

NEW TERMS FOR SETTLEMENT THROUGH THE NATURAL PERILS POOL

From 1 January 2016

New Terms for Settlement through the Natural Perils Pool from 1 January 2016

- The board of the Norwegian Natural Perils Pool has approved new Terms for Settlement through the Natural Perils Pool to apply from 1 January 2016
- The new Terms for Settlement through the Natural Perils Pool supersede the Common Terms and Conditions for All Insurance Contracts Covering Damage Caused by Natural Events of 1 January 2012 (hereinafter referred to as the Common Terms and Conditions)
- The Common Terms and Conditions will cease to apply as an independent set of insurance terms from 1 January 2016
- The new Terms for Settlement through the Natural Perils Pool regulate only what companies can settle through the Pool and will no longer serve as minimum terms
- The settlement of natural perils claims must conform to the company's terms for fire insurance for the damaged object



Norsk Naturskadepool

Norwegian Natural Perils Pool



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- The new Terms for Settlement set out the maximum a company may settle through the Pool
- The new Terms for Settlement set out the terms for settlement between companies and the Pool, and do not apply between the company and the policyholder
- Settlement through the Pool is nevertheless limited to the company's own terms for fire insurance for the damaged object
- Where the Natural Perils Insurance Act specifies a different extent of cover or a different calculation of indemnity to the company's terms, the Act has precedence over those terms
 - Departures from the Act to the policyholder's detriment are not permitted
- See Circulars 1/15, 7/15 and 12/15



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The following applies in the transition from the old to the new terms:

- **The Terms for Settlement through the Natural Perils Pool apply to the settlement of claims for losses occurring from 1 January 2016 onwards**
- **Claims for losses occurring before 1 January 2016 are to be settled in accordance with the Common Terms and Conditions of 1 January 2012**

Example:

Customer renews on 1 October 2015 and is issued a certificate of insurance expiring on 1 October 2016

Claims under this policy are to be settled in line with the Common Terms and Conditions of 1 January 2012 for losses occurring before 1 January 2016

Claims for losses occurring on or after 1 January 2016 are to be settled in line with the new Terms for Settlement through the Natural Perils Pool



Some key points

- **Section 3 of the new Terms for Settlement set out what the company can settle through the Pool**
- **Settlement through the Pool presupposes that the company did actually provide the cover in question**

Example:

- If the company claims for a permanent wooden wharf, the certificate of insurance must state that permanent wooden wharves are covered
- Additional buildings under 10 square metres are covered only if the company has this cover in its own terms
- **The definition of "building" is as set out in the company's terms, cf. Section 3.1. The company may also settle under Section 3.1.1 first bullet if the company included these additions in its own terms**



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- **Cover for gardens is as set out in Section 1 of the Natural Perils Insurance Act**
- **Terms that are less favourable than set out in the Act are not permitted**
- **Should a company nevertheless have terms that are less favourable than set out in the Act, the Act has precedence over those terms**
- **Note that forest, standing crops, pasture, home fields and outlying fields do not count as garden**



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- **Note the new financial limits of indemnity**
- **Even though this is not expressly stated in the Terms for Settlement, it is possible to claim for additional expenses due to price rises if the company has this cover in its own terms**

If you have any questions about the changes to settlement through the Pool, please contact:

pool@fno.no



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 **Finans Norge**