

Mandatory Vehicle Liability Insurance Accident Insurance for Driver and Owner Car Window Insurance

Terms B-1

These terms are a translation of the Icelandic terms, for information purposes only, and if there is any discrepancy the Icelandic terms apply

Section 1. Mandatory Vehicle Liability Insurance In general:

This insurance policy is composed of three independent insurances.

- 1. Mandatory Vehicle Liability Insurance**
- 2. Accident Insurance for Driver and Owner**
- 3. Car Window Insurance**

The first two insurances are mandatory according to Icelandic traffic laws.

For the purposes of these terms and conditions, the term "the insurance company" shall mean Vördur tryggingar hf.

Article 1 Who are insured?

The owner of the vehicle, which is specified in the insurance policy or renewal receipt, is insured, as is whoever uses or drives the vehicle with his consent. If the vehicle is sold, the new owner is insured for 14 days after the change of ownership, unless he has taken out another insurance for the vehicle. Notwithstanding the expiry of the insurance, the company nevertheless continues to be liable towards a third party for any damage that occurs until four weeks have passed from the expiry of the insurance, unless another satisfactory insurance has been purchased.

Article 2 Scope

The insurance applies to any claim that the owner of the insured vehicle is under obligation to insure for according to the Icelandic traffic legislation in effect, to compensate for loss or damage caused by the use of the vehicle.

Article 3 Damage to own vehicle

The insurance does not cover damages to the vehicle itself or other property owned by the policyholder or the insured. The insurance, however, covers damage to the insured's (policyholder's) own vehicle if it is struck by the insured vehicle.

Article 4 Company's compensation obligation

The company's obligation to pay compensation for each insurance event is limited to the amount specified in the insurance policy or the legally prescribed insurance sum, whichever is greater.

Article 5 Driving abroad

The insurance applies to the use of the vehicle in Iceland and in the other member states of the European Economic Area. The insurance also applies in Switzerland. The policyholder must acquire an international insurance card for motor vehicles (green card) for driving abroad in countries other than those already listed, provided that the country in question is party to agreements on the use of such insurance cards.

Article 6 Reimbursement from the insured

The company may demand reimbursement from the insured if the company has, due to the provisions of the Traffic Act or regulations, paid the insured compensation for loss or damage to which the insured is not entitled to have insurance coverage, when:

- 6.1 the insured violated the provisions of this insurance contract.
- 6.2 the insured has not obtained the right to drive the insured vehicle in question or has lost the right to drive it.
- 6.3 the loss or damage has been caused intentionally or by gross negligence. Gross negligence is considered, e.g. driving the vehicle under the influence of alcohol, tranquilisers or stimulants drugs as defined by the Traffic Act No. 50/1987.
- 6.4 14 days have elapsed from the date of change of ownership, cf. Article 16 in this Section of the terms.
- 6.5 the insurance has lapsed due to non-payment of the premium or has been cancelled.
- 6.6 the vehicle is leased without a driver without the legal conditions on leasing vehicles without a driver for human transport subject to registration, at present Act No. 64/2000, being fulfilled. If the insured succeeds in proving that the cause of the damage or its extent cannot be traced to an infringement of the provisions of these rules, however, the company does not have the right to claim a refund.

Article 7 Precautionary principles

- 7.1 The insured is under obligation to comply with the precautionary rules that the company sets in these terms or in the insurance certificate. Failure to do so can lead to the limitation or cancellation of the company's liability pursuant to Article 26 of Act No. 30/2004.
- 7.2 **Precautionary principle The driver must be in a physical condition to operate the vehicle safely and may not be under the influence of alcohol, stimulants or tranquilisers.**
- 7.3 **Precautionary principle The driver must be capable of operating the vehicle safely and must have the requisite license.**
- 7.4 **Precautionary principle Both the insured and the person who has custody of the vehicle must ensure that the vehicle is in the condition prescribed by law, that the vehicle is subjected to mandatory inspections and that the maintenance of the vehicle is in accordance with the instructions and service handbook of**

**the manufacturer. In particular, the insured shall ensure that its safety equipment is in order. Article 8
Driving other than specified**

The premiums paid for this insurance are dependent on the use of the insured vehicle and information provided when the insurance is purchased. In the event that the insurance certificate states a particular use of the insured property and the use changes, the insured and/or those who enjoy rights pursuant to this insurance must notify the company as soon as they become aware of the change. Failure to do so can lead to limitations to the company's liability pursuant to Article 25 of the Act on Insurance Contracts No. 30/2004.

