

Rules of Allocation for the BHM Sickness Fund

1 January 2022

1. **INTRODUCTION:**

The rights of Fund members and the organisation of the BHM Sickness Fund are covered by the Sickness Fund's charter, which was approved at the BHM annual general meeting on 18 May 2017. Under Article 7 of the charter, the Fund's Board determines detailed rules of allocation, and may, under special circumstances, make assessed decisions on allocations from the Fund. According to Article 2 of the charter, the Fund shall be used to provide funds to support its members, e.g. to offset loss of income due to unpaid absence from work due to the illness of a Fund member or their next of kin or other personal circumstances; expenses due to the death of a Fund member; Fund member expenses for various health services and preventative measures. The standardisation of rules does not, however, prevent the Fund's Board from making discretionary decisions under exceptional circumstances and with reference to the personal circumstances of a Fund member.

2. **FUND MEMBERSHIP:**

General rights. The right to allocations from the Fund is dependent on contributions having been made to the Sickness Fund on the member's behalf for a total of 6 months, including 3 consecutive months, before the expenditure or loss of income covered by the Fund took place. However, those who have rights to payments from the BHM Relief Fund obtain immediate rights when they join the BHM Sickness Fund. The same applies to those who have obtained rights to payments from sickness funds of other trade unions that give former members of the BHM Sickness Fund the same right.

- a. **During maternity/paternity leave.** Fund members who take maternity/paternity leave and who elect to continue paying their union fees during their leave maintain their full rights.
- b. **During illness.** A Fund member who has fully utilized his/her rights to sickness per diem allowance shall continue to enjoy other rights to the Fund for one year, providing he/she does not establish such rights elsewhere.
- c. **Unemployment.** Unemployed individuals maintain their rights to the Fund for one year following full Fund membership. This applies if the benefits period begins or expenditure occurs within one year from the beginning of unemployment, as long as union fees are paid from unemployment benefits to the relevant trade union from the beginning.

Trade unions may extend this period as long as the Fund member receives unemployment benefit payments from the Unemployment Insurance Fund, provided that they are responsible for paying the 1.0% premium from unemployment benefits to the Fund from the start date of the period of unemployment. Trade unions must notify the Fund if they intend to exercise this authority and state for how long they intend to do so.

If an unemployed person is not a Fund member, he or she can obtain membership and qualify for benefits from the Fund if that person pays membership dues from unemployment benefits to the relevant trade union that is responsible for payment of the 1.0% premium from unemployment benefits to the Fund. Rights are subsequently accrued in the same manner as other rights according to the rules of the Fund. Trade unions must notify the Fund if they intend to exercise this authority.

- d. **Membership during unpaid leave.** Fund members keep their rights during unpaid leave for up to 6 months. However, the right to relief is conditional on the individual having started work again. Sickness allowance is not granted for illness during unpaid leave.
- e. **Membership at the end of employment.** Fund members keep their rights for 12 months after they retire from work and start receiving pension. However, sickness per diem allowance is not paid for more than 3 months.
- f. **Authorization provisions for Fund members that switch from one sickness fund to another.** Trade unions may pay a single payment to the BHM Sickness Fund for their members who have been employed during the preceding 6 months and have rights in another sickness fund, for the purpose of ensuring the union/fund member the right to allocation of sickness per diem allowance from the beginning of membership.

The trade union shall pay to the BHM Sickness Fund a single payment equivalent to 1% of the total wages of the relevant member in the preceding 6 months of paid work. In that case, the union/Fund member will earn the right to sickness per diem allowance according to the Fund rules applicable at each time.

The Fund member will become entitled to other payments after premium payments have been made to the Fund for 6 months. Trade unions must notify the Fund if they intend to exercise this authority.

