

## **The Act relating to Insurance Contracts (The Insurance Contracts Act)**

This translation is for information purposes only. Legal authenticity remains with the original Norwegian version as published in the Norwegian Law Gazette - "Norsk Lovtidend".

The translation comprises the provisions relating to property insurance, i.e. Part A and Part D of the Act.

Managed by: The Norwegian Ministry of Justice (JD).

Date and number of the Act: 16 June 1969 No. 69. Entry into force: 1 July 1990.

Amendments:

The name of the Act was changed by the Act of 27 June 2008 No. 65 (entry into force 1 January 2009 pursuant to Decree of 27 June 2008 No. 750. - Earlier Act of 6 June 1930 No. 20 relating to Insurance Contracts. - See Acts of 3 February 1961 relating to Liability for Damage caused by a Motor Vehicle, 10 June 1988 No. 39 relating to Insurance Activities (repealed by Act of 10 June 2005 No. 44), 16 June 1989 No. 65 relating to Occupational Injury Insurance, 16 June 1989 No. 70 relating to Natural Disaster Insurance, 27 November 1992 No. 111 relating to Governing Law in Insurance and 10 June 2005 No. 44 (the Insurance Act), cf. Amendment Act of 29 April 2005 No. 22, Act of 27 June 2008 No. 65 (in force 1 January 2009 cf. Decree of 27 June 2008 No. 750).

### **Part A Contracts for Non-Life Insurance (The Non-Life Insurance Part)**

#### **Chapter 1 Introductory Provisions**

##### **Section 1-1** (*scope of application for Part A of the Act*)

Part A of the Act applies to contracts for non-life insurance.

Non-life insurance means insurance against damage to or loss of property, rights or other benefits, insurance against liability for damages or costs, and other insurance cover which is not insurance of individuals.

In the event of doubt, the King will decide whether an insurance is a non-life insurance.

The provisions of Part A do not apply to contracts for reinsurance and credit and surety insurance. The King may determine that the Act should also not apply to other similar lines of insurance business.

##### **Section 1-2** (*definitions*)

In Part A of the Act the following shall mean:

- (a) *the Insurer*: the party who in the contract undertakes to provide insurance,
- (b) *the person effecting the insurance*: the party who concludes an individual or a group insurance contract with the Insurer,

- (c) *the Assured*: the party who is entitled under the insurance contract to compensation or the sum insured. In liability insurance the Assured is the party whose liability for damages is covered,
- (d) *group insurance*: insurance where the rights and obligations of the members of a group are determined by a contract concluded by the person effecting the insurance on behalf of or for the benefit of the members. In the event of doubt, the King will determine whether an insurance is a group insurance,
- (e) *safety regulation*: a clause in the insurance contract requiring,
  - (1) the Assured to provide specific devices or take specific steps aimed at averting or minimising damage ,
  - (2) the Assured or others to have specific qualifications or certificates when using, storing or maintaining the subject matter insured must have certain qualifications or certificates,
  - (3) the Assured or others to proceed in a specific manner when using, storing or maintaining the subject matter insured

### **Section 1-3** (*the mandatory nature of the provisions*)

Unless otherwise stated, the provisions of part A may not be departed from to the detriment of the person who derives a right against the Insurer from the insurance contract.

With the exception of liability insurance pursuant to section 7-8 the provisions may nevertheless be departed from in the case of insurance relating to commercial business:

- (a) when the insurance relates to undertakings which at the time of concluding the contract, or at subsequent renewals, meet a minimum of two of the following requirements:
  - (1) the number of employees exceeds 250
  - (2) the sales earnings are a minimum of NOK 100 million according to the most recent annual accounts
  - (3) assets according to the most recent balance sheet are a minimum of NOK 50 million
- (b) when the business takes place mostly abroad
- (c) when the insurance relates to a ship that is subject to registration, cf. section 11 of the Maritime Act, or to such installations as referred to in section 33, first paragraph, and sections 39 and 507 of the Maritime Act,
- (d) when the insurance relates to aircraft, or
- (e) when the insurance relates to goods in international transit, including transportation to and from the Norwegian Continental Shelf.

The provisions of Section 3-10 shall not apply to insurance applicants who fall within the scope of the second paragraph.

Amended by Acts of 24 June 1994 No. 39 (in force 1 Oct. 1994), 17 July 1998 No. 56 (in force 1 Jan. 1999), Act of 27 June 2008 No. 65 (in force 1 January 2009 cf. Decree of 27 June 2008 No. 750).

### **Section 1-4** (*regulations*)

When required as a consequence of an agreement with a foreign state, the King may issue supplementary provisions to part A.

Added by Act of 27 November 1992 No. 113, amended by Act of 24 June 1994 No. 40.

## Chapter 2 The Insurer's duty to provide information

### Section 2-1 (*information when effecting the insurance*)

In connection with the writing of insurance the Insurer shall to the extent necessary take steps to enable the person effecting the insurance to evaluate the insurance cover proposed. This shall include details of whether there are material limitations in the cover compared with what the person effecting the insurance may reasonably expect to be included under the insurance concerned, details of alternative types of cover, and of supplementary cover marketed by the Insurer. If several insurances are being written, information shall be provided concerning the premium payable for each insurance.

