



Vehicle insurance

Insurance terms no. BA10

The following apply to the insurance:

- The insurance policy together with special entries and special terms.
- These terms no. BA10.
- The company's joint terms no. YY10.
- The Act on Insurance Contracts no. 30/2004.

The provisions in the insurance policy or the renewal receipt supersede the provisions in the terms. The provisions in the insurance policy, the renewal receipt and the terms supersede the provisions of law that may be deviated from.

This insurance is in accordance with the Traffic Act no. 50/1987 and the Regulation on the Statutory Vehicle Insurance no. 392/2003.

Contents:

A General terms

1. Scope of insurance
2. Insurance period
3. Special limitations of liability
4. Precautionary rules
5. Breach of precautionary rules
6. Change of risk
7. Calculation of premium
8. Payment of premium
9. Refund of premium
10. Change of ownership of vehicle or its deregistration
11. Insurance amount
12. Double insurance
13. Statute of limitations

B Statutory liability insurance of vehicle

14. The insured
15. Scope of liability
16. Identification
17. Determining compensation for bodily damage
18. Determining compensation for damage to items
19. Deductible
20. Refund claim
21. Position of claimant upon damage
22. Procedure of claims for damages

C Statutory accident insurance of driver and owner

23. The insured
24. Scope of liability
25. Determining compensation

D Windshield insurance (optional)

26. Insured interests
27. The insured
28. Scope of liability
29. Identification

30. Payment of premium
31. Refund of premium
32. Change in ownership of vehicle or its deregistration
33. Determining damages
34. Deductible
35. Statute of limitations

A General terms

The general terms apply to Sections B and C of these terms.

1. Scope of insurance

- 1.1. 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.
- 1.2. The policyholder shall acquire an international insurance card (green card) for insuring the vehicle, provided that the relevant states are parties to an agreement on the use of such insurance card.

2. Insurance period

- 2.1. The insurance applies to an insurance incident that occurs during the insurance period.
- 2.2. If the consequence of an incident that has resulted in damage and which occurred during the insurance period does not materialize until the insurance has expired, the company will nevertheless pay compensation.
- 2.3. 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.

3. Special limitations of liability

The insurance does not cover damage or damage increase if directly or indirectly caused by:

- 3.1. Earthquake, volcanic eruption, landslide, avalanche or other natural disasters.
- 3.2. War, invasion, military actions, civil uproar, revolutions, riots, strikes or similar actions.



- 3.3. Nuclear changes, ionic radiation, pollution caused by radioactive materials, nuclear fuel or nuclear waste.

4. Precautionary rules

- 4.1. The driver of the insured vehicle shall have the rights and skills as required for driving it.
- 4.2. The driver shall not be under the influence of alcohol, stimulants or depressants when using the vehicle.
- 4.3. The vehicle shall not be used for other driving than stated in the insurance policy or the renewal receipt.
- 4.4. The insured owner or custodian shall abide by official instructions on the vehicle's inspection and shall see to it that the vehicle meets the requirements on make and equipment at all times.
- 4.5. The insured owner or custodian shall maintain the vehicle in accordance with the manufacturer's instruction and guidelines.

5. Breach of precautionary rules

Abiding by the precautionary rules of these conditions is obligatory. If the precautionary rules are not followed, the company's liability may become void in full or in part, cf. Article 26 of Act no. 30/2004 on Insurance Contracts.

6. Change of risk

The company should be immediately notified if the use of a vehicle is changed from that stated in the insurance policy or the renewal receipt. Neglecting such duty of notification may result in the company's liability of the insurance incident decreasing proportionally based on the amount of the premium for changed use, cf. Article 25 of Act no. 30/2004 on Insurance Agreements.

7. Calculation of premium

- 7.1. The basic premium of the insurance is calculated on grounds of the use of the vehicle and the domicile of the insured. The premium changes upon the renewal of the insurance in accordance with the changes of the index.
- 7.2. When determining the premium, the company is authorized to obtain information from other insurers about the insured's damage background in this field of insurance.

8. Payment of premium

- 8.1. The insurance premium is due when payment is demanded.
- 8.2. If insurance has been taken out by a unilateral statement by the policyholder, for example, over the telephone or in writing, the company is authorized 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 authorized to cancel the insurance immediately despite Article 8.3. 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.
- 8.3. 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. 392/2003 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 see to it, cf. this Regulation, that the registration plates are immediately removed from the vehicle.
- 8.4. Premiums are enforceable, cf. the Traffic Act no. 50/1987.

