

Comprehensive Insurance for Motor Vehicles

B-1 Terms and conditions

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

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

Article 1 Act on Insurance Contracts

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 Who are insured?

The insured is the owner of the vehicles specified in the insurance policy or renewal certificate.

Article 3 Where does the policy apply?

The insurance is valid in Iceland. In addition, the insurance applies in the member states of the European Economic Area and in Switzerland for up to 90 days from the day of departure of the vehicle from Iceland. In addition, the insurance applies for the vehicle during transport between countries in a first-class freighter, provided that the insurance in question is on an annual basis. Compensation for loss or damage is only paid in Icelandic krónur (ISK). The deductible on covered loss or damage overseas is 50% higher than specified in the insurance policy.

Article 4 The causes of loss or damage covered by the insurance

- 4.1 The company compensates for damages to the vehicle itself, or to normal accessories – such as rock guards, sills and normal exterior protective elements – from lightning, fire (in the event a fire breaks out) and resulting explosion, collision, run-ins, roll-overs, running off the road or the plummet of the vehicle, rock fall, avalanches and landslides. In addition, the company compensates for damages caused by water from water utilities, heating systems or drains in buildings where the insured vehicle is stored.
- 4.2 The company compensates for damages to the vehicle in the event that it is stolen or an attempt is made to steal it. In addition, the company compensates for damages caused by vandalism. The company requires the submission of a police report as proof of loss or damage pursuant to this Article. Compensation for loss or damage pursuant to this Article is only paid when the incident in question takes place in Iceland.
- 4.3 The company compensates for loss or damage to the insured vehicle caused by stormy weather if the vehicle blows away or if the hood, trunk cover or doors are blown open. The same applies to loss or damage due to flying or falling materials. In this respect, stormy weather means that the wind speed, when the damage occurred, reached 28.5 m/sec at the location of the loss or damage, according to a certificate from the Icelandic Meteorological Office (Veðurstofa Íslands). In the absence of information about the wind speed at the site of the damage, the guideline when determining liability shall be whether general damage to property occurred in the area due to the weather conditions.
- 4.4 The company compensates for damages that the vehicle sustains when being transported by another vehicle on land. Damages are also compensated when transported by freighter between ports in Iceland provided that the transport is part of a journey. Damages during sea transport, however, are not compensated unless the insurance is an annual policy.
- 4.5 The company compensates for breakages of the vehicle’s windows. Chipping or scratches to the glass are not considered to be a breakage. A broken windshield as a result of its installation or removal from the vehicle is not compensated. Compensation for window damages can be a maximum of 35% of the actual value of the vehicle.
- 4.6 The company compensates for damages that occur if the bed of a dump truck goes off or rolls on its side when hoisted irrespective of whether the vehicle rolls on its side or not. The insured’s deductible, however, is 25% higher than stated in the insurance policy or the renewal receipt.

Article 5 Salvage costs – transportation costs

The company pays the cost of transporting the vehicle to the nearest recognised repair workshop in the event that the vehicle becomes inoperative due to collision, collision with a stationary object, roll-over or skidding off the road occurring when driving on Iceland’s main roads. Compensation pursuant to this Article is limited to the amount stated in the insurance policy.

Article 6 General exemptions from liability

The company does not pay compensation when:

- 6.1 the damage was caused by intent or gross negligence by the insured or the driver.
- 6.2 in the event of racing, driving competition, test driving or training for such driving, unless otherwise negotiated and stated in the insurance policy.
- 6.3 the insurance has lapsed due to non-payment of the premium or it has been cancelled.
- 6.4 damages are caused due to material defects, design defects, construction defects, repair defects or malfunction of the vehicle. However, damage to other parts of the vehicle resulting from the above causes will be compensated in the event of colliding, collision, overturning or skidding off the road;
- 6.5 damages caused by wear or insufficient maintenance.
- 6.6 the damage can be traced to war, riots, civil disturbances, strike actions or other similar incidents. The same applies to:

any loss or damage attributable to nuclear power, ionising radiation and radioactive materials as well as loss or damage caused by natural disasters other than those specified in Article 4.1, such as volcanic eruptions, earthquakes or storm surges.

- 6.7 the loss or damage can be traced to animals other than horses or cattle.
- 6.8 loss or damage is caused by flooding into the vehicle or a part thereof.
- 6.9 loss or damage resulting from sand, gravel, ash, pumice or other mineral matter blowing on to the vehicle.
- 6.10 loss or damage caused by seawater.
- 6.11 minor impact to the rims of the vehicle. Minor impact means single scratches or signs of rubbing, e.g. from sidewalks or other items, and there is no structural change to the rim that diminishes its usefulness.

