



ANNUAL REPORT
for the year 2010-11

**The Nova Scotia
Crop and Livestock
Insurance Commission**

Canada 

Growing Forward 


NOVA SCOTIA

Her Honour
The Honourable Mayann E. Francis
Lieutenant-Governor of Nova Scotia

Dear Madam:

I have the honour to transmit herewith the Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the year ended March 31, 2011.

I am, Your Honour,
Yours very truly,

A handwritten signature in black ink, appearing to read "John McDonald". The signature is written in a cursive style with a large initial "J" and "M".

Minister of Agriculture

The Honourable John MacDonell
Minister of Agriculture

Dear Sir:

We have the honour to herewith submit the fortieth Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2011. Included in this report is a summary of operations, the audited financial statements, and statistical information for the programs under the authority of the Commission.

Respectfully submitted,
Nova Scotia Crop and Livestock
Insurance Commission



A. Bentley
Chair



B. MacLeod
CEO

TABLE OF CONTENTS

Commission Officers.....	1
Program Background.....	2
Objectives and Responsibilities.....	2
Financial Participation.....	2
Insurance Plans in Force.....	3
Features of the Crop Insurance Plans.....	4
Statistical Summaries.....	6
2010-11 Summary.....	14
Performance Measures.....	17
Financial Statements.....	18
Auditor's Report.....	19

GRAPHS

Fund Revenues.....	3
Number of Contracts by Year.....	4
Acres Insured by Year.....	5
Crop Risk by Year.....	7
Premium and Claims by Year.....	9
Livestock Risk by Year.....	9

COMMISSION OFFICERS

BOARD OF DIRECTORS:

Avard Bentley, Chair
Westchester, Cumb. Co.

Phillip Stead (Deceased January 2, 2011)
Truro, Colchester Co.

George C. Smith, Vice-Chair
NS Department of Agriculture

Greg Coldwell
Port Williams, Kings Co.

R. Michael Walsh
Berwick, Kings Co.

James Baillie
Tatamagouche, Colchester Co.

PRINCIPAL OFFICERS:

B. MacLeod	-	CEO
T.D. Mitchell	-	Secretary
H.D. Black	-	Accounting Clerk
B.J. Nelson	-	Clerk
G.D. Macintosh	-	Supervisor, Field Services
A. Parsons-Lushington / Steve Tattrie	-	Research and Development Coordinator
S.Clark	-	Database Administrator

AUDITOR:

Auditor General - Province of Nova Scotia

SOLICITORS:

B. Kerr / Heather Goodfellow
C. Thompson

FIELD STAFF:

M.J. Blenkhorn
J.M. Peill
G. Thyssen

PROGRAM BACKGROUND

The Nova Scotia Crop Insurance Act, which was assented to in 1968 and amended in 1978 and in 2005 to provide for the administration of the Livestock Insurance program, is cited as the Crop and Livestock Insurance Act.

Under the Crop and Livestock Insurance Act, the Commission is responsible to administer the program under the direction, supervision, and control of the Minister of Agriculture.

The Commission administers crop insurance coverage to 14 crop insurance plans and a dairy and poultry livestock insurance program.

In 2008 the Commission began administration of a Wildlife Compensation Program.

OBJECTIVES AND RESPONSIBILITIES

The fundamental objective of the Crop and Livestock Insurance Commission is to make available to Nova Scotia farmers insurance-based programs that will assist in years of reduced yields, lower revenue, and losses due to insurable perils.

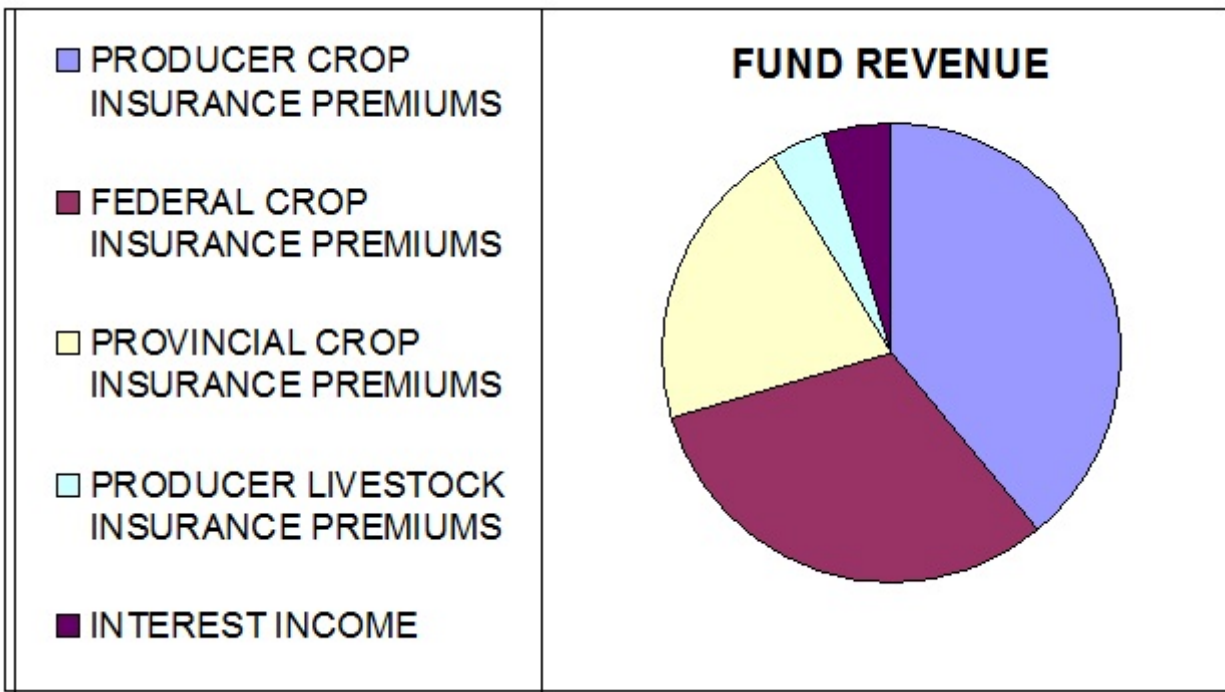
In the interest of efficiency of operations and convenience to farmers, the programs are administered by a common staff, but each program stands on its own. Separate accounting for premium and indemnities is maintained for each program. Administration expenses are proportioned to each program.

FINANCIAL PARTICIPATION

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission. It is subject to the provisions under the Canada-Nova Scotia Bilateral Growing Forward Agreement. Crop and Livestock Insurance in Nova Scotia is delivered under the authority of the Crop and Livestock Insurance Act.

