General Terms

Policy Terms AS-1

This document is an AI translation of the official Icelandic text. In the event of any discrepancy between the translation and the original Icelandic version, the Icelandic version shall take precedence.

These general terms apply to all insurances of the company unless the provisions of special terms state otherwise. Provisions in special terms take precedence over provisions in the general terms where there is any conflict. Provisions in the insurance certificate take precedence over provisions in the terms and over non-mandatory statutory provisions.

In these terms the word "the company" means Vörður tryggingar hf. and Vörður líftryggingar hf.

Insurance contracts are governed by the provisions of the Insurance Contracts Act no. 30/2004, hereinafter referred to as ICA. The company processes personal data in accordance with the Act on Data Protection and the Processing of Personal Data no. 90/2018, hereinafter referred to as DPA.

Definitions

Non-life insurance: Non-life insurance means insurance against loss or destruction of property, rights, or other interests, insurance against liability in damages or costs, and any other insurance that is not personal insurance.

Personal insurance: Personal insurance means life and health insurance.

Special terms: Special terms means the terms that apply to each individual insurance.

1. Commencement and Termination of Insurance Contracts

Art. 1. Commencement of insurance

Insurance takes effect when the contract for the insurance is concluded, i.e. when the company or the policyholder has accepted the other's offer, unless otherwise provided by law or contract.

If the policyholder has sent a written and complete insurance application to the company, the insurance takes effect upon receipt, unless the policyholder has requested a different effective date or the application is rejected following the company's risk assessment, cf. Arts. 13 and 74 of the ICA.

Art. 2. Renewal

The insurance is valid for the period stated on the insurance certificate. At the end of that period, the insurance automatically renews for one year at a time, unless otherwise agreed. Short-term insurance does not renew. The same applies where it is clearly stated in the terms that the insurance lapses at a specific point in time.

Art. 3. Policyholder's duty to disclose

When concluding or renewing insurance contracts, the policyholder, or as applicable the insured, must provide the company with the information about the insured risk that the company requests, cf. Arts. 19 and 82 of the ICA. The policyholder, and as applicable the insured, must also inform the company of specific circumstances that they know or ought to know are relevant to the company's assessment of the risk.

The policyholder must notify the company without delay if the policyholder changes address or if their address changes for other reasons. The policyholder must also notify the company if they move abroad, as liability under certain types of insurance lapses in such circumstances.

If the policyholder fraudulently misrepresents or conceals circumstances material to the company's risk, or otherwise provides the company with incorrect information, this may result in the company's liability being limited or lapsing, cf. Arts. 20 and 83 of the ICA.

Art. 4. Policyholder's right to cancel

The policyholder may cancel an automatically renewing insurance by verifiable means with one month's notice at any time during the insurance period, but no later than two weeks before the renewal date, and cancellation takes effect at the next month-end.

In the case of personal insurance, the policyholder may cancel the insurance at any time and cancellation takes effect on the date the policyholder requests.

The policyholder is also entitled to cancel an automatically renewing insurance when transferring it to another company, cf. Arts. 14 and 75 of the ICA. The company must be notified of the cancellation with one month's notice and cancellation takes effect at the next month-end thereafter. The policyholder must state which insurance company the insurance is being transferred to and from what date.

Where the insurance is taken out in connection with a business whose scale corresponds to more than five full-time equivalents or whose operations take place mainly abroad, the policyholder may only cancel the insurance upon renewal, and the cancellation must reach the company no later than one month before the end of the insurance period.

Art. 5. Company's right to cancel

The company may cancel an insurance contract in the following circumstances, unless otherwise required by law:

a. With 14 days' notice if incorrect or inadequate information has been provided about the insured risk, cf. Arts. 21 and 84 of the ICA.
b. Without notice if the policyholder has fraudulently breached their duty of disclosure regarding the insured risk, cf. Arts. 21 and 84 of the ICA.
c. With one week's notice if the insured intentionally provides incorrect or inadequate information that they know or ought to know will result in them receiving benefits they are not entitled to, cf. Arts. 47 and 120 of the ICA. The company is also entitled to cancel all other insurance contracts the insured holds with the company, with the same notice period, in such circumstances.
d. With two months' notice, cf. Arts. 15 and 76 of the ICA, if special circumstances exist, for example:
    i. Where the loss ratio of the insurance is greater than may be considered normal, e.g. three or more losses in 12 months.
    ii. If the insured has caused loss intentionally.
    iii. If the insured has breached safety requirements.
    iv. If a serious breach of trust has occurred between the insured and the company.
    v. In cases of premium payment default.

