



BLUETONGUE INSURANCE FOR SHEEP FREQUENTLY ASKED QUESTIONS

ABOUT BLUETONGUE INSURANCE

Q1. What is Bluetongue Insurance for Sheep?

Bluetongue Insurance Policy for Sheep is a new commercial insurance program endorsed by the Canadian Sheep Federation in co-operation with Agriculture and Agri-Food Canada. It is designed to provide Canadian sheep producers with affordable coverage for mortality, business interruption and consequential losses due to Bluetongue.

Q2. How is this new insurance program being delivered?

This is a commercial insurance program. Bluetongue Insurance is provided by the **Echelon General Insurance Company** and the insurance broker **The Precept Group Inc.**

Reinsurance will be provided by **Endurance Reinsurance of America (Endurance Re, a Delaware domestic insurer and reinsurer with policyholders' surplus of \$592,863,197 as of December 31, 2007. Endurance Re is a subsidiary of Endurance Specialty Holdings Ltd., a Bermuda based specialty provider of insurance and reinsurance on a global basis, with over 700 employees. Endurance Specialty Holdings Ltd. is publicly traded on the NYSE (ticker symbol: ENH) with \$7 billion in assets and over \$2 billion in shareholders' equity.**

Q3. How can I get a copy of sample policy wording and an application form for 2008?

You can get a copy of the sample policy wording and application form for 2008 by faxing or calling:

The Precept Group Inc.
Toll Free) 1-866-820-4236
Fax) 905-315-2084

Q4. Why should I buy insurance for Bluetongue?

Bluetongue is a midge-borne, viral disease that can kill sheep. In Europe over 1.5 million sheep have been lost to Bluetongue disease since 1998. An outbreak of Bluetongue in Wyoming claimed over 300 sheep. Insurance for Bluetongue will provide Canadian sheep farmers with peace of mind by protecting their income and assets in the event of an outbreak of Bluetongue disease.

Bluetongue Insurance *does not* replace government assistance programs or compensation provided under the federal Health of Animals Act (1990 c.21). It *does* provide coverage for losses not normally covered through government programs.

Q5. Who can apply?

Any sheep farmer in Canada can apply for coverage.

Q6. Is Bluetongue Insurance mandatory for sheep farmers?

No, the program is strictly voluntary.

Q7. What is the term of Bluetongue Insurance?

Bluetongue Insurance provides coverage annually. Coverage must be renewed each year.

Q8. When is Bluetongue Insurance available?

Bluetongue Insurance is available for 2008 now. For 2009, Bluetongue Insurance will be offered in the late winter/ early spring of 2009.

Q9. What losses will this insurance cover?

Bluetongue Insurance will cover producers for: mortality; consequential loss (drugs and treatment materials; veterinary fees; diagnostic fees; humane euthanasia) and; business interruption (loss of productive capability, additional feeding and management costs).

As some serotypes of Bluetongue remain on the Canadian Food Inspection Agency's (CFIA) reportable disease list, the new policy has been designed in such a way that producers who have coverage, and have been diagnosed will *any* of the 25 serotypes of Bluetongue, will receive compensation above and beyond CFIA compensation.

Q10. Will the policy cover the market value of sheep? What happens if the market value changes?

Under the insurance policy, the value of the animal is predetermined. This value will be reviewed annually to ensure that it keeps pace with the market value. If the market value of the animal changes during the life of the policy, it will have no impact on the settlement price in the event of a loss.

Q11. Are there policy conditions?

There are a number of conditions that must be met to be eligible for insurance coverage under Bluetongue Insurance Policy for Sheep:

- All sheep on the farm must be insured
- Sheep must be healthy at time coverage begins
- The Health of Animals Act (1990, c.21) applies
- Sheep must be owned by the insured
- Coverage ceases once ownership is transferred
- Animals must remain within Canada
- The insured must maintain reasonable care of the animals
- The insured must agree to notify the insurer of any possible claim immediately
- Proof of loss must be filed within 60 days.

Q12. Are any other diseases covered?

Not at this time. As the livestock insurance program develops, insurance coverage for other diseases may be offered.

Q13. Can I buy additional or supplementary insurance?

