

**PARTNER REINSURANCE COMPANY LTD**

# **MAKING THE LINK**

## **Sustainable Forest Management and Forestry Finance**

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Product Product 1000

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Source: FSC

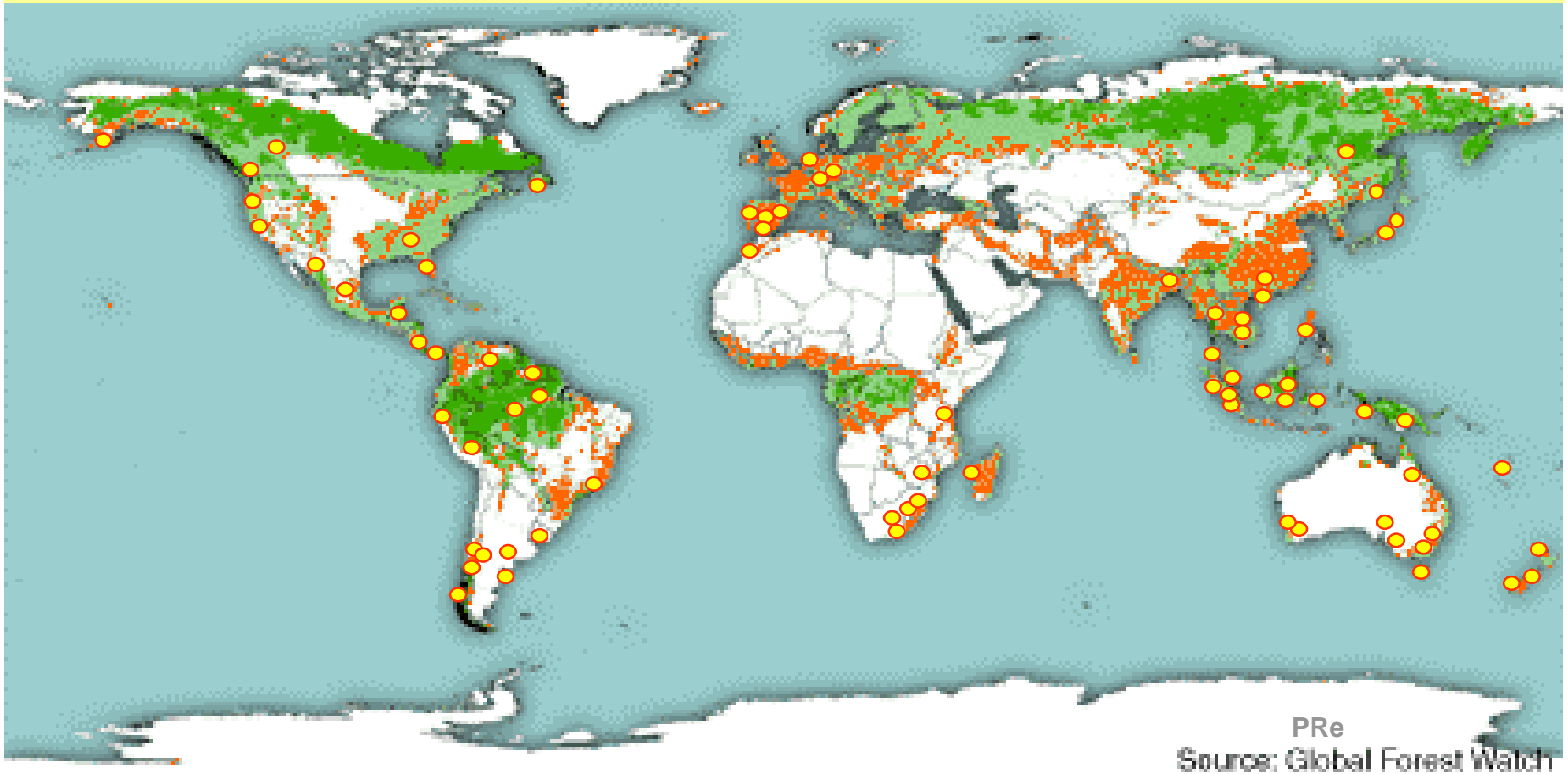
# Introduction to PartnerRe (PRe)

- ❖ Fifth largest international reinsurance group by capacity
- ❖ Largest specialist forestry risk team
- ❖ Major global capacity for forestry & agricultural risks
- ❖ Specialists in Catastrophe Insurance relevant for climate change
- ❖ Forms long term ethical relationships essential for environmental projects