3. APPLICATIONS AND RULES:

- a. **Applications.** In order to apply for an allocation from the Fund, the electronic application form in the BHM service section "[My pages](#)" should be used. Applications must be submitted to the Fund with accompanying documents before the 15th day of each month in order to ensure that the application will be processed that same month.
- b. **Documents.** Documents should be submitted electronically with the application. The necessary documents must be presented in order for a Fund member to receive payment from the Fund. These documents are itemised invoices with the name of the applicant, which have verifiably been paid by the Fund member. This provision may be waived in the case of a jointly taxed party. The invoices must show the date of issue, endorsement/stamp or other indication regarding who issued the invoice with information indicating their name, job title, personal ID number and address or phone number. Information on the person receiving treatment, an itemization of the treatment and a description of the type of treatment, along with the dates of treatment or purchases of a product or service which only the Fund member has utilized, must be displayed on the invoice. The Fund's Board reserves the right to request an original copy of an invoice which has been sent to the Fund before disbursement is carried out.
- c. **Processing of applications.** The Fund's staff processes applications in compliance with these rules of allocation and in accordance with the Fund's Board's decisions. The Fund's Board meets at least once a month. Sickness per diem allowance is processed once at the end of the month and grants are processed at least once each month. A Fund member can always appeal the handling of his or her case to the Board of the BHM Sickness Fund.
- d. **Documents for sickness per diem or death compensation.** Applications for sickness per diem or death compensation must be signed and submitted either as a scanned image through *My pages* or to the Fund's office with accompanying certificates from a doctor. Application forms are accessible on the [Fund's website](#).
- e. **Allowance amount – Withholding tax.** The allowance can never exceed the amount of the submitted invoices. Tax is deducted from all allowance amounts, barring grants for physical activities and funeral allowance. If a member's premiums are lower than ISK 3,000 per month, that member will only receive half an allowance from the Fund. The average of premium payments over the preceding three months are calculated, counting from the day when the Fund received the application. If the calculated average is ISK 3,000 or higher, the member is entitled to a full grant. If the calculated average of premium payments over the preceding 3 months is ISK 2,999 or lower, the member is entitled to a half-grant.
- f. **The right to grants lapses if:**
 - a) The right to general grants from the Fund expires, cf. Articles 5-9, 10.b. and 12, if applications are not submitted within 12 months from the time of expenditure.
 - b) The right to death benefits lapses after 24 months from the date of death, cf. Article 11.a-c.
 - c) The right to a maternity/paternity grant lapses 24 months from the date of the child's birth or as stated in Article 10.c.
 - d) The right to an adoption grant lapses after 24 months from the time of expenditure, cf. Article 10.a.
 - e) Sickness per diem allowance is paid for a maximum of three calendar months, retroactively based on the month of application, cf. item a of Article 4.
 - f) The right to payments from the Fund lapses after 3 months have passed from the last time that a premium was paid to the Fund. The application lapses if the grant is not used within 9 months from the decision of the Board or Fund employee.
- g. **Misleading or incorrect information.** Any member who offers incorrect or misleading information or who neglects to give necessary information loses the right to benefits for up to 2 years. In situations involving overpayment due to incorrect information, the Fund's Board is permitted to require the allocation recipient to repay the full amount of the allocation in addition to penalty interest. The Fund's Board may deduct overpaid allowance from the next allocation to the relevant Fund member.
- h. **Icelandic Health Insurance.** Payments are usually not made for costs which are eligible for the Icelandic Health Insurance cost-sharing scheme.

4. **SICKNESS PER DIEM ALLOWANCE**

The right to sickness per diem for verifiable temporary loss of income of a Fund member due to the inability to work due to illness or an accident, including illness during pregnancy, is as follows:

- a) **Sickness and injury per diem allowance** is paid for up to 4 months, provided that wage payments during sickness or injury leave have stopped or been decreased. However, aggregate payments from the Fund shall never exceed the amount of income lost by a Fund member. Sickness per diem allowance is paid for a maximum of three calendar months, retroactively based on the month of application. In the case of continuous illness, the Board of the BHM Sickness Fund may, at the request of the Fund member, postpone an already approved application once sickness per diem allowance has commenced for valid reasons, e.g. parental leave of work at the recommendation of a doctor.
- b) **The amount of the per diem sickness allowance** shall be 80% of the member's basic payments to the Fund over the past 4 months before payments were stopped, though not exceeding ISK 713,000 per month. The BHM Sickness Fund may request further information, e.g. pay slips and a withholding tax record from the tax authorities, to verify the submitted documentation.

If final payments take place during this period, such as vacation pay after termination of employment or severance pay that is completed in one payment, this shall be regarded as future payments for the next months and therefore will not affect the calculation of the amount of sickness per diem allowance.

Establishment of the right to a sickness per diem allowance month is based on the number of payments made over the 4 months up to the day when the right to wage payments during sickness leave is deemed to be used in full by the employer or when the person in question is removed from the payroll (e.g. due to termination). If Fund members have contributed to the Fund for less than 4 months, the right to sickness per diem allowance is calculated according to the number of months payments have taken place. However, the number of contributions to the Fund may never be less than 3 continuous months, cf. Article 2.a.