If the Insurer offers insurance to the person effecting the insurance solely at a especially high premium, the person effecting the insurance shall be informed in writing of the reasons for this and of any individual risk assessments that may have been carried out. Details shall also be given of the Insurer's practice if any, industry norms, statutes or regulations which enable the customer to apply for the insurance in question at a lower premium after a certain period of time or under changed circumstances.

If the parties may not choose which country's law shall govern the contract, the Insurer shall also state which law is to apply. If the parties may choose the law, the Insurer shall state his suggestion as to which law should apply.

The Insurer shall also provide information about the rules for referring disputes concerning the insurance contract to an appeals board, cf. section 20-1.

As amended by Act of 24 June 1994 No. 40 (cf. the EEA agreement, Appendix IX, cl. 7a (Dir. 92/49) and 12a (Dir. 92/96)), 29 April 2005 No. 22 (in force from 1 Jan. 2006), Act of 27 June 2008 No. 65 (in force 1 January 2009 cf. Decree of 27 June 2008 No. 750).

### Section 2-2 (*the insurance policy*)

As soon as the contract has been concluded and the conditions that shall apply to the insurance have been determined, the Insurer shall give to the person effecting the insurance a written insurance policy which states that a contract has been concluded and refers to the conditions. The Insurer shall give these conditions to the person effecting the insurance, together with the policy..

In the insurance policy the Insurer shall point out:

- (a) whether he has reserved the right to let the insurance attach only upon payment of the initial premium, cf. section 3-1, first paragraph,
- (b) any reservations made as regards limitation of the liability in connection with an alteration in the risk, cf. sections 4-6 and 4-7,
- (c) the safety regulations stipulated. The Insurer may refer to safety regulations issued by others if the person effecting the insurance may reasonably be required to know their contents. The insurance policy shall state that upon request the insurer will provide the person effecting the insurance with a copy of the regulations referred to,
- (d) the time limit for reporting the insurance event, cf. section 8-5, first paragraph,
- (e) the right to request consideration by an appeals board under section 20-1, or any other similar arrangements established for dispute resolution.

In the event that the Insurer has failed in their duty to provide information in accordance with the second paragraph (a) to (d), they may only invoke the provision concerned provided the person effecting the insurance or the Assured did after all have knowledge of the term.

**Section 2-3** (*control by the supervisory authorities*)

The King will determine who is to supervise that the duty under part A to provide information is being complied with. The supervisory authority may issue further provisions as to the duty to provide information.

Amended by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 355), section number amended from section 2-4.

**Chapter 3 The insurance contract, etc.**

**Section 3-1** (*the period of liability*)

Unless otherwise provided by law or by agreement, the liability of the Insurer shall commence when the person effecting the insurance or the Insurer has accepted the conditions stipulated by the other party.

If the Insurer has sent written acceptance to the person effecting the insurance, the liability of the Insurer commences at 00:00 hours on the day when acceptance was sent, provided the request for insurance reached the Insurer not later than the previous day.

If the person effecting the insurance has sent a written request for a specific insurance, and it is clear that the request would have been met straight away by the Insurer, the Insurer shall already be liable for insurance events occurring after it received the request.

If the insurance is to attach on a specific date with no indication of the hour, liability commences at 00:00 hours. When an insurance is effective until a specific date with no indication of the hour, liability ceases at 24:00 hours.

**Section 3-2** (*automatic renewal*)

If the insurance applies for a specific period of time of one or more years, the insurance will automatically be renewed for one year upon expiry of the period of insurance, unless the person effecting the insurance or the Insurer gives notice that the insurance is not to be renewed pursuant to the provisions of sections 3-4 and 3-5.

If it has been explicitly agreed that the insurance is to terminate when the period of insurance expires, the first paragraph regarding automatic renewal shall not apply.

Amended by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366).

**Section 3-3** (*information in connection with renewal of insurance, etc.*)

In connection with renewal of the insurance, the Insurer shall send such information as is referred to in section 2-1 to the person effecting the insurance not later than one month prior to the expiry of the period of insurance. The Insurer shall also remind the

person effecting the insurance of any special limitations on use or safety regulations that it has introduced since the insurance was effected or renewed most recently. The Insurer shall in a clear manner in writing inform the person effecting the insurance of when the time limit for giving such notice as is referred to in section 3-4 expires.

If the Insurer wishes to change the insurance contract when renewing it, he shall give the person effecting the insurance the new conditions with an explanation of the changes that have been made, along with the notice for the premium for the new period of insurance. The Insurer may not invoke any change that has not been explained in this way.

Added by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366), former section 3-3 became new section 3-7.

**Section 3-4** (notice from the person effecting the insurance that the insurance is not to be renewed)

If the person effecting the insurance does not wish the insurance to be renewed automatically, he or she must notify the Insurer before the period of insurance expires.

Added by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366), former section 3-4 became new section 3-8.

**Section 3-5** (*notice from the Insurer that the insurance is not to be renewed*)

If the Insurer does not wish the insurance to be renewed automatically, it must notify the person effecting the insurance accordingly not later than two months before the period of insurance expires. Such notice must be given in writing with grounds stated. Otherwise the insurance will be renewed for one year.

The Insurer may only omit to renew an insurance pursuant to the first paragraph when there are special reasons which make it reasonable to discontinue the insurance. In the notice the Insurer shall give information regarding the right to request consideration by an appeals board pursuant to section 20-1, or regarding other possibilities of having the question of whether the Insurer has the right to omit to renew the insurance tried.