Article 9 Reference to the Traffic Act and the Act on Insurance Contracts

The provisions of these insurance terms shall not in any way reduce the right to demand reimbursement to which the company is entitled, or might acquire the right to, under general rules of law, the Traffic Act No. 50/1987, or Act No. 30/2004 on Insurance Contracts.

Article 10 Obligations of the insured in the event of loss or damage

- 10.1 When an event that might lead to an insurance claim occurs or there is a risk that such an event might occur, the insured is under obligation to try to prevent or minimise the loss or damage. If the insured has suffered expenses for such reason, the company will refund the expenses to the extent that they are considered justifiable. Failure in this respect may result in the reduction or loss of compensation in accordance with Article 28 of the Act on Insurance Contracts No. 30/2004.
- 10.2 The insured shall provide the company with information and deliver documentation which he has in his possession or has access to and which the company needs for assessing its liability and paying compensation. If the insured intentionally provides incorrect or unsatisfactory information that he knows and/or should know would result in the claimant being paid compensation to which he is not entitled, all his rights pursuant to the insurance contract will be terminated. The company, moreover, may in such case terminate, with one week's notice, all other insurance contracts that the insured has entered into with the company. In the event that the insurance policy is terminated by the company by means of the authorisation contained in this Article, the company shall send the insured notification thereto. In addition, the Road Traffic Directorate (Samgöngustofa) is to be notified of the termination. The company continues to be liable towards a third party for any loss or damage that occurs until four weeks have passed from the expiry of the insurance, unless another satisfactory insurance has been purchased.

Article 11 Claims settlement and related costs

- 11.1 The claimant shall make a direct claim against the company at all times. The company cannot maintain, with respect to the claimant, in its defence that the insured violated the provisions of this insurance contract unless the insurance has lapsed due to default of payments, change of ownership or termination.
- 11.2 The insured must notify the company in writing as soon as he learns or suspects that a liability claim will be made against him.
- 11.3 In the event of a liability claim against the insured, the company represents the insured as regards such claim and may employ any measures to handle the claim, such as paying the claim, recognising liability, presenting a defence against the claim or reaching an agreement on the claim, given that these measures are at the expense of the company, as are any legal costs therefrom. If the principal of the claim is greater than the insurance amount, the company will pay case costs equivalent to the proportion of the insurance sum of the principal of the compensation.
- 11.4 The company is not bound by the insured having paid or recognised any claim for compensation unless it is established that the insured only did what he was under obligation to do by law when he paid the claim or recognised the legitimacy of the claim.

Article 12 Motor racing

This insurance does not cover loss or damage due to racing, motor racing, nor training for such driving, unless otherwise negotiated and stated in the insurance policy. The company may demand an additional premium payment in the event it accepts such risk.

Article 13 Deductible (own risk)

The insured carries own risk in every instance of damage as provided for in the insurance policy or the renewal receipt. The company can demand payment of the policyholder's deductible as soon as the company has delivered preliminary or full payment for the loss or damage. The policyholder's deductible shall have no effect on the legal position of a third party.

Article 14 Entry into effect – premium payment – cancellation rights

- 14.1 This insurance enters into effect on the day when the company or its agent has accepted the insurance application. A premium must be paid on the entry into effect of the insurance contract and subsequent premiums on specified due dates. The company notifies the policyholder of the payment of the premium. The period of grace shall be stated in the notification and shall be a minimum of one month from the date on which the notification is sent. If the premium is not paid within the deadline, penalty interest will be calculated on the premium.
- 14.2 If the policyholder has not specifically negotiated with the company regarding the payment of the premium prior to the end of the grace period according to the second paragraph, the premium shall be considered unpaid if not fully paid at the end of the grace period.
- 14.3 A claim for the payment of the premium is sent to the address of the policyholder according to information in the National Register, unless the policyholder has specifically designated another address. The company must be notified immediately of any changes of address.
- 14.4 The insurance shall apply to the period specified in the insurance policy or renewal certificate. At the close of such period, the insurance shall be renewed for one year at a time if the insurance is not terminated in writing by the policyholder within a month after the company sent a renewal receipt. The policyholder, however, is not obliged to notify the company of the termination until fifteen (15) days before the renewal. The policyholder, moreover, may terminate the insurance, which is automatically renewed, due to the transference of the insurance to another company, as provided for in Articles 14 and 75 of Act No. 30/2004 on Insurance Contracts. In such case, the company must be

