

## H plús Housing insurance

### Insurance Terms No. GF25

#### The insurance policy is governed by:

- The insurance policy including endorsements and special terms and conditions.
- These insurance terms, No. GF25.
- The company's General Terms, No. YY10.
- Act No. 30/2004, on Insurance Contracts.

The provisions stated in the insurance policy supersede the provisions of the terms. The provisions in the insurance policy and the terms supersede statutory provisions that may be derogated.

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## I. Fire insurance

This insurance is in accordance with the Act on Fire Insurance, No. 48/1994, and the Regulation on Mandatory Fire Insurance, No. 809/2000.

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### 1. Insured interests

- 1.1 The insurance covers the property specified in the insurance policy or renewal certificate, at the location specified therein.
- 1.2 The insurance also covers the standard accessory property to the property, which falls under its fire insurance value in accordance with the valuation rules of the Land Registry of Iceland as current at any time. The insurance covers the following items, provided that they have been considered in the fire insurance appraisal of the property:
  - 1.2.1 Stationary fixtures, such as fixed chairs, benches, and elevators.
  - 1.2.2 All permanent pipes and wiring, such as water pipes, heat pipes, ventilation pipes, sewage pipes, telephone wiring, and computer wiring.
  - 1.2.3 Standard accessory property to residential property, such as stoves, ventilation hoods, radio and television antennae (but not satellite dishes); permanently wired equipment such as fire and theft prevention systems, installed lighting in kitchens, laundry rooms, bathrooms, and lavatories; and lighting that is embedded

into ceilings or panelling. It also covers floor coverings that have been custom-cut for the property and permanently installed in it, as well as drapery cornices and fasteners for draperies.

- 1.2.4 Foundations and supports, together with filling, insulation, and wiring in the foundation, up to 1.2 metres beneath the upper edge of the foundation.
- 1.2.5 Sheltering walls and other structures, such as sundecks, that are connected to the building and appear on approved technical drawings. If these structures have been built later than the property, their construction must have been reported to the insurance company and a reappraisal requested in accordance with Article 8 of the Regulation on Mandatory Fire Insurance, No. 809/2000.
- 1.2.6 The necessary design and materials costs, including those related to additional demands and instructions from the authorities after the property was constructed.
- 1.2.7 Costs for cleaning the property and removing the debris caused by fire.

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

- 2.1 The owner of the property is the insured.
- 2.2 Holders of registered proprietary rights, liens, or other registered collateral rights to the property are the co-insured in the sense of the Act on Insurance Contracts, No. 30/2004.

### 3. Scope of compensation

#### 3.1 Fire, lightning, and explosion

The insurance compensates for damage due to:

- 3.1.1 Fire.
  - 3.1.2 Lightning.
  - 3.1.3 Explosions in boilers for indoor heating and damage due to gas explosions arising from cookers, stoves, or gas pipes for indoor heating.
- The insurance contract does not cover the following damage:**
- 3.1.4 Damage due to fire that cannot be considered accidental, such as damage to objects that are subjected to fire or heat during heating, boiling, drying, smoking, and the like, and are burned or damaged as a result.

3.1.5 Damage to electrical machinery, wiring, or equipment, when the damage is caused by power conversion, overheating, short circuit, or other pure electrical phenomenon, or electromagnetic induction due to electrical storms, unless such damage causes or is caused by fire.

3.1.6 Damage to the machine or boiler in which the explosion takes place.

### 3.2 Soot

The insurance compensates for damage due to:

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

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

3.2.2 Soot or smoke that has gradually accumulated during use, such as soot from a chimney or from candles.

### 3.3 Aircraft

The insurance compensates for damage due to:

3.3.1 Aircraft and objects that fall from them.

### 3.4 Fire fighting and rescue efforts

The insurance compensates for losses due to:

3.4.1 Fire fighting and rescue efforts whose objective is to avoid or limit damage covered by the insurance, provided that the efforts are considered unusual and justifiable.

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

3.4.2 Indirect loss that could arise from covered incidents, such as operating losses, delays in production or delivery of goods, loss of rental income, etc.

3.4.3 Costs due to clean-up of waste or toxic substances in the environment, or due to clean-up of earth or soil, resulting from a covered loss incident.

## 4. Specific limitations on liability

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

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. Precautionary rules

The insured is required to ensure that all facilities and fire prevention equipment on and adjacent to the insured property comply with the instructions set forth in the applicable regulatory instruments.

## 6. Violations of precautionary rules

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 Insurance Contracts Act No. 30/2004.