Added by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366), former section 3-5 became a new section 3-9.

**Section 3-6** (*the right of the person effecting the insurance to discontinue the insurance*)

The person effecting the insurance may, during the period of insurance, cancel an existing insurance if the need for insurance ceases to exist or there are other special reasons, or in order to transfer the insurance to another Insurer.

The person effecting the insurance shall give the Insurer at least one month's notice of cancellation. In the event of a transfer, the notice shall state which Insurer the insurance is being transferred to and the date of such transfer.

In the case of a group insurance, the provision in the first paragraph may be departed from in the insurance contract.

Amended by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366).

**Section 3-7** (*the Insurer's right to discontinue the insurance during the period of insurance*)

The Insurer may cancel an existing insurance in accordance with the provisions of sections 4-3 and 8-1, fifth paragraph. He may otherwise only cancel an existing insurance when there is a particular circumstance that is specified in the conditions, and cancellation is reasonable.

Cancellation must be effected without undue delay after the Insurer became aware of the circumstance entailing that he may cancel the insurance. Notice of cancellation must be given in writing with grounds stated. Unless a shorter period of time is prescribed in the Act, at least two months' notice shall be given. In the notice the Insurer shall give information regarding the right to request consideration by an appeals board pursuant to section 20-1, or regarding other possibilities of having the lawfulness of the cancellation tried.

What is provided regarding cancellation in the first paragraph, second sentence, applies correspondingly to reservations that the insurance shall terminate if a specific event occurs.

Amended by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366), section number changed from section 3-3, Act of 27 June 2008 No. 65 (in force 1 January 2009 cf. Decree of 27 June 2008 No. 750).

**Section 3-8** (*changes in the conditions during the period of insurance*)

The Insurer may not make reservations regarding changes in the conditions during the period of insurance.

Amended by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366), section number changed from section 3-4,

**Section 3-9** (*settlement when the insurance is discontinued during the period of insurance*)

When the insurance terminates during the period of insurance, the person effecting the insurance shall be credited with the excess premium. This applies even when the Insurer is otherwise wholly or partly without liability. The conditions shall contain rules regarding the calculation of premium in such instances or a reference to such rules.

The premium that is to be credited to the person effecting the insurance shall be a share of the premium proportionate to the remaining period of insurance in whole months in relation to the total period of insurance. If the risk is to a significant extent unevenly distributed over the period of insurance, it may be prescribed in the conditions that, when calculating the premium that is to be credited to the person effecting the insurance, account shall be taken of such fluctuations in the risk. The King may make regulations containing provisions for when such conditions as are referred to in the second sentence may be prescribed, and regarding the contents of such conditions.

The Insurer may not require a fee to cover expenses relating to the termination of the insurance during the period of insurance.

Amended by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366), section number changed from section 3-5.

**Section 3-10** (*rejection of application for insurance cover*)

The Insurer may not without just cause deny anyone insurance cover on ordinary terms which the Insurer otherwise offers to the general public.

Circumstances which constitute a special risk shall be deemed to be just cause for denial provided there is a reasonable connection between the special risk and the rejection of the application. Other special circumstances shall constitute just cause when they entail that the rejection cannot be deemed to be unreasonable in respect of the person in question.

Matters which it is prohibited by a provision laid down in or pursuant to statute to attach importance to in insurance risk assessments cannot constitute just cause. The same applies to information which the Insurer by a provision laid down in or pursuant to statute is barred from requiring from the person effecting the insurance or the Assured.

The insurance applicant shall without undue delay be notified in writing of the rejection and the grounds for it. This also applies to oral enquiries to the Insurer. The grounds shall indicate the various factors on which the rejection is based, including any individual risk assessments that may have been carried out. The grounds shall also indicate any company practice, industry norms, statutes or regulations that may enable the insurance applicant to apply for the insurance in question after a certain period of time or altered circumstances without being rejected on similar grounds.

The notification of the rejection shall contain information about the rules for bringing disputes regarding the insurance contract before an appeals board, cf. section 20-1 and information about the time limit stated in the sixth paragraph.

An insurance applicant who wishes to plead an unlawful denial of insurance cover must notify the Insurer in writing of this or bring the case before an appeals board as stated in the fifth paragraph within six months after the insurance applicant received written notification of the rejection.

Added by Act of 27 June 2008 No. 65 (in force 1 January 2009 cf. Decree of 27 June 2008 No. 750).

## **Chapter 4 General conditions for the Insurer's liability**

**Section 4-1** (*duty of the person effecting the insurance to provide information concerning the risk*)

In connection with the conclusion or renewal of an insurance contract the Insurer may ask for information about circumstances which may have significance for his assessment of the risk. The person effecting the insurance shall give correct and exhaustive answers to the Insurer's questions. The person effecting the insurance shall also upon his or her own initiative provide information concerning special circumstances which he or she must understand to be of material significance for the

Insurer's assessment of the risk. When compiling information regarding health, sections 13-1, 13-1 a, 13-1 b and 13-1 c shall apply correspondingly.

Should the person effecting the insurance become aware that he or she has provided incorrect or incomplete information concerning the risk, the person effecting the insurance shall without undue delay notify the Insurer accordingly.

