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Insurance terms no. GH15

Valid from 12. April 2019

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The insurance contract is governed by:

- The insurance policy including endorsements and special terms.
- These insurance terms, no. GH15.
- The company's General Terms, no. YY10.
- The Insurance Contracts Act No. 30/2004.

The provisions of the insurance policy and of the renewal receipt take precedence over the provisions of the insurance contract terms. The provisions of the insurance policy, renewal certificate, and insurance terms shall supersede any statutory provisions that may be derogated.

This is a translation of the authoritative Icelandic text. In the event of any discrepancies between the translation and the original Icelandic text, the original text shall prevail.

I. General terms

Contents:

1. Insured and co-insured
2. Insurance amount
3. Deductible
4. Multiple insurance
5. Special limitations on liability
6. Violations of the precautionary principles
7. Payment of premiums
8. Premium refund
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1. Insured and co-insured

- 1.1 The policyholder is the insured.
- 1.2 Co- insured are:
 - 1.2.1 Co-insured are the spouse or cohabiting partner of the policyholder and their unmarried children, including foster children, provided they have the same registered domicile in Iceland, are members of the same household and live at the same address.
 - 1.2.2 The policyholder's children and/or those of his spouse who are younger than 18 years of age are also insured, even though they have a different registered domicile in Iceland from that of the policyholder.

2. Insurance amount

- 2.1 The amount of insurance coverage is the amount specified in the insurance policy or the renewal certificate.
- 2.2 The amount of the insurance coverage does not provide proof of the value of the insured interests.
- 2.3 The maximum compensation for each single case of loss or damage, maximum compensation during the period of insurance or for each individual item, pair or set is indicated in the insurance policy or the renewal receipt.
- 2.4 The amount of the insurance coverage is adjusted in accordance with the Consumer Price Index excluding the housing component.
- 2.5 Further details for Individual liability insurance can be seen in Insurance amount chapter for that insurance.

3. Deductible

- 3.1 The amount of deductible is specified in the insurance policy or in the renewal receipt.
- 3.2 If the principal of the indemnification claim does not amount to the insurance deductible, the company will also not pay the cost even when the claim and the cost will, when combined, amount to more than the insurance deductible.
- 3.3 When the maximum compensation is specified as an amount or as a percentage of the amount of insurance coverage, this then refers to compensation when the deductible has been deducted.

4. Multiple insurance

- 4.1 If the same loss or damage is covered by more than one insurance contract, the insured may choose which insurance contract he wishes to apply until he has received the compensation to which he is entitled. If more than one insurance company is liable to pay compensation the companies shall pay compensation proportionally, in accordance with each company's liability to pay compensation, unless otherwise agreed. This does not apply for Individual liability insurance.

5. Special limitations on liability

The insurance contract does not compensate loss or damage or increase thereof that is directly or indirectly the result of or caused by:

- 5.1 Earthquakes, volcanic eruptions, landslides, snow avalanches or other natural disasters.
5.2 War, invasion, military actions, civil unrest, rebellion, riots, strike or similar activities.
5.3 Nuclear reaction, ionizing radiation, pollution from radioactive substances, nuclear fuel or nuclear waste.

6. Violations of the precautionary principles

Complying with the precautionary principles herein is mandatory. In the event of non-compliance with the precautionary principles, the Company may be absolved of its liability, wholly or in part, cf. Article 26 of Act No. 30/2004 on Insurance Contracts.

7. Payment of premiums

- 7.1 The insurance premium is due and payable upon demand.
7.2 Non-payment of premiums can result in loss of rights or cancellation of the policy, as provided for in Article 33 of Act No. 30/2004 on Insurance Contracts.

8. Premium refund

In the event that an insurance contract is cancelled before the period of insurance has expired, the company will return the premium for the period paid by the insured in proportion to the period when the insurance contract was not in effect. This, however, does not apply if an insurance contract has expired because VÍS has fulfilled its obligations by paying in full the agreed amount of insurance coverage for home contents in the event of covered loss or damage.

9. Expiry

- 9.1 As regards the liability insurance contract, the liability of VÍS will expire under the principles concerning the expiration of liability in tort, cf. the second paragraph of Article 52 of Act No. 30/2004 on Insurance Contracts.
9.2 As regards other insurance contracts, entitlement to receive compensation expires after four (4) years. The four-year time limit period shall begin at the end of the calendar year in which the insured received the necessary information about the incident on which his claim is based. The claim to compensation shall expire, however, no later than ten (10) years after the end of the calendar year in which the insurance event

II. Home insurance

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10. Precaution rules
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13. Determining compensation for property loss or damage
14. The status of the injured party when loss or damage occurs
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A. Home Contents

1. Insured interests

The insurance covers:

- 1.1 Home contents property of the insured parties.

“Home contents” shall mean:

- 1.1.1 Any common home furnishings and personal items that are commonly used in a household. Watches and jewelry will be indemnified up to 5% of the amount of insurance coverage, provided that these items are located in the registered domicile of the policyholder when the insurance event occurs.
- 1.1.2 Specified contents, i.e. cash, securities, manuscripts, original drawings, coin or stamp collections will be indemnified 1% of the amount of the home contents insurance coverage per item, provided these items are located in the registered domicile of the policyholder at the time of the insurance event.
- 1.2 Spectacles, false teeth and hearing aids owned and used by the insured.
- 1.3 Tools, spare parts, utensils and widgets which are the property of the insured and used for his/her profession will be indemnified up to 5% of the amount of the home contents insurance coverage per item, provided these items are located in the registered domicile of the policyholder at the time of the insurance event.
- 1.4 One round of summer or winter tires for each private car which is registered under the insured persons’ names and is kept in a garage or other facility.
- 1.5 Accessories and spare parts for motorized vehicle, caravans, trailer tents or boats which are the property of the insured, are intended for private use and are kept in a garage or other facility appurtenant to the policyholder’s domicile. The maximum compensation for each event of loss or damage is 2% of the amount of insurance coverage.