notified of the termination with one month's notice, and it will take effect at the beginning of the following month. The company must be informed of the insurance company to which the transfer is made and from what date. When the insurance policy is taken out on account of the operation of a business and the extent of the business corresponds to more than five man-years, or if the business is for the most part conducted overseas, the policyholder can only terminate the insurance on its date of renewal. Termination in such case must be notified to the company at least one month before the expiry of the insurance period. The company reserves the right to change the amount of the premium and/or to change the terms on the renewal of the insurance.

14.5 If insurance has been taken out by a unilateral statement by the policyholder, for example over the telephone or in writing, the company is authorised to call upon the policyholder to pay the premium or to negotiate its payment immediately, or not later than within one week from the receipt of such notification. If the policyholder does not act on such a call for payment, the company is authorised to cancel the insurance immediately. In such an instance, the company shall inform the policyholder of this decision in writing, as well as send a notification to the Road Traffic Directorate about the termination of the insurance.

14.6 In the event of special circumstances according to Article 18 of Act No. 30/2004 on Insurance Contracts, the company may terminate the insurance contract with 60 days' notice prior to renewal. The company will send notification to such effect in accordance with the provisions of the same Act. In addition, the Road Traffic Directorate (Samgöngustofa) is to be notified of the termination. The company continues to be liable towards a third party for any loss or damage that occurs until four weeks have passed from the expiry of the insurance, unless another satisfactory insurance has been purchased.

Article 15 Premium payment defaults

15.1 In the event of the default of the payment of the premium, the company may cancel the insurance three months after the due date of the premium, cf. Regulation No. 424/2008 on Statutory Vehicle Insurance. The company shall notify the Road Traffic Directorate and the policyholder about such cancellation. In such an instance, the Chief of Police shall ensure the immediate removal of the registration plates from the vehicle. The policyholder shall nevertheless pay a premium for the period in which the policy remained in effect.

15.2 Premiums are enforceable according to the Traffic Act No. 50/1987.

Article 16 Sale of vehicle – deregistration

The policyholder is under obligation to inform the company without delay if the vehicle is deregistered or sold, as the policy only retains its validity towards the new owner for 14 days after the change of ownership, cf. Article 1 in this section. If the vehicle is sold or deregistered, the company will refund the proportion of the premium corresponding to the remaining part of the cover period, provided that a new policy has been acquired for the vehicle when it changed hands.

Article 17 Storage of registration plates

If the vehicle has not been in use and its registration plates have been stored with the Road Traffic Directorate, the police authorities or their representatives for at least 30 consecutive days, the company will refund the premium in proportion to the storage period. This does not apply, however, to the insurance for tractors, snow vehicles, special off-road vehicles (snowmobiles and ATVs), motor homes and vintage vehicles, provided that this has been taken into consideration upon the determination of the premium.

Article 18 Determination of premiums – renewal premium

18.1 When determining the premium, the company is authorised to obtain information from other insurers about the insured's loss or damage history in this field of insurance.

18.2 The premium for this insurance policy is calculated in accordance with the company's premium rates. The company reserves the right to determine a renewal premium in accordance with a new tariff with regard to general modifications of the risks involved, special modifications of the risks involved, price changes and other causes which disrupt the compensation base. Such changes shall not constitute an authorisation for either the policyholder or company to terminate the insurance contract.

19. Identification

19.1 The company may take into account the conduct of the person who, subject to the consent of the insured, is responsible for the insured vehicle, as provided for in the second paragraph of Article 29 of Act No. 30/2004 on Insurance Contracts.

19.2 If the vehicle is used for commercial purposes, the company may take into account the conduct of the employees of the insured as provided for in the third paragraph of Article 29 of Act No. 30/2004 on Insurance Contracts.

Article 20 Interest on compensation claims

Insurance amount interest is subject to Article 50 of Act No. 30/2004 and Article 16 of the Tort Damages Act No. 50/1993.

Article 21 Disputes – legal venue

The company's domicile and legal venue are in Reykjavík. In the event of any dispute regarding the insurance, an Icelandic court of law shall resolve the matter according to Icelandic law.

