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ACT of 16 June 1989 No. 69: Act relating to Insurance Contracts

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CONTENTS

Act relating to Insurance Contracts

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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 Car, 10 June 1988 No. 39 relating to Insurance Activities, 16 June 1989 No. 65 relating to Occupational Injury Insurance, 16 June 1989 No. 70 relating to Natural Disaster Insurance, and 27 November 1992 No. 111 relating to Governing Law in Insurance.

Part A. Contracts for Non-life insurance (The Non-life insurance Part)

Chapter 1. Introductory Provisions

Section 1-1. (area of application for Part A of the Act)

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

Non-life insurance is deemed to mean 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 shall decide whether the 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 Insurers: whoever in the contract undertakes to provide insurance,
* (b) the policyholder: whoever concludes an individual or a group insurance contract with the Insurers,
* (c) the Insured: whoever shall be entitled under the insurance contract to compensation or the sum insured. Under liability cover the Insured is the party whose liability for compensation is covered,
* (d) group insurance: Insurance where the rights and obligations upon the members of a group are determined by virtue of a contract concluded by

the policyholder on behalf of or for the benefit of the members. In the event of doubt, the King determines whether an insurance is a group insurance,

* (e) safety and security regulation: a requirement in the insurance contract that,
  ° (1) the Insured must arrange for certain devices or take certain steps of a nature to prevent or limit damage and/or injury,
  ° (2) the Insured or others, when using, storing or maintaining the object insured must hold certain qualifications or certificates,
  ° (3) the Insured or others, when using, storing or maintaining the object insured must proceed according to certain specified routines.

Section 1-3. (the mandatory nature of the provisions)

Unless otherwise stated the provisions of part A cannot be contracted out of to the detriment of whoever holds a right against the company by virtue of the insurance contract.

With the exception of liability cover according to section 7-8 the provisions may nevertheless be contracted out of for 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 under duty to register, cf. section 11 of the Maritime Act, or to installations as stated in section 33, subsection one, 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.

As amended by Acts of 24 June 1994 No. 39 (in force 1 Oct. 1994), 17 July 1998 No. 56 (in force 1 Jan. 1999).

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 Nov. 1992 No. 113, as amended by Act of 24 June 1994 No. 40.

Chapter 2. The duty upon the Insurers to provide information

Section 2-1. (information when writing the insurance)

In connection with the writing of insurance the Insurers shall to the extent necessary take steps so that the policyholder may evaluate the insurance cover proposed. This shall include details of whether there are material limitations in the cover as compared with what the policyholder may reasonably expect to be included under the insurance concerned, details of alternative types of cover, and of supplementary cover marketed by them.

Should the parties be unable to decide on the country whose legislation shall govern the agreement, the Insurers shall also state the governing law. If the parties are allowed to choose the legislation, the Insurers shall state their suggestion as to what law should govern.

The Insurers shall also provide information about the rules for submitting disputes concerning the insurance contract to a Board of Appeal, 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)).

Section 2-2. (the insurance certificate)

As soon as the contract has been concluded and it has been determined what terms and conditions shall apply to the cover, the Insurers shall give to the policyholder a written insurance certificate establishing that the contract has been concluded, with a reference to the terms of cover. Together with the certificate the Insurers shall give these terms of cover to the policyholder.

In the insurance certificate the Insurers shall point out:

* (a) whether they have reserved the right to let the liability commence only upon payment of the initial premium, cf. section 3-1, subsection one,
* (b) any reservations made as regards limitation of the liability in connection with a change in the risk, cf. sections 4-6 and 4-7,
* (c) the safety and security regulations stipulated. The Insurers may refer to safety and security regulations issued by others if the policyholder may reasonably be assumed to know their contents. The insurance certificate shall state that upon request the Insurers will provide the policyholder with a copy of the regulations referred to,
* (d) the time limit for reporting the insurance event, cf. section 8-5, subsection one,
* (e) the right to request consideration by an Appeals Board under section 20-1, or any other similar schemes established for dispute resolution.

In the event that the Insurers have failed in their duty to provide information in accordance with subsection two, letters a to d, they may only invoke the provision

concerned provided the policyholder or the Insured did after all have knowledge of the term.

Section 2-3. (information given upon renewal of the insurance)

Upon renewal of the insurance the Insurers shall inform about alternative types of insurance or new supplementary forms of cover which they have introduced since the insurance was taken out or most recently renewed.

In the event that specific limitations on the use have been stipulated, or safety and security regulations or other forms of extended cover have been stipulated, the Insurers shall also point these out.

Section 2-4. (control by the supervisory authorities)

The King determines who is to supervise that the duty under part A to provide information is being complied with. The supervisory authority may issue more detailed rules as to the duty to provide information.

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 Insurers shall commence when the policyholder or the Insurers have accepted the terms stipulated by the other party.

If the Insurers have sent acceptance in writing to the policyholder, the liability of the Insurers commences at 00:00 hours on the day when acceptance was sent, provided the proposal for cover was received by the Insurers not later than the previous day.

If the policyholder has sent a proposal in writing for a specific insurance, and it is clear that the proposal would have been accepted straight away by the Insurers, the Insurers are already liable for insurance events occurring after it received the proposal.

If the liability of the Insurers is to commence 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. (the right of policyholder to terminate the insurance cover)

If the policyholder wants to terminate the insurance from expiry of the period of cover, he or she must give notice thereof to the Insurers not later than one month from

the day when the Insurers sent an ordinary claim for the premium for the new period to the policyholder.

During the period of cover the policyholder may terminate an existing insurance relationship if the need for cover ceases to exist or there are other specific reasons.

In the case of group insurance the provision in subsection two may be contracted out of in the insurance contract.

Section 3-3. (the right of the Insurers to discontinue the insurance during the period of cover)

The Insurers may terminate an existing insurance in accordance with the rules of sections 4-3 and 8-1, subsection three. They may otherwise only terminate an existing insurance when warranted by a particular circumstance as stated explicitly in the terms of cover, and termination is reasonable.

The termination must be effected without undue delay after the Insurers became aware of the circumstance which entails that they may terminate the insurance. Notice to terminate must be given in writing with grounds stated. Unless a shorter term is stated in the Act, the term for giving notice shall be at least two months. In the notice the Insurers shall inform about the possibility of requesting consideration by the Appeals Board under section 20-1, or about other alternatives for having tried whether the termination is lawfully valid.

What is stipulated about termination in subsection one, second sentence, applies correspondingly to reservations that the insurance shall cease upon the occurrence of a specific event.

Section 3-4. (changes in the terms during the period of cover)

The Insurers are not entitled to make reservations about changes in the terms of cover during the period of cover.

Section 3-5. (settlement when the insurance relationship is discontinued during the period of cover)

When the insurance ceases during the period of cover, the policyholder shall be credited with the remaining premium. This applies even when the Insurers are otherwise wholly or partly without liability. The terms of cover shall contain rules about calculation of the premium in such instances or a reference to such rules.

Section 3-6. (renewal of the cover and changes in the terms in connection with renewal of the cover)

When an insurance relates to a specified period of time of one year or more, and the Insurers do not wish to prolong the insurance beyond the period agreed, they must give notice to the policyholder to this effect not later than two months prior to expiry of the period of cover. If not, the insurance relationship will be renewed for one year.

The Insurers may only refrain from renewing an insurance as stated in subsection one when particular reasons warrant that termination would be reasonable. When renewal is denied, section 3-3, subsection two, second and fourth sentences, will apply accordingly. The provisions of this subsection do not apply when it has been agreed specifically that the insurance shall cease upon expiry of the period of cover.

Should the Insurers wish to change the terms of cover in connection with a renewal, they must send to the policyholder, together with the claim for premium for the new period of cover, the new terms of cover, explaining the changes made. When new safety and security regulations are introduced, the Insurers shall send to the policyholder a copy of the regulations, explaining their main contents. They may refer to the regulations if it is reasonable to require that the policyholder is aware of their contents. If so it must be stated that the Insurers will upon request provide the policyholder with a copy of the regulations referred to. Changes in the terms of cover not explained in this manner cannot be invoked by the Insurers.

Chapter 4. General preconditions for the Insurers' liability

Section 4-1. (duty upon the policyholder to give details of the risk)

In connection with the writing of or renewal of an insurance contract the Insurers may ask for information about matters which may be of significance to their evaluation of the risk. The policyholder shall give correct and exhaustive answers to the questions from the Insurers. The policyholder shall also upon his or her own initiative give details of specific circumstances which he or she must understand to be of material significance to the Insurers in their evaluation of the risk.

Should the policyholder become aware of having provided incorrect or incomplete information as to the risk, the policyholder shall without undue delay report this fact to the Insurers.

Section 4-2. (reduced liability on the Insurers when the duty to give details has been neglected)

If the policyholder has fraudulently neglected the duty under section 4-1 to give details, and an insurance event has occurred, the Insurers are without liability towards the policyholder.

If the policyholder has otherwise neglected the duty to give details, and the consequent blame is not merely slight, the liability upon the Insurers towards the policyholder may be reduced or cease to exist.

Any decision made under subsection two must take account of the impact of the error on the Insurers' evaluation of the risk, on the degree of blame, the course of events, and of the circumstances in general.

Section 4-3. (the right of the Insurers to terminate the cover when they were given incorrect details)

If the Insurers become aware that the details received concerning the risk are incorrect or incomplete in any material respect, they may terminate the insurance with 14 days notice. Section 3-3 subsection two shall apply accordingly. If the policyholder has acted fraudulently the Insurers may nevertheless terminate this and any other insurance contracts they may have with the policyholder with immediate effect.

Section 4-4. (restriction in the right of the Insurers to allege incomplete details)

The Insurers will not be able to allege that they were given incorrect or incomplete details when they knew or ought to have known of this fact on receiving the details. This is also the case if the circumstances to which the details related were of no consequence to the Insurers or subsequently have ceased to be of consequence. If fraud has been committed, the restriction in the first sentence shall only apply if the Insurers realised that the details received were incorrect or incomplete.