2. Applicability of the insurance policy

- 2.1 The insurance contract applies inside policyholder’s registered domicile but also applies to:
 - 2.1.1 General home contents, cf. 1.1.1 that are outside the domicile of the policyholder in Iceland for up to 90 days. The coverage of such items, however, is limited to 15% of the amount of the insurance coverage.
 - 2.1.2 Home contents cf. 1.1 which is permanently located in storage in Iceland outside of the policy holders domicile. The coverage of such items, however, is limited to 15% of the amount of the insurance coverage.
 - 2.1.3 Home contents cf. 1.1 which is put in storage because of change of housing or construction in the policy holders home for up to 12 months.

3. Scope of coverage

3.1 Fire, lightning, and explosion

The insurance compensates losses due to:

- 3.1.1 Fire. If items melt or scorch in the absence of open flames, the incident is not considered a fire.
- 3.1.2 Lightning.
- 3.1.3 Explosions.

The insurance contract will not compensate:

- 3.1.4 Damage resulting from work with explosives during construction.

Precaution rule:

- 3.1.5 The insured shall ensure that objects are not at risk of damage due to fire or heat.

3.2 Soot

The insurance compensates losses caused by:

- 3.2.1 Soot that emits suddenly and unexpectedly from an approved heating device or fireplace.

The insurance does not cover damage caused by:

- 3.2.2 Soot or smoke that has gradually accumulated during use.

3.3 Additional costs for contents damage

The insurance contract compensates:

- 3.3.1 Loss and damage resulting from firefighting and rescue efforts whose objective is to avoid or limit damage covered by the insurance, provided that the efforts are considered specific and justifiable.
- 3.3.2 Costs resulting from the necessary transport of home contents or storage in connection with covered damage.
- 3.3.3 Items damaged during above efforts.

3.4 Water, steam and oil

The insurance compensates losses caused by:

- 3.4.1 Water, steam and oil that suddenly and unexpectedly flows from the plumbing system in the building and originates from within the walls of the building.
- 3.4.2 Water that suddenly and unexpectedly flows from water compartments or fish tanks because of a failure.
- 3.4.3 Water that flows from sanitary fixtures because of an error or equipment failure.
- 3.4.4 Freezer or refrigerator leakage, not, however, for the equipment itself if the item is more than 5 years old.
- 3.4.5 Surface water caused by sudden downpours or thawing when the volume of water is so great that drainage pipes cannot accommodate it. In determining liability, it is necessary to take into account whether there has been loss or damage in general to property in the area because of sudden downpour and/or thawing at the time when the insurance event occurred.

The insurance does not cover damage caused by:

- 3.4.6 Water from external sources, such as groundwater, precipitation, flooding, tides; or damage due to water from balconies, roofs, gutters or drainage pipes connected to these.
- 3.4.7 Water that is pushed upwards from sewage or drainage pipes, or if sewage pipes suddenly cannot transport all the water channeled to them, with the exception, however, if pipes become clogged or burst indoors.

Precaution rules

- 3.4.8 The insured shall ensure that water inflow is closed off in unheated buildings and that water pipes are emptied when there is a danger of freezing temperatures.
- 3.4.9 The insured shall make sure that drain pipes are operable by clearing away any blockages in order to prevent the damming up of surface water.

3.5 Theft

The insurance contract compensates loss or damage caused by:

- 3.5.1 Theft from residential property or storage that is attached to the policyholder's domicile. If a residential property is left unlocked without being unoccupied, the maximum compensation is 5% of the amount of the insurance coverage and does not, under such circumstances, cover the theft of cash, securities, watches, jewelry, scripts, original drawings, coin collections or stamp collections.
- 3.5.2 Theft from summer cottage, caravan, hunting/fishing lodge, a car, private boat, private aircraft, garage or storage not attached to residential property, up to 5% of the amount of the insurance coverage.
- 3.5.3 Theft from a primary school, up to 5% of the amount of insurance coverage. This provision only covers theft of property owned by primary school students and also applies in gymnasiums, leisure centers and in swimming pools operated by the primary school at the time when students are under the supervision of a teacher or staff.
- 3.5.4 Theft of bicycles, light motorcycles in Category I as defined in the Traffic Act, prams and pushchairs. VÍS' obligation to pay is limited to up to 1% of the amount of insurance coverage unless a warranty or payment receipt is produced that proves a higher value of the insured items.

Precaution rules

- 3.5.5 All residential buildings, summer cottages, hunting/fishing lodges, garages, storages, cars, boats and aircraft must be locked, and all windows must be closed and latched. The insured shall ensure that an unlocked residential property is not left unoccupied.

- 3.5.6 The insured must lock a bicycle and Category I light motorcycle when he leaves them and the keys must be stored in a secure location.
- 3.5.7 No items other than clothing may be left unattended in cloakrooms or lockers in primary schools or other buildings belonging to the primary school system, such as gyms and swimming pools.

3.6 Robbery

The insurance contract compensates loss or damage caused by robbery when the insured items are taken by means of physical violence or the threat of imminent violence; cf. the Penal Code, Article 252 of Act No. 19/1940.

