

CANADIAN SHEEP FEDERATION ENDORSES BLUETONGUE INSURANCE

First Generation of Insurance for Bluetongue Disease in Sheep



NEWS

GUELPH - The Canadian sheep industry has taken an innovative step to protect sheep farmers in the event of an outbreak of Bluetongue disease. Bluetongue Insurance for Sheep is a new commercial insurance program endorsed by the Canadian Sheep Federation (CSF) with the assistance of Agriculture and Agri-Food Canada's Private Sector Risk Management Partnerships (PSRMP) Program.

The Bluetongue Insurance program will provide sheep farmers with affordable insurance coverage for mortality, business interruption and consequential losses due to Bluetongue Disease – an insect borne viral disease of sheep. This voluntary insurance program will supplement funding provided to sheep farmers through current government agricultural assistance programs.

The impetus for development of Bluetongue Insurance was provided by recent import policy changes introduced by the Canadian Food Inspection Agency coupled with the discovery of Bluetongue disease in the United Kingdom and in several Northern European countries.

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

QUOTES

"This Government is committed to working in partnership with industry groups through the Private Sector Risk Management Partnerships (PSRMP) Program to provide farmers with the security they need to remain competitive. We applaud the Canadian Sheep Federation for its new insurance model that will benefit both the sheep industry and Canadian agriculture as a whole." - *Gerry Ritz, Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board*

"This innovative, affordable insurance is designed to provide sheep farmers with peace of mind by protecting them in the event that Bluetongue disease appears on their farm." - *Florence Henning, Chair of the CSF, Mayerthorpe, Alberta*

"We hope that Bluetongue disease does not affect Canada's sheep industry, but if it does, this new program will ensure that sheep farmers will have a tool that will allow us to recover our losses." - *Murray Emke, Sheep Producer*

"We are stepping up our efforts to manage on-farm risk so that the Canadian sheep industry is at the forefront in disease risk management. In this regard we were pleased to work with the BMS Group, who have supported the development program from the outset. Their extensive experience and market relationships have been invaluable." – *Jennifer MacTavish, Executive Director, CSF*

FAST FACTS (Source: www.cansheep.ca)

- There are over 11,000 sheep farmers in Canada
- The value of farmed sheep in Canada is over \$300M (Source: *Statistics Canada, 2006*)
- There are approximately 70,000 head of registered purebred sheep in Canada representing 48 different breeds

ABOUT THE CANADIAN SHEEP FEDERATION (CSF)

- Established in 1990, the Canadian Sheep Federation is a national non-profit organization that represents all Canadian sheep producers.
- Our mission is to work closely and cooperatively with all levels of government and industry-related organizations, both domestic and foreign, to further the viability, expansion and prosperity of the Canadian sheep and wool industry.

ABOUT BLUETONGUE DISEASE

- Bluetongue disease is caused by the Bluetongue virus. It is a non-contagious, insect-borne disease of mainly sheep and less frequently of cattle, goats, buffalo, deer and antelope.
- Symptoms can include high fever, excessive salivation, swelling of the face and tongue. Swelling of the lips and tongue gives the tongue its typical blue appearance, though this sign is confined to a minority of the animals. Recovery can be very slow.

ABOUT PRIVATE SECTOR RISK MANAGEMENT PARTNERSHIPS (PSRMP)

- The Private Sector Risk Management Partnerships (PSRMP) Program of Agriculture and Agri-Food Canada is a federal initiative that offers financial and technical assistance to producer organizations for new agricultural risk management 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.
- Canadian national, regional or provincial producer organizations representing member-producers who are directly involved in the production of agricultural products are eligible to apply for assistance.

ABOUT OUR INSURANCE PARTNERS

- Bluetongue Insurance is provided by the **Echelon General Insurance Company** and 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.

TO LEARN MORE:

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Agriculture and Agri-food Canada is pleased to participate in the production of this program, and is committed to working with our industry partners to increase public awareness of the importance of the agri-food industry to Canada.



BACKGROUND

- The Bluetongue Insurance Policy for Sheep is a new commercial insurance program that provides producers with affordable coverage for mortality, business interruption and consequential losses due to Bluetongue (BT). This voluntary program will supplement but not replace funding provided to sheep farmers through government agricultural assistance programs. Bluetongue insurance was endorsed by the Canadian Sheep Federation with the assistance of Agriculture and Agri-Food Canada's Private Sector Risk Management Partnerships (PSRMP) Program.
- Impetus for development of a new insurance program was provided by recent policy changes initiated by the Canadian Food Inspection Agency (CFIA). On July 10, 2006, the Canadian Food Inspection Agency (CFIA) announced that it was revising its Bluetongue (BT) Import Policy, "...based on an updated scientific risk analysis, to eliminate currently bluetongue-related control measures for cattle, sheep and other ruminants imported from the United States" to enable the CFIA to fulfill its international reporting obligations to trading partners and the World Organisation for Animal Health (OIE).
- Not long after the CFIA's announcement, BT was discovered in Northern Europe. On August 18, 2006, BT was found in Kerkrade, the Netherlands and a few days later, German and Belgian authorities confirmed cases in their territories, near the Dutch border. The disease then spread into France and, eventually, into the UK. The number of confirmed cases in the UK is reported to be 70. When the BT outbreak first struck Europe, officials were not certain what serotype (group of micro-organisms or viruses) of the disease was infecting the animals.
- There are 25 known BT serotypes, five of which occur in North America (2, 10, 11, 13 and 17). The serotype that caused the outbreak in Europe in August, 2006, was serotype 8. This serotype has never been reported in Northern Europe before, which means that the disease occurring in Northern Europe is considered to be of exotic origin. It is believed that this serotype is of a sub-Saharan lineage, although the precise origin is not yet known, nor is the way in which the virus was introduced into Europe.
- A recent article entitled "Climate change and the recent emergence of Bluetongue in Europe" suggest that the unprecedented spread of the disease further north in Europe "...has been driven by recent changes in the European climate that have allowed increased virus persistence during winter".
- In this context, the Canadian sheep industry began developing a mechanism that would make sure that Canadian sheep producers were covered for losses in the event of a Bluetongue outbreak. The result is the *Bluetongue Insurance Policy for Sheep*.
- Bluetongue insurance will cover participating 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).

- Acknowledging that not all of the 25 serotypes of BT have been removed from the CFIA's reportable disease list, the policy has been designed in such a way that producers who have coverage, and have been diagnosed with any of the 25 serotypes of BT, will receive compensation above and beyond CFIA compensation.
- The BT Insurance Policy for Sheep is affordable for producers. Coverage will cost 0.55% to 1.78% of the sum insured, depending on the province of residence.
- Insurance coverage for 2008 is available for producers beginning in April 2008.

Additional details on Bluetongue insurance products for sheep farmers including information on how to apply is available from:

The Precept Group Inc.

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