

Life insurance terms

Policy No. L-7

The insurance contract consists of these insurance terms, information in the application form and any other documents which are linked to the contract, both on its original completion and later, if the liability of the Company has lapsed or become limited and a request has been submitted for the insurance to be reinstated.

The insurance policy and its contents, as well as the provisions of Act No. 30/2004 on insurance contracts also form a part of the insurance contract.

For the purposes of these Terms the following definitions shall apply:

"The Company" means Vörður líftryggingar hf. (Vörður Life Insurance hf.)

"The Policyholder" is the person contracting with the Company on the life insurance.

"The Insured" means the life insured person, as specified in the application.

"The Contract" is the agreement in effect between the Company and the Policyholder on the insurance.

"The Contract Term" is the time from the date of issue of the policy to the end date therein defined.

"Insurance Event" means the death of the life insured before the end of the effective term of the insurance.

"Insurance Amount" means the amount to be paid in the event of the occurrence of an Insurance Event in the form of a lump sum.

"Index" is the consumer price index used for price indexation.

Rules of procedure on risk assessment The Company observes certain rules of procedure in risk assessment for personal insurance, both its own rules and the detailed rules of reinsurers at any time. Information is available on the Company's website.

"The Financial Supervisory Authority" is a government regulator responsible for supervision of the activities of insurance undertakings in Iceland pursuant to Act No. 56/2010 on insurance activities.

Article 1 Beginning and end of the Company's liability

The liability of the Company begins at the time when the Company has received and approved a signed application for life insurance together with other necessary information and certification, but not until the date specified in the application. The Contract Term of the insurance is entered in the insurance policy.

The Insured has 30 days (grace period) to cancel the insurance from the time that the Insured received a notice from the Company confirming the entry into effect of the Contract. After that time the Insured may cancel the insurance at any time during the insurance term. The insurance shall be cancelled in writing.

Article 2 Payment of premiums and default

The first premium shall be paid when the insurance takes effect and subsequent premiums shall be paid on specified due dates. The Insured is granted a 30-day grace period for payment from the date that the Company sends a call for payment of the premium. If the premium then remains unpaid when the grace period has ended, the Company will send a notice with a reminder of the default and a 14-day payment deadline. The Contract will lapse if premiums are not paid by the appointed deadline.

Article 3 Right to reinstate life insurance without new health information

If the Insurance has been in effect for a minimum of one year and the liability of the Company has lapsed as a result of a default on payments the insurance may be reinstated without the provision of new health information if the unpaid premium is paid within three months after the expiration of a 14-day deadline specified in a payment reminder.

Article 4 Settlement of accounts if the Contract is terminated during the Insurance Term

If a Contract which is intended to remain in effect for one year or longer is cancelled during the insurance term the Company shall reimburse the premium for the insurance *pro rata*.

Article 5 Coverage

The Company will pay compensation to the Beneficiary if the Insured dies during the effective term of the Insurance.

Compensation for terminal medical condition

The Insured may request a payment which is the equivalent of the life insurance if the Insured is diagnosed with a terminal medical condition.

Compensation will be paid if the Insured is diagnosed with a medical condition which is considered to be terminal before the end of the insurance term. Terminal medical condition means that the life expectancy of a person is estimated at less than six months. The determination of whether a person meets this criterion will be based on the opinion of the person's specialised physician, the opinion of the Company's specialised physician and comparison with comparable examples of the life expectancy of persons diagnosed with the same medical condition at a similarly advanced stage. Compensation under this item is the Insurance Amount stated in the policy or renewal slip and is always the same as the life insurance amount. Compensation is paid only once and on the payment the life insurance lapses.

Article 6 Beneficiary

If the Insured has not designated a beneficiary of the Insurance Amount the provisions of Chapter XV of Act No. 30/2004 apply.

Article 7 Cancellation

The Company may terminate the Insurance if false or inadequate information has been provided when the Insurance was taken or if the Policyholder or Insured has fraudulently neglected his or her disclosure obligation.

Article 8 Fraud and false information

If the Policyholder or Insured has fraudulently neglected the obligation to inform the Company of events that could influence the Company's assessment, the Company's liability will end in full or in part pursuant to Article 83 of Act No. 30/2004. False and incomplete information also entitle the Company to terminate the Insurance under the provisions of Article 84 of Act No. 30/2004 and any other insurance contract it may have with the Policyholder or Insured without notice.

If the person claiming compensation from the Company provides false information that he or she knows, or should know, will lead to his or her receiving compensation to which he or she is not entitled, the entitlement to compensation will lapse and the Company may then terminate all its insurance contracts with the person, as provided in Article 120 of Act No. 30/2004.

Article 9 Geographical coverage

The Insurance is valid anywhere in the world.

Article 10 Change in risk

If the Insured gives up smoking a written confirmation to such effect may be submitted to the Company for a reduction in premium amounts. The Insured must have abstained from smoking for 12 consecutive months for the reduction in premium to take effect, in which case the premium will be adjusted as of the next renewal after that period.

Article 11 Limitation of the Company's liability

If the Insured commits suicide within twelve months from the entry into effect of the insurance the Company will be released from its liability unless it is regarded as proven that suicide was not contemplated at the time of taking of the insurance, as provided in the second paragraph of Article 89 of Act No. 30/2004.

