



Statens landbruksforvaltning

Norwegian Agricultural Authority

The Norwegian National Fund for Natural Damage Assistance

Conference for NNPPs Reinsurers

June 17th 2009 – Oslo

Gunn Eide, Norwegian Agricultural Authority



Legal status and financial conditions

- The Board and the Appeal Commission for the Fund are governmental bodies under the Ministry of Agriculture and Food, and are elected for a 5 year period
- The Natural Disaster Act regulates the operation of the governmental compensation scheme
- The fund is fully financed by annual governmental budgets: i.e. no premiums and no actual fund



The Board and Appeal Commission

The Board

- Decides on claims over a certain sum and complexity
- Up to 2008: financial support to protective measures against natural disasters

The Appeal Commission

- Handles complaints on natural disaster claims, from both the governmental scheme and from insurance



Norwegian Agricultural Authority

- Administration to the Board and the Appeal Commission for the Norwegian National Fund for Natural Damage Assistance
- NAA's tasks:
 - Financial management
 - Preparation of claims and applications for the Board and the Appeal Commission
 - Public services
 - Cooperation in the field of natural damage
 - Represent the Board in legal matters



Purpose and requirements of the Fund

- **Purpose:** To provide compensation for natural damage in cases where insurance against such damage is not available through ordinary insurance
- Damage should be a direct result of a natural disaster
- Compensation offered to private property owners (private persons and companies)



Compensation for natural damage

Assessment and payment (1)

- Property owner reports the natural disaster to local police
- The damage (cost of restoring object to previous standard) is assessed by experts led by local police
- NAA prepares claims for the Board
- General deduction cause: if the restoring costs are substantially higher than the value of the object damaged
- Causes for individual deductions are investigated (quality of structure, maintenance standard etc)



Compensation for natural damage

Assessment and payment methods (2)

- The compensation limit is 85% of restoring costs, deducted by NOK 10.000
- The Board grants compensation
- Compensation is paid to the claimant when the damage is confirmed as repaired
- The grant expires latest 3 years after the compensation is granted
- Both the damage assessment and the decisions by the Board can be subject to complaints (complaints committee / courts)



Compensation for natural damage

Annual volumes

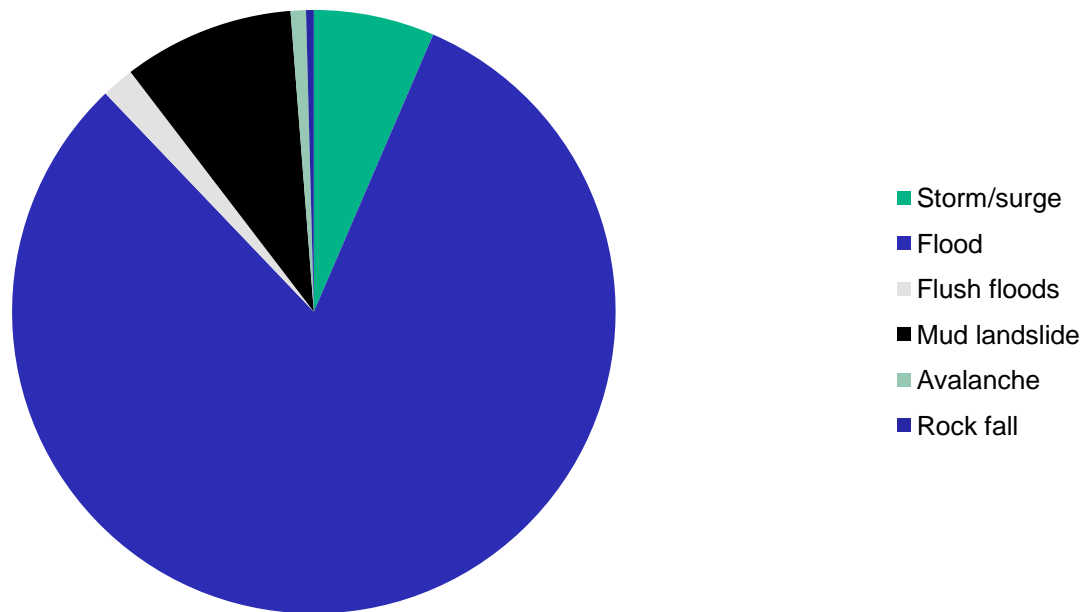
The volumes vary significantly between years in the period 1999 – 2008:

- Claims: annually between 753 and 2030 (1995: 3347), with an average of app. 1200 claims per year
- Compensation granted: annually between 30,3 and 114,8 million NOK (1995: 158,4 MNOK)
- Average compensation size 2008: 104.600 NOK



