

Illness and Accident Insurance

Policy Terms S-2

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Illness and Accident Insurance provide financial protection for the insured if they suffer permanent medical disability following an accident or illness. The insurance also provides protection for the insured if they suffer temporary incapacity for work due to accidents or illness. The insurance additionally pays death benefits in the event of an accident.

The insurance is governed by the 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, hereinafter referred to as ICA. Provisions in these terms take precedence over provisions in the general terms where there is any conflict.

Definitions

The company: Vörður tryggingar hf.

Proportional rule: A calculation method for combined medical disability. If the claimant has suffered personal injury in a previous accident or has previously been assessed for medical disability (impairment points), the proportional rule applies. The same applies if the claimant sustains multiple injuries in one and the same accident. The rule is based, among other things, on the principle that permanent medical disability cannot exceed 100%. When the proportional rule is applied, an assessment is made of how the claimant's various symptoms interact and cause permanent medical disability.

Accident: The word "accident" refers to a sudden external event that causes bodily injury to the insured and occurs against their will. For injuries to limbs and dental fractures, it is only required that a sudden event has occurred that causes bodily injury to the insured against their will. Death benefits are paid only if the accident is the direct and sole cause of the insured's death.

Permanent medical disability: Benefits for medical disability are calculated based on a medical assessment of the extent of physical or mental harm considered to have resulted from an accident. The harm shall be assessed in accordance with the Disability Assessment Committee's impairment table. When determining the amount of compensation for permanent medical disability, the nature and extent of the consequences of the injury from a medical perspective shall be taken into account. Permanent medical disability shall be assessed in impairment points and shall be based on the claimant's state of health once it has stabilised and a physician considers that no further recovery is to be expected. Permanent medical disability is independent of the cause of the bodily injury in each case, and in assessing it, no account is taken of the education, occupation, or interests of the person who has suffered the bodily injury.

Disability Assessment Committee: Three members appointed pursuant to Art. 10 of the Act on Damages. The Committee draws up an impairment table assessing physical and, as applicable, mental capacity reductions in individuals who have sustained bodily injury.

Chapter 1. Illness Insurance

Art. 1. What does the insurance cover?

The company pays benefits for illness suffered by the insured that does not result from an accident, as stated on the certificate, provided the illness results in permanent medical disability or temporary incapacity for work.

The benefit items covered by the insurance are stated on the certificate.

An illness period is the period during which continuous incapacity for work exists due to illness, whether one or more illnesses form the basis of the incapacity. Benefits for periods of isolation in quarantine at home or in hospital on the orders of health authorities are paid in the same manner as for illness.

Art. 2. Benefits for permanent medical disability

- a. If available medical records indicate that the insured has suffered permanent consequences due to illness, Vörður's staff will assess the extent of these with reference to the Disability Assessment Committee's impairment table. The company may obtain an assessment from an external specialist of the consequences of the illness if the company's staff consider this warranted.
- b. Permanent medical disability below 25% is not covered. Loss or impairment of a limb or organ that was unusable before the illness does not give rise to benefits for permanent medical disability. Loss or impairment of a limb or organ that was previously impaired shall be assessed for permanent medical disability with reference to the pre-illness impairment.
- c. Illnesses that cause only disfigurement are not covered.
- d. In determining disability (medical disability), no account is taken of occupation, special abilities, or social status. The level of disability can never exceed 100%.
- e. Disability shall be assessed at the earliest one year after the start of the covered illness period and no later than when payment of daily allowances ends, cf. Art. 3, having regard to the insured's condition at that time.
- f. The company reserves the right to apply the proportional rule in assessing permanent medical disability.
- g. If the insured or the company considers that disability may change, either party may request that the final assessment be deferred, but not beyond three years from the start of the most recent illness period. Even if the insured's condition may be expected to change, disability must without exception be assessed no later than three years from the start of the most recent illness period. In such a case, the disability shall be determined as it is expected to be on a final basis.
- h. 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, possible improvement that such procedures might bring shall nonetheless be taken into account in determining the level of disability.
- i. Benefits for permanent medical disability are paid in proportion to the sum insured in force at the start of the illness period, cf. Art. 20 of these terms. The sum insured at the start of each insurance period is stated on the certificate.