## 7. 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.

## 8. Change of risk level

All modifications made to the structure and use of the property that could entail an enhanced risk of damage shall be reported to the company without delay. 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. Calculation of premiums

The basic premium for the insurance is calculated on the basis of the fire insurance value of the property, its use and location.

## 10. Payment of premiums

10.1 The insurance premium is due and payable upon demand.

10.2 Premiums have the status of statutory liens on the insured property and shall take precedence over all other encumbrances on it, with the exception of taxes due to the Treasury, for a

period of two years. If premiums are not paid within six months from the payment due date, the insured property may be sold by forced auction; cf. the Act on Forced Sale, No. 90/1991.

## 11. Reimbursement of premiums

If the insurance contract expires before the period of insurance is concluded, the company will reimburse the proportion overpaid by the insured for the period when the insurance contract was not in effect. This provision does not apply, however, if the property is destroyed because of damage covered by the insurance.

## 12. Insurance amount

12.1 The insurance amount for the property shall be equivalent to its current fire insurance value according to the Land Registry of Iceland.

12.2 If the property has been enlarged or renovated in excess of regular maintenance, the insured shall have it assessed again no later than four weeks after the completion of the enlargement or renovation. The insured is also required to request a reappraisal of the property if he considers the insurance amount inconsistent with the real value of the property considering the cost of construction and the type, age, and condition of the property.

12.3 The insured may request a new fire insurance appraisal of the property at any time. The insured shall bear the cost of such an appraisal. In the event of a disagreement between the company and the insured concerning the fire insurance value, the company may also request a reappraisal. This appraisal will be undertaken at the company's expense if the previous valuation is confirmed.

12.4 The insurance amount shall be revised annually in accordance with the valuation rules of the Land Registry of Iceland as provided for in Article 5 of Regulation No. 809/2000. Furthermore, the insurance amount shall be revised on a monthly basis in accordance with the construction cost index.

## 13. Determination of compensation

13.1 Insurance compensation shall be used to repair or rebuild damaged property. Compensation is not payable until after the repair or reconstruction has been carried out. If partial repairs have been carried out, the insured shall be entitled to payment of the repair costs already incurred. No compensation will be paid, however, until an official investigation of the

insurance incident has been carried out or, if criminal proceedings have been initiated, until a final judgment is rendered.

13.2 The company is authorised to grant an exemption from the construction requirement upon consultation with the planning authorities provided, however, that 15% is deducted from the compensation amount. This deduction shall not be applied, however, if reconstruction is prohibited for reasons related to planning or for other reasons beyond the control of the claimant. If a decision has been made to grant the above exemption from the construction requirement and the company is of the opinion that the fire insurance value of the property is clearly higher than its market value, the company is authorised to base the compensation amount on the market price of the property concerned, including that of the plot, less the abovementioned 15%.

## 14. Underinsurance

14.1 The insured is required to notify the company and the Land Registry of Iceland of any extension, renovation, or other value enhancement of a property after its most recent fire insurance appraisal.

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

## 15. Assessment of damage

15.1 Assessors on behalf of the company shall assess the damage, and the company shall ensure that the assessment takes place as soon as possible. The primary items in the assessment shall be itemised.

15.2 The claimant is required to provide any information that he can about the damage and its cause and to present accounts, invoices, estimates, drawings, and other information that could serve as guidelines for the assessment.

15.3 If value-enhancing modifications or additions have been made to the insured property after it is insured with the company and this increase in value has not been met with increased insurance, this additional value shall be excluded from the determination of fire insurance compensation.

15.4 If the property is totally destroyed, the assessors shall determine whether the insurance amount is consistent with the actual value of the property on the date the damage is incurred.

- 15.5 The cost of repairing the insured property shall be estimated, based on the construction methods and materials prevailing at the time of the insurance incident. Compensation shall be calculated at the price level prevailing on the date the damage is incurred.
- 15.6 In determining the amount of compensation, extra costs due to construction materials and methods no longer deemed viable shall be excluded.
- 15.7 If a decision has been made to demolish the property or its condition was such that demolition was inevitable before the insurance incident took place, the compensation amount shall be based on the demolition value of the property.
- 15.8 The insured is prohibited from disturbing the scene before the company's assessors have assessed the damage.

#### **16. Beginning and end of coverage**

- 16.1 Without prejudice to Article 1.1 of the company's General Terms, No. YY10, this insurance shall take effect when the company, a representative of the company, or the Land Registry of Iceland has verifiably received an application for insurance, provided that a request for a fire insurance appraisal of the property has been submitted. The same applies to the effective date of a reappraisal.
- 16.2 The company is prohibited from cancelling the insurance without confirmation that the owner of the property has taken new insurance with another company.

