

Agribusiness Conference: Specialized Farm Education Found Nowhere Else

SACRAMENTO—Brokers/Agents and company representatives know that the 17th Annual Agribusiness Conference is the only place in the nation to get specialized farm and agricultural insurance education.



The conference, to be held at the Radisson Resort Hotel, 500 Leisure Lane, Sacramento, 800-333-3333, March 17-18, will have a broad agenda, with five concurrent sessions running during both days. Participants can learn about basic farm coverages or delve into specialized breakout sessions from livestock to aquaculture.

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Some of the breakout sessions include:

◆ Genetically Modified (GM) Crops

The National Academy of Sciences released a report outlining the difficulties of making sure bio-engineered plants, animals and microbes don't breed or cross-pollinate.

During this session we'll discuss bio-confinement risk management approaches, as well as GM crop controversy, foreign market reactions, risk exposures and solutions.

◆ Livestock Insurance

The U.S. has launched a drive to reassure trade partners American beef is safe after they halted imports over an outbreak of BSE, or mad cow disease. More than 30 countries have banned American beef since the first case of BSE was diagnosed in December. This session will discuss insuring livestock, identify exposures and coverage endorsements, and examine the livestock risk protection program.

◆ Equine Insurance

State experts are reminding farmers that horses should be vaccinated again this year for protection from the West Nile virus. West Nile virus is spread to horses and humans by mosquitoes who've pick up the virus from infected birds. The virus has been found in five states and one province, and has killed more than 100 people nationwide. This session will examine farm/ranch package policies, standard and equine liability, care-custody-and-control, and equine mortality.

◆ Bio-Terrorism Risks in Agriculture

Under a U.S. law taking effect this year, all food and beverage companies must comply with new registration requirements, and non-U.S. companies who export to the United States must retain a U.S. FDA registration agent. According to the U.S. FDA, the events of Sept. 11, 2001, highlighted the need to enhance the security of the U.S. food supply. Congress responded by passing the Public Health Security and Bio-Terrorism Preparedness and Response Act of 2002 (the Bio-Terrorism Act). The Bio-Terrorism Act includes a provision that requires the Secretary of Health and Human Services to develop regulations mandating domestic and foreign facilities that manufacture, process, pack or hold food for human or animal consumption in the United States to register with the U.S. FDA. We'll discuss the 2002 U.S. Bio-Terrorism Act, risk identification, potential bio-terrorism agents, and identify where the greatest risks are in the food systems.

◆ **Aquaculture / Fish Farm Risks**

Modern aquaculture, the kind that began with salmon about three decades ago, involves technically specialized conditions and a great deal of knowledge about the habits and life cycle of each fish species. Aquaculture has brought two crucial changes to the seafood industry: consistency of supply and lower prices. This seminar will discuss aquaculture risk management, information on risks that cause fish farm losses, identify the insurers, pollution and environmental problems, regulations and certifications, and the challenges facing the aquaculture insurance market.

◆ Aquaculture / Fish Farm Risks

The Agribusiness Conference will have breakout sessions on these topics: dairies, wineries, nurseries and citrus crops, pollution, ag benefits, trucking, EPLI, Migrant Workers' Act, and much more. The conference attracts more than 300 brokers/agents and company underwriters from more than 20 states and Canada.

The conference is filed and approved as listed below:

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- ◆ Approved for 15 CE in AK, CA, CO, NV, TX, WA and WY
- ◆ Approved for 14 CE in AZ, ID and OR
- ◆ Approved for 12 CE in KS, SD and UT
- ◆ Pending 15 CE in CT, FL, IA, IL, MN, NH, NJ, NY, SC, WI and WV □

Special Registration Fee

There is an early bird special of \$399 for those who register by Feb. 18. Afterward, the fee increases to \$449. Visit www.insuranceskillscenter.com for more information. □

Six Reasons Brokers/Agents, CSRs And Company Representatives Should Attend

- ✦ The conference is filed for CE credits in more than 20 states
- ✦ Earn the nation's only Agribusiness/Farm Insurance designation (AFIS)
- ✦ Network with the nation's leading ag-insurance company representatives
- ✦ Attend specialized breakout sessions
- ✦ Lunch and light continental breakfast are included both days
- ✦ Hosted reception and company displays □

Agribusiness Conference Sponsors

The IBA West Agribusiness Committee would like to extend a thank you to all of the generous company sponsors of the 17th Annual Agribusiness Conference:

- ✦ AAIS
- ✦ Abram Interstate
- ✦ Allied Insurance
- ✦ American Re / Munich Re Group
- ✦ Capital Insurance Group
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- ✦ Fireman's Fund Agribusiness
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- ✦ *Insurance Journal*
- ✦ Meadowbrook Insurance Group
- ✦ OneBeacon Insurance
- ✦ Risk Management Agency
- ✦ Rural Community Insurance Services
- ✦ State Compensation Insurance Fund
- ✦ Travelers Agribusiness
- ✦ United Agribusiness League □

Agribusiness Conference Lodging Update

SACRAMENTO—Agribusiness Conference attendees have taken almost all of the rooms allocated in the room block for the Radisson Hotel. There are still a few rooms available.

Conference participants can also take advantage of lodging located less than one mile away at the Extended Stay America Hotel.

Extended Stay America

2100 Harvard Street

Sacramento, CA, 95815

916-921-9942

To reserve online, visit www.exstay.com or call the hotel at 916-921-9942. Rates start at \$69/night. □

Earn the Nation's First Farm Insurance Designation

IOWA CITY, IA—**AFIS (Agribusiness and Farm Insurance Specialist)** is a three-part designation that takes three years to earn, (45 hours of comprehensive ag education). The



AFIS designation will introduce producers/underwriters to the farm/ag industry, and is the perfect solution to train and test for comprehension. For experienced agents and underwriters, the AFIS designation affords the opportunity to be recognized for achieving a measurable standard of understanding of farm and agribusiness risks.

During the 2004 conference, new participants can begin AFIS with either Part 1 or Part 2, and they must attend both days of classes, then can take the corresponding exam at the end of Day 2.

Participants who completed AFIS Part 1 classes in 2003, are encouraged to attend the AFIS Part 2, then Part 3 in 2005 to receive the designation. After successful completion of all three exams, participants will earn the AFIS designation.

- ✦ **Part 1** focuses on farm property, farm inland marine and farm liability
- ✦ **Part 2** focuses on farm/ag risk management, workers' comp, Migrant Workers Act, farm auto and crop insurance
- ✦ **Part 3** focuses on miscellaneous property, miscellaneous liability and the AAIS Agricultural Output Policy.

For more information on the AFIS designation, visit www.insuranceskillscenter.com. □

Workers' Compensation Initiatives Folded Into One

OAKLAND—Workers' compensation reform is dominating the press these days but very little action is being taken in the Legislature to enact reform or even to provide the needed cleanup legislation for the reforms that were passed last year. In his first State of the Union address earlier this month, Gov. Arnold Schwarzenegger warned the Legislature that if they failed to pass meaningful workers' compensation reform by March 1, he would place an initiative on the November ballot. The governor wasn't the only one with that idea.

Bob Grimm of Grimmway Farms, the largest grower of carrots in the world, decided he had to do something about his workers' compensation costs. Though self-insured, Grimm found he could do little to control the upward spiral of costs facing his company. "He looked at his own situation and thought, 'what would I change if I could re-write comp law in this state?'," explained Vince DeVargas, Western Growers Association and chairman of the IBA West Agribusiness Committee. With the consultation of his human resources staff and legal counsel, Grimm crafted an initiative that he filed with the California secretary of state's office. Titled the California Workers' Compensation Reform and Accountability Act, the measure calls for the use of objective facts and medical evidence to form the basis of determining medical

benefits, stipulate the use of American Medical Association standards and guidelines, and prescribe increasing penalties for medical practitioners found guilty of abusing the workers' compensation system.

Two other initiatives were also filed, one on behalf of the governor by Joel Fox and the other by Ted Costa, both taxpayer group gurus. Efforts have been underway in the past several weeks to consolidate all the comp efforts into one ballot measure. In a recent meeting of the executive committee of the Western Growers Association the announcement was made that key elements of the Grimm initiative would be folded into the initiative proposed by Fox known as the Workers' Compensation Reform and Accountability Act.

"This is a good development," explained DeVargas. "Employers are pretty united on the basics of what they want to accomplish workers' comp reform." □

Mad Cow Disease Detected In U.S.

OAKLAND—Mad Cow disease (bovine spongiform encephalopathy BSE), which first appeared in the United Kingdom in the mid-1980s, has now been detected in the United States. With the discovery of one dairy cow from a herd of 4,000 in rural Washington infected with mad cow disease, comes far-reaching insurance ramifications and a complex tort issue.