Art. 3. Benefits for temporary incapacity for work

- a. If illness causes the insured temporary incapacity for work of 50% or more, the company pays daily allowances in accordance with the amount in force at the start of

the illness period, cf. Art. 20 of these terms. Daily allowances are paid in proportion to incapacity from the end of the waiting period and for as long as the insured is incapacitated in the opinion of a physician, but not longer than the maximum benefit period stated on the certificate. The waiting period refers to the period that, according to the certificate, must elapse before daily allowance payments begin. No daily allowances are paid for this period.

- b. If the insured's incapacity is partly attributable to causes other than illness, daily allowances are reduced in direct proportion to the contribution of those causes to the incapacity.
- c. The company assesses incapacity and its permanence on the basis of medical certificates and other available documentation.
- d. Benefits for incapacity for work arising from the same illness or the same illness case are not paid for longer than the period stated on the certificate. The same applies to illnesses that are medically related.
- e. If the interval between two or more related illness cases is shorter than the maximum benefit period stated on the certificate, the rule applies that the incapacity periods are added together and benefits are not paid for longer than the maximum period stated on the certificate.
- f. If a new period of incapacity for work due to illness begins within twelve months of the end of the previous incapacity period, there is no waiting period before payments begin.
- g. Benefits are not paid simultaneously for incapacity due to both accident and illness.

Art. 4. What does the insurance not cover?

The insurance does not cover:

- a. incapacity for work suffered by the insured during pregnancy, at childbirth, or due to miscarriage, except where the incapacity is due to complications of pregnancy. In such cases the waiting period is not less than one month.
- b. illness whose symptoms first appeared before the insurance came into effect, unless the company was aware of the illness at the time it came into effect and granted the insurance nonetheless.

Chapter 2. Accident Insurance

Art. 5. What does the insurance cover?

The company pays benefits for an accident suffered by the insured, as stated on the certificate, provided it results in:

- Permanent medical disability
- Temporary incapacity for work
- Support leave due to domestic violence
- Dental fracture
- Death

The benefit items covered by the insurance are stated on the certificate. Dental fracture is only included in the insurance where disability benefits are specified as a benefit item.

In addition, the insurance pays benefits for temporary incapacity for work following domestic violence.

Art. 6. Benefits for permanent medical disability

- a. If available medical records indicate that the insured has suffered permanent consequences due to the accident, Vörður's staff will assess the extent of these with reference to the Disability Assessment Committee's impairment table. The company may obtain an assessment from an external specialist of the consequences of the accident if the company's staff consider this warranted.
- b. The insured must request an assessment from Vörður in accordance with Art. 6(a) no later than three years from the date of the accident, failing which their right to benefits under the insurance lapses.
- c. If an accident causes the insured permanent medical disability within three years of the accident, benefits are paid on the basis of the sum insured on the date of the accident, cf. Art. 20 of these terms.
- d. Disability shall be assessed as a percentage in accordance with the Disability Assessment Committee's impairment table in force at the time of assessment. If the injury sustained by the insured is not listed in the Committee's impairment table, it shall be assessed separately with reference to the table. Disability can never exceed 100%.
- e. Accidents causing only disfigurement are not compensable.
- f. In determining disability (medical disability), no account is taken of occupation, special abilities, or social status.
- g. Disability is assessed at the earliest one year after the accident having regard to the condition of the injured person, or when a physician considers the permanent consequences of the accident to have become apparent, but no later than three years after the accident. If the injured person or the company considers that disability may change, either party may request that the final assessment be deferred, but not beyond three years from the date of the accident. Even if the injured person's condition may be expected to change, disability must without exception be assessed no later than three years after the accident. In such a case, the disability shall be determined as it is expected to be on a final basis.
- h. Either party may request a new disability assessment one year after the previous one was conducted, at their own cost. The insured is then obliged to allow a physician nominated by the company to examine them. If the insured evades this obligation, the company may suspend payment to them until the examination has taken place.
- i. The company reserves the right to apply the proportional rule in assessing permanent medical disability.
- j. If it is likely that the injured person's condition could be improved by surgery or other such procedures and they refuse without valid reason to undergo such procedures, possible improvement that such procedures might bring shall nonetheless be taken into account in determining the level of disability.
- k. Benefits for permanent medical disability are paid in proportion to the sum insured in force on the date of the accident, cf. Art. 20 of these terms.