All tax-liable payments from other parties above 20% of the base of payments made over the last 4 months are entirely subject to deduction from sickness per diem allowance from the Fund.

The Fund does not pay sickness per diem allowance in cases where a Fund member benefits from payments for loss of income for the same accident/sickness period from other parties, e.g. payments from workers' accident insurance and payments for accidents caused by motorised vehicles. In the event that such payments are lower than the amount of calculated sickness per diem allowance from the BHM Sickness Fund, the Fund is authorized to pay the balance.

- c) **Illness of a Fund member's child.** The Fund pays per diem allowance for up to 3 months for absence from work (loss of income) due to serious long-term illness of a child. The Fund's Board will assess each case individually, taking all circumstances into consideration, including other compensation. The assessment will be based on the assumption that other payments due to illness of children have been fully utilized, e.g. from the employer, Maternity/Paternity Leave Fund etc., or that applications for further payments have been rejected. The result of the application for care allowance must also be submitted.
- d) **Illness of a Fund member's spouse.** The Fund pays per diem allowance for up to 2 months for absence from work due to serious long-term illness of a spouse or common law partner. However, no payment is made for the first 10 days of illness.
- e) **Illness during pregnancy.** Expecting mothers who need to stop working during their pregnancy due to pregnancy-related health issues must check their right to an extended parental leave with the Maternity/Paternity Leave Fund before any rights to a sickness per diem allowance are possible. The BHM Sickness Fund may then request that the Fund member submit a confirmation from the Maternity/Paternity Leave Fund on their rights there.

If the aforementioned right to an extension of parental leave is present, expecting mothers are entitled to the payment of sickness per diem allowance to counter the loss income up to the birth of the baby. The amount of sickness per diem allowance is based on a payment plan from the Maternity/Paternity Leave Fund. The fund member concerned must fully exercise his/her rights from the Maternity/Paternity Leave Fund.

- f) **Illness and/or injury of a Fund member on maternity/paternity leave.** In the event that a parent is unable to take care of their child due to illness and/or injury during maternity/paternity leave, the Fund will pay up to one and a half months during the maternity/paternity leave. However, no payment is made for the first 10 days of illness. It is

a prerequisite that the applicant waives payments from the Maternity/Paternity Leave Fund and that the illness/accident does not qualify for the right to an extension of the maternity/paternity leave, or that an application for an extension of the maternity/paternity leave has been rejected.

- g) **Illness of self-employed people.** Self-employed Fund members are entitled to payment of sickness per diem allowance as if they were a salaried worker. The waiting period for benefit rights for self-employed members is 2 months as regards their own sickness. A person shall be considered self-employed if he or she works in his or her own business or conducts activities of an independent character or works for a partnership, a private limited company or a corporation where he or she holds a dominant position with regard to ownership or management.
- h) **Certificate for sickness per diem allowance** A doctor's certificate for sickness per diem allowance shall be submitted along with the application for sickness per diem allowance. As a rule, a new certificate for sickness per diem allowance must be submitted every two months. The cost of obtaining such certificates is refunded upon submission of a receipt.
- i) **Medical officer.** If necessary, the Fund's Board may establish a requirement for the payment of sickness per diem allowance from the Fund that the applicant allows the Fund's medical officer to verify the legitimacy of the submitted doctor's certificates and, as the case may be, perform a medical examination.
- j) **Depletion of right.** The right to a new period of sickness per diem allowance is re-established when a Fund member has made payments for 6 months following the end of the last per diem allowance period. Each Fund member is paid a maximum of 2 sickness per diem allowance periods per each 10-year period.

GRANTS FROM THE BHM SICKNESS FUND

The following grants are only available to Fund members. Grants are not paid for treatment or services for a child/children, spouses or other people. Article 12. b) is excluded.

5. HEARING AIDS

An amount equivalent to 80% of costs is paid for the purchase of hearing aids once every 36 months, for a maximum of ISK 145,000.

6. FITNESS ACTIVITIES:

A grant for athletic activity is available. A maximum payment of ISK 25,000 is made per each 12-month period. Purchase of equipment and/or other devices for improving physical well-being is not eligible for grants from the BHM Sickness Fund.

7. PREVENTIVE MEASURES:

A grant is available for preventive measures to a maximum of ISK 20,000 every 12 month period:

- a. **Screening** for breast and/or cervical cancer (cervical smear) at a healthcare centre or with a gynaecologist.
- b. **Screening for cancer** in the colon and/or prostate.
- c. **Further testing** for items a and b is included here.
- d. **Risk assessment** of heart disease.

