

Rules of the Sickness Fund of the Association of Chartered Engineers in Iceland (VFÍ)

The name of the fund is the Sickness Fund of the Association of Chartered Engineers in Iceland (Icelandic name: *Sjúkrasjóður Verkfræðingafélags Íslands*; hereinafter “the Fund”). The Fund’s domicile is at Engjateigur 9, 105 Reykjavík. The Fund’s legal venue is in Reykjavík.

The object of the Fund is to provide its members with financial support in the event of illness and/or physical injury and to support Fund members with health-related prevention.

1. MEMBERSHIP OF THE FUND AND RIGHTS:

The members of the Fund are those persons for whom compulsory or contractual contributions amounting to 1% of the salary of the person in question have been paid into the Fund.

a) **General rights:** Rights in the Fund are held by those for whom payments have been made into the Fund for at least six months prior to any event triggering entitlement to benefits. New Fund members transferring from the Support Fund of VFÍ (*Styrktarsjóður VFÍ*) immediately acquire full rights in the Fund. The same applies to those transferring from other sickness funds of associations providing previous members of the Fund with the same types of rights. The Fund reserves the right to seek confirmation that an applicant is not receiving payments from another sickness fund for the same incident or case. Applicants to the Fund must specify any such funds into which payments have been made for the applicant.

Members of the Fund for whom payments have been made into the Fund for a period shorter than six months before entitlement to benefits is triggered are entitled to pro rata payments from the Fund. Entitlement to support from the Fund lapses if payments are not received by the Fund for six months. When calculating benefits, the Fund is not obliged to take account of contributions paid into the Fund retrospectively.

b) **Parental leave:** Those who are entitled to a per diem allowance and have been members of the Fund for at least 12 consecutive months before taking parental leave are entitled to a parental leave per diem allowance.

c) **Unemployment:** Unemployed members with accrued rights at the start of a period of unemployment retain their rights for up to 12 months. This is conditional on payment of the VFÍ membership fee.

d) **Other cases:** The Fund’s Board of Directors may approve an entitlement to payments from the Fund to members who have been away from work for reasons of health, childbirth, study at an educational institution or professional training for up to 24 months.

e) **Death benefits:** The spouses, co-habiting partners and children of Fund members for whom payments have been made into the Fund for at least 12 months prior to Fund member’s death are entitled to death benefits. If the payments for the member have

been made into the Fund for a period shorter than 12 consecutive months, the member is entitled to pro rata payments from the Fund.

An entitlement to death benefits remains unaltered for 12 months after payments to the Fund cease. After the 12 months have passed, the benefit entitlement is reduced pro rata for the next four years and lapses five years after the last contribution payment is received by the Fund.

- f) **Retirement:** Fund members retain full entitlement to all benefits for 12 months after they retire and start taking their pension. The entitlement lapses at the end of that period.

2. APPLICATIONS AND RULES:

- a) **Applications:** Application for benefits from the Fund must be made in electronic form through the VFÍ website. Benefit applications are generally processed once each month. Applications received before the 20th of each month are generally processed at the turn of the next month.
- b) **Application processing:** The Board of Directors of the Fund and its employees shall treat all applications to the Fund as confidential. The Fund's application processing centre shall be located at VFÍ's office.
- c) **Documentation:** The necessary documents must be provided for a Fund member to receive payments from the Fund. These documents are:
- Accompanying an application for the payment of out-of-pocket costs: Invoices/bills with a breakdown of the costs and specifying the name of the applicant and a receipt or a bank transfer confirmation for the payment of each invoice/bill. The invoice/bill must bear the signature/stamp/logo of the issuer of the invoice/bill and specify the name, job title, identification number and street address. The number of times and the dates of treatments or purchases of the product or service in question shall be stated on the invoice/bill.
 - Accompanying an application for a parental leave per diem allowance: A copy of the payment schedule (*greiðsluáætlun*) from the Parental Leave Fund (*Fæðingarorlofssjóður*) together with a copy of the child's birth certificate or a doctor's certificate confirming the expected date of birth.
 - Accompanying an application for a death benefit: The death certificate and a printout from the official register of deaths (*dánarskrá*) of the District Commissioner (*sýslumaður*) in question.
 - Accompanying an application for per diem sick pay: A doctor's certificate and the employer's confirmation of the time when the contractual/compulsory payment of the salary ended.
 - The Fund's Board of Directors may request further documents containing information relating to the applicant, if necessary in the Fund's opinion.
- d) **Application for extension of per diem sick pay:** When an application is made for an

