



Corporate Risk

October 18, 2007

Advance reading and information request package

Development of a production insurance option: Canadian floriculture growers

Please review the package and answer the questions enclosed before the focus group on October 18, 2007.

THIS SHOULD TAKE NO MORE THAN 20 MINUTES

We will ask you to submit your completed package upon session closing



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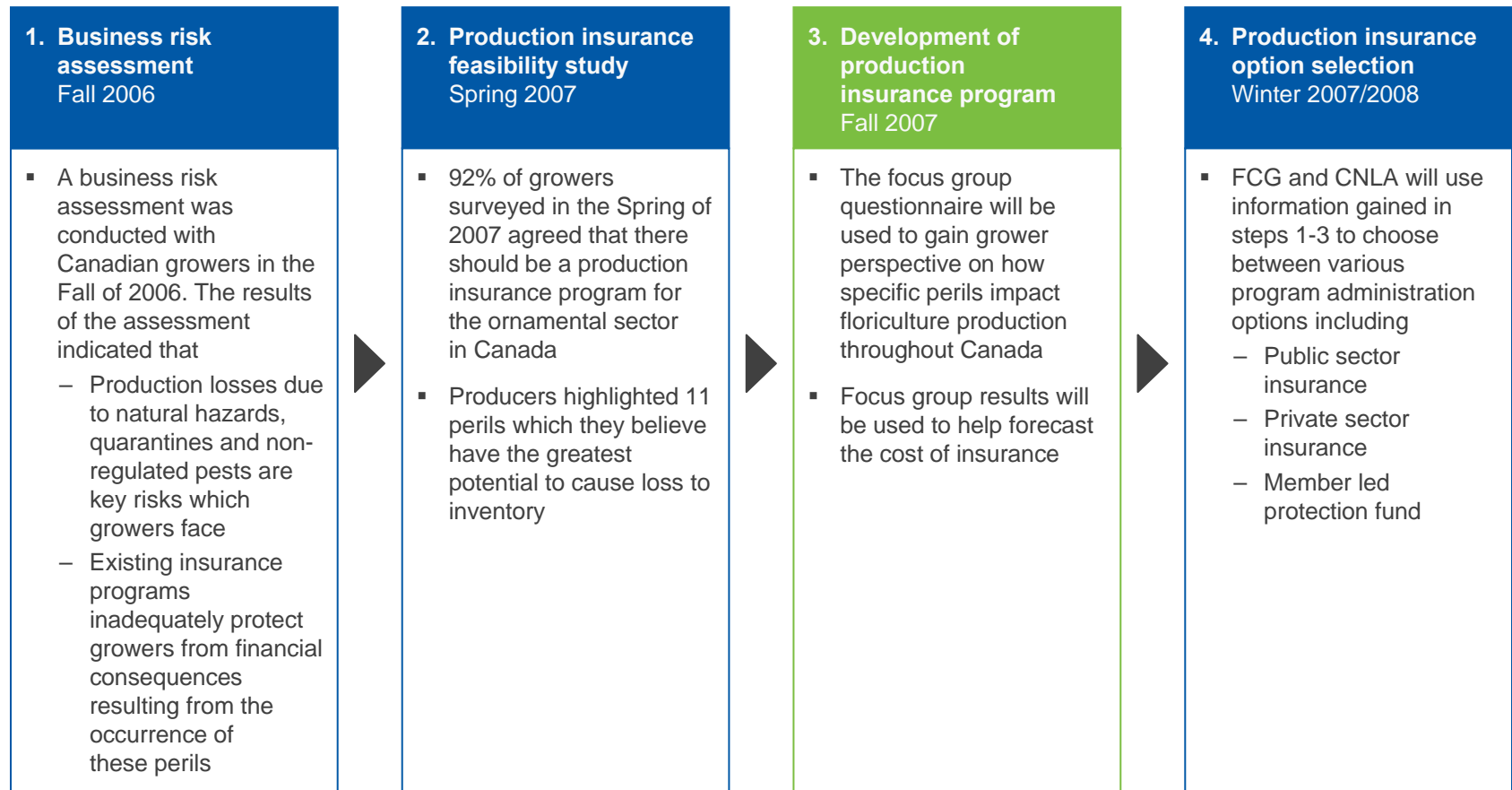
Section 1

