



Business Interruption and Additional Expense Insurance

Insurance Terms No. ER20

The insurer is VÍS tryggingar hf., reg. no. 670112-0470, hereinafter „VÍS“.

The insurance is governed by:

- The insurance policy, including endorsements and special terms.
- These insurance terms no. ER20.
- The VIS general terms and conditions no. YY10.
- Act no. 30/2004 on Insurance Contracts.

The provisions of the insurance policy and the renewal receipt take precedence over the provisions of the insurance terms. The provisions of the insurance policy, the renewal receipt and the insurance terms take precedence over the non-mandatory provisions of law.

Business Interruption Insurance compensates for lost profit due to specific damages that partially or completely halt the insured's operations.

Additional Expense Insurance compensates for unavoidable additional expenses because the insured location is unusable due to specific damages.

The **terms** describe the rights and obligations of you and VIS.

The **policy** confirms that you have purchased insurance from VIS. The policy is accessible under documents at vis.is.

I. General Provisions

1. Included coverages

- 1.1 The insurance is an addition to property insurance. Therefore, it is a condition for compensation under Business Interruption Insurance (Chapter II) and Additional Expense Insurance (Chapter III) that VÍS has property insurance that compensates for the damage that caused the business interruption or led to additional expenses.
- 1.2 Insurance according to Chapter II (Business Interruption Insurance) and Chapter III (Additional Expense Insurance) is included if specified in the certificate or renewal receipt. The compensation elements that each insurance covers are stated in the certificate or renewal receipt.

2. Who is insured?

- 2.1 The policyholder is insured.

3. Where is the insurance valid?

- 3.1 The insurance is valid at the location specified in the policy or renewal receipt.

4. Precautionary rules

- 4.1 The precautionary rules stated in the property insurance terms EL10 apply to this insurance.

5. Risk change

- 5.1 The insured must notify VÍS if there is a change in the nature of the business or in the activities in the vicinity of the insured location. Additionally, it must be notified if changes are made to buildings that increase fire risk. Neglecting this can lead to VÍS being released from liability in whole or in part. See Article 24 of the Insurance Contracts Act No. 30/2004.¹

6. Conduct of others

- 6.1 VÍS can invoke the conduct of the insured's managers and supervisors of individual items, equipment, and real estate.

Business Interruption and Additional Expense Insurance can only be purchased as an **addition to property insurance**.

It is possible to purchase Business Interruption Insurance or Additional Expense Insurance **separately or both together**.

It is important to familiarize yourself with the **precautionary rules** stated in the property insurance terms No. EL10.

¹ According to Article 24 of Act No. 30/2004 on Insurance Contracts.



7. Compensation period

- 7.1 VÍS pays compensation for the period stated in the policy or renewal receipt, but never for a longer period than the company is partially or completely halted.
- 7.2 The compensation period starts from the day the damage event occurred, see Article 8.

8. Deductible

- 8.1 The deductible for each damage is stated in the policy or renewal receipt.
- 8.2 The deductible is the waiting period in days from the occurrence of the damage event unless otherwise stated in the certificate or renewal receipt. The waiting period is defined as the first days of the compensation period, and no compensation is paid for that time.

II. Business Interruption Insurance

9. What is covered under the insurance?

- 9.1 The insurance compensates for lost profit of the insured due to a reduction in the sale of goods or services caused by an event at the insured location that is compensable under the fire, water damage, or burglary insurance of the policyholder's property insurance.

10. What is not covered under the insurance?

- 10.1 The insurance does not compensate for:
- 10.1.1 Increased business loss resulting from lockout, strike, machine breakdown, business delays due to renovations, expansion, government orders, or similar events.
 - 10.1.2 Increased business loss resulting from general downturn in the relevant industry, or due to changes in the market position of the insured or due to their lack of capital.
 - 10.1.3 Damage or increase in damage directly or indirectly caused by or resulting from earthquake, volcanic eruption, landslide, avalanche, or other natural disasters.