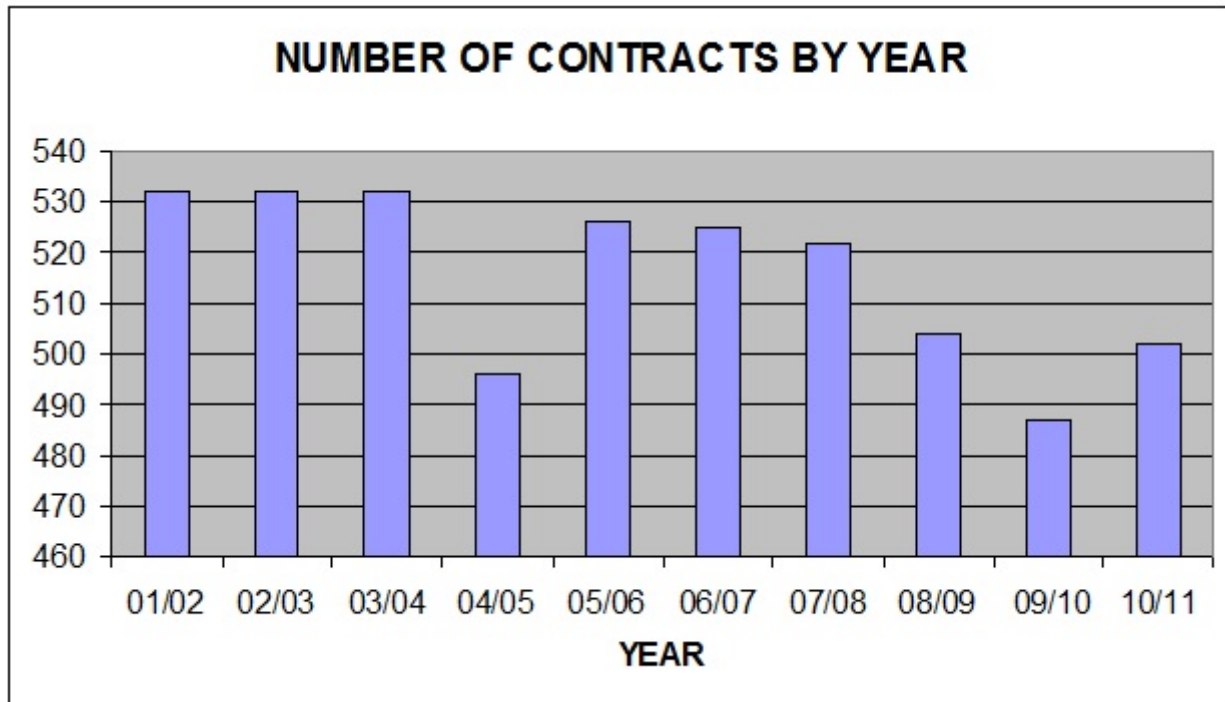
The governments of Nova Scotia and Canada each contribute a percentage of administration expenses for crop insurance and wildlife compensation. Administration expenses for other programs administered by the Commission are the responsibility of the Province.

For 2010-11, the government of Nova Scotia contributed approximately 40 per cent of the total administration costs and 24 per cent of the crop insurance premium. The Government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs.



INSURANCE PLANS IN FORCE

- Spring Grain - oats, barley, wheat, and mixed grain
- Winter Grain - rye, wheat
- Tree Fruit - apples, pears
- Tree Insurance - tree protection
- Corn - silage, grain, high moisture
- Blueberries - lowbush and highbush blueberries
- Strawberries -
- Raspberries -
- Forage - establishment year
- Soybeans - soybeans, canola, sunflowers
- Potatoes - processing, seed, table
- Vegetables - broccoli, brussels sprouts, cauliflower, cabbage, fresh carrots, lettuce, onions, parsnips, processing carrots, rutabagas and winter squash
- Weather Derivative -
- Maple -
- Dairy -
- Poultry -



FEATURES OF THE CROP INSURANCE PLANS

Designated Perils

The crop insurance plans protect against loss caused by drought, frost, hail, wind, excessive moisture, insect infestation, plant disease, wildlife, winter injury, unavoidable pollination failure, and off-crop due to adverse weather conditions.

Type of Insurance

For yield based plans, each insured crop is guaranteed a specific yield based upon the past yield records of each insured. When no past records are available, a bench mark, either provincial or industry averages, is used.

For non-yield based plans (weather) the guarantee is based on other specific measureables, such as total precipitation (or lack of) for a specified area which is known to result in a loss of crop production or quality.

Quality Guarantee

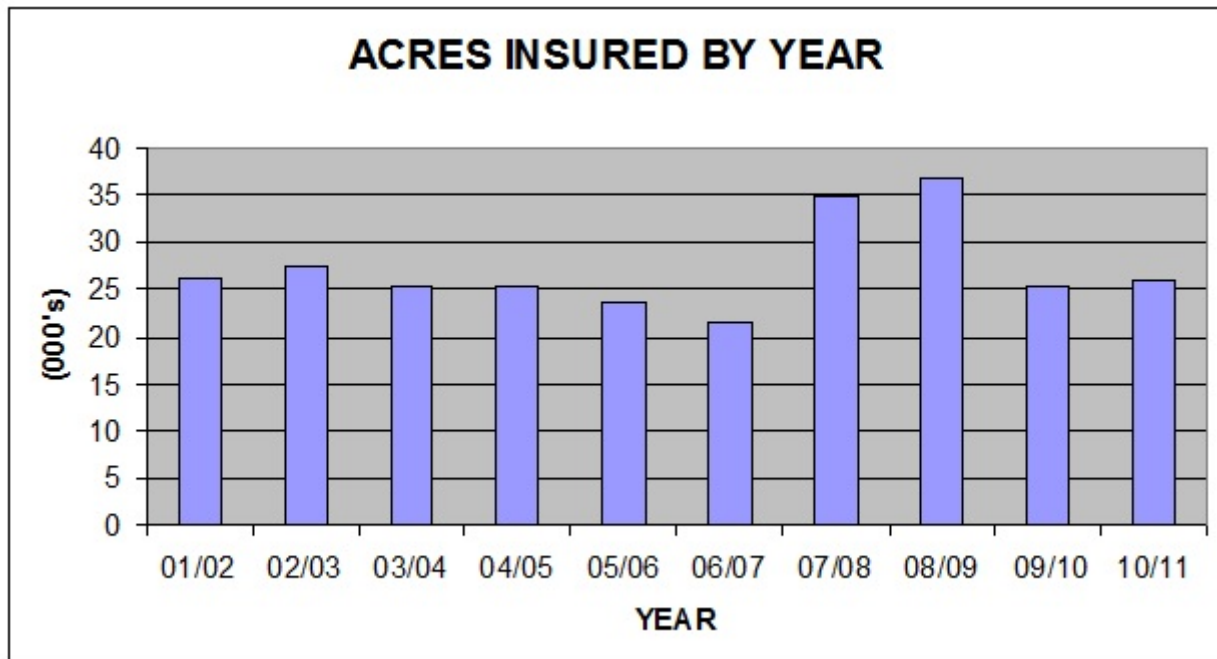
Quality losses are taken into consideration with certain plans such as tree fruit, corn, and spring and winter grain as well as weather.

Premium Discount/Surcharge

The base premium rate for all insurance plans, with the exception of forage and poultry, is adjusted by giving a discount when indemnities paid are less than premium paid or by adding a surcharge when indemnities paid exceed premium. The maximum discount shall be 50% and the maximum surcharge shall be 100%.

Other Programs:

The Nova Scotia Crop and Livestock Insurance Commission administers a compensation program to Nova Scotia farmers for losses to specified crops or livestock as a direct result of the activities of wildlife. There is no requirement for producers to be enrolled in Crop Insurance to obtain a compensation payment. The Province of Nova Scotia and the Government of Canada contribute 40% and 60% respectively for the cost for administration and compensation payments.