Section 4-5. (limited liability due to matters which cannot be disclosed)

When for certain reasons the Insurers are precluded from being given details on a particular matter, they may make a reservation as regards freedom from liability or limitation of liability associated with that matter. 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 a change in the risk)

The Insurers may make reservations to the effect that they shall be entirely or partly without liability in the event of changes being made to a specifically stated matter of material significance to the risk. No such reservation may be made to apply if the Insured neither knew nor ought to have known that the matter was changed, or if the insurance event did not result from the changed matter.

Section 4-7. (reservation of reducing the compensation when the risk changes)

The Insurers may make reservations to the effect that their liability for an insurance event will be reduced proportionately if the calculation of the premium was expressly made conditional upon the way the object insured is used, and upon certain safety and security measures etc. being implemented, and a change has then occurred which warrants a higher premium.

A reservation as stated in subsection one may not be made to apply if the insurance event did not result from the change. Nor may it be made to apply if the Insured has neither made nor consented to the change, and the Insured has taken reasonable steps to notify the Insurers immediately upon being informed thereof.

Section 4-8. (failure to comply with safety and security regulations)

The Insurers may make reservations to the effect that they shall be entirely or partly without liability if a safety and security regulation has not been complied with, cf. section 1-2, letter e. A reservation as stated may not be made to apply if no blame or merely slight blame can be ascribed to the Insured, or if the insurance event did not result from the failure to comply. Although the Insurers may allege under this provision that a safety and security regulation has not been complied with, partial liability may nevertheless still be imposed on them taking into account the nature of the safety and security regulation not being complied with, the degree of blame, the course of events and circumstances in general.

Section 4-9. (insurance event brought about by the Insured)

If the Insured has intentionally brought about the insurance event, the Insurers are not liable. If no fraud has been committed, the Insurers may, however, be made partially liable. Section 4-12 will then apply accordingly.

If under an insurance other than liability insurance the Insured has brought about the insurance event by being grossly negligent, the liability of the Insurers may be reduced or cease to exist. In deciding this, emphasis shall be given to the degree of blame, the course of events, whether the Insured was in a self-inflicted state of intoxication, and the circumstances in general.

The Insurers cannot allege that the Insured has brought about the insurance event by negligence which is not gross.

In a motor car insurance the Insurers may, notwithstanding the provisions of subsection one, two and three, make a reservation concerning freedom from liability for insurance events which the Insured 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 somebody else while that somebody else was driving the car in a state as stated, if the Insured contributed to the car being used even when he or she knew or ought to understand that the driver was under the influence. A reservation concerning freedom from liability as mentioned in this subsection 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 Insurers should be without liability. If the driver had a blood concentration of alcohol larger than 0.5 per mille, 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 Insurers will not be able to invoke the rules of this section when the Insured or anybody who should, under section 4-11 rank equal with the Insured, was for reasons of age or frame of mind unable to grasp the consequences of his or her action.

As amended by Act of 22 Sept. 2000 No. 79 (in force as from 1 Jan. 2000 as per Decree 22 Sept. 2000 No. 959).

Section 4-10. (duty upon the Insured to prevent and report insurance events)

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

When the Insured must understand that the Insurers may have a claim for recourse against a third party, the Insured must take any action necessary to secure the claim until the Insurers are themselves in a position to protect their interests.

When the insurance event has occurred the Insured must report it to the Insurers without undue delay.

In the event of damage or loss resulting from the fact that the Insured, with intent or gross negligence, failed in his duties under subsections one, two and three, the liability of the Insurers may be reduced or cease to exist. In deciding this, emphasis shall be given to the degree of blame, the course of events, and the circumstances in general.

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

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

Notwithstanding the rule in subsection one it is possible to agree that the Insurers

* (a) for the insurance of motor cars, vessels, aircraft, and livestock animals will be able to invoke acts and omissions by a person who, with the consent of the Insured, is in charge of the object insured,
* (b) for the insurance of a dwelling, a private holiday house and contents shall be able to invoke acts and omissions by the spouse of the Insured who lives with the Insured, or by persons with whom the Insured is living in a permanent relationship.

For insurance in connection with business activities it may be agreed, with the restriction which follows from section 7-3, subsection one, that the Insured 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 Insured's life conditions)

An evaluation of whether the liability of the Insurers should be reduced or cease under the rules of this Chapter, for an insurance of a dwelling, contents and other objects as stated in section 2-3, subsection one, letters a and b of the Act of 8 June 1984 No. 59 relating to Creditors' Right of Recovery, should take into account the effect of a reduction on the Insured or on other persons who are financially dependent on the Insured.

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

The Insurers will not be able to invoke the rules 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 deemed to be responsible.

Section 4-14. (the duty upon the Insurers to announce their intention of using their rights)

If the Insurers want to claim that under one of the rules in this chapter they are wholly or partly without liability or are entitled to terminate the insurance, they must notify the policyholder or the Insured in writing of their standpoint. Notification shall be made without undue delay after the Insurers became aware of the circumstances which entail that the rule may be applied. In this connection the Insurers shall also inform about the access to request consideration by an Appeals Board under section 20-1, or about other alternatives for having the case tried out of court.

If the Insurers fail to make such an announcement, they forfeit the right to invoke the matter.

Chapter 5. The premium

Section 5-1. (due date, initial claim for premium)

Unless payment of premium is a condition for the liability of the Insurers to commence, the premium falls due when claimed in accordance with the insurance contract. The due date shall be not less than one month from the day when the Insurers sent the claim for the premium to the policyholder. If the liability of the Insurers has commenced, it will continue even if payment does not take place on time.

Section 5-2. (delayed payment of premium, subsequent premium claims)

If the premium has not been paid at the end of the payment period under section 5-1, and the liability of the Insurers still continues, the Insurers, in order to be without liability, must send another claim for the premium with a payment period of at least

14 days from the mailing date. The claim shall state clearly that the insurance will cease unless the premium is paid within the time stipulated.

If evidence has been provided that the policyholder has been unable to pay within the payment period due to unforeseen problems for which the policyholder cannot be blamed, the liability of the Insurers will continue for a period not exceeding three months beyond the payment period.

If in instances other than those mentioned in subsection two, the premium is paid after the end of the payment period of subsection one, payment is regarded as a request for a new insurance. Section 3-1, subsection three, shall apply accordingly, however, so that the Insurers are liable only from the day after the premium was paid.

Section 5-3. (when payment is to be deemed to have been made)

Although the Insurers 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 Insurers 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.

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

Chapter 6. General Rules for the liability of the Insurers

Section 6-1. (calculation of the compensation)

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

When the compensation is to be calculated according to the repair or repurchase cost the Insured may claim compensation of that cost even when no repair or repurchase is made. This only applies unless otherwise stated in the terms of cover.

The Insured may request to have the compensation paid out in ready money unless otherwise stated in the terms of cover.

Section 6-2. (insured value by assessment)

An agreement stating that a further specified loss is to be compensated by a certain sum may be set aside upon request by the Insurers only when the policyholder has furnished misleading information about matters of consequence to the valuation. The rules in sections 4-1 to 4-5 and 4-14 apply accordingly.

As amended by Act of 24 Jan. 1997 No. 14.

Section 6-3. (the loss is covered under several insurances)

When the loss is covered under more than one insurance, the Insured may choose the insurances which he or she wants to use, until the Insured has received the compensation to which he or she is entitled altogether.

When several insurers are liable for the Insured's loss under subsection one, the compensation shall be settled 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 liability of the Insurers for salvage expenses)

The Insurers are liable for damage, liability, expenses and other losses inflicted on the Insured in circumstances as stated in section 4-10 when the intention of the measures was to prevent or limit a loss which comes under the insurance, and the measures were of an extraordinary nature and must be deemed to be have been responsible. This also applies to such losses as inflicted on a person who under section 4-11 was under duty to take salvage measures.

Should the Insured be under duty to cover a loss inflicted on a third party by measures as stated in subsection one, section 7-6 shall apply to the claim by that 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 policyholder, the spouse and whoever else is a member of the permanent household.

For insurance of real property the insurance is for the benefit of the policyholder and any holder of a publicly registered title to ownership, mortgage right or any other publicly registered security right.

For insurance of chattels and movables which can be registered separately in a register of realties (section 1-1 subsection four of the Mortgages and Pledges Act, cf. section 5-4, subsections one and two of the said Act), plant and machinery (section 3-4 subsection two of the Mortgages and Pledges Act), and goods in stock (section 3-11 subsection two, cf. section 5-4, final subsection, of the said Act), the provisions of subsection two shall apply accordingly provided the right has been publicly registered or recorded in the register concerned.

The provisions in subsections one to three may be contracted out of by agreement.

Section 7-2. (change of ownership)

When the property to which the insurance is associated changes owner, and unless otherwise agreed, the insurance is also for the benefit of the new owner. For an insurance as stated in section 7-1, subsections two and three, this applies even when the right has not been publicly registered or recorded. If it has been agreed that the insurance should cease if the property changes owner, the Insurers are nevertheless liable for insurance events occurring within fourteen days after the change of ownership.

What is stated in subsection one does not apply when the new owner has taken out insurance, and to livestock animal insurance.

Section 7-3. (protection of a co-insured from objections by the Insurers)

As regards a co-insured under section 7-1, cf. section 7-2, it is not possible for the Insurers to claim to be without liability regarding the policyholder or another co-insured because of an act or omission which is to be judged by the rules of chapter 4 or section 8-1.

The Insurers may nevertheless, as regards a co-insured spouse or a member of the household, cf. section 7-1, subsection one, invoke a reservation as stated in section 4-11, subsection two.

As regards a holder of rights in chattels who is co-insured under section 7-1 subsection three, cf. section 7-2, the provisions of subsection one may be contracted out of by agreement.

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

If the insurance contract has been amended, terminated or ceased to exist, that does not apply as regards a co-insured under section 7-1, subsections two and three, unless the Insurers have notified the party concerned specifically about the fact with one month’s notice.

The Insurers may not, with binding effect on a co-insured under section 7-1, subsections two and three, negotiate with the policyholder over the insurance settlement nor pay out compensation to the policyholder. It is nevertheless not possible for a co-insured to object to the entire compensation being paid out to the policyholder when the damage has been repaired or satisfactory security posted guaranteeing that the compensation will be spent on repairing the damage. Nor can anybody co-insured object to the compensation being deposited in a bank where it is to be at the joint disposal of the policyholder and the co-insured.