Introduction

A grower focus group is being undertaken to facilitate the development of a production insurance program for ornamental horticulture in Canada

- Flowers Canada Growers (“FCG”) and Canadian Nursery Landscape Association (“CNLA”) are working to develop a practical risk sharing program (production insurance) which will allow growers to better manage crop production losses
- This process is being undertaken with the support of Agriculture and Agri-Food Canada
- Inherent to the success of the project is your participation in **a 2 hour focus group** to gain your perspective on specific insurable perils (hail, frost etc.)
 - Understanding your expertise and experience as a grower is critical. Accurate program development will require an understanding of how insurable perils impact growers in the “real-world”
 - We are seeking specific information on perils that significantly impact growers both regionally as well as nationally. Five floriculture focus groups will be held nationally to reflect regional differences
- **The focus group you are attending will be a key input to the potential development of a production insurance program for Canadian growers**

The focus group questionnaire is step three in a four step process to develop a production insurance program for floriculture growers



Production insurance serves to protect growers against financial losses from plant damage caused by natural hazards, extreme weather, quarantines and regulated pests

Production insurance covers...

- ✓ Financial losses due to damage or loss of insured crops caused by covered perils such as
 - Quarantine and regulated pests
 - Extreme weather (e.g. extreme heat, wind, excess moisture, frost)
 - Natural hazards (e.g. flooding, hail, fire, landslides)
- ✓ The crop inventory includes growing and/or finished growing stock on the insured's premises
 - Crop inventory only includes floriculture plants
- ✓ Also considered is coverage for extra expenses such as
 - Pruning
 - Destruction costs
 - Removal of debris

Production insurance does not cover...

- × Stock or any other crops (e.g. grains, oilseeds, produce, livestock, etc.) which may be covered under other production insurance policies
- × Elements which may be insured by property insurance policies such as
 - Raw materials used to grow plants (e.g. pots, fungicides, pesticides, soil, potting mix, etc.)
 - Building (e.g. greenhouses, fixtures, etc.)
 - Contents (e.g. furniture, machinery, tools, equipment, etc.)
- × Losses due to negligence, failure to adhere to good management practices and/or deliberate acts

Growers are kindly asked to fill out the questionnaire prior to the focus group

- You are asked to complete the following two activities to ensure a successful and efficient focus group
- 1. **Please fill in the questionnaire in the following section prior to the focus group session**
It is not anticipated that preparation will take more than 20-25 minutes
 - The purpose of the questionnaire is to understand how each peril may impact your operation and identify what risk management activities you have in place to mitigate the risks
- 2. **Attend and participate in the focus group session.** During the focus group session we will discuss each peril and guide you through the questionnaire
 - You will have the time to make any necessary changes
 - Please return the complete questionnaire to representatives from FCG after the session
 - **All results will remain anonymous and will be used solely for the purpose of this project**

Section 2

Focus group questionnaire

Focus group questionnaire

Introduction

- Please follow the instructions below when completing the questionnaire
- When answering the questions, only consider the loss events and their impact to production/inventory as they relate to your **wholesale floriculture** operations
 - Do not include losses to other crops or commodities (e.g. nursery, edible crops, livestock, etc.) and other sales (e.g. soil, gardening tools, services, etc.)
- For each question, consider how the peril may impact your floriculture operations considering
 - The region where your operations are located
 - The practices that your operation has implemented to mitigate the risk (e.g. pesticides, irrigation, etc.). Our goal is to gain your perspective into specific perils and how they impact your operation in the real world (which includes mitigation activities)
- Answer the questions to the best of your knowledge
 - Please provide best-guess estimates using your experience and expertise as a floriculture grower
- **Please answer “NA” if you don’t believe that it is possible for your operations to experience losses as a result of a specific peril**

