



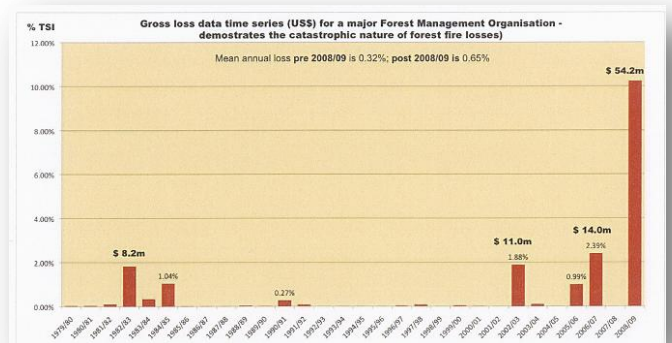
AS SAFE AS HOUSES?

FORESTRY: A FIRST CLASS ASSET

Forestry investment is an established and respected asset class, delivering stable strong returns compared with other more volatile established investment portfolios, provided Mother Nature is kind. The asset class however, needs protecting from catastrophic events that could wipe out or severely curtail the investment return. With strong evidence that climate change is increasing forest losses, can you afford to let this happen without fully understanding the risk for your investors?

WHAT IS A CATASTROPHIC LOSS?

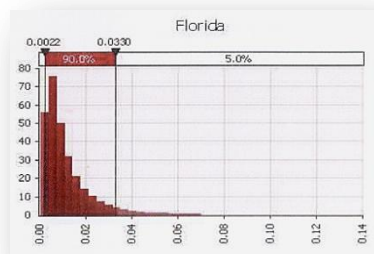
It is an infrequent and severe event, and may be caused by fire, and in some parts of the world, hurricane, typhoon or ice & snow. Typically a single catastrophe event can be in the order of US\$ 35 million for forestry. But they can be much bigger.



Fire

All companies retain frequent losses and do not insure for these. Such losses may be only 0.1% or 0.2% of total values, with many years loss free.

In this example the average annual loss over 29 years was 0.32%. After the catastrophic loss, the average loss doubled to 0.65%. Such catastrophe events can be insured. As you see fire losses are very variable and fire cannot be managed when conditions are severe.



To determine losses that might occur due to fire. ForestRe use the best data available on commercial timberland to generate a theoretical loss profile. This helps you to estimate for any state or for the entire portfolio, the potential catastrophic loss and its frequency.

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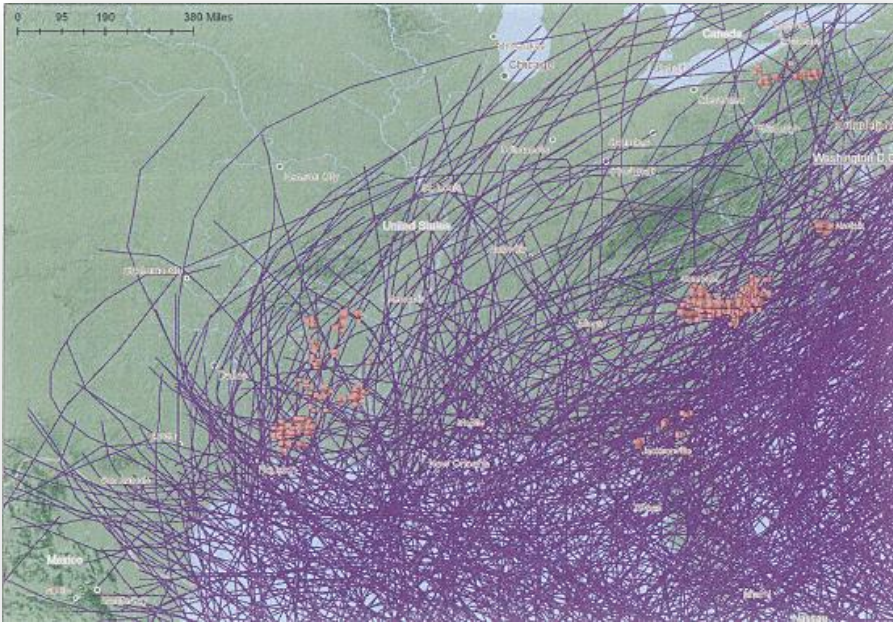
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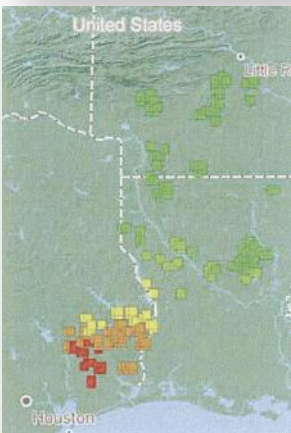
Wind

Hurricanes trample across the southern and eastern states of the USA (as typhoons do across provinces of China). The map shows all hurricanes since 1851 making landfall, and your forests could be in the path of a damaging category 3 to 5 event as an example portfolio (in brown) demonstrates.



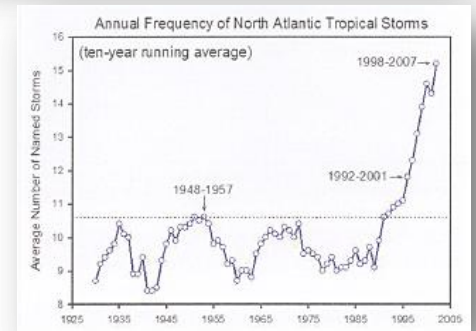
Hurricanes and typhoons have damage fields either side of the recorded tracks extending the potential for damage.

The worst catastrophic events result from multiple hurricane strikes within a single year.



Using your own mapped forest stands, and discussing wind impacts on your forest types, ForestRe can determine the 'as if' losses on your investments over the last 157 years. What is more, we can list your losses by county, state and by year. Once again, frequency of severe losses may be discussed with attendant gross loss amounts.

With increasing frequency of North Atlantic storms, it is ever more important that investors are prepared by laying off their big risks to insurers (chart: Pew Centre).



TRANSFERRING RISK BY INSURANCE

Insurers have to take the long view and that is why our risk profiling is done to protect the capital of all stakeholders in forestry. Our risk profiling results can alert investors and their forest managers to the true nature of their risk, and this includes the improbable co-incidence of extreme events (rainfall and wind storm for example).

To view some of our case studies and our credentials please visit our web site www.forestre.com. Alternatively give our team a call on +44 (0) 207 347 5736 and we will be pleased to discuss any questions you may have regarding protecting your forestry assets.



ForestRe