

NAI Fund Management Committee Information Note

January 28, 2019

Status Update – IP C&D Fund

Issue:

- Provide a status update report for the upcoming BC Poultry Association meeting, January 17, 2019.

Background:

- The Fund Management Committee (FMC) made a presentation to the BC Farm Industry Review Board on October 10, 2018, outlining the past, present and future directions for Avian Influenza insurance.
- The BC Egg Marketing Board has determined that the insurance provided to registered egg producers through CEIRA or private insurance provided sufficient funding options and opportunities to cover the extraordinary cost of layer Infected Premise (IP) cleaning and disinfecting (C&D) and did not see the need to participate in a BC industry fund.
- The FMC met on Monday, November 19, 2019 to consider the analysis of the costs of working with the Canadian Egg Industry Reciprocal Alliance (CEIRA) to provide insurance coverage for the extraordinary costs of IP C&D.
 - Based on the estimated annual cost of insurance (\$423,594 for all four sectors or \$289,838 without layers), the FMC determined that self-insurance through a collective fund for registered hatching egg, broiler and turkey producers would be a more cost-effective approach than purchasing insurance coverage through CEIRA.
 - The FMC acknowledged and accepted that the self-insurance approach is not without risk, such as a catastrophic NAI occurrence or back to back NAI occurrences that would exhaust available funds.
- The FMC determined and recommended that the Broiler Hatching Egg Commission, the Chicken Board and the Turkey Board agree-in-principle to:
 - Make available funds for the 2018/19 flu season to cover the extraordinary costs of IP C&D for registered hatching egg producers, broiler growers and turkey growers in the event of a NAI discovery up to a maximum of \$750,000 to be cost-shared based on the share of risk as determined by the March 2018 JSCP actuarial assessment.

▪ Hatching eggs	23.1%
▪ Broilers	44.1%
▪ Turkeys	32.8%
 - Request the Egg Board to provide the FMC with its mitigation plan to address registered egg producers who do not have NAI insurance coverage and their potential to delay the initiation and completion of the IP C&D in a future NAI occurrence.

- Review and post the draft Joint Submission to BC FIRB regarding the BC Poultry Infected Premises C&D Cost Recovery Fund.
- The Biosecurity MOU be updated to reflect the current status of emergency response as well as the IP C&D assistance.

Discussion:

- The Turkey Board met on December 13 and considered the FMC recommendations and voted in support of moving forward with the Joint Submission.
- The Chicken Board met on December 14 and January 7, 2019 to consider the FMC recommendations and voted in support to post the Joint Submission in order to advance the process to establish the Fund.
- The Broiler Hatching Egg Commission met on January 9, 2019 and considered the FMC recommendations and approved the Joint Submission for stakeholder review.
- The Egg Marketing Board met on January 21, 2019 and considered the FMC recommendations and approved the Joint Submission for stakeholder review.
 - The Egg Marketing Board has also provided its mitigation plan for registered growers not enrolled in the CEIRA insurance program for SE and NAI.
- Allan Cross, Chair of the FMC resigned as a director of the Broiler Hatching Egg Commission on December 13, 2018.
 - The Hatching Egg Commission has appointed Allan Mulder as its representative.
 - The FMC has agreed to appoint Harvey Sasaki to act as a non-voting Chair of the FMC and lead the process to filing the Joint Submission with BC FIRB.
- A Fund Agreement has been drafted outlining the obligations of the parties, including capital targets, contributions and cost-sharing.
 - Each board or commission would be required to maintain dedicated funds within contingencies for the purposes of covering the extraordinary costs of IP C&D.
- Harvey is working on updating the Biosecurity MOU which will be presented to all parties for review and consideration by the end of February.

Summary:

- The process for establishing a collective IP C&D Fund is underway with the boards and commission review and agreement to post the submission for stakeholder review and comment.
- Posting will be to the Joint AI Insurance website, www.avianinsurancereview.com once all of the boards and commission have approved its posting.
- It is expected that the boards and commission will have made a decision to submit the joint proposal to BC FIRB by the end of March, 2019.

Prepared by:
 Harvey Sasaki
 Agri-Saki Consulting Inc.