Focus group questionnaire

Demographic information

1. How many locations does your operation have? _____
2. Location of operations (city/town) _____

 Postal code(s) _____
3. How many years has your operation been in business at its current location? _____
4. Date when **outdoor** planting begins _____ Date when **outdoor** harvesting ends _____
5. Average **outdoor** growing cycle length _____
6. Date when **indoor** planting begins _____ Date when **indoor** harvesting ends _____
7. Average **indoor** growing cycle length _____
8. I currently purchase greenhouse insurance (yes/no)_____. If yes, does it include cover crop inventory losses (yes/no)? _____
9. What percentage of your floriculture revenue do you receive from export sales? _____
10. Please describe the type of greenhouse used at your operation (i.e. glass, polyhouse). _____
11. Please complete the following table. State your revenue from wholesale floriculture sales and the indoor/outdoor production area (square feet) your operation has covered for the past five years

Year	Revenue from wholesale floriculture sales	Indoor production area (sq ft)	Outdoor production area (sq ft)
2006	\$		
2005	\$		
2004	\$		
2003	\$		
2002	\$		

Focus group questionnaire

Demographic information

12. Please complete the following table. Indicate how many square feet of wholesale floriculture production space at your operation in 2006 was allocated to the different plant types listed (indoor and outdoor), as well as the revenue from plants sold in 2006

Plant type	Indoor area (sq ft)	2006 indoor wholesale revenue (\$)	Outdoor area (sq ft)	2006 outdoor wholesale revenue (\$)
Flowering bedding plants (i.e. geraniums, impatiens, lobelias and marigolds)				
Flowering cut flowers (i.e. roses, freesia, alstromeria and snapdragons)				
Flowering potted plants (i.e. african violets, orchids, cyclamen and potmums)				
Tropical foliage plants (i.e. dieffenbachia, ficus and philodendron)				
Field grown flowers and specialty crops (i.e. daffodils, gladiolus and tulips)	NA	NA		

13. I would choose to cover _____ % of my crop's total production value, if production insurance were available (circle one). For instance, if you chose to have 75% of your crop covered by production insurance, and a peril occurred which destroyed inventory worth \$1,000 of your total crop, you would be indemnified \$750
- 0%
 - 50%
 - 75%
 - 90%
 - 100%

Focus group questionnaire

Peril frequency and severity information

1. Quarantine (regulated pests)

- I estimate that a quarantine at my operation which results in crop losses may occur once every _____ years
- Crop loss**
I estimate that my operation could lose _____ % of its total production square footage on **average** and _____% of its total production square footage at a **maximum** when a quarantine occurs on my premises
- Production loss**
I estimate that my operation could lose _____ % of its total annual revenue on **average** and _____% of its total annual revenue at a **maximum** from lost production when a quarantine occurs on my premises
- Please provide information below on all quarantines at your operation in the last five years. See page 12 for list of plant types

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- Please complete the following table. Indicate which of the following risk management techniques your operation implements to protect against quarantine pests. Please use the empty lines to insert other practices not listed

Risk management technique	X or √	Brief description of RM technique
Pesticides		
CFIA audits		

Focus group questionnaire

Peril frequency and severity information

2. Disease/non-regulated pests

- I estimate that a disease/non-regulated pest event that destroys/damages greater than 10% of my production square footage may occur at my operation once every _____ years
- Crop loss**
I estimate that my operation could lose _____ % of its total production square footage on **average** and _____ % of its total production square footage at a **maximum** when a disease/non-regulated pest event occurs on my premises
- Production loss**
I estimate that my operation could lose _____ % of its total annual revenue on **average** and _____ % of its total annual revenue at a **maximum** from lost production when a disease/non-regulated pest event occurs on my premises
- Please provide information below on all disease/non-regulated pest events which resulted in crop loss at your operation in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- Please complete the following table. Indicate which of the following risk management techniques your operation implements to protect against non-regulated pests. Please use the empty lines to insert other practices not listed

