



## **Terms for Settlement through the Natural Perils Pool** **To apply from 1 January 2020 (replacing the terms of 1 January 2019)**

Settlement through the Pool is governed by the provisions of

- the Insurance Contracts Act of 16 June 1989
- the Act on Natural Damage Insurance of 16 June 1989

These terms specify the maximum that companies may settle through the Pool. The settlement terms are limited to the company's own terms for fire insurance for the damaged object. The Act on Natural Damage Insurance will apply nonetheless where it specifies a different extent of cover or calculation of indemnity.

Settlement through the Pool is limited to natural damage occurring in Norway or on Svalbard.

### **1. COVER AND LIMITATIONS**

#### **1.1. Buildings**

Buildings as specified in the certificate of insurance may be settled through the Pool in line with the company's own terms.

When a building is covered under section 1.1, the following may be settled through the Pool:

- 1.1.1. External piping and cables (including drains) and attached equipment, including tanks, carrying liquids, electricity, signals or gas between the building and the connection point for the public mains, diffusion piping, well or borehole. Seawater heat piping may also be settled through the Pool, but limited to the part of the piping that is on dry land.
- 1.1.2. Own permanent wooden wharf belonging to a residential house or recreational property and not separately insured. Interests in shared wharves are excluded. Indemnity is limited to NOK 100,000 including installations on the wharf, demolition/clearing and waste management.
- 1.1.3. Additional buildings under 10 square metres gross that are not separately insured.
- 1.1.4. Additional expenses for repairing damage to an insured building when these additional expenses are due to changes in technical requirements imposed on the building under law or public regulations. Necessary additional expenses may be settled through the Pool in respect of:
  - repairing the damaged part of the building or rebuilding the building
  - ground surveys and foundations for the rebuilding of the building which do not relate directly to the building work but are a requirement for the building to be permitted to be rebuilt on the same plot

Indemnity is limited to the higher of NOK 1,000,000 and the first-loss sum insured. The claim must relate to the damaged part of the building and be a direct consequence of the damage. One condition is that efforts are made to utilise the opportunities for dispensation available under the Planning and Building Act.

- 1.1.5. The following may not be settled through the Pool under section 1.1:
  - expenses for securing and prevention



- infiltration/diffusion piping
- sullage pits
- wells or boreholes
- expenses related to any order that the authorities were empowered to issue even if the damage had not occurred
- expenses incurred because dispensation has not been sought under the Planning and Building Act

#### 1.2. Plot

Where the insured building is a residential house or recreational property, claims for natural damage to the surrounding plot of up to 5 decares may be settled through the Pool. Any part of a road or track lying within the demarcation and area stated above is also covered. See section 4 for expenses that may be settled through the Pool.

The following may not be settled through the Pool:

- forestry
- standing crops
- cultivated land, pasture, outlying fields

#### 1.3. Effects, furnishings, machinery, equipment and goods

Effects, furnishings, machinery, equipment and goods as stated in the certificate of insurance may be settled through the Pool in line with the company's own terms.

If the company's own terms cover effects, the following may be settled through the Pool:

- money and securities up to NOK 20,000
- expenses for reconstruction of professional manuscripts, professional drawings, data storage etc. up to NOK 100,000
- necessary additional expenses for accommodation outside the home where the building cannot be used due to natural damage

Damage to motor vehicles and motor vehicle trailers, aircraft, sailboats and motorboats and equipment for extracting oil, gas or other natural deposits on the seabed is covered only where such objects are stock in trade and present ashore in Norway.

The following may not be settled through the Pool:

- goods in transit, motor vehicles and motor vehicle trailers, aircraft, ships, small boats and their contents, fishing gear on vessels or in the sea, equipment in the sea for the production of fish, fish in cage, net or dam, equipment for extracting oil, gas or other natural deposits on the seabed

#### 1.4. Other expenses

The following may be settled through the Pool in accordance with the company's own terms but with the following restrictions:

- expenses for demolition, clearing and waste management following damage to insured objects, limited to the higher of NOK 1,000,000 and the first-loss sum insured
- loss of rental income and loss of use of the insured's own dwelling or other building as a result of natural damage, up to a maximum of NOK 500,000
- expenses for home relocation and temporary storage of insured objects up to a total of NOK 200,000



