

Common terms and conditions for all insurance conditions covering damages caused by natural perils.

Effective as from January 1, 2008.

The insurance contract is also governed by the provisions of

- Act relating to Insurance Contracts of June 16, 1989 (FAL)
- General conditions
- The Natural Damage Insurance Act of June 16, 1989

in so far as these provisions have not been derogated from in the insurance conditions.

These conditions are the framework for what the companies may debit Norsk Naturskadepool. These settlement conditions must be utilized even if those conditions employed by the companies are more restrictive. If there are any doubts about interpretation, cf. Handbook in Natural Perils Insurance

1. WHO IS COVERED UNDER THE INSURANCE

The insurance applies to the party mentioned in the insurance agreement.

The insurance of physical objects also applies to any owner of registered title, mortgage or other registered lien in real estate. The insurance does not apply to persons having similar interests in personal chattels.

2. WHERE THE INSURANCE APPLIES.

2.1 The insurance applies at the premises in Norway stated in the insurance contract.

2.2 Insurance in Norway of items temporarily removed from the location of the insurance.

2.2.1 The insurance provides cover

- for objects, money and securities temporarily removed from the location of the insurance.
- for objects to be sold.
- during home relocation and at the new address. The company shall be notified of the change of address.

2.2.2 The insurance of objects temporarily removed from the location of the insurance does not cover

- goods in own or rented premises.
- items on building- or construction sites.
- items employed in contracting-, electrical-, installation- or tradesmen's - activities.

3. COVER PROVIDED BY THE INSURANCE.

3.1 Building as stated in the proof of insurance.

Building is deemed to include foundation wall and foundation as well as internal piping, cables and fixed equipment which is necessary for the purpose of the building, and which has not been fitted specially for, or is part of production or commercial operations

The insurance does not cover artistic embellishment.

3.1.1 When a building is insured, the insurance does also cover: External piping and cables and attached equipment - including the building's drainage and surface water piping, oil tank, septic tank and drain well - leading to public mains or well, and carrying electricity, gas or liquid to and from the building. The indemnity is limited to maximum NOK 200.000.-.

Permanent wooden wharf – which has not been separately insured and not appearing on the proof of insurance – belonging to farmhouse, residential house or holiday home.
The indemnity is limited to maximum NOK 50.000.-.

The insurance does not cover:
Geothermal-/seawater piping, infiltration/diffusion piping, sullage pit, well or blast holes.

3.1.2 Garden in connection with farmhouse, residential house and holiday home. When the insured object is a farmhouse, residential house or holiday home, the insurance does also cover damages caused by natural perils to garden – including outdoor pool, fences and flagpole and yard connected with the building but limited to 5000m². Any part of an access road lying within this limited area as stated above is also covered.

3.1.3 Garden in connection with other buildings than farm house, residential house or holiday home: For other buildings than those mentioned above under 3.1.2, the insurance covers damage to outdoor pool, fences and flag pole up to a total amount of NOK 50.000.-.

3.2 Contents, furnishing, machinery, fixtures and goods mentioned in the proof of insurance

3.3 In respect of the insured items following is also covered:

3.3.1 Expenses for demolition, clearing, removal and disposal of valueless debris resulting from damage to insured objects, up to a total amount of NOK 300.000.-.

3.3.2 Additional expenses due to inflation during the period normally required to repair/replace the object, not exceeding 24 months.

3.3.3 Expenses for removal and temporary storage of the insured objects, up to a total amount of NOK 50.000.-.

3.3.4 Where the insurances includes personal chattels, any loss of money and securities together with expenses for reconstruction of professional manuscripts, professional drawings, data storage etc. is indemnified up to a total amount of NOK 10.000.-.

