

Business Interruption Insurance

Terms E-4

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 insurance company" shall mean Vördur tryggingar hf. These terms are an addition to the company's Property Insurance No. E-3.

Article 1 Who is the insured?

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

Article 2 The insurance covers:

- 2.1 Loss or damage that the insured suffers due to downturns in the sale of goods or services due to an event covered by the insured's fire, water damage or forced entry theft insurance. If the insured has only a valid fire insurance, the business interruption insurance only applies to business interruption caused by fire.
- 2.2 The payment obligation of the company, however, is limited to the business loss or damage that occurs in this manner during the period stated in the insurance policy or the renewal receipt.
- 2.3 In addition, the insurance covers the loss or damage suffered by the insured, during the same period, as a result of necessary extra costs that can be directly attributed to the fact that his business premises cannot be used as a result of the damage to the insured property or the building in which the property is stored. Such extra cost is subject to the approval of the company each time, both as regards the amount and the nature of the expenditure.

Article 3 The insurance does not cover:

Increased business loss or damage due to strikes, lock-outs, engine failure or because the restart of the operation is delayed due to improvements, enlargement, instructions issued by the authorities or the like.

Article 4 Determination of compensation

The company compensates for the difference that occurs during the compensation period for the following:

- 4.1 The estimated turnover net of the estimated use of a) bought-in commercial goods for resale and b) raw materials and partly finished goods.
- 4.2 Actual turnover net of the actual use of goods. The term turnover refers to sales according to invoices net of value added tax. Discounts or reductions in sales prices for other reasons will not be deducted.
- 4.3 Deducted from the compensation amount pursuant to 4.1 and 4.2 is the cost that the insured can save, including on wages that he can avoid paying by terminating the employment of his staff in a lawful manner.
- 4.4 The company's maximum liability is limited to the insurance amount stated for business loss or damage in the insurance policy. The insured is never entitled to compensation, higher compensation or compensation for a longer period of time than needed to compensate for the loss or damage that he has suffered and which the insurance covers.
- 4.5 If the operation is underinsured, the compensation for business interruption shall decrease by the same proportion.
- 4.6 The insured is under obligation to co-operate with the company as regards measures to prevent operating losses or to minimise such losses.

Article 5 Permanent cessation of operation

- 5.1 In the event that the business operation of the insured does not restart after the insurance event, the compensation amount shall take account of the period that could reasonably have been expected to elapse until the operation could restart, but never longer, however, than that specified in the insurance policy.
- 5.2 Of the amount calculated in this manner, only the proportion regarded as inevitable costs, which the insured can prove he has paid, may be paid out.
- 5.3 If the operation ceases permanently due to causes outside the control of the insured, compensation will be paid irrespective of the provisions of Article 4.2.

Article 6 Reference to other terms and Acts of law

In other respects, the company's terms and conditions on property fire insurance No. E-3 and also, as appropriate, the company's terms and conditions on water damage No. E-12 and forced entry theft No. E-11 shall apply. Moreover, Act No. 30/2004 on Insurance Contracts applies to this insurance contract.

These terms are valid as of 1 January 2006

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