Disputes regarding liability may be appealed to the Insurance Complaints Committee. Information on the Committee and the rules governing its work may be obtained from the company. Cases which may arise out of this present insurance policy or terms and conditions shall be brought before the District Court of Reykjavík.

Section 2. Accident Insurance for Driver and Owner

Article 1 Reference to provisions of law

The insurance is governed by Act No. 30/2004 on Insurance Contracts unless otherwise indicated by the present terms and conditions or other provisions of the insurance contract.

Article 2 Scope – Maximum compensation

The company pays compensation for loss or damage resulting from a traffic accident suffered by the driver when operating the vehicle, cf. Article 92 of the Traffic Act No. 50/1987. The insurance amount is according to the Traffic Act and changes on an annual basis according to the decision of the Minister of Justice.

Article 3 Passenger in own vehicle

The company also pays compensation for loss or damage due to a traffic accident suffered by the policyholder as a passenger in his own vehicle, as provided for in Article 92 of the Traffic Act No. 50/1987. The insurance amount each time is the same amount as provided for in Article 2 of this Section.

Article 4 Determination of compensation

Determination of compensation is based on the general rules of the Icelandic Tort Damages Act No. 50/1993.

Article 5 Deduction of compensation

If the insured has the right to compensation because of an accident according to the Traffic Act No. 50/1987 or other rules on damages, the compensation as per this insurance decreases by the same token, cf. Article 92 of the Traffic Act No. 50/1987.

Article 6 Driving abroad

The insurance applies to the use of the vehicle in Iceland and in the other member states of the European Economic Area. The insurance also applies in Switzerland. The policyholder must acquire an international insurance card for motor vehicles (green card) for driving abroad in countries other than those already listed, provided that the country in question is party to agreements on the use of such insurance cards.

Article 7 Excluded risks

The company does not compensate for loss or damage resulting from war, riots, civil disturbances, strike actions or other similar incidents. The same applies to loss or damage resulting from nuclear power, radiation or radioactive materials, as well as to loss or damage resulting from volcanic eruptions, earthquakes, landslides, avalanches or other natural disasters.

Article 8 Sale of vehicle – deregistration

The policyholder shall notify the company without delay if the vehicle is deregistered or sold. The insurance will remain in effect for the new owner for 14 days after the change of ownership, provided that another insurance has not been purchased for the vehicle.

Article 9 Reference to the terms and conditions

In other respects, the provisions of Section 1 of these terms and conditions for mandatory vehicle liability insurance shall apply as appropriate.

Section 3. Car Window Insurance

Article 1 Reference to provisions of law on insurance contracts

This insurance is subject to Act No. 30/2004 on Insurance Contracts, if not otherwise provided for in these terms or in other provisions of the insurance contract.

Article 2 Scope

The insurance contract will compensate for breakages of windows together with installation costs, unless the insured caused the loss or damage by intention or gross negligence. Any form of sun roofs or glass roofs is not considered a window within the meaning of these terms and conditions. Chipping or scratches to the glass are not considered to be a breakage. Broken windows are only compensated for by means of repairs or the changing of the insured windows.

Article 3 Amount of insurance cover and repairs

3.1 The insurance amount is stated in the insurance policy certificate. The compensation, however, can never be a greater amount than that equivalent to 35% the real value of the vehicle. The real value is the amount that a comparable vehicle of the same type, age and quality costs on the open market on the day of the insurance event, based on cash payment.

3.2 The insurance applies to the vehicle's windows; windows that belong to accessories, such as truck campers, are not compensated. Compensation is based on a comparable window with the same characteristics as the window in the vehicle before the loss or damage. The choice of a repair workshop shall be subject to the prior approval of the company. The company is not liable to pay for repair work undertaken without the company's prior approval.

Article 4 Deductible

In the event that the insurance compensates for the loss or damage of a window, the policyholder bears a deductible which is 15% of the price of the window and installation cost. In the event that the damaged window can be repaired, the insurance will pay for the repair and the insured will not bear any deductible.

Article 5 Removal – Installation – Loss of use

Compensation is not paid for a window broken on removal or during installation. Neither is payment made for loss of use of the vehicle if a window breaks.

Article 6 Reimbursement

The premium for this insurance will not be refunded in the instance of temporary deregistration or registration plate storage.

Article 7 Reference to the terms and conditions

In other respects, the provisions of Section 1 of these terms and conditions for mandatory vehicle liability insurance shall apply as appropriate.

These terms and conditions are valid as of 1 December 2015

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