

Natural Catastrophes Insurance Cover Individual System Summary Updates

As of [10.12.2018]

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| 1 | The name of the Cover | Natural Catastrophe Insurance of Iceland (NTI). |
| 2 | Cover Purchase / Distribution Channels | Coverage for all properties in Iceland is compulsory and premiums collected by private insurance companies alongside fire insurance premiums. Coverage for contents (movables) is compulsory, if insured against fire, premiums collected alongside fire insurance premiums. Premiums for compulsory coverage for critical infrastructures are collected directly by NTI. |
| 3 | Coverage (incl. perils, sum insured & premium etc.) | <ol style="list-style-type: none"> 1. The insurance covers losses caused by the following natural disasters (perils); volcanic eruptions, earthquakes, rock slides, avalanches and floods. Business interruption is not covered. 2. The sum insured for properties is based on the fire insurance valuation, i.e. the replacement cost, depreciated according to date of construction and general condition, as determined by the Land registry office. The sum insured of contents is also based on the fire insurance value, which is determined by the policyholder. Sum insured for infrastructure is the replacement cost of the structure, determined by the policyholder. 3. The premium is a fixed ratio of the sum insured: <ol style="list-style-type: none"> a) for properties and contents 0.025% b) for public infrastructure 0.02% 4. Deductibles are as follows: <ol style="list-style-type: none"> a) for contents - ISK 200,000 (USD1,640) b) for properties ISK 400,000 (USD 3,280) |
| 4 | Claim Criteria / Loss Trigger | When a loss of insured values occurs, due to one of the perils listed in the Act, direct losses are paid to the insured following a loss assessment, by independent assessors. |
| 5 | Current Risk Assuming and Transferring structure (see following diagram) | The reinsurance structure is in 2 layers. 1st layer, XL and aggregate sections with limits 15b ISK xs 10b ISK (123m USD xs 82m USD). 2nd layer, XL only with limit 15b ISK xs 25b ISK (123m USD xs 205m USD) |

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| 6 | Recent Loss events | The last significant, and only reinsurance loss, occurred in May 2008. It was an earthquake (M 6.3) in the South Iceland Seismic Zone. The net ultimate loss indexed according to the building cost in Iceland is about 16b ISK (131m USD). The actual paid net ultimate loss (past values) is 10b ISK (82m USD). At that time, the retention of the reinsurance program was ISK 6.5b (49m USD) Since 2008 only small events have occurred at most 340m ISK (2,8m USD) including volcanic eruptions in 2010 and 2011, both with losses under 340m ISK. In the last ten years, NTI has paid out losses in 43 small events with average loss of 37m ISK (303,700 USD) |
| 7 | Latest take-up rate (Penetration rate) | Purchase of cover for properties and public infrastructure is compulsory with a 100% penetration rate. The cover is only provided by NTI, except for some power plants and major industrial properties, which are insured on a facultative basis. Penetration rate for contents is estimated to be 70-80% |
| 8 | Current Accumulate reserves (fund) | 40b ISK (328m USD) |
| 9 | Website/ annual report Linkage | https://nti.is/en/ https://nti.is/en/-renewal-info/ |
| 10 | Others | NTI is a government owned institution. |

Current Risk Assuming and Transferring structure (diagram)

