

STANDING TIMBER INSURANCE PROGRAM

Prepared By:

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STANDING TIMBER INSURANCE PROGRAM

Introduction

The Davis-Garvin Agency has developed a standing timber insurance program which offers insurance protection for timberland investments. The program is designed to transfer some of the risks normally associated with timberland ownership.

Some of the advantages of the program are:

1. Timber asset leveraging.
2. The timberland owner may be able to make additional land purchases by borrowing against timber values that are insured rather than just against the value of the land.
3. Allows the timberland owner to rest easier knowing that the timber assets are protected by insurance against some of the perils normally associated with timber losses.
4. Competitively priced.
5. The premiums paid for this insurance coverage may be deductible for tax purposes.

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Perils Insured Against

This policy insures against the risk of direct physical loss resulting from the following insured perils:

- Fire
- Lightning
- Explosion
- Aircraft
- Wind
- Flood
- Ice
- Theft

Subject to the terms, exclusions and condition of the policy.

Deductible

Each claim covered will be adjusted separately and from the amount of each adjusted claim, the following deductible will apply:

Three percent (3%) of the total value per risk insured subject to a minimum deductible amount of \$500.00

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Timber Valuation

Non-Merchantable Trees

1. The value will be based upon the costs of land preparation, tree planting and tree seedling maintenance. An interest rate of 7% per annum will be added according to the costs incurred.

OR

2. For seedlings in the first three years of growth, the underwriters may waive the deductible and replant the trees.

Merchantable Trees

The basis of loss valuation will be the market value of the salable trees at the time of loss less any savings in the harvesting costs and salvage amounts. For trees that have a merchantable value, the landowner and/or timber manager will determine the value to be placed on the trees. Any payment for a covered loss will be based upon these predetermined values or the actual stumpage value (whichever is less).

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Qualifications

The timber to be covered in this program must be under a written timber management plan as recommended by a forest products company, a consultant forester, or state forestry agency. The majority of the trees should be southern yellow pine.

Information Necessary

1. Standing timber insurance application.
2. Copy of the timber management plan.
3. Latest cruise data.
4. Location of the timberland. (Location Map)

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Application

STANDING TIMBER INSURANCE PROGRAM APPLICATION

1. APPLICANT'S NAME: _____

2. MAILING ADDRESS: _____

3. TYPE OF BUSINESS: ____ Individual; ____ Partnership; ____ Corporation; ____ Other (Describe Below)

4. NAME OF CONTACT PERSON AND PHONE NUMBER: _____

5. DESCRIBE ANY LOSS, LOCATION OF LOSS AND AMOUNT OF THE LOSS TO TIMBER:

6. IS TIMBER TO BE COVERED CURRENTLY UNDER A TIMBER MANAGEMENT PLAN?
____ YES; ____ NO (If YES, Please Give The Following On The Person/Firm Handling The Timber Management Plan):
NAME: _____
ADDRESS: _____
PHONE #: _____
PERSON/FIRM IS: ____ Timber Company; ____ Consultant Forester; ____ State Forestry Agency;
____ Private Individual; ____ Other (Describe Below)

Please Remember to Include a copy of the Timber Management Plan, Timber Stand Type Maps and the Most Current Cruise Date Available with This Application When It is Returned.

7. HAVE FIRE BREAKS BEEN ESTABLISHED FOR ALL STANDS? ____ YES; ____ NO
(If the Answer to this question is Yes, Please indicate when the fire breaks were established for each stand) _____

8. PLEASE INDICATE THE FOLLOWING INFORMATION ON EACH TIMBER TRACT TO BE COVERED:
NAME OF THE COUNTY: (1) _____ (2) _____
NAME OF THE NEAREST TOWN: (1) _____ (2) _____
NO. OF MILES TO NEAREST TOWN: (1) _____ (2) _____
NAME OF NEAREST FIRE DEPARTMENT AND NO. OF MILES:
(1) _____ (2) _____
INFORMATION ON ADJACENT PROPERTIES – Vacant Land, Residential, Manufacturing:
(1) _____
(2) _____

9. ADDITIONAL COMMENTS OR INFORMATION ON THIS RISK: _____

10. NAMES AND ADDRESSES OF ANY MORTGAGES TO BE COVERED (Indicate by Timber Tract):

Date of Application: _____ Application Completed By: _____

STANDING TIMBER INSURANCE PROGRAM APPLICATION SCHEDULE

1. TIMBER TRACT LOCATION (INDICATE THE COUNTY AND STATE AND AS REFERENCED/DESCRIBE IN THE TIMBER MANAGEMENT PLAN):

TOTAL ACRES ON TRACT (PROPERTY) OWNED: _____; PLEASE FURNISH THE FOLLOWING ON EACH TIMBER STAND AT THIS LOCATION:

STAND NO.	NUMBER OF ACRES	TIMBER (TREES IN STAND)	TYPE/TYPES OF	AVERAGE AGE CLASS	STAND VALUE
1.					\$
2.					\$
3.					\$
4.					\$
5.					\$

2. TIMBER TRACT LOCATION (INDICATE THE COUNTY AND STATE AND AS REFERENCED/DESCRIBE IN THE TIMBER MANAGEMENT PLAN):

TOTAL ACRES ON TRACT (PROPERTY) OWNED: _____; PLEASE FURNISH THE FOLLOWING ON EACH TIMBER STAND AT THIS LOCATION:

STAND NO.	NUMBER OF ACRES	TIMBER (TREES IN STAND)	TYPE/TYPES OF	AVERAGE AGE CLASS	STAND VALUE
1.					\$
2.					\$
3.					\$
4.					\$
5.					\$

IF MORE THAN 2 TIMBER TRACTS ARE INVOLVED, PLEASE ATTACH ADDITIONAL SCHEDULES GIVING THE ABOVE DATA ON EACH ADDITIONAL TRACT.