3.7 Vandalism

The insurance contract compensates loss or damage caused by:

- 3.7.1 Vandalism carried out intentionally.

The insurance contract does not compensate loss or damage due to vandalism:

- 3.7.2 Perpetrated by the insured him-/herself
- 3.7.3 By the spouse of the insured
- 3.7.4 By an individual with whom the insured lives in a fixed permanent relationship
- 3.7.5 To items that are outdoors in locations other than outside the domicile of the insured.

3.8 Breakage or collapse

The insurance contract compensates loss or damage caused by:

- 3.8.1 Breakage or collapse of home contents in the domicile of the insured because of incidental malfunctions.

The insurance contract does not cover loss or damage:

- 3.8.2 Of tools, spectacles, false teeth, hearing aids and watches that occur because of breakage or collapse.
- 3.8.3 Resulting from liquids that are spilt during breakage or collapse.
- 3.8.4 Resulting from man-caused breakage or collapse.

Precaution rule

- 3.8.5 The insured shall ensure that objects are properly and securely fixed according to user-guides.

3.9 Traffic accident

The insurance contract compensates loss or damage resulting from a traffic accident to home contents located in the car.

3.10 Boiling (overheating)

The insurance compensates loss of or damage to:

- 3.10.1 Laundry that suffers overheating in a washing machine or tumble dryer if the damage is caused by a failure of the washing machine or tumble dryer. In order to confirm that there has been a failure, the insured must produce an invoice for the repair including a fault description report by the repairman.

Precaution rule

- 3.10.2 The insured shall ensure that the use of a washing machine and drier is in compliance with the user-guide.

3.11 Unforeseen stoppage of the cooling system of a freezer or refrigerator

The insurance contract compensates loss off or damage to:

- 3.11.1 Food because of unforeseen stoppage of the cooling system of a freezer or refrigerator, provided this results in the destruction of food contained therein. Compensation may amount to up to 2% of the amount of insurance coverage.
- 3.11.2 The freezer or the refrigerator because of unforeseen stoppage of the cooling system of the appliance if it is aged less than 5 years and the seller's warranty does not cover the damage.

Precaution rule

- 3.11.3 The insured shall ensure that the use of appliances covered by this section is in compliance with the user-guide.

3.12 Short Circuit

The insurance contract compensates loss or damage:

- 3.12.1 For damage to electrical equipment due to short circuit of the equipment.

The insurance contract does not cover loss or damage:

- 3.12.2 To equipment that is more than 10 years old.
- 3.12.3 Which the seller's warranty for the relevant appliance covers.
- 3.12.4 Caused by electrical power supplier faults and electrical power fluctuations.

Precaution rule

- 3.12.5 The insured shall ensure that the use of electrical appliances covered by this section is in compliance with the user-guide.

3.13 Sudden heavy snow

The insurance contract compensates loss or damage caused by:

- 3.13.1 Sudden heavy snow that has overburdened the roof or walls of a property.

The insurance contract does not cover loss or damage:

- 3.13.2 That is attributable to a construction defect.

3.14 Storms

The insurance contract compensates loss or damage due to stormy weather when wind speeds reach 28.5 meters per second. Storm damage to home contents only includes damage occurring within the building when the wind has ruptured the roof, window(s) or other parts of the building. In determining liability, if no recognized wind speed data are available for the location where the damage occurred, consideration shall be given to whether general property damage occurred in the area as a result of inclement weather at the time the insurance event occurred.

3.15 Aircraft

The insurance compensates for damage due to aircraft and objects that fall from them.

4. Identification

In determining its liability, VÍS reserves the right to take into account the conduct of the insured's spouse or registered domestic partner; cf. Article 29 of the Insurance Contracts Act No. 30/2004.

5. Determination of compensation

- 5.1 Compensation shall be based on the value of a new item comparable to the damaged item on the date when the damage occurred. VÍS is authorized to reduce the compensation by an amount corresponding to the reduction in value due to age, use or other factors that may affect the value of the item in question.
- 5.2 VÍS may either pay the estimated cost of repair or get the damaged item repaired and then pay the repair cost if the item can be restored to its pre-damaged condition and it is worth the effort in the opinion of VÍS.
- 5.3 VÍS may pay compensation in cash or procure a similar item to that which was lost or damaged, taking into account the reduction in value under Section 5.1, if the damage to the item is such that repairing it is not feasible, or it is not worth the effort in the opinion of VÍS. In the event that VÍS has paid compensation under this section, VÍS reserves the right to place a claim on the item that was damaged.
- 5.4 VÍS has the right to pay the difference between the value of the item that was damaged as the value stood prior to the insurance event and the value after the insurance event.
- 5.5 Notwithstanding the stipulations in Section 5.1, the depreciation of the following items may not exceed the percentages in the table below. Depreciation, however, may never exceed 70%, cf. however 5.5.1 and 5.5.2.

