



Crown Corporation

B U S I N E S S P L A N S

FOR THE FISCAL YEAR 2009–2010

Nova Scotia Crop and Livestock Insurance Commission

Business Plan 2009–2010

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Message from the Minister, Chair, and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2009–2010. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses.

The AgriInsurance product line continues to expand the opportunities for risk transfer in the production of agricultural products. The commission continues to expand its product line, offering increased benefits, lower premiums, and more insurance options. These products are developed and tested in Nova Scotia for Nova Scotia's unique agronomic mix and business needs.

The commission continues to work toward improving its information management capabilities, which were initiated in 2006. Development of a more-robust integrated system is a key factor in meeting the province's commitment to improve customer service and program options under the AgriInsurance platform of Growing Forward.

The Honourable John MacDonell
Minister of Agriculture

Mr. Avarad Bentley
Chair

Mr. Bill MacLeod, P. Ag.
Acting, CEO

Mission

To provide Nova Scotia farm managers with insurance products with which they can manage the financial risk associated with reduced crop yields or animal production losses due to insurable perils.

Link to Department of Agriculture Mandate

In support of the Department of Agriculture's mission to ensure a prosperous and sustainable agriculture industry through the development of rural people and resources for the betterment of all Nova Scotians, the Nova Scotia Crop and Livestock Insurance Commission strengthens the fabric of rural economies in Nova Scotia by providing agricultural entrepreneurs with the opportunity to cover off the risk of financial losses caused by crop failures. The commission supports the growth and development of the agriculture industry through its crop and livestock-based insurance programs. The introduction of new insurance products will provide more farm producers access to AgriInsurance and expand the risk management options for those already actively managing their production risks.

Planning Context

The Nova Scotia Crop Insurance Commission was established in 1968 to provide Nova Scotia farmers the opportunity to manage the risk of production failure. The Nova Scotia Crop Insurance Act was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the Crop and Livestock Insurance Act.

The commission reports to the Minister of Agriculture and is a key component of the business risk management services that the department offers to the industry. It administers 14 crop insurance plans, a dairy livestock insurance plan, and a poultry insurance plan. In 2008 the successor to the Canada–Nova Scotia Implementation Agreement associated with the National Agricultural Policy Framework called Growing Forward established the AgriInsurance platform. This agreement outlines cost-sharing arrangements and administrative requirements that govern the design and delivery of AgriInsurance programs (also known as production insurance and crop insurance).

Federal and provincial Ministers of Agriculture have indicated their desire to expand and strengthen the role of the AgriInsurance program to offer more coverage to commercially grown crops and livestock species. In that context, the commission is developing products for crops and/or production systems that have not



traditionally been covered under crop insurance.

The commission plans to expand its product line to include insurance options for more crops and animal species, as well as new options for conventional cropping situations. The commission will continue with the implementation and refinement of a Wildlife Compensation Program that was introduced in 2008.

A 2005 study of administrative best practices in delivery of production insurance programs revealed areas where the commission can improve its service delivery. On the report's recommendation, the commission will continue with the modernization of its information management capabilities, take steps to reduce its underwriting and claim verification costs, and increase co-operation with other provincial delivery agents. A major rebuild of the commission's data management capabilities is planned to continue throughout 2009.

Strategic Goals

- To support the economic growth of the province through provision of insurance products that help to stabilize the incomes of agricultural businesses.
- To increase program participation by expanding programming to include new insurance plans under conventional production insurance and to introduce product innovations that broaden the

income stabilization capacity of farm businesses.

- To improve service delivery to clients by reducing red tape and decreasing turnaround time on client requests for program improvements.

Core Business Areas

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. Its business is conducted pursuant to federal and provincial regulations and in accordance with the Business Risk Management chapter of the Canadian Agricultural Policy Framework (Growing Forward).