Risk management technique	X or √	Brief description of RM technique
Pesticides		

Focus group questionnaire

Peril frequency and severity information

3. Hail

- Does your greenhouse sufficiently protect your **indoor** crop from hail destruction? (yes/no) _____
- Does your greenhouse property insurance policy cover your **indoor** crop from loss due to hail? (yes/no) _____
- Light hail (few stones or pellets, slow accumulation on ground) is sufficient to destroy _____ % of my operation's **outdoor** production square footage
- Moderate hail (rapid accumulation on the ground) is sufficient to destroy _____% of my operation's **outdoor** production square footage
- Heavy hail (very rapid accumulation on the ground) is sufficient to destroy _____% of my operation's **outdoor** production square footage
- Please provide information below on all hail events which resulted in crop loss at your operation in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- Please complete the following table. Indicate which of the following risk management techniques your operation can implement in the event of a hail storm. Please use the empty lines to insert other practices not listed

Risk management technique	X or √	Brief description of RM technique
Move outdoor plants indoors		

Focus group questionnaire

Peril frequency and severity information

4. Wind

- Does your greenhouse sufficiently protect your **indoor** crop from wind destruction? (yes/no) _____
- Does your greenhouse property insurance policy cover your **indoor** crop from loss due to wind? (yes/no) _____
- Wind gusts of _____ km/h are sufficient to destroy **10%** of my operation's **outdoor** production square footage
- Wind gusts of _____ km/h are sufficient to destroy **50%** of my operation's **outdoor** production square footage
- Wind gusts of _____ km/h are sufficient to destroy **90%** of my operation's **outdoor** production square footage
- Please provide information below on all wind events which resulted in crop loss at your operation in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- Please complete the following table. Indicate which of the following risk management techniques your operation implements to protect **outdoor** crops from high winds. Please use the empty lines to insert other practices not listed

Risk management technique	X or \checkmark	Brief description of RM technique
Natural windbreaks		
Man-made windbreaks		

Focus group questionnaire

Peril frequency and severity information

5. Frost

- Does your greenhouse sufficiently protect your **indoor** crop from frost destruction? (yes/no) _____
- Does your greenhouse property insurance policy cover your **indoor** crop from loss due to frost? (yes/no) _____
- Frost temperatures of _____ °C during the growing season are sufficient to destroy **10%** of my operation's **outdoor** production square footage
- Frost temperatures of _____ °C during the growing season are sufficient to destroy **50%** of my operation's **outdoor** production square footage
- Frost temperatures of _____ °C during the growing season are sufficient to destroy **90%** of my operation's **outdoor** production square footage
- Please provide information below on all frost events which resulted in crop loss at your operation in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- Please complete the following table. Indicate which of the following risk management techniques your operation implements when the threat of frost occurs. Please use the empty lines to insert other practices not listed

Risk management technique	X or √	Brief description of RM technique
Heaters		
Bed sheets or frost cloth to cover plants		
Use of wind machines		
Transfer of outdoor stock to greenhouse		

Focus group questionnaire

Peril frequency and severity information

6. Fire

- I estimate that a fire at my operation which results in crop losses may occur once every _____ years
- I estimate that a typical operation like mine could have _____ % of its total production square footage destroyed on **average** when a fire event occurs
- I estimate that a typical operation like mine could have _____ % of its total production square footage destroyed at a **maximum** when a fire event occurs
- Please provide information below on all fire events which resulted in crop loss at your operation in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- Please complete the following table. Indicate which of the following risk management techniques your operation would implement if the threat of fire occurred. Please use the empty lines to insert other practices not listed

Risk management technique	X or \checkmark	Brief description of RM technique
Irrigation systems		

Focus group questionnaire

Peril frequency and severity information

7. Extreme heat

▪ **Outdoor**

A _____ day period with temperatures above 35°C would be necessary to destroy **10%** of my **outdoor** production square footage

A _____ day period with temperatures above 35°C would be necessary to destroy **50%** of my **outdoor** production square footage

A _____ day period with temperatures above 35°C would be necessary to destroy **90%** of my **outdoor** production square footage

▪ **Indoor**

A _____ day period with temperatures above 35°C would be necessary to destroy **10%** of my **indoor** production square footage