extension of the payment of per diem sick pay from the Fund, a notification of incapacity for work must be submitted every month in addition to a doctor's certificate stating the nature of the illness and the progress of treatment.

- e) **Benefit amount – withholding tax:** The Fund does not pay out benefits higher than the amounts of bills/invoices submitted or higher than accords with accrued entitlement to benefits falling under Article 5 of these Rules. Tax is withheld from the benefit amounts; however, allowances for physical exercise are exempted from taxation.
- f) **Lapse of entitlement:** Entitlement to payments from the Fund lapses if application for payment is not made within 12 months from incurring the expense or losing income.

3. PER DIEM SICK PAY FOR UNPAID ABSENCE FROM WORK:

The Fund pays out per diem sick pay in addition to the per diem sick pay received from Icelandic Health Insurance and pension payments.

However, the combined sum of payments from the Fund and the above parties shall never exceed the income loss suffered. The Fund reserves the right to reduce the per diem sick pay accordingly.

- a) **Illness or accident suffered by a Fund member:** Payment of a per diem allowance shall commence from the time that the employers starts making the contractual or compulsory salary payments and shall continue for up to 120 days, including holidays, weekends and working days. The Fund's Board may pay a partial per diem allowance if the Fund member is unable to perform a full-time job owing to an illness or accident.

The Fund's Board may extend the period for which a per diem allowance is paid if the Board deems this necessary and the Fund's financial position can accommodate such payments, for up to 150 additional days.

When a Fund member has used his/her full entitlement to payments from the Fund at a given time and the payments from the Fund cease, the Fund member does not acquire an entitlement to payments from the Fund again until six months have passed since the member last received payments from the Fund. Per diem sick pay is not paid out for longer than a total of 810 days for each Fund member.

- b) **Per diem allowance amount:** The amount of a per diem allowance shall be 80% of the base of the contribution payments received by the Fund using the average amount of contribution payments over the 12 months preceding the triggering of the entitlement to the allowance. However, this does not apply to per diem payments for parental leave or unemployment, cf. point (c) of Article 1.
- c) **Long-term illness of a spouse and/or children:** The Fund pays out benefits in the form of a per diem allowance for up to 60 days provided that the Fund member has lost salary income as a result of such illness.
- d) **Self-employed Fund members:** Payments to self-employed Fund members are made as if they were salaried employees. The waiting period for such payments equals the period of statutory sick pay in the private-sector labour market.

If the payment of contributions to the Fund by self-employed Fund members starts or increases substantially in the 18 months preceding the submission of an application for benefits or support, a different reference period than specified above may be decided to determine the benefit amount, and further documentation may be required, including a retrospective withholding tax statement. When calculating benefits, the Fund is not obliged to take account of contributions paid into the Fund retrospectively.

- e) **Employees closely related to the employer:** If an employer's payment of contributions into the Fund for an employee closely related to the owners, directors or management staff of the organisation in question starts or increases substantially in the 18 months preceding the submission of an application for benefits or support, payments may be discontinued, or a different reference period than specified above may be decided to determine the amount of the benefit amount, and further documentation may be required, including a retrospective withholding tax statement. When calculating benefits, the Fund is not obliged to take account of contributions paid into the Fund retrospectively.
- f) **Permanent disability due to accident or illness:** The Fund pays out benefits for permanent disability. A one-off lump sum payment in the amount of ISK 3,000,000 is made for a 75% disability assessment or higher. The amount is reduced in proportion to any lower disability percentage.
- g) **Miscellaneous:** In the event of a serious illness or accident considered by the Fund's Board to entail a financial loss for the Fund member's household, special benefits may be provided to the member in question.

