Annual Report to Land Trust Members
March 1, 2022 to March 1, 2023

On March 1, 2022 Terrafirma Risk Retention Group LLC issued its tenth conservation defense liability insurance policies to 545 land trusts from 48 states covering over 10.2 million acres of conservation land. In its tenth full year of operations, Terrafirma maintained good standing with all regulators. The annual reports to members, financial and regulatory annual filings for Terrafirma are on the website.

Terrafirma is a charitable risk pool owned by member land trusts that insures the owner members against the legal costs of safeguarding land conservation. Terrafirma is managed by Alliance Risk Management Services, LLC, a wholly owned subsidiary of the Land Trust Alliance.

Terrafirma outperformed financial expectations in 2022 to end on a slight positive note. An independent actuary certified the reserves of $3,654,061 as adequate and reasonable to meet Terrafirma's unpaid claims liabilities. As with most investment portfolios in 2022, Terrafirma saw an overall negative return and total market value of all Terrafirma assets as of December 31, 2022 was $10,513,471 (compared to $11,389,942 for 2021), including subrogation receivables of $207,613 from two claims. Other comprehensive losses brought total equity to over $7.5 million at the end of 2022. Gross written premium increased approximately 5% from $1,789,106 in 2021 to $1,856,746 in 2022.

Terrafirma fulfilled its charitable mission of helping land trusts defend their public liability for conservation lands by handling 313 claims during the 2022 policy year (6 covered and active, 6 denied, 1 successfully resolved, and 254 in voluntary resolution). Notification of possible problems remaining for 2022 may be filed with Terrafirma until April 30, 2023. Combined with the claims handled in 2013 through 2022, Terrafirma has addressed 1,926 claims over the ten policy years with 1,035 cases successfully resolved by favorable settlements including 37 with favorable court decisions. The remaining balance of claims are in ongoing resolution.

Claims follow historic trends including preserve and conservation easement trespass, vegetation removal, topography changes, minor unpermitted structures, unpermitted land divisions. Public access, adverse possession, declaratory judgments, extinguishment demands and water disputes continue as trending issues.

Risk balancing education and training, in collaboration with the Alliance, is an essential part of helping all land trusts with lasting conservation. Through participation in risk management training, Terrafirma land trusts claimed $30,952 in discounted premium for 374 land trusts for 2022. Of the total 453 accredited land trusts, 392 (86%) are Terrafirma members.

For 2022, Terrafirma land trust owner members increased to 545 even after the merger of two member land trusts. Acres insured slightly increased to 10,274,441 and parcels slightly increased to 36,393 (84% easement, 14% fee land and 2% access and trail easements plus deed restrictions).
Terrafirma’s membership is comprised of 57% of all land trusts who are members of the Land Trust Alliance with a conservation portfolio. Terrafirma is pleased to report 100% retention of the 542 Terrafirma 2022 policy year owner members from 2021.

Terrafirma started in 2013 insuring 20,568 properties covering 6,354,434 acres from 420 land trusts in 46 states and the District of Columbia. Between 2013 and 2022, Terrafirma saw increases of 62% in insured acres, 77% increase in insured parcels, and a 30% increase in insured land trusts (not counting mergers).

In 2022 conservation easements continue to comprise the most insured rights with 30,757 (84%) of the enrolled 36,393 parcels from 48 states and D.C. The remainder are land owned (5,316), access easements (74), and trail easements (152) and deed restrictions (94). The current Terrafirma member land trusts together with the self-insured organizations have adequate resources to protect over 89% of all easement and owned acres.

In 2023, Terrafirma Risk Retention Group LLC has 554 land trust members, operates in 48 states and insures over 11 million acres — that is a little over two times the size of Massachusetts. Connect with Terrafirma on LinkedIn or subscribe to TerraBite, complimentary quick and simple pointers.

The deadline to file placeholder claims for the 2022 policy year expires on April 30, 2023. Every year Terrafirma is forced to deny claims because the land trust missed the deadline (April 30 each year) to notify Terrafirma. Terrafirma is a nonprofit organization just like your land trust. It needs to break even to be able to pay covered land trust claims. For Terrafirma to be able to predict costs, you have to file your placeholder claim immediately at the first instance of a possible problem so that Terrafirma knows what claims it has for that policy year. This is known as a Claims Made and Reported policy.

Even if the first indication of a possible problem is trivial or uncertain or even if something is just barely amiss, you are required to file a placeholder claim immediately. Filing a placeholder claim takes mere minutes, has no adverse consequences to your land trust and there is no obligation to proceed further.

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