Type	Years without depreciation	Depreciation per year
Clothing	1 year	20%
Furniture	1 year	10%
Audio equipment	1 year	10%
Cameras	1 year	20%
Televisions and players	1 year	20%
Bicycles and Cat.I light motorcycles:	1 year	10%
Skiing and camping equipment:	1 year	20%
Spectacles	1 year	10%
Hearing aids	1 year	20%
Cordless speakers	1 year	20%

Other electrical equipment	1 year	10%
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5.5.1 The following items depreciate fully after 2 years:

Type	Depreciate	Depreciation per year
Smartwatches, smartphones and other mobile phones together with accessories	Every 6 months.	25%

5.5.2 The following items depreciate fully after 5 years:

Type	Depreciate	Depreciation per year
Tablets and palm computers together with accessories	Every 12 months	25%
Table computers and laptops together with accessories	Every 12 months	25%

- 5.6 Compensation for damaged sound or video tapes is limited to the cost of new, unexposed CDs, films or video tapes, taking into account reasonable depreciation. However, compensation will be paid for published productions of sound or video tapes based on the purchasing price, taking into account reasonable depreciation.
- 5.7 Computer data and software are not covered.
- 5.8 Sentimental value will not be compensated.
- 5.9 The insured shall not profit from the insurance event. The insurance policy shall only compensate the actual loss or damage of the insured.
- 5.10 Stolen items that are recovered after VÍS has compensated the loss or damage are the property of VÍS and shall be handed over to the Company. The insured may nevertheless keep the items if he/she wishes by paying back the compensation.

6. Underinsurance

If the total value of the insured property exceeds the amount of insurance coverage, the loss or damage will be compensated proportionally.

B. Individual Liability Insurance (Optional)

Introduction

According to Icelandic law, a person is liable for tort damages with respect to any harm which he/she causes others in a culpable and unlawful manner. This principle is called the culpa rule, and it is a basic principle of Icelandic law. If the person who is subject to a litigation claim for tort damages is not culpable, that person will generally speaking not be liable in tort.

The purpose of a business liability insurance contract is to pay indemnity for the insured person in the event that he/she has incurred tort liability, to the extent that the injured party will not have to cover his/her own loss or damage on account of shared liability or shared accountability, and its purpose is also to pay the cost incurred by the insured party in case a tort claim is made against him/her.

Because liability in tort is frequently a complex legal issue, the insured person has a duty to consult VÍS with respect to his/her legal position if he/she is presented with a claim for tort damages regarding injury for which he/she is believed to be culpable. At the same time, it is recommended that the insured person read the insurance contract terms with this in mind.

An admission of liability in tort by the insured person is only binding upon him-/herself, and not upon VÍS. The insured person, therefore, may by such acceptance incur a risk of personally having to pay tort damages for loss or damage that the business liability insurance policy does not cover.

7. Applicability of the insurance policy

The insurance is valid in Iceland and on travels abroad for up to 92 days from the day of departure from Iceland.

8. Term of insurance

- 8.1 The insurance policy covers an insurance event that occurs during the period of insurance.
- 8.2 In the event that the consequences of an occurrence that resulted in injury, loss or damage and did occur during the period of insurance do not materialize until the insurance policy has expired, then VÍS will nevertheless pay indemnity.
- 8.3 VÍS does not compensate for loss or damage resulting from an event that occurred prior to the commencement of the period of insurance even when the loss or damage does not emerge until during the period of insurance.

9. Scope of coverage

The insurance contract compensates:

- 9.1 Any direct personal injury or property damage of items belonging to a third party caused by the insured's liability in tort as an individual under to Icelandic law. For the purposes of this contract, "property" means real estate and personal property, including animals. The insurance will compensate such loss or damage to the extent that the injured party will not have to carry his/her own loss or damage on account of shared culpability or shared liability.
 - 9.1.1 Notwithstanding the provisions of Article 9.7.1, the insurance does not cover Category I light motorcycles and bicycles that are not subject to insurance obligations according to the Traffic Act.
- 9.2 Without prejudice to any statutory tort liability, direct physical or property loss or damage of a third party caused by the children (aged less than 10 years), spouse or cohabiting partner of the insured. For the purposes of this contract, "property" means real estate and personal property, including animals. The insurance will compensate such loss or damage to the extent that the injured party will not have to carry his own loss or damage on account of shared culpability or shared liability. Insurance coverage pursuant to this Article does not apply when the child is party to a traffic accident or if the loss or damage is in relation to a registered motor vehicle that is in use.

The insurance contract does not compensate:

- 9.3 Contractual damage, i.e. loss for which the insured is accountable because of non-fulfilment of contract.
- 9.4 Loss caused by the insured parties to each other.
- 9.5 Loss that occurs because of the occupation of the insured, whether in his/her own business enterprise or remunerative work in the employment of another party. "Occupation" also means extra jobs of any kind which the insured performs in exchange for remuneration.
- 9.6 Loss or damage to items which the insured has the use of, or stores, or which are for any other reason in his custody.
- 9.7 Loss or damage for which the insured is responsible because of his/her liability in tort as owner or user of:
 - 9.7.1 Real estate property, aircraft, boats, motorized vehicles or heavy machinery.
 - 9.7.2 Firearms.
 - 9.7.3 Horses, dogs, other domestic animals or pets.

Risk according to Section 9.7 can be insured separately.

- 9.8 Property damage if caused by fire, water from firefighting, smoke, soot or explosion.
- 9.9 Fines, legal costs or other expenses in relation to a criminal case.
- 9.10 Damage that can be attributed to air pollution, ground pollution, pollution of vegetation, sea water, or water. VÍS will, however, compensate such loss or damage if it can be attributed to a single sudden event.
- 9.11 Damage caused by prolonged dampness or water leakage.
- 9.12 Damage that is attributable to asbestos or a material containing asbestos in some form.

10. Precaution rules

The insured must fully comply with the applicable laws and regulations at any particular time concerning the manufacture, delivery, transportation, storage or custody of explosives, poison or other similar hazardous materials.

11. Insurance amount

- 11.1 VÍS' liability for each single insurance event is limited to an amount of insurance coverage which is specified in the insurance policy or in the renewal receipt. In case of more than one insurance event resulting from the same cause, they will be considered to have been caused by a single insurance event.