Not at this time. As the livestock insurance program develops, additional or supplementary insurance coverage may be offered.

Q14. How much will Bluetongue Insurance cost?

Premiums for Bluetongue Insurance vary by province reflecting differences in risk. Depending on your province of residence coverage will 0.55 -1.78% of the sum insured.

Coverage levels, by province are outlined below:

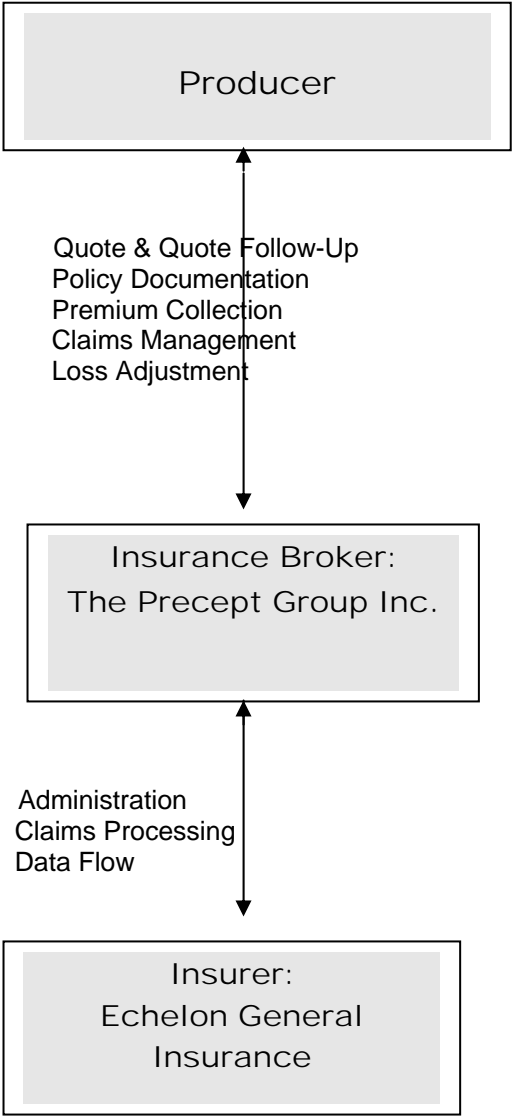
BT INSURANCE PREMIUMS BY PROVINCE OF RESIDENCE	
PROVINCE	PREMIUM LEVELS
British Columbia	1.78%
Alberta	0.75%
Saskatchewan	0.74%
Manitoba	0.73%
Ontario	0.88%
Quebec	0.96%
New Brunswick	0.85%
Nova Scotia	0.65%
Prince Edward Island	0.63%
Newfoundland/Labrador	0.55%

Q15. Will a claim result in higher premiums for 2009?

At the end of each year, the insurer will review the claims against what was anticipated when calculating the original rates. If the experience of the country and provinces was in line with expectations then there is unlikely to be any change in rates. Therefore if you as an individual make a claim it will not necessarily result in higher premiums for 2009.

The diagram in Appendix A is designed to give you a picture of the insurance relationships which support the Bluetongue Insurance Policy for Sheep.

APPENDIX A
BLUETONGUE INSURANCE FOR SHEEP
HOW IT WORKS





BLUETONGUE INSURANCE FOR SHEEP FREQUENTLY ASKED QUESTIONS

ABOUT THE APPLICATION & CLAIMS PROCESS

APPLICATION PROCESS

Q1. When is the 2008 Bluetongue Insurance available?
Bluetongue Insurance Policy for Sheep is available now.

Q2. How do I apply?

You can obtain an application form, sample policy wordings and key features of the insurance package by faxing or calling your request to:

The Precept Group Inc.

Toll free) 1-866-820-4236

Fax) 905-315-2084

The application form will provide you with further instructions on how to submit your application.

Q3. What is the cut-off date for application for 2008?

For 2008, you must apply for Bluetongue Insurance **before June 30, 2008**. Applications will not be considered after this date.

Q4. What is the role of the Insurance Broker?

