



To member companies of the  
Norwegian Natural Perils Pool

Oslo, 28 June 2017

Circular No. 08/17

## **NEW TERMS FOR SETTLEMENT THROUGH THE NATURAL PERILS POOL FROM 1 JANUARY 2018**

On 7 June 2017, the board of the Norwegian Natural Perils Pool approved revised Terms for Settlement through the Natural Perils Pool to apply from 1 January 2018. The two most important changes are:

### **Additional expenses for accommodation outside the home**

Additional expenses for accommodation outside the home where the building cannot be used due to natural damage may now be settled through the Pool, cf. section 1.3 bullet point 3. Previously it was only possible to settle loss of rent and loss of own dwelling through the Pool. The building must be physically damaged in a natural disaster. Additional expenses as a result of evacuation or natural damage to the access road to a property may not be settled through the Pool. One condition for settling additional expenses through the Pool is that the company has this cover in its own natural perils terms.

### **Cover for relocation due to danger of further natural damage**

Earlier this year, the Norwegian parliament passed changes to the Natural Perils Insurance Act. The changes mean that the municipality may refuse repairs/rebuilding on the original site if there is a danger of further natural damage or the site has previously been affected by natural damage. If the municipality refuses repair/rebuilding, the claimant is entitled to compensation corresponding to the market value of the property. A company's right to settle such damage through the Pool is governed by section 5 of the new Terms. It is important that companies incorporate this change in the law into their natural perils terms.

### **Other changes**

To clarify that the Terms apply only between the company and the Pool, sections 1 and 2 of the current rules have been removed and replaced with a new section 1 stating what may be settled through the Pool and the restrictions that apply.

Many of the bullet points in the current rules have also been replaced with numbering to make the Terms easier to read and to make it easier to refer to a particular point.



Finally, it is stated explicitly that the new Terms for Settlement specify the maximum that companies may settle through the Pool. Settlement through the Pool is nevertheless limited to the company's own terms for fire insurance for the damaged object. The Natural Perils Insurance Act will apply nonetheless where it specifies a different extent of cover or calculation of indemnity.

Please send any questions about the changes to the terms to [pool@finansnorge.no](mailto:pool@finansnorge.no).

Yours faithfully  
For the Norwegian Natural Perils Pool

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Principal Adviser

Enc: Terms for Settlement through the Natural Perils Pool from 1 January 2018