

Rules of Allocation for the BHM Sickness Fund

1 April 2019

1. **INTRODUCTION:**

The rights of Fund members and the organisation of the BHM Sickness Fund are covered by the Sickness Fund's organisation record, which was approved at the BHM annual general meeting on the 18th of 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.

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 utilised 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.

Unions may extend this period up to a total of 30 months, 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 in writing if they intend to exercise this authority.

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 per diem 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. **Authorisation 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. The union/Fund member will then be entitled to payment of sickness per diem allowance for up to 6 months at the beginning of membership to the Fund. The entitlement to payment of sickness per diem allowance will then increase in proportion to contributions to the Fund.

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 portal "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. 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 itemisation 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 utilised, 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 and 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.
- f. **Expiration of applications.** The right to payments from the Fund expires if applications are not submitted within 12 months from the time of expenditure or loss of income. However, the right to payments from the Fund expires after 6 months have passed from the last time that a premium was paid to the Fund.

The right to payments in accordance with a decision by the Fund's Board or an employee of the Fund expires if payment has not been claimed within 9 months.
- g. **Misleading or incorrect information.** Any member who offers incorrect or misleading information or neglects to provide necessary information may lose the right to benefits for up to two 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 a discount card from Icelandic Health Insurance.

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 9 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.
- b. **The amount of the per diem sickness allowance** shall be 70% of the member's basic payments to the Fund over the past 9 months before payments were stopped, though not exceeding ISK 713,000 per month.

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 last 9 months. Fund members who have contributed to the Fund for less than 9 months get paid pro rata. This means that a Fund member who has paid into the Fund for 6 months has only earned rights to per diem allowance for 6 months.

All tax-liable payments from other parties above 20% of the base of payments made over the last 9 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 authorised 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 Board may furthermore extend this right for an additional period of up to 3 months. 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.
- 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 ailments and are receiving payments from the Maternity/Paternity Leave Fund are entitled to payment of sickness per diem allowance in order to counterbalance loss of income up until the date of the birth of the child. 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** 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 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. The maximum amount of months that are paid to each Fund member are 2 periods, or a total of 18 months, over 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

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 12,000 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. **Regular testing for cancer** (screening) of the breasts and/or cervix. (Payments are made in accordance with the rate of the Cancer Detection Clinic of the ICS.)
- b. **Cancer examination** of the colon and/or prostate.
- c. **Risk assessment** of heart disease.

8. GRANTS FOR THE TREATMENT OF BODY AND MIND:

A refund is provided of 70% of out-of-pocket expenses to a maximum of ISK 50,000 every 12 month period for individual/group therapy with a professionally certified individual who holds a license to practice in the relevant field from the Directorate of Health and the relevant profession, i.e. a physiotherapist, occupational therapist, medical massage therapist, osteopath, psychologist, nurse, social worker, nutritionist, and chiropractor. Education courses are not eligible for grants. The therapy must take place in Iceland. The Board reserves the right to request a doctor's certificate or information regarding the therapist.

9. ASSISTANCE BECAUSE OF WORK RELATED TRAUMA OR UNEXPECTED TERMINATION OF EMPLOYMENT:

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.

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

a. Adoption

A grant to the amount of ISK 170,000 is available to each Fund member for the expenses of a trip abroad to collect a child for adoption.

b. Artificial/in vitro insemination

A grant for artificial insemination (medications not included) for the first time for each child, equivalent to 40% of the invoices submitted, is available to each Fund member, to a maximum of ISK 125,000.

c. Maternity/paternity grant:

A grant of ISK 100,000 is available to each Fund member for the birth of a child. A grant is also available for the stillbirth of a child after the 22nd week of pregnancy.

Applications must be submitted within a year of the birth or adoption of a child. A maternity 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. Funeral allowance.

A funeral allowance of ISK 350,000 is paid upon the death of a Fund member. There is also a grant that is paid for a former Fund member who dies within 2 years after termination of employment/retirement.

b. 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 12 months. Furthermore, an allowance of half the amount of the deceased Fund member's monthly wage is paid for children aged 18 and younger. Payments according to this Article are to a maximum of ISK 665,000.

12. AUTHORISATION 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 eligible for a discount card from 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 19 February 2019 and entered into force on 1 April 2019. The rules of allocation and amendments to them are published on the BHM website.

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