#### **17. Transfer of ownership**

In the event of a transfer of ownership, the insurance shall take effect on the date of delivery specified in the purchase agreement for the property, or in other documents verifying title to the property. If more than 14 days elapse between the date of delivery and the entry of the transfer of ownership at the Land Registry of Iceland, or if information about the date of delivery is not available, the insurance shall take effect on the date the transfer of ownership is entered at the Land Registry of Iceland.

#### **18. Dispute concerning fire insurance value and compensation amount**

- 18.1 If a disagreement arises between the company and the insured concerning the fire insurance value, a reappraisal shall be conducted in accordance with Article 12.3. If the company or

the insured does not accept the results of the reappraisal by the Land Registry of Iceland, the matter may be referred to the Real Estate Assessment Board. The costs relating to the ruling by the Board shall be paid in accordance with the tariff set by the minister of insurance affairs. The cost of the ruling shall be borne by the party against whom the ruling falls.

- 18.2 If damage has occurred and there is a disagreement concerning the compensation amount, the matter may be referred to a board of arbitration. The board of arbitration shall comprise two persons appointed to the case by the District Court in the jurisdiction where the property is located. The costs relating to the arbitration procedure shall be paid in accordance with the tariff set by the minister of insurance affairs. In general, the cost of the ruling is borne by the party against whom the ruling falls.

#### **19. Multiple insurance**

- 19.1 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.
- 19.2 If more than one insurance company is liable to pay compensation in accordance with Article 19.1, the companies shall pay compensation proportionally, in accordance with each company's liability for the loss, unless another agreement has been reached.

#### **20. Time limitation on liability**

The right to claim 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 occurred.

## II Additional fire insurance

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

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17. Time limitation on liability

### Introduction:

The insurance covers fire damage to the insured property when the amount of the fire insurance appraisal is insufficient for the reconstruction of the building, for loss and damage that is compensated for by the mandatory fire insurance of properties.

### 1. Insured interests

- 1.1 The insurance covers the property specified in the insurance policy or renewal certificate, at the location specified therein.
- 1.2 The insurance also covers the standard accessory property to the property, which falls under its fire insurance value in accordance with the valuation rules of the Land Registry of Iceland as current at any time. The insurance covers the following items, provided that they have been considered in the fire insurance appraisal of the property:
  - 1.2.1 Stationary fixtures, such as fixed chairs, benches, and elevators.
  - 1.2.2 All permanent pipes and wiring, such as water pipes, heat pipes, ventilation pipes, sewage pipes, telephone wiring, and computer wiring.
  - 1.2.3 Standard accessory property to residential property, such as stoves, ventilation hoods, radio and television antennae (but not satellite

dishes); permanently wired equipment such as fire and theft prevention systems, installed lighting in kitchens, laundry rooms, bathrooms, and lavatories; and lighting that is embedded into ceilings or panelling. It also covers floor coverings that have been custom-cut for the property and permanently installed in it, as well as drapery cornices and fasteners for draperies.

- 1.2.4 Foundations and supports, together with filling, insulation, and wiring in the foundation, up to 1.2 metres beneath the upper edge of the foundation.
- 1.2.5 Sheltering walls and other structures, such as sundecks, that are connected to the building and appear on approved technical drawings.
- 1.2.6 The necessary design and materials costs, including those related to additional demands and instructions from the authorities after the property was constructed.
- 1.2.7 Costs for cleaning the property and removing the debris caused by fire.

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

- 2.1 The owner of the property is the insured.
- 2.2 The holders of liens and others who have financial interests in the insured property are not co-insured in the sense of the Act on Insurance Contracts No. 30/2004, unless they have received a confirmation to this effect from the company.

### 3. Scope of compensation

#### 3.1 Fire, lightning, and explosion

The insurance compensates for damage due to:

- 3.1.1 Fire.
- 3.1.2 Lightning.
- 3.1.3 Explosions in boilers for indoor heating and damage due to gas explosions arising from cookers, stoves, or gas pipes for indoor heating.

#### The insurance contract does not cover:

- 3.1.4 Damage due to fire that cannot be considered accidental, such as damage to objects that are subjected to fire or heat during heating, boiling, drying, smoking, and the like, and are burned or damaged as a result.

3.1.5 Damage to electrical machinery, wiring, or equipment, when the damage is caused by power conversion, overheating, short circuit, or other pure electrical phenomenon, or electromagnetic induction due to electrical storms, unless such damage causes or is caused by fire.

