



2014 Annual Report to Land Trust Members

TerraFirma issued its first conservation defense liability insurance policies to 423 land trusts from 46 states covering over 6.3 million acres of conservation land as of March 1, 2013. In its first year of full operations it has maintained good standing with all regulators, has enhanced financial stability and has fulfilled its charitable mission of helping land trusts defend their conservation lands by handling 38 claims.

TerraFirma's Form 990 filings for 2012 and 2013 are on the website home page at www.terrafirma.org.

TerraFirma's audited financials for 2012 and 2013 are on the website at <http://www.terrafirma.org/financials>, and have no adverse findings.

The Vermont Department of Financial Regulation organization audit report as of June 2013 is on the website at <http://www.terrafirma.org/financials> and has no adverse findings.

The actuary report on reserves for 2013 summary is as follows:

The total direct and net indicated reserve as of December 31, 2013 is in the range of \$319,692 to \$434,171 representing the low and high endpoints of a range of reasonable expected reserves. They do not reflect the low and high of all possible outcomes. The actuarial central estimate is \$332,726. Held reserves are \$333,000 and therefore make a reasonable provision for unpaid claims liabilities.

Total market value of all TerraFirma assets as of March 31, 2014 is 4,729,865.98 which includes the original capital of approximately \$4.2 million plus all accumulated reserves and unearned premium income plus the positive cash flow provided from operating activities. TerraFirma also has unearned premium income for 2014.

Risk management enhancement is part of a larger program of loss prevention for TerraFirma. 348 land trusts claimed the Risk Management discount for 2014 for a total of \$19,131 in discounted premium. In 2013, 278 land trusts participated in the Risk Management training and claimed the Risk Management discount (\$16,285 in 2013). Based on these numbers, the number of participating land trusts increased 25% in one year and the amount discounted has increased by 17%.

TerraFirma land trust member owners for 2014 total 454. Those land trusts collectively enrolled 22,277 parcels. Conservation easements are the most popular land right to insure—comprising 20,070 of those parcels. The rest are fee properties (2,116), access easements (19), and trail easements (72). TerraFirma now insures a total of 6,764,772 acres. This is an increase of 7% of land trusts and 9% of parcels over last year.

For the 2014 policy year, all but one of the original 424 TerraFirma member owners confirmed continued eligibility and participation in TerraFirma. Additionally, 30 more land trusts enrolled for the first time, a 7% increase in land trusts and a 99.8% retention rate.