# Pre - Global Forestry Risk Assessments

**Pre: Long Term Global Forestry Risk Management Expertise**



# Issues in Environmental Projects



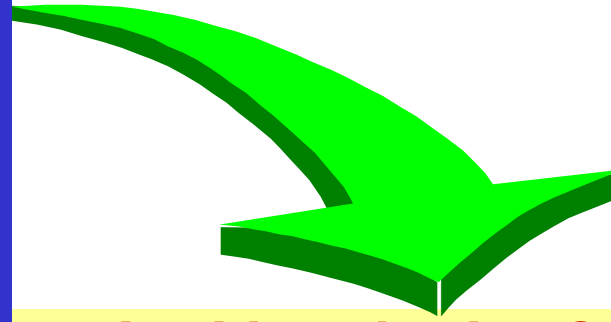
## Forestry environmental projects ...

- ⇒ operate in immature, opaque & fragmented markets
- ⇒ investor funds operating in unfamiliar sectors (forestry)
- ⇒ perceived risk profile is very high - financiers are risk-averse
- ⇒ sustainability requirements conflict with traditional financial hurdle rates/expectations.
- ⇒ thus absence of J.V. money in forestry as require high hurdle rates

# Reinsurers (R/I) Provide an Investment Catalyst

## ❖ How?

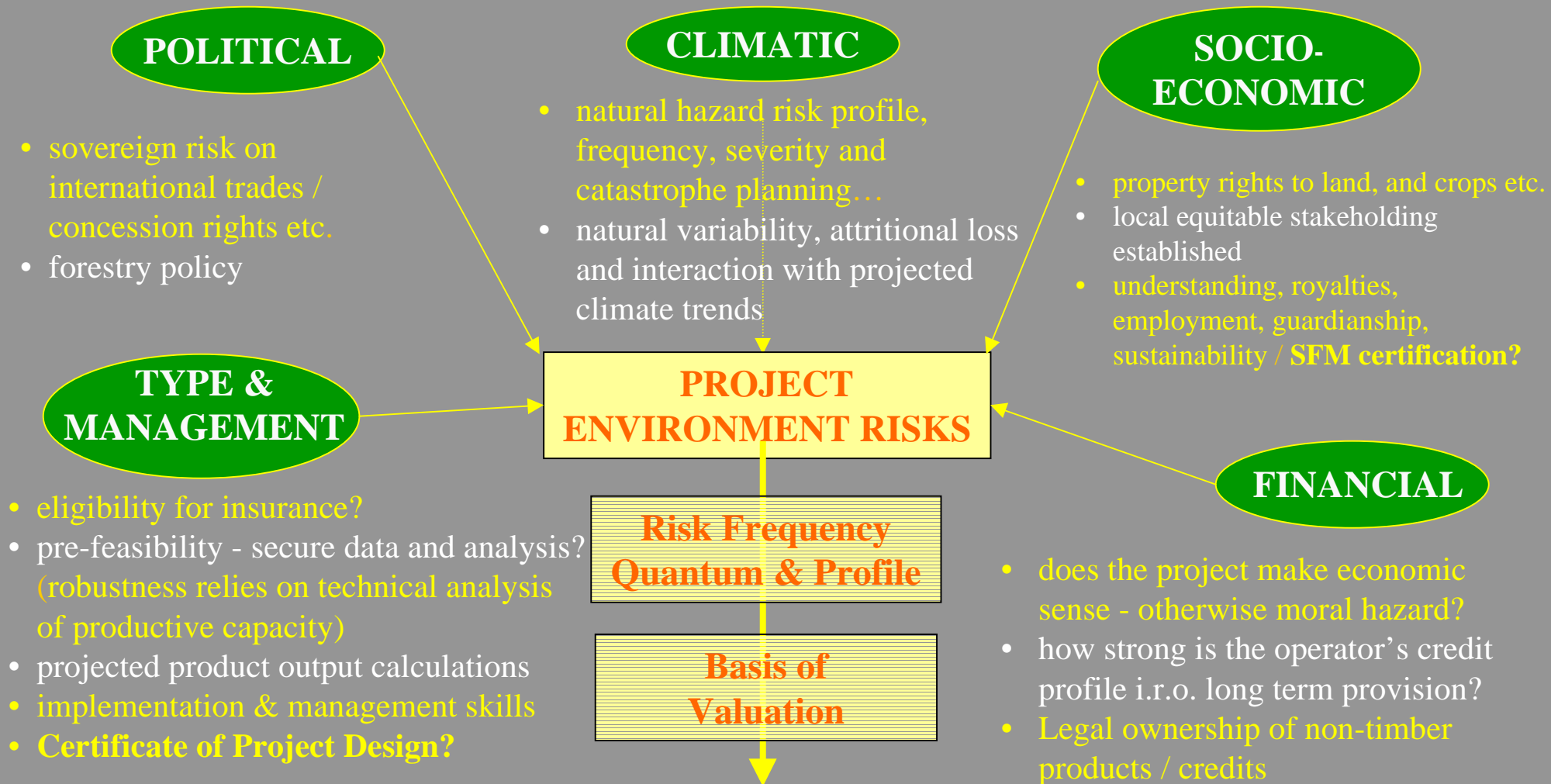
- ❏ secure investors' / banks' funds in the projects
- ❏ reduce risk of failure
- ❏ increases viability of lower IRR projects
- ❏ raises project market profile and quality
- ❏ raises security of environmental products & services
- ❏ **hence raises liquidity**