3.3.5 Damage to motor vehicles and motor vehicle trailers, aircrafts, sailboats and motorboats and equipment for exploiting oil, gas or other natural deposits on the seabed when such items are stock in business operations and are present ashore in Norway. Cf. 3.4.1

3.4 The following is not covered

3.4.1 Damage to forest or growing crop, goods in transit, motor vehicles or motor vehicle trailers, aircrafts, ships or small boats as well as their contents, fishing gear on vessels or in the sea, equipment in the sea for production of fish, fish in cage, net or dam, equipment for exploiting oil, gas or other natural resources on the seabed.

3.4.1.1. Even if there is an insurance in existence on objects which it is not common to insure against fire, such as bridges, foot bridges, breakwaters, dams, tunnels through mountains etc., these objects are not covered under the insurance.

3.4.1.2 Sea cables, air cables over fjords and air cables over water, including the fastening devices

3.4.1.3 Railcars such as trains, trams etc.

3.4.2 Damage to gardens, in excess of the provisions in 3.1.2 and 3.1.3. Crop (yield from the garden)

3.4.3 Damage solely affecting aerials, signs, awnings etc.

3.4.4 Damage to buildings or items therein, when the building was erected after an order banning building and division of property was issued for the area in question under the Natural Damage Act Section 22, and the damage is of the nature referred to in the order.

3.4.5 Expenses on prevention, securing, moving and other measures not prompted by direct damage to insured building or contents. Where insured items are damaged or directly threatened by an occurrence of a natural event, the necessary salvage expenses mentioned in FAL will be covered up to an amount not exceeding the cost of rebuilding. For other items than buildings, the cover applies to the replacement costs.

4. INDEMNIFIABLE DAMAGE AND RESTRICTIONS

4.1 The insurance covers damage that is a direct result of a natural event such as landslide, avalanche, storm, floods, storm surge, earthquake or volcanic eruption, cf. the Natural Damage Insurance Act (no. 70 of 16 June 1989).

The following damages are not indemnified:

4.1.1 Damage whose immediate cause is ground frost, deep frost, drought, precipitation, weight of snow or ice drift.

4.1.2 Damage caused by animals, insects, bacteria, fungus, rot etc.

5. CLAIMS SETTLEMENT

Section 6-1 of FAL is derogated from and is replaced by the following rules:

5.1 Common rules

5.1.1 Claims notification

Claims shall be notified to the insurer without undue delay.

5.1.2 Alternative methods of settlement

The insurer may decide whether the claim shall be settled by cash payment, repair, rebuilding or replacement, or whether the insurer shall obtain equivalent – or essentially equivalent – items.

In the case of cash settlement the indemnity may not exceed what the insurer would have had to pay for repair or rebuilding/replacement.

In the case of repair or rebuilding/replacement, the insurer shall have the right to select the repairers or suppliers.

5.1.3 Insured amounts, under-insurance

5.1.3.1 Full value – buildings

A building insured for its full value is insured for what it would have cost on the date of the damage to rebuild an equivalent – or essentially equivalent – building at the damage site, i.e. the rebuilding cost. Additional costs related to building methods or equipment which are not rational by modern building standards are not included.

The premium rate is fixed by the insurer on the basis of an advance appraisal and is subsequently adjusted in accordance with the building cost index or by a new appraisal.

Any additions or other alternations affecting the building's rebuilding cost are covered by the insurance and shall be notified to the insurer. If no such notification is given, indemnity will be payable for the portion of the claim corresponding to the difference between the cost of rebuilding had the alteration not been made and the cost of rebuilding with the alteration in place (under-insurance).

Where the insurance provides cover for buildings not specified in the proof of insurance, the same provision applies in respect of non-notified new buildings.

5.1.3.2 Fixed insured amount – buildings

The insured amount is fixed by the policyholder.

If the insured amount equals the rebuilding costs less deductions mentioned in items 5.3.3 - 5.3.5, or higher, the entire loss will be indemnified. Where the insured amount is lower, indemnity will be payable for the portion of the claim corresponding to the difference between the insured amount and the cost of rebuilding less deductions as mentioned in 5.3.3 – 5.3.5 (under-insurance).

