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Tryg | 

Norwegian Natural Perils Pool

The Norwegian Natural Perils Pool covers

- Storm; which means wind speed above 20.8 m/s
- Slide; which means rockslide, landslide, avalanche and the like
- Flood; which means that streams, rivers, lakes and inlets overflow
- Storm surge; which means flood occurring as a combination of tide, low pressure and heavy winds
- Earthquake
- Volcanic eruption



Following the recent events in Norway with heavy flooding and landslides, this newsletter serves the purpose of explaining the way cover is provided under the Norwegian Natural Perils Pool.



Additional information is available on the website of the Norwegian Natural Perils Pool: natureskade.no.

How does the Norwegian Natural Perils Pool work?

The Norwegian Act on Natural Damage has been effective since 1990 and it is attached to fire insurance covering buildings and contents.

All insurance providers of fire insurance in Norway must be members of the Pool and they must partly collect premiums for the Pool and partly cover proportional shares of the expenses incurred by the Pool in connection with natural perils – corresponding to each company's market share of fire insurance.

For 2011, the premium constitutes 0.08‰ of the sum insured and it is collected on all fire insurance policies.

Cover under the Norwegian Natural Perils Pool

Natural Damage Insurance covers damage to buildings and contents, whereas motor vehicles and boats are not covered by the insurance. The Norwegian Natural Perils Pool has taken out reinsurance cover with retention amounting to NOK 600 million each and every insurance event. The maximum limit of cover is NOK 12.5 billion.

In the event of a natural peril covered by the Pool, the total amount of damages payable is distributed between the participating companies subject to their individual market shares within fire insurance.

Consequently, a company may be in a position where it must cover an insurance event in an area in which it has no exposure as such. The share of Tryg's Norwegian business constitutes 12.5% of the Norwegian Natural Perils Pool.

When natural perils strike, the losses sustained are generally not only the ones covered by the Pool but can be covered by other ordinary insurance products. The expenses for these types of claims are included in the companies' accounts in line with all other types of claims.

How does a natural peril in Norway affect Tryg?

Where a natural peril occurs in Norway, Tryg's share will generally constitute 12.5% of the total loss. In addition to this, claims expenses not covered by the Pool, such as motor vehicles and boats, but can be covered by other insurance products.

Thus, where the total claims expenses incurred by the Pool are below NOK 600 million, Tryg will cover 12.5% of this amount. Where the total loss in the market exceeds NOK 600 million, the Pool's reinsurance programme will cover up to NOK 12.5 billion. In 2011, Tryg participates with a share of 10% of the Pool's reinsurance programme, and consequently, Tryg will - in this situation - also be accountable for 10% of any expenses exceeding NOK 600 million.

All expenses are recorded as claims incurred and are included in Tryg's financial accounts on equal terms with other types of claims. This also means that the expenses are included in Tryg's own re-insurance cover against natural perils (CAT programme) with retention amounting to DKK 100 million. This means that the total impact on Tryg's accounts will in no circumstances exceed DKK 100 million, and this also applies to very severe insurance events.

Further information



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