## ❖ And how's that?

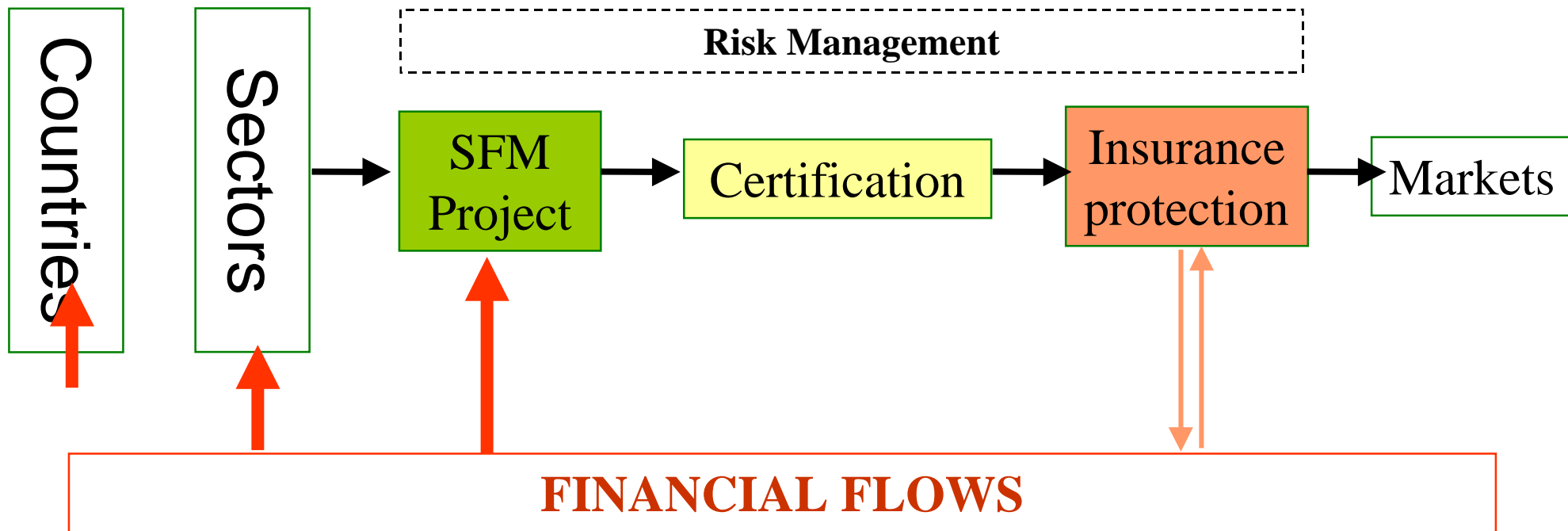
- ❏ assess & model risk profile for probability of achieving targets
- ❏ comprehensive project overview linked to enhanced management capacity
- ❏ a multi-line, multi-year approach
- ❏ forms a proactive strategic **Partnership**

# Risk factors that PRe Assess



# Making the Link & Completing the Framework

SFM, certification and insurance can together deliver significant economic benefits given the current nature of the forestry sector, & can be a catalyst for long term sustainable rural development as under CDM goals..



# Conclusions

## SFM certification unlocks insurance participation

**Insurers have a particular interest in forestry and other environmental projects**

- ❖ **Forestry projects can balance their own investment risk profile**
- ❖ **Forestry is a hedge against financial exposure in usual property underwriting portfolios**
- ❖ **Forestry has a role in mitigation of long term climate change and consequent effects on insurers catastrophe exposure**



# Contacts

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