

# Property insurance

Insurance terms no. EL10

The insurance contract is governed by:

- The insurance policy including endorsements and special terms.
- These insurance terms, no. EL10.
- 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.

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## A. General terms

### 1. Insured interests

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The insurance covers personal property owned by the insured.

- 1.1 Unless otherwise specified in the insurance policy or the renewal certificate, the term personal property refers to goods, including raw materials, semi-processed goods, and fully processed goods; packaging, fixtures, machinery, and other operational equipment, including tools, appliances, and motor vehicles that are not subject to registration according to traffic legislation.
- 1.2 The insurance does not cover special personal property unless such coverage specifically negotiated and mentioned in the insurance policy or the renewal certificate.

#### **Special personal property refers to:**

- 1.2.1 Computer programs, accounting data, technical drawings, models and similar items that are renewed or reclaimed following an insurance incident, cash, cash equivalents, financial instruments, stock certificates, manuscripts, and documents.
- 1.2.2 Motor vehicles subject to registration, boats, ships, and aircraft.
- 1.2.3 The insurance does not cover personal property that is covered by fire insurance.

## **2. The insured and the co-insured**

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- 2.1 The owner of the personal property is the insured.
- 2.2 Pledgers and others who own a financial interest in the personal property are not co-insured in the sense of the Act on Insurance Contracts, no. 30/2004, unless they have received confirmation to the contrary from the company. The rights of the co-insured vis-à-vis the company can never exceed those of the insured; cf. Article 41, Paragraph 3 of the Act on Insurance Contracts, no. 30/2004.

## **3. Geographical validity**

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The insurance applies in the location specified in the insurance policy or the renewal certificate.

## **4. Specific limitations on liability**

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**The insurance does not compensate for expenses, or increased expenses, that can be traced, directly or indirectly, to the following:**

- 4.1 Earthquakes, volcanic eruptions, landslides, snow avalanches, or other natural disasters.
- 4.2 War, invasion, military action, civil commotion, uprisings, riots, strikes, or similar incidents.
- 4.3 Nuclear reactions, ionic radiation, pollution stemming from radioactive materials, nuclear fuel, or nuclear waste.

## **5. Violations of precautionary rules**

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The precautionary rules set forth in these terms must be followed. If the precautionary rules are not followed, the company may be absolved of its liability, wholly or in part, cf. Article 26 of the Act on Insurance Contracts, no. 30/2004.

## **6. Time tagging**

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The insurance does not include liability for loss or damage resulting directly or indirectly, wholly or in part, from the effects of time tagging on the operations of equipment, systems, or a combination of the two.

This exemption applies to all time tagging.

The term “time tagging” applies to the specification of time based on a calendar system where the specification functions as information, coding, labelling, or in some other way with regard to equipment, systems, or a combination of the two.

The term “equipment” applies to any sort of machinery, device, product, and/or tangible items or collection of items, whether this refers to real estate or liquid assets, including but not limited to computer hardware, software, or integrated electronic systems (including processors and silicon chips).

The term “system” applies to any sort of information, instructions, or collection of these, and any sort of medium for information and instructions in computerized form, on paper, or in the form of beams, waves, physical effects, chemical reactions, or other tangible or intangible form.

This exemption does not apply to loss incurred as a result of defined covered incidents that are specified in the terms of the insurance, such as fire, explosion, falling, forced entry, theft, or water damage.

## **7. Identification**

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- 7.1 In determining its liability, the company reserves the right to take into account the conduct of the insured’s spouse or registered domestic partner; cf. Article 29 of the Act on Insurance Contracts, no. 30/2004.

- 7.2 In connection with commercial activities, the company reserves the right to take into account the conduct of the managers of the insured entity or the administrators of individual items, equipment, and buildings in which the insured property is located.

## 8. Change of risk level

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All modifications made to the structure and use of the property in which the insured personal property is located shall be reported to the company without delay if such modifications could entail an enhanced risk of damage. Should the insured neglect to report such modifications, the company may be absolved of its liability, either wholly or in part, cf. Article 24 of the Act on Insurance Contracts, no. 30/2004.

## 9. Payment of premiums

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- 9.1 The insurance premium is due and payable upon demand.
- 9.2 Non-payment of premiums can result in loss of rights or cancellation of the policy, cf. Article 33 of the Act on Insurance Contracts, no. 30/2004.

