

# General forest insurance conditions



TF 20021

IF P&C INSURANCE AS. COMMERCIAL REGISTER CODE 10100168

NB! This is an unofficial text. In case of dispute the Estonian wording shall prevail.

These general conditions shall be applied for the insurance of standing timber and timber together with the “General Insurance Conditions” of If P&C Insurance AS.

The monetary amounts of this document are expressed in euros and in kroons. The amounts in kroons are used until 01.01.2011, the amounts in euros are used since 01.01.2011.

## 1. The insured object and insurance validity area

- 1.1. **The insured object** shall be the standing timber and timber growing on the land, which has been determined as forest land on the basis of land readjustment and entered into the land register; and the timber produced from it.
- 1.2. **Insurance validity area** shall be the location of the standing timber and timber marked in the insurance contract according to the Forest Development Plan.

### 1.3. AVAILABLE TERMINOLOGY

- 1.3.1. Forest area means the land with the purpose of growing woody flora according to the land consolidation. The forest area can be the forest area with forest or stands (young growth, middle-aged, maturing and mature forests) or forest areas without forest (bare, unforested areas and undetermined areas).
- 1.3.2. Standing timber means the stands (young growth, middle-aged, maturing and mature forests) used with the purpose of forest clearing).
- 1.3.3. Young growth means stands where the average diameter of the major type of trees is up to 12 cm and age less than half of the age established for the forest, which is mature for cutting.
- 1.3.4. Stand compartment means a part of the forest, which differs from the neighbouring parts of the forest due to some characteristics, and which is managed the same way. On the forest plan the compartments are determined with a line and marked with a number.
- 1.3.5. Timber means timber, which is produced in the insurance validity area shown in the insurance contract.

## 2. Insurance risks, insurance events and exclusions

### 2.1. INSURANCE RISKS

- 2.1.1. **Forest fire** is an independent open fire, which is out of the control of people and which expands to the bushes and trees and the direct cause of which can be thunderbolt, explosion, plane crash, inflammation or arson.  
**Thunderbolt** is a direct lightning strike, which causes damage or fire.  
**Explosion** is a shockwave caused by the instantaneous release of a large quantity of energy from a container or pipeline.  
**Plane crash** is the falling down of a manned flying vehicle, its part or cargo, which causes damage or fire.  
The loss shall be the damages caused to the insurance object by the fire and fire extinguishing.  
**Exclusion.** Forest fire shall not be the fire beds of campfires and the damages inflicted to the branches of the trees by the campfires, if the fire has not expanded beyond the area of the fire making.
- 2.1.2. **Risks of complex insurance** are in addition to the forest fire (article 2.1.1.) storm (incl. whirlwind), hale, snow and game damages.  
**Storm (incl. whirlwind)** is wind with a speed of at least 15 m/sec.  
The loss shall be the windfall and wind-fallen wood, i.e. breaking of trees and/or their tops as a result of the storm (incl. whirlwind).  
**Loss by hale and snow** shall be breaking of trees and/or their tops as a result of hale or snow.  
**Exclusion.** The loss by storm, hale or snow shall not be damages to the branches or crown if the tree as a whole remains viable.

**Game damage** shall be the injuries by wild animals to the standing timber, which cause perishing of the tree or abnormal development of the trunk.

## **2.2. INSURANCE CASES**

Insurance cases shall be the perishing of the insured object or damage as a result of the risks listed in articles 2.1.1 and 2.1.2. at the insurance validity area during the validity of the insurance cover. As a result of the insurance event the insurer will be obliged to compensate for damages.

## **2.3. THE INSURANCE WILL NOT COMPENSATE:**

- 2.3.1. damages shown in exclusions of the articles 2.1.1. and 2.1.2. of these conditions;
- 2.3.2. damages caused by the pollution of air, water or soil;
- 2.3.3. damages caused by underground fire;
- 2.3.4. damages caused by the misuse of pesticides, herbicides, fungicides or other chemical substances;
- 2.3.5. expenses resulting from uprooting stumps;
- 2.3.6. natural death of the standing timber;
- 2.3.7. indirect economic damage, also loss of net income or other incomes;
- 2.3.8. part of the damage, which will be compensated on the account of national instruments (general reserves), compulsory insurance or any other type of insurance.