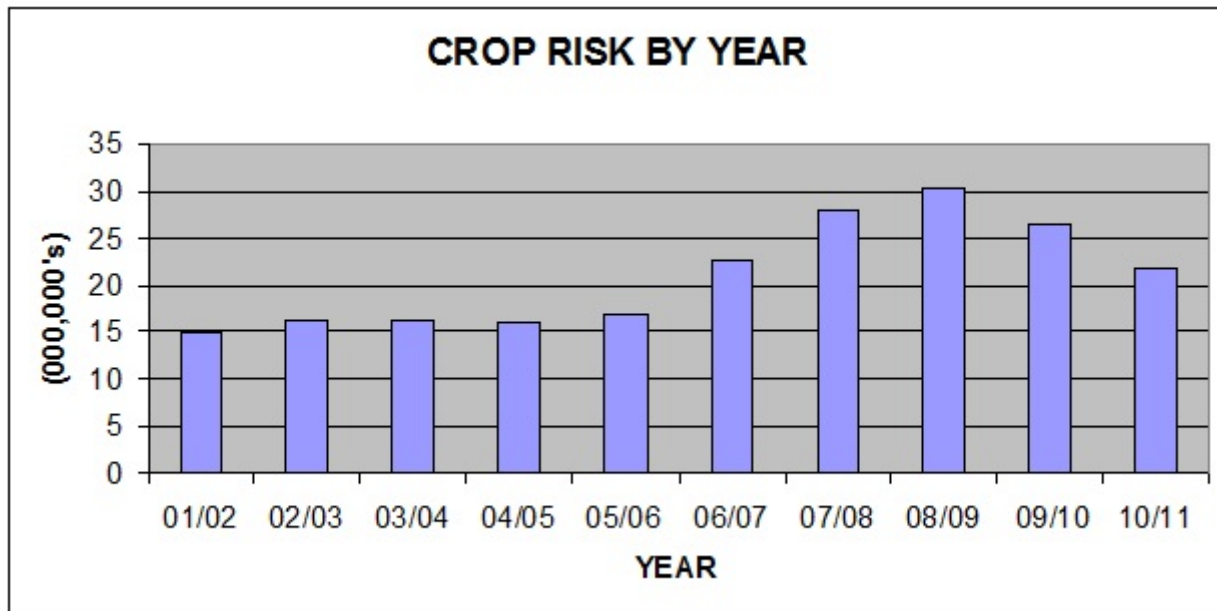
**STATISTICAL SUMMARIES
ANNUAL SUMMARY OF INSURANCE PLANS 2010-11**

PLAN	NO. GROWERS	NO. ACRES	TOTAL COVERAGE	TOTAL PREMIUM	TOTAL INDEMNITIES
Spring Grain	54	1,227.12	\$ 415,164.48	\$ 47,069.84	\$107,504.83
Tree Fruit	85	2,516.96	\$7,985,220.50	\$379,143.22	\$151,700.46
Forage Est.	2	71.00	\$ 9,940.00	\$ 715.68	\$ 0
Corn	64	3,015.04	\$2,297,213.72	\$111,624.36	\$102,103.81
Blueberries	189	7,320.36	\$5,553,478.10	\$482,925.14	\$396,214.48
Strawberries	5	30.63	\$ 149,752.41	\$ 17,901.55	\$ 57,702.00
Raspberries	0	0	0	0	0
Winter Grain*	14	1,072.07	\$ 245,917.07	\$ 21,762.06	\$ 17,864.10
Potatoes	7	493.15	\$ 651,257.61	\$ 38,783.74	\$ 31,643.27
Soybeans	33	1,111.78	\$ 711,229.24	\$47,187.97	\$ 15,087.28
Vegetables	10	436.12	\$1,108,595.71	\$148,714.16	\$430,084.28
Weather Derivative	32	8,497.98	\$2,409,226.24	\$134,625.66	\$207,916.33
Maple	6	89,100 (Taps)	\$ 191,579.82	\$ 28,552.87	0
Crop Summary	501	114,888.56	\$21,726,579.00	\$1,460,006.25	\$1,517,820.84
	Herds	Animals/Birds			
Loss Income			\$ 11,057,192.20		
Livestock	115	17,782	\$ 25,284,200.00	\$ 33,048.94	\$ 28,400.00
Poultry	129	46,596,231	\$ 82,717,507.79	\$ 21,976.35	0
Totals		46,614,013	\$140,785,478.61	\$1,515,031.54	\$1,546,220.84

* Winter Grain claims reflect crop year 2010.