9. Refund of premium

- 9.1. If an insurance contract becomes invalid before the end of the insurance period, the company refunds the premium in proportion to the period the insured has paid and the insurance is not in effect.
- 9.2. If the vehicle has not been in use and its registration plates have been stored with the Road Traffic Directorate or its representatives for at least 30 consecutive days, the company refunds the premium in proportion to the storage period. This does not apply, however, to the insurance for tractors, snow vehicles, special off-road vehicles (for example ATV, snow-mobiles, off-road motorcycle, etc.) motor homes and vintage vehicles, provided this has been taken into consideration upon the determination of the premium.

10. Change of ownership of vehicle or its de-registration

When a change of the ownership of a motor vehicle occurs, the previous insurance applies in respect of the new owner (permanent custodian) for 14 days unless the vehicle has



been previously de-registered or a new insurance has been taken out for the vehicle.

11. Insurance amount

The company's liability for any insurance incident is limited to the insurance amount according to the Traffic Act no. 50/1987.

12. Double insurance

- 12.1. If the same damage falls under more than one insurance, the policyholder may choose which insurance he wishes to use until he has received the compensation he is entitled to.
- 12.2. If more than one insurance company are liable for damage, cf. Article 12.1., they shall each, unless otherwise agreed upon, pay proportional compensation for the damage.

13. Statute of limitations

The right to make a claim against this policy expires in four years from the end of the calendar year in which the claimant gained knowledge about his claim and first had the opportunity to seek indemnification. These claims, however, expire no later than 10 years after the claim incident.

B Statutory liability insurance of vehicle

14. The insured

The registered owner or the permanent custodian is the insured party.

15. Scope of liability

- 15.1. The insurance applies to any claim for damages against which the insured is obligated to take out insurance, cf. the Traffic Act no. 50/1987, in his capacity as the owner or custodian of the insured vehicle, because of damage caused by its use.
- 15.2. The insurance does not cover damages to the vehicle itself or other property of the policyholder or the insured item. The insurance, however, covers damage to the insured's own vehicle caused by a collision of the insured vehicle.

16. Identification

- 16.1. The company is authorized to identify the conduct of a person who is, subject to the consent of the insured, responsible for the insured vehicle.

- 16.2. In instances of professional use, the company may refer to the conduct of the operator of the insured vehicle.

17. Determining compensation for bodily damage

The insurance pays compensation for the bodily damage of a third party on grounds of the Act on Damages no. 50/1993.

18. Determining compensation for damage to items

- 18.1. Compensation shall be based on the value on the date of damage.
- 18.2. The company may either pay the estimated repair costs or have the damaged item repaired and pay the repair costs, if the damage can be repaired to such an extent that renders it in a similar condition as before the damage, and if this is feasible in the opinion of the company.
- 18.3. The company may pay compensation with money or arrange for the provision of a comparable item as that damaged if the damaged item cannot be repaired or if it is not feasible to repair it in the opinion of the company. If the company has paid compensation on grounds of this Article, the company reserves the right to claim the damaged item.
- 18.4. The company has the right to pay the difference in the value of the damaged item as it was before the insurance incident and the value after the insurance incident.
- 18.5. The insured shall not profit from an insurance incident. The insurance shall compensate only the actual damage of the insured.

19. Deductible

The insured carries own risk in every instance of damage as provided for in the insurance policy or the renewal receipt.

20. Refund claim

The company has the right to claim refund according to the Traffic Act no. 50/1987, the Act on Insurance Contracts no. 20/2004 and the general rules of law regarding the company's payment of damages, for example, if:

- 20.1. Damage occurred because the driver, due to his preceding consumption of alcohol, stimulants and depressants, was incapable of safely controlling the vehicle or was unfit to do so, cf. the Traffic Act no. 50/1987.



- 20.2. Damage because the driver did not have the rights or skills required to operate the relevant vehicle.
- 20.3. The damage was caused by intent or major negligence.
- 20.4. The company has paid compensation from the insurance for damage that occurred when 14 days had passed from the change of ownership or the insurance had become invalid.
- 20.5. The vehicle was used for other driving than that stated in the insurance policy or the renewal receipt.
- 20.6. The vehicle was rented out without a driver against the Act on Car Rentals no. 64/2000. If the insured proves that the cause of the damage or the extent of the damage cannot be traced to a violation of the instructions of this law, the company does not have the right to claim refund.