3.1.6 Damage to the machine or boiler in which the explosion takes place.

### 3.2 Soot

The insurance compensates for damage due to:

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

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

3.2.2 Soot or smoke that has gradually accumulated during use, such as soot from a chimney or from candles.

### 3.3 Aircraft

The insurance compensates for damage due to:

3.3.1 Aircraft and objects that fall from them.

### 3.4 Fire fighting and rescue efforts

The insurance compensates for losses due to:

3.4.1 Fire fighting and rescue efforts whose objective is to avoid or limit damage covered by the insurance, provided that the efforts are considered unusual and justifiable.

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

3.4.2 Indirect loss that could arise from covered incidents, such as operating losses, delays in production or delivery of goods, loss of rental income, etc.

3.4.3 Costs due to clean-up of waste or toxic substances in the environment, or due to clean-up of earth or soil, resulting from a covered loss incident.

## 4. Specific limitations on liability

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

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. Precautionary rules

The insured is required to ensure that all facilities and fire prevention equipment on and adjacent to the insured property comply with the instructions set forth in the applicable regulatory instruments.

## 6. Violations of precautionary rules

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 Insurance Contracts Act No. 30/2004.

## 7. 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.

## 8. Change of risk level

All modifications made to the structure and use of the property that could entail an enhanced risk of damage shall be reported to the company without delay. 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. Calculation of premiums

The basic premium for the insurance is calculated on the basis of the use of the property and its location.

## 10. Payment of premiums

10.1 The insurance premium is due and payable upon demand.

10.2 Default in the payment of the premium may cause the loss of rights and the termination of

an insurance contract, cf. the Act on Insurance Contracts No. 30/2004.

#### 11. Reimbursement of premiums

If the insurance contract expires before the insurance period is concluded, the company shall reimburse the proportion overpaid by the insured for the period when the insurance contract was not in effect. This provision does not apply, however, if the property is destroyed because of damage covered by the insurance.

#### 12. Insurance amount

- 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 amount of insurance coverage is adjusted in accordance with the construction cost index.

#### 13. Determination of compensation

- 13.1 Insurance compensation shall be used to repair or rebuild damaged property. Compensation is not payable until after the repair or reconstruction has been carried out. If partial repairs have been carried out, the insured shall be entitled to payment of the repair costs already incurred. No compensation will be paid, however, until an official investigation of the insurance incident has been carried out, or, if criminal proceedings have been initiated, until a final judgment is rendered.
  - 13.1.1 Compensation is not paid from this insurance unless the cost of reconstructing the insured property exceeds its fire appraisal.

#### 14. Assessment of damage

- 14.1 The cost of repairing the insured property shall be estimated, based on the construction methods and materials prevailing at the time of the insurance incident. Compensation shall be calculated at the price level prevailing on the date the damage is incurred.
- 14.2 In determining the amount of compensation, extra costs due to construction materials and methods no longer deemed viable shall be excluded, unless otherwise agreed.

#### 15. Transfer of ownership

In case of a transfer of ownership of the insured 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 obtained insurance.

#### 16. Multiple insurance

- 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. Time limitation on liability

The right to claim 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 occurred.

### III. House owner insurance of residential housing

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

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**A. General terms and conditions**

General terms and conditions apply to chapters B, C and D of these terms and conditions.

**1. The insured and the co-insured**

- 1.1 The owner of the property is the insured.
- 1.2 Pledgers and others who have financial interests in the property are not co-insured in the sense of the Act on Insurance Contracts No. 30/2004.

**2. Specific 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:

- 2.1 Earthquakes, volcanic eruptions, landslides, snow avalanches, or other natural disasters.

- 2.2 War, invasion, military action, civil commotion, uprisings, riots, strikes, or similar incidents.

- 2.3 Nuclear reactions, ionic radiation, pollution stemming from radioactive materials, nuclear fuel, or nuclear waste.

**3. Violations of precautionary rules**

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 Insurance Contracts Act No. 30/2004.

**4. Payment of premiums**

- 4.1 The insurance premium is due and payable upon demand.
- 4.2 Default in the payment of the premium may cause the loss of rights and the termination of an insurance contract, cf. the Act on Insurance Contracts No. 30/2004.

**5. Reimbursement of premiums**

If the insurance contract expires before the insurance period is concluded, the company shall reimburse the proportion overpaid by the insured for 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 in the event of recoverable loss or damage to the property.

**6. Transfer of ownership**

In case of a transfer of ownership of the insured 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 obtained insurance.