The provisions of subsection two shall apply as regards a co-insured under section 7-1 subsection one, and section 7-2, provided they have reported themselves to the Insurers.

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

When the insurance is otherwise to the benefit of others than the policyholder, section 7-3 subsection one, and section 7-4 shall apply accordingly unless otherwise agreed.

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

When the insurance covers the liability of the Insured for compensation, the injured party may claim compensation directly from the Insurers. The Insurers and the Insured are under duty to inform the injured party upon request whether liability cover exists.

When a claim for compensation is advanced against the Insurers, they shall notify the Insured without undue delay and keep the Insured informed about the further handling of the claim. Any admissions by the Insurers to the injured party are not binding on the Insured.

If legal action is brought against the Insurers they may request that the injured party claims against the Insured in the same action.

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

An action against the Insurers under this section must be brought in Norway unless anything else follows from Norway's obligations under international law.

The provisions of this section shall not preclude that a business trader in relation to the Insured waives the right to claim compensation for a business loss directly from the Insurers. Any such agreement will nevertheless not be legally enforceable in the event of the Insured's insolvency.

As amended by Act of 24 Jan. 1997 No. 14.

Section 7-7. (the position of the injured party under mandatory liability cover)

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

The Insurers nevertheless cannot raise objections which they might have been able to raise against the policyholder or the Insured when they know or ought to know that mandatory liability cover is involved. If mandatory liability insurance has been terminated or otherwise ceased to apply, this will have an effect where the injured party is concerned for 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 stated under section 1-3 subsection two provides cover of the liability of the Insured for compensation, the Insurers are liable towards the injured party to ensure that the compensation shall not be paid out to the Insured until the latter provides evidence that the claim from the injured party has been covered. The Insured's claim against the Insurers cannot be made the subject of legal action for the recovery of claims other than the claim for compensation.

In the event that the Insured is insolvent, the provisions of sections 7-6 and 7-7, cf. section 8-3 subsections two and three shall apply.

The provisions of this section cannot be contracted out of to the detriment of the injured party.

Chapter 8. Settlement of compensation, Limitation etc.

Section 8-1. (duty upon the Insured to give details in a claims settlement)

In a settlement the Insured must furnish the Insurers with the information and documents available to the Insured which are required by the Insurers for the calculation of their liability and payment of the compensation.

If in a claims settlement the Insured intentionally gives incorrect or incomplete details which the Insured knows or ought to know will result in the Insured being paid a compensation to which he or she is not entitled, the Insured forfeits any and all claims for compensation against the Insurers under this and any other insurance policy in connection with one and the same event. If the Insured's conduct is only slightly blameworthy, merely relates to a minor part of the claim, or if there are other special grounds, the Insured may nevertheless be paid partial compensation. Section 4-14 applies accordingly.

In instances as mentioned in subsection two the Insurers may terminate any and all insurance contracts they have with the Insured with one week's notice. Section 3-3 subsection two, the first, second and fourth sentences, shall apply accordingly.

Section 8-2. (payment of compensation)

The compensation shall be paid out as soon as the Insurers have 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 Insurers will have to pay at least some part, the Insurers shall pay out a corresponding advance.

Section 8-3. (Insurers access to make a set-off in the compensation)

In a compensation due to the policyholder the Insurers are only entitled to make a set-off of the premium owing from the same or other insurance contracts with the Insurers.

In a compensation due to a co-insured third party or an injured party under a liability insurance the Insurers are only entitled to make a set-off of the premium from the same insurance contract fallen due during the most recent two years prior to paying out the compensation. Set-offs can only be made of amounts which cannot be recovered in a set-off under subsection one. When more than one co-insured or injured party are entitled to compensation, the set-off shall be distributed with a proportionate sum on each one.

In a mandatory liability insurance section 7-7 subsection two first sentence shall apply accordingly to the right of the Insurers to make a set-off against the injured party.

Section 8-4. (interest on the compensation)

The Insured is entitled to interest on outstanding claims owed when two months have passed from the report of the insurance event was sent to the Insurers.

When the Insurers are liable for reimbursing an amount paid by the Insured, the liability for interest starts 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, subsection one shall apply.

When the Insurers are liable for compensating loss of income or loss of time to the Insured, the liability for interest only starts one month after expiry of the period for which the Insurers are liable.

Failure by the Insured to give details or furnish documents as stated in section 8-1 subsection one will entail that he or she shall be unable to claim interest for any time lost as a result. This also applies if the Insured unlawfully rejects full or partial settlement. The liability for interest shall also cease when the Insurers deposit the amount of the compensation with a bank in accordance with section 7-4 subsection two, final sentence.

The interest is otherwise subject to section 2 subsection two 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 terms of cover shall point out the right to interest under this section.

Section 8-5. (period for reporting an insurance event and taking legal action)

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

When the Insurers reject a claim wholly or in part, the Insured forfeits the right to compensation unless legal action is brought, or request for consideration by the Appeals Board made under section 20-1, or under sections 2 or 3 of the Act of 16 June 1989 No. 70 relating to Natural Disaster Insurance, within six months after the Insured received notification in writing of the rejection. The notification shall state the length of the term, how it may be interrupted, and the consequences of failure to comply with it. Section 10 No. 2 and 3 of the Act relating to Limitation of 18 May 1979 No. 18 shall apply accordingly.

As amended by Act of 26 June 1998 No. 46 (in force as from 1 Oct. 1998 as per Decree of 26 June 1998 No. 600 with effect only for claims filed with the Insurers after the date of taking effect).

Section 8-6. (limitation)

A claim for compensation will be statute barred by limitation after three years. The term commences at the end of the calendar year in which the Insured acquired the necessary knowledge of the circumstances upon which the claim is founded. The claim will nevertheless be statute barred at the latest 10 years after the end of the calendar year when the insurance event occurred. When the Insurers have sent notification to the Insured as mentioned in section 8-5 subsection two, limitation occurs at the earliest upon expiry of the term stipulated.

For liability insurance the liability of the Insurers will be subject to limitation under the same rules as apply to the liability of the Insured to compensate, cf., however, subsection three.

Claims filed with the Insurers before the expiry of the limitation period will become subject to limitation at the earliest six months after the Insured, or the injured party (cf. sections 7-6 and 7-7) have received separate notification that limitation will be invoked. The notification shall state how the limitation period may be interrupted. The limitation period will not be prolonged under this provision if more than 10 years have passed since the claim was filed with the Insurers. Should, under liability insurance, subsection one entail limitation of the claim by the injured party against the Insured before the claim against the Insurers, the liability of the Insurers towards the injured party shall nevertheless still exist.

Applicable are otherwise the rules in the Act on Limitation of 18 May 1979 No. 18. The period in subsection one, third sentence can nevertheless not be prolonged under section 10 of the Act.

As amended by Acts of 24 Jan. 1997 No. 14, 26 June 1998 No. 46 (in force as from 1 Oct. 1998 as per Decree of 26 June 1998 No. 600 with effect only for claims filed with the Insurers after the date of taking effect).

Chapter 9. Specific Rules concerning Group Insurance

Section 9-1. (relationship to the Act in general)

Unless anything to the contrary follows from the rules in this chapter, the rules of the Act in general shall apply to group insurance to the extent that they are appropriate.

Section 9-2. (what the contents of a group insurance must be)

A contract for group insurance must contain the terms of cover, or rules on how to determine the terms of cover.

The contract shall otherwise also determine:

* (a) who is or may become a member under the contract,
* (b) whether it is possible to make a reservation against membership,
* (c) how to proceed to become a member, make a reservation against becoming a member if that is possible, or withdraw from the scheme,
* (d) whether a list should be kept of members and if so, whether the list should be maintained by the policyholder or by the Insurers,
* (e) whether the premium is to be paid to the Insurers by the policyholder or by the individual members,
* (f) the duties of the policyholder in connection with notifications to and from the members, and
* (g) the requirements which must be met in order that the insurance may take effect or may be maintained.

Section 9-3. (information about the insurance)

Once the insurance scheme has been established, and later on at suitable intervals, the Insurers and the policyholder shall in a responsible manner ensure that those who are or may become members are informed about matters as stated in section 9-2 and about supplementary cover which it might be relevant for members to take out. Unless the terms of cover are evident from the insurance contract, information shall also be given about them. Restrictions on use, safety and security regulations, and the time for reporting an insurance event, cf. section 2-2 letters b to d, shall be emphasised specifically.

Section 9-4. (the insurance certificate)

When a list of members is kept in accordance with section 9-2 subsection two letter d whoever maintains the list shall without undue delay ensure that everybody who becomes a member is given an insurance certificate and the terms of cover applicable to the insurance.

As regards the party having been given an insurance certificate it cannot be invoked that he or she fails to meet the requirements for being a member of the insurance scheme or that he or she is not entitled to the benefits evident from the certificate. This does not apply, however, when it is clearly evident from the certificate that he or she fails to meet the requirements or is not entitled to the benefits. Nor does it apply when the Insurers can claim to be wholly or partly without liability under the rules in section 4-2, or when notice has been given of termination or of change under section 9-6.

Section 9-5. (when the liability of the Insurers commences)

Unless otherwise agreed or following from the circumstances, the liability of the Insurers commences when the contract has been concluded.

For a member joining subsequently, the insurance will take effect when, in accordance with the contract, notification has been sent or premium paid, or, if notification is not required, when the person concerned meets the requirements for being a member.

Section 3-1 subsection four shall apply accordingly.

Section 9-6. (cessation of the insurance)

When a member of a group insurance where a list of members is maintained, withdraws from the group included under the insurance, the insurance for the member concerned shall cease at the earliest 14 days after a written reminder has been sent by the Insurers or the policyholder. In an insurance where no list is kept, or where reminder as mentioned in the preceding sentence is not sent, the insurance shall cease at the earliest two months after the member withdrew from the group. The first and second sentences do not apply if the member has taken out another insurance or joined another similar group insurance scheme.

If the policyholder or the Insurers terminate or refrain from renewing the insurance, or if the liability of the Insurers ceases to apply due to failure by the policyholder to pay the premium, written notification shall be sent to members of whom a list is maintained, or they shall be notified in an otherwise responsible manner. For each member the insurance shall then cease at the earliest one month after notification was sent or the member otherwise became aware of the circumstances. Subsection one third sentence shall apply accordingly.