5.1.3.3 Insured amount – contents (furnishings, machines, fittings)

The insured amount is fixed by the policyholder. The insured amount shall at a minimum reflect what it would have cost on the date of the damage to replace the item with an equivalent – or essentially equivalent – item, i.e. the replacement cost.

Any new acquisitions during the contract period are insured provided this is included in the premium rate for calculation of natural damage insurance.

Where the insured amount is less than the replacement costs, compensation is payable for the portion of the claim corresponding to the difference between the insured amount and the replacement cost (under-insurance).

5.1.3.4 Insured amount - goods

The insured amount is fixed by the policyholder and shall at a minimum correspond to the value of the goods. When the value is determined, account shall be taken of costs saved and interest payable, cash discounts, obsolescence and other factors affecting the value. With respect to goods whose value is reduced due to obsolescence, and which are to be sold at reduced price, the value shall be reduced in the same ratio as the reduction in sales price.

Goods not produced by the insured himself and goods in production shall be valued at purchase price plus expenses, in both cases based on the prices applicable in ordinary production and delivery immediately prior to the damage occurred.

Finished goods produced by the insured himself shall be valued at trade price, account being taken of the insured's normal sales pattern. For sold goods the contract price shall be used. Salvaged items shall primarily be regarded as sold.

Where the insured amount is less than the value, indemnity will be payable for the portion of the claim corresponding to the difference between the insured amount and the value (under-insurance).

5.1.3.5 First loss

For items with amounts stated in the terms and conditions and items designated "first loss" in the certificate of insurance, the claim will be indemnified, less the deductible, up to the stated amounts.

5.1.4 The insurer's obligation to pay interest

The insured is entitled to interest on the indemnity, see Section 8-4 of FAL.

5.1.5 Property rights to damaged items and items that are later recovered

The insured is under obligation to retain a damaged item if he is to receive indemnity for damage to the item. The insurer shall be entitled to take over damaged items.

Should an item be recovered after the indemnity has been paid, the insured shall be entitled to retain the item against repayment of the indemnity. If the insured does not wish to do so, the item shall become the property of the insurer.

5.1.6 Appraisalment

The basis of indemnity, valuation and issues associated with the calculation of business interruption loss shall be determined by appraisalment should the insured or the insurer so request. A basis shall be taken in the provisions on appraisalment in the individual insurer's terms and conditions.

5.1.7 Subrogation

Where the insurer is liable to a mortgagee but not to the owner, the insurer shall succeed to the mortgagee's rights to the extent that the mortgagee is indemnified by the insurer.

However, the insurer may not enforce its rights to the exclusion of mortgage rights held in the property at the time the insured event occurred, and that are covered by the insurance.

5.2 CALCULATION OF INDEMNITY

When indemnity is calculated, reductions authorized by these terms and condition or by law or shall be made prior to applying the deductible.

Value added tax will be refunded on the basis of documented costs incurred in repairing the damage to the extent that the VAT cannot be deducted in a settlement with the tax authorities.

Special rules apply to mortgagees and estates in bankruptcy, decedent estates and new owners other than owner's spouse, live-in partner or lineal descendent after the damage occurred, see 5.8.

5.3 CALCULATION OF INDEMNITY - BUILDINGS

5.3.1 The basis of indemnity

Indemnity is calculated on the basis of the costs of repairing and/or rebuilding the item to the same - or essentially the same – condition as before the damage occurred. The costs are calculated with reference to the prices on the date of the damage. The basis of indemnity cannot be set higher than the cost of rebuilding prior to the date of the damage less the building's value after that date. The calculations shall be carried out in accordance with the rules of Clause 5.1.3.1 first paragraph.

5.3.2 Deductions

Deductions shall be made for any increase in market value, as mentioned in Clauses 5.3.3 - 5.3.5.