8. GRANTS FOR THE TREATMENT OF BODY AND MIND:

The maximum reimbursement for out-of-pocket payments is ISK 75,000 for every 12 month period for individual/group therapy with a professionally certified individual who holds a licence to practice in the relevant field from the Directorate of Health and the relevant profession, e.g. a physiotherapist, occupational therapist, medical massage therapist, osteopath, psychologist, nurse, social worker, nutritionist, and chiropractor. Grants for medical costs are not provided. A stay at a recognised health institution, such as NLFÍ, is eligible under this item. The Board reserves the right to request a doctor's certificate or information regarding the therapist. Education courses are not eligible for grants. The therapy must take place in Iceland. However, a grant can never exceed out-of-pocket expenses.

9. ASSISTANCE FOR WORK-RELATED CRISES OR UNEXPECTED EMPLOYMENT TERMINATION:

The Fund pays for treatment with a professionally certified individual who holds a license from the Directorate of Health, to work through a work-related crisis or in connection with unexpected employment termination in accordance with a request from a union representative or a union for a maximum of ISK 55,000 in each 36-month period.

10. ADOPTION, ARTIFICIAL INSEMINATION, AND MATERNITY/PATERNITY GRANT

a. Adoption

A grant to the maximum amount of ISK 170,000 is available to each Fund member for the expenses of a trip to collect a child for adoption. Grant applications must be submitted within 24 months from the time of expenditure. However, a grant can never exceed out-of-pocket expenses.

b. Artificial insemination

A maximum grant of ISK 125,000 is paid for artificial insemination or microscopic or in vitro fertilisation treatments in each 24-month period. However, a grant can never exceed out-of-pocket expenses.

c. Maternity/paternity grant

A grant of a maximum of ISK 100,000 is available to each Fund member for the birth of a child. The same grant is also provided for the adoption of a child under 18 years of age, or when a child under 18 years of age is placed in permanent foster care.

A grant is also available for the stillbirth of a child after the 22nd week of pregnancy or miscarriage after the 18th week of pregnancy.

Applications must be submitted within 24 months of the child's birth or adoption. A maternity/paternity grant is provided to a parent upon presentation of a birth certificate or certificate of registration of a child in Registers Iceland.

11. DEATH BENEFITS

a. Death benefits for Fund members.

Death benefits amounting to ISK 350,000 are paid upon the death of a Fund member. The right to death benefits lapses if an application is not submitted within 24 months from the date of death. Death benefits are also paid for former Fund members who die within 2 years after termination of employment/retirement.

b. Death Benefits for the death of a Fund member's child.

Death benefits amounting to ISK 350,000 are paid upon the death of a Fund member's child under the age of 18. Death benefits also apply to stillbirth after the 22nd week of pregnancy or miscarriage after the 18th week of pregnancy. The right to death benefits lapses if an application is not submitted within 24 months from the date of death. Benefits are paid to legal heirs. If both parents are Fund members, benefits will only be paid to one Fund member.

c. Temporary loss of financial support for spouse / common law partner.

To compensate for temporary loss of financial support for a spouse/common law partner, the equivalent of one month's pay of the deceased is paid out, based on the average of payments received over the last 4 months to a maximum of ISK 713,000. If the deceased had a dependent child/children under the age of 18, an additional 50% monthly salary is paid. The maximum payment pursuant to this article is ISK 1,069,500.

12. AUTHORIZATION PROVISIONS DUE TO OTHER HEALTH COSTS:

The Fund's board assesses in each case whether an application comes under the scope of an authorisation provision. In special circumstances, such as unexpected high costs and/or financial difficulties that exceed ISK 150,000 and are due to serious illness or accident that befalls Fund members, their children or spouses, the Fund's Board can grant an allowance of up to ISK 150,000. An amount equivalent to 30% of eligible costs is paid.

Payments are not made for the cost of pharmaceutical drugs or other health costs which are paid in part by Icelandic Health Insurance. Costs for cosmetic procedures or applications that come under other items of these rules are not covered.

13. ENTRY INTO FORCE:

These rules of allocation were last amended in a meeting of the Board of Directors of the BHM Sickness Fund on 1 December 2021 and are valid as of 1 January 2022. The rules of allocation and amendments to them are published on the BHM website.