- 11.2 Expenses incurred with the approval of VÍS for the purpose of determining the insured's liability for compensation and interest on the indemnification is paid even when the payment made by VÍS would then exceed the amount of insurance coverage.
- 11.3 If the amount of insurance coverage is less than the principal of the indemnification amount, VÍS will only pay that portion of the expenses and the interest that corresponds to the indemnification amount that VÍS has to pay. However, liability for compensation outside the Nordic countries is limited to the amount of insurance coverage.
- 11.4 The amount of the insurance coverage is adjusted in accordance with the Consumer Price Index.

12. Determining the amount of compensation for personal injury

The insurance policy pays compensation for the personal injury of a third party on the grounds of the Tort Damages Act No. 50/1993.

13. Determining compensation for property damage

- 13.1 Compensation shall be based on the value on the date the damage is incurred.
- 13.2 The company can either pay the estimated cost of repair, or have the damaged item repaired and pay for the cost, if it is possible to repair it, so that it is in a similar state as before the damage and the company believes that it will be worth it.
- 13.3 The company may remit compensation in cash or may procure an article comparable to the damaged article if it is not possible to repair the damaged goods or it is not worthwhile to do so, in the company's estimation. In the event that VÍS has paid compensation under this section, VÍS reserves the right to claim ownership of the item that was damaged.
- 13.4 The company has the right to pay the difference between the value of the goods before and the value after the insurance incident.
- 13.5 The insured shall not profit from the insurance event. The insurance policy shall only compensate the actual loss or damage of the insured.

14. The status of the injured party when loss or damage occurs

- 14.1 If the insurance policy covers the loss or damage of the insured due to his/her liability in tort, the injured party may demand that VÍS pay compensation directly to the injured party. It is mandatory for VÍS and the insured to inform the injured party of any existing liability insurance contract.
- 14.2 If a claim is presented against VÍS for compensation, the insured person must be informed without unreasonable delay and must be provided with information regarding the handling of the claim. The accepting of VÍS of certain details that concern liability does not constitute a binding commitment on behalf of the insured person.
- 14.3 In the event that the injured party notifies VÍS that he/she intends to bring legal action against VÍS, VÍS may demand that the injured party direct the action against the insured person. VÍS shall notify the injured party of its demand without any unnecessary delay and in a verifiable manner.
- 14.4 With respect to the position of the injured person in other respects, we refer to Article 44 of the Insurance Contracts Act No. 30/2004.

15. Handling of compensation claims

- 15.1 The insured person may not accept his/her liability for compensation or enter into agreements concerning compensation without the approval of VÍS.
- 15.2 VÍS represents the insured, and handles the processing of the case, and handles the case in the courts of law if necessary. The same applies regarding salvage fees or assistance.

III. Comprehensive Household Contents Insurance (Optional)

This insurance contract is included if it is specified in the insurance policy or in the renewal receipt.

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Introduction

This insurance contract compensates loss or damage of such home contents that are not recoverable under the Home Contents section of the Family Insurance Policy. This insurance contract does not cover loss or damage that is recoverable under the same insurance contract even if full compensation will not be paid.

1. Insured interests

The insurance contract covers general home contents and personal items that are commonly used in a household, cf. Section 1.1.1 and 1.2 of the Home Contents Section of the Home Insurance part of the Family Insurance.

2. Applicability of the insurance policy

- 2.1 The insurance is valid in Iceland.
- 2.2 The insurance policy applies during travels abroad for up to 92 consecutive days from the beginning of travel from Iceland and return back home provided that travel insurance is included in the insurance.

3. Scope of coverage

The insurance contract compensates:

- 3.1 The insurance covers loss or damage caused by sudden and unforeseen external circumstances during the insurance period, which are not recoverable under other provisions of the Family Insurance Contract terms, or which are excluded under Sections 3.2 to 3.7 below.

The insurance contract will not compensate:

- 3.2 Loss or damage resulting from normal wear and tear, as well as loss or damage that only causes visual defects but does not diminish the usefulness of the insured item.
- 3.3 Loss or damage resulting from defects, incorrect assembly or internal failure, such as mechanical malfunction.
- 3.4 Loss or damage attributable to mold.
- 3.5 Theft from tents or trailer tents.
- 3.6 Damage or loss due to theft.
- 3.7 Damage or loss due to animals.

4. Precaution rules

- 4.1 The insured shall comply with the instructions of the manufacturer with respect to handling, use and maintenance of the insured item.
- 4.2 The insured shall close windows and latch them and shall lock dwellings, motor vehicles, boats and other places where insured property is stored.
- 4.3 The insured shall not leave the insured property unattended in public and shall ensure that he or she brings the insured property along when leaving a public place.

5. Identification

In determining its liability, VÍS reserves the right to take into account the conduct of the insured's spouse or registered domestic partner; cf. Article 29 of the Insurance Contracts Act No. 30/2004.