**SUMMARY OF CROP INSURANCE PLANS
(1969-70 to 2010-11 CROP YEARS INCLUSIVE)**

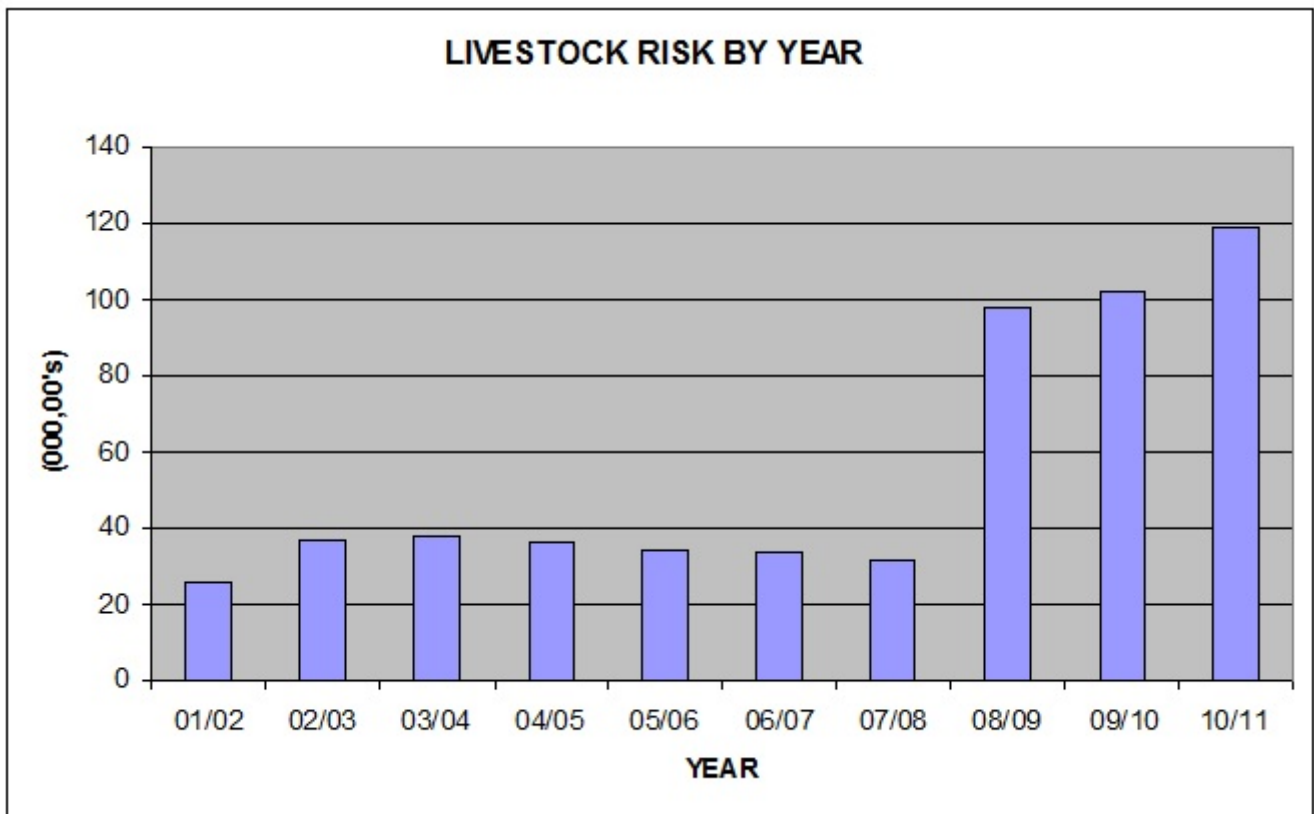
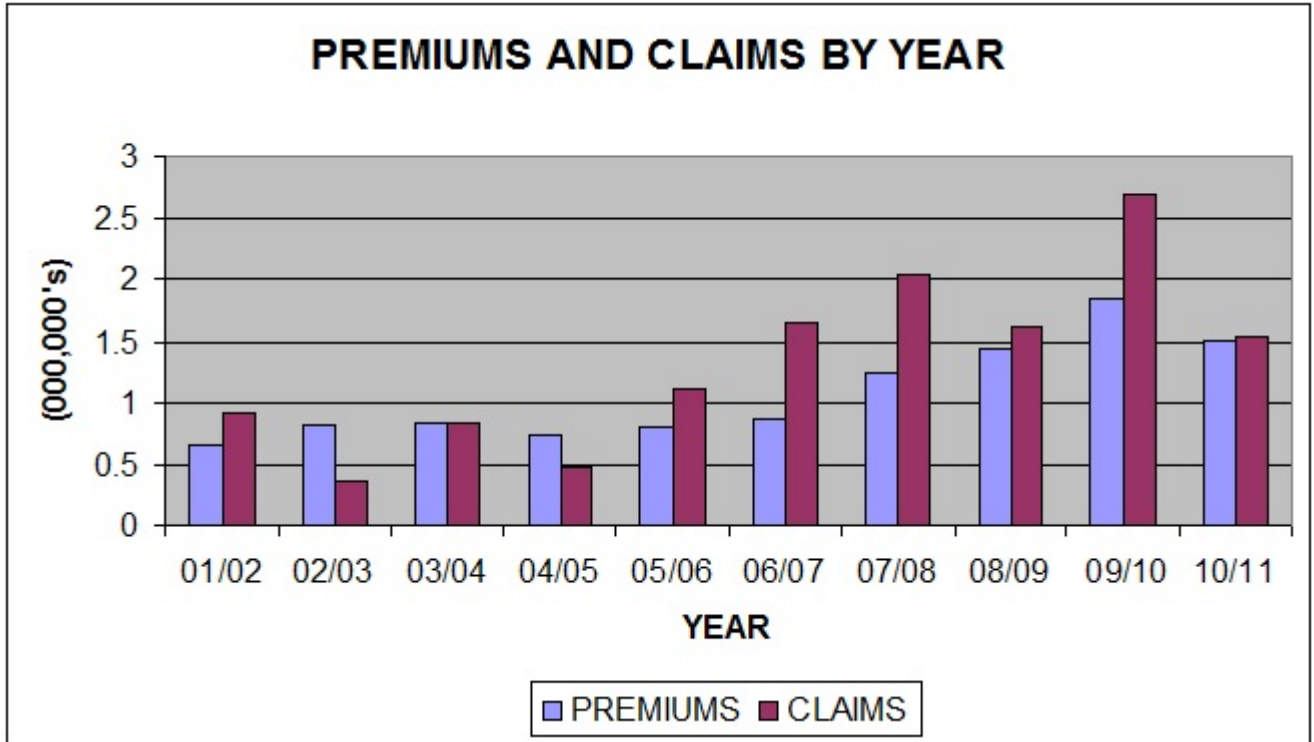
PLAN	NO. YEARS	NO. CLAIMS	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
Spring Grain	42	1786	\$1,693,994.69	\$2,000,979.02	1.18
Winter Grain	41	367	\$795,123.42	\$879,675.98	1.11
Tree Fruit	41	629	\$6,488,102.96	\$5,940,455.25	0.92
Tree Rider	26	22	\$298,772.47	\$90,705.16	0.30
Tobacco	25	21	\$767,809.39	\$561,296.33	0.73
Corn	40	590	\$2,229,048.38	\$1,600,608.15	0.72
Peas & Beans	32	629	\$3,140,338.94	\$3,315,484.65	1.06
Blueberries	38	1111	\$4,660,936.16	\$6,349,820.49	1.36
Strawberries	37	128	\$378,255.93	\$524,547.82	1.39
Forage Est.	34	154	\$105,389.26	\$89,305.62	0.85
Soybeans	25	74	\$273,481.11	\$131,111.83	0.48
Potatoes	24	36	\$1,197,982.43	\$2,033,682.84	1.70
Raspberries	6	4	\$1,429.44	\$3,216.60	2.25
Forage Prod.	3	1	\$16,983.20	\$4,551.38	0.27
Vegetables	11	49	\$1,181,362.83	\$1,975,504.03	1.67
Weather Derivative	4	33	\$396,276.75	\$446,253.47	1.13
Maple	1	0	\$28,552.87	\$0.00	0.00
TOTAL		5634	\$23,653,840.23	\$25,947,198.62	1.10



