



November 9, 2017

Kirsten Pedersen  
Executive Director  
British Columbia Farm Industry Review Board  
PO Box 9129 Stn Prov Govt  
Victoria, BC V8W 9B5

Dear Kirsten:

Re: Next Steps for Poultry Disease Insurance

I am writing as Chair of the Poultry Disease Insurance Review Steering Committee (the Committee) on behalf of the Executive Directors of the four poultry boards. The four poultry boards commenced a review of the mandatory disease insurance requirements in January 2016 with the intended outcome of making decisions regarding whether or not to request the enabling authorities under the *Natural Products Marketing (BC) Act* to require producers to maintain insurance against disease losses. A five phase review was initiated to assist the poultry boards and commission to arrive at a decision in accordance with sound marketing policy applying the requisite due diligence practices and SAFETI principles. The Committee established to guide the review included representatives from each of the poultry boards and commission and the BC Poultry Association.

The Review has completed the five phases and the Committee met on November 3, 2017 to consider the findings, conclusions and recommendations. The Committee agreed to submit to the boards and commission a decision note which includes recommendations along with supporting documents for decision at their upcoming meetings. The Committee is recommending that the poultry boards not proceed with securing the enabling authorities to require producers to maintain insurance against disease losses. A copy of the Committee Decision Note and recommendations is attached for your reference.

The primary conclusion of the Review is that the boards and commission need to internalize and collectively share the extraordinary cost of infected premise cleaning and disinfection (C&D) following a Notifiable Avian Influenza (NAI) discovery through a dedicated Infected Premises Cleaning and Disinfection Cost Recovery Fund (the Fund). The need for the Fund accords with sound marketing policy as the federal and provincial government have declared that future industry requests to cover such losses under the federal/provincial AgriRecovery Program would not be supported. The commitment and assurance of funding to undertake timely C&D is essential to returning the industry to a system of orderly marketing in as short of time possible following a NAI discovery. The close proximity of all types of poultry production results in the possibility of poultry operations within 1 km of the infected premise from undertaking any repopulation. Not until such time that the infected premise has been C&D to the Canadian Food Inspection Agency standards can poultry operations within 1 km of an infected premise repopulate.



Based on actuarial analysis and review of existing board and commission funding, internalizing the cost of infected premise C&D will not have any effect the competitiveness of the BC poultry industry. This action would positively impact the ability of the industry to return to a system of orderly marketing in a timely manner. The Committee is recommending that the boards and commission agree to establish a group funded deductible as a risk management tool to ensure protection of the Fund and to secure reinsurance to cover excess loss for extreme NAI events. The specific mechanics of how the group funded deductible is structured; the sharing of costs between sectors; and finalization of annual costs will be worked out in the coming months.

An analysis of existing insurance products was undertaken as part of the Review. There is no insurance product available that meets the needs of the BC poultry supply managed sector that are consistent with sound marketing policy. In this regard, the boards and commission are continuing to explore the use of a captive insurance company in the future and will be seeking legal advice regarding their authorities to own and operate a licensed insurance company.

The boards and commission are expected to consider the Review reports, findings and recommendations at their November meetings. The Committee is committed to making presentations to the industry associations. The boards and commission will advise stakeholders and post their decisions for a 30 day period for review and comment. Once all of the poultry boards and commission have considered and made decisions on the Review documents, the phase reports and supporting documents will be made available to BC FIRB.

I would be pleased to meet with you and your staff if you have any questions regarding the Review or the Committee conclusions and recommendations.

Yours truly,



Allan Cross  
Chair  
Poultry Disease Insurance Review Steering Committee

cc James Mack, Assistant Deputy Minister, BC Ministry of Agriculture  
Board Chairs and Executive Directors  
Steve Heppell, Chair, BC Poultry Association