



March 15, 2016

File: 44200-70 POULTRY INS

**DELIVERED BY E-MAIL**

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Dear Colleagues:

**POULTRY DISEASE INSURANCE – NEXT STEPS**

The BC Farm Industry Review Board (BCFIRB) has discussed the establishment of the Mandatory Insurance Review Committee (MIRC). BCFIRB is very pleased at this development and is taking this opportunity to follow-up on its August 14, 2014 [\*Supervisory Decision – Sound Marketing Policy and Board Authority – Mandatory Poultry Disease Insurance\*](#).

This letter reviews BCFIRB's previously communicated expectations and notes the importance of a timely process in light of reaching resolution prior to the fall 2016 when the risk of avian influenza (AI) once again increases.

**Summary of BCFIRB's expectations**

The following sets out BCFIRB's expectations regarding any potential proposals for mandatory insurance. These expectations were originally communicated in March 3<sup>1</sup> and May 12, 2015<sup>2</sup> letters

<sup>1</sup> 2015 March 3. BCFIRB. [\*Poultry Disease Insurance – Supervisory Review Follow-up\*](#).

<sup>2</sup> 2015 May 12. BCFIRB. [\*Amendments to the Natural Products Marketing \(BC\) Act, Poultry Disease Insurance and August 14, 2014 Supervisory Decision\*](#).

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and are summarized here with consideration to the recent amendments to the *Natural Products Marketing (BC) Act (NPMA)* giving boards the authority to make insurance mandatory.

1. In general, all boards and commissions must ensure any exercise of that authority is undertaken in accordance with the following:
  - Use of an appropriate SAFETI<sup>3</sup> process to determine what, if any, insurance may be required to help ensure orderly marketing.
  - Ensure the resulting decision(s) reflects legal and sound marketing policy considerations.
  - Decisions and rationale are made publicly available in a timely manner.<sup>4</sup>
2. In particular, BCFIRB will require
  - that outstanding sound marketing policy questions be addressed (including full assessment of existing prevention, enforcement and compensation tools for maintaining orderly marketing such as license conditions, administrative penalties, license suspension/cancellation and contingency funds);
  - a rationale for any preference given to a particular insurance provider;
  - an analysis of the potential impact on a board's capacity to deal with other events or issues that may require use of contingency funds; and,
  - an assessment of the potential financial and competitive impact on B.C. producers in light of increasing costs, pricing and other pressures.
3. BCFIRB's August 14, 2014 Order<sup>5</sup> remains in effect until such time as BCFIRB issues further direction following review of any future proposal and rationale by the poultry boards pursuant to the new statutory framework.

Poultry boards are also reminded that specific decisions by any board regarding insurance matters that fall outside of the framework provided by BCFIRB supervisory direction would be appealable under s. 8 of the *NPMA*.

None of the above requirements are new and form part of a thorough risk analysis and comprehensive legal and policy assessments which are integral to SAFETI.

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<sup>3</sup> Strategic, Accountable, Fair, Effective, Transparent, Inclusive

<sup>4</sup> BCFIRB Service Plan (2015/16) **Goal 2:** A principles-based, outcomes-oriented approach to regulation; Performance Measure 5: Marketing board and commission orders, decisions and determinations are published promptly after being made in order to preserve rights of appeal under the *Natural Products Marketing (BC) Act*.

<sup>5</sup> ...the boards are directed not to exercise their regulatory authority under their schemes at this time for the purpose of supporting the proposed captive insurance company.

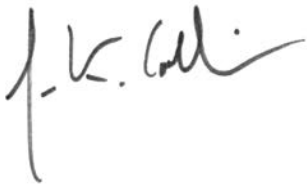
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## **Process timeline**

One concern for this board is the proposed September 2016 deadline for a joint submission by the poultry boards to BCFIRB. After which BCFIRB in turn will have to conduct its own due diligence in support of its statutory decision making. While appreciating that the actual implementation of any insurance program may also take time, it may be useful if the outcome of the poultry boards/BCFIRB review was determined as soon as possible prior to the fall 2016 AI season. We do not have a new deadline to suggest but request the boards consider this question in light of BCFIRB's expectations and advise.

BCFIRB continues to acknowledge insurance as an important risk management tool for producers and recognizes insurance can be part of sound marketing policy. Poultry sector efforts to address potential gaps in insurance coverage are a good example of proactive stakeholder action for the benefit of BC agriculture. BCFIRB fully supports the poultry boards and the MIRC initiative in addressing this important matter.

Yours truly,

A handwritten signature in black ink, appearing to read "J. K. Collins". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Jim Collins  
Executive Director

cc: James Mack, Assistant Deputy Minister  
Agriculture Science and Policy  
Ministry of Agriculture

BCFIRB web site