**OPERATIONS SUMMARY OF CROP INSURANCE YEARS
(1969-70 to 2010-11 Crop Years Inclusive)**

CROP YEARS	NO. CONTRACTS	TOTAL COVERAGE	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
2010-2011	501	21,661,518.92	1,453,641.52	1,517,820.84	1.04
2009-2010	574	33,352,632.88	1,793,088.60	2,654,096.74	1.48
2008-2009	504	30,332,865.07	1,445,680.16	1,620,386.29	1.12
2007-2008	522	27,188,516.06	1,233,419.20	2,030,822.80	1.65
2006-2007	525	22,466,132.67	860,560.79	1,656,030.07	1.92
2005-2006	526	16,845,536.59	790,475.19	1,107,701.83	1.40
2004-2005	496	16,161,000.34	749,438.21	486,826.86	0.65
2003-2004	532	16,193,016.04	833,525.55	827,284.94	0.99
2002-2003	532	16,347,492.87	818,650.80	364,453.37	0.45
2001-2002	532	14,805,607.02	660,808.39	914,843.99	1.38
2000-2001	552	14,310,381.33	674,353.56	284,246.26	0.42
1999-2000	540	12,136,267.30	639,559.88	797,459.04	1.25
1998-1999	563	13,893,446.80	646,821.92	933,129.48	1.45
1997-1998	600	11,842,296.94	587,480.80	772,721.07	1.32
1996-1997	553	11,181,624.19	572,589.79	466,881.74	0.82
1995-1996	580	11,321,945.62	546,030.04	326,525.71	0.60
1994-1995	568	11,164,842.39	577,366.31	535,838.81	0.93
1993-1994	577	11,409,076.02	623,830.52	927,816.14	1.49
1992-1993	624	10,904,552.94	657,657.87	200,655.25	0.31
1991-1992	544	12,184,356.19	634,945.12	1,411,800.88	2.22
1990-1991	568	10,304,249.40	574,316.40	357,824.57	0.62
1989-1990	604	10,790,684.96	545,818.31	879,678.97	1.61
1988-1989	532	10,327,601.34	536,984.92	100,853.06	0.19
1987-1988	597	10,361,043.62	537,153.84	158,436.63	0.29
1986-1987	730	10,403,518.12	498,145.77	1,391,264.35	2.79
1985-1986	730	10,270,802.44	453,493.02	503,450.98	1.11
1984-1985	740	8,842,444.23	447,720.90	132,831.31	0.30
1983-1984	775	7,103,107.33	444,870.21	442,181.20	0.99
1982-1983	760	6,618,768.79	449,727.96	123,888.71	0.28
1981-1982	752	5,854,042.18	401,609.14	219,338.95	0.55
1980-1981	666	4,228,150.76	295,329.10	196,488.55	0.67
1979-1980	695	3,994,307.91	296,406.94	300,974.95	1.02
1978-1979	781	3,730,752.45	284,334.24	131,548.18	0.46
1977-1978	770	3,381,581.47	251,407.28	253,696.31	1.01
1976-1977	602	2,751,869.76	220,219.10	90,559.13	0.41
1975-1976	568	2,274,900.30	198,451.73	169,900.31	0.86
1974-1975	565	2,030,120.33	164,694.03	232,358.15	1.41
1973-1974	492	1,762,978.44	96,519.82	252,505.26	2.62
1972-1973	386	1,553,341.41	77,955.05	78,023.10	1.00
1971-1972	364	777,955.53	32,884.51	50,406.29	1.53
1970-1971	345	823,244.95	31,954.54	35,304.14	1.10
1969-1970	277	310,831.53	15,157.96	8,043.41	0.53
		\$453,889,723.43	\$ 23,653,840.23	\$ 25,947,198.62	1.10

Since the program's implementation in 1969, for every dollar collected in premium \$1.10 has been paid out in claims.



**SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978 - MARCH 31, 2011)**

Years	No. Insured Herds	Insured Animals	Total Premium	Claims Paid	Loss Ratio
2010-2011	115	17,782	\$33,048.94	\$28,400.00	0.86
2009-2010	116	17,701	32,090.80	55,600.00	1.73
2008-2009	122	17,934	31,403.59	32,600.00	1.04
2007-2008	128	18,163	30,051.17	174,473.03	5.81
2006-2007	131	17,790	28,564.70	17,000.00	0.60
2005-2006	140	18,670	30,530.51	10,800.00	0.35
2004-2005	148	19,807	33,767.77	4,000.00	0.12
2003-2004	165	20,749	34,980.83	47,640.00	1.36
2002-2003	179	21,769	32,864.20	30,144.00	0.92
2001-2002	184	21,640	20,858.02	14,210.00	0.68
2000-2001	182	20,252	19,538.76	197,632.22	10.11
1999-2000	203	21,531	17,108.54	17,400.00	1.02
1998-1999	212	22,087	17,475.34	55,104.68	3.15
1997-1998	232	22,857	17,797.26	44,679.34	2.51
1996-1997	240	22,801	25,891.18	47,960.58	1.85
1995-1996	252	22,866	26,219.52	7,270.22	0.28
1994-1995	263	23,053	26,720.66	6,400.00	0.24
1993-1994	231	20,572	24,979.34	16,400.00	0.66
1992-1993	242	21,224	26,093.76	3,752.66	0.14
1991-1992	259	22,739	28,987.80	17,157.20	0.59
1990-1991	282	23,771	30,883.99	7,600.00	0.25
1989-1990	217	26,221	35,295.12	10,130.00	0.29
1988-1989	313	25,913	35,507.84	7,639.50	0.22
1987-1988	306	25,500	39,104.26	3,200.00	0.08
1986-1987	300	24,705	38,929.11	17,593.05	0.45
1985-1986	265	22,662	39,200.03	36,775.90	0.94
1984-1985	219	18,263	42,042.80	14,459.00	0.34
1983-1984	209	18,037	43,820.40	3,400.00	0.08
1982-1983	205	17,253	42,423.00	21,133.16	0.50
1981-1982	249	20,480	53,326.15	16,120.35	0.30
1980-1981	284	22,817	77,919.61	53,089.50	0.68
1979-1980	403	29,491	86,731.88	60,501.10	0.70
1978-1979	352	26,121	59,198.14	31,744.50	0.54
TOTALS			\$1,163,355.02	\$1,112,009.99	0.96

Since the program was implemented in 1978, for every dollar collected from the insured farmer, \$0.96 has been paid out in claims.

**DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY
(APRIL 1, 2010 - MARCH 31, 2011)**

Insurable Perils	Number Animals	Total Claims Paid
1. Shipping fever	18	\$28,400.00
2. Reportable diseases	0	0
3. Infectious bovine rhinotracheitis		
4. Other	0	0
5. Loss of Income	0	0

**CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978 - MARCH 31, 2011)**

Insurable Diseases	Number Animals	Total Claims Paid
1. Acute Mastitis*	108	\$104,291.40
2. Shipping Fever	505	\$580,865.54
3. Infectious Bovine Rhinotracheitis	58	\$ 49,137.18
4. Brucellosis	2	\$ 810.70
5. Loss of Income	0	\$360,705.17
6. Other	14	\$ 16,200.00
Total	687	\$1,112,009.99

* This peril no longer covered

**SUMMARY OF POULTRY LIVESTOCK INSURANCE PLAN
(OCTOBER 1, 2007 - MARCH 31, 2011)**

Years	No. Insured Flocks	No. Insured Birds	Total Premium	Claims Paid	Loss Ratio
2010-2011	129	46,596,231	\$ 21,976.35	\$ 0.00	0.00
2009-2010	106	36,456,512	\$ 27,244.76	\$ 0.00	0.00
2008-2009	89	40,689,660	\$ 11,999.38	\$ 0.00	0.00
2007-2008	170	6,090,671	\$ 1,739.15	\$ 0.00	0.00
Total			\$ 40,983.29	\$ 0.00	0.00

**SUMMARY OF POULTRY INSURANCE PLAN
(2007-2008 to 2010-11 POULTRY YEARS INCLUSIVE)**

Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Broiler (CHK)	3	0	\$10,977.	0.00	0.00
Commercial Pullet (PUL)	3	0	\$ 1,784.	0	0
Broiler Breeder (BRB)	3	0	\$ 6,892.	0	0
Breeder Pullet (BRP)	3	0	\$ 1,497.	0	0
Commercial Layer (CLR)	3	0	\$16,570.	0	0
Integrated Layer (ILR)	3	0	\$ 3,263	0	0
TOTAL		0	\$40,983.29	\$0.00	0.00