Amended by Act of 27 June 2008 No. 65 (in force 1 January 2009 cf. Decree of 27 June 2008 No. 750).

**Section 4-2** (*reduction of the Insurer's liability when the duty to provide information has been neglected*)

If the person effecting the insurance has fraudulently neglected his duty under section 4-1 to provide information, and an insurance event has occurred, the Insurer is without liability in relation to the person effecting the insurance.

If the person effecting the insurance has otherwise neglected his duty to provide information, and the consequent blame is not merely slight, the Insurer's liability in relation to the person effecting the insurance may be reduced or cease to exist.

Any decision made pursuant to the second paragraph shall take account of the significance of the error for the Insurer's assessment of the risk, the degree of blame, the sequence of events, and of any other circumstances.

**Section 4-3** (*the Insurer's right to cancel the insurance when it has received incorrect information*)

If the Insurer becomes aware that the information received concerning the risk is incorrect or incomplete in any material respect, it may cancel the insurance with 14 days' notice. Section 3-7, second paragraph, shall apply correspondingly. If the person effecting the insurance has acted fraudulently the Insurer may nevertheless terminate this and any other insurance contracts it may have with the person effecting the insurance with immediate effect.

Amended by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 pursuant to Decree of 29 April 2005 No. 366).

**Section 4-4** (*restriction of the Insurer's right to invoke incomplete information*)

The Insurer may not invoke the fact that it has received incorrect or incomplete information if it knew or ought to have known of this circumstance on receiving the information. The same applies if the circumstance which the information concerned was of no significance for the Insurer or subsequently has ceased to be of significance. If fraud has been committed, the restriction in the first sentence shall only apply if the Insurer was aware that the information it received was incorrect or incomplete.

**Section 4-5** (*limited liability due to circumstances that cannot be disclosed*)

When for certain reasons the Insurer is precluded from being given information regarding a specific circumstance, he may reserve the right to disclaim or limit his liability in relation to that circumstance. If the issue can be clarified within a certain time, the reservation shall only apply to that period of time.

**Section 4-6** (*limited liability due to an alteration of the risk*)

The Insurer may make a reservation to the effect that he shall be entirely or partly without liability in the event of a change in a specified circumstance having a material bearing on the risk. No such reservation may be invoked if the Assured neither knew nor ought to have known that the circumstance was changed, or if the insurance event was not caused by the changed circumstance.

**Section 4-7** (*reservation regarding reduction of compensation in the event of an alteration of the risk*)

The Insurer may make a reservation to the effect that his liability for an insurance event shall be reduced proportionately if the calculation of the premium was expressly made conditional upon the way the subject matter insured is used, and upon certain safety measures etc. being implemented, and a change has occurred which warrants a higher premium.

A reservation as referred to in the first paragraph may not be invoked if the insurance event was not caused by the alteration. Nor may it be invoked if the Assured has neither made nor consented to the alteration, and the Assured has taken reasonable steps to notify the Insurer immediately upon being informed thereof.

**Section 4-8** (*failure to comply with safety regulations*)

The Insurer may make a reservation to the effect that he shall be entirely or partly without liability if a safety regulation has not been complied with, cf. section 1-2 (e). Such a reservation may not be invoked if no blame or merely slight blame can be ascribed to the Assured, or if the insurance event was not caused by the failure to comply. Although the Insurer may assert pursuant to this provision that a safety regulation has not been complied with, partial liability may nevertheless still be imposed on him taking into account the nature of the safety regulation that was not complied with, the degree of blame, the sequence of events and any other circumstances.

**Section 4-9** (*insurance event brought about by the Assured*)

If the Assured has intentionally brought about the insurance event, the Insurer is not liable. If no fraud has been committed, the Insurer may, however, be made partially liable. Section 4-12 will then apply correspondingly.

If under an insurance other than liability insurance the Assured has brought about the insurance event through gross negligence, the liability of the Insurer may be reduced or cease to exist. In deciding this, importance shall be attached to the degree of blame, the sequence of events, whether the Assured was in a self-inflicted state of intoxication, and any other circumstances.

The Insurer may not invoke the fact that the Assured has brought about the insurance event through negligence which is not gross.

In a motor vehicle insurance policy, the Insurer may, notwithstanding the provisions of the first, second and third paragraphs, reserve the right to disclaim liability for insurance events which the Assured has caused while driving the car under self-inflicted influence of alcohol or another intoxicating or sedative substance. This also

applies to insurance events caused by another person while that person was driving the car in such a state, if the Assured contributed to the car being used even when he or she knew or ought to have understood that the driver was under the influence. A reservation concerning freedom from liability as mentioned in this paragraph may nevertheless be set aside wholly or in part if it must be assumed that the insurance event would have occurred even if the driver of the car had not been under the influence, or if it would otherwise seem unreasonable that the Insurer should be without liability. If the driver had a blood alcohol concentration in excess of 0.5 per thousand, or a quantity of alcohol in the body which can lead to a blood alcohol concentration on that scale, or a concentration of alcohol in the air expelled of more than 0.25 milligram per litre of air, the driver will in any event be deemed to be under the influence of alcohol for the purpose of this provision.

The Insurer may not invoke the provisions of this section when the Assured or any person who pursuant to section 4-11 shall be equated with the Assured, was due to age or frame of mind unable to grasp the consequences of his or her action.

