

DESCARTES

PRODUCT SHEET

PARAMETRIC BUSHFIRE SOLUTION

BURNT AREA



RISK COVERED

Bushfire

INDEX

Burnt Area

LIMIT

Up to A\$100 million per contract

AVAILABILITY

Australia

INSURED PERIOD(S)

Customised to client needs

LOCATION

Single or multi-location



BURNT AREA PRODUCT

By utilising high-res satellite imagery and computer vision, our parametric bushfire insurance covers any type of forest assets, such as forest plantations for timber investment and carbon credit issuance.

Our Burnt Area product is a fully customisable solution that provides flexible structuring to match each client's needs and budget. With the use of satellite data, it is fully scalable across any area, meaning no on-site visit is required.



Map of Insured Forest Areas During a Bushfire in Australia



WHAT HAPPENS IN THE EVENT OF A BUSHFIRE?

Following a bushfire event, we deploy satellite imagery to identify the areas burned in and around the coverage area to determine if the policy has been triggered. Collaborating with third-party agencies ensures a high level of transparency and rigorous assessments.

As seen in the example on the right, clients can safeguard their investments with our Burnt Area cover by choosing to protect several locations. If a burnt area is observed within the coverage area, the client would be entitled to the value per hectare burnt, subject to the deductible and limits agreed upon.



PAYOUT STRUCTURE EXAMPLE

A timber investor with large forest plantations chose a cover that insured multiple areas, 10,000 hectares in total, with a value limit of A\$1,000 per hectare.

Bushfire Event	Insured Area	Value
Burnt area detected	10,000 hectares	A\$1,000 per hectare



EXAMPLE OF CALCULATION

If a bushfire event were to occur and 2,000 hectares were detected as burnt areas, the payout would be:

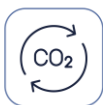
$$2,000 \text{ hectares} \times \text{A\$1,000} = \text{A\$2M}$$



COVERED INDUSTRIES



Forest Operators
& Timber Investors



Carbon Credit



Vineyards



& more



QUOTE REQUIREMENTS

- Location
- Loss History
- Policy Limit

DESCARTES

PRODUCT SHEET

FAQs

PARAMETRIC BUSHFIRE SOLUTION

BURNT AREA



1 What is a bushfire?

A bushfire is defined as an unmanaged and uncontrolled fire that has not been caused by either intentional and/or wilful misconduct, as defined in the policy terms, and leads to burned area within the Insured Parcels detected on satellite images provided by the data provider.

2 How is the coverage area defined?

The defined coverage area is based on shapefiles shared by the client. The coverage can account for one or hundreds of forests.

3 What data providers are used?

We use private or publicly available high-res satellite imagery data sources, such as Sentinel 2 published by the European Space Agency. The data provider would be pre-determined and outlined in the policy.

4 What types of damages are covered?

Any type of financial loss associated to a bushfire would be covered, such as bushfire-induced damages, associated costs (like suppression), land management and replanting, and a loss of potential revenue from generated carbon credits.

5 How does Descartes' parametric solution support investors who issue carbon credits?

Descartes' Burnt Area solution uses satellite imagery and computer vision to accurately measure potential financial losses from bushfire-affected carbon credit investments, as well as reforestation costs. This tailor-made, data-driven approach ensures transparency and reliability, giving the client a peace of mind that they will receive swift and certain payment following a bushfire.

6 How does the claims process work?

- 1) Using a combination of satellite imagery and long-term climate and weather data, we model the underlying bushfire risk for the insured location(s).
- 2) In collaboration with the broker and client, we structure a customised cover based on a bespoke payout structure and values per hectare, subject to deductibles and aggregate limits.
- 3) We monitor how the parameters evolve through daily high-res satellite imagery and computer vision with support of our third-party data providers and certification agents.
- 4) Clients are indemnified at the end of the risk period based on the total burnt area that occurred during this period.

INTERESTED IN GETTING A QUOTE? PLEASE REACH OUT TO OUR COMMERCIAL TEAM!

descartesunderwriting.com/contact

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