**SUMMARY OF WILDLIFE COMPENSATION
(MAY 8, 2008 - MARCH 31, 2011)**

	# Years	# Commodities	# Claims	Claims Paid
2010-2011	3	18	157	\$201,201.13
2009-2010	2	18	129	\$146,554.05
2008-2009	1	18	60	\$109,868.03
TOTALS				\$457,623.21

**SUMMARY OF WILDLIFE COMPENSATION
(2008-2010 WILDLIFE YEARS INCLUSIVE)**

COMMODITY	# YEARS	# PAYMENTS	PAYMENTS MADE
Bees	3	23	\$16,384.00
Bee Hive	3	32	\$10,903.04
Hive Contents	3	8	\$464.00
Beef Cow	3	3	\$1,280.00
Beef Calf	3	27	\$4,640.00
Beef Bull	3	0	\$0.00
Beef Steer	3	0	\$0.00
Lowbush Blueberries	3	24	\$69,055.19
Strawberries	3	5	\$25,783.04
Ewe	3	77	\$20,100.00
Lamb	3	86	\$15,480.00
Ram	3	8	\$1,380.00
Tree Endorsement	3	3	\$909.60
Apples	3	17	\$180,886.49
Vegetable	3	7	\$70,692.84
Corn Silage	3	19	\$22,889.32
Grain Corn	3	5	\$5,164.05
Soybean	3	2	\$2,611.64
TOTAL		346	\$457,623.21

2010-11 Summary

The Commission wrote \$141 million in coverage in 2010-11. This represented a 4% increase in coverage over the previous year. Insurance coverage was broken down as 16% for crops, 25% for dairy and 59% for poultry. The total premium collected was \$1.527 million, which was a 17% decrease over the previous year. This decrease was a result of lower premium collected for the lowbush blueberry, winter grain, potatoes, soybean and vegetable plans as a result of lower acreage and coverage levels in these crops.

The 2010 cropping season began wet and cold for many spring seeded crops. Cold temperatures and frost also affected both blueberries and apples during the critical pollination period early in the growing season. Toward the end of the crop year the harvest of several crops was affected by weather systems including one hurricane. This adverse weather resulted in reductions in yield across a number of insured crops throughout the province.

The result of these conditions was the payment of 135 indemnity claims representing \$1.517 million to insured crop clients. These payments represent a significant amount of support to producers in managing some of the natural risks they face on their farm businesses. In 2010-11, the largest indemnity payments for crop losses included vegetable (\$430,084.), lowbush blueberry (\$396,214.), weather derivative (forage) (\$207,916.), tree fruit (\$151,700.), spring grain (\$107,504.), corn (\$102,103.) and strawberry (\$57,702.). There were also 16 livestock indemnity payments valued at \$48,200. recorded for the dairy insurance plan and no indemnity payments in the poultry insurance plan. The Commission introduced a Wildlife Compensation Program in 2008-09. In its third year of operation, this program recorded 157 compensation claims totaling \$201,201.

The Commission continued with its developmental work to expand the insurance options available for Nova Scotia producers to manage risk on their operations. This included continued work with industry to include peaches under the Commissions Tree Fruit Plan and Triticale under the Winter Grain Plan. The Commission introduced a new Maple Syrup Insurance Plan and offered coverage to producers for the 2010-11 crop year. Work continued on a major revision to the Commissions Contract of Insurance and General Regulations along with corresponding revisions to each of the Plan Regulations. These revisions are aimed at modernizing the language and removing inconsistencies in these regulations.

Key staff were involved in national committees and working groups, including the AgriInsurance Working Group and the National Program Administration Working Group.

The Commission continued to make slow progress on completing the development of a new computerized information management system to replace the numerous systems currently in place. An external solution was abandoned at the end of 2009-10 and internal resources are being utilized to move this initiative forward.

TABLE 1. ESTIMATE - ACTUAL 2010-11

	Estimate 10-11 (000)s	Actual 10-11 (000)s
Revenues		
Insurance Premiums Paid by Clients	818	684
Insurance Premiums Contributed by Govt (Federal)	736	505
Wildlife Compensation Payments (Federal)	150	121
Insurance Premiums Contributed by Govt (Provincial)	491	337
Wildlife Compensation Payments (Provincial)	100	80
Interest Income	<u>70</u>	<u>75</u>
Total Revenues	2,365	1,803
Expenses		
Indemnity Claims	1,800	1,803
Wildlife Compensation Payments	250	201
Reinsurance Premiums	0	0
Bad Debt Expense	<u>5</u>	<u>(18)</u>
Total Expenses	2,055	1,728
Net Income From Insurance Activities	310	75
Crop and Livestock Insurance Fund Balance		
Beginning of Year	4,529	4,529
End of Year	4,839	4,603
Administrative Expenses		
Government Contributions (Canada)	648	518
Government Contributions (Nova Scotia)	<u>386</u>	<u>363</u>
Total Administrative Expenses	1,034	881
Net Govt Expenditure		
Canada (Premium + Administration)	1,534	1,144
Nova Scotia (Premium + Administration)	<u>977</u>	<u>780</u>
Total Program Expenditure	2,511	1,924

The Commission's 2010-11 business plan presented the following priority areas aimed at increasing the 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 Government's goal 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:

Program Expansion / 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.
- 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.

PERFORMANCE MEASURES

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products to the agriculture sector. As one of the pillars of Canada's financial system, insurance plays a key role in stabilizing business incomes by providing opportunities to manage or lay off risk. Crop production is particularly risk laden in that natural perils presented by climate and geography cannot easily be controlled or managed. The intended outcome of the Commission's program is to stabilize farm incomes.

Measure	Base/Target (2004-05)	Target 2010-11	Future Direction Target 12-13	Comments
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. This is in response to client requests for more options in insurance coverage.
Value of Insurance Coverage Written: The total dollar value of risk the Commission has accepted from its clients.	<i>(Millions)</i> 52.5	<i>(Millions)</i> 128	<i>(Millions)</i> 130	Introduce maple insurance and stone fruit insurance.
Aggregate Coverage Level: The % of total insurable value covered by the program.	80%	85%	87%	Promote insurance plans to attract new clients and encourage existing clients to take higher coverage levels.
Number of Insurance 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 federal and provincial compensation paid to producers for damage from wildlife, and continued promotion of this program.

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2011**

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2011**

CONTENTS

	Page
Independent Auditor's Report	3
Balance Sheet	4
Statement of Surplus and Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Schedule A – Premium Revenue and Indemnity Claims	12
Schedule B – Administrative Expenses	13



Office of the Auditor General

1888 Brunswick Street, Suite 302
Halifax, Nova Scotia
B3J 3J8 Canada

902•424•5907 tel
902•424•4350 fax
www.oag-ns.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of the Nova Scotia Crop & Livestock Insurance Commission:

Report on the Financial Statements

I have audited the accompanying financial statements of the Nova Scotia Crop & Livestock Insurance Commission, which comprise the balance sheet as at March 31, 2011, and the statements of surplus and fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Alan Horgan".

