e.g. annual accounts and the Board of directors' report, endorsement by auditors, as well as resolution proposals by the Board or, as appropriate, comments from a competent institution in the company, a proposal for a remuneration policy, together with information on the total number of shares and votes on the date of the meeting, no later than three weeks before the shareholders' meeting. Similarly, paragraph 5 be changed so that the final agenda and proposals be published a week before a shareholders' meeting, but the wording of the paragraph in question now recommends that a final agenda and proposals be published two weeks before the AGM. The provisions of paragraphs 3 and 4 in Article 12 will therefore be as follows:

„The Board of Directors shall call for a shareholder meeting either by an announcement in newspapers or by an announcement by using the Exchange’s news distribution system.

Matters that shall be discussed at a shareholders’ meeting shall be included in the meeting notice. If a proposal for amendments to the Company’s Articles of Association are to be discussed, the proposal’s substance shall be revealed. Documents to be submitted to a shareholders’ meeting e.g. annual accounts and the Board of directors’ report, endorsement by auditors, as well as resolution proposals by the Board or, as appropriate, comments from a competent institution in the Company, a proposal for a remuneration policy, together with information on the total number of shares and votes on the date of the meeting, shall be published no later than three weeks before the shareholders’ meeting. Shareholders have the right to ask for matters be discussed at a shareholder meeting, if a written or electronic request thereof has been sent to the Board of Directors with at least 10 days notice.

A week before a shareholder meeting the final agenda and resolution proposals shall be published.“

Remarks on proposal: It is proposed that any ambiguity be removed in paragraph 3 regarding an announcement by using the Exchange’s new distribution system is considered a sufficient notice to call for a shareholder meeting. Such a notification has been employed since the Company was listed, as is mandatory. Furthermore it is proposed that shareholders’ deadline to request items be brought up at a shareholder meeting be set as 10 days prior to the meeting, in accordance to Art. 86 in the Act on Public Limited Companies, no. 2/1995. The Board has for a while specified this deadline in shareholder meeting notices, however it is considered proper to affirm this in the Company’s Articles of Association. Furthermore, an addition to the wording of paragraph 4 is proposed to the effect that the Company must publish documents to be submitted to the shareholders’ meeting, as well as resolution proposals by the Board or, as appropriate, comments from a competent institution in the Company, together with information on the total number of shares and votes on the date of the meeting, no later than three weeks before the shareholders’ meeting, which is in accordance with the requirements for listed companies in Article 88 d. in the Act on Public Limited Companies no. 2/1995. Finally, it is proposed that the final sentence in paragraph 5 be amended to the effect that the final agenda be sent out a week prior to both a shareholders’ meeting and an AGM. The Board of Directors must disclose its proposals and final agenda to be discussed at an AGM along with the meeting notice, sent out 3-4 weeks prior to the meeting, but items and proposals added later can only be those from shareholders, but it is proposed that shareholders’ deadline for such requests be set as 10 days prior to the meeting.

Proposal III: It is proposed that an addition be made to paragraph 7, Art. 13 that stipulates that the shareholder meeting shall decide on the remuneration of the Board’s subcommittees. Provisions of paragraph 7 in Article 13 will therefore be as follows:

„7. A decision on the Board’s remuneration, its subcommittees and the Nomination Committee.“

Remarks on proposal: The proposal is self-explanatory.

Proposal IV: It is proposed that Article 15 regarding the Nomination Committee be reviewed, parallel to the revision of the Nomination Committee’s work procedures. The provision of the article is simplified, and it is proposed that three members for the Nomination Committee be elected by the shareholders’ meeting. Directors are not expected to sit on the Nomination Committee. Provisions in Article 15 will therefore be as follows:

„A Nomination Committee operates within the Company. The Nomination Committee’s role is to prepare for the election of the Company’s Board of Directors and have an advisory role to shareholders in the election of board members at the Company’s AGM or at shareholder meetings where board election is on the agenda.

The Committee’s goal is to provide shareholders with adequate information and premises for them to make a well informed decision for the election of the Company’s Board of Directors.

The Nomination Committee’s members shall be three, elected at a shareholders’ meeting. It is permitted to call for a special shareholder meeting where election for the Nomination Committee will take place, which shall be held no later than 6 months prior to the Company’s AGM.

The majority of the Committee’s members shall be independent from the Company and its daily executives. When considering the members’ independence the same criteria shall be used as when the independence of Board members is being assessed.

Furthermore, at least one member shall be independent from the Company's shareholders of a qualifying holding in the Company, alone or in cooperation with others.

The Company's board members, executives or other employees are prohibited from becoming members of the Committee.

Those intending to stand for election shall announce their candidacy no later than five days before the AGM using a specific application form. The Board of Directors will review all applications and shall in a verifiable manner give applicants a chance to rectify any flaws in their application within a specified time limit. Information on candidates for the Nomination Committee shall be made available at the Company's offices no later than two days before the AGM.

The Nomination Committee's work procedures shall be approved at an Annual General Meeting."

Remarks on proposal: The Board of Directors and the Nomination Committee have comprehensively reviewed the Committee's work procedures and provisions of the Articles of Association regarding the Committee, following the experience gained from the preparation of board elections since the establishment of the Committee. It is proposed that a provision discussing the Nomination Committee be simplified and made „timeless“ so there be no need of changes to the Articles of Association in case of any changes to tasks or procedures. The Committee's work and tasks will be described in more detail in the Committee's rules of procedure, which continue to be approved at a shareholder meeting.