4. DEATH BENEFITS:

Death benefits are calculated as a percentage of the salary from which contributions to the Fund have been paid. The amounts of benefit payments are determined on the basis of the average contribution amount paid into the Fund over the 12 months preceding the death. An entitlement to death benefits remains unaltered for 12 months after payments to the Fund cease. After the 12 months have passed, the benefit entitlement is reduced pro rata for the next four years and lapses five years after the last contribution payment is received by the Fund.

- a) **Payments to a spouse or cohabiting partner:** *The equivalent of one month's salary.*
- b) **Payments to each child under 18 years of a Fund member:** The equivalent of half a month's salary is payable to each child. Any such payment shall be transferred directly into the child's bank account.
- c) **For the family member or other support person paying funeral costs:** *ISK 1,000,000.*
- d) **In the event of serious financial distress upon the death of a Fund member's spouse, cohabiting partner or child:** *The equivalent of one month's salary.*

5. HEALTH CARE BENEFITS:

Entitlement to a health care benefit is accrued according to the same rules as entitlement to a per diem allowance.

The maximum annual benefit amount equals 75% of one year's contributions paid for the Fund member in question. Contributions made into the Fund made over three years may be accumulated towards benefits under this Article. This applies to all benefits under Article 5 of these rules of allocation.

A benefit is paid for the following: physical exercise, physiotherapy, occupational therapy, therapeutic massage, chiropractic treatment, treatment with a psychologist, a nurse, social worker, family support worker or comparable recognised assistance or treatment provider; courses for parents, cancer checks, heart, lung and blood vessel checks; eyeglasses, contact lenses and hearing aids, medicines, dental treatment, cosmetic surgery and other medical treatment paid for by the recipient of the benefit.

6. EYE SURGERY:

75% of out-of-pockets costs for laser eye surgeries are repaid up to a maximum of ISK 300,000.

This is conditional on the applicant having been a Fund member for a continuous period of one year before the surgery. Fund members for whom payments have been made for a period shorter than 12 months do not accrue a pro rata entitlement.

The maximum benefit under this Article is only granted once to each Fund member.

7. ASSISTED REPRODUCTION:

For assisted reproduction (artificial insemination and in vitro fertilisation), a benefit of up to 75% of the out-of-pockets costs is paid, up to a maximum of ISK 1,000,000. This is conditional on the applicant having been a Fund member for a continuous period of at least 12 months prior to incurring the cost.

The maximum benefit under this Article is granted only once to each Fund member.

8. CHILD ADOPTION:

For child adoption, a benefit of up to 75% of the out-of-pockets costs is paid, up to a maximum of ISK 1,000,000. This is conditional on the applicant having been a Fund member for a continuous period of at least 12 months prior to incurring the cost.

The maximum benefit under this Article is granted only once to each Fund member.

9. PARENTAL LEAVE PER DIEM ALLOWANCE:

- a) Parents who are entitled to payments from the Fund are entitled to a parental leave per diem allowance for as long as they receive payments from the Parental Leave Fund. Parents who are Fund members are entitled to additional payments in the event of a stillbirth after 22 weeks of gestation or a miscarriage after 18 weeks of gestation.
- b) A multiple birth establishes an entitlement to a higher per diem allowance, cf. the Act on Maternity/Paternity Leave and Parental Leave No. 95/2000. Such payments are conditional on the Fund member receiving payments from the Parental Leave Fund.
- c) The calculation of the parental leave per diem allowance is based on the person's average salary according to the Parental Leave Fund's payment schedule (*greiðsluáætlun*). The payments shall amount to 10% of the recipient's average salary based on the parental leave percentage according to the Parental Leave Fund's payment schedule.