vi. If the insured's circumstances, including their occupation and lifestyle, change during the insurance period, or if the use of the insured item, the insured's activities, or circumstances generally that may affect the insurance change in such a way that the company would not have accepted the insurance had such information been available at the start of the insurance period.

e. The company is entitled to decline to renew the insurance where special reasons exist, cf. Art. 18(2) of the ICA, and shall do so with two months' notice before renewal. The company shall send a notice to that effect in accordance with the provisions of the same Act.

Art. 6. Change of ownership

Upon a change of ownership of the insured property, the new owner is considered insured for 14 days from the change of ownership, provided they have not purchased other insurance, cf. Art. 40 of the ICA.

Art. 7. Risk assessment

In the case of insurance on real property, boats, ships, vehicles, machinery, or other movable property, the company reserves the right to carry out a risk inspection of the insured item and its storage at any time before the insurance is taken out, upon renewal, or during the insurance period. The same applies to risk inspections of the insured's operations for liability insurance and hazardous operations insurance. The company may issue specific instructions or impose specific safety requirements regarding the handling of the insured item on the basis of such an inspection, or take it into account when determining premiums upon renewal.

Risk assessment for personal insurance is based on health information provided by the insured to the company before the insurance is taken out or, as applicable, before renewal. The decision to grant insurance, premiums, and any limitations on the insurance coverage are based on this risk assessment in cases where it is carried out.

Art. 8. Excess

If the policyholder bears an excess, it is stated on the insurance certificate. The policyholder and the insured are jointly and severally liable to reimburse the company in full for the excess amount, and the company may choose which of them to direct a claim for reimbursement to.

If the principal of a benefit claim is lower than the excess based on its amount on the date of loss, no benefits are paid from the insurance. The company does not then contribute to costs related to the benefit claim unless the principal of the claim itself, excluding the costs, exceeds the excess amount.

2. Insurance Premiums

Art. 9. Determination of premiums

The premium for insurance is calculated in accordance with the company's premium schedule. The company reserves the right to determine the renewal premium, including in accordance with a new premium schedule, taking into account general changes in risk, specific changes in risk, price level developments, loss and business history, and other factors.

Where the premium is calculated on the basis of variable factors, including turnover, wages, number of employees, or machines or equipment, a provisional premium shall be estimated at

the start of the insurance period and the final premium shall be paid at the end of it. The policyholder must provide the company, within one month of the end of the insurance period, with the information considered necessary for the final determination of the premium. If the information is not received within that time, the company may determine the final premium as it considers fair. If the final premium is higher than the provisional premium calculated, the policyholder must pay the difference within one week of being required to do so. If the final premium is lower than the provisional premium, the company must refund the difference within one week of the calculation being possible.

Art. 10. Payment of premiums

The premium for the insurance falls due on the first day of each insurance period. If payment of the insurance premium is spread over up to 12 months, the due date for each instalment is the first day of each month. If the premium is spread in this way, interest accrues on the outstanding balance of the premium in accordance with the company's rate schedule. The policyholder is obliged to pay the premium on its due date and must pay for the period during which the insurance is in force. The company sends the policyholder a notice of payment of the premium. If the premium is not paid within the payment deadline, default interest accrues on the premium.

A request for payment of the premium is sent electronically, e.g. as a request in the policyholder's online bank, by email, or via "My Pages" on the company's website. The policyholder may request that a payment request be sent by post to the policyholder's address as registered with the National Registry, and the policyholder is obliged to notify the company of changes to their address.

Art. 11. Due date and default

If the premium is not paid when the payment deadline expires, whether a single payment or an instalment, the company is entitled to send a special warning demanding payment within 14 days, failing which the insurance and the company's liability lapse if the premium remains unpaid, cf. Arts. 33 and 96 of the ICA. The policyholder must nonetheless pay the premium for the period during which the insurance was in force.

If the policyholder has not made a specific arrangement with the company for payment of the premium before the deadline expires, the premium is considered unpaid if it is not paid in full when the deadline expires.

