

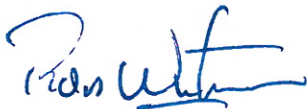
October 1, 2019

Dear Stakeholders:

AgrilInsurance participation has been declining over the last few years in New Brunswick. To help address this issue the Department of Agriculture, Aquaculture and Fisheries hired AIRM Consulting Ltd. to conduct a review of several horticulture crops with a focus on identifying new or improved insurance solutions. The review focused on potatoes, wild blueberries, apples, cranberries, maple syrup, grapes and strawberries. A summary of the review's recommendations is attached.

I want to thank growers for your participation to date. I look forward to your continued support as we review this important program. If you want to discuss the report in more detail please contact Margaret Mann, Manager AgrilInsurance at Margaret.Mann@gnb.ca or (506) 453-2185.

Sincerely,



Ross Wetmore
Minister

- c. Cathy LaRoche, Deputy Minister, Department of Agriculture, Aquaculture and Fisheries
Ryan Bourgeois, Director, Industry Financial Programs
Margaret Mann, Manager, AgrilInsurance



AgrilInsurance is a federal-provincial-producer cost-shared program that stabilizes a producer's income by minimizing the economic effects of production losses caused by natural hazards. AgrilInsurance plans are developed and delivered by each province to meet the needs of the producers in that province. AgrilInsurance plans help to cover production losses as well as loss of product quality. AgrilInsurance administration costs are shared by the federal and provincial government. New Brunswick offers insurance coverage for apples, grains, grain corn, oilseeds, pulse crops, potatoes, sweet corn, strawberries, fresh market vegetables and wild blueberries.

AgrilInsurance participation has been declining over the last few years in New Brunswick. To help address this issue the Department of Agriculture, Aquaculture and Fisheries hired AIRM Consulting Ltd. to conduct a review of several horticulture crops with a focus on identifying new or improved insurance solutions. The review focused on potatoes, wild blueberries, apples, cranberries, maple syrup, grapes and strawberries. The review gathered information through key informant interviews, focus groups with producers, industry reports and published literature. The review focused on developing solutions that are responsive, relevant, accurate and fill gaps in coverage, while ensuring that federal and provincial insurance principles and regulations are met, and the products are actuarially sound and self-sustainable.

Report Findings

The report included five general recommendations that apply to all commodities:

1. Probable Yield Methodology – determine if flexibility exists to address the unique challenges of New Brunswick.
2. Weather Index-Based Insurance – determine feasibility of implementing in New Brunswick.
3. Whole-Farm Catastrophic Insurance – conduct actuarial analysis to determine feasibility of implementing in New Brunswick.
4. Producer Education and Awareness – improve the understanding of AgrilInsurance for New Brunswick producers.
5. Pooled Insurance Across Atlantic Provinces – explore the potential for forming a combined insurance pool with the other Atlantic provinces as a longer-term solution.

The following is a summary of commodity specific recommendations:

Potatoes

- Create two separate insurance plans to cover the separate risks of field and storage coverage.
- Conduct actuarial analysis to determine the impact of an eight-year simple average compared to the current ten-year simple average.

- Investigate options to minimize the impact of significant loss years resulting from extreme weather conditions.

Wild Blueberries

- Introduce a trend factor based on inputs, technology and age of stand to ensure the probable yield is more reflective of the current yield.

Apples

- Introduce a blended price option to better account for the various sale prices of apple varieties.
- Improve the immature orchard table to better reflect current orchard planting methods.
- Introduce catastrophic loss coverage for trees.

Cranberries

- Develop a multi-peril yield based plan.

Maple Syrup

- Develop a multi-peril yield based plan.

Grapes

- Develop a multi-peril yield based plan.

Strawberries

- Maintain the current strawberry insurance plan with a focus on increasing participation.

Next Steps

The Department of Agriculture, Aquaculture and Fisheries is committed to offering AgriInsurance plans that provide value for producers. We intend to focus on the general recommendations related to probably yield methodology, whole-farm catastrophic insurance and producer education and awareness in the short term. The recommendations related to weather index-based insurance and pooled insurance across Atlantic provinces will be set aside for the longer term.

For the commodity specific recommendations, we intend to focus short term on conducting actuarial analysis to determine the impact of potential changes for potatoes, apples and wild blueberries. Once these plans are stabilized we can then focus on the possibility of developing new plans for cranberries, grapes and maple syrup.

We will present the analysis to potato, apple and wild blueberry growers this Fall to discuss if changes should be implemented. Changes are expected to be implemented for the 2021 growing season, however some changes may be possible for the 2020 growing season.

To discuss the report in more detail please contact Margaret Mann, Manager AgriInsurance at Margaret.mann@gnb.ca or (506) 453-2185.