The economic costs associated with the discovery of a mad cow infected animal could easily be in the billions, as countries impose bans on imported U.S. beef and consumers avoid buying it. Still, the economic costs are very different from the insurance costs. The following is an overview on potential types of insurance coverages and the exposures involved:

Animal Mortality (life insurance for livestock): Insurance would cover the market value of cattle in government-enforced slaughter, but such coverage is not typically taken out on the average cow. Usually it's taken out on special livestock of particularly high value (e.g., prize stud bull, etc.), so penetration is low, relative to the population of cattle. In Europe, national governments bore most of these costs when BSE and foot and mouth disease ravaged herds there. Nevertheless, a farm could be forced to destroy all cattle—and one insured bull could be worth hundreds of thousands of dollars.

Product Recall: This coverage is not often purchased even though the costs of a recall can be considerable. There was some interest in this coverage following the European outbreaks, but that interest, in recent years, has waned.

Business Interruption: This is not applicable coverage. It requires physical loss or damage to insured premises as a result of a covered peril. The fact that a grocery store, meat packer, butcher shop or restaurant would have to close or might lose business as the result of the mad cow outbreak does not fit the definition of physical loss or damage. Closure by civil action (government authority) doesn't apply either, since there still needs to be a covered peril to trigger the closure (infection is not a covered peril). Bottom line: No exposure under business interruption.

Tort-Related Exposures: If the mad cow infected meat is found to have gotten into the food supply, litigation would undoubtedly ensue. Normally one needs to demonstrate some physical or financial harm in a tort case. Here, nobody has become ill and the latency period is so long that this is not an immediate issue—at least in terms of personal injury cases. One

could argue that the claimant was caused emotional distress if it can be demonstrated that tainted meat was consumed. Fear of developing a disease is not normally compensable.

Negligence: This is a more likely and immediately obvious avenue for a tort case. The argument could be made, if the tainted meat reaches the food supply, that the farmer, meat packer, processors, feedstock supplier, retailer/restaurant etc., were all negligent and caused (or suffered) economic damage. In that case, there would be suits filed by these parties against each other and against outside parties. The products liability issue right now is probably most relevant to the feedstock supplier. Usually, cows are infected by consuming tainted feedstock containing the ground-up organs of other cattle. Litigation could be expected to erupt over this.

The "nightmare" scenario is that the meat from many infected cows has already entered the food supply without detection for an extended period of time. The long latency period means a large future liability is potentially building. This is unlikely since the USDA has been testing for years with this being the first, and an apparently isolated case. The second reason the nightmare scenario is unlikely, is that consuming meat from an infected animal does not automatically lead to the human form of this illness, Creutzfeldt-Jakob Disease. It is in fact extremely rare, though always fatal.

Source: Insurance Information Institute □

Unprecedented Spread Of "Bird Flu" Requires Broad Collaboration

GENEVA—The World Health Organization (WHO), the UN Food and Agriculture Organization (FAO) and the World Organization for Animal Health (OIE) are calling for broad collaboration in controlling the unprecedented spread of avian influenza in many areas of Asia. The so-called "bird flu" has the potential of evolving into a human pathogen if left uncontrolled. This would pose a significant threat to global public health.

Highly pathogenic avian influenza is a threat to public health because, if it circulates long enough in humans and farm animals, there is an increased risk that it may evolve into a pandemic influenza strain that could cause disease worldwide. In addition, avian influenza is an economic disaster for the poultry industry as well as small poultry farmers.

"Farmers in affected areas urgently need to kill infected and exposed animals and require support to compensate for such losses. This will represent a huge cost, especially to struggling economies and small farmers. The international community has a stake in the success of these efforts and poorer nations will need help," said FAO Director-General Dr. Jacques Diouf. FAO and OIE also called for a tight and effective control of animal movement in affected areas. Farm workers need to be protected during the culling operations by wearing protective clothing. In addition, vaccines need to be supplied. Farmers, especially backyard farmers, need to be supported for losses that will surely be significant.

The threat from avian influenza is well understood. Unlike SARS, diagnostic tests already exist, as do effective, although costly, anti-virals for humans. While it is challenging, research is already well underway on the development of a human vaccine against this strain. Source: www.who.int □