Where insurance is taken out by a unilateral declaration of the policyholder, the payment deadline for the premium is 7 days from the date the company sent a request for payment. If the premium is not paid in full within that deadline, the insurance immediately lapses without further notice.

Art. 12. Premium refunds

If the policyholder or the company exercises its right, under these terms and the ICA, to terminate the insurance contract during the insurance period, the company refunds the premium proportionally. If the premium is determined on a seasonal basis, this may be taken into account in the refund of the premium, cf. Art. 17(2) of the ICA. If the value of the insured items or other interests is paid out in the event of a total loss and the insurance lapses as a result, no premium refund is made.

Art. 13. Currency and exchange rate

Insurance amounts are in Icelandic króna (ISK) unless otherwise required by law or specifically stated on the insurance certificate. Benefits are paid in Icelandic króna unless specifically

agreed otherwise. If the sum insured or the excess amount is stated in another currency, they shall at the time of settlement be converted into Icelandic króna at the mid-rate of the Central Bank of Iceland on the date of loss.

Art. 14. Sum insured

The sum insured is stated on the insurance certificate or in each individual set of special terms and generally corresponds to the total value of the insured item or an assessment of the risk. For insurance on real property, the amount is based on the fire insurance valuation at the start of the insurance period. The sum insured sets the maximum benefits together with costs that may be paid during the insurance period as a whole and also in respect of each individual loss event per insured party or in respect of an individual item, pair, or set as applicable. However, the sum insured is not proof of the value of the insured interests before the loss event. Where more than one loss event can be traced to the same cause, they are all considered to result from one insured event in liability insurance.

3. Obligations of the Insured Following a Loss Event

Art. 15. Increased risk

The policyholder must notify the company without delay of changes affecting the insured risk in non-life insurance. In the case of personal insurance, changes in occupation or place of residence must be notified to the company. Changes include any changes to the insured location, to the use or scope of use of the insured item, loans, rental, sale or other transfer of the insured item or use rights, registration or deregistration of the insured item, or any other changes that may result in increased risk for the company.

Art. 16. Measures to prevent or limit loss

When an insured event has occurred or there is an imminent risk that one will occur, the insured must attempt to prevent the loss or limit its extent. The insured must also follow the reasonable and appropriate instructions of the company designed to reduce the risk of loss or the extent of a loss. In the event of an accident or illness, the insured must seek medical attention, undergo necessary medical procedures, and in all matters follow a physician's advice. The policyholder and the insured must also do what is within their power to safeguard the company's right of recourse against a third party where applicable, until the company is able to protect its own interests.

Failure to comply with the above obligations may result in a reduction or loss of the right to benefits, cf. Arts. 28 and 93 of the ICA. If the insured has thereby incurred expenses, the company will reimburse them to the extent they are considered justifiable.

Theft, burglary, robbery, vandalism, and assault must always be reported to the police or the nearest authority, and their reports must be presented to the company. When travelling abroad, the above events must also be reported to the tour guide if one is present.

Art. 17. Loss notification and limitation of benefit claims

When a loss has occurred, the insured must notify the company of the insured event without undue delay by verifiable means. The insured forfeits the right to benefits if they do not notify the company of their claim within one year of becoming aware of the circumstances on which the benefit claim is based, cf. Art. 51(1) of the ICA. If the company rejects the insured's claim in whole or in part, the insured forfeits the right to the benefits if they have not commenced legal proceedings or requested that the matter be referred to the Insurance Complaints Committee

within one year of receiving written notice from the company that their claim was rejected, cf. Arts. 51 and 124 of the ICA.

Failure to comply with the duty to notify may result in a reduction or loss of the right to benefits if it leads to a limitation of the company's ability to investigate the circumstances or protect its interests, cf. Arts. 28 and 92 of the ICA.

The insured's claim for benefits may be subject to a limitation period under the rules of Arts. 52 and 125 of the ICA. Special limitation rules may apply under legislation in individual areas.

Art. 18. Duty to provide information following a loss

The insured, or anyone who considers themselves to have a claim against the company, must provide the company with all information and documentation in their possession or available to them that the company needs to assess its liability and pay benefits, cf. Art. 47(1) of the ICA.

If the insured intentionally provides incorrect or inadequate information that they know or ought to know will result in them receiving benefits they are not entitled to, all their rights lapse, cf. Art. 47(2) of the ICA.