The Insurance Broker is responsible for managing the day to day relations with the customer including: product marketing and sales, managing the application process, collecting and maintaining data necessary to run the program, answering customer inquiries, receiving and forwarding claims to the program administrator. Payments of Premium will be collected by the Insurance Broker.

Q5. Is there a number that I can call to speak to an insurance expert about my needs?

Yes. You may call **1-866-820-4236** to speak to an insurance broker about Bluetongue Insurance for Sheep.

Q6. When do I apply for 2009?

Bluetongue Insurance for Sheep for 2009 will be offered in the Fall of 2008. A notice of Bluetongue Insurance availability for 2009 will be provided on the CSF website and through our monthly Producer Newsletter "*From the Flock*".

CLAIMS PROCESS

Q7. How will I know when to report a claim?

If you suspect that your sheep may have contracted Bluetongue disease, call your veterinarian. Only a veterinarian can confirm the presence of Bluetongue and the specific serotype of the disease.

Q8. What is the process for reporting a claim?

Once you have called your veterinarian, and Bluetongue disease is confirmed, then you may make a claim for your losses. Specific compensation under the Bluetongue insurance program will depend on the serotype of the disease, the losses that you have sustained and whether or not it is a reportable disease under the federal *Health of Animals Act* (1990, c.21).

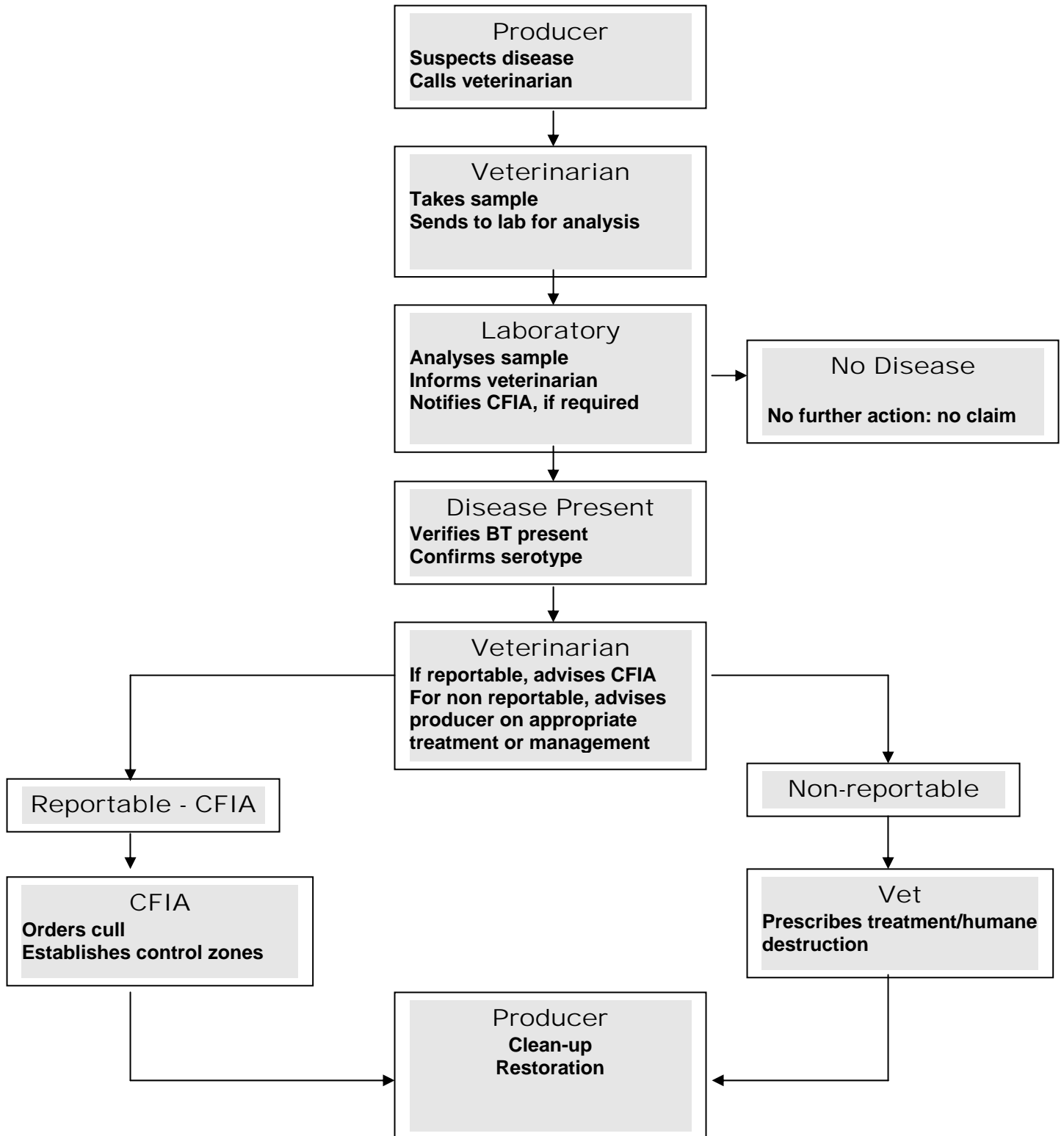
It is important that you notify the Insurance Broker immediately if you suspect that you have a claim. Proof of loss to support a claim must be filed within sixty (60) days.