## 10. Reimbursement of premiums

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- 10.1 If the insurance contract expires before the insurance period is concluded, the company shall reimburse the proportion of the premium corresponding to the overpayment. This does not apply, however, if the insurance contract has expired because the company has satisfied its obligation by remitting compensation for total loss.
- 10.2 Short-term insurance is entirely excluded from the reimbursement provisions in Article 10.1.

## 11. Transfer of ownership

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In case of a transfer of ownership of the insured personal property, the insurance shall expire when the transfer of ownership has taken place. However, the company is liable if an insurance incident takes place within 14 days following the transfer of ownership if the new owner has not taken insurance.

## 12. Insurance amount

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- 12.1 The insurance amount is the amount specified in the insurance policy or the renewal certificate.
- 12.2 The insurance amount does not provide proof of the value of the insured interests.
- 12.3 The insurance amount is adjusted in accordance with the Consumer Price Index excluding the housing component.

## 13. Deductible

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- 13.1 The insured shall bear the cost of each loss up to the amount of the deductible, which is specified in the insurance policy or the renewal certificate.
- 13.2 The amount of the deductible is adjusted in accordance with the Consumer Price Index excluding the housing component.

## 14. Determination of benefits

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- 14.1 Compensation shall be based on the value on the date the damage is incurred.
- 14.2 Goods not manufactured by the insured shall be priced at the purchase price, plus the cost of a conventional mode of purchasing. Goods in production and fully processed goods shall be priced at the purchase price of the raw materials, plus accrued costs. Purchase prices and costs shall be based on the price level on the date the damage is incurred.
- 14.3 The company can either pay the estimated cost of repair or have the damaged goods repaired and pay the actual repair cost, if it is possible to repair the damage article so that it will be restored to a condition similar to that prior to the loss, and if the company deems it worthwhile.
- 14.4 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. If the company has remitted compensation in accordance with this Article, it reserves the right to make a claim to the damaged goods.

- 14.5 The company has the right to pay the difference between the value of the goods before and the value after the insurance incident.
- 14.6 The insured shall not profit by an insurance incident. The insurance shall only compensate for the actual loss incurred by the insured.

## 15. Underinsurance

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

## 16. Multiple insurance

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- 16.1 If the same loss is covered by more than one insurance policy, the insured may choose which insurance he wishes to use until he has received the compensation to which he is entitled.
- 16.2 If more than one insurance company is liable to pay compensation in accordance with Article 16.1, the companies shall pay compensation proportionally, in accordance with each company's liability for the loss, unless another agreement has been reached.

## 17. Transfer of rights

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The insured may not transfer or assign his rights according to the insurance contract without the approval of the company.

## 18. Time limitation on liability

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The entitlement to compensation expires after four (4) years. The four-year time 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 entitlement to compensation shall expire, however, no later than ten (10) years after the end of the calendar year in which the insured incident took place.

# B. Fire insurance

## 19. Scope of compensation

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### 19.1 Fire, lightning, explosion

**The insurance compensates losses due to:**

- 19.1.1 Fire. If items melt or scorch in the absence of open flames, the incident is not considered a fire.
- 19.1.2 Lightning.
- 19.1.3 Explosions. The insurance does not cover the following damage:
- 19.1.4 Damage resulting from work with explosives during construction.
- 19.1.5 Damage to electrical or electronic devices as a result of short-circuit or other solely electrical phenomenon, or electromagnetic induction due to electrical storms, unless these cause or are caused by fire.

### 19.2 Boiler damage

**The insurance compensates losses due to:**

- 19.2.1 Damage to a boiler or high-pressure boiler system due to overpressure resulting from conventional use of the device.

**The insurance does not cover damage due to:**

- 19.2.2 Dry boiling.

### 19.3 Soot

**The insurance compensates losses due to:**

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

**The insurance does not cover damage due to:**

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

#### 19.4 Aircraft

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

#### 19.5 Firefighting and rescue efforts

**The insurance compensates losses due to:**

- 19.5.1 Damage and costs incurred as a result of firefighting and rescue efforts whose objective is to avoid or limit damage covered by the insurance, provided that the efforts are considered unusual and justifiable.
- 19.5.2 Costs resulting from the necessary transport of insured property in connection with covered damage.
- 19.5.3 Property that is lost during firefighting and rescue efforts.

### 20. Precautionary rules

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- 20.1 The insured shall ensure that objects are not at risk of damage due to fire or heat.
- 20.2 The insured is required to ensure that all facilities on the insured location comply with the instructions set forth in the applicable regulatory instruments.