The rules of this section do not apply to insurance which is by its purpose intended to cover only a limited period of time.

Section 9-7. (changes to the terms of cover)

In the event that the terms of cover for the insurance are amended to the detriment of the members, the rules of section 9-6 subsection two shall apply accordingly.

Section 9-8. (notifications from or to members of a group insurance)

When a notification under the insurance contract has been made to the policyholder it is not possible to invoke that it has not arrived at the Insurers'. This does not apply, however, if the member had reason to believe that the notification would not arrive at the Insurers' and had opportunity to give notice to that effect.

If under this Act or under the insurance contract the policyholder is under duty to send notification to the members or otherwise give notice to them, and should the policyholder fail to do so, the said failure will have the same effect as regards the members as if it had occurred at the Insurers'. This does not apply, however, if the member had otherwise become aware of the notification and had reasonable opportunity of taking steps accordingly.

Part B. Contracts for the insurance of individuals (the personal insurance part)

Chapter 10. Introductory provisions

Section 10-1. (area of application of part B of the Act)

Part B of the Act applies to contracts for the insurance of individuals concluded with an insurance company. The rules of the Act also apply to other contracts for personal insurance, including the relationship between pension funds and their members to the extent that they are appropriate.

Personal insurance is deemed to mean life insurance, accident insurance and sickness benefit insurance. The insurance may be taken out on the life and health of the policyholder or one or more other individual(s).

In case of doubt, the King will decide whether an insurance is a personal insurance and whether it is a life insurance or some other personal insurance.

The provisions of part B are not applicable to reinsurance contracts.

Section 10-2. (definitions)

In part B of the Act the following shall mean:

* (a) the Insurers: whoever in the contract undertakes to provide insurance,
* (b) the policyholder: whoever concludes an individual or a group insurance contract with the Insurers. Also deemed to be a policyholder is anybody who acquires ownership of the insurance,
* (c) the Insured: the individual to whose life or health the insurance is related,
* (d) capital insurance: insurance where the Insurers have to pay out a predetermined amount. The amount may be divided into instalments,
* (e) annuity insurance: an insurance where the Insurers have to pay out instalments for as long as a person lives or until the person attains a certain age,
* (f) pension insurance: capital or annuity insurance which falls under the special rules concerning pension insurance in the legislation in general,
* (g) group insurance: insurance which comprises people within a further defined group, and possibly their spouses, children etc. In the event of doubt, the King determines whether insurance is a group insurance.

Section 10-3. (the mandatory nature of the provisions)

Unless otherwise stated the provisions in part B cannot be contracted out of to the detriment of the party who derives a right against the Insurers from the insurance contract.

Section 10-4. (regulations)

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

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

Chapter 11. The duty upon the Insurers to provide information

Section 11-1. (information when writing the insurance)

In connection with the writing of insurance the Insurers shall as far as possible ensure that the policyholder is given advice about the cover of the existing need for insurance.

The Insurers shall inform the policyholder of significant aspects of the various types of insurance which may meet the need for cover. The Insurers shall for instance give details of the duration of the insurance contract, the terms of cover, rates of premium, guaranteed supplements and payment thereof as well as the surrender value. The Insurers shall also inform whether there are material restrictions in the cover relative to what the policyholder may reasonably expect to be covered under the insurance concerned.

Should the parties be unable to decide on the country whose legislation shall govern the agreement, the Insurers shall also state the governing law. If the parties are allowed to choose the legislation, the Insurers shall state their suggestion as to what law should govern.

The Insurers shall also provide information about the rules for submitting disputes concerning the insurance contract to a Board of Appeal, 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)).

Section 11-2. (the insurance certificate)

As soon as the contract has been concluded, the Insurers shall give to the policyholder a written insurance certificate establishing that the contract has been concluded, with a reference to the terms of cover. Together with the certificate the Insurers shall give to the policyholder the terms of cover which are to apply to the contract.

In the insurance certificate the Insurers shall point out:

* (a) whether they have reserved the right to let the liability commence only upon payment of the initial premium, cf. section 12-2, subsection one,
* (b) any reservations made as regards limitation of the liability because of the state of health of the Insured or in connection with a change in the risk, cf. sections 13-5 to 13-7, and what safety and security regulations shall apply, cf. section 13-9,
* (c) the time limit for reporting the insurance event, cf. section 18-5, subsection one,
* (d) the right to request consideration by an Appeals Board under section 20-1, or any other similar schemes established for dispute resolution.

If a beneficiary was appointed when the insurance was written, the insurance certificate shall state who has been appointed.

In the event that the Insurers have failed in their duty to provide information in accordance with subsection two, letters a to d, they may only invoke the provision concerned provided the policyholder or the Insured did after all have knowledge of the term.

Amended by Acts of 24 Jan. 1997 No. 14, 13 June 1997 No. 46.

Section 11-3. (information during the period of cover)

During the period of cover the Insurers shall in a responsible manner keep the policyholder informed of those aspects of the insurance contract which it is important for the policyholder to be aware of, including payment of premium, the sum insured and guaranteed supplement and payment thereof, surrender value and dispositions relating to the insurance. In the event that specific limitations of liability have been stipulated as mentioned under section 13-6, or safety and security regulations, cf.

section 13-9, the Insurers shall also point these out. The Insurers shall also give information about alternative types of cover or new forms of supplementary cover introduced by them since the insurance was written or most recently renewed.

If the cover is for a period of one year or less, the information as stated in subsection one shall be provided upon renewal of the cover.

Section 11-4. (control by the supervisory authorities)

The King determines who is to supervise that the duty under part B of the Act to provide information is being complied with. The supervisory authority may issue more detailed rules as to the duty to provide information, for instance regarding what information should be given in writing, and the language in which the details are to be given.

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)).

Chapter 12. The insurance contract etc.

Section 12-1. (the basis for the evaluation made by the Insurers)

When the Insurers determine whether to take over an insurance and evaluate the risk, the basis to be used is the state of health of the Insured at the time when the policyholder submitted a complete proposal for a specific insurance cover. The Insurers may nevertheless take into account that the health of the Insured has deteriorated after the proposal was made, if the deterioration is connected with circumstances which existed at the time of the proposal, and were uncovered by investigations made by the Insurers.

Section 12-2. (the period of liability)

Unless otherwise provided by law or by agreement, the liability of the Insurers shall commence when the policyholder or the Insurers have accepted the terms stipulated by the other party.

If the Insurers have sent acceptance in writing to the policyholder, the liability of the Insurers commences at 00:00 hours on the day when acceptance was sent, provided the proposal for cover was received by the Insurers not later than the previous day.

If the policyholder has sent a proposal in writing for a specific insurance, the Insurers are already liable for insurance events occurring after it received the proposal. This does not apply, however, if the Insurers would in any circumstances have rejected the cover. The Insurers are also not liable for the consequences of circumstances which prevailed at the time of the proposal if these circumstances would have been uncovered by the Insurers' investigations and resulted in a rejection.

If the liability of the Insurers is to commence 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 12-3. (the right of the policyholder to terminate the cover)

In the case of a life insurance the policyholder may at any time discontinue an existing insurance contract.

If the policyholder wants to terminate an accident or sickness insurance from expiry of the period of cover, he or she must give notice thereof to the Insurers not later than one month from the day when the Insurers sent an ordinary claim for the premium for the new period to the policyholder.

During the period of cover the policyholder may terminate an existing accident or sickness benefit insurance if the need for cover ceases to exist or there are other specific reasons.

In the case of group insurance the provisions in subsection one and three may be contracted out of in the insurance contract.

Section 12-4. (the right of the Insurers to discontinue the insurance during the period of cover)

In the case of a life insurance the Insurers may not terminate the cover except in instances as stipulated in section 13-3.

In an accident or sickness insurance the Insurers may terminate an existing insurance in accordance with the rules of sections 13-3 and 18-1, subsection three. They may otherwise only terminate an existing insurance when warranted by a particular circumstance as stated explicitly in the terms of cover, and termination is reasonable. The Insurers are, however, not entitled to reserve their right to terminate on the grounds that the health of the Insured has deteriorated after the insurance was taken out.

The termination must be effected without undue delay after the Insurers became aware of the circumstance which entails that they may terminate the insurance. Notice to terminate must be given in writing with grounds stated. Unless a shorter term is stated in the Act, the term for giving notice shall be at least two months. In the notice the Insurers shall inform about the possibility of requesting consideration by the Appeals Board under section 20-1, or about other alternatives for having tried whether the termination is lawfully valid.

What is stipulated about termination in subsection two second sentence, cf. third sentence, applies correspondingly to reservations that the insurance shall cease upon the occurrence of a specific event.

Section 12-5. (the settlement when the insurance contract is discontinued during the period of cover)

If the insurance ceases, the policyholder shall be credited with the value of the insurance, including any excess premium paid in. This applies even when the Insurers are otherwise wholly or partly without liability.

The terms of cover shall contain rules about calculation of the value of the insurance and about calculation of the premium in such instances or a reference to such rules.

Section 12-6. (notice to terminate a life insurance)

When it has been agreed that a life insurance is to be of a duration of three years or more, the Insurers must give notice to the policyholder at the latest 3 months before expiry of the period of cover that the cover will cease, and that the policyholder may be entitled to prolong the insurance contract if that is the case. If the insurance has been renewed, the three year period is counted from when the cover was first taken out.

Section 12-7. (renewal of accident and sickness cover and changes to the terms of cover)

When an accident or sickness insurance relates to a specified period of time of one year or more, and the Insurers do not wish to prolong the insurance beyond the period agreed, they must give notice to the policyholder to this effect not later than two months prior to expiry of the period of cover. If not, the insurance contract will be renewed for one year.

The Insurers may only refrain from renewing an insurance as stated in subsection one when particular reasons so warrant. When renewal is denied, section 12-4, subsection three, second and fourth sentences, will apply accordingly. The provisions of this subsection do not apply when it has been agreed specifically that the insurance shall cease upon expiry of the period of cover.

Should the Insurers wish to obtain new details of the risk in connection with a renewal, they must send questions in writing to the policyholder. Failing that, renewal will take place on the basis which existed when the policyholder most recently provided information as to risk.