- 1.5. Exclusions from settlement through the Pool  
Costs for reinstating the following objects/areas/arrangements may not be settled through the Pool even where insurance is in place:
- objects that it is not natural to insure against fire
  - sea cables and power lines across fjords and water, including attachment points onshore
  - floating wharves and other floating structures, gangways/walkways, stone and concrete wharves
  - breakwaters, bridges, footbridges, dams, rock tunnels, etc.
  - rolling stock such as trains, trams etc.
  - damage solely affecting aerials, signs, awnings etc.
  - damage to buildings or their contents where the building was erected after an order banning building and division of property had been issued for the area in question under section 22 of the Natural Damage Act, and the damage is of the nature referred to in the decision
  - expenses for prevention, securing, moving and other measures not directly related to damage to the insured building or effects

## **2. INDEMNIFIABLE EVENTS AND RESTRICTIONS**

- 2.1. Reinstatement costs following damage as a direct result of a natural disaster such as a landslide, avalanche, storm, flood, storm surge, earthquake or volcanic eruption, cf. the Act on Natural Damage Insurance (Act No. 70 of 16 June 1989) may be settled through the Pool.
- 2.2. Reinstatement costs may not be settled through the Pool if the damage:
- is due solely to lightning, ground frost, deep frost, drought, precipitation, weight of snow or ice drift
  - is caused by animals, insects, bacteria, fungi, rot etc.

## **3. FORMS OF INSURANCE, SUMS INSURED AND UNDERINSURANCE**

- 3.1. For buildings, effects, furnishings, machinery, equipment, goods and gardens, the individual company's own terms for fire insurance for the damaged object apply.

## **4. INDEMNITY FOR PLOT**

- 4.1. The basis for settlement for the plot (gardens, yard, access road and any unimproved part of the plot) is set at the cost of repair/replacement to the same, or essentially the same, condition as before the damage, calculated using the prices on the date of the damage. If the damage is not repaired, the company may claim the lower of the restoration costs and the decrease in the plot's market value as a result of the damage.

For garden planting, the indemnity is calculated as equal to the cost of obtaining essentially equivalent plants as ordinary commercial products (young plants) from nurseries etc.

Expenses for securing/prevention may not be settled through the Pool, even if this is a requirement for repairing the damage to the gardens/plot.



## 5. COVER FOR RELOCATION DUE TO DANGER OF FURTHER NATURAL DAMAGE

- 5.1. If a residential house or recreational property insured against fire is damaged in a natural disaster, and permission is not granted to repair or rebuild the building on the original site due to a danger of further natural damage, the insurance company may settle the market value of the plot prior to the damage through the Pool, up to a maximum of five decares. The damaged building and any insured outbuildings may also be settled through the Pool as though they were a total loss. If the ground beneath a residential house or recreational property has become unstable as a result of a natural disaster, the first and second sentences apply similarly even if the building is not damaged.

If the company chooses to secure the property rather than indemnify the plot and buildings in line with the previous paragraph, expenses for securing the property and expenses for inspection and maintenance may be settled through the Pool.

See also the applicable regulations.

## 6. OTHER SPECIAL PROVISIONS ON NATURAL DAMAGE

- 6.1. If a building insured against fire is damaged in a natural disaster, and permission is not given to repair or rebuild the building on the original site due to the danger of further natural damage, the company may settle through the Pool as though the building were a total loss. In the case of dwellings and holiday homes, the third paragraph of Section 1 of the Act on Natural Damage Insurance applies.
- 6.2. Reductions may be made in the settlement of repair costs through the Pool where the occurrence or extent of the damage is due wholly or in part to poor construction in relation to the stress to which the object can be expected to be exposed, or to a lack of maintenance or attention, or where the claimant can be blamed for failing to prevent the damage or limit its extent.

The decision is to attach importance to the claimant's capacity to realise what was required, his opportunity to remedy the defect and the circumstances in general.

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

- 6.3. The insurance companies' aggregate liability for a single natural disaster is limited to the amount set by the King, cf. section 3 of the Act on Natural Damage Insurance. If the loss exceeds this limit, the insured must bear a proportionate share of the loss
- 6.4. If there is any doubt as to
- the presence of natural damage
  - whether one or more than one natural disaster has occurred
  - whether the criteria for reduction or refusal of indemnity under section 1, third paragraph of the Act on Natural Damage Insurance are met
- the insured or the company may submit the question to the appeals board of the National Natural Disaster Compensation Scheme. The decision of the appeals board is final.



## **7. DEDUCTIBLE**

- 7.1. The deductible is the amount determined by the Ministry of Justice from time to time in section 3 of the Act on Natural Damage Insurance.