11. Insurance amount

- 11.1 The insurance amount is stated in the policy or renewal receipt.
- 11.2 The policyholder decides the insurance amount based on the insured's annual accounts for the last fiscal year and/or interim accounts, along with a forecast of changes during the insurance period.
- 11.3 The insurance amount should equal the estimated profit of the insured during the insurance period.
- 11.3.1 Profit in these terms is defined as operating income during the insurance period excluding VAT, minus the cost of goods/services sold and any other variable costs.
 - 11.3.2 The cost of goods/services sold is the cost directly related to the goods or services and is expected to decrease or cease during the business interruption and therefore does not need to be insured, e.g., raw material purchases, packaging, transportation costs, labor, etc.
 - 11.3.3 Other variable costs are costs expected to decrease or cease during the business interruption, e.g., contractor or labor costs that decrease in the event of damage.
 - 11.3.4 The forecast of changes during the insurance period can be based on expected price developments during the insurance period and foreseeable changes in the insured's operations that may lead to an increase or decrease in the estimated profit.
- 11.4 The policyholder is responsible for ensuring that the insurance amount is consistent with the risk at all times.

The policyholder decides the **insurance amount** and is responsible for updating it regularly.

Profit is operating income excluding VAT, minus the cost of goods/services sold and other variable costs.
Additionally, it is appropriate to consider estimated changes such as price developments or changes in operations.

12. Determination of compensation

- 12.1 Compensation is only paid for the actual loss incurred during the compensation period and only for the part of the loss that is solely caused by the interruption or reduction in operations that can be traced to compensable damage under the fire, water damage, or burglary insurance of the policyholder's property insurance.
- 12.2 The loss is the difference between the calculated profit as it would have been based on uninterrupted operations and the actual profit during the compensation period.



- 12.3 In the settlement of compensation, the insured must provide VÍS with information and documents they have access to and VÍS needs to assess its liability and pay compensation, such as trial balance and other accounting documents.
- 12.4 The insured is obliged to cooperate with VÍS in measures to prevent and limit the impact of the damage, including striving to continue the sale of goods and services and terminating commitments that are not useful during the business interruption.
- 12.5 Compensation can never exceed the insurance amount specified in the policy or renewal receipt.
- 12.6 If expenses are saved during the compensation period, compensation is reduced accordingly, including wages that the insured avoids paying by terminating employees.
- 12.7 If VÍS pays the insured an advance on estimated compensation before the profit loss has been calculated, such advance payment is deducted from the final compensation.

13. Permanent business interruption

- 13.1 If it is not planned to resume the insured's operations, the compensation amount is based on the time reasonably expected to elapse until operations could resume, but never longer than the compensation period stated in the policy or renewal receipt. Compensation during this period is based on unavoidable, verifiable costs of the insured but not lost profit.
- 13.2 If the operations have permanently ceased due to causes beyond the insured's control, compensation is paid according to Article 12.2, but never for a longer period than reasonably expected to elapse until operations could resume and never longer than the compensation period stated in the policy or renewal receipt.

III. Additional Expense Insurance

14. What is covered under the insurance?

- 14.1 VÍS pays verifiable and unavoidable additional expenses, such as rent for temporary premises, advertising due to the impact of business interruption, and relocation costs, incurred by the insured during the compensation period and directly attributable to the insured's business premises being unusable due to compensable damage under the fire, water damage, or burglary insurance of the policyholder's property insurance at the insured location specified in the policy or renewal receipt.

Only **increased costs** due to the need to relocate operations following compensable damage are compensated.

15. What is not covered under the insurance?

- 15.1 The insurance does not compensate for:
 - 15.1.1 Increased costs incurred after the end of the compensation period.
 - 15.1.2 Increased costs due to delays in resuming operations after damage due to unreasonable delays in repairs, expansion of premises, or other changes to the previous premises.
 - 15.1.3 Increased costs resulting from lockout, strike, machine breakdown, government orders, or similar events.
 - 15.1.4 Increased costs resulting from general downturn in the relevant industry, or damage due to changes in the market position of the insured or due to their lack of capital.
 - 15.1.5 Damage or increase in damage directly or indirectly caused by or resulting from earthquake, volcanic eruption, landslide, avalanche, or other natural disasters.

16. Insurance amount

- 16.1 The insurance amount is specified in the policy or renewal receipt.

17. Determination of compensation

- 17.1 Payment of additional expenses is subject to prior approval by VÍS each time regarding the nature and extent of the expenses.
- 17.2 Payment of additional expenses is conditional on the insured's operations resuming.

The information provided on the right margin is for the guidance of customers only and is not part of the terms themselves and is not intended to be used for interpreting specific clauses of the terms.

This is a translation of the authoritative Icelandic text. In the event of any discrepancies between the translation and the original Icelandic text, the original text shall prevail.