Amended by Act of 22 Sept. 2000 No. 79 (in force from 1 Jan. 2000 pursuant to Decree of 22 Sept. 2000 No. 959).

**Section 4-10** (*the Assured's duty to avert and report insurance events*)

If there is an imminent danger that an insurance event will occur, or when an insurance event has occurred, the Assured shall take any action which may reasonably be expected of him or her to avert or minimise the loss.

When the Assured must understand that the Insurer may have a claim for recourse against a third party, the Assured must take any action necessary to secure the claim until the Insurer himself can protect his own interests.

If the insurance event has occurred, the Assured must report it to the Insurer without undue delay.

In the event of damage or loss resulting from the fact that the Assured, with intent or through gross negligence, failed in his duties pursuant to the first, second and third paragraphs, the liability of the Insurer may be reduced or cease to exist. In deciding this, importance shall be attached to the degree of blame, the sequence of events and any other circumstances.

**Section 4-11** (*acts and omissions by the Assured's relatives, helpers and similar persons*)

For insurance which is not linked to business activities, it may not be agreed that the Assured may lose the right to compensation as a result of acts or omissions by the Assured's relatives, helpers and other similar persons with whom the Assured is associated.

Notwithstanding the provision in the first paragraph it may be agreed that the Insurer

- (a) for the insurance of motor vehicles, vessels, aircraft and livestock shall be able to invoke acts and omissions by a person who, with the consent of the Assured, is in charge of the subject matter insured,
- (b) for the insurance of a dwelling, a private holiday house and household contents shall be able to invoke acts and omissions by the spouse of the Assured who

lives with the Assured, or by persons with whom the Assured is living in a permanent relationship.

For insurance in connection with business activities it may be agreed, subject to the restriction that follows from section 7-3, first paragraph, that the Assured may forfeit all or parts of the right to compensation as a result of acts or omissions by further specified persons or groups of persons.

**Section 4-12** (*consideration for the Assured's life situation*)

When assessing whether the liability of the Insurer shall be reduced or cease pursuant to the provisions of this chapter, for insurance of a dwelling, household contents and other objects as referred to section 2-3, first paragraph (a) and (b) of the Act of 8 June 1984 No. 59 relating to Creditors' Right of Recovery, account should be taken of the effect of a reduction on the Assured or on other persons who are financially dependent on the Assured.

**Section 4-13** (*action taken to prevent personal injury or damage to property*)

The Insurer may not invoke the provisions of sections 4-7 to 4-11 when the act concerned was intended to prevent personal injury or damage to property, and when under the prevailing circumstances the act would have to be regarded as justifiable.

**Section 4-14** (*the Insurer's duty to give notice of its intention of exercising its rights*)

If the Insurer wishes to claim that pursuant to one of the provisions of this chapter he is wholly or partly without liability or entitled to cancel the insurance, he must notify the person effecting the insurance or the Assured in writing of his point of view. Notification shall be given without undue delay after the Insurer became aware of the circumstance that entails that the provision may be applied. In this connection the Insurer shall also provide information regarding the right to request consideration by an appeals board pursuant to section 20-1, or about other possibilities of having the matter tried out of court.

If the Insurer fails to give such notification, he forfeits the right to invoke the circumstance.

## **Chapter 5 The premium**

**Section 5-1** (*due date, initial notice of premium due*)

Unless payment of premium is a condition for the Insurer's liability to commence, the premium falls due when demanded in accordance with the insurance contract. The time limit for payment shall be not less than one month from the day when the Insurer sent the notice of premium due to the person effecting the insurance. If the liability of the Insurer has commenced, it will continue even if payment does not take place within the time limit.

**Section 5-2** (*delayed payment of premium, subsequent notices of premium due*)

If the premium has not been paid before the time limit for payment pursuant to section 5-1 expires, and the liability of the Insurer still attaches, the Insurer, in order

to be without liability, must send another notice of premium due with a payment period of at least 14 days from the mailing date. The notice shall state clearly that the insurance will terminate unless the premium is paid within the stipulated time limit.

If evidence is provided that the person effecting the insurance has been unable to pay before the expiry of the time limit due to unforeseen problems for which the person effecting the insurance cannot be blamed, the liability of the Insurer will continue for a period not exceeding three months after expiry of the time limit.

If in instances other than those mentioned in the second paragraph, the premium is paid after expiry of the time limit in the first paragraph, payment is regarded as a request for a new insurance. Section 3-1, third paragraph, shall apply correspondingly, subject, however, to the Insurer being liable only from the day after the premium is paid.

**Section 5-3** (*when payment shall be deemed to have been made*)

Although the Insurer may not have received a premium amount, payment under the due date rules of this chapter shall be deemed to have been made when

- (a) money, a cheque or some other payment order has been sent to the Insurer by mail or by cable,
- (b) the amount has been paid into a post office or a bank, or
- (c) a payment order has been sent to a bank.

Amended by Act of 22 Nov. 1996 No. 67 (in force as from 1 Dec. 1996).

**Chapter 6 General rules regarding the liability of the Insurer**

**Section 6-1** (*calculation of compensation*)

Unless otherwise stated in the insurance contract the Assured is entitled to full compensation of his or her financial loss.