Art. 7. Benefits for temporary incapacity for work

- a. If an accident causes the insured temporary incapacity for work, the company pays daily allowances in accordance with the amount in force on the date of the accident. Daily allowances are paid in proportion to incapacity from the end of the waiting period and for as long as the insured is incapacitated in the opinion of a physician, but not longer than the maximum benefit period stated on the certificate and not for any period beyond 3 years from the date of the accident. The waiting period refers to the accident period that, according to the certificate, must elapse before daily allowances begin. No daily allowances are paid for this period.
- b. If the injured person's incapacity is partly attributable to causes other than the accident, daily allowances are reduced in direct proportion to the contribution of those causes to the incapacity.
- c. The company assesses incapacity and its permanence on the basis of medical certificates and other available documentation.
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Art. 8. Support leave due to domestic violence

- a. If domestic violence causes the insured to seek shelter and they are thereby unable to attend work, the insurance pays daily allowances to the insured in accordance with the amount stated on the certificate for up to 2 weeks without a waiting period. Confirmation must be provided from the professional consulted following the violence. The confirmation must state when the professional was first consulted and that the insured is staying in a shelter or receiving ongoing assistance from the professional. Benefits under this provision are paid once during the insurance relationship, regardless of the number of renewals.
- b. Benefits paid under Art. 8(a) do not in any way limit the company's right to reject or reduce liability for other unrelated loss events, e.g. if it subsequently comes to light that the insured provided the company with incorrect or inadequate information when taking out the insurance. Equally, a benefit payment under Art. 8(a) does not limit the company's right to cancel the insurance if it subsequently comes to light that the insured provided the company with incorrect or inadequate information when taking out the insurance.

Art. 9. Benefits for dental fractures

- a. The insurance pays for repairs to healthy and well-maintained teeth that are fractured or damaged in an accident, but not in an occupational accident under the Social Insurance Act, or fractures that occur when the insured is eating.
- b. The company's payment is limited to 5% of the base disability sum insured per accident and combined payments for accidents in one insurance year to 7.5% of the same amount.
- c. The insurance only covers dental damage that is not covered by another party, e.g. the Social Insurance Administration under the Accident Insurance Act no. 112/2008 and Regulation no. 451/2013 on health insurance participation in dental treatment costs of the insured.

Art. 10. Death benefit

- a. If the insured dies as a result of an accident within one year of the date of the accident, the amount stated on the certificate and in force on the date of the accident is paid to the spouse, less any benefits for permanent medical disability that the company may have paid in respect of the same accident. If there is no spouse, death benefits are paid to heirs under the Inheritance Act no. 8/1962 or a will. If death benefits are to be paid to another person, the insured must designate them specifically in writing. In such cases the beneficiary is stated on the certificate.
- b. If the insured dies as a result of an accident more than one year after the date of the accident but before a final disability assessment has been conducted, benefits are paid on the basis of a provisional disability assessment.
- c. Death benefits for an accident are paid only if the accident is the direct and sole cause of the insured's death. The company is entitled to have the deceased autopsied to establish the cause of death and other matters that may be relevant to the company's liability.

Art. 11. What does the insurance not cover?

The insurance does not cover:

- a. loss or disability attributable to accidents that occurred before the insurance came into effect or after the insurance lapsed.
- b. accidents occurring in competition or training in preparation for competition in any sport. Sports in this context means individual or team sports practised regularly under the guidance of a coach, organised by clubs or associations whose purpose is sporting competition.
- c. accidents occurring while mountaineering, abseiling, boxing, any form of wrestling or combat sports, motor sports, hang-gliding, parachuting, scuba diving, bungee jumping, and/or sports or activities comparable and related in nature to the foregoing.
- d. accidents occurring in any kind of flight, unless the insured is a passenger on a scheduled or chartered flight operated by a party holding the required licences from the relevant aviation authorities.
- e. loss arising from disc herniation, lumbago ischias, osteoarthritis, or any other rheumatic disease, even if an accident is considered a proven cause.

Some of the risks excluded under this article may nonetheless be included in the insurance by endorsement on the certificate and payment of an additional premium.

