Occupational Disability Insurance

Policy Terms L-15

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.

Definitions

The company: The party who, by contract, undertakes to provide insurance — here Vörður líftryggingar hf.

Policyholder: The person who enters into an individual contract with the company for the insurance.

Insured: The individual to whom the insurance applies.

Insured event: An occurrence which, pursuant to the insurance contract, may give rise to payment of benefits.

Insurance certificate: The company's confirmation that an insurance contract has been concluded.

Beneficiary: The person designated by the policyholder in the insurance contract who is entitled to receive the sum insured after an insured event has occurred.

Main due date: The main due date of the insurance is once a year and is the first day of the month in which the insurance originally came into effect, unless otherwise agreed.

Financial Supervisory Authority: The public supervisory authority that oversees the operations of insurance companies in Iceland, pursuant to Act no. 100/2016 on Insurance Activities.

Occupational disability: Permanent reduction in working capacity caused by accident or illness.

Accident: A sudden, external event that causes bodily injury to the insured and occurs against their will.

Illness: A deterioration of health that does not qualify as an accident as defined above. The illness demonstrably results in a reduction of the insured's physical or mental capacity. The onset of an illness is determined by the date of diagnosis.

Art. 1. Introduction

This insurance covers temporary and permanent reduction in working capacity due to accident or illness. The basis of the insurance contract is these policy terms, the information on the insurance application, and other documents related to the contract, both at the time of its original conclusion and subsequently.

The insurance is governed by the insurance certificate together with its endorsements and special terms, these policy terms, the company's general terms no. AS-1, and the provisions of the Insurance Contracts Act no. 30/2004. Provisions in the general terms take precedence over provisions in these terms where there is any conflict.

Art. 2. Commencement and term of insurance

2.1 The insurance applies anywhere in the world.

2.2 The insurance is valid from the date of issue stated on the insurance certificate and renews annually until the time specified on the insurance certificate, up to a maximum of the insured's 60th birthday. The company does not insure individuals under the age of 18.

2.3 The policyholder has a 30-day period (cooling-off period) in which to cancel the insurance from the time they receive notification from the company that the contract has come into effect.

Art. 3. Risk assessment procedures

The company follows specific risk assessment procedures for personal insurance, both its own procedures and the detailed procedures of its reinsurer at any given time.

Art. 4. Obligations of the insured during the insurance period

4.1 Any change in the insured's place of residence or occupation must be notified in writing. The company will in such cases assess whether the insurance should continue unchanged, continue under amended terms, or lapse. If the insured resides abroad for more than six consecutive months, the company is entitled to cancel the insurance without notice.

4.2 If the insured fails to notify such a change, the company's liability may lapse pursuant to the provisions of Act no. 30/2004.

4.3 If the insurance lapses or the premium changes due to a change in risk, the premium is recalculated for the remaining period of the insurance.

Art. 5. What the insurance covers

5.1 The company pays benefits pursuant to the insurance certificate, renewal letter, and these terms if the insured's working capacity is reduced by 50% or more due to illness or accident, as set out in these terms. At 100% reduction in working capacity, full benefits are paid, cf. Arts. 8.1 and 11, and at lesser reductions the same percentage of benefits is paid as corresponds to the reduction.

5.2 In assessing reduced working capacity, regard shall be had to the insured's ability to perform work considered normal for an individual with unimpaired working capacity of a similar age, with comparable work experience and similar education and professional skills.

5.3 The company determines the extent of the reduction in working capacity pursuant to Art. 5.2 and its permanence. The company's determination is based on the assessment of expert parties, a physician, and a lawyer.

5.4 A claim for benefits or the sum insured falls due 14 days after sufficient proof of the company's liability has been received and the amount of benefits can be determined. The company reserves the right to obtain the necessary and sufficient documentation before benefits are determined and paid.

Art. 6. Sum insured

The sum insured is chosen on the insurance application and is stated on the certificate and in the renewal letter. It is used to determine the monthly benefits pursuant to Art. 8 and the disability benefits for permanent reduction of working capacity pursuant to Art. 11.

Art. 7. Benefits for temporary reduction in working capacity

7.1 If an accident or illness causes the insured a temporary reduction in working capacity, the company pays, after the waiting period has elapsed, monthly benefits in accordance with Art. 8 for as long as the insured's working capacity remains reduced, up to a maximum of 30 months — see Art. 9 for further details.

7.2 When it can be assumed that the insured's condition has stabilised, a permanent reduction in their working capacity shall be assessed.

7.3 While benefits for temporary reduction in working capacity are being paid, the insured's obligation to pay the insurance premium is suspended.