When the compensation is to be calculated on the basis of the repair or replacement cost, the Assured may claim compensation for such cost even when no repair or repurchase is made. This does not apply if otherwise stated in the conditions.

The Assured may request to have the compensation paid out in ready money unless otherwise stated in the conditions.

**Section 6-2** (*assessed insurable value*)

An agreement stating that a specified loss is to be compensated by a certain sum may be set aside upon request by the Insurer only when the person effecting the insurance has furnished misleading information about matters of significance for the valuation. The provisions of sections 4-1 to 4-5 and 4-14 apply correspondingly.

Amended by Act of 24 Jan. 1997 No. 14.

**Section 6-3** (*the loss is covered by several insurances*)

When the loss is covered by more than one insurance, the Assured may choose

which insurances which he or she wishes to use, until the Assured has received the compensation to which he or she is entitled in total.

When several insurers are liable for the Assured's loss pursuant to the first paragraph, the compensation shall be divided proportionately among the insurers according to the extent of liability of each insurer for the loss, unless otherwise agreed among the insurers.

**Section 6-4** (*the Insurer's liability for salvage expenses*)

The Insurer is liable for damage, liability, expenses and other losses incurred by the Assured in circumstances as mentioned in section 4-10 when the measures were intended to avert or minimise losses covered by the insurance, and the measures were of an extraordinary nature and must be regarded as justifiable. The same applies to such losses sustained by a person who pursuant to section 4-11 was obliged to undertake salvage measures.

If the Assured is obliged to cover losses sustained by a third party in connection with measures as mentioned in the first paragraph, section 7-6 applies to the claims of the third party

**Chapter 7 The right of third parties under the insurance contract**

**Section 7-1** (*who stands to benefit from an insurance*)

When an insurance is not associated with business activities, the insurance is for the benefit of the person effecting the insurance, the spouse and other persons who are members of the permanent household.

In the case of insurance of real property the insurance is for the benefit of the person effecting the insurance and any holder of a judicially registered title to ownership, mortgage right or any other judicially registered security right.

In the case of insurance of movable property that can be registered separately in a register of realties (section 1-1, fourth paragraph, of the Mortgages and Pledges Act), plant and machinery (section 3-4, second paragraph, cf. section 5-4, first and second paragraphs, of the said Act), and goods in stock (section 3-11, second paragraph, cf. section 5-4, final paragraph, of the said Act), the provisions of the second paragraph shall apply correspondingly provided that the right has been judicially registered or recorded in the register concerned.

The provisions of the first to third paragraphs may be departed from by agreement.

**Section 7-2** (*change of ownership*)

When the property covered by the insurance changes owner, and unless otherwise agreed, the insurance is also for the benefit of the new owner. In the case of an insurance as stated in section 7-1, second and third paragraphs, this applies even when the right has not been judicially registered or recorded. If it has been agreed that the insurance shall cease if the property changes owner, the Insurer is nevertheless liable for insurance events occurring within fourteen days after the change of ownership.

The provisions of the first paragraph shall not apply when the new owner has effected insurance, and in the case of livestock insurance.

**Section 7-3** (*protection of a co-insured from objections by the Insurer*)

In respect of a co-insured under section 7-1, cf. section 7-2, the Insurer may not claim to be without liability with regard to the person effecting the insurance or another co-insured because of an act or omission which is to be judged pursuant to the provisions of chapter 4 or section 8-1.

The Insurer may nevertheless, as regards a co-insured spouse or a member of the household, cf. section 7-1, first paragraph, invoke a reservation as stated in section 4-11, second paragraph.

As regards a holder of rights in movable property who is co-insured pursuant to section 7-1, third paragraph, cf. section 7-2, the provisions of the first paragraph may be departed from by agreement.

**Section 7-4** (*the position of a co-insured in other respects*)

If the insurance contract has been amended, cancelled or lapsed, this does not apply as regards a co-insured under section 7-1, second and third paragraphs, unless the Insurer has notified the party concerned specifically of the fact with one month's notice.

The Insurer may not, with binding effect on a co-insured under section 7-1, second and third paragraphs, negotiate with the person effecting the insurance concerning the insurance settlement nor pay out compensation to the person effecting the insurance. A co-insured may nevertheless not object to the entire compensation being paid out to the person effecting the insurance when the damage has been repaired or satisfactory security posted guaranteeing that the compensation will be spent on repairing the damage. Nor may any co-insured object to the compensation being deposited in a bank where it is to be at the joint disposal of the person effecting the insurance and the co-insured.

The provisions of the second paragraph shall apply as regards co-insured parties pursuant to section 7-1, first paragraph, and section 7-2, provided they have reported to the Insurer.

**Section 7-5** (*agreed position of a co-insured*)

When the insurance is otherwise for the benefit of persons other than the person effecting the insurance, section 7-3, first paragraph, and section 7-4 shall apply correspondingly unless otherwise agreed.

**Section 7-6** (*position of the injured party under liability insurance*)

When the insurance covers the liability of the Assured, the injured party may claim compensation directly from the Insurer. The Insurer and the Assured are obliged to inform the injured party upon request whether liability insurance exists.

When a claim for compensation is advanced against the Insurer, he shall notify the Assured without undue delay and keep the Assured informed about the further

handling of the claim. Any admissions by the Insurer to the injured party are not binding on the Assured.