If the Insurers wish to change the terms of cover in connection with the renewal, they must send to the policyholder, together with the claim for premium for the new period of cover, the new terms of cover, explaining the changes made. Changes in the terms of cover not explained in this manner cannot be invoked by the Insurers.

In an accident or sickness insurance the Insurers are not entitled to reserve the right to amend the terms of cover during the period of cover.

Section 12-8. (the right to continue a life insurance when the surrender value has been paid out)

If the surrender value of an individual life insurance has been paid out to the policyholder or to a creditor, cf. sections 15-8 and 16-2, the policyholder may, without providing new details of health, request that the insurance continues for the remainder of the period of cover originally stipulated, as a pure risk insurance after deduction of the surrender value.

The Insurers shall give notice to the policyholder not later than in connection with their payment of the surrender value, of his or her right to continued cover. A request for cover as stated must be made within 6 months from when the notice was sent.

Section 12-9. (temporary cover under life insurance)

When the Insurers have made the reservation in a life insurance that the liability shall not commence until the initial premium has been paid, the Insurers must offer the policyholder temporary cover for death which is not related to the state of health of the Insured at the time of inception of the temporary cover.

Unless otherwise agreed or following from subsection four, the temporary cover will take effect as soon as the premium for it has been paid. The cover will cease unless a complete proposal for a specific insurance has been sent to the Insurers not later than one month after inception of the temporary cover. If a proposal as stated has been sent, the cover shall cease when the insurance to which the proposal related, either takes effect or is rejected, however, not later than one month after the policyholder received the claim for the premium for the insurance to which the proposal related. If the Insurers have sent a proposal for insurance on different terms of cover, the cover shall cease when the time for accepting that proposal has expired.

The temporary cover shall be of the same scope and extent as the insurance to which the proposal related, unless the terms of cover for the temporary insurance stipulate a lower limit for the sum.

Unless the Insurers have pointed out to the policyholder at the same time as when a proposal for a new insurance is received, at the latest, the possibility of obtaining temporary cover, the Insurers are liable as if cover as stated had been agreed.

Chapter 13. General preconditions for the Insurers' liability

Section 13-1. (duty upon the policyholder and the Insured to give information about the risk)

So long as the Insurers have not accepted to cover the insurance, they may ask for information which may be of relevance to their evaluation of the risk. The policyholder and the Insured shall give correct and exhaustive answers to the questions from the Insurers. They shall also upon their own initiative give details of

specific circumstances which they must understand to be of material significance to the Insurers in their evaluation of the risk.

Section 13-2. (reduced liability on the Insurers when the duty to give details has been neglected)

If the policyholder or the Insured have fraudulently neglected the duty under section 13-1 to give details, and an insurance event has occurred, the Insurers are without liability.

If the policyholder or the Insured have otherwise neglected the duty to give details, and the consequent blame on them is not merely slight, the liability upon the Insurers may be reduced or cease to exist.

Any decision made under subsection two must take account of the impact of the error on the Insurers' evaluation of the risk, on the degree of blame, the course of events, and of the circumstances in general.

As amended by Act of 27 Nov. 1992 No. 113 (in force as from 1 Jan. 1994).

Section 13-3. (the right of the Insurers to terminate the cover and amend the contract when the duty to give information has been neglected)

If during the period of cover the Insurers become aware that the duty to give information has been neglected, and the blame on the policyholder or the Insured is not merely slight, they may terminate the insurance with 14 days notice. Section 12-4 subsection three shall apply accordingly. If the policyholder has acted fraudulently the Insurers may nevertheless terminate this and any other insurance contracts they may have with the policyholder with immediate effect.

When it must be assumed that, with information about the correct circumstances, the Insurers would have provided the cover against a higher premium or otherwise on different terms of cover, the policyholder may request, within the period of notice to terminate, to be allowed to continue the insurance cover on such terms. For as long as no new terms of cover have been agreed, the original insurance continues with the limitation which follows from section 13-2, subsections two and three, but not beyond three months from when notice was given. The right to continued cover under this subsection does not apply in the event that fraud has been committed.

In the notice the Insurers shall point out to the policyholder the possibility of continued insurance which may be open to the policyholder. When the policyholder requests continued cover, the Insurers are entitled to demand any new information which they require for their evaluation.

Section 13-4. (restriction in the right of the Insurers to allege incomplete details)

The Insurers will not be able to allege that the duty to provide information was neglected when they knew or ought to have known that the information was incorrect or incomplete on receiving the details. This is also the case if the circumstances to which the details related were of no consequence to the Insurers or subsequently have ceased to be of consequence. If fraud has been committed, the restriction in the first sentence shall only apply if the Insurers realised that the details received were incorrect or incomplete.

In the case of a life insurance the Insurers may invoke that the duty to provide information has been neglected only if the insurance event occurred or the Insurers gave notice under section 13-13 within two years after the liability of the Insurers commenced. This limitation does not apply if fraud has been committed.

As amended by Act of 27 Nov. 1992 No. 113 (in force as from 1 Jan. 1994).

Section 13-5. (limited liability due to the state of health of the Insured)

When cover is provided under the insurance for the consequences of illness or affliction the Insurers are not entitled to reserve the right to be without liability in the event that the illness or affliction existed already at the time when the liability of the Insurers commenced. Such a reservation will, nevertheless, still be valid provided

* (a) the reservation is founded on information which the Insurers have received concerning the Insured, or
* (b) the Insurers are for particular reasons precluded from obtaining information from the Insured. In those instances the Insurers are nevertheless liable for illness or affliction of which the Insured was not aware when the liability of the Insurers commenced.

In a sickness insurance the Insurers reserve the right in the terms of cover to be liable only for illness which has shown symptoms after a specified time. This applies accordingly to disability cover in connection with life insurance.

When an insurance limited in time has been renewed, the reservation can only apply to illness or affliction from which the Insured suffered already when the insurance was first taken out.

Section 13-6. (limited liability because of hazardous activities etc.)

When the Insurers have made their liability conditional upon the Insured not taking part in certain activities or not being exposed to a specific hazard, they are still liable for insurance events which occur while the Insured takes part in those activities or is exposed to the said hazard provided the insurance event was not a result of that fact.

Section 13-7. (reservation for adapting the premium to the Insured’s life conditions)

When the Insurers have made the size of the premium conditional upon the life conditions of the Insured such as occupation etc., they are entitled to order the policyholder to report any changes in these circumstances. If such report is not made upon payment of the first premium after the change took place, at the latest, and if as a result of the omission the premium is not increased, the Insurers may claim to have their liability for any and all insurance events reduced proportionately. In calculating the liability the premium to be used as the basis is the one which the Insurers would have demanded if they had been aware that the changes were going to happen. In connection with claims for premiums the Insurers shall remind the policyholder of this requirement.

Section 13-8. (insurance event brought about with intent)

If the Insured has intentionally brought about the insurance event, the Insurers are not liable. The Insurers are, nevertheless, liable if due to age or frame of mind the Insured was incapable of understanding the implications of the action. In an accident insurance the Insurers may reserve the right to be without liability for suicide or attempted suicide as a result of a mental affliction.

If the Insured has committed or attempted suicide, the Insurers are liable under life insurance provided more than one year has passed since the liability of the Insurers commenced, or when it must be assumed that the cover was taken out without suicide in mind. If a short-term life insurance which only comprises the risk of death has been renewed, the one year period is counted from when the insurance was first written.

Section 13-9. (insurance event brought about by negligence)

If under an insurance other than life insurance the Insured has brought about the insurance event by being grossly negligent, or increased the extent of the loss, the liability of the Insurers may be reduced or cease to exist. This also applies if the Insured by being grossly negligent has brought about the insurance event through non-observance of a safety and security regulation. In deciding this, emphasis shall be given to the degree of blame, the course of events, whether the Insured was in a self-inflicted state of intoxication, what effect a reduction or lapse of the Insurers' liability will have on the person entitled to the insurance or on other persons who are financially dependent on him or her, and the circumstances in general.

In instances other than those mentioned in subsection one the Insurers cannot allege that the Insured has brought about the insurance event by negligence

The Insurers cannot invoke the rules of subsection one when, for reasons of age or frame of mind, the Insured was not capable of understanding the implications of his or her action.

Section 13-10. (action taken to prevent personal injury or damage to property)

The Insurers cannot invoke the rules of sections 13-6, 13-8 or 13-9 when the action concerned was taken for the purpose of preventing personal injury or property damage, and in the prevailing circumstances the action would have to be deemed to be justifiable.

Section 13-11. (reporting an insurance event)

When an insurance event has occurred, anybody who considers that he or she has a claim against the Insurers shall report to them without undue delay.

When the Insurers have been precluded from making investigations concerning the insurance event which are of significance to the liability of the Insurers, or from taking steps which would have limited the loss, because somebody as mentioned in subsection one has with intent or gross negligence failed to comply with the duty to report, the liability of the Insurers towards the party concerned may be reduced or cease to exist.

Section 13-12. (measures to limit the loss)

The Insurers may instruct the Insured to take measures which will obviously limit the extent of the liability upon the Insurers and shall defray the costs of any such measures. The Insured is not obliged to comply with an order which constitutes an unreasonable restriction in the freedom to be in charge of one's own person.

In the event that the Insured, with intent or gross negligence, has failed to comply with an order which he or she was under duty to comply with, the liability of the Insurers may be reduced or cease to exist.

Section 13-13. (duty upon the Insurers to announce their intention of using their rights)

If the Insurers want to claim that under one of the rules in this chapter they are wholly or partly without liability or are entitled to terminate the insurance, the Insurers must give the policyholder or whoever is entitled to the benefit under the insurance written notification of their standpoint. Notification shall be made without undue delay after the Insurers became aware of the circumstances which entail that the rule may be applied. In this connection the Insurers shall also inform about the access to request consideration by an Appeals Board under section 20-1, or about other alternatives for having the case tried out of court.

If the Insurers fail to make such an announcement, they forfeit the right to invoke the matter. In a life insurance the Insurers shall also, at the same time as giving notification under subsection one, the first sentence, record in the Life Insurances Register that they have invoked the matter.