5.3.2.1 Deduction for increase in market value

Where a deduction is made for value appreciation because the market value of the repaired/rebuilt building is higher than the building's market value immediately prior to the damage occurred, the following rules apply:

When the market value is determined, account shall be taken of return on capital, location and other factors. The market value after the damage occurred shall be determined on the basis of a repaired/rebuilt building equivalent to the damaged building.

A building's market value shall be set as the difference between the property's market value with and without the building.

For a building that cannot be sold separately, the building's utility value shall be employed instead.

5.3.3 Buildings that are repaired or rebuilt for the same purpose within the national borders within five years by the owner, the owner's spouse, live-in-partner or lineal descendant

The basis of indemnity shall be determined in accordance with the rules of Clause 5.3.1 with the following deductions:

A deduction shall be made for that part of the value appreciation that exceeds 40 per cent of the value of the building prior to the damage occurred.

Building parts or components due for replacement or demolition shall be indemnified at their market value less the costs of demolition or dismantling.

5.3.3.1 For other purposes

A deduction shall be made for all increases in market value as mentioned in Clause 5.3.3.

5.3.4 Buildings that are not repaired/rebuilt in accordance with the rules of Clause 5.3.3

The basis of indemnity shall be fixed in accordance with the rules of Clause 5.3.3.1, but not higher than the building's market value prior to the damage occurred.

5.3.5 Buildings due for demolition, and temporary buildings that are not to be repaired or rebuilt

The basis of indemnity, see Clause 5.3.1, is limited to the value of the building's usable materials, taken down and made ready for sale/transport. Deductions shall be made for the costs of demolition.

5.3.6 Special indemnity rules for natural damage to piping with appurtenant equipment.

In the event of damage to parts of an item, basis shall be taken in the age of the damaged part. If the damaged parts of the piping are of differing ages, the indemnity shall be based on the oldest part.

5.3.6.1 In the event of damage to external piping with appurtenant equipment, the indemnity shall be calculated on the basis of the total repair costs, with the following deductions:

Age:	Deduction:
0-20 years	0
21 years and over	5% per year

5.4 CALCULATION OF INDEMNITY – HOME CONTENTS

Indemnity is calculated using the prices on the date of the damage on the basis of the expenses on repair to the same, or essentially the same, condition as immediately prior to the damage, or replacement of the equivalent, or essentially equivalent, item (the replacement cost), and is limited to the lower of the two alternatives.

The indemnity may not be fixed higher than the basis of indemnity calculated in accordance with the rules of Clauses 5.4.1 - 5.4.3 with deduction of the value after the damage occurred.

5.4.1 Items of collector's interest, such as antiques, works of art, genuine carpets, weapons, coins, bank notes and stamp collections.

The basis of indemnity is the market price.

5.4.2 Pearls, precious stones, jewellery and other items of precious metals.
The basis of indemnity is the replacement price.

5.4.3 Other home contents
The basis of indemnity is the replacement price less deductions assessed on the basis of the item's

- age
- wear and tear
- expected useful life
- utility.

A deduction shall be made for appreciation that exceeds 40% of the item's value before the damage occurred.

5.5 CALCULATION OF INDEMNITY – MACHINERY, FITTINGS AND CHATTELS

5.5.1 In the event of replacement or repair
Indemnity is calculated on the basis of the costs of repair/replacement to the same, or essentially the same, condition as immediately prior to the damage, calculated in accordance with the prices on the date of the damage. The basis of indemnity may not be set higher than the replacement price prior to the damage event less a deduction for the value after the damage, calculated in accordance with the rules below.

A deduction shall be made for value appreciation due to any improvement of the condition of the damaged item and/or component thereof that is achieved by replacing the used item with a new one. The assessment shall take account of any impairment resulting from wear and tear, use, reduced utility, the time the item has been in use and its remaining useful life.

Deductions shall be made for any value appreciation that exceeds 40% of the value of the item or part/component thereof before it was damaged.