**7. Multiple insurance**

- 7.1 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.
- 7.2 If more than one insurance company is liable to pay compensation in accordance with

Section 7.1, the companies shall pay compensation proportionally, in accordance with each company's liability for the loss, unless another agreement has been reached.

## **B. The property and loss of use of residential property**

### **8. Insured interests**

The insurance applies to the property or the part of the property specified in the insurance policy or renewal receipt, together with all its standard accessory property, provided these were taken into account in the fire appraisal according to the appraisal rules of the Land Registry of Iceland.

### **9. Scope of compensation**

#### **9.1 Water, steam and oil**

**The insurance compensates for damage due to:**

- 9.1.1 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. The insurance pays the cost of ripping up and the disruption that is unavoidable to stop leaks, as well as re-finishing work after such actions, ensuring that the property is in the same and not worse condition than prior to the damage. Compensation for ripping up and disruption for purposes other than to stop leaks is not paid.
- 9.1.2 Water from pipes in joint premises or the shared pipes of the property, in proportion to the ownership share of the insured in the property.
- 9.1.3 Water that suddenly and unexpectedly flows from water compartments or fish tanks because of a failure.
- 9.1.4 Water that flows from sanitary fixtures because of an error or unexpected and sudden equipment failure.
- 9.1.5 Water that leaks unexpectedly and suddenly from freezers and refrigerators.
- 9.1.6 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 event of loss or damage occurred.

**The insurance contract does not cover loss or damage:**

- 9.1.7 Due to 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.
- 9.1.8 Due to water that is pushed upwards from sewage or drainage pipes, or if sewage pipes suddenly cannot transport all the water channelled to them, with the exception, however, if pipes become clogged or burst indoors.
- 9.1.9 To the item or items that caused the loss or damage, such as the pipes or work on their repair or their reinstallation.
- 9.1.10 Of basic utilities that have sagged to different degrees, are friable or have in any other manner degenerated due to use or insufficient underlay. Direct water damage to the property, however, will be compensated if such utilities become blocked and the water which flows from them reaches above the foundation.

**Precautionary rules:**

- 9.1.11 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.
- 9.1.12 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.

#### **9.2 Frost cracks**

The insurance compensates damage due to:

- 9.2.1 Frost cracks that occur to the internal water pipe systems of the insured, caused by the building's heating system failing unexpectedly and suddenly.

#### **9.3 Burglaries or attempted burglaries**

**The insurance compensates loss and damage due to:**

- 9.3.1 Burglaries or attempted burglaries.

**Precautionary rule:**

- 9.3.2 The insured must ensure that the insured property is always locked and that all windows are closed.

**9.4 Glass**

**The insurance compensates:**

- 9.4.1 Damage to glass and damage caused by glass, only after it has been installed, embedded or in any other manner finally placed in the location for which it is intended and as long as it is in the same place.

**The insurance does not compensate:**

- 9.4.2 Damage due to construction work or outdoor repairs to the house in which the insured glass is, unless the work in question is due to normal maintenance such as painting.
- 9.4.3 Damage due to maintenance or work performed on the glass, its frame or environment.
- 9.4.4 Damage to glass when it is scratched or splinters.
- 9.4.5 Damage to glass in household appliances.
- 9.4.6 Damage to glass in sheltering walls, fencing or glass that is not attached to the insured property.
- 9.4.7 Increases in the value of the glass when it has been necessary to solder lead onto it or add lead to it during installation or in another comparable manner. In such cases the glass is compensated as if it were normal glass.

**9.5 Breakage**

**The insurance compensates loss and damage due to:**

- 9.5.1 Breakages, when interior fittings, ceiling cladding or other parts of the property fall and break due to incidental malfunctions.
- 9.5.2 Breakages of sanitary fixtures, such as sinks, bathtubs, lavatory bowls and water tanks, only, however, when they break due to unexpected and sudden external events after they have been finally installed in the location intended for them and as long as they remain in the same location. Only the value of the sanitary fixtures themselves is compensated.
- 9.5.3 Breakages of ceramic cook tops; only, however, if such breakage is due to an unexpected and sudden external event after it

has been finally installed in the location intended for it and as long as it remains in the same place. Only the value of the ceramic cook top itself is compensated.

**The insurance contract does not cover loss or damage:**

- 9.5.4 To sanitary fixtures due to maintenance or work performed on the sanitary fixture.
- 9.5.5 To sanitary fixtures that are scratched or splintered.
- 9.5.6 To ceramic cook tops due to maintenance or work performed on the ceramic cook tops.
- 9.5.7 To ceramic cook tops that are scratched or splintered.