Chapter 14. The Premium

Section 14-1. (due date, initial claim for premium)

Unless payment of premium is a condition for the liability of the Insurers to commence, the premium falls due when claimed in accordance with the insurance contract. The due date shall be not less than one month from the day when the Insurers sent the claim for the premium to the policyholder. If the liability of the Insurers has commenced, it will continue even if payment does not take place on time.

Section 14-2. (delayed payment of premium, subsequent premium claims)

If the premium has not been paid at the end of the payment period under section 14-1, and the liability of the Insurers still continues, the Insurers, in order to be without liability, must send another claim for the premium with a payment period of at least 14 days from the mailing date. The claim shall state clearly that the liability will cease unless the premium is paid within the time stipulated.

If evidence has been provided that the policyholder has been unable to pay within the payment period due to unforeseen problems for which the policyholder cannot be blamed, the liability of the Insurers will continue for a period not exceeding three months beyond the payment period.

If in instances other than those mentioned in subsection two, the premium in an accident or sickness insurance is paid after the end of the payment period of subsection one, payment is regarded as a request for a new insurance. Section 12-2, subsection three, shall apply accordingly, however, so that the Insurers are liable only from the day after the premium was paid.

Section 14-3. (reinstatement of a life insurance without new health details)

When the liability of the Insurers in a life insurance has ceased to apply after premium has been paid for a minimum of one year, the insurance may be put into effect again without new details of health provided the premiums due are paid within six months after expiry of the period stated under section 14-2, subsection one. If the surrender value of the insurance has been paid out the surrender value must also be repaid to the Insurers within that same period of time, cf. however, section 12-8, subsection one. The Insurers are entitled to claim interest on overdue amounts as defined by law on these amounts. If the insurance is reinstated, the liability of the Insurers commences from the day after the amount was paid.

As amended by Act of 11 June 1993 No. 83.

Section 14-4. (special premium claim in life insurance)

Under a life insurance the Insurers shall also send notification as stated in section 14-2, subsection one, to anybody who, according to the Life Insurances Register, holds a charge over the insurance. The spouse of the policyholder, the Insured and the party appointed as the final beneficiary may also request such notification. Failure by the Insurers to send notification as stated will mean that they are not entitled to allege non-payment of the premium towards the party concerned.

Section 14-5. (when payment is to be deemed to have been made)

Although the Insurers 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 Insurers 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 15. Dispositions involving the insurance and the right to benefits from the Insurers

Section 15-1. (right to benefits from the Insurers when the policyholder has made no dispositions involving the insurance)

In the event that the policyholder has not otherwise made dispositions involving the insurance, in accordance with the rules of this chapter, the rules of subsections two to six shall apply.

A sum insured which becomes payable upon the death of the policyholder, passes to the spouse. This does not apply, however, when prior to the death a judgment had been made or a licence issued for separation or divorce, even when the decision is not legally binding or final. A sum insured devolving on the spouse shall not be included in the assets to be divided equally under section 77, cf. section 58, of the Marriage Act, unless the surviving spouse retains undivided possession of the estate in accordance with chapter III of the Inheritance Act.

A sum insured which does not pass to the spouse under the rules of subsection two, shall devolve on the heirs according to law or by will. If the policyholder was in possession of an undivided estate under chapter III of the Inheritance Act, the sum insured shall be included in the assets to be divided equally between the heirs of the first deceased and the surviving spouse, cf. section 26, subsection one, first sentence, of the Inheritance Act.

When payment of a sum is tied in with the condition that certain persons are still alive, the sum shall devolve on them.

When several individuals have taken out insurance jointly and the sum insured becomes payable upon the death of the first one of them, the sum insured passes to the surviving policyholder/s. If there is more than one survivor, and unless otherwise agreed, the sum insured shall be divided equally.

A sum insured which becomes payable upon an event other than the death of the policyholder, passes to the policyholder.

As amended by Act of 4 July 1991 No. 47.

Section 15-2. (appointing the beneficiary)

The policyholder may appoint one or more persons who as beneficiaries will be entitled to receive the sum insured with any supplements, or part of the sum insured, when it becomes payable. If the policyholder is married, the spouse ought to be notified of the appointment, cf. section 15-6.

An appointment of a beneficiary may be revoked unless the policyholder has made a promise to the beneficiary about it being final.

Section 15-3. (procedures for appointing a beneficiary)

Appointment of a beneficiary and revocation of an appointment must be made by written notification to the Insurers. In connection with the insurance being taken out, the appointment may nevertheless be notified to the Insurers in another manner.

When a will makes specific dispositions over an insurance, that disposition is deemed to be appointment or revocation of a beneficiary.

Appointments or revocations made in a manner other than those mentioned in subsections one and two shall not be valid.

Section 15-4. (interpretation rules)

Unless otherwise provided or following from the circumstances, the following shall apply:

* (a) Appointment of a beneficiary only comprises a sum insured which becomes payable upon death.
* (b) If the policyholder has made more than one appointment, section 66 No. 5 of the Inheritance Act shall apply accordingly.
* (c) If the beneficiary dies before the policyholder, section 66 No. 2 of the Inheritance Act shall apply accordingly.
* (d) If the spouse of the Insured has been appointed, section 15-1 subsection two shall apply accordingly.
* (e) If the heirs of the Insured have been appointed, the appointment also includes any heirs under a will.

* (f) If the insurance has been mortgaged when the policyholder dies, section 66 No. 4 of the Inheritance Act shall apply accordingly to the relationship between the estate of the deceased and the beneficiary.

Section 15-5. (the right under the insurance contract when a beneficiary has been appointed)

Appointment of a beneficiary does not entail any limitation in the policyholder's right of disposal over the insurance or right under the insurance contract in general. If the insurance is mortgaged, the right of the beneficiary shall cede to that of the mortgagee unless otherwise agreed.

If the appointment is final, the policyholder is not entitled to make dispositions over the insurance to the detriment of the beneficiary.

For as long as the insurance event has not occurred, the beneficiary is unable to dispose of the sum insured. If the policyholder has died and the sum insured is only to be paid out at a later time, all rights under the insurance contract pass to the beneficiary unless anything to the contrary is evident from the circumstances.

Section 15-6. (change of beneficiary at the request of dependants)

If it seems clearly unfair towards a spouse or an heir of the body for whom the policyholder provided or was under duty to provide, and who would otherwise have been entitled to the sum insured under section 15-1, that a beneficiary should receive the sum, the person provided for may request that the sum insured be paid wholly or in part to him or her. In the decision on this emphasis shall be given to the motive for the appointment, the needs of the person provided for and the beneficiary, and whether the person provided for had been given notice of the appointment in reasonable time before the death.

This also applies with regard to an heir of the body when the spouse is entitled to the sum insured under section 15-1, subsection two.

Claims under subsections one or two must be submitted in a legal action against the beneficiary or the spouse within one year after the death.

A beneficiary or a spouse who has been paid the sum insured is not under duty to repay more than the amount which was intact when the person concerned was informed about the claim.

Section 15-7. (assignment of the insurance)

When an insurance is assigned, the rights of the assignor under the insurance contract pass to the assignee unless otherwise agreed. Upon an assignment earlier appointments of a beneficiary shall lapse unless otherwise agreed or following from the circumstances.

Section 15-8. (creating a charge over the insurance)

A capital insurance may be subjected to a charge. The charge comprises the right to be paid the sum insured when it becomes payable, and the right to the surrender value of the insurance. Any supplement to the benefits originally agreed will not be included under the charge unless otherwise agreed.

Without the consent of the chargeholder it is not possible for the Insurers to pay out any benefits payable under the insurance, cf. section 1-6, subsection two, of the Mortgages and Pledges Act.

If the claim under the charge has become payable, the chargeholder may request to be paid the surrender value to the extent necessary to cover the claim under the charge. In that case the chargeholder must first, with a notice of two months, allow the mortgagor the possibility of avoiding the chargeholder's claim by either meeting the claim under the charge or paying an amount equal to the surrender value. The chargeholder is not entitled to realise the charge in any other manner.

If the insurance has been mortgaged when the Insured dies, and the claim under the mortgage is covered by the estate of the deceased, the estate may claim consideration from the sum insured unless otherwise following from the circumstances.

Section 15-9. (loss of the right to claim the sum insured)

The rules in section 73 of the Inheritance Act shall apply accordingly to anybody who is entitled to a sum insured under the provisions of this chapter. This also applies to insurance benefits which become payable due to disability as a result of the action. Under an insurance of the life of a third party any benefits of which the policyholder has been deprived by judgment, shall devolve on the Insured or, if the Insured has died, on the survivors of the Insured under the rules of section 15-1, subsections two and three.

Section 15-10. (annuity insurance)

The rules of this chapter shall apply to annuity insurance to the extent not otherwise prescribed in or pursuant to legislation in general, or in the terms of the cover with the consent of the supervisory authorities.

Chapter 16. The relationship to the creditors

Section 16-1. (general rules concerning protection of creditors)

Before an insurance event has occurred the right under the insurance contract cannot be applied in recovering debt unless the insurance has been assigned to someone other

than the spouse of the policyholder or to the Insured. If in that event the creditors of the assignee intend to seek recovery in the value of the insurance, the rules of section 15-8, subsection three, shall apply accordingly.

The sum insured and paid out upon death can not be seized by the creditors of the deceased unless otherwise determined at the appointment of a beneficiary. Section 15-8, subsection four, shall in that event apply accordingly.

When the sum insured becomes payable on the occurrence of an event other than the death of the Insured, the creditors of the Insured, for a period of one year after it became payable, shall not be entitled to seek recovery in the Insured's claim against the Insurers. This also applies to creditors of the spouse when the spouse of the Insured becomes entitled to the sum insured when it becomes payable.

In an annuity insurance the creditors of the annuitant may seek recovery in the existing annuity in accordance with sections 2-5, 2-7, 2-8 and 2-11 of the Act of 8 June 1984 No. 59 relating to Creditors' Right of Recovery.

Section 16-2. (reversal of payment of premium in insolvency etc.)

