



Representing a substantial, long-term investment, the forestry industry provides timber and wood fiber to an expanding global market. A major fire or windstorm event could cause an entire timber growth to be destroyed.

We work with clients across global markets to provide customized solutions for forestry risk.

Ever greater need for protection

Operational pressures are extremely high in the forestry sector. For example, expanding global trade in forestry products is continuing to push down prices. Faced with ever-tighter margins, investment in production standardization and efficiency becomes increasingly essential. Producers must also meet extra costs in order to adhere to each market's specified environmentally sustainable forestry management practices and approved certification schemes.

Given this precarious position, the loss of a timber harvest from a fire or storm could easily threaten a whole business and the substantial, long-term investment that it represents. Not surprisingly, lenders require asset protection for loans, especially during the high-risk early years of a new plantation.

Re/insurance can help to protect the forestry sector with customized risk solutions and, for example, by giving full credit for risk management expertise, such as SFM certification.

Forestry insured perils and sum insured

Insured perils typically include 'fire & associated risks' and 'windstorm'. It is also possible to cover costs for loss mitigation, such as for fire-fighting over-and-above existing fire protection measures.

The valuation basis of the forestry sum insured tends to be either market value, re-establishment cost or discounted future cash flow; the choice will depend on many factors including the specific market and business set-up, location of the plantation and timber use.