Art. 12. Contributing causes

If illness, infirmity, or a pathological condition of the insured is a contributing cause of their death, no death benefits are paid. This applies regardless of whether the condition existed at the time of the accident or developed later, without being directly and solely a consequence of an accident covered by the insurance.

Chapter 3. General Provisions

Art. 13. Who is insured?

The insured is the party stated on the certificate.

Art. 14. Where does the insurance apply?

- a. The insurance applies anywhere in the world.
- b. The illness insurance applies for up to six months from the date of departure from Iceland, unless otherwise agreed and endorsed on the certificate.

Art. 15. Age limits

- a. This is a combined insurance that includes both illness insurance and accident insurance. The illness insurance lapses at the renewal date when the insured has reached the age of 67, unless otherwise agreed and stated on the certificate. After that, the scope of benefits under Chapter 1 no longer applies to the insurance. The accident insurance lapses at the renewal date in the year the insured reaches the age of 75.
- b. Children under the age of 16 are not insured against temporary incapacity for work and not for death benefits exceeding the cost of funeral expenses.

If the insured is 70 years of age or older, the maximum benefits from the accident insurance are the following percentages of the sum insured:

Age	Benefit percentage
70 years	80%
71 years	60%
72 years	40%
73–74 years	20%

Art. 16. General exclusions from liability

The insurance does not cover accidents or illnesses:

- a. suffered by the insured in self-help or while participating in a criminal act.
- b. arising from sunbathing, medical treatment, surgery, or medication, unless the treatment is undertaken on a physician's advice for a covered accident and carried out at a recognised healthcare institution.
- c. caused by food poisoning, drink poisoning, or the consumption of toxic or recreational drugs.
- d. caused by toxic gases, unless this occurred suddenly and against the will of the insured.
- e. caused by terrorist acts involving any kind of chemical effects and/or poisoning, including from bacteria and viruses.
- f. caused by insect bites or stings.
- g. caused by the consumption of alcohol, habit-forming or narcotic substances, or other stimulant or sedative substances.

Art. 17. Measures following an accident

The injured person must seek medical attention immediately after an accident, undergo necessary medical procedures, and in all matters follow a physician's advice. The accident must be reported immediately on the company's designated forms if possible, otherwise provisionally by other means.

When an accident occurs, the company is entitled to have its medical adviser examine the insured and to obtain information on the insured's prior health. The company pays the cost of necessary medical certificates in connection with an insured event when obtained at the company's request. Necessary certificates are deemed to include injury certificates, certificates of incapacity for work, and the treating physician's final report. The company's approval is required for obtaining other certificates.

Art. 18. Changes in risk

If the certificate states that the insured is engaged in a specific occupation and that occupational context changes, the policyholder/insured must notify the company without delay. In such circumstances the company is entitled to increase the premium from the time the change in risk occurred.

If the company has not received notification under paragraph 1 by the time the first premium following the change in risk is paid at the latest, and this failure results in the premium not being increased, the company's liability is reduced proportionally, cf. Art. 88 of the ICA.

Art. 19. Due date of benefits

The insured, or the person entitled to benefits, may demand payment 14 days after the company had the opportunity to obtain the documentation needed to assess its liability and determine the amount of benefits, cf. Art. 121 of the ICA.

Art. 20. Index-linking of benefit amounts and age-related premium

The sums insured under this insurance follow the development of the general price level in the country, and these amounts and the corresponding premium therefore change in accordance with the consumer price index at each renewal of this insurance. The illness insurance premium increases at each renewal in line with the age of the insured.

Benefit amounts are calculated on the basis of the sums insured on the date of the accident but change with the consumer price index based on the price level at the beginning of the preceding month as follows:

- a. Death benefits change in direct proportion to the change in the index from the date of the accident to the date of death.
- b. Disability benefits change in direct proportion to the change in the index from the date of the accident or the start of the illness period to the date of settlement. Index-linking of disability benefits shall never last longer than three years from the date of the accident or the start of the illness period.
- c. Daily allowances change at any time in direct proportion to the change in the index from the date of the accident or the start of the illness period.

These terms are valid from 05.03.2026

Vörður tryggingar | Sími 514 1000 | vordur@vordur.is | www.vordur.is

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