6. Determination of compensation

- 6.1 Compensation shall be based on the value of a new item comparable to the damaged item on the date when the damage occurred. VÍS is authorized to reduce the compensation by an amount corresponding to the reduction in value due to age, use or other factors that may affect the value of the item in question.
- 6.2 VÍS may either pay the estimated cost of repair or get the damaged item repaired and then pay the repair cost if the item can be restored to its pre-damaged condition and it is worth the effort in the opinion of VÍS.
- 6.3 VÍS may pay compensation in cash or procure a similar item to that which was lost or damaged, taking into account the reduction in value under Section 6.1 if the damage to the item is such that repairing it is not feasible, or it is not worth the effort in the opinion of VÍS. In the event that VÍS has paid compensation under this section, VÍS reserves the right to recover the item that was damaged.
- 6.4 VÍS has the right to pay the difference between the value of the item that was damaged as the value stood prior to the insurance event and the value after the insurance event.
- 6.5 Compensation for damaged sound or video tapes is limited to the cost of new, unexposed CDs, films or video tapes, taking into account reasonable depreciation. However, compensation will be paid for published sound or video tape productions based on the purchasing price, taking into account reasonable depreciation.
- 6.6 Computer data and software are not covered.
- 6.7 Sentimental value will not be compensated.
- 6.8 The insured shall not profit from an insurance event. The insurance contract shall only compensate the actual loss or damage of the insured.
- 6.9 Stolen items that are recovered after VÍS has compensated the loss or damage are the property of VÍS and shall be returned to VÍS. The insured may nevertheless keep the items if he/she wishes by returning the compensation.

IV. Travel Insurance (Optional)

The insurance is included if it is specified in the insurance policy or the renewal certificate.

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A. Cancellation insurance

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- 6. Insured interests
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A. Cancellation Insurance

1. Scope of coverage

The insurance policy will compensate prepaid travel expenses because of a trip abroad which the insured is not entitled to be refunded for if he/she has to cancel his/her trip because:

- 1.1 Of the death, serious accident or sudden illness of the insured that is confirmed by a certificate from a physician stating that the insured is not able to travel. The same applies if the insured dies prior to the trip.
- 1.2 death, serious accident or sudden serious illness of a spouse, children, children's children, parents, grandfather, grandmother, parents-in-law, children-in-law or siblings of the person insured.
- 1.3 Of substantial property damage to the insured's home or private business which necessitates the presence of the insured. VÍS must be consulted as to whether it is necessary to cancel a trip.
- 1.4 Of government quarantine.
- 1.5 Of summons to the insured to testify in court.
- 1.6 Of work that the insured cannot avoid performing according to legal provisions on mandatory quarantine.
- 1.7 The insured is not able to travel due to government restrictions caused by an epidemic.

The insurance contract does not compensate pre-paid travel expenses:

- 1.8 Because of an illness that was pre-existing prior to the purchase of the insurance policy or which existed when the travel costs were paid.
- 1.9 Because of diseases occurring during the ninth month of pregnancy.
- 1.10 A serious accident that occurred before the insurance was purchased or had already occurred when the travel costs were paid.
- 1.11 Accidents suffered by the insured:
 - 1.11.1 In fighting, wrestling or self-defense sports where the object of the sport in question is to hit, punch or kick the opponent or to tackle the opponent in any other manner. This exemption, however, does not apply to children below the age of 16.
 - 1.11.2 In driving sports. This exemption, however, does not apply to children below the age of 16.
 - 1.11.3 During cliff rappelling and cliff, mountain and ice climbing.
 - 1.11.4 When mountain hiking of any sort higher than 4.000 m above sea level.
 - 1.11.5 When scuba diving with an oxygen tank and during free-diving (without oxygen) to a depth greater than 10 m.
 - 1.11.6 During hot-air ballooning and glider, kite, hang-gliding, ultralight aircraft flights and other comparable activities.
 - 1.11.7 In bungee jumping, sky-diving and base jumping and other comparable activities.
- 1.12 For parties other than those covered by the insurance under Section 1 in General terms.
- 1.13 Because of obligations towards a carrier, travel agency, hotel or tenants when no payments have been made.
- 1.14 Because of loss or damage caused by neglecting to inform a travel agency or the entity organizing the transportation craft or accommodation that it was necessary to cancel the journey.
- 1.15 Because of airport taxes and other charges that may be collected from carriers.

2. Determination of compensation

- 2.1 VÍS will pay the amount that the insured has paid in advance for his/her trip in accordance with the original copy of the invoice.
- 2.2 The insured shall submit the necessary documents for a claim for compensation, e.g. medical certificate, travel ticket and receipt for the payment of travel expenses.
- 2.3 The insured shall not profit from an insurance event. The insurance policy shall only compensate the actual loss or damage of the insured.

B. International Travel Health and Travel Interruption Insurance

3. Applicability of the insurance contract

The insurance applies:

- 3.1 During leisure time when travelling abroad for up to 92 consecutive days from the day of departure from Iceland.
- 3.2 During work, paid or unpaid, when travelling abroad for up to 92 consecutive days from the day of departure from Iceland if this involves business meetings, office work, conferences or theoretical courses.
- 3.3 In academic study abroad for 92 consecutive days from the beginning of the journey from Iceland.

Most jobs which do not fall under the scope of article 3 can be insured separately.

4. Scope of indemnity

If the insured sustains an accident, becomes ill or dies while travelling abroad, the insurance contract will pay compensation for:

4.1 Medical expenses

- 4.1.1 Hospitalization abroad, including 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 based on a general hospital in the country in question.
- 4.1.2 Medical assistance and medicinal products recommended by a physician.
- 4.1.3 Pain relieving dental repair in an emergency. The maximum compensation for dental repair is 1% of the maximum amount of insurance coverage for medical expenses.