4. Factors Affecting the Right to Benefits

Art. 19. Fraudulent conduct or intent of the insured

Anyone who fraudulently breaches their duty of disclosure towards the company forfeits all rights under the insurance contract. If there are multiple insurance contracts, they may also forfeit the right to benefits under those contracts for the same insured event, cf. Arts. 20–21 and 47 of the ICA, as well as Arts. 83 and 120 of the same Act.

If a loss is attributable to the intentional act of the insured, the company's liability lapses. If the insured causes a loss through gross negligence, this may result in a limitation or lapse of the company's liability, cf. Arts. 27 and 90 of the ICA. This does not apply to liability insurance.

Art. 20. Conduct of others

Provisions stating that the insured's or a third party's right to benefits from non-life insurance is reduced or lapses due to the insured's acts or omissions also apply to corresponding conduct of a person who, with the insured's consent, is responsible for the insured item, as well as the conduct of the insured's spouse who lives with them and a person with whom the insured lives in a stable permanent relationship, cf. Art. 29(2) of the ICA.

Where insurance is taken out in connection with business operations, the company may invoke the conduct of the insured's employees, cf. Art. 29(3) of the ICA.

Art. 21. Double insurance

If the interests covered by this insurance are also insured by another insurance, the insured may choose which insurance to claim benefits from, until they have received the benefits they are entitled to. If more than one insurance company is liable for a loss, they shall, unless otherwise agreed, pay benefits proportionally according to each company's liability for the loss, cf. Art. 37 of the ICA. The company that compensates the loss may seek contribution from other companies proportionally. This provision does not apply to accident insurance or personal insurance.

Art. 22. Safety requirements

If the insured has not complied with the safety requirements set out in the company's terms, the company is entitled to reduce or cancel its liability in whole or in part, cf. Arts. 26 and 90 of Act no. 30/2004.

Art. 23. Underinsurance

It is important that the sum insured always corresponds to the value of the insured item. If the sum insured is lower than the value of the insured interests, the company's liability is only proportional to the difference between the sum insured and the total value of the insured item. If the total value of the insured item is higher than the sum insured, the company only pays proportional loss compensation according to the following formula:

$$\frac{\textit{Sum insured} \times \textit{Loss amount}}{\textit{Actual value of the insured item}}$$

5. Handling of Benefit Claims and Settlement of Benefits

Art. 24. Value added tax

If the insured or the claimant is entitled to a refund of value added tax, the company reserves the right to arrange the execution of repairs and/or settlement of a loss in such a way that the VAT refund results in a reduction of the loss amount in accordance with the relevant laws and regulations.

Art. 25. Set-off

When the policyholder becomes entitled to benefits, the company has the right to set off unpaid premiums against insurance benefits it is required to pay, cf. Arts. 49 and 122 of the ICA.

Art. 26. Interest

In cases where the amount of benefits is not based on the price level at the date of settlement, the company pays interest on benefit amounts, cf. Arts. 50 and 123 of the ICA. In liability insurance, interest that the insured is required to pay on a damages claim is paid in accordance with the provisions of the Act on Interest and Indexation no. 38/2001 or the provisions of the Act on Damages no. 50/1993. Default interest is governed by the rules of Chapter III of the Act on Interest and Indexation.

Interest is paid even if the company's payment therefore exceeds the sum insured. If the combined total of principal and interest does not reach the excess under the insurance, the company does not pay interest. If the sum insured is lower than the principal of the benefit amount, only the proportion of interest corresponding to the sum insured is paid.

Art. 27. Determination of benefits

It is not intended that the insured should profit from an insured event, and the insurance is only intended to compensate actual financial loss. Non-life insurance is intended to compensate the claimant for actual and demonstrable financial loss. The aim is that the claimant's financial position or the condition of the insured item should be the same as it was before the loss, as much as possible and within the scope of the relevant insurance. In personal insurance, benefits are paid in accordance with the sum insured in force on the date of loss as stated on the relevant insurance certificate.

Art. 28. Delivery and ownership of damaged items

If the company has paid benefits equal to the total value of the insured movable property in the event of a total loss, the company is entitled but not obliged to acquire the damaged item. The insured is obliged to deliver the damaged item and/or issue a deed of transfer if so required. The insured must ensure that no mortgage or other indirect property rights encumber the damaged item. The insured must assist with the registration of title and delivery free of charge.