Priorities for 2009–2010

The commission's priority is to increase the insurance coverage it offers to Nova Scotia agricultural production. The value of coverage is actively managed by increasing the number of products offered and the range of options available to clients. In support of the Department of Agriculture's core business area of developing a competitive business climate that encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the commission will pursue increased program participation through the following program expansions

and enhancements:

- The commission will continue to expand and refine the Wildlife Compensation Program introduced in 2008.
- The commission will introduce a new Maple Insurance Plan and a Stone Fruit Plan in 2009–2010 to meet identified needs in both of these sectors of the agriculture industry.
- The commission will continue its consultations with industry and the federal government with the goal of including the Dairy Livestock Insurance Plan and the Poultry Plan in the AgriInsurance platform, which will allow cost-sharing by both levels of government. This will allow producers to take advantage of the 60 per cent government cost-sharing on premiums.
- In consultation with industry the commission will continue to research and develop additional insurance-based products that meet the needs identified by industry. These include development work on insurance plans for sugar beets and the hog sector. The commission will continue to explore opportunities to grow the risk management options it provides to industry in areas such as grape growing and honey production.
- The commission will continue to evaluate and respond to industry needs through expansion of existing plans and the introduction of more-flexible options to our clients. These options could

include risk splitting, more price options, additional coverage levels, and/or enhancements to currently offered plans.

- To address the specific needs of the horticultural sector, the commission will investigate the development of products that provide more-flexible coverage options to the sector, such as value-based coverage and programs for commercial-scale market garden operations that grow a small acreage of many different crops.

Human Resource Planning

Administratively, the commission will continue to review its staffing needs and update its succession planning strategy, which recognizes an anticipated significant turnover within its staff in the next five years. The commission will also review staff training and development needs during the coming year.

Budget Context

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the Growing Forward framework provides for reimbursement of 60 per cent of the administrative costs relative to AgriInsurance and wildlife compensation. Premiums paid by clients and by the federal government are not included in the departmental budget figures.



Nova Scotia Crop and Livestock Insurance Commission

Estimate of Income and Fund Balances

	Authority 2008-09 (per 2008-09 Estimates Book) (\$,000)	Actual 2008-09 (per 2008-09 Estimates Book) (\$,000)	Budget 2009-10 (per 2009-10 Estimates Book) (\$,000)
Revenues			
Insurance premiums paid by clients	380	622	598
Insurance premiums contributed by government (federal)	323	527	538
Wildlife compensation payments (federal)	0	66	150
Insurance premiums contributed by government (provincial)	215	351	359
Wildlife compensation payments (provincial)	0	44	100
Interest income	150	179	170
Total Revenues	1,068	1,789	1,915
Expenses			
Indemnity claims	1,690	1,653	1,700
Wildlife compensation payments	0	110	250
Reinsurance premiums	-	-	-
Bad debt expense	5	9	4
Total Expenses	1,695	1,772	1,954
Net Income (Loss) From Insurance Activities	(627)	17	(39)
Crop and Livestock Insurance Fund Balance			
Beginning of year	5,757	5,359	5,376
End of year	5,130	5,376	5,337
Administrative Expenses			
Government contributions (Canada)	502	480	913
Government contributions (Nova Scotia)	466	336	613
Total Administrative Expenses	968	816	1,526
Net Government Expenditure			
Canada (premium + administration)	825	1,073	1,601
Nova Scotia (premium + administration)	681	731	1,072
Total Program Expenditure	1,506	1,804	2,673

Outcomes and Performance Measures

Core Business Area

Delivery of insurance products for production agriculture

Outcome	Measure	Data Base Year (2004-05)	Target 2009-10	Ultimate Target 2011-12	Strategies to Achieve Target
Increased income stability of farm businesses	Number of farms using production insurance	600	750	800	Improve program effectiveness and flexibility through introduction of new insurance plans and new non-production based plans. This is in response to client requests for more options in insurance coverage
	Value of coverage	\$52.5 million	\$100 million	\$104 million	Introduce maple insurance and stone fruit insurance and expand poultry insurance
	Aggregate coverage level for crop program	80%	85%	87%	Introduce more-flexible risk-splitting benefits for all crop plans and higher unit prices in response to market conditions
	Number of products available	14	17	18	Expand Wildlife Compensation Program and develop new horticulture products
	Value of compensation paid for wildlife damage	N/A	\$250,000	\$300,000	New target includes federal and provincial compensation paid to producers for damage from wildlife