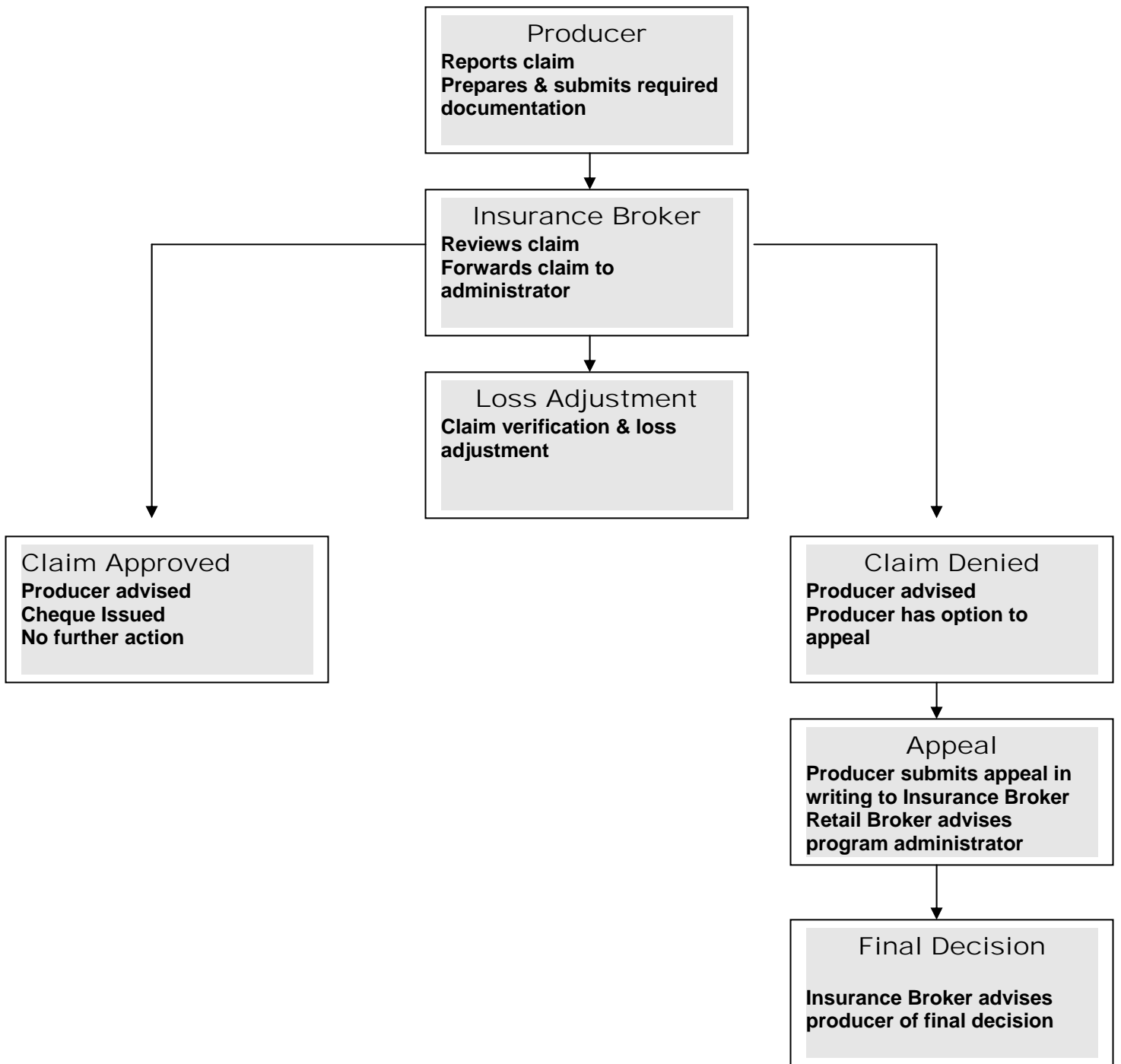
The process for reporting and making a claim is outlined in Appendix B.