## C. Water damage insurance (Optional)

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

### 21. Scope of compensation

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#### 21.1 Water

**The insurance compensates losses due to:**

- 21.1.1 Water that suddenly and unexpectedly flows from the plumbing system in the building and originates from within the walls of the building.
- 21.1.2 Water that flows suddenly and unexpectedly from equipment or appliances that are permanently connected to the plumbing system in the building.
- 21.1.3 Surface water caused by sudden downpour or thawing when the volume of water is so great that the drainage pipes cannot accommodate it. In determining liability, it is necessary to consider whether general property damage occurred in the area as a result of downpour and/or sudden thawing at the time the insurance incident took place.

**The insurance does not compensate losses due to:**

- 21.1.4 Damage due to water from without, such as groundwater, precipitation, flooding, tides; or damage due to water from balconies, roofs, gutters, or drainage pipes connected to these.
- 21.1.5 Damage caused by water that is pushed upwards from sewage or drainage pipes, or if sewage pipes suddenly cannot transport all of the water channeled to them. This exclusion shall not apply, however, if pipes become clogged or burst indoors.
- 21.1.6 Damage due to prolonged dampness or water leakage.
- 21.1.7 Damage caused by construction or building maintenance, including plumbing work.
- 21.1.8 Damage caused by storm surges or flooding from lakes, rivers, or streams.

#### 21.2 Oil and refrigerants

**The insurance compensates losses due to:**

- 21.2.1 Oil or refrigerants that flow suddenly and unexpectedly from oil storage tanks, oil furnaces, refrigerators, or refrigeration systems.

**The insurance does not compensate losses due to:**

- 21.2.2 Damage to items stored in freezers and refrigerators. However, damage to goods so stored in retail stores is covered if refrigerants flow onto them suddenly and unexpectedly.
- 21.2.3 Damage due to prolonged oil leakage or contagion.
- 21.2.4 Damage resulting from replenishment of oil or refrigerants.
- 21.2.5 Loss or damage to oil or refrigerants.

## 22. Precautionary rules

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- 22.1 The insured shall ensure that inventories stored in basements are placed on pallets or racks and that the storage room is equipped with a drainpipe.
- 22.2 The insured shall ensure that inflow of water is closed off in unheated buildings and that water pipes are emptied when there is a danger of freezing temperatures.
- 22.3 The insured shall ensure that drainpipes are fully functional by removing debris and obstructions from them.
- 22.4 The insured shall ensure that personal property is not stored in open buildings, sheds, or outhouses so as to prevent surface water damage resulting from sudden downpour or thawing.

### D. Burglary and robbery insurance (Optional)

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

## 23. Scope of compensation

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#### The insurance compensates losses due to:

- 23.1 Theft and damage to the insured property during forced entry into buildings at the insured location.
- 23.2 Damage to buildings owned by the insured if such damage results from forced entry, where the insured personal property is up to 10% of the insurance amount of the personal property at the insured location in question, if compensation is paid according to Article 23.1.
- 23.3 Robbery, when the insured personal property is stolen from the insured or his employees at the insured location or during travels within Iceland.
- 23.3.1 The maximum compensation shall total 10% of the insurance amount but may never exceed the maximum compensation amount specified in the insurance policy or the renewal certificate.
- 23.3.2 Robbery is considered to have occurred when the insured articles are taken by violence or the threat of imminent violence; cf. Article 252 of Act no. 19/1940, the General Penal Code.
- 23.4 Theft from indoor display cabinets or showcases at the insured location.
- 23.4.1 The maximum compensation amount is specified in the insurance policy or the renewal certificate.

#### The insurance does not cover the following damage:

- 23.5 Damage to windows and mailboxes, even though such damage is incurred in connection with forced entry.
- 23.6 Damage to property as a result of fire, even though such damage is incurred in connection with forced entry.

## 24. Precautionary rules

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- 24.1 The insured shall ensure that the building where the insured property is located is always locked and all windows closed or latched when the building is unoccupied.
- 24.2 The insured shall ensure that display cabinets and showcases are always locked.
- 24.3 The insured shall always store keys in such a manner that unauthorized persons cannot gain access to them.

### E. Weather damage insurance (Optional)

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

## 25. Scope of compensation

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The insurance compensates for damage due to inclement weather when wind speeds reach 28.5 metres per second. Weather damage only includes damage occurring to personal property within the building when the wind has torn the roof, window(s), or other parts of the building. In determining liability, if no recognised 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 incident took place.

## 26. Precautionary rule

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The insured shall ensure that personal property is not stored in open buildings, sheds, or outhouses so as to prevent damage resulting from inclement weather.