

Notifiable Avian Influenza Insurance Review

Expanded MISC Meeting

1:00 PM, Wednesday April 4, 2018

BC Egg Marketing Board Abbotsford

Minutes

Attendees:

BCBHEC – Jim Collins, Allan Cross, Stephanie Nelson
BCCMB – Ray Nickel
BCEMB – Gunta Vitins, Aryn Alibhai, Katie Lowe
BCTMB – Vic Redekop, Michel Benoit
BCPA – Christine Koch
Absent – Bill Vanderspek, Christine Rickson, Steve Heppell
Guest – Harvey Sasaki

Purpose

- To provide an update on Board decisions, in particular the Egg Board's position/decisions regarding the proposed CEIRA NAI insurance and its implications for the BC Fund and BC FIRB discussions.
- To affirm the outstanding decisions requiring the attention of the boards and commission.
- To make recommendations for each of the outstanding decisions for the boards and commission consideration.
- To establish a plan for the next steps following the boards' and commission's decisions, regarding the establishment and management of a collective Infected Premises Cleaning and Disinfection Cost Recovery Fund.

1. Confirmation of Agenda

A. Cross opened the meeting by thanking all for their attendance. He reviewed the purpose of the meeting and stressed the importance of establishing a set of recommendations for all of the boards' consideration and decision.

The Agenda was adopted with the addition of Self-Insurance as an Option for consideration under the Item 3 Outstanding Decisions as suggested by M. Benoit.

- a. Adoption of the Minutes of the January 2, 2018 Meeting
The Minutes of the January 2, 2018 were adopted as circulated.
- #### 2. Board Discussions and Decision
- a. BC Broiler Hatching Egg Commission
J. Collins and A. Cross indicated that their Board was supportive of things progressing. No additional issues were identified for the Committee to consider.
 - b. BC Chicken Marketing Board
R. Nickel indicated that their Board was supportive and interested in understanding the new share of risk as generated by JSCP.
 - c. BC Egg Marketing Board
G. Vitins indicated that their Board was interested in taking another look and hearing the concerns and comments of the other Boards. They have the final details on what the CEIRA insurance product will look like and the cost. It is expected that CEIRA will launch in May subject to receipt of the BC Financial Institutions Commission approval of the changes to the insurance

product from Salmonella Enteritidis (Se) to Se and Notifiable Avian Influenza (NAI). The product will be a combined Se and NAI package that will increase the current premium from 25 cents/chick to 28 cents/chick, a 3 cent increase in total. It is expected that the total premium increase for specialty production will be a bit higher. The total increase in premium for the NAI coverage in BC is approximately \$100,000. The CEIRA product will provide \$1.75 per layer in C&D coverage. The Board is interested in carrying on the conversation at the \$0.75 per layer incremental coverage in BC.

d. BC Turkey Marketing Board

V. Redekop and M. Benoit indicated that their Board liked the idea of an insurance product, however with the reduction resulting from layers coverage under CEIRA, the administrative costs as a percentage of premium and the allocation between the sectors are out of proportion. Their Board has discussed the concept of a \$ 1.0 million self-insurance fund shared by all four sectors. They want to know if the government funding was available for a self-insurance program and what the lowest cost approach would be. They would like to see example scenarios with the costs attributed to each sector based on the revised risk share.

e. BC FIRB – February 5, 2018 Letter and March 9, 2018 Call

Harvey highlighted the BC FIRB letter of February 5, 2018 that provided a reminder of the need to bring forward any proposal for NAI compensation for prior approval. As well BC FIRB encouraged the boards to find a collective solution. Harvey reported on the March 9, 2018 call with Kirsten and Wanda to follow-up on concerns regarding the type of insurance mechanism that could be considered. BC FIRB still has concerns and reservations about the use of an industry owned captive and the potential to compromise or place the boards in conflict as first instance regulators. They are also concerned about the ability of the boards and commission to own an insurance company. These items would need to be fully canvassed and addressed if a captive model was the recommended course of action to follow.

3. Summary of Outstanding Decisions Recommendations

a. Establishing a Collective Fund

All members agree to support the establishment of a collective fund.

b. Level of Coverage

All members agreed to support the proposed levels of coverage:

Breeders	\$2.00 per bird
Broilers	\$1.00 per bird
Layers	\$0.75 per bird
Turkey broilers	\$0.84 per bird
Turkey hens	\$1.44 per bird
Turkey toms	\$2.60 per bird

c. Initial Capital of the Fund

All members agreed that the amount required for the initial capital would vary based whether the Fund was insured or not. It was agreed however, that a minimum \$1.0 million be the initial target.

d. Annual Cost of the Fund

All members recognized that there would be an annual cost and that depending on the whether the Fund was insured or not, the cost would vary. It was agreed that there should be a commitment to pay as long as the Fund was operational.

e. Share of Annual Costs of the Fund

R. Nickel asked how the broiler share increased so much. H. Sasaki advised that based on the revised set of assumptions following the January 2, 2018 meeting, JSCP revised the actuarial model and generated expected losses for each sector. The most significant contribution to the shift in share was the reduction of layer coverage from \$2.50 per bird to \$0.75 per bird. The number of broiler growers was also a contributing factor. The risk share would be re-evaluated periodically.

All members agreed to support the use of the revised JSCP assessment to establish the share of risk.

Follow-up Action: J. Collins to contract R. Kilmury to secure additional justification/rationale behind the processors statement of a \$500,000 per week cost of NAI.

- f. Retain or Transfer Risk
The members were interested in the impact and effect of government funding on the costs and benefits of the Fund.
- g. Risk Transfer Mechanism
It was agreed that the most straightforward/least complex approach would be through a group funded deductible plan.

Follow-up Action: H. Sasaki to secure details on costs of setting up of a group funded deductible plan.

- 4. Committee Recommendations on Outstanding Decisions
Per Item 3.
- 5. Review/Adoption of Activity Final Reports
 - a. Serecon LQM
 - b. JSCP Actuarial Assessment
 - c. Guy Carpenter/Marsh – Group Funded Deductible Assessment
 - d. Aon Risk Solutions – Captive Assessment
 - e. Agri-Saki – ARI Project Final Report

The Committee received the reports.

- 6. Next Steps
 - a. Posting information
The Committee agreed with posting of the reports to the joint Avian Insurance Review website.
 - b. Board Decisions
Follow-up Action: H. Sasaki to prepare a revised summary of decisions for members to review.
 - c. BC FIRB Submission
To be prepared following board decisions. J. Collins suggested that once all boards have made their decisions that they be posted for comment prior to submission to BC FIRB.
 - d. Application for AgriRisk funding
Follow-up Action: H. Sasaki to draft a letter to the province requesting government financial support for an insurance based approach to the Fund.