**9.6. Soot**

**The insurance compensates loss and damage due to:**

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

**The insurance contract does not cover loss or damage:**

- 9.6.2 Due to soot or smoke that has gradually accumulated during use.

**9.7 Sudden heavy snow**

**The insurance compensates loss and damage due to:**

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

**The insurance contract does not cover loss or damage:**

- 9.7.2 That is attributable to a construction defect.

**9.8 Storms**

**The insurance compensates for loss or damage due to:**

- 9.8.1 Storms, i.e. when the wind-speed reaches 28.5 metres per second. Damage to the insured caused by precipitation and sand storms in conjunction with storms is only compensated if the wind has torn the roof, windows 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 event occurred.

**The insurance contract does not cover loss or damage:**

9.8.2 To antennas, flagpoles, fences and vegetation.

**9.9 Aircraft**

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

**9.10 Loss of use of residential building**

9.10.1 VÍS pays compensation under this insurance contract when a residential building is damaged because of fire or a recoverable insurance event and the repair work would be so extensive that it would be unavoidable to move out of the building.

9.10.2 The compensation will be based on the average rent for a residence of similar size and condition in the place and time in question. Compensation paid for each month, however, will never exceed 0.8% of the amount of insurance coverage.

9.10.3 The compensation will be paid for a period of up to 6 months from the date of loss or damage but not, however, for a longer period than equivalent to normal repair time with respect to the damage involved.

**10. Identification**

10.1 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 Insurance Contracts Act No. 30/2004.

10.2 In connection with commercial activities, the company reserves the right to take into account the conduct of the managers of the insured entity and the administrators of the property.

**11. Insurance amount**

11.1 The insurance amount is based on the fire compensation appraisal of the property or parts thereof and is the amount stated in the insurance policy or renewal receipt.

11.1.1 In the event that the insured has valid additional property fire insurance purchased from the company, the insurance amount

pursuant to Article 11.1 will increase by the amount stated in that policy.

11.2 The insurance amount is adjusted every month in accordance with the construction cost index.

**12. Deductible**

12.1 In each event of damage to the property caused by water, sudden downpour or thawing, the insured has a deductible amounting to the amount stated in the insurance policy or renewal receipt.

12.2 In each event of glass damage to the property, the insured has a deductible amounting to the amount stated in the insurance policy or renewal receipt.

12.3 The amount of the deductible is adjusted in accordance with the construction cost index.

**13. Determination of compensation**

13.1 Compensation shall be based on the value on the date the damage is incurred. VÍS is authorised 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 damaged.

13.2 The company can either pay the estimated cost of repair or have the damage repaired and pay for the cost, if it is possible to repair the damage, so that the property is in a similar state as before the damage and the company believes that it will be worth it.

13.3 VÍS may pay compensation in cash or procure a similar item to that which was lost or damaged, 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 If a property is damaged to such an extent that it proves impossible to repair or is not worth it in the opinion of the company, VÍS may pay cash compensation amounting to the value of the fire compensation appraisal less the value remaining in the property.

13.5 Notwithstanding the provisions of Article 13.1, depreciation of parquet floors can never be greater than 5% per year after the flooring is aged 5 years. Depreciation, however, may never exceed 70%.

13.6 Compensation for damage to joint premises are based on the insured's ownership share in the property.

13.6 The insured shall not profit from an insurance event. The insurance contract shall only compensate the actual loss or damage of the insured.

#### 14. Underinsurance

14.1 The insured is required to notify the company and the Land Registry of Iceland of any extension, renovation, or other value enhancement of a property after its most recent fire insurance appraisal.

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

#### 15. Time limitation on liability

The right to claim compensation expires after 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 occurred.

### C. Liability insurance

#### Introduction

According to Icelandic law, a person is liable for tort damages with respect to any harm which he 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 liability insurance is to pay indemnity for the insured person in the event that he has incurred tort liability, to the extent that the injured party will not have to cover his own loss or damage on account of shared culpability 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.

Because liability in tort is frequently a complex legal issue, the insured person has a duty to consult VÍS with respect to his legal position if he is presented with a claim for tort damages regarding injury for which he 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 himself, 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 liability insurance policy does not cover.

#### 16. Term of insurance

16.1 The insurance covers an insurance event that takes place within the insurance period.

16.2 If the consequences of an event that has caused damage, and which has happened within the insurance period, are not revealed until the insurance is no longer valid, the company will, nevertheless, compensate for such damage.

16.3 The company does not compensate for damage caused by an event that took place before the start of the insurance period, even when the damage is only revealed after the insurance period has started.