## **2.4. LIMITATIONS:**

- 2.4.1. The insurance protection on timber shall extend only against forest fire.

## 3. The sum insured

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The sum insured is the marginal rate of the compensation paid out on the occurrence of the insurance case. In the case of paying out a part of the sum insured the insurance contract will be valid in the scope of the difference of sum insured and the compensation already paid out.

## 4. Obligations of the policyholder

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- 4.1. The owner of the insured forest and the person authorised to be the proprietor, keeper or user of the forest is obliged to know and fulfil the legislation and legal acts, which are in force in the Republic of Estonia and rules and regulations enforced by the authorities (Forest Act, Rules for Fire Safety in the Areas Covered with Forest and Other Flora, Rules for Forest Protection, Rules for Final Felling, Rules for Improvement Cutting, Rules for Selection Cutting, Rules for Other Cutting etc.), also fulfil injunctions given by the control authorities and the insurer and demand their fulfilment from other exploiters of the forest.
- 4.2. The policyholder is obliged to inform the insurer in written form without a delay of all the injunctions by the control authorities, which concern the insured forest.
- 4.3. The policyholder must enable the representative of the insurer to review the insured object in case of a loss event before organising the damaged territory, clearing up the damaged trees or starting other activities.

## 5. Calculation of the damage and compensation. Arrangements for compensation

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### **5.1. DAMAGE COMPENSATED**

- 5.1.1. In case of destruction or damaging of young growth and middle-aged and maturing forest the following damages shall be compensated:
  - the cost of the destroyed or damaged trees according to the degree of damage;
  - cost of reforestation;
  - by special agreement, increase of the cost of the logging operation and clearing work caused by the damage.
- 5.1.2. In case of destruction or damaging of mature forest the following damages shall be compensated:
  - the cost of the destroyed or damaged trees according to the degree of damage;
  - by special agreement, increase of the cost of the cutting and clearing work caused by the damage.
- 5.1.3. In case of destruction or damaging of timber only the damage caused to the timber by forest fire shall be compensated.
- 5.1.4. In case of destruction or damage of timber, the expenses on clearing of the standing timber will be added.
- 5.1.5. The damages caused by fire and fire-fighting, also storm (whirlwind), hale and snow will be compensated for:
  - middle-aged, maturing and mature forest and produced timber (only in case of forest fire), if the amount of destroyed forest or timber per one damage event is at least 20 cubic meters;
  - for young growths if due to the damages an area in the size of at least 0,3 ha has to be reforested according to expert assessment.
- 5.1.6. Game damages shall be compensated for:
  - middle-aged, maturing and mature forest, if the destroyed area in one piece is in the size of at least 0,5ha and

- according to expert assessment needs complete reforestation after the loss event;
- young growths, if due to the loss event an area in one piece the size of at least 0,3 ha has to be reforested according to expert assessment.

## **5.2. DETERMINATION OF THE SIZE OF THE DAMAGE**

- 5.2.1. In case of destruction or damaging of standing timber the basis for determining the sum insured shall be the size of the damaged area, the degree of damages and the cost of the remnants.
- 5.2.2. The obligation of ordering the Forest Management Plan and presenting it to the insurer shall lie on the policyholder.
- 5.2.3. If the value of the insured object decreased prior to the insurance event due to some other loss event, the compensation can also be decreased.
- 5.2.4. The damaged trees and timber shall remain in the possession of the policyholder. The insurer has the right to buy out the damaged trees and timber (remnants) in the value determined during the compilation of damage report.
- 5.2.5. On the compensation of the damages of the storm (whirlwind), a maximum of 13 euros/200 kroons per one damaged cubic meter shall be paid.
- 5.2.6. The insurable value of the forest compartment of the standing timber shall be determined on the basis of the reserve of the forest growing on the compartment and the price of one solid cubic meter of standing timber valid during the insurance.
- 5.2.7. The determination of the insurable value of timber is based on the amount of the timber and the price of one cubic meter of standing timber to which the expenses of management of one stere of forest shall be added.
- 5.2.8. The size of the insurance indemnity is equal to the size of the damage, which is reduced by retention.