A _____ day period with temperatures above 35°C would be necessary to destroy **50%** of my **indoor** production square footage

A _____ day period with temperatures above 35°C would be necessary to destroy **90%** of my **indoor** production square footage

- Please provide information below on all extreme heat events which resulted in crop loss at your operation in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- Please complete the following table. Indicate which of the following risk management techniques your operation would implement if the threat of extreme heat occurred. Please use the empty lines to insert other practices not listed

Risk management technique	X or √	Brief description of RM technique
Irrigation systems		
Ventilation (indoor)		

Focus group questionnaire

Peril frequency and severity information

8. Excessive moisture/flooding

- I have experienced excessive moisture/flooding events resulting in crop losses _____ times in the previous 10 years. Please describe these events in the table below

	Event 1	Event 2	Event 3
Month and year	_____	_____	_____
Duration of event (days)	_____	_____	_____
Duration of business interruption (e.g. number of days unable to harvest)	_____	_____	_____
Depth of water (cm)	_____	_____	_____
% of indoor crop destroyed	_____	_____	_____
% of outdoor crop destroyed	_____	_____	_____
Cause of event (excessive rain, spring snow melt, irrigation malfunction, inability to harvest etc..)	_____	_____	_____

- In my opinion, flowers must be submersed under water for _____ days before death occurs
- Please complete the following table. Indicate which of the following risk management techniques your operation implements to protect against excessive moisture/flooding. Please use the empty lines to insert other practices not listed

Risk management technique	X or √	Brief description of RM technique
Sand bags to protect critical operational areas		

Focus group questionnaire

Peril frequency and severity information

9. Drought

- Please complete the following sentences taking into account current risk management practices your operation has implemented (i.e. irrigation)
 - Outdoor**
 - A _____ day period with no rain would be necessary to destroy **10%** of my **outdoor** production square footage
 - A _____ day period with no rain would be necessary to destroy **50%** of my **outdoor** production square footage
 - A _____ day period with no rain would be necessary to destroy **90%** of my **outdoor** production square footage
 - Indoor**
 - A _____ day period with no rain would be necessary to destroy **10%** of my **indoor** production square footage
 - A _____ day period with no rain would be necessary to destroy **50%** of my **indoor** production square footage
 - A _____ day period with no rain would be necessary to destroy **90%** of my **indoor** production square footage
- Please describe your irrigation water supply (public/private) _____
- Please provide information below on all drought events which resulted in crop loss at your operation in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- Please complete the following table. Indicate which of the following risk management techniques your operation implements to protect against drought. Please use the empty lines to insert other practices not listed

Risk management technique	X or √	Brief description of RM technique
Irrigation systems		
Purchase water in tanker trucks		

Focus group questionnaire

Peril frequency and severity information

10. Wildlife

- Please provide information below on all wildlife events which destroyed **greater than 10%** of your production square footage in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost

- In the space below, please list wildlife types which you believe **could** potentially cause crop losses at your operation. Also, please estimate the percentage of production square footage you believe **could** potentially be destroyed by each wildlife type, and the plant types most likely to be destroyed

Wildlife type	% of crop potentially destroyed	Plant types most likely affected

- Please complete the following table. Indicate which of the following risk management techniques your operation implements to protect against wildlife. Please use the empty lines to insert other practices not listed

Risk management technique	X or √	Brief description of RM technique
Perimeter fencing		
Mesh/netting over flowers		

Focus group questionnaire

Peril frequency and severity information

11. Erosion/landslides

- Is your operation susceptible to erosion/landslides? (yes/no)_____
- Please provide information below on all erosion/landslide events which resulted in crop loss at your operation in the last five years

Month/year	% of indoor sq ft lost	% of outdoor sq ft lost	Major plant types lost
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- Please complete the following table. Indicate which of the following risk management techniques your operation implements to protect against erosion/landslides

Risk management technique	X or √	Brief description of RM technique
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12. Additional causes of loss

- Are there any other causes of physical inventory loss you have encountered? Please list causes below along with a brief description

Cause of loss	Brief description of loss
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