10. MISCELLANEOUS:

The Fund may allocate expenditures to the purchase of health or life insurance or enter into agreements with other sickness funds for the benefit of Fund members. The Fund may also allocate expenditures to research and preventive activities in the area of health and safety.

- a) **Fund assets** The Fund's assets shall be invested in accordance with an investment policy approved by the board of the Employment Terms Department of VFÍ (*Kjaradeild VFÍ*).
- b) **The Fund's revenues are:**
 - Compulsory or contractual contributions paid by employers to the Fund;
 - Interest income and other returns on investment;
 - Gifts, contributions and donations;
 - Other revenues as may be decided from time to time by the board of the Employment Terms Department of VFÍ.
- c) **Responsibilities of the Fund's Board:** The Fund's Board of Directors shall ensure at all times that the Fund can meet its obligations. At least every fifth year, the Fund's Board shall engage an independent actuary or certified public accountant to assess the Fund's future position and whether it will be able to meet its obligations. The Fund's Board is

also obligated to have such an assessment performed when any major amendments are made to relevant regulations and rules. Such assessments shall be submitted to the board of the Employment Terms Department of VFÍ.

- d) In the event of an epidemic, the Fund's Board may relieve the Fund from its payment obligations temporarily. If the Fund's financial performance appears to be at risk, the Board may also decide to reduce temporarily the amount of benefits payable by the Fund.
- e) **Appointment of Directors:** The board of the Employment Terms Department of VFÍ appoints the members of the Board of Directors of the Fund at the first meeting following the Annual General Meeting of VFÍ and decides the remuneration of the Fund's Directors. The Fund's Board shall be composed of three members of the Fund and shall allocate tasks among the Board members. When a member of the Fund's Board leaves office, the board of the Employment Terms Department of VFÍ shall appoint a new Director as a replacement. The Secretary General of VFÍ and/or a representative of the Secretary General shall attend meetings of the Board and shall be employees of the Fund.
- f) **Administration and remuneration:** The Secretary General of VFÍ is responsible for the Fund's day-to-day administration. The Fund pays up to 10% of its revenue to VFÍ for administration and remuneration.
- g) **Annual financial statements:** The Fund's financial statements, signed by an auditor, shall be submitted to the Annual General Meeting of VFÍ. VFÍ's auditors are also the auditors of the Fund. The Fund's financial year shall be the same as that of VFÍ.

ENTRY INTO FORCE

Any amendments to these Rules shall be approved by the board of the Employment Terms Department of VFÍ.

These Rules were originally approved at the 845th meeting of the board of directors of the Society of Chartered Engineers (SV) on 8 September 1992.

The Rules have been amended at the following board meetings:

- 949th meeting of the board of directors of the Society of Chartered Engineers on 29 August 1995.
- 992nd meeting of the board of directors of the Society of Chartered Engineers on 7 October 1997.
- 1042nd meeting of the board of directors of the Society of Chartered Engineers on 18 April 2000.
- 1071st meeting of the board of directors of the Society of Chartered Engineers on 11 December 2001.
- 1100th meeting of the board of directors of the Society of Chartered Engineers on 24 June 2003.

1112nd meeting of the board of directors of the Society of Chartered Engineers on 9 March 2004.

1117th meeting of the board of directors of the Society of Chartered Engineers on 26 June 2007.

1205th meeting of the board of directors of the Society of Chartered Engineers on 18 March 2009.

1236th meeting of the board of directors of the Society of Chartered Engineers on 10 January 2011.

1st meeting of the board of the Employment Terms Department of VFÍ on 11 April 2012.

19th meeting of the board of the Employment Terms Department of VFÍ on 17 April 2013.

37th meeting of the board of the Employment Terms Department of VFÍ on 4 February 2015.