



Crown Corporation

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

FOR THE FISCAL YEAR 2010–2011

Nova Scotia Crop and Livestock Insurance Commission

Business Plan 2010–2011

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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 2010–2011. 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 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. Development of a more robust information management system is a key factor in meeting the province's commitment to improve customer service under the AgriInsurance platform.

The Honourable John M^acDonell
Minister, Agriculture

Mr. Avarad Bentley
Chair

Mr. Bill MacLeod, P.Ag.
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 Nova Scotia 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. Cost sharing of AgriInsurance (also known as production insurance and crop insurance) in Nova Scotia is governed by Growing Forward, a federal-provincial-territorial framework agreement on agriculture, agri-food, and agri-based products policy. This agreement outlines cost-sharing arrangements and administrative requirements that govern the design and delivery of AgriInsurance programs.

Federal and provincial policy direction has encouraged the expansion and strengthening of the role of the AgriInsurance programs to offer more coverage to commercially grown crops and livestock species. In this context, the commission is developing products for crops and/or production systems that have



traditionally not been covered under crop insurance in Nova Scotia.

The commission plans to continue to expand its product line to include insurance options for more crops and animal species as well as new options for conventional cropping situations. Although the Wildlife Compensation Program, first introduced in 2008, is not an insurance-based program, the commission will continue to offer it.

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 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 began in 2006 and terminated unsuccessfully in 2009–10. The commission now plans to refocus its internal resources to continue with modernization of its information management capabilities. This work will begin in 2010–11.

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 Area

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 (Part III, Annex B) of Growing Forward.

Priorities for 2010–2011

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 clients using AgriInsurance and by increasing the number of products offered and the range of options available

to clients. In support of the development of 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 program expansion and enhancements and through administrative improvements.

Program Expansion and Enhancements

- The commission will introduce a new Maple Insurance Plan in 2010–2011 to meet the identified business risk management needs of this sector.
- The commission will revise its existing Tree Fruit Plan to permit the insurance of stone fruit (specifically peaches), add triticale to its winter grain plan, and add wind as a peril in the dairy plan.
- In consultation with the agricultural industry, the commission will continue to research and develop additional insurance-based products that meet the needs identified by industry. Specifically, consultation and research-and-development work on a new Acreage Loss Insurance Plan for the horticulture industry will begin in 2010–2011.
- The commission will continue to participate actively in national-level policy and program design options that expand the AgriInsurance opportunities in the livestock sector, including investigation of price insurance options.

The commission will move forward with a request for federal cost sharing of its Poultry Livestock Plan under the Growing Forward agreement.

Administrative Improvements

- The commission will refocus its efforts internally to update and modernize the information technology infrastructure to promote accurate, timely, and more efficient delivery of its products and services.
- The commission will continue to actively promote AgriInsurance as a key business risk management option to agricultural producers in Nova Scotia.

Human Resource Planning

Administratively, the commission will continue to review its staffing needs and update its succession-planning strategy, which recognizes an anticipated significant staff turnover in the next one to five years. The commission will also continue to review staff training and development needs during the coming year. The commission will utilize existing placement options to cover an expected maternity leave within the office during 2010–2011.



Finance

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under Growing Forward 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 and are administered directly by the commission.

Budget Context

Estimate of Income and Fund Balances

	Authority 2009-10 (per 2009-10 Estimates Book) (\$ 000)	Forecast 2009-10 (per 2009-10 Estimates Book) (\$ 000)	Budget 2010-11 (per 2010-11 Estimates Book) (\$ 000)
Revenues			
Insurance premiums paid by clients	598	711	720
Insurance premiums contributed by government (federal)	538	640	648
Wildlife compensation payments (federal)	150	90	150
Insurance premiums contributed by government (provincial)	359	450	432
Wildlife compensation payments (provincial)	100	60	100
Interest income	170	67	67
Total revenues	1,915	2,018	2,117
Expenses			
Indemnity claims	1,700	2,500	1,800
Wildlife compensation payments	250	150	250
Reinsurance premiums	–	–	–
Bad-debt expense	4	5	5
Total expenses	1,954	2,655	2,055
Net income from insurance activities	(39)	(637)	62
Crop and livestock insurance fund balance			
Beginning of year	5,376	5,359	4,722
End of year	5,337	4,722	4,784
Administrative expenses			
Government contributions (Canada)	913	601	648
Government contributions (Nova Scotia)	613	400	432
Total administrative expenses	1,526	1,001	1,080
Net government expenditure			
Canada (premium + administration)	1,601	1,331	1,446
Nova Scotia (premium + administration)	1,072	910	964
Total program expenditure	2,673	2,241	2,410



Outcomes and Performance Measures

Core Business Area

Delivery of insurance products for production agriculture

Outcome	Measure	Data Base Year (2004-05)	Target 2010-11	Ultimate Target 2011-12	Strategies to Achieve Target
Increased income stability of farm businesses	Number of farms using production insurance	600	780	810	Improve program effectiveness and flexibility through introduction of new insurance plans and new non-yield-based plans (in response to client requests for more options in insurance coverage)
	Value of coverage	\$52.5 million	\$128 million	\$130 million	Introduce maple insurance, stone fruit insurance
	Aggregate coverage level for crop program	80%	85%	87%	Promote insurance plans to attract new clients and encourage existing clients to take higher coverage levels
	Number of products available	14	16	18	Introduce new plans (maple) and add stone fruit to the tree fruit plan
	Value of compensation paid for wildlife damage	n/a	\$250,000	\$300,000	New target includes <ul style="list-style-type: none"> federal and provincial compensation paid to producers for damage from wildlife continued promotion of this program