

AI Insurance Review

Fund Management Committee Decision Note

December 5, 2018 Draft

Title: IP C&D Policy

Issue:

Clear policy direction to address the lack of a dedicated program or system of support for the extraordinary costs of cleaning and disinfecting (C&D) an infected premise (IP) following a Notifiable Avian Influenza (NAI) discovery is required to minimize the potential for delays in initiating and completing the IP C&D process and thereby enable a timely return to a system of orderly marketing.

Background

- Since the 2004 Highly Pathogenic Notifiable Avian Influenza outbreak, the regulated poultry industry in BC has been working collectively and collaboratively to establish policies, procedures, protocols and standards to facilitate a timely recovery from a NAI discovery.
- The regulated poultry sector in BC is the only province to require licenced producers to comply with biosecurity protocols.
- The sector has been working to establish a mechanism that reduces the financial risks to growers resulting from a NAI discovery.
- Commercial poultry operations in close proximity (within 3 km) to the IP cannot restock their operations until the IP has completed the C&D process and CFIA has rescinded their Infected Place declaration.
 - Irrespective of which sector the IP may be registered with, all four sectors are impacted by the need for the IP to have completed C&D to the satisfaction of CFIA in a timely manner to enable regulated producers within the 3 km zone surrounding the IP to commence repopulation activities.
- The Mandatory Insurance Review (the “Review”) confirmed that there was a lack of a specific program or system of support for the extraordinary cost of IP C&D.
- The federal and provincial governments following the 2014 HPNAI outbreak advised the BC poultry industry that they can no longer expect government financial support for future NAI discoveries.
- Through the Review, the regulated poultry boards and commission determined that it is consistent with sound marketing policy for the boards and commission to provide financial support to defray most of the extraordinary cost of C&D of IPs.
- The Review recommended the creation of a collective Infected Premises Cleaning and Disinfection Cost Recovery Fund that would cost-shared by the boards and commission and to explore options to transfer the risk through insurance.
 - It is imperative to sound marketing policy and the timely return to a system of orderly marketing that the poultry boards and commission have the requisite measures in place to ensure that funding is available for IP C&D.
 - The collective fund and risk transfer mechanism to cover extreme loss situation would have provided a consistent approach to ensuring that all registered producers have access to funding to initiate and complete the C&D of an IP following a Notifiable Avian Influenza (NAI).
- The developments in and evolution of poultry disease insurance since January 2018 necessitated a change from the approach recommended by the Review.

Discussion

- The BC Egg Marketing Board (the “Egg Board”) determined that the insurance provided through the Canadian Egg Industry Reciprocal Alliance (CEIRA) and the private sector provides sufficient funding options and opportunities to cover the extraordinary cost of C&D for layer operations
- The Egg Board has taken the position that it does not need to provide direct financial intervention.
- The BC Broiler Hatching Egg Commission (the “Commission”), the BC Chicken Marketing Board (the “Chicken Board”) have contingencies in place that can provide some financial assistance to cover the extraordinary cost of IP C&D.
- The BC Turkey Marketing Board (the “Turkey Board”) has a reserve for self-insurance in case of any disease issue that may affect the turkey industry.
- The poultry boards and commission have agreed that it is in the interests of the BC poultry industry to continue to work collectively to address the impacts and effects of a NAI discovery.
- The Commission, Chicken Board and Turkey Board have agreed to work collectively in the short term (2018/19) to make funds available to cover the extraordinary costs of an infected registered hatching egg producer, chicken grower or turkey grower to C&D in the event of a NAI discovery, thus providing the assurance that delays in initiating the C&D process can be avoided.
- For the longer-term the Commission, Chicken Board and Turkey Board have agreed to further develop a “disease response fund” to provide the necessary assurances to registered producers that funding is in place to address future NAI discoveries and the extraordinary costs of IP C&D.
- While the vast majority of the BC egg industry now has NAI covered as an extension to their current SE insurance provided through CEIRA, there remain a small number of egg producers who are not subscribers to CEIRA.
- To achieve the collective BC poultry industry policy outcome to ensure that a specific dedicated program or system of supports to address the extraordinary costs of infected premises C&D are in place, the Egg Board should develop a mitigation plan to address those producers who do not have NAI insurance coverage and their potential to delay the initiation and completion of IP C&D should they be an IP in a future NAI occurrence.

Recommendation

The Fund Management Committee requests the Egg Board to develop and provide the Commission, the Chicken Board and the Turkey Board with a mitigation plan to address the gap created by registered egg producers who do not have NAI insurance coverage. The mitigation plan is intended to provide the assurance that registered egg producers who do not have NAI insurance coverage will not cause delays in initiating the C&D process should they be confirmed an IP.

The Commission, the Chicken Board and Turkey Board agree to finalize an agreement to establish a “disease response fund” to provide registered producers with the assurance that funds are available to address the financial implications created by the extraordinary cost to C&D IP and not cause delays in initiating and completing the C&D process.

- Each sector will need to identify and assess any other measures that may be required, such as pullet production by non-registered growers to ensure effectiveness of the proposed approach.

The boards and commission agree to update the existing BC Biosecurity Program Memorandum of Understanding to include the desired policy outcome for managing the extraordinary cost of IP C&D and reflect the intents of each party to achieve the desired policy outcomes.