21. Position of claimant upon damage

- 21.1. The company is liable for payment to the claimant, cf. Article 95, paragraph 1, of the Traffic Act no. 50/1987. The company and the insured are obligated to inform the claimant about the liability insurance if it exists.
- 21.2. If a claim for damages is made against the company the insured shall be notified accordingly without any undue delay and he shall be informed of the procedure of the claim. The company's acknowledgement of factors that pertain to liability are not binding for the insured.
- 21.3. In the instance of a civil lawsuit against the insured for claiming damages, such litigation shall also be filed against the company, cf. Article 97, paragraph 1, of the Traffic Act no. 50/1987.
- 21.4. If a claimant notifies the company that he intends to file a lawsuit against it, the company may demand that he also aim his litigation against the insured. The company shall notify the claimant about such demand without undue delay and in a provable manner.
- 21.5. A reference is made in other respects about the position of a claimant to Article 44 of the Act on Insurance Contracts no. 30/2004 and the provisions of Articles 95 and 97 of the Traffic Act no. 50/1987.

22. Procedure of claims for damages

- 22.1. The insured may not acknowledge his liability or enter into agreements on compensation without the consent of the company.
- 22.2. The company represents the insured and determines the entire procedure of the case, as well as handling the procedure in court if such occurs. The same applies to demands for remuneration for salvaging or assistance.

C Statutory accident insurance of driver and owner

23. The insured

The insured is the policyholder and any driver operating the vehicle, provided he has not used the vehicle totally unauthorized.

24. Scope of liability

The insurance covers bodily damage because of an accident which:

- 24.1. The driver sustains when operating the insured vehicle, cf. Article 92 of the Traffic Act no. 50/1987.
- 24.2. The policyholder sustains as a passenger in the insured vehicle or caused by it, cf. Article 92 of the Traffic Act no. 50/1987.

25. Determining compensation

- 25.1. The insurance pays compensation for the bodily damage of the insured on grounds of the Act on Damages no. 50/1993.
- 25.2. 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.

D Windshield insurance

The windshield insurance is included if stated in the insurance policy or the renewal receipt.

Articles 1, 2, 3, 4, 5, 6, 7 and 12 in the general terms in Section A also apply to the windshield insurance.

26. Insured interests

The insurance applies to the vehicle specified in the insurance policy or the renewal receipt.



27. The insured

The registered owner or permanent custodian is the insured party.

28. Scope of liability

The insurance covers:

- 28.1. Broken windshield of the vehicle together with the installation costs. Chipping or scratches in the windshield are not considered as broken windshield.

The insurance does not cover:

- 28.2. Broken windshield as a result of its installation or removal from the vehicle.
- 28.3. Damage resulted from lost use of the vehicle when the windshield breaks.

29. Identification

- 29.1. The company is authorized to refer to the conduct of a person who, subject to the consent of the insured, is responsible for the insured vehicle.
- 29.2. In the case of professional use, the company may refer to the conduct of the operator of the insured vehicle.

30. Payment of premium

- 30.1. The premium for the insurance is due on the date payment is demanded.
- 30.2. Default in the payment of the premium may cause the loss of rights and the termination of an insurance contract, cf. the Act on Insurance Contracts no. 30/2004.

31. Refund of premium

- 31.1. If the insurance contract becomes invalid before the end of the insurance period, the company reimburses the premium in proportion to the period the insured has paid and the insurance is not in effect.
- 31.2. The premium for this insurance will not be refunded in the instance of temporary de-registration.

32. Change of ownership of a vehicle or its de-registration

In the instance of a change of ownership of the insured vehicle or if it is deregistered, the insurance becomes invalid when the change of ownership or de-registration has taken

place. Notwithstanding the above, the company is liable if an insurance incident occurs within 14 days from the change of ownership if the new owner has not taken out insurance himself.

33. Determining damages

- 33.1. The amount of compensation shall be based on the price on the date of damage of a new windshield that is comparable to the damaged windshield.
- 33.2. If the insured has received a new windshield in his vehicle due to windshield damage, the company will collect an additional premium for the remainder of the insurance period. The insurance does not cover another windshield during the insurance period unless the additional premium has been paid.
- 33.3. If the windshield can be repaired in a manner that renders it in a similar condition as before the damage, the company may have it repaired and will pay the repair costs. Such repair does not affect the premium.

34. Deductible

The policyholder carries own risk in every incident of damage, provided this is stipulated in the insurance policy or the renewal receipt.

35. Statute of limitations

A claim for damages expires in four years. The deadline begins upon the end of the calendar year the insured received the necessary information about the incident that constitutes the basis of his claim. The very last expiry of a claim is 10 years from the end of the calendar year the insurance incident took place.

These insurance terms are in effect as of 1 January 2006

These terms of insurance were translated into English from Icelandic. In instances of interpretation, the Icelandic version shall apply.