

This is an unofficial translation based on the official Act No 30/2004. Only the original Icelandic version as published in the Law Gazette (Stjórnartíðindi) is authentic.

Act on Insurance Contracts

PART I

Non-life insurance

CHAPTER I

Introduction

Article 1

Scope of Part I of the Act

This Part of the Act applies to contracts for non-life insurance.

Non-life insurance shall mean insurance against damage to or loss of property, rights or other benefits, insurance against liability for compensation or costs, and other insurance which is not personal insurance (life insurance, accident insurance and sickness insurance).

The provisions of Part I of the Act shall not apply to

reinsurance.

Article 2

Definitions

For the purposes of this Part of the Act, the following terms shall have these meanings:

the company: anyone undertaking by contract the obligation to provide insurance;

the policyholder: whoever concludes an insurance contract with the company on an individual or group basis;

the insured: whoever is entitled, pursuant to an insurance contract, to demand compensation. Liability insurance covers the insured against liability for compensation resulting from his actions;

group insurance: insurance where the rights and obligations of the group covered by the insurance are determined by a contract concluded by the policyholder on behalf of or for the benefit of members of the group;

precautionary rules: instructions in an insurance contract that

the insured or others must take certain measures intended

to prevent or limit loss, or see to it that these measures are taken,

the insured or others must, when using, storing or maintaining the object insured, fulfil certain requirements concerning ability or have specified qualifications,

the insured or others must, when using storing or maintaining the object insured, do so in a prescribed manner;

the insurance event: an event which, in accordance with an insurance contract, results in the possible payment of compensation;

insurance risk:

those interests covered under an insurance contract if an insurance event occurs, and

those factors or circumstances which can lead to the occurrence of an insurance event;

insurance amount: the amount specified in the insurance contract as the maximum amount for which the interests are insured;

insurance value: the value of insured objects or other

interests when an insurance event occurs;

fixed insurance value: the amount agreed as satisfactory compensation for an insured object, regardless of its actual value;

insurance certificate: the confirmation of an insurance company that an insurance contract has been concluded, providing information including the type of insurance concerned, the policyholder and the insured, and the information listed in Article 10.

Article 3

Mandatory rules

Unless otherwise stated, the provisions of Part I of this Act may not be contracted out to the detriment of any party acquiring a claim on the company under an insurance contract.

Notwithstanding the provision of the first paragraph, provisions of this Part may be contracted out in insurance other than liability insurance when insurance is taken out for business operations if:

a. the scope of the operator upon conclusion of the

insurance contract, or upon its renewal, is equivalent to more than five man-years,

- b. the activities take place primarily abroad,
- c. the insurance is taken for a registered aircraft,
- d. the insurance relates to goods in international transit.

CHAPTER II

Company's obligation to provide information

Article 4

Information upon taking out insurance

When insurance is taken out, the company, or its representative, shall provide the information necessary for the policyholder to evaluate its proposed insurance cover. It must, in particular, account for any significant limitations on the scope of the insurance cover.

The company shall also inform the policyholder as to which parties look after handling of complaints or disputes connected with insurance contracts, as well as the policyholder's right to take legal action.

Article 5

Language of insurance terms of cover