Q9. What happens if my claim is refused?

Resolution and appeal of disputes are the responsibility of the Insurance Broker. If your claim is refused you may appeal the decision. Further information on the claims appeal process will be provided to you by the Insurance Broker.

APPENDIX B
BLUETONGUE INSURANCE FOR SHEEP
CLAIMS PROCESS







BLUETONGUE INSURANCE FOR SHEEP FREQUENTLY ASKED QUESTIONS

ABOUT BLUE TONGUE DISEASE

Q1. What is Bluetongue Disease?

Bluetongue disease is caused by the Bluetongue virus. It is a disease that is transmitted from animal to animal by an insect – the *Culicoides* midge. The virus attacks the lining of blood vessels in the tissues and organs of affected animals. The disease is most severe in sheep and in some species of deer. It is often milder in cattle, goats, buffalo and antelope.

Q2. Are there different strains of the virus?

There are 24 serotypes of Bluetongue virus world wide. A serotype is a subdivision of virus strains. Five serotypes occur in the United States. **Only serotype 8 is currently reportable to the Canadian Food Inspection Agency (CFIA) under the federal Health of Animals Act (1990 c.21).**

In Canada, the Bluetongue virus has been reported in cattle, in the Okanagan Valley in British Columbia. New exotic strains of the virus have been recently encountered in Northern Europe. These strains have resulted, in some cases, in severe clinical disease in cattle. New strains have also been shown to be transmitted from mother to offspring.

Q3. What are the symptoms of Bluetongue Disease?

Symptoms may vary in severity but include high fevers in excess of 40°C (104° F), salivation, swelling of the face, ears and body. Erosion of the lining of the tongue and oral cavity and occasionally cyanosis of the tongue give the disease its name.

Sheep can also present with lameness due to inflammation of the hooves, diarrhea and pneumonia. Abortion and deformity of the fetus have also been reported. Fatality rates can run from 10% to 50% depending on the natural immunity of the flock and the predominant strain of the disease. For those animals that survive, recovery can be very slow.

Always call your Veterinarian if you suspect any disease may be affecting your sheep. Only a trained professional can diagnose and confirm the presence of Bluetongue disease.

Q4. How do sheep get infected?

Sheep can contract Bluetongue disease when exposed to the Bluetongue virus carried by *Culicoides* midges – an insect vector. The midges pick up the virus by feeding on infected carrier animals such as cattle and deer. The virus is then transmitted to sheep during the midge's next blood meal.

While there are hundreds of species of *Culicoides* midges, only one is considered capable of transmitting the Bluetongue virus (*C. sonorensis*). In Canada, its range is limited to Southern Canada, along the United States border.

Q5. How can I protect my sheep against this disease?

This is a viral disease transmitted through insects; so, it is difficult to prevent the disease entirely through improved biosecurity measures. It is thought that carrier animals may keep Bluetongue disease present from year to year and serve as a source of the virus to the local midge population. As the midge can be windborne for many kilometres, the disease can jump to a new area quite suddenly. Identification and removal of infected animals and protection of livestock from midge feeding form the basis for a disease control program. Some simple husbandry changes and practical midge control measures may help break the livestock infection cycle.