4.2 Extended cost

- 4.2.1 Extra expenses for special hotel accommodation when the physician is of the opinion that treatment can take place in a hotel. These expenses include, e.g. nursing costs and medically recommended diet. The maximum compensation per 24 hours for such cost is 1% of the maximum amount of insurance coverage for medical expenses.
- 4.2.2 Extra expenses for the return trip, or travel to return to a predetermined travel schedule due to delays caused by the hospitalization of the insured at the recommendation of a physician, including the travel expenses of a companion, if the physician thinks such travelling companion is necessary.
- 4.2.3 Additional travel expenses and accommodation costs of a travel companion when the insured is injured, becomes seriously ill or dies during his travel, if such companion is accompanying the insured or is summoned to the location of the insured, in consultation with the VÍS consulting physician. The maximum compensation for these costs is 6 % of the maximum amount of insurance coverage for medical expenses.

4.3 Patient transport

If the physician who has attended the insured because of illness or accident during travel is of the opinion that travel back home is necessary and that normal means of travel are adequate, his written confirmation will suffice for VÍS. 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 is so serious that the physician is of the opinion that the insured must be transported home in another manner, a written confirmation by the VÍS consulting physician responsible for such transport will be needed.

4.4 Transport of the deceased

In the event of the death of the insured during his travel, VÍS will pay for the transportation of the deceased as well as the additional cost for his travel companion as well as costs resulting from mandatory arrangements that have to be made.

4.5 Expenses in connection with holiday trip

- 4.5.1 If a holiday trip is cut short due to the instruction of a physician before the trip has reached its half point or if the insured has stayed in a hospital for at least half the travel period, VÍS pays the cost of the patient's trip. If a trip is cut short without the above conditions being met, VÍS pays neither for the unused part of the travel expenses nor for a new trip overseas to replace the trip which was abandoned.
- 4.5.2 The maximum compensation for reimbursement of a holiday trip is 6% of the maximum amount of insurance coverage for medical expenses.

4.6 Expenses in connection with travel abandonment

- 4.6.1 The necessary additional expenses of returning to Iceland if the insured is forced to abandon his overseas stay due to:
 - 4.6.1.1 Death, serious accident or a sudden and serious illness of a spouse, children, children's children, parents, grandfather, grandmother, parents-in-law, children-in-law or siblings of the person insured.
 - 4.6.1.2 Substantial property damage to the insured's home or private business which necessitates the presence of the insured. VÍS must be consulted as to whether it is necessary to return home.
- 4.6.2 The maximum compensation for travel abandonment is 6% of the maximum amount of insurance coverage for medical expenses.

The insurance contract does not compensate:

- 4.7 Hospitalization cost because of diseases occurring during the ninth (9) month of pregnancy, during childbirth or abortion.

- 4.8 Hospitalization cost because of chronic diseases and accidents for which the insured has received medical assistance or treatment during the past twelve (12) months.
- 4.9 Medication costs for drugs that the insured has been using on a regular basis before the trip commenced.
- 4.10 Medical costs because of continuing medical treatment, if the insured refuses to be transported home despite the recommendation of the physician attending him/her and the recommendation of VÍS' consulting physician.
- 4.11 Medical costs for more than three months on account of medical treatment abroad.
- 4.12 Cost of drugs without medical advice, prosthetic limbs and false teeth, glasses, eye lenses, hearing aids and other comparable aids.
- 4.13 Caused by the use in Iceland of a motor vehicle subject to registration, or a motor vehicle that is registered abroad where there is mandatory insurance for such vehicles against such accidents.
- 4.14 During participation in competitions or during training sessions in preparation for competitions in any sport if the insured has reached the age of 16 years. Sports refers to individual- and team sports which are trained for regularly under coach supervision connected to a club or an organization which focus on sports competition.

Those restrictions do not apply for public participation in competition or preparation for golf, road cycling, triathlon, cross country- or street running.
- 4.15 In fighting, wrestling or self-defense sports where the object of the sport in question is to hit, punch or kick the opponent or to tackle the opponent in any other manner. This exemption, however, does not apply to children below the age of 16.
- 4.16 In driving sports. This exemption, however, does not apply to children below the age of 16.
- 4.17 During cliff rappelling and cliff, mountain and ice climbing.
- 4.18 When mountain hiking of any sort higher than 4.000 m above sea level.
- 4.19 When scuba diving with an oxygen tank and during free-diving (without oxygen) to a depth greater than 10 m.
- 4.20 During hot-air ballooning and glider, kite, hang-gliding, ultralight aircraft flights and other comparable activities.
- 4.21 In bungee jumping, sky-diving and base jumping and other comparable activities.
- 4.22 Occurring during flying, unless the insured is a passenger on a scheduled or chartered flight operated by a party having the requisite aviation authority permits.
- 4.23 Occurring during participation in fist-fights or a criminal offence.
- 4.24 Occurring due to indoor tanning, medical treatment, surgical procedures or use of medicinal products, unless the treatment is undertaken on the advice of a physician due to a recoverable accident.
- 4.25 Occurring due to painkilling drugs or barbiturates.
- 4.26 Occurring as a result of toxic gases unless these have occurred without warning and against the will of the insured.
- 4.27 Directly or indirectly caused by acts of terrorism, any sort of biological or chemical effects and/or poisoning, including those caused by microbes and viruses, or when the consequences of an accident are more severe because of these factors.
- 4.28 Occurring during travel directly to and from work.

5. Determination of compensation

- 5.1 VÍS pays compensation in accordance with the original copy of the invoice.
- 5.2 The insured shall submit the necessary documents for a claim for compensation, e.g. medical certificate, travel ticket and receipt for the payment of travel expenses.
- 5.3 The insured shall not profit by an insurance incident. The insurance contract shall only compensate the actual loss or damage of the insured.