#### 17. Scope of compensation

The insurance contract compensates:

17.1 Direct physical injury or property damage of items belonging to a third party caused by the insured's liability in tort as the owner of the property or part thereof as stated in the insurance policy or renewal receipt due to liability in tort according to Icelandic laws. 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.

#### The insurance does not compensate:

17.2 Contractual damage, i.e. loss for which the insured is accountable because of non-fulfilment of contract.

- 17.3 Loss or damage caused by the insured parties to each other.
- 17.4 Loss that occurs because of the occupation of the insured, whether in the insured's own business enterprise or remunerative work in the employment of another party.
- 17.5 Loss or damage to items which the insured has the use of, or stores, or which are for any other reason in his custody.
- 17.6 Property damage if caused by fire, water from fire fighting, smoke, soot or explosion.
- 17.7 Fines, legal costs or other expenses in relation to a criminal case.
- 17.8 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.
- 17.9 Damage caused by prolonged dampness or water leakage.
- 17.10 Damage that is attributable to asbestos or a material containing asbestos in some form.
- 18. Precautionary 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.
- 19. Insurance amount**
- 19.1 The company's liability for each single insurable event is limited to the insurance amount specified in the insurance policy or renewal certificate. 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.
- 19.2 Costs resulting from the determination of whether or not the insured is liable, and which the company has agreed to pay, and interest on the sum insured, will be paid, even if the company's payment thus exceeds the sum insured.
- 19.3 If the sum insured amounts to less than the principal of the compensation amount, the company only pays for the part of the cost and interest that amounts to the compensation VÍS is under obligation to pay.
- 20. Deductible**
- 20.1 In every event of loss or damage, there is a deductible which is specified in the insurance policy or in the renewal receipt.
- 20.2 If the principal of a compensation claim does not exceed the deductible, the company does not pay for costs either, even though the sum of the claim and the cost exceeds the amount of the deductible.
- 20.3 The deductible is adjusted in accordance with changes in the consumer price index excluding housing.
- 21. Determination of 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.
- 22. Determination of compensation for property damage**
- 22.1 Compensation shall be based on the value on the date the damage is incurred.
- 22.2 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.
- 22.3 The company may pay 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.
- 22.4 The company has the right to pay the difference between the value of the goods before and the value after the insurance incident.
- 22.5 The insured shall not profit from an insurance event. The insurance contract shall only compensate the actual loss or damage of the insured.

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

23.1 If the insurance covers the insured's damage because of his liability, the claimant can demand compensation directly from the company. VÍS and the insured are under obligation to inform the injured party of any existing liability insurance contract.

23.2 If a claim for compensation is made against the company, the insured is to be notified without unreasonable delay and informed about the claim's procedure. The acknowledgement of VÍS of certain details that concern liability does not constitute a binding commitment on behalf of the insured person.

23.3 In the event that the claimant informs the company that he intends to bring legal action against it, the company can then demand that he also bring legal action against the insured. VÍS shall notify the injured party of its demand without any unnecessary delay and in a verifiable manner.

23.4 In other respects regarding the claimant's status, refer to Article 44 of the Act on Insurance Contracts, No. 30/2004.

## 24. Handling of compensation claims

24.1 The insured must not admit his liability, or enter into any agreements regarding compensation, without the company's permission.

24.2 The company represents the insured, and is in charge of the entire case procedure and case procedures in a court of law where necessary. The same applies regarding salvage fees or assistance.

## 25. Time limitations on liability

The liability of VÍS expires according to the principles concerning the expiration of liability in tort, cf. the second paragraph of Article 52 of the Insurance Contracts Act No. 30/2004.

## D. Legal expenses insurance

### Introduction

The purpose of the legal expenses insurance is to pay legal costs incurred in civil suits. A pre-condition of insurance coverage is that the insured seeks legal assistance. The attorney

shall inform VÍS when accepting the case and before further steps are taken. However, the attorney may proceed in matters of urgency. VÍS is required to notify the insured as to whether or not the matter is covered by the legal expenses insurance, once satisfactory information has been presented pertaining to the case.

## 26. Term of insurance

26.1 The insurance policy covers disputes that arise during the period of insurance, provided the insurance has been in force for at least two consecutive years. If the insured has been similarly insured with another company, that insurance will be taken into account.

26.2 Notwithstanding the provisions of Article 26.1, the insured can nevertheless be recompensed for legal costs if the events or issues that form the basis of the claim happened after the insurance came into force.