Art. 8. Amount of monthly benefits for temporary reduction in working capacity

8.1 To account for the taxation of monthly benefits, full benefits are determined on the basis of the sum insured in force on the date of loss by multiplying the sum insured by the factor 1.6.

8.2 The benefit amount changes monthly in line with the consumer price index.

Art. 9. Cessation of payments for temporary reduction in working capacity

Benefit payments for temporary reduction in working capacity cease if:

- the insured's working capacity is reduced by less than 50%
- the insured refuses or fails to undergo necessary medical treatment or therapy intended to improve their working capacity
- the insured refuses or fails to comply with the company's requirement to undergo an assessment of permanent reduction in working capacity
- the insured dies
- an assessment of the insured's permanent reduction in working capacity (disability assessment) is available
- the insured reaches the age of 65
- the reduced working capacity is due to an accident and two years have elapsed from the date of loss
- the reduced working capacity is due to illness and three years have elapsed from the date of loss

Art. 10. Benefits for permanent reduction in working capacity

10.1 If an accident or illness causes the insured a permanent reduction in working capacity and an assessment to that effect is available, the company pays disability benefits as a lump sum in accordance with Art. 11.

10.2 Permanent reduction in working capacity (cf. Art. 5) of the insured is determined at the latest three years from the date of loss, except where the disability is due to an accident, in which case it is determined at the latest two years after the date of loss. If it is likely that the insured's condition could be improved by surgery or other such procedures and they refuse without valid reason to undergo such procedures, regard shall nonetheless be had in determining the disability to the possible improvement that such procedures might bring.

10.3 If the insured dies before a final disability assessment has been carried out, no benefits are paid for permanent disability.

10.4 Upon payment of disability benefits under this article, the insurance lapses.

Art. 11. Amount of disability benefits for permanent reduction in working capacity

Full disability benefits are determined on the basis of the sum insured in the month in which the disability assessment is available, by discounting the sum insured at an annual rate of 3.5% from the time payments under Arts. 7.1 and 7.2 ceased until the end of the benefit period.

Art. 12. Limitations on the company's liability

12.1 The insurance does not cover consequences arising from:

- accidents the insured may suffer as a result of a registered motorised vehicle
- accidents occurring in mountaineering, abseiling, boxing, wrestling and combat sports, motor sports, parachuting, scuba diving, and bungee jumping
- accidents suffered by the insured in self-help, during participation in criminal conduct, under the influence of anaesthetic and/or narcotic substances, or while intoxicated, unless it is proven that there was no connection between such a condition and the accident
- accidents or illnesses caused by the intent or gross negligence of the insured
- illnesses caused by the consumption of alcohol, poisonous, anaesthetic, or recreational substances
- accidents or illnesses directly or indirectly caused by nuclear changes, ionising radiation, contamination from radioactive materials, war, invasion, rebellion, terrorist acts, or comparable events

12.2 The insurance does not cover reduction in working capacity suffered by the insured during pregnancy, at childbirth, or due to miscarriage, unless the reduction in working capacity is caused by complications.

Art. 13. Waiting period

13.1 The waiting period refers to the period from the date of the accident or the onset of illness (date of loss) that, pursuant to the insurance certificate, terms, or renewal letter, must elapse before benefit payments commence. No benefits are paid for this period. The waiting period under this insurance is 6 months.

13.2 If the insured's working capacity is again temporarily reduced due to the same health loss that previously gave rise to benefit payments under this insurance, benefit payments resume immediately without regard to the waiting period, cf. however Arts. 7.1, 7.2, and 9.

Art. 14. Benefit period

The benefit period is stated on the insurance application and on the certificate/renewal letter and is the period from the date of loss used as the basis for calculating disability benefits pursuant to Art. 11. The benefit period never extends beyond the insured's 65th birthday.

Art. 15. Measures following an accident or illness

The insured must consult a physician as soon as possible after a reduction in working capacity has occurred, undergo any necessary medical procedures, and follow all physician instructions. The company pays for necessary medical certificates. Benefits are not paid for a period of more than one year prior to the date the application for benefit payments was received by the company.

Art. 16. Premium changes

The premium for this insurance is calculated in accordance with the company's current premium schedule, based on the sum insured and the age of the insured, unless otherwise stated in the policy terms.

Art. 17. Indexation of the sum insured and premium

17.1 The sum insured stated on the certificate and in the renewal letter changes on the 1st day of each month in proportion to changes in the consumer price index from the base index. The base index is the consumer price index published in the month preceding the month of issue/main due date.

17.2 The premium changes in line with the change in the sum insured.

17.3 If the index decreases, this does not result in a reduction of the sum insured or the premium.

These terms are valid from 01.01.2019