Alan D. Horgan, CA
Deputy Auditor General

May 20, 2011
Halifax, Nova Scotia

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
BALANCE SHEET
MARCH 31, 2011

	2011	2010
Assets		
Current		
Cash	\$ 95,653	\$ 277,839
Short-term investments (note 3)	2,859,723	4,014,108
Receivables, trade (net)	177,043	298,122
Accrued interest receivable	<u>2,467</u>	<u>2,504</u>
	3,134,886	4,592,573
Long-term investments (note 3)	1,513,934	-
Equipment (note 4)	<u>22,825</u>	<u>25,352</u>
	<u>\$ 4,671,645</u>	<u>\$ 4,617,925</u>
Liabilities		
Current		
Deferred revenue	\$ 33,149	\$ 45,768
Deposits for insurance	12,197	16,944
Unsettled indemnities (note 5)	<u>-</u>	<u>981</u>
	45,346	63,693
Deferred contributions related to capital assets (note 6)	<u>22,825</u>	<u>25,352</u>
	<u>68,171</u>	<u>89,045</u>
Fund Balances		
Fund balances		
Crop insurance	3,550,733	3,521,815
Livestock insurance	993,726	977,648
Poultry insurance	<u>59,015</u>	<u>29,417</u>
	<u>4,603,474</u>	<u>4,528,880</u>
	<u>\$ 4,671,645</u>	<u>\$ 4,617,925</u>

Contingency (note 11)

On Behalf of the Commission

Director

Director

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF SURPLUS AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2011

	Crop Insurance	Wildlife Compensation	Livestock Insurance	Poultry Insurance	Total 2011	Total 2010
Revenue						
Insurance premiums (Schedule A)	\$ 1,464,894	\$ 201,201	\$ 32,758	\$ 28,918	\$ 1,727,771	\$ 1,989,118
Interest income	62,953	-	11,720	680	75,353	69,624
Amortization of deferred contributions (note 6)	<u>9,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,123</u>	<u>79,177</u>
	<u>1,536,970</u>	<u>201,201</u>	<u>44,478</u>	<u>29,598</u>	<u>1,812,247</u>	<u>2,137,919</u>
Expenses						
Indemnity claims (Schedule A)	1,516,840	201,201	28,400	-	1,746,441	2,857,232
Bad debt (recovery) expense	(17,911)	-	-	-	(17,911)	48,546
Administrative expenses (note 9) (Schedule B)	840,541	22,995	17,633	-	881,169	973,393
Amortization of capital assets	<u>9,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,123</u>	<u>79,177</u>
	<u>2,348,593</u>	<u>224,196</u>	<u>46,033</u>	<u>-</u>	<u>2,618,822</u>	<u>3,958,348</u>
Surplus (deficiency) before Government contributions	(811,623)	(22,995)	(1,555)	29,598	(806,575)	(1,820,429)
Government contributions (note 8)	<u>840,541</u>	<u>22,995</u>	<u>17,633</u>	<u>-</u>	<u>881,169</u>	<u>973,393</u>
Net surplus (deficiency)	28,918	-	16,078	29,598	74,594	(847,036)
Fund balances, beginning of year	<u>3,521,815</u>	<u>-</u>	<u>977,648</u>	<u>29,417</u>	<u>4,528,880</u>	<u>5,375,916</u>
Fund balances, end of year	<u>\$ 3,550,733</u>	<u>\$ -</u>	<u>\$ 993,726</u>	<u>\$ 59,015</u>	<u>\$ 4,603,474</u>	<u>\$ 4,528,880</u>

See accompanying notes to the financial statements

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011**

	2011	2010
Operating Activities		
Net surplus (deficiency)	\$ 74,594	\$ (847,036)
Amortization of equipment	9,123	79,177
Amortization of deferred contributions	<u>(9,123)</u>	<u>(79,177)</u>
	74,594	(847,036)
Net change in non-cash working capital balances related to operations (note 10)	<u>102,769</u>	<u>76,934</u>
	<u>177,363</u>	<u>(770,102)</u>
Investing Activities		
Sale of short-term investments	(359,549)	984,362
Purchase of equipment	(6,596)	(3,320)
Deferred contributions related to capital assets	<u>6,596</u>	<u>3,320</u>
	<u>(359,549)</u>	<u>984,362</u>
(Decrease) increase in cash during year	(182,186)	214,260
Cash, beginning of year	<u>277,839</u>	<u>63,579</u>
Cash, end of year	<u>\$ 95,653</u>	<u>\$ 277,839</u>

See accompanying notes to the financial statements

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. Accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following accounting policies:

Capital Assets

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for office furniture is 5 years and for equipment is 5 or 10 years depending on the cost of the equipment.

Revenue

Revenue relating to insurance premiums is recorded in the accounts once coverage is written and the insurance certificate is issued to the producer. The certificate of insurance recognizes the entire period (crop year) covered under the contract. Interest revenue is recorded in the accounts as it is earned.

Financial instruments

The Commission classifies its financial instruments into one of the following categories; its accounting policy for each is as follows:

Assets held for trading

Financial instruments classified as assets or liabilities held for trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income in the period during which the change occurs. Transaction costs are expensed when incurred. Cash, short-term investments and long-term investments have been classified as held-for-trading.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in net income over the expected life of the instrument. Transaction costs are expensed when incurred. Accounts receivable have been designated as loans and receivables and unsettled indemnities as other financial liabilities.

2. Accounting policies (Continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Short-term investments and long-term investments

The commission invests excess funds to be used to pay future indemnity claims. At March 31, 2011 these funds were invested in various provincial promissory notes maturing in fiscal 2011 or 2015 with yields from 1.26% to 2.80%.

4. Equipment

	2011	2010
Equipment and furniture	\$ 133,298	\$ 126,702
Accumulated amortization	<u>(110,473)</u>	<u>(101,350)</u>
	<u>\$ 22,825</u>	<u>\$ 25,352</u>

5. Provision for payment of unsettled indemnities

Any indemnities for losses incurred in the fiscal year not paid as of year end have been estimated and recorded as a liability in the financial statements, with the exception of indemnities for Winter Grain.

Winter Grain is planted in the fall, but is not harvested until the following fall. Therefore, crop yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crop yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011**

6. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture on behalf of the Commission. The contributions are recognized as revenue on a basis consistent with the capital assets amortization charge.

	2011	2010
Balance, beginning of year	\$ 25,352	\$ 239,813
Add: Capital assets acquired	6,596	3,320
Less: Capital asset disposed	-	(210,016)
Less: Amounts amortized to revenue	<u>(9,123)</u>	<u>(7,765)</u>
Balance, end of year	<u>\$ 22,825</u>	<u>\$ 25,352</u>

7. Related party transactions

Administrative expenses include \$30,000 (2010 - \$30,000) for rent and \$44,240 (2010 - \$44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture. Administrative expenses also include \$45,796 (2010 - \$78,972) for legal services charged to the Commission by the Nova Scotia Department of Justice.

8. Government contributions

Under the crop insurance programs, producers pay 40% of the insurance premiums and the Federal and Provincial governments pay 36% and 24% respectively for the comprehensive portion of the insurance premiums. If an insurance premium contains a high-cost portion, the Federal and Provincial governments pay a reduced proportion of the high-cost portion of the insurance premium. The proportion of an insurance premium that is high-cost varies by plan and coverage level depending on the base rate for that particular plan. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock and poultry insurance programs or in non-refundable deposits.

