

# Child Insurance Terms

Policy L-6

The insurance contract consists of these insurance terms, information in the application form and other documents linked to the contract, both in its original and subsequent forms. The insurance policy and its contents, as well as the provisions of Act No. 30/2004, also form a part of the insurance contract.

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

**The Company:** Vörður líftryggingar hf. (Vörður Life Insurance hf.)

**Policyholder:** The person contracting with the Company on the insurance. The condition is that the policyholder must be the legal guardian and/or parent of the Insured. At the age of 18 of the Insured, the legal status of the parties will change, with the Insured also becoming the policyholder with the appurtenant rights and obligations, while the parent shall lose the status of policyholder.

**The Insured:** The person aged 3 months to 26 years of age who is insured.

**Insurance Event** An event which, under the insurance contract, may entail the payment of compensation.

**Insurance Contract:** The contract in effect between the Company and the policyholder on the child insurance.

**Insurance Policy:** A confirmation by the Company that an insurance contract has been made.

**Index:** 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. Further information is available on the Company's website.

**ICD 10:** The International Classification of Diseases and related health problems. The classification system is issued by the World Health Organisation (WHO) which maintains special [websites on ICD-10](#) and its regular updates. Updates in Iceland are based on instructions from WHO on their entry into force.

## **Article 1 Term of effect and scope**

The liability of the Company begins on the date of issue, when the Company has received and approved a signed application on child insurance, together with the necessary attached documentation pursuant to the Company's rules. The insurance is valid from the date of issue, which is specified in the insurance policy, and is extended for one year at a time until the time specified in the insurance policy, at a maximum until the Insured reaches 26 years of age.

The Company will not insure children under the age of 3 months.

The policyholder has a maximum of 30 days (grace period) to cancel the insurance from the time that the policyholder received a notice from the Company confirming the entry into force of the Contract.

The insurance will compensate for damage resulting from accidents or medical conditions suffered by the Insured after the entry into force of the insurance. The insurance will not compensate for damage that can be traced to medical conditions or accidents that occurred after the insurance lapsed or prior to its entry into force.

## **Article 2 Where does the insurance apply?**

The insurance applies in the Nordic Countries.

If the Insured relocates away from the Nordic Countries the Insurance will remain valid for one year.

## **Article 3 Fraud and false information**

If the Insured has 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.

## **Article 4 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 call for payment will be sent to the address of the payer according to the National Register unless the payer has specified another address. The Insurance Contract will lapse if premiums are not paid by the appointed deadline.

## **Article 5 Renewal and termination**

The Insurance will be renewed on its principal due date for a term of one year each time. If the Company does not intend to extend the insurance beyond that date the Company shall notify the policyholder at the latest two months before the end of the insurance period.

The Company may terminate the Insurance if false or inadequate information has been provided on the taking of the Insurance or if the policyholder or Insured has fraudulently neglected his or her disclosure obligation.

The Insured may cancel the Insurance Contract at any time by a notice in writing.

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

## **Article 6 Insurance amount**

The insurance amount is selected in the application and included in the insurance policy or renewal slip. The insurance amount is used to determine disability payments, per diem allowances in respect of hospitalisation and home care as further defined in these Terms. Death benefits are also included.

A claim for compensation is due and payable 14 days after satisfactory documents have been received establishing the Company's liability and enabling determination of the amount of the compensation. The Company reserves the right to obtain necessary and complete documents before compensation is determined and paid.

On the renewal of a policy the insurance amount and annual premium will be increased in line with

changes in the consumer price 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.

## **Article 7 Coverage**

### **The Insurance will pay:**

- A disability pension in respect of permanent medical disability
- Payments for home care
- Per diem allowance in respect of hospitalisation
- Special financial assistance in respect of certain medical conditions
- Death Benefits

Home care benefits and per diem payments in respect of hospitalisation will not be paid after the age of 18.

## **Article 8 Disability benefits**

The insurance will compensate for permanent medical disability caused by medical condition or accident as assessed at the earliest one year following the date of diagnosis of the medical condition or accident.

### **Permanent medical disability**

Permanent medical disability in this insurance means that a medical condition or accident has brought about a permanent impairment of the physical ability of the Insured as a result of the Insurance Event. No compensation will be paid in respect of permanent medical disability if it is assessed at less than 15% and it can never exceed 100%.

Disability shall be assessed in percentages in accordance with the tables of the Disability Committee on degree of non-material damage when the disability assessment takes place. If an injury or condition is not listed in the tables of the Disability Committee the assessment shall be conducted on the basis of analogy with the tables.

### **Accidents**

The term "accident" here refers to sudden external events that cause bodily injury to the Insured and occur unintentionally.

### **Medical condition**

The term "medical condition" refers to a loss of health which is not categorised as an accident, with reference to the above definition of accident. The medical condition has the effect that the physical or mental capability of the Insured is demonstrably impaired as a result. The onset of a medical condition is the date of its diagnosis.

Compensation for permanent physical injury is paid as a proportion of the basic insurance amount entered in the policy or renewal slip; however, if the disability is in the range of 51-75% then all points will count double; if it is 76% or higher, all points count triple, and therefore compensation can reach a maximum of 300% of the basic insurance amount.

### **Right to compensation**

The right to compensation for permanent medical disability is created when a medical condition or accident has caused permanent impairment of the body of the Insured and the Insured's condition is stable.

A right is then created to payment of compensation in respect of disability, at the earliest 12 months after the medical condition was diagnosed or the accident occurred and a disability assessment is available which confirms the permanent consequences.

Disability assessment can be postponed for as long as necessary based on medical experience and available means of rehabilitation, but no longer than 10 years from the Insurance Event.

Disability pensions will be adjusted in proportion to changes in the consumer price index from the date of the damage to the date of settlement.