Art. 29. Loss during the insurance period

If the company has paid a loss from the insurance during the insurance period, the sum insured decreases by the amount of the benefits from the date of loss until the end of the insurance period, unless a proportional additional premium is paid for the remaining period.

Art. 30. Company's right of recourse

If the insured has a claim for damages against another party in respect of a covered loss, the company acquires that right to the extent it has paid benefits for the loss.

Art. 31. Obtaining information and payment of costs

In the case of personal insurance, the company pays the usual cost of obtaining medical certificates it considers necessary for the processing of a benefit claim, such as injury certificates, simple certificates of incapacity for work, and final reports. In addition, the company pays the cost of other certificates it considers necessary and that are obtained at its request or with its consent. The company also pays for disability assessments outside court proceedings obtained in consultation with the company, but not where it is evident that there are no permanent consequences or that they will not reach the required minimum level.

6. Exclusions from Liability

Art. 32. Terrorism, armed conflict, nuclear energy

The insurance does not cover loss directly or indirectly caused by nuclear energy, ionising radiation, radioactive substances, wars, terrorism, invasion, military operations, rebellion, civil war, civil unrest, riots, uprisings, strikes, or similar actions.

Art. 33. Natural disasters

The insurance does not cover loss directly or indirectly caused by earthquakes, volcanic eruptions, landslides, avalanches, floods, tidal surges, and natural disasters of any kind regardless of their causes. Property loss caused by natural disasters is compensated by the Natural Disaster Insurance of Iceland pursuant to Act no. 55/1992 in accordance with the rules of that institution. This provision does not apply to life and illness insurance.

Art. 34. Cyber attacks

The company does not cover loss caused by cyber attacks that cause damage to any kind of computer hardware, software, or electronic data, unless specifically stated on the insurance certificate. The same applies to any loss occurring because access to data, software, or other computer equipment is restricted or loss occurring from the use of such equipment, whether the use is at the insured's will or is the result of the actions of a third party.

Art. 35. Industrial action and epidemics

The company does not cover loss arising from work stoppages, strikes, or industrial action of any kind. The company does not cover loss that directly or indirectly arises from an epidemic or communicable disease of any kind. The exclusion for epidemics and communicable diseases does not apply to personal insurance, travel insurance, or medical expense insurance unless stated in the relevant terms.

7. Data Protection and Processing of Personal Data

Art. 36. Data protection

All processing of personal data by the company takes place in accordance with the Act on Data Protection and the Processing of Personal Data. Personal data means information that can be identified directly or indirectly, e.g. by reference to an identifier such as a name, national identity number, location data, etc., cf. Art. 3(2) of the DPA. Processing of personal data means an operation or set of operations on personal data, whether or not automated, such as collection, recording, categorisation, transmission, and distribution, cf. Art. 3(4) of the DPA.

The company's privacy policy is accessible on the company's website, where further details of how the company processes personal data and for what purposes can be found. The Act also contains provisions on the retention period for personal data, the rights of individuals, and the contact details of the company's data protection officer.

Art. 37. Processing of personal data

The company processes personal data in accordance with these terms, special terms, rules, and in accordance with the company's privacy policy and the provisions of applicable data protection legislation at any given time. The processing of personal data is a prerequisite for the services provided by the company and necessary for the company to fulfil its obligations under the insurance contract.

The company only requests information it considers necessary to provide service to the insured and the policyholder. The same applies to the collection of information from third parties. The company also transfers personal data to various third parties who provide services to the company, such as insurance sales and customer service. The company remains responsible for such processing of personal data even though others may provide the service. Personal data is only used for the purposes for which it was collected.

The company is the controller of the information provided to it by the policyholder on the basis of a contract with the company, cf. Art. 3(6) of the DPA. The company only stores information necessary for it to service the insured or the policyholder, or information required by law and regulations to be collected. The same applies to information the company collects from public bodies on the basis of a contractual relationship.

Personal data is retained for as long as the business relationship lasts and as required by law or the company's interests, and as long as there is a legitimate reason to do so.