Article 7 Individual parts of the vehicle The company does not compensate:

- 7.1 damages that relate to the wheels, tyres, suspension, battery, glass other than windows, cf. Article 4.5, as well as due to theft of individual parts of the vehicle and the resulting damage to the vehicle.
- 7.2 damage to the vehicle's electrical equipment caused by a short-circuit.
- 7.3 damage to cylinders, cooler or other parts of the vehicle caused by coolant freezing or through other influence of the weather.
- 7.4 damages caused by driving on rough roads, including breakdowns of axles, suspension, gearbox, drive battery and other parts in or attached to the vehicle chassis, damages due to the freezing of the motor and damages to the chassis caused by scraping over uneven surfaces such as ridges left by road graders or protruding rocks on the roads. The same applies to damage from stones being thrown up and striking the underside of the vehicle during driving.
- 7.5 damage to any kind of the vehicle's extra equipment, such as mobile telephones, GPS equipment, communication radios, lifts and cranes of dump trucks, painted advertisements, ski racks, loose roof racks, truck campers and flatbed covers, unless otherwise negotiated and stated in the insurance policy. The insurance does, however, cover the vehicle's audio equipment. Maximum compensation due loss or damage of audio equipment is stated in the insurance policy.

Article 8 Transfer of rights – recourse

The insured may not, without the consent of the company, assign or pledge his rights under the insurance contract. If the company pays compensation for loss or damage for which a third party is liable, the company acquires the right of the insured against that party to the extent of the compensation sum.

Article 9 Insurance amount

The insurance amount is generally not specified in the insurance policy certificate for the comprehensive insurance for motor vehicles.

The amount of compensation paid for damages that occur during a single insurance period may not exceed the value of the vehicle at the beginning of the insurance period. The same applies to the insurance amount, if appropriate. The policyholder, however, is entitled to retain unchanged insurance protection after an event of loss or damage by paying an additional premium.

Article 10 Deductible

- 10.1 The policyholder shall bear the cost of each loss up to the amount of the deductible, as is specified in the insurance policy or the renewal certificate.
- 10.2 In the event that the vehicle suffers compensable loss or damage while driven outside the national highway system, the insured bears three times their own risk as specified in the insurance policy or renewal receipt.

Article 11 Total loss

The company pays compensation for total loss if:

- 11.1 the vehicle sustains such extensive damage that the company deems it impractical to repair it.
- 11.2 the vehicle is stolen and has not been found within four (4) weeks from the date the company and the police were notified of the incident.

Article 12 Compensation for total damage

- 12.1 In the event of a total loss, the company pays the real value (insurance value) of the vehicle. Real value means the amount needed to purchase the vehicle at the price for a comparable vehicle (for cash payment).
- 12.1 The company reserves the right to fulfil its liability according to this Article by delivering to the insured another comparable vehicle as regards type, age, mileage and equipment so that the insured is in the same financial position as before the loss.

Article 13 Repair costs

If the vehicle sustains damage without the conditions of Article 12 existing, the company pays the costs of repairing the vehicle to the extent that renders it in the same or similar condition as before the damage. The company has the right to pay either the repair costs or compensation for assessed repair costs. In the event that no agreement can be reached on the assessment of repair costs, such an assessment will be made by court-appointed parties. The company does not compensate a decrease in the market price of the vehicle or indirect damage, such as loss of use, extra costs because of work outside of regular working hours or extra costs resulting in spare parts that are specially ordered. 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 14 Renewal of individual parts

In the event of a disagreement as to whether or to what extent the company should participate in renewing specific parts of the vehicle, the disagreement may be referred to court-appointed assessors. Whichever party benefits from the assessment is not liable for the costs involved.

Article 15 Duties of the insured when an event of loss or damage occurs

- 15.1 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.
- 15.2 The insured loses the right to compensation if he does not notify the company of his claim within one year from the date he knew about the circumstances upon which it is based. If the company rejects, in full or in part, a claim by the insured, he loses his right to compensation if he has not begun litigation procedures or demanded that the case be referred to procedure before the Insurance Complaints Committee within one year after receiving written notification about the rejection of his claim.
- 15.3 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 him being paid compensation to which he is not entitled, all his rights pursuant to the insurance contract will be terminated.

Article 16 Disclosure obligation of the policyholder

- 16.1 In the preparation or renewal of the insurance contract, the policyholder (or as appropriate, the insured persons) is under obligation to provide the company with information on the insurance risks that the company requests. Likewise, the policyholder (and as appropriate, the insured persons) is under obligation to disclose to the company any specific issues that he knows or should know would have an effect on the company's assessment of the risk.
- 16.2 If the policyholder fraudulently discloses, or omits to disclose, issues that may have an impact on the company's risk, or if he in other respects provides the company with incorrect information, this may have the effect that the company's liability will be limited or cancelled, in accordance with Article 20 of the Act on Insurance Contracts No. 30/2004.
- 16.3 The company may examine the insured property when the company so requests.