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

## 27. Scope of compensation

### The insurance covers legal expenses:

27.1 For a dispute that affects the insured as the owner of the insured property or a part thereof and which may be brought before a district court for dispute resolution or before the Supreme Court in Iceland. If the dispute is of such a nature that it cannot be brought before a court of law except on the conclusion of legal action in another arena, the insurance contract covers only the costs incurred on the conclusion of such legal action. The insurance contract also covers a retrial, although only when the retrial is permissible and the conditions of the third article are fulfilled.

### The insurance contract does not cover legal expenses:

27.2 In criminal cases.

- 27.3 In disputes or actions that can only be submitted to be ruled upon by the executive branch or by special courts.
- 27.4 In cases involving legal divorce or cases that may arise in connection with divorce cases. The same applies to cases involving the end of cohabitation.
- 27.5 In connection with the insured's occupation or performance in an official capacity.
- 27.6 That relate to commitments into which the insured has entered.
- 27.7 That relate to financial measures that are unusual or on an exceptionally large scale for an individual or exist because one individual provides guarantees for another.
- 27.8 That relate to claims or other demands that the insured has been assigned.
- 27.9 That relate to the insured's ownership of property or a share of a property not mentioned on the insurance certificate or renewal receipt for the Property Insurance.
- 27.10 That relate to compensation or other claims concerning conduct leading to suspicion or indictment against the insured because of a culpable offence.
- 27.11 That relate to cases involving bills of exchange against the insured where the claim is uncontested or incontestable, and cases relating to bankruptcy agreements or composition where the insured himself is insolvent or seeks composition.
- 27.12 If there are no legitimate interests served by obtaining a judgment in the case. Such interests would not be considered to be present, for instance, if an application for legal aid has for some reason been denied or the granting of legal aid has been cancelled.

## 28. Selection of litigation lawyer

It is a pre-condition for the liability for compensation that the insured has sought the assistance of a lawyer who will take the case. The insured is responsible for appointing an attorney from among the members of the

- 29.2.4 Additional costs resulting from the insured or his attorney being guilty of negligence in the conduct of the case or having, in any other respect, exhibited negligence.
- 29.3 It is to be considered a single case of loss or damage if the insured parties proceed jointly

Icelandic Bar Association. An attorney may not represent himself without the consent of VÍS.

## 29. Determination of compensation

VÍS will, in connection with each case of loss or damage, pay the necessary and reasonable legal fees and legal costs that the insured cannot reclaim from the opposing party or from the state when the case has reached a conclusion by judgment or a court settlement. This means, for instance, that VÍS does not pay if the insured surrenders the opportunity to collect the legal costs from the counterparty with or without legal action.

### 29.1 VÍS will pay:

- 29.1.1 Attorney's fees and expenses.
- 29.1.2 The cost of producing opinion reports, if the insured's lawyer requests an opinion report before the matter goes to court or if it is clear that a judgment will not be forthcoming without such an opinion report.
- 29.1.3 Costs incurred by the testifying of witnesses or in presenting other evidence before courts of law.
- 29.1.4 Court expenses.
- 29.1.5 Legal costs that the insured is ordered by the court to pay to the opposing party at the conclusion of the case.
- 29.1.6 Legal costs that the insured agrees to pay to the opposing party as part of a court settlement when it is clear that the court would have imposed higher legal costs if the case had proceeded.

### 29.2 VÍS does not pay:

- 29.2.1 The insured's own work, loss of earnings, travel and accommodation expenses, or other expenses of the insured.
- 29.2.2 For the enforcement of a judgement, ruling or settlement.
- 29.2.3 Additional costs incurred by appointing extra attorneys or by replacing attorneys.

in a legal dispute or litigation. If the insured is involved in further legal disputes, then such disputes shall be considered to be a single case of loss or damage provided that the asserted claims arise essentially from the same facts.

29.4 If a legal dispute arises concerning the reasonableness of a lawyer's remuneration, the insured is required to bring the dispute before the Lawyers' Disciplinary Committee of the Icelandic Bar Association in accordance with Article 26 of the Lawyers Act No. 77/1998.

### **30. Insurance amount**

The amount of insurance coverage is indicated in the insurance policy or in the renewal receipt.

### **31. Deductible**

- 31.1 In every event of loss or damage, there is a deductible, which is specified in the insurance policy or in the renewal receipt.
- 31.2 The amount of the deductible is adjusted in accordance with the consumer price index.

### **32. Recourse**

Insofar as compensation under this insurance policy has been paid, VÍS will acquire the right of the insured to receive legal expenses from the opposing party or from the state.

These insurance terms shall take effect on 15. May 2013.