If legal action is brought against the Insurer, he may request that the injured party bring action against the Assured in the same case.

The Insurer may raise those objections against the claim which the Assured has as regards the injured party. The Insurer may also raise his own objections against the Assured unless the objections are related to the Assured's circumstances after the insurance event occurred.

An action against the Insurer pursuant to this section must be brought in Norway unless otherwise follows from Norway's obligations under international law.

The provisions of this section shall not preclude a person who does business with the Assured waiving the right to claim compensation for a business loss directly from the Insurer. Such an agreement will nevertheless not be legally enforceable in the event of the Assured's insolvency.

Amended by Act of 24 Jan. 1997 No. 14.

**Section 7-7** (*the position of the injured party under mandatory liability insurance*)

When the person effecting the insurance has taken out liability insurance in order to comply with an order issued in or pursuant to law (mandatory liability insurance), section 7-6 shall apply correspondingly to the extent that the position of the injured party is not specifically regulated.

The Insurer may nevertheless not raise objections which he might have been able to raise against the person effecting the insurance or the Assured when he knows or ought to know that mandatory liability insurance is involved. If mandatory liability insurance has been cancelled or otherwise ceased to apply, this will take effect in relation to the injured party one month after the relevant authority has received notification of the matter.

**Section 7-8** (*position of the injured party in connection with major business activities, etc.*)

When an insurance as mentioned under section 1-3, second paragraph, covers the liability of the Assured, the Insurer is liable towards the injured party for ensuring that the compensation is not paid out to the Assured until the latter provides evidence that the claim from the injured party has been covered. The Assured's claim against the Insurer cannot be made the subject of legal action for the recovery of claims other than the claim for compensation.

In the event that the Assured is insolvent, the provisions of sections 7-6 and 7-7, cf. section 8-3, second and third paragraphs, shall apply.

The provisions of this section cannot be departed from to the detriment of the injured party.

## **Chapter 8 Settlement of claims, limitation, etc.**

### **Section 8-1** (*the Assured's duty of disclosure in a claims settlement*)

In a settlement the Assured must furnish the Insurer with the information and documents available to the Assured which are required by the Insurer for the calculation of his liability and payment of compensation.

If the Insurer requests permission to obtain confidential information from a third party, the permission shall be limited to what is necessary at each stage of the case. The permission shall be in compliance with the requirements set out in section 2, no. 7 of the Personal Data Act.

Upon request the Insurer shall give the person making a claim access to information about the case and medical assessments which the Insurer has made or obtained in connection with the case, unless it is necessary to keep the information or the assessments secret in the interests of the prevention, investigation, disclosure or prosecution of criminal acts.

If in a claims settlement the Assured intentionally gives incorrect or incomplete information which the Assured knows or must understand may result in the Assured being paid compensation to which he or she is not entitled, the Assured shall forfeit any and all claims for compensation against the Insurer under this and any other insurance contract in connection with one and the same event. If the Assured's conduct is only slightly blameworthy, merely relates to a minor part of the claim, or if there are other special grounds, the Assured may nevertheless be paid partial compensation. Section 4-14 applies correspondingly.

In instances as mentioned in the fourth paragraph, the Insurer may cancel any and all insurance contracts he has with the Assured with one week's notice. Section 3-7, second paragraph, first, second and fourth sentences, shall apply correspondingly.

Amended by Act of 29 April 2005 No. 22 (in force from 1 Jan. 2006 cf. Decree of 29 April 2005 No. 366), Act of 27 June 2008 No. 65 (in force 1 January 2009 cf. Decree of 27 June 2008 No. 750).

### **Section 8-2** (*determination and payment of compensation*)

Compensation shall be paid out as soon as the Insurer has been allowed a reasonable time to clarify the circumstances as regards liability and calculate the compensation.

If at an earlier point in time it becomes clear that the Insurer will have to pay at least some part, the Insurer shall pay out a corresponding advance.

The King may make regulations containing provisions concerning the procedure and apportionment of costs for damage or loss assessment in connection with claims settlement.

Amended by Act of 25 Jan. 2002 No. 2.

### **Section 8-3** (*the Insurer's right to make a set-off against compensation*)

In compensation due to the person effecting the insurance the Insurer is only entitled to set off any premium that has fallen due from the same or other insurance contracts with the Insurer.

In compensation due to a co-insured third party or an injured party under a liability insurance, the Insurer is only entitled to set off the premium from the same insurance contract which has fallen due in the two years immediately prior to payment of the compensation. Set-offs may only be made of amounts which cannot be recovered in a set-off pursuant to the first paragraph. When more than one co-insured or injured party are entitled to compensation, the set-off shall be distributed with a proportionate sum for each one.

In a mandatory liability insurance section 7-7, second paragraph, first sentence, shall apply correspondingly to the right of the Insurer to make a set-off against the injured party.

**Section 8-4** (*interest on compensation*)

The Assured is entitled to interest on outstanding claims owed when two months have passed since notification of the insurance event was sent to the Insurer.

When the Insurer is liable for reimbursing an amount paid by the Assured, the liability to pay interest arises two months after the amount was paid, at the earliest. An amount under the preceding sentence is deemed also to include compensation for reconstruction under fire insurance. To that part of the compensation which is to be paid out irrespective of reconstruction, the first paragraph shall apply.