Administrators of a policyholder's estate in a bankruptcy, liquidation, compulsory scheme of arrangement or insolvency may claim consideration from the Insurers for payment of premium made in the last three years prior to the cut-off date, cf. section 1-2 of the Act of 8 June 1984 No. 59 relating to Creditors' Right of Recovery, to the extent that, when it took place, the payment was obviously unreasonable taking into account the financial position of the policyholder and the circumstances in general. The consideration is the increase in the value of the insurance resulting from the unreasonable payment of premium. If the administrator intends to advance a claim for consideration against the Insurers, notice must also be given to the policyholder and to whoever is entitled to the sum insured when it becomes payable.

If the sum insured has been paid out, the administrator may claim to have an amount as stated in subsection one returned from whoever received payment of the sum insured. In that case, section 15-6, the final subsection, shall apply accordingly.

If the insurance has been mortgaged and if the mortgage has been registered not later than the day before the cut-off date, cf. section 1-2 of the Act of 8 June 1984 No. 59 relating to Creditors' Right of Recovery, the claim for consideration under this section may not be invoked contrary to the right of the mortgagee. If the policyholder has assigned the insurance or made a final appointment of a beneficiary the same shall apply to the extent the assignee or the beneficiary has paid a consideration for the right.

If the beneficiary or anybody whose interest are protected under section 16-1, subsection one, has paid premiums, the rules of subsections one to three shall apply accordingly as regards their creditors.

Payment of premium for a pension insurance to the extent that the premiums were or might have been qualified for relief in assessment of the policyholder's taxable income, shall not be deemed to be unreasonable under the rules of subsection one.

Chapter 17. Registration of Life Insurances

Section 17-1. (the Life Insurances Register)

A life insurance company is under duty to register any life insurance contracts concluded. For each contract the register shall state details of

* (a) the terms of cover which apply to the contract,
* (b) the rights stipulated concerning future benefits,
* (c) premium payment, and
* (d) the identity of the policyholder and the Insured.

If anybody has acquired a right to the insurance, the Insurers shall, upon request, register the acquisition. If the acquisition is derived from a voluntary disposition, it is a condition for the registration that the disposition was made by whoever is the policyholder according to the register. The Insurers shall inform the policyholder and the rightholder of the registration.

Acquisition of a right with an earlier registration may be requested to be deleted when evidence is provided of the lapse of that right or that the rightholder consents to the deletion.

A reversible appointment of a beneficiary may be registered or deleted only upon request by whoever is registered as policyholder. Notification from the policyholder under section 15-3, subsection one, is deemed to be a request for registration or deletion.

If the estate of the policyholder has been made the subject of probate by a public administrator, this fact must be registered if so requested by the Court of Probate, cf. section 14, subsection two, of the Act relating to Probate. If public proceedings have been opened for a compulsory scheme of arrangement or bankruptcy or liquidation of the policyholder's estate, this fact shall be registered at the request of the debt settlement committee, or the administrator of the estate or the Court of Probate, cf. sections 36 and 79 of the Insolvency Act. This also applies if the policyholder has been legally deemed incapable of managing his own affairs, cf. section 14, subsection two No. 2 of the Act relating to Legal Incapacity.

A request for registration shall be entered in a day-book on the date when it arrives at the Insurers' and be recorded in the register as soon as possible.

Section 17-2. (transcripts)

Transcripts of the register may be requested by the policyholder, the spouse of the policyholder, by the Insured, by a final beneficiary, a holder of a mortgage or charge over the insurance or by the Court of Probate. A transcript must be founded on what is recorded in the register at the time when it is supplied by the Insurers.

A transcript according to subsection one shall only contain details of significance to whoever requests the transcript. The Insurers shall otherwise maintain silence about the contents of the Life Insurances Register.

The King may issue further specified rules concerning the contents of a transcript under subsection two, the first sentence, and may stipulate provisions for payment of a further specified fee.

Section 17-3. (conflict of rights acquired in the insurance)

In the event of conflict, a registered acquisition of a right in the insurance takes precedence over an acquired right in the insurance which was not entered in the day-book on the same date at the latest. When more than one acquisition of rights are entered in the day-book on the same date, they shall rank equal.

Notwithstanding the provisions of subsection one, a prior acquisition of a right takes precedence over a subsequent one when the subsequent one was created by a voluntary disposition, and provided that at the time when the right of the acquiror was entered in the day-book, the acquiror was aware of or ought to have been aware of the prior right.

Section 17-4. (position towards the Insurers of a holder of a right in good faith)

When somebody has obtained registration in good faith of a right acquired by agreement, the Insurers may not raise against that somebody any objections other than those mentioned in the notification to the holder of the right as stated in section 17-1, subsection two, the third sentence.

The Insurers may nevertheless raise objections which are based on:

* (a) circumstances as mentioned in chapter 13 of which the Insurers did not become aware until after notification under section 17-1, subsection two, had been sent,
* (b) non-payment of the premium after notification under section 17-1, subsection two, had been sent, cf. however, section 14-4, or
* (c) payment having been made of a payable instalment of a pension, annuity or interest which should under the contract continue for a specified number of years, even if payment was made before notification under section 17-1, subsection two, had been sent.

Section 17-5. (payment of the sum insured to whoever appears to be entitled)

When the Insurers have made payment in good faith of the sum insured or the surrender value to the person recorded in the register as being entitled or who holds a right to the sum insured under section 15-1, it is not possible to allege towards the Insurers that somebody else has a better right.

Section 17-6. (preclusion of objections by a holder of due title)

When somebody has in good faith registered a right created by agreement with the person who according to the register is the policyholder, it cannot be invoked against that somebody that his or her right of disposal is founded on an invalid acquisition of right. This does not apply, however, if the invalidity is the result of fraud, forgery, legal incapacity, mental disorder or serious duress as stated in section 28 of the Contracts Act.

Section 17-7. (what is meant by policyholder)

Anything provided in this chapter about dispositions made by the policyholder shall apply accordingly to dispositions made by whoever has a limited right in the insurance.

Section 17-8. (regulations)

The King may issue further specified Regulations concerning the Life Insurances Register.

Chapter 18. Settlement of compensation, Limitation etc.

Section 18-1. (the duty to give information in a claims settlement)

Whoever wants to advance a claim against the Insurers must furnish the Insurers with the information and documents available to him or her which are required by the Insurers in order to make a decision on the claim and payment of the sum insured.

Anybody who in a claims settlement gives incorrect or incomplete details which he or she knows or ought to know will result in compensation being paid to which he or she is not entitled, forfeits any and all claims for compensation against the Insurers under this and any other insurance policy in connection with one and the same event. If the matter is only slightly blameworthy, merely relates to a minor part of the claim, or if there are other special grounds, he or she may nevertheless be paid partial compensation. Section 13-13 applies accordingly.

In instances as mentioned in subsection two the Insurers may terminate any and all insurance contracts they have with the person concerned with one week’s notice. Section 12-4 subsection three, the first, second and fourth sentences, shall apply accordingly.

Section 18-2. (payment of compensation or the sum insured)

A claim for compensation or the sum insured falls due for payment as soon as the Insurers have been allowed a reasonable time to clarify the circumstances and calculate their final liability. When the Insurers are liable for disability cover, further specified rules may be set out in the terms of cover as to evaluation of the disability and when the claim falls due.

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

Section 18-3. (Insurers' access to make set-offs in the compensation or the sum insured)

In a compensation or a sum insured due to the policyholder the Insurers are only entitled to make a set-off of the premium owing from the same or other insurance contracts with the Insurers.

In a compensation or a sum insured due to others than the policyholder, the Insurers are only entitled to make a set-off of the premium from the same insurance contract fallen due during the most recent two years prior to paying out the compensation. When more than one party have to share in the amount, the set-off shall be distributed with a proportionate sum on each one.

Section 18-4. (interest on the compensation or sum insured)

The Insurers are liable for paying interest on a compensation or sum insured when two months have passed from the report of the insurance event was sent to the Insurers.

When the Insurers are liable for reimbursing out-of-pocket amounts, the liability for interest starts two months after the amounts were paid, at the earliest. When the Insurers are liable for reimbursing social security daily benefits etc, interest shall only be paid from one month after expiry of the period for which the Insurers are liable. When the Insurers are liable for paying certain amounts where the due date has been predetermined, interest shall be paid from the due date.

Failure by the entitled party to give details or furnish documents as stated in section 18-1 subsection one will entail that he or she shall be unable to claim interest for any time lost as a result. This also applies if the entitled party unlawfully rejects full or partial settlement

The interest is otherwise subject to section 2 subsection two 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 terms of cover shall point out the right to interest under this section.

Section 18-5. (period under an accident or sickness insurance for reporting an insurance event and taking legal action)

Anybody who is entitled to compensation under an accident or sickness insurance will forfeit the right unless the claim has been filed with the Insurers within one year after the entitled party became aware of the circumstances on which it is founded.

When the Insurers in an accident or sickness insurance reject wholly or in part a claim for compensation, the party concerned forfeits the right to compensation unless legal action is brought, or request for consideration by the Appeals Board made under section 20-1, within six months after he or she received notification in writing of the rejection. The notification shall state the length of the term, how it may be interrupted, and the consequences of failure to comply with it. Section 10 No. 2 and 3 of the Act relating to Limitation of 18 May 1979 No. 18 shall apply accordingly.

Section 18-6. (limitation)

A claim for the sum insured in a capital insurance under life insurance will be statute barred by limitation after 10 years, and other claims for compensation or a sum insured after three years. The term commences at the end of the calendar year in which whoever is entitled acquired the necessary knowledge of the circumstances upon which the claim is founded. The claim will nevertheless be statute barred at the latest 20 years or 10 years, respectively, after the end of the calendar year when the insurance event occurred. When in an accident or sickness insurance the Insurers have sent notification as mentioned in section 18-5 subsection two, limitation occurs at the earliest upon expiry of the term stipulated.

A claim against a pension or annuity insurance will be statute barred when 10 years have passed from the date when an instalment was last paid out. If no instalments have been paid out, the term commences on the day when the person entitled could have claimed the first instalment. Claims for instalments which have fallen due will be statute barred 3 years after having become payable.

Claims filed with the Insurers before the expiry of the limitation period will become subject to limitation at the earliest six months after the Insured received separate notification in writing that limitation will be invoked. The notification shall state how the limitation period may be interrupted. The limitation period will not be prolonged under this provision if more than 10 years have passed since the claim was filed with the Insurers.