On the basis of a contractual relationship with the policyholder, a statutory basis, consent, or other legitimate interests, automated decisions about services are made, including on the basis of profiling. The purpose of such processing is to provide customers with personalised service. Automated decision-making and, as applicable, profiling is carried out using the personal data the company collects from the policyholder or already holds about the insured, e.g. age, place of residence, loss frequency, number of insurances, etc., and premiums are determined partly on the basis of this information. An example of automated decision-making is the granting of

insurance based on information provided by the policyholder. The policyholder can themselves control the extent to which they wish to receive personalised service based on profiling.

On the basis of a contractual relationship, statutory obligation, statutory basis, and compelling interests, the company uses personal data to develop and/or promote products, services, or business solutions, as well as to ensure the quality of the services provided, monitor the policyholder's status, and ensure the correct determination of premiums.

Art. 38. Marketing

The processing of personal data may take place for marketing purposes on the basis of the company's legitimate interests.

The company reserves the right to use certain personal data of the policyholder for the purpose of developing and promoting products, services, or business solutions. Personal data is also used to improve service to the insured and the policyholder. The company may need to contact the insured for this purpose, e.g. by email, telephone calls, text messages, via My Pages, or by comparable means of communication.

The company processes necessary information about the policyholder and the insured through cookies on the company's website and on My Pages, including to tailor the website to users' needs and to ensure the best possible experience, and to identify deviations from normal business behaviour.

8. Miscellaneous Provisions

Art. 39. Loss database

All losses reported to the company are recorded in a special loss database hosted by Creditinfo. The company records in the loss database the national identity number of the claimant together with information on the type of insurance, type of loss, date of loss, date of registration in the loss database, location of loss, and a unique identifier of the claimant, such as vehicle registration number.

The purpose of recording the above information in the loss database is to seek to prevent insurance fraud and overpayment of insurance benefits, e.g. where a loss event is reported to more than one insurance company without valid reason. Processing of information for other purposes is prohibited.

Only employees of the company who work on loss settlement have access to the loss database, and their access is conditional on them stating the reason for the processing each time information is looked up. All information will be deleted from the loss database when it is no longer needed for the purposes of the processing, and in any event no later than ten years after the information was registered.

Art. 40. Sales commission

The company ensures that commission for the sale of insurance does not conflict with the obligation to prioritise the interests of customers and to uphold sound and fair business practices.

Where an intermediary handles the sale of insurance, the company pays commission on insurance sales. Commission is generally paid as a proportion of the price of the insurance.

Art. 41. Information provision

The company has adopted a corporate social responsibility policy which includes, among other things, respecting the natural environment and increasing environmentally friendly elements throughout all of the company's operations. In light of this policy, the company does not in general provide information or documents to policyholders in paper form, unless the policyholder has specifically requested this through a dedicated request on My Pages.

The company sends policyholders information and notices relating to their business through My Pages, by email, or by other means of communication used by the company at any given time, unless otherwise required by law. The company sends automated notifications (push notifications) electronically via My Pages. The policyholder can change such automated notifications on My Pages.

Art. 42. Rights of third parties

This insurance does not benefit mortgagees unless the company is specifically notified and this is recorded on the insurance certificate. A co-insured can never acquire greater rights against the company than the insured.

Art. 43. Handling of disputes

If the company rejects a benefit claim in whole or in part, such a dispute may be referred to the Insurance Complaints Committee. Similarly, any dispute concerning the provisions of the Insurance Contracts Act may be referred to the Committee. In certain cases, disputes about amounts may also be referred to the Committee. The Insurance Complaints Committee also considers disputes about amounts up to certain limits. The policyholder can obtain further information about the Insurance Complaints Committee on the website of the Financial Supervisory Authority (fme.is) and on the Committee's website (www.nefndir.is/vatrygging).

Disputes about the company's liability regarding fault and apportionment of fault under Art. 5 of the Motor Vehicle Insurance Act no. 30/2019 may be submitted to the Insurance Companies' Loss Committee. The opinion of the Loss Committee is not binding and rulings of the Loss Committee may be appealed to the Insurance Complaints Committee.

Art. 44. Domicile and jurisdiction

The company's domicile and place of jurisdiction is in Reykjavík. Legal proceedings that may arise in connection with this insurance contract shall be brought before the District Court of Reykjavík, unless otherwise required by international agreements to which Iceland is a party.

These terms are valid from 08.06.2026