If the Insurer is liable for compensating the Assured's loss of income or loss of time, the liability to pay interest does not arise until one month after expiry of the period for which the Insurer is liable.

If the Assured fails to provide information or furnish documents as stated in section 8-1, first paragraph, he or she may not claim interest for any time lost as a result thereof. This also applies if the Assured unlawfully rejects full or partial settlement. The liability for interest also ceases when the Insurer deposits the amount of the compensation in a bank in accordance with section 7-4, second paragraph, final sentence.

The interest is otherwise subject to section 2, second paragraph, and section 3 of the Act of 17 December 1976 No. 100 relating to Interest on Overdue Payments etc.

Interest must be paid even if the sum insured is thereby exceeded. The insurance conditions shall point out the right to interest pursuant to this section.

**Section 8-5** (*time limit for reporting an insurance event and taking legal action*)

The Assured shall forfeit the right to compensation unless the claim has been filed with the Insurer within one year after the Assured became aware of the circumstances on which it is founded.

When the Insurer rejects a claim wholly or in part, the Assured shall forfeit the right to compensation unless legal action is brought, or request for consideration by the Appeals Board made pursuant to section 20-1, or pursuant to sections 2 or 3 of the Act of 16 June 1989 No. 70 relating to Natural Disaster Insurance, within six months after the Assured received notification in writing of the rejection. The notification shall state the duration of the limitation period, how it may be interrupted, and the

consequences of exceeding it. Section 10 No. 2 and 4 of the Act relating to Limitation of 18 May 1979 No. 18 shall apply correspondingly.

Amended by Act of 26 June 1998 No. 46 (in force from 1 Oct. 1998 pursuant to Decree of 26 June 1998 No. 600 with effect only for claims filed with the Insurer after the date of commencement), the Act of 25 June 2004 No. 51 (in force from 1 July 2004 pursuant to Decree of 25 June 2004 No. 980).

### **Section 8-6** (*limitation*)

A claim for compensation shall be statute barred after three years. The limitation period commences at the end of the calendar year in which the Assured acquired the necessary knowledge of the circumstances upon which the claim is founded. The claim shall nevertheless be statute barred at the latest 10 years after the end of the calendar year when the insurance event occurred. If the Insurer has sent the Assured such notification as is mentioned in section 8-5, second paragraph, limitation occurs at the earliest upon expiry of the stipulated period.

In the case of liability insurance the liability of the Insurer will be subject to limitation pursuant to the same provisions as apply to the liability of the Assured, cf., however, the third paragraph.

Claims filed with the Insurer before the expiry of the limitation period will become subject to limitation at the earliest six months after the Assured, or the injured party (cf. sections 7-6 and 7-7) have received special written notification that limitation will be invoked. The notification must state how the limitation period may be interrupted. The limitation period shall not be extended under this provision if more than 10 years have passed since the claim was filed with the Insurer. Should, under liability insurance, the first sentence entail that the claim by the injured party against the Assured becomes time-barred before the claim against the Insurer, the liability of the Insurer towards the injured party shall nevertheless subsist.

The provisions of the Act on Limitation of 18 May 1979 No. 18 shall otherwise apply. The limitation period in the first paragraph, third sentence, may nevertheless not be extended pursuant to section 10 of the Act.

Amended by Acts of 24 Jan. 1997 No. 14, 26 June 1998 No. 46 (in force from 1 Oct. 1998 pursuant to Decree of 26 June 1998 No. 600 with effect only for claims filed with the Insurer after the date of commencement).

## **Part C General provisions**

### **Chapter 20 Disputes, etc.**

#### **Section 20-1** (*consideration of disputes by an Appeals Board*)

If, on the basis of an agreement between the organisations of the Insurer and the organisations of the person effecting the insurance or the Consumer Council, a Board has been established to consider disputes in insurance, and its rules have been approved by the King, either party may request consideration by the said Board of a dispute where the Board is qualified. While a dispute is under consideration by the Board, the Insurer may not bring it before the ordinary courts of law. A case which has been considered on its merits by the Board may be brought directly before the district court.

Amended by Acts of 14 Dec. 2001 No. 98 (in force from 1 Jan. 2002 pursuant to Decree of 14 Dec. 2001 No. 1416).

**Section 20-2** (*calculation of time limits*)

When calculating time limits that are counted in days, the day when the limitation period commenced shall not be included. On the other hand, the day on which the action to which the time limit relates may be taken at the earliest or must be taken at the latest shall be included.

Time limits counted in weeks, months or years expire on the day of the last week or the last month which by its name or number corresponds to the day when the limitation period commenced. When the month does not have that number, the period shall expire on the last day of the month.

When a period for taking action expires on a Saturday, a holiday or a day equated by law with a holiday, the period shall be extended to the next subsequent working day.

**Section 20-3** (*use of electronic communication*)

Provisions requiring the use of written form laid down in or pursuant to this Act shall not prevent the Insurer from using electronic communication provided that this has been explicitly approved by the recipient of the document. The same applies to other provisions laid down in or pursuant to this Act concerning giving or sending information, notification, notice or the like.

Added by Act of 21 Dec. 2001 No. 117 (in force from 1 Jan. 2002 pursuant to Decree of 21 Dec. 2001 No. 1475).