



# Production Insurance

BC Ministry of Agriculture

## **NOTICE – Grape yield loss from smoke taint**

Smoke taint in wines was first identified as a serious problem following the 2003 wildfires in British Columbia. As a result of fires in the South Okanagan in 2015, BC Production Insurance adopted a procedure to adjust production losses arising from smoke taint. This procedure was developed in consultation with, and endorsement from, the grape industry. Any future events that lead to potential grape production losses from smoke taint will be adjusted using this procedure.

### **Pattern and severity of damage**

Smoke taint severity is affected by variety, smoke concentration, exposure time, stage of fruit development and can be verified directly by the detection of specific chemical compounds in the unprocessed berry juice that contribute to the off-flavour of smoke.

### **Peril definition**

Smoke can be a primary cause of loss arising from the insured peril of Fire. No indemnity is payable for events that are excluded from coverage including (but not limited to) vandalism, equipment failure and actions caused by third parties. Under the policy, grapes that are used (processed) or sold, regardless of damage, cannot be considered lost to smoke taint and are not indemnifiable.

### **Notice of Loss**

The rules governing filing of a Notice of Loss apply to smoke taint (Fire) in the same manner as any other cause of loss.

To qualify for an indemnity, the insured must do all of the following:

- a) give us a Notice of Loss at the earliest of the following:
  - (i) the date(s) you become aware of an Event,
  - (ii) the start of harvest of any portion of the Crop for which a claim for indemnity is made,
  - (iii) the end of the period of coverage in the relevant Crop Year,If a Notice of Loss is not received by the earliest required time, the claim may be reduced or denied and,
- b) harvest within a reasonable time after it matures all Crop of that Type, unless we give written consent not to harvest and,





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- c) provide documentation from an independent laboratory showing elevated levels of the two main compounds that are present in the grapes affected with smoke taint – guaiacol (G) and 4-methylguaiacol (4MG) and,
- d) demonstrate (through their contracted winery/broker) that an attempt was made to harvest and process or market the crop.

## Proof of Loss

Once the Notice of Loss (NOL) is received, Production Insurance staff will act immediately to begin the process of working with the producer/winery in the identification, sampling and reporting of damaged grapes. Samples must be collected and submitted for analysis prior to or at harvest.

Once grapes have been shown to contain elevated levels of the chemical compounds that identify smoke taint, the decision to proceed with processing or selling the grapes rests with the insured producer/winery.

- Yield that is smoke affected but where the winery deems can be managed through extraordinary processing techniques and proceeds with processing, are not considered lost to smoke taint (Fire).
- A loss in value as a result of poor juice quality (smoke taint) is not covered under the Policy and not eligible for an indemnity.
- Yield that cannot be utilized will not be counted as production upon receipt of the laboratory report and a winery/broker's declaration of acceptability.

The Policy Wording for Grapes states that before an indemnity can be paid the crop must be harvested.

However, Production Insurance will use reasonable discretion and work with the insured producer to determine the least impactful way (for both parties) to dispose of or destroy the crop.

Where damage is severe, the crop may be harvested and destroyed. Where damage is moderate, the producer and/or winery must make a reasonable effort to utilize the crop.

## Calculation of the indemnity

Claim payments are based on the coverage value (dollar amount) of the damaged grapes, less the value of the Deductible selected at the beginning of the Crop Year.

Please contact your Production Insurance representative if you have questions relating to this procedure.