Housing livestock during times of maximum midge activity (from dusk to dawn) may lead to significantly reduced biting rates. Similarly, protecting livestock shelters with fine mesh netting or coarser material impregnated with insecticide will reduce contact with the midges.

The *Culicoides* midges that carry the virus usually breed on animal dung and moist soils, either bare or covered in short grass. Identifying breeding grounds and breaking the breeding cycle will significantly reduce the local midge population. Turning off taps, mending leaks and filling in or draining damp areas will also help dry up breeding sites. Dung heaps and straw bedding should be removed at least weekly to break the midge breeding cycle.¹

Q6. Is Bluetongue disease transmissible to humans?

There are no reports of human transmission.

Q7. Have there been any cases of Bluetongue reported in Canada?

Bluetongue has been reported in cattle, in the Okanagan Valley, British Columbia. Bluetongue has been observed in Australia, the USA, Africa, the Middle East, Asia and Northern Europe. Its occurrence is seasonal in the affected Mediterranean countries, subsiding when temperatures drop and hard frosts kill the adult midge vectors. Bluetongue has been spreading northward since October 1998, perhaps as a result of global warming which may promote viral survival and vector longevity during milder winters.

Q8. What is the treatment for Bluetongue disease?

There is no efficient treatment. Prevention is effected via quarantine, inoculation with live modified virus vaccine (available in the United States and restricted to some states only) and control of the midge vector.

Source: http://en.wikipedia.org/wiki/Bluetongue_disease; with input by Dr. Paula Menzies, University of Guelph and Penny Greenwood, Canadian Food Inspection Agency;



BLUETONGUE INSURANCE FOR SHEEP FREQUENTLY ASKED QUESTIONS

PRIVATE SECTOR RISK MANAGEMENT PARTNERSHIPS (PSRMP)

Q1. What is Private Sector Risk Management Partnerships?

Private Sector Risk Management Partnerships (PSRMP) is a federal initiative that offers financial and technical assistance to producer organizations for new agricultural risk management projects.

Q2. What types of risk are the focus of PSRMP projects?

PSRMP looks for projects that deal with predictable risks which may represent a significant threat to an individual farm operation but generally only a minor risk to the sector or its market. These projects focus on risks that are not currently covered by government programs or the private sector.

Q3. What types of projects can assistance be used for?

PSRMP project assistance may be approved for:

- conducting a risk assessment to identify and rank the business risks facing a client's member-producers;
- developing a risk control process;
- developing an interim risk management solution, with the expectation that the data collected during this period would support the future development of a business case for insurance-based coverage; or
- developing a comprehensive business case for securing a private sector risk management solution.

Q4. Who can apply?

Canadian national, regional or provincial producer organizations representing member-producers who are directly involved in the production of agricultural products.

Q5. What is the project approval process?

There is a two-part process:

- The information submitted on the project application form is evaluated on the basis of the eligibility screening criteria.
- Applicants who meet the eligibility criteria prepare a project work plan with the assistance of PSRMP staff.

Agriculture and Agri-food Canada enters into a Contribution Agreement with clients whose project work plans are approved.

Q6. What kind of project activities can financial assistance be used for?

PSRMP financial assistance may be approved for project activities such as:

- data collection and analysis;
- actuarial, and other professional services;
- legal costs directly related to project objectives;
- consultations; and
- travel

PSRMP funding is available for 100 percent of the eligible costs of project activities. A typical PSRMP project is anticipated to require between \$150,000 and \$200,000 in project funding, and to be completed in between 18 and 24 months.

Q7. Will there be an ongoing role for PSRMP staff in these projects?

PSRMP staff works closely with clients in performing following functions:

- Consulting with agricultural stakeholders
- Consulting with representatives of the domestic and international financial services industry
- Consulting with representatives of other APF programs
- Providing technical advice and expertise
- Helping clients fulfill their project-management, reporting and wrap-up responsibilities

For More Information:

Contact PSRMP staff at 1-866-299-9599.

The PSRMP project [application form](#) is available on the website at www.agr.gc.ca.

Source: Agriculture and Agri-Food Canada website: <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1181573328590&lang=e>