Applicable are otherwise the rules in the Act on Limitation of 18 May 1979 No. 18. The period in subsection one, the third sentence can nevertheless not be prolonged under section 10 of the Act.

As amended by Acts of 24 Jan. 1997 No. 14, 26 June 1998 No. 46 (in force as from 1 Oct. 1998 as per Decree of 26 June 1998 No. 600 with effect only for claims filed with the Insurers after the date of taking effect).

Chapter 19. Specific Rules concerning Group Insurance

Section 19-1. (relationship to the Act in general)

Unless anything to the contrary follows from the rules in this chapter, the rules of the Act in general shall apply to group insurance to the extent that they are appropriate.

Section 19-2. (what the contents of a group insurance must be)

A contract for group insurance must stipulate:

* (a) benefits from the Insurers under the contract,
* (b) whether it is possible to make a reservation against membership,
* (c) who is or may become a member under the contract,
* (d) how to proceed to become a member, make a reservation against becoming a member if that is possible, or withdraw from the scheme,
* (e) whether a list should be kept of members and if so, whether the list should be maintained by the policyholder or by the Insurers,
* (f) whether the premium is to be paid to the Insurers by the policyholder or by the individual members,
* (g) the duties of the policyholder in connection with notifications to and from the members,
* (h) who is entitled to the sum insured if the rules in section 15-1 are to be deviated from,
* (i) the requirements which must be met in order that the insurance may take effect or may be maintained,
* (j) the access of members to dispose over their rights under the contract, cf. sections 19-12 and 19-13.

A contract for a group pension insurance must stipulate whether the surplus from the insurance is to be credited to the policyholder or to the members. Any surplus from funds linked to a service pension scheme with tax advantages shall, nevertheless, be employed in accordance with the rules as prescribed in the Act on Occupational Pensions. Any surplus from funds linked to a contributory pension scheme with tax advantages shall be employed in accordance with rules as prescribed in the Act on Defined Contribution Schemes.

As amended by Acts of 24 March 2000 No. 16 (in force as from 1 Jan. 2001 as per Decree of 25 Aug. 2000 No. 879), 24 Nov. 2000 No. 81 (in force as from 1 Jan. 2001 as per Decree of 24 Nov. 2000 No. 1167).

Section 19-3. (information about the insurance)

Once the insurance scheme has been established, and later on at suitable intervals, the Insurers and the policyholder shall in a responsible manner ensure that those who are or may become members are informed about matters as stated in section 19-2 and about supplementary cover which it might be relevant for members to take out

Section 19-4. (insurance certificate)

When a list of members is kept in accordance with section 19-2 letter e whoever maintains the list shall without undue delay ensure that everybody who becomes a member is given an insurance certificate and the terms of cover applicable to the insurance.

As regards the party having been given an insurance certificate it cannot be invoked that he or she fails to meet the requirements for being a member of the insurance scheme or that he or she is not entitled to the benefits evident from the certificate. This does not apply, however, when it is clearly evident from the certificate that he or she fails to meet the requirements or is not entitled to the benefits. Nor does it apply when the Insurers can claim to be wholly or partly without liability under the rules in section 13-2, or when notice has been given of termination or of change under section 19-6 or section 19-8.

As amended by Act of 24 Jan. 1997 No. 14.

Section 19-5. (when the liability of the Insurers commences)

Unless otherwise agreed or following from the circumstances, the liability of the Insurers commences when the contract has been concluded.

For a member joining subsequently, the insurance will take effect when, in accordance with the contract, notification has been sent or premium paid, or, if notification is not required, when the person concerned meets the requirements for being a member.

Section 12-2 subsection four shall apply accordingly.

Section 19-6. (cessation of the insurance)

When a member of a group insurance where a list of members is maintained, withdraws from the group included under the insurance, the insurance for the member concerned shall cease at the earliest 14 days after a written reminder has been sent by the Insurers or the policyholder. In an insurance where no list is kept, or where reminder as mentioned in the preceding sentence is not sent, the insurance shall cease at the earliest two months after the member withdrew from the group. In insurance events for which the Insurers are liable under the first and second sentences the Insurers may make a deduction from the compensation to the extent that the member

concerned has been included under a corresponding insurance and is given compensation from that one.

If the policyholder or the Insurers terminate or refrain from renewing the insurance, or if the liability of the Insurers ceases to apply due to failure by the policyholder to pay the premium, written notification shall be sent to the members, or they shall be notified in an otherwise responsible manner. For each member the insurance shall then cease at the earliest one month after notification was sent or the member otherwise became aware of the circumstances. Subsection one, the third sentence, shall apply accordingly.

The rules of this section do not apply to insurance which is by its purpose intended to cover only a limited period of time.

Section 19-7. (members' right to continue a life insurance individually)

When a group life insurance ceases, each of its members are entitled to continue the insurance contract with individual calculation of the premium without providing new details of health. This right also applies for a member who has for reasons other than age withdrawn from the group included under the insurance. The member must be informed either by written notification or some other responsible manner of the right to take out continuation of the cover. The member must exercise this right within six months after the liability of the Insurers has ceased.

Subsection one only relates to an insurance taken out with Insurers who are licensed to conduct life insurance business.

Section 19-8. (changes to the terms of cover)

The Insurers may reserve their right to change the terms of cover and the premium during the period of cover.

In the event that the terms of cover for the insurance are amended to the detriment of the members, the rules of section 19-6 subsection two shall apply accordingly.

Section 19-9. (notifications from or to the members)

When a notification under the insurance contract is made to the policyholder it is not possible to invoke that it has not arrived at the Insurers'. This does not apply, however, if the member had reason to believe that the notification would not arrive at the Insurers' and had opportunity to give notice to that effect.

If under this Act or under the insurance contract the policyholder is under duty to give notification to the members or otherwise give notice to them, and should the policyholder fail to do so, the said failure will have the same effect as regards the members as if it had taken place at the Insurers'. This does not apply, however, if the

member had otherwise become aware of the notification and had reasonable opportunity of taking steps accordingly.

Section 19-10. (writing of life insurance without details of the risk)

In a group life insurance it is possible, section 13-5 notwithstanding, to agree that the Insurers shall be without liability for disability to work which occurs within two years after the liability of the Insurers commenced and was the result of an illness or affliction which the member had at that time and which it must be assumed that the member was aware of. The same applies to a risk associated with a co-insured who has not provided a health certificate. The first sentence shall also apply to particular benefits which devolve on survivors as a result of the member's death, yet so that it is not possible to agree a period without liability longer than one year from the time when the liability of the Insurers commenced.

As amended by Act of 24 Jan. 1997 No. 14.

Section 19-11. (entitlement to a sum insured becoming payable upon a member's death)

In a group insurance which is not for the purpose of providing for someone, it may be agreed that the policyholder shall be entitled to the sum insured.

If a group insurance has been taken out on the life of an employee, the agreement by and between the employer and the employees or their organisation may prescribe the provisions concerning entitlement to the sum insured upon a member's death which are to be included in the insurance contract. This also applies when a union or association or club has taken out group insurance on its members' lives.

When no decisions have been made as stated in subsections one and two, and the member has also not appointed a beneficiary, cf. section 19-2, the rules of section 15-1, subsections two to four, shall apply accordingly as regards the survivors of the member.

Section 19-12. (appointment of a beneficiary)

In a group insurance where the member makes his or her own approach to the Insurers with a request for insurance, a member may appoint a beneficiary.

This also applies to other forms of group insurance unless otherwise stated in the insurance contract.

When the rules of sections 15-2 to 15-6 are applied, any provisions directed at the policyholder shall be given similar application to the member.

Section 19-13. (assignment and mortgaging)

For as long as a claim by the member against the Insurers has not become payable, the member is not entitled to assign his right. The right under a group life insurance (capital insurance) may be mortgaged unless otherwise provided in the contract.

Section 19-14. (reversal of payment of premium)

When the rules of section 16-2, subsection one, are applied, the payment of premium under a pension scheme shall not be deemed to be unreasonable to the extent that the premiums did or might have qualified for relief in assessing the policyholder's taxable income.

Section 19-15. (registration of the insurance)

Under a group insurance the Insurers are not under duty to register who its members are in the Life Insurances Register unless otherwise agreed.

A transcript of the Register may also be requested by whoever provides probable evidence of membership of a group insurance where the members are not registered.

The King may determine that the rules of sections 17-2 to 17-4 shall apply accordingly to a register of members of a group insurance maintained by the policyholder.

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 by and between the organisations of the Insurers and the organisations of the policyholders or the Consumer Council a Board has been established to consider disputes in insurance, and its Articles of Association 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 Insurers may not bring it before the ordinary courts of law. A case which the Board has considered on its facts, may be brought directly before the district or city court.

Section 20-2. (calculation of time limits)

When time limits are counted as days, the day when the term commenced shall not be included. Included is, on the other hand, the day on which the action to which the time limits relates, may be taken at the earliest or should be taken at the latest.

Time limits counted as weeks, months or years, expire on the day of the last week or the last month which is by its name or number in accordance with the day when the term commenced. When the month does not have that number, the term shall expire on the last day of the month.

When a term for taking action expires on a Saturday, a holiday or a day ranking under law equal with a holiday, the term shall be extended to the next following working day.

Part D. Provisions for entry into force and transitional rules. Amendments to other Acts.

Section 21-1. (entry into force)

The Act shall enter into force as and from the time determined by the King. The King may determine that specific parts of the Act shall come into effect at different times.

From the time when the Act shall come into effect, the Act of 6 June 1930 No. 20 relating to Insurance Contracts shall be repealed.

Section 21-2.

The Act shall apply in all respects to insurance contracts concluded after the Act takes effect. To earlier insurance contracts the Act shall apply with the exemptions and specific provisions which follow from sections 21-3 and 21-4.

Section 21-3.

To contracts for non-life insurance concluded before the Act takes effect, the following specific exemptions and rules shall apply: - - -

Section 21-4.

To contracts for insurance of individuals concluded before the Act takes effect, the following specific exemptions and rules shall apply: - - -

Section 21-5. Amendments to other Acts

As and from the time when the Act shall take effect, the following amendments shall be made to other Acts:
- - -

[Most recently updated on 15 Febr. 2001 by Lovdata]