Article 17 Precautionary principles – risk increase

- 17.1 The insured and those viewed as one with the insured are under obligation to comply with the precautionary principles 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.
- 17.2 The premium of this insurance depends on the use of the insured property or the operation for which it is used, information about which is disclosed when the insurance contract enters into effect. In the event that the insurance certificate states a particular use/operation of the insured property and the use/operation 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.
- 17.3 Precautionary principle: The vehicle must be securely locked when left unattended, and the windows and sunroof must be closed. Keys to the vehicle must be stored in a secure location inaccessible to third parties.**
- 17.4 Precautionary principle: The insured must be in a physical condition to operate the vehicle safely and may not be under the influence of alcohol, stimulants or tranquilisers.**
- 17.5 Precautionary principle: The insured must be capable of operating the vehicle safely and must have the requisite license.**
- 17.6 Precautionary principle: 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.**
- 17.7 Precautionary principle: The insured must ensure that the vehicle's safety equipment is in good order and appropriate based on conditions. Safety equipment includes tyres, brakes, steering mechanism and more. The insured must also ensure that the vehicle is always equipped appropriately for the driving conditions.**

Article 18 Entry into effect – premium payment – cancellation rights

- 18.1 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.
- 18.2 If a premium is not paid by the end of the period of grace pursuant to the first paragraph, the company may send a special warning demanding payment within 14 days, after which the insurance policy is terminated if the premium is still unpaid. The policyholder shall nevertheless pay a premium for the period in which the policy remained in effect.
- 18.3 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.
- 18.4 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.
- 18.5 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 by the policyholder within a month after the company sent a renewal receipt. 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.

- 18.6 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.

Article 19 The company's right to terminate the contract

The company may terminate this insurance contract in the following circumstances, unless otherwise provided for by law:

- 19.1 With 14 days' notice if incorrect or unsatisfactory information is provided on the insured risk, as provided for in Article 21 of Act No. 30/2004 on Insurance Contracts. If the policyholder has fraudulently neglected his duty to disclose information, the company may terminate without notice this insurance contract together with all other insurance contracts the policyholder may have with the company.
- 19.2 On one week's notice if the insured intentionally provides incorrect or unsatisfactory information that he knows and/or should know would result in him being paid compensation to which he does not have a right, cf. Article 47 of Act No. 30/2004 on Insurance Contracts. The company, moreover, may in such case terminate with the same notice all other insurance contracts that the insured has entered into with the company.
- 19.3 With two months' notice if the use of an insured item, the business activity of the insured or the circumstances in other respects change during the insurance period to such an extent that the company would not have accepted the insurance had such information been available at the commencement of the period of insurance.
- 19.4 With two months' notice following an event of loss or damage. The company may, moreover, terminate any other insurance contracts the policyholder has with the company with the same notice:
- 19.4.1 The number of losses or damage is greater than can be considered normal., e.g. three losses or damage in 12 months.
- 19.4.2 The insured caused the loss or damage intentionally.
- 19.4.3 The insured violated precautionary principles.
- 19.4.4 In the event of a serious breach of faith between the company and the insured.

Article 20 Storage of registration plates

If the vehicle has not been in use for reasons other than loss or damage, as covered by this insurance, 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, less the proportion of the premium that covers fire and theft risk. Premiums for tractors, snow vehicles, snowmobiles, special off-road vehicles, motorcycles and quad-bikes will not be refunded, provided that this has been taken into account when determining the premium. Premiums for short-term insurance are not refunded.

Article 21 Premium refund – change of ownership

- 21.1 In the event that the policyholder or the company exercise their authorisations, according to these terms and conditions or Act No. 30/2004 on Insurance Contracts, to terminate the insurance contract during the insurance period, the company will refund the insurances premium proportionately. In the event that the premium is determined on a seasonal basis, this may be taken into account when refunding premiums, as provided for in the second paragraph of Article 17 of Act No. 30/2004. In the event that the company pays compensation for total loss, the insurance policy is formally terminated when the claim settlement has been finalised. In such case, the policyholder is not entitled to a premium refund.
- 21.2 In the event of a change in ownership, this insurance shall lapse. The insurance, however, shall remain in effect for 14 days for the new owner, unless he has taken out another insurance for the vehicle.

Article 22 Third-party rights – identification

- 22.1 This insurance is not to the benefit of any lien holder unless the company is specifically informed to such effect and this information is stated in the insurance policy. The co-insured can in no case gain greater rights against the company than those of the insured.
- 22.2 The company may refer to a person's conduct who, subject to the consent of the insured, is responsible for the insured vehicle as provided for in Item a of the second paragraph of Article 29 of Act No. 30/2004 on Insurance Contracts.
- 22.3 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 23 Indexation – interest on compensation claims

- 23.1 Premiums and the amount of deductibles in this insurance follow the development of price levels in Iceland and are adjusted in accordance with the consumer price index each time the insurance is renewed.
- 23.2 The insured is entitled to general interest rate on his compensation claim when two months have elapsed since the notification of an insurance event was sent to the company. The interest is the same as calculated on general damages compensation according to Act No. 38/2001 on Interest and Indexation.

Article 24 Domicile – legal venue – disputes

The company's domicile and venue are in Reykjavík. 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. Court cases which may arise out of the present insurance contract shall be brought before the District Court of Reykjavík.

These terms and conditions are valid as of 1 July 2016

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