Proposal IV: It is proposed that paragraph 4 in Article 19 be amended to the effect that the Board candidature deadline will be 5 days (is now 14 days). Provision in paragraph 4 in Article 13 will therefore be as follows:

„Those intending to stand for election to the Board of Directors shall announce their candidacy to the Nomination Committee no later than five days before the AGM using a specific application form. The Nomination Committee will review all applications and shall in a verifiable manner give applicants a chance to rectify any flaws in their application within a specified time limit. Information on candidates for the Board shall be made available for shareholder view at the Company's offices no later than two days before the shareholder meeting."

Remarks on proposal:

It is proposed that the nomination deadline be changed in accordance with the provisions of the Act on Public Limited Companies, no. 2/1995. With the changed arrangement regarding the work procedures of the Nomination Committee, it is not necessary to deviate from the law with longer deadlines.

Item 7

Proposal on changes of the Nomination Committee's work procedures

The Board of Director proposes that the work procedures of the Nomination Committee be changed as proposed by the Company's Board of Directors and the Nomination Committee. The Nomination Committee's work procedures are appended to these proposals.

Remarks:

The Board of Directors and the Nomination Committee have reviewed the Committee's work procedures given the experience of the procedures so far. They have been made more thorough and now better reflect the framework that the Board and the Nomination Committee consider preferable for effectiveness and clear representation. The main changes are as follows:

- In Art. 2.1. on the role and objectives of the Committee, the phrase is now "nominees" or "candidates" instead of "prospective directors“.
- In Art. 2.1 descriptions of the projects and role of the Committee is added and the projects' procedures are specified.
- A clause is added on what will become of the Committee's tasks if an election for the Board of Directors occurs at a meeting other than the AGM.
- The number of committee members is fixed as three, and Board members are not allowed to sit on the committee.
- More thorough clauses added to chapter 3 on the Committee's organisation.
- Clauses on communication with the Board and shareholders added, and in addition a clause on the Committee's access to the Company's employees and company records.

- A new clause added on the making of a work procedure strategy and a cost estimate which must be cleared with the Board of Directors.

Item 8

Decision on the remuneration of the Board of Directors, sub-committees and the Nomination Committee

The Board of Directors proposes that the monthly remuneration fee for an ordinary member of the Board be ISK 410.000,- and a double that fee for the Chairman of the Board. Alternate board members receive a one-time annual payment of ISK 410.000,- at the beginning of the operational year, and in addition ISK 115.000,- for each meeting they attend.

Remuneration for work in sub-committees and the Nomination Committee be ISK 95.000 for each formal meeting and a dual commission for the Chairman of the committee in question.

Remarks:

The Board of Directors proposes that the remuneration for members of the Board and members of sub-committees be unchanged from the previous year.

Item 9

Election of the Board of Directors

The Board proposes that five members be elected to the Board and two alternates for the upcoming operating year. Forms for candidate nominations can be found on the Company's website; www.vis.is/fjarfestar. The nomination deadline for board candidacy is 6 March 2019 at 4pm.

A completed and signed form shall be sent by email to stjorn@vis.is or handed in at the Company's headquarters, Ármúli 3, 108 Reykjavík before the deadline. Information on Board candidates will be made available for shareholder view no later than two days prior to the Company's Annual General Meeting. This information will also be made available on the Company's website.

Item 10

Election of the Company's External Auditor

The Board of Directors proposes that PricewaterhouseCoopers ehf. continue to be the Company's External Auditor.

Remarks:

PricewaterhouseCoopers ehf. was elected as the Company's External Auditor for the next five years at the 2018 Annual General Meeting in accordance to para. 4 of Art. 70 of the Act on Insurance activities. It is not permitted to elect another audit firm until at the end of the five year election term without having obtained the opinion of the Audit Committee, which was not necessary to obtain.

Item 11

Election of the Nomination Committee

The Board of Directors proposes that three members be elected for the Nomination Committee for the coming operational year. Forms for candidature can be found on the Company's website, www.vis.is/fjarfestar. Nomination deadline for VÍS' Nomination Committee ends 15 March, at 4pm.

Item 12

Proposal on the Company's permission for a buyback of shares

The Board of Directors proposes the following to the Annual General Meeting:

„The Company's Board of Directors is authorised to purchase own shares in the next 12 months, with the purpose of introducing market making services with the Company's shares and/or set up a formal share buyback programme, so that the Company along with its subsidiaries, meeting other legal requirements, owns up to 10% of its shares. Authorisation for a share buyback with the purpose of reduce share capital is dependent upon the approval of the Icelandic Financial Supervisory Authority. Payment for purchased shares shall not be higher than the price of the last independent purchase offer or highest bid available at Nasdaq Iceland, whichever is higher. Such purchases are permitted if they are made by market makers according to Article 116 of the Act on Securities Transactions or on the basis of clause 1 of Paragraph 3 Article 115 and paragraph 2 Article 119 of the Act on Securities Transactions and Regulations issued on the basis of Art. 118 and 113 of the same law.”

Remarks on proposal:

The Board of Directors requests for a renewal of an authorisation to purchase the Company's own shares. It should be noted that the legal framework of insurance companies now anticipates the approval of the Icelandic Financial Supervisory Authority in advance with regards to the buyback of own shares in order to reduce equity capital. Reduction will therefore not be implemented without the given approval of the shareholders' meeting and the Icelandic Financial Supervisory Authority.

Item 13

Other items legally put on the Agenda of the Annual General Meeting.