For the 2011 fiscal year, the Federal government contributed 60% (2010 - 60%) of the total administrative expenses for the crop insurance program with the Provincial government funding the remainder. The Provincial government funds all of the administrative costs of the livestock and poultry insurance programs.

The premiums and administrative costs of the wildlife insurance plan are funded 60% by the Federal government and 40% by the Provincial government.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

9. Administrative expenses

The Commission offers three types of insurance plans: crop, dairy livestock and poultry, and a wildlife compensation program. The administrative expenses associated with offering these programs are detailed in Schedule B. The administrative expenses are allocated to the livestock and poultry plan at 2% of the total administrative expenses incurred by the Commission. The administrative expenses of the wildlife plan are allocated based upon direct travel and staffing costs associated with investigating and adjusting wildlife claims, as well as an additional 25% of these costs for other fixed administrative costs of this plan. The remaining administrative costs, after deducting those attributable to the livestock, poultry and wildlife plans, are allocated to the crop insurance plan.

10. Net change in non-cash working capital balances related to operations

	2011	2010
Increase (decrease) in cash from changes in:		
Receivables	\$ 121,079	\$ 83,315
Accrued interest receivable	37	(1,532)
Deposits for insurance	(4,747)	794
Unsettled indemnities	(981)	632
Deferred revenue	(12,619)	(6,275)
Receivable from Department of Agriculture	-	210,212
Deferred contribution	-	(210,212)
	<u>\$ 102,769</u>	<u>\$ 76,934</u>

11. Economic dependence

The Commission is economically dependent upon the ongoing and future funding of the Nova Scotia and Federal governments.

12. Financial instruments

The Commission is exposed to credit risk on the accounts receivable from its clients. In order to reduce its credit risk, the Commission has adopted credit policies which include the analysis of the financial position of its clients and the regular review of their credit limits. The Commission does not have a significant exposure to any individual client. It is management's opinion that the Commission is not exposed to any significant market or liquidity risks. The fair value of the Commission's financial instruments approximates their carrying value at March 31, 2011.

13. Insurance coverage

The total insurance coverage issued during the 2010 – 2011 fiscal year was \$140,787,478 (2010 - \$135,389,824), comprised of crop insurance of \$21,728,578 (2010 - \$33,189,897), livestock insurance of \$36,341,392 (2010 - \$35,790,360) and poultry insurance of \$82,717,508 (2010 - \$66,409,566).

The Province was party to an agreement with the Government of Canada whereby the Province made advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund was to assist the Province of Nova Scotia when there was a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Advances to this Fund were recorded by the Province as a loan receivable from the Commission, although they have not been reflected in the accounting records of the Commission.

The total re-insurance premiums paid by the Province have amounted to approximately \$709,345. Management holds the opinion that the payment of these premiums was the responsibility of the Province. The matter remains unresolved as of March 31, 2011. The amount, if any, to be repaid to the Province will be recorded by the Commission at that time.

14. Pension and post-retirement benefits

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability or other obligations related to post-retirement benefits. The pension expense incurred in the current year was \$49,753 (2010 - \$44,562).

15. Capital management

The Commission manages its capital with the intention to ensure there is adequate cash flow on hand to cover indemnity claims filed by producers. To ensure cash flow is appropriate the Commission invests the majority (about 65%) of its excess cash in short-term investments that have a maturity date of one year or less.

16. Change in accounting policies

For fiscal years beginning on or after January 1, 2011, government organizations are required to determine which accounting framework to adopt for financial statement reporting purposes based on guidance provided by the Canadian Institute of Chartered Accountants' (CICA) Public Sector Accounting Board (PSAB). As of April 1, 2011, the Commission has determined that it will follow the accounting standards included in the CICA's Public Sector Handbook. Although the full scope of the changes has not been determined by the Commission, it is anticipated that adoption of these accounting standards will result in changes to presentation of these financial statements. Adoption of these standards should not result in significant changes to the recognition, measurement and reporting of financial transactions undertaken by the Commission.

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
PREMIUM REVENUE AND INDEMNITY CLAIMS
FOR THE YEAR ENDED MARCH 31, 2011**

SCHEDULE A

	Premium Revenue			Indemnity Claims			
	Farmer	Federal	Provincial	2011	2010	2011	2010
Crop Insurance							
Spring grain	\$ 21,844	\$ 15,135	\$ 10,090	\$ 47,069	\$ 38,855	\$ 107,505	\$ 43,561
Winter grain	8,749	6,217	4,144	19,110	22,118	17,864	50,929
Tree fruit	151,657	141,278	94,755	387,690	399,092	151,701	28,620
Corn	45,050	40,545	27,030	112,625	169,734	101,123	100,344
Weather derivative	53,850	48,465	32,310	134,625	54,813	207,916	96,213
Blueberries	213,838	160,800	107,200	481,838	712,496	396,215	1,195,351
Strawberries and raspberries	8,892	5,406	3,604	17,902	17,090	57,702	85,079
Maple	11,545	10,205	6,803	28,553	-	-	-
Forage	319	287	191	797	1,147	-	4,908
Soybeans	18,877	16,986	11,324	47,187	34,300	15,087	10,824
Potatoes	15,526	13,955	9,303	38,784	180,883	31,643	717,416
Vegetables	71,950	46,058	30,706	148,714	164,901	430,084	321,833
	<u>622,097</u>	<u>505,337</u>	<u>337,460</u>	<u>1,464,894</u>	<u>1,795,429</u>	<u>1,516,840</u>	<u>2,655,078</u>
Livestock Insurance	32,758	-	-	32,758	32,001	28,400	55,600
Poultry Insurance	28,918	-	-	28,918	15,134	-	-
Wildlife Insurance	-	120,721	80,480	201,201	146,554	201,201	146,554
Total	<u>\$ 683,773</u>	<u>\$ 626,058</u>	<u>\$ 417,940</u>	<u>\$ 1,727,771</u>	<u>\$ 1,989,118</u>	<u>\$ 1,746,441</u>	<u>\$ 2,857,232</u>

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2011**

SCHEDULE B

	Insurance			Totals	
	Crop	Wildlife Compensation	Livestock and Poultry	2011	2010
Personnel	\$ 642,474	\$ 13,480	\$ 13,407	\$ 669,361	\$ 630,710
Transportation and communication	43,067	7,143	1,025	51,235	65,001
Information	11,846	554	242	12,642	8,106
Professional and special services	64,082	731	1,323	66,136	186,183
Office accommodation and equipment rental	33,792	923	708	35,423	34,458
Repair and maintenance of equipment	46	-	1	47	280
Materials and supplies	1,097	153	26	1,276	4,415
Minor equipment purchases	782	11	16	809	-
Central government services	<u>43,355</u>	<u>-</u>	<u>885</u>	<u>44,240</u>	<u>44,240</u>
	<u>\$ 840,541</u>	<u>\$ 22,995</u>	<u>\$ 17,633</u>	<u>\$ 881,169</u>	<u>\$ 973,393</u>

In addition to the above expenses, the Commission purchased capital assets of \$6,596 (2010 - \$3,320), which have been recorded as equipment on the balance sheet.