

Australian Forest Growers Plantation Insurance Scheme

Information

For more information about insurance, contact
the endorsed broker for the AFG Scheme in your
State:

In New South Wales and Australian Capital Territory

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For information about Australian Forest Growers

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Australian Forest Growers Plantation Insurance Scheme



PROTECT your valuable plantation investment



www.afg.asn.au

Australian Forest Growers Plantation Insurance Scheme

Protecting your investment

Plantation trees are valuable, and become more so over their lifetime. Recognising this, most private forest growers insure their trees against fire, and other selected perils.

Forest insurance is a specialised service offered by only a few insurers. The insurance market is cyclical. When there is surplus underwriting capacity, insurance is easy, to obtain and rates fall. At other times, insurers withdraw capacity, and premiums rise. The effects of this market cycle can be exaggerated by the fact of there being so few insurers.

In such a climate, choosing a forest insurer can be risky, unless a grower is choosing a well-established scheme with a reputable underwriter of longstanding.

Australian Forest Growers Plantation Insurance Scheme is operated on behalf of AFG by endorsed brokers in Australia, who arrange for the Scheme to be underwritten by Lloyds of London.

Lloyds of London has underwritten the Australian Forest Growers Plantation Insurance Scheme since it was established in 1984. During that time, although premium rates have moved with the market, the capacity of the underwriters has always been secure. AFG members who have insured continuously with the Scheme have enjoyed substantial discounts below the rates available in the general market.

With the AFG Plantation Insurance Scheme, if there's a catastrophic loss (such as bushfire damage), you can be sure that your claims will be paid, and that insurance will still be available next season at a competitive rate.

The AFG Plantation Insurance Scheme gives you security and confidence, at affordable rates, year after year!

Australian Forest Growers Plantation Insurance Scheme

Features of the Scheme

Coverage

A plantation can be insured for total and partial loss as a result of fire, lightning, aircraft damage and windstorm/ cyclone (on prior application).

The Lloyds of London forestry policy is not subject to co-insurance average which means that if the value of the property insured exceeds the sum insured, then you would be required to contribute proportionally to each and every loss.

Agreed value policy

The value of the plantation is agreed at the time the cover is placed, depending upon species, age, location, condition and management. In the event of a loss, the plantation owner is paid the agreed value.

Recommended valuation tables are available for Pinus Radiata and Eucalyptus Globule's, and are published in the insurance proposals by the brokers.

The valuations are prepared by an independent national firm of consulting foresters and endorsed by Australian Forest Growers. Valuations in the range of high, medium and low are available in most states. Members have the right to submit different valuations for particular circumstances or other species for the underwriter's acceptance.

Qualification for acceptance

A plantation is automatically accepted for insurance at the rates current for the Scheme provided the plantation meets the requirements for management and firebreaks.

There are set dates each year by which a commitment to insure must be made.

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Features of the Scheme

No claim bonus and continuity discount

The Scheme currently provides a discount of 3% per year for each consecutive year of renewal, up to a maximum of 27% after 9 years.

A further discount of 3% per year for each claim-free year (up to 27% after 9 years) is available as a No Claim Bonus. The maximum combined discount for continuity and no claims is currently 54%.

Extensions

Optional extensions include: claims preparation costs, and loss mitigation expenses up to a maximum of \$100,000, and Cost of Re-establishment up to \$500,000 in the annual aggregate in anyone year but not exceeding 5% of the total value.

Plantation loss limit

The maximum loss limit on any one plantation is \$12 million.

Salvage and replanting

Growers have the option of reducing the cost of insurance on older pine trees by, insuring 'net of salvage'. Another option is to insure for the cost of replanting only.

Deductibles

A range of 'deductibles' (sometimes called 'excess') enables growers' to choose their own levels of financial risk. The higher the deductible the plantation owner is prepared to accept, the lower the premium will be.

Premiums are currently between 1-2% of the plantation value each year, and the premium is lower in areas of lower risk and can be reduced by various deductions over time.