C. International Luggage Insurance

6. Insured interests

- 6.1 The insurance contract covers personal effects in the possession of the insured when travelling.
- 6.2 The insurance contract does not cover cash, travel tickets, traveler's checks, checks, bonds or other securities, manuscripts and stamps. Watches and jewelry will be compensated by to up to 5% of the amount of the insurance coverage for home contents for each event of loss or damage.

- 6.3 The amount of insurance coverage is divided proportionally between the insured during travel abroad, with, however, the limitation that the maximum amount of insurance coverage for each of the insured is 10% of the amount of insurance coverage for the home contents. However, the total amount of insurance coverage may never exceed the amount of insurance coverage stated in the insurance policy or renewal receipt.

7. Applicability of the insurance contract

The insurance contract applies:

- 7.1 When travelling abroad for 92 consecutive days from the day of departure from Iceland.

8. Scope of coverage

The insurance contract compensates loss of or damage to the insured luggage:

- 8.1 Caused by fire.
8.2 Due to theft from residences, cars, caravans and boats.
8.3 Caused by robbery.
8.4 Caused by transport accidents.
8.5 If the luggage is totally lost during transport.
8.6 Caused by vandalism.

The insurance contract does not compensate:

- 8.7 Loss or damage of fragile or delicate items such as radios, audio equipment, televisions, video players, DVD players, recording equipment, cameras, eye glasses, ceramics, items made of glass, unless the loss or damage is caused by fire, theft or because of an accident to the means of transport, or because of a collision between vehicles and the loss or damage cannot be compensated according to law under the liability insurance for these items.
8.8 Damage to suitcases and other protective bags.
8.9 Loss or damage to property because of scratches, dents or mashes if this does not impair their utility.
8.10 Loss or damage to items if they are torn or damaged by use, e.g. clothing, skis and other sports equipment.
8.11 Loss or damage that is caused by normal wear and tear or defect, or damage caused by harmful bugs e.g. moths.
8.12 Internal damage, such as mechanical break-downs, short circuits and other damage to electrical systems.
8.13 Loss or damage because of confiscation, the freezing of assets and similar actions by government entities.

9. Precaution rules

- 9.1 The insured shall close windows and latch them and shall lock dwellings, motor vehicles, caravans and boats where insured property is stored.
9.2 The insured shall not leave the insured property unattended in public and shall ensure that he or she brings the insured property along when leaving a public place.
9.3 The insured shall ensure that the insured property is packaged in appropriate and sufficient packaging so that it can withstand the transport.

10. Identification

In determining its liability, VÍS reserves the right to take into account the conduct of the insured's spouse or registered domestic partner; cf. Article 29 of the Insurance Contracts Act No. 30/2004.

11. Underinsurance

If the value of the luggage is greater than the amount of insurance coverage specifies, then compensation shall be paid proportionally.

12. Notice to airline of loss or damage

In the event that luggage is damaged or lost during flight or while luggage is in the custody of an airline, the injured party is under obligation to notify the damage/loss immediately on landing or within 7 days to the airline service desk by means of the appropriate form (P.I.R. form). The claimant shall submit a copy of the form including receipts stating whether and, if so, how much the airline company has paid to VÍS when notice of the loss or damage was filed.

13. Determination of compensation

- 13.1 Compensation shall be based on the value of a new item comparable to the damaged item on the date when the damage occurred. VÍS is authorized to reduce the compensation by an amount corresponding to the reduction in value due to age, use or other factors that may affect the value of the item in question.
- 13.2 VÍS may either pay the estimated cost of repair or get the damaged item repaired and then pay the repair cost if the item can be restored to its pre-damaged condition and it is worth the effort in the opinion of VÍS.
- 13.3 VÍS may pay compensation in cash or procure an item similar to that which was lost or damaged, taking into account the reduction in value under Section 25.1, if the damage to the item is such that repairing it is not feasible, or it is not worth the effort in the opinion of VÍS. In the event that VÍS has paid compensation under this section, VÍS reserves the right to recover the item that was damaged.
- 13.4 VÍS has the right to pay the difference between the value of the item that was damaged as the value stood prior to the insurance event and the value after the insurance event.
- 13.5 Compensation for damaged sound or video tapes is limited to the cost of new, unexposed CDs, films or video tapes, taking into account reasonable depreciation. However, compensation will be paid for published sound or video tape productions based on the purchasing price, taking into account reasonable depreciation.
- 13.6 Computer data and software are not covered.
- 13.7 Sentimental value will not be compensated.
- 13.8 The insured shall not profit by an insurance incident. The insurance contract shall only compensate the actual loss or damage of the insured.
- 13.9 Stolen items that are recovered after VÍS has compensated the loss or damage are the property of VÍS and shall be handed over to the Company. The insured may nevertheless keep the items if he/she wishes by returning the compensation.

D. Baggage Delay Insurance

14. Applicability of the insurance contract

The insurance contract applies on scheduled or chartered flights:

- 14.1 For 92 consecutive days from the day of departure from Iceland.

15. Scope of indemnity

- 15.1 VÍS pays compensation for the purchase of necessities for each insured party aged 16 and above if they do not receive their checked-in baggage within 12 hours of arrival to their destination, due to delays or incorrect processing.
 - 15.1.1 VÍS pays compensation for children under 16 years of age if they are travelling without a parent or custodian.
- 15.2 VÍS does not pay compensation for baggage delay that appears after arriving in Iceland.
- 15.3 VÍS does not pay compensation if the baggage delay is discovered within the same 24-hour period of the completion of the travel in Iceland.
- 15.4 VÍS has the authority to ask for receipts for expenses.

16. Precaution rule

The insured shall organize his or her 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.

17. Notice to airline of loss or damage

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