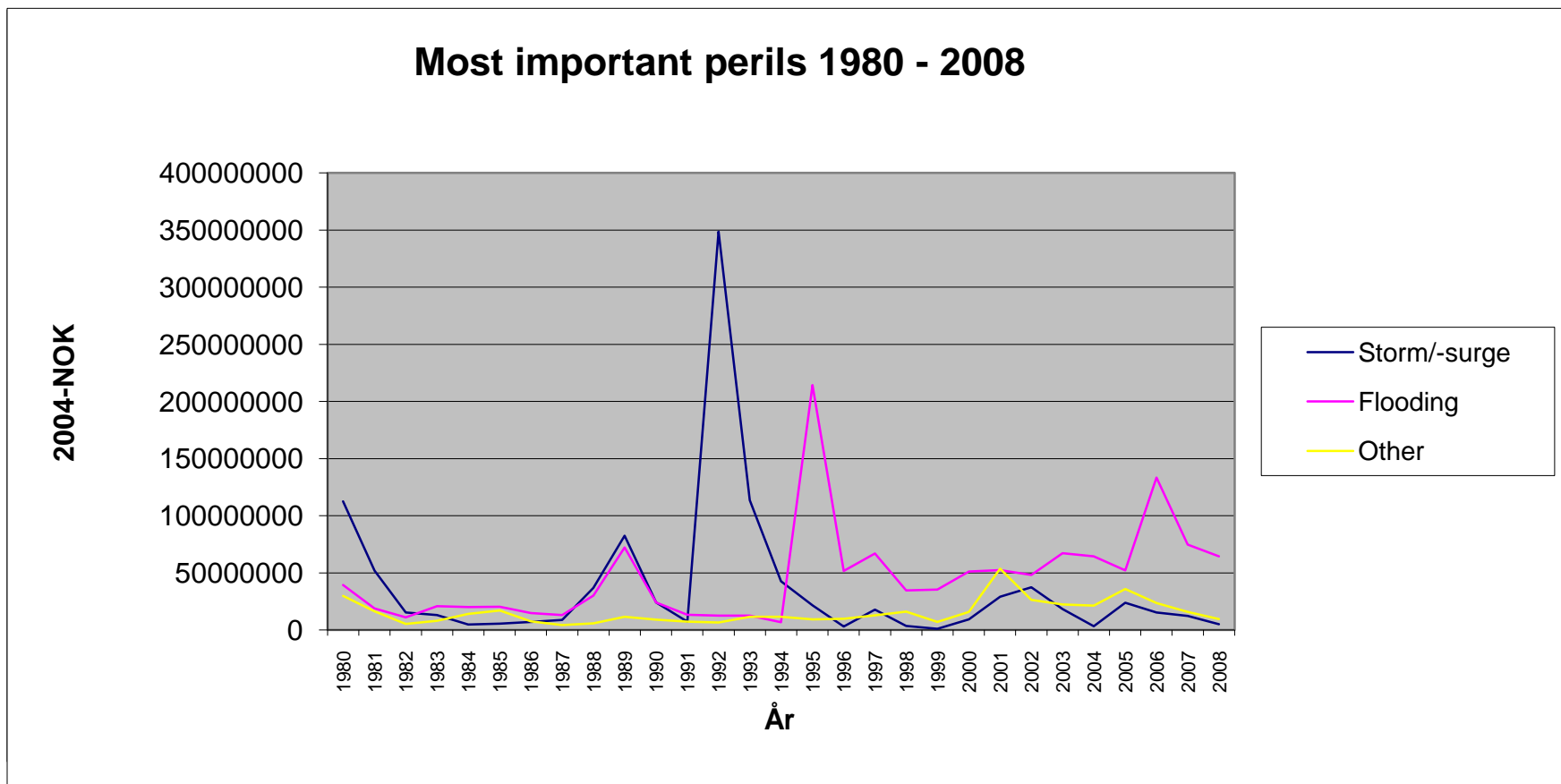
Compensated natural damages 2008

Compensation distributed by perils 2008





Substantial variations between years





Most important objects covered by the governmental scheme

- Private roads / bridges
- Agricultural land
- Dams, wells, water reservoirs etc.
- Forests / other areas
- Rivers / river banks
- Piers / wave breakers
- Protection walls etc
- Areas for industry / sports / tourism



Provide support for protection measures

The Board can to a small extent offer financial support to scientific and/or practical projects that aim to increase the knowledge of :

- Efficient natural damage protection measures
- Distribution and magnitude of risk of natural disasters
- Ex: Analyzes of suitable methods for restoring after huge flood damages in central Norway 1995
- Ex: Contribution to establishment of web-site Skrednett.no
- Ex. Contribution to tsunami modelling



Revision of the Act 2006 – 2008

The present Act was designed for in the 1950s. NAA made recommendations in April 08 for a revised Act that take into consideration:

- Climate changes
- Socioeconomic changes, urbanization etc
- Cost, time and purpose efficiency
- Other topics



Recommendations for a revised Act (1)

- The dual natural damage assistance system is functional and should be prolonged
- "Permanent" compensation schemes reduces society vulnerability for natural disasters – by increasing it's ability to quick normalisation after natural disasters
- Natural damages losses on private property should in general be covered, by insurance or governmental program



Recommendations for a revised Act (2)

- Main principles and definitions in the Act should remain but be clarified
- Climate changes will lead to increased number of and costs from natural damages
 - Emphasises the need for fixed assistance programs
 - Claims processing efficiency is crucial
- Owner and municipality responsibilities are underlined – deductions and reimbursement claims
- Will probably be referred for consideration summer/autumn 09



From 2009: New landslide authority

The Board has since 1935 offered financial support to municipal measures against natural disasters

From 2009 the Norwegian Water Resources and Energy Directorate is the norwegian landslide authority