If the Insured dies before the payment of disability pension but after the disability assessment has been carried out compensation will be paid in accordance with that disability assessment. However, disability pension will not be paid if the Insured dies before the disability assessment has been carried out.

On the payment of compensation in respect of permanent medical disability the insurance will lapse.

Compensation will be paid into a closed bank account registered to the ID number of the child, to which the child will have access on reaching the age of 18.

### **Article 9 Payments for home care**

If the Insured is diagnosed with a medical condition or suffers an accident which entitles the policyholder to a social security home care allowance the insurance will pay compensation to the policyholder. The right to compensation will endure for as long as the conditions for the payment of compensation are fulfilled, but at a maximum to the age of 18 of the Insured and for a maximum of 10 years.

If the Insured dies the right to compensation lapses at the end of the month of death.

The insurance amount is indicated on the insurance policy or renewal slip. The amount of compensation in each instance is determined by the extent of the right of the Insured to a home care allowance pursuant to legislation on social security.

The annual amount of compensation is calculated as follows:

- a) where the right to home care allowance is 81-100%, 10% of the insurance amount is paid;
- b) where the right to home care allowance is 61-80%, compensation corresponding to 7.5% of the insurance amount is paid;
- c) where the right to home care allowance is 41-60%, 5% of the insurance amount is paid;
- d) where the right to home care allowance is 20-40%, 2.5% of the insurance amount is paid.

Compensation is paid monthly, beginning at the start of the following month after the right to compensation is established.

### **Article 10 Per diem allowance in respect of hospitalisation**

If a medical condition or accident has the result that the Insured needs to dwell in a hospital for 6 consecutive days or longer, the insurance will pay to the Insured 0.04 % of the insurance amount in

per diem allowance.

After 6 consecutive days of hospitalisation per diem allowance is paid from the first day up to a maximum of 365 days if the Insured is hospitalised as a result of the same medical condition or accident that occurred during the effective term of the insurance.

Compensation under this article will not be paid after the age of 18.

#### **Article 11 Special financial assistance in respect of certain medical conditions**

If an insured child is diagnosed with any of the following medical conditions, a lump sum compensation payment will be made amounting to 10% of the base insurance amount in effect at the time of diagnosis of the medical condition. The medical condition must have become apparent during the effective term of the insurance and the diagnosis must be confirmed at the latest within three years from the time that the insurance lapsed.

Compensation is paid in respect of the following medical conditions:

- Malignancy (cancer) ICD 10 C 00-C97, D00-D09
- Benign brain tumor ICD 10 D32-D33
- MS (Multiple sclerosis) ICD 10 G35
- Juvenile arthritis diagnosed before the age of 16 and at a minimum affecting three joints, including two major joints, such as the wrist, elbow, shoulder, ankle, knee, hip or cervical vertebrae, ICD 10 M08-09.

The right to compensation is established when the diagnosis is confirmed by a physician specialising in the medical condition in question. If compensation has been paid in respect of any of the above medical conditions and the Insured suffers another medical condition than the medical condition specified above, entitlement to new compensation will only be established if there is no connection between the medical conditions.

Up to the age of 18, compensation will be paid to the policyholder. From the age of 18, compensation will be paid to the Insured.

#### **Article 12 Death benefits**

The Company will pay to the Policyholder the compensation specified in the insurance policy if the Insured dies during the effective term of the insurance.

If the Insured dies after reaching the age of 18 compensation will be paid in accordance with Chapter XV of Act No. 30/2004.

On the payment of a death benefit under this Article the insurance will lapse.

#### **Article 13 Medical and other conditions which are not covered**

The Company will not pay compensation in respect of congenital medical conditions. Compensation will also not be paid in respect of the consequences of a medical condition if it is likely, according to medical research, that the medical condition was present at birth or can be traced to a medical condition in the first month of life. Limitations pursuant to the above do not apply if the symptoms of the medical condition appear first when the Insured has reached the age of six years.

**Medical conditions that are not covered by this insurance are the following:**

- Haemophilia ICD10 D66 and D67
- Cystic fibrosis ICD10 E84
- Intellectual disabilities ICD10 F70-F99 (e.g. ADHD, attention disorder/hyperactivity, autism, developmental retardation)
- Disorders of the central nervous system and muscular system ICD10 G11, G12, G60, G71 and G80 (e.g. CP (cerebral palsy), muscular atrophy)
- Epilepsy ICD10 G40
- Conductive and sensorineural hearing loss ICD10 H90
- Congenital malformations, deformations and chromosomal abnormalities ICD10 Q00-Q99 (e.g. Downs syndrome, malformed internal organs)
- Mental and behavioural disorders ICD10 F00-F69.

The Company will not pay compensation in respect of medical conditions resulting from the abuse of alcohol, medications or drugs, nor from any intentional conduct.

If insurance is purchased after a child's age of 10 years, the insurance will not compensate for mental disorders nor for other medical conditions diagnosed in the first six months of the purchase of the insurance (6-month grace period).

**Article 14 Time limit for reporting an Insurance Event**

A beneficiary will forfeit the right to compensation if

1. the beneficiary does not file a claim with the Company within one year from the time of knowledge of the event on which the claim is based;
2. the beneficiary has not initiated proceedings or applied for due process before the Insurance Complaints Committee within a year of receiving a written notice that his claim was rejected, see Article 124 of Act No. 30/2004.

**Article 15 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 16 Settlement of disputes**

Any dispute regarding the Company's liability for compensation 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 17 Jurisdiction**

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

**Article 18 Confidentiality and personal privacy**

The Company and its staff will treat information on the life insurance as confidential information and is

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 policyholders 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 19 Act on insurance contracts**

Matters other than those provided for in this policy or other documents on which the contract is based 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.**