5.5.2 In the absence of replacement or repair

For items which, for whatever reason, are not repaired or replaced within three years of the damage, the basis of indemnity shall be calculated as in Clause 5.5.1, but limited to the market value before the damage occurred.

5.6 CALCULATION OF INDEMNITY – GOODS

Indemnity is calculated on the basis of the costs of repair to the same, or essentially the same, condition as before the damage occurred, calculated using the prices on the date of the damage. The basis for indemnity may not be set higher than the value prior to the damage with a deduction for the value after the damage, calculated in accordance with Clause 5.1.3.4. In the event of total loss, the basis for indemnity shall be set at the value prior to the damage occurred.

5.7 INDEMNITY CALCULATION – GARDEN ACCOUTREMENTS

Indemnity for garden, garden accoutrements, yard and access road – including restoring to safe stability any part of the plot having slid off - is based on the costs of repair/replacement to the same, or essentially the same, condition as before the damage occurred, calculated using the prices on the date of the damage.

For planting in gardens, the indemnity is calculated as equal to the cost of obtaining equivalent plants, which will be ordinary commercial products (young plants) in nurseries etc.

If repair/replacement does not take place within five years, indemnity is set at the repair cost/replacement price or the decline in the property's market value, whichever is lower.

The indemnity shall invariably be limited to the property's market value prior to the damage.

5.8 THE INSURER'S LIABILITY TO MORTGAGEES, ESTATES IN BANKRUPTCY, DECEDENT'S ESTATES, NEW OWNERS ETC.

The insurer's liability to mortgagees, estates in bankruptcy, leasing companies, hire firms etc., shall be limited to the lower of the two following figures:

- the difference in the item's market value prior to and after the damage occurred and
- the party's financial interest in the item on the date of the damage..

For mortgagees, "item" in this context shall mean the mortgaged item in its entirety. These provisions do not, however, apply to leased real property.

In the event of bankruptcy, the above provisions apply without reference to whether the bankruptcy proceedings were opened before or after the damage occurred.

The company's liability after the damage to decedent estates and other new owners, with the exception of the owner's spouse, live-in-partner or lineal descendant, is limited in the same way as if rebuilding or replacement does not take place, see Clause 5.3.4.

For decedent estates, the provisions apply without reference to whether the death occurred before or after the damage occurred.

5.9 OTHER SPECIAL PROVISIONS ON NATURAL DAMAGE

5.9.1 If, following natural damage to structures, a declaration is judicially registered under section 22 of the Natural Disaster Act to the effect that the property is particularly exposed to natural damage, and the repair costs amount to 60% or more of the cost of rebuilding the damaged structures, see Clause 5.3.1, the insurer will be liable for any increase in the damage resulting from refusal to repair/rebuild.

5.9.2 Natural damage indemnity may be reduced or voided where:

5.9.2.1 The occurrence or extent of the damage is due wholly or in part to weak construction in relation to the stress to which the item can be expected to be exposed, or to poor maintenance or supervision, or where the claimant can be blamed for failing to prevent the damage or to limit its extent.

The decision shall attach importance to the claimant's capacity for realizing what requirements must be made, his opportunity to remedy the defect and the circumstances in general.

Indemnity shall not be reduced if the claimant is only slightly to blame.

5.9.2.2 The insurance companies' aggregate liability for a single natural disaster is limited to the amount fixed by the King. If the loss exceeds this limit, the insured must bear a proportionate share of the loss.

5.9.3 If there is any doubt as to the presence of damage caused by a natural peril, as to whether one or more than one natural events has occurred, or as to whether the conditions for reduction or refusal on grounds of weak construction etc., are present, the insured or the insurer may submit the question to the Appeals Board of the National Fund for Natural Disaster Assistance.

The decision of the Appeals Board is final.

6 DEDUCTIBLE

The deductible shall at all times be the amount determined by the Ministry under the Act on Natural Disaster Insurance. As of 1 April 2005 the deductible is NOK 8 000.