Article 12 Insurance amount, premium and indexation

The insurance amount is indicated on the insurance policy or renewal slip. On the renewal of a policy the insurance amount and annual premium will be increased in line with changes in the Index from the base Index of the Contract which is noted in the Policy to the Index for the month preceding the renewal. A decrease in the Index will affect neither the Insurance Amount nor the annual premium. The premium for the Insurance is independent of gender, calculated based on the Insurance Amount and adjusted each year based on the Insured's age.

Until the age of 55 the premium will be increased on each principal due date in line with the age of the Insured. As of the age of 56 the premium will be adjusted in line with the Index each year and the Insurance Amount will be reduced in line with the increasing age of the Insured.

Article 13 Payment of compensation and interest

The Company shall be notified of the death of the Insured without unreasonable delay.

The Insurance Amount shall be paid no later than 14 days after satisfactory proof of the liability of the Company is received. The beneficiary is entitled to interest on his or her claim in accordance with Article 123 of Act No. 30/2004.

The Company will pay the cost of procuring documentation that the Company regards as necessary for due process and which is procured at its request. The Company will not pay the cost of legal assistance nor any other expense that accrues in respect of an Insurance Event without the approval of the Company.

Article 14 Limitation period

Claims for compensation under this insurance are limited in time pursuant to the rules of Article 125 of Act No. 30/2004.

Article 15 Cash surrender value and loans

This life insurance has no cash surrender value and does not confer rights of borrowing from the Company.

Article 16 Waiver of premiums

If noted in the insurance policy or renewal slip, the Insured is entitled to a proportional reduction in premiums if his or her capacity for work is reduced by 50% or more. An application may be submitted for a waiver of premiums six months after the start of the loss of capacity. The maximum period for a premium waiver is five years.

An application for a premium waiver shall be submitted in writing to the Company in a form supplied by the Company together with any documents necessary for the assessment of the reduction in work capacity at no cost to the Company. The Company will base its assessment of the loss of capacity on the ability of the Insured to pursue his or her normal work and possibility of undertaking other employment.

The Insured is required to notify the Company as soon as he or she recovers his or her capacity for work in part or in full.

While the Insured enjoys a premium waiver the Company may require health information from the Insured or medical examination at its own cost. The Insured is not entitled to a premium waiver:

- for a longer time than 1 year retroactively from the time that an application for a premium waiver was received by the Company;
- for medical conditions that the Insured suffered or showed symptoms of prior to the entry into effect of the insurance, nor for the consequences of an accident that occurred prior to the entry into effect of the insurance;
- if the loss of capacity for work is caused by war, armed conflict, riots, insurrections or other similar events;
- if the loss of capacity for work is caused by the abuse of alcohol, drugs or toxic substances or participation in a criminal act;
- if the loss of capacity for work is caused by intent or gross negligence.

Provisions on violations of disclosure obligations, fraud and false information also apply, as applicable. The premium waiver is in other respects subject to the provisions of the terms of the Insurance, as applicable.

Article 17 Right to increase the Insurance Amount without disclosure of health information

If life insurance has been approved without surcharge and on ordinary terms the Insured may request an increase in the Insurance Amount without providing further health information. An application must be received by the Company within three months from the occurrence of the following events:

- the Insured has a child;
- the Insured adopts a child under the age of 18.

The Insurance Amount can be increased by a maximum of 25% or ISK 3,500,000, whichever is lower. However, the Insurance Amount can never exceed ISK 18,000,000. The increase in the Insurance Amount shall have the same term of effect as the insurance being increased. This right may be exercised twice. The right to the increase shall lapse as of the 45th birthday of the Insured.

Article 18 Adjustment of the mortality table

The Company reserves the right to adjust its mortality table in the event of a significant change in life expectancy. All such adjustments shall be sent to the Financial Supervisory Authority before taking effect, as provided in Article 65 of Act No. 56/2010 on insurance activities.

Article 19 Confidentiality and personal privacy

The Company and its staff will treat information on the life insurance as confidential information and they are bound by the rules of Act No. 77/2000 on data protection and the processing of personal data.

The Company will use personal information collected in respect of this insurance only for the purpose of assessing requests for insurance, to assess the need for insurance coverage and to provide the Policyholder with guidance on the selection of insurance, in processing claims for compensation, disclosure of information to the Policyholder and in other normal course of business of the Company.

The Company places great emphasis on security and confidentiality in its handling of personal data. No information on customers is disclosed to third parties except by express consent, by law or by virtue of court orders.

Article 20 Settlement of disputes

With the completion of a formal appeal and payment of an appeal fee a dispute regarding liability, blame and division of blame, in addition to disputes on matters relating the provisions of Act No. 30/2004, may be referred to the Insurance Complaints Committee, which works under the auspices of the Financial Supervisory Authority

An appeal to the Insurance Appeals Committee does not curtail the right of the party in question to refer the issue to the public courts in Iceland.

Article 21 Jurisdiction

Any disputes arising from this insurance policy shall be brought before the District Court of Reykjavík.

Article 22 Act on insurance contracts

Matters other than those provided for in this policy are subject to the Act on insurance contracts No. 30/2004.

If there is any discrepancy between the terms in English and the Icelandic version, then the Icelandic version has precedence.

These Terms are effective as of 1 January 2015.