



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Crop and Livestock Insurance Commission

Business Plan 2013–2014

Table of Contents

Message from the Minister, Chair, and CEO	73
Mission	75
Link to the Department of Agriculture Mandate	75
Planning Context	75
Strategic Goals	76
Core Business Area	77
Priorities for 2013–2014	77
Finance	78
Budget Context	79
Outcome and Performance Measures	80

Message from the Minister, Chair, and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2013–14. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses. This plan supports *Home Grown Success*, the province's 10-year plan for agriculture, which envisions an industry that is diversified, market focused, innovative, and profitable. It also supports the province's priority to create good jobs and grow the economy.

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 the province's unique agronomic mix and business needs.

The commission continues to work toward increased administrative efficiency, particularly relating to its information management system. The development of a new IT system to replace the current outdated and inefficient system has been identified as critical to ensuring that the commission is able to meet the needs of its clients and funding partners.

The Honourable John M^acDonell
Minister, Department of Agriculture

Mr. Avarad Bentley
Chair

Mr. Bill MacLeod, P.Ag.
CEO

Mission

The mission of the Crop and Livestock Insurance Commission is 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 the Department of Agriculture Mandate

In support of the Department of Agriculture's mandate to support the development of a competitive, sustainable, and profitable agriculture and agri-product industry that contributes to the economic, environmental, and social prosperity of Nova Scotia's rural and urban communities, 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 some of 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, encouraging good jobs and economic growth in the province's rural communities..

The introduction of additional insurance products through collaboration with industry stakeholders will provide more farm producers with 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 under the AgriInsurance platform. It administers 14 crop insurance plans, a dairy livestock insurance plan, and a poultry insurance plan. The commission also administers a Wildlife Compensation Program under the AgriInsurance platform, which while not an insurance-based program, compensates farmers for losses as a result of uncontrollable wildlife. 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, which govern the design and delivery of AgriInsurance programs. In 2013–2014 the province is expected to sign a new multilateral agreement, *Growing Forward 2*, which will replace the existing agreements. Current AgriInsurance programming and funding are expected to continue with no major changes anticipated under the new agreement.

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 continuing with the development of insurance products for crops and livestock that have not traditionally been covered under AgriInsurance in Nova Scotia.

Administratively, the commission will continue to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next one to five years. The ability to refill positions will affect the delivery of the commission's programs. The commission will continue to review staff training and development needs during the coming year.

Since 2005 the commission has recognized the need to improve its service delivery and in particular to modernize its information

management capabilities. While progress has been slow and has suffered from a number of setbacks, this work has been identified as a critical need for the effective delivery of the commission's programs and services. A renewed emphasis on the redesign of the commission's IT infrastructure has recently resulted in significant improvements. This work will continue over the next two to three years, using internal resources and a phased approach to modernize these systems.

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 support industry development through increased 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 modernizing the commission's information management and data handling capabilities to improve their reliability, accuracy, efficiency, and security.

Core Business Area

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. The commission's 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 2013–2014

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

1. Program expansion/enhancements, including the following:

- a. The commission will continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance

plans (e.g., ongoing improvements to the Tree Fruit Plan and Potato Plan updates.)

- b. The commission will work with industry stakeholders on the promotion and development of new insurance programs in sectors such as honeybees, grapes, and small fruits.
- c. The commission will proceed with updating the form and content of the current Dairy Regulation.
- d. Commission staff will begin development of an acreage loss program to provide an innovative option to conventional yield-based insurance plans.
- e. The commission will continue to work with stakeholder groups to continuously evaluate the effectiveness of its Wildlife Compensation Program.

2. Administrative priorities:

- a. Over the next three years, using a phased approach, continue to modernize the commission's information technology infrastructure to achieve a more accurate, reliable, secure, and efficient data handling system.
- b. To continue to promote AgriInsurance as a key business management option for agricultural producers in Nova Scotia.
- c. During 2013–2014, complete major actuarial certifications for premium rates, self-sustainability, and probable yield methodologies as required under the *Growing Forward* agreement.



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

Income and Fund Balances (per 2012–13 Estimates Book)

	Authority 2012–13 (\$ 000)	Forecast 2012–13 (\$ 000)	Budget 2013–14 (\$ 000)
Revenues			
Insurance premiums paid by clients	818	895	868
Insurance premiums contributed by government (federal)	736	709	736
Wildlife compensation payments (federal)	150	54	120
Insurance premiums contributed by government (provincial)	491	355	491
Wildlife compensation payments (provincial)	100	36	80
Interest income	80	80	80
Total revenues	2,375	2,129	2,375
Expenses			
Indemnity claims	1,800	1,350	1,800
Wildlife compensation payments	250	90	200
Reinsurance premiums	0	0	0
Bad debt expense	5	5	5
Total expenses	2,055	1,445	2,005
Net income from insurance activities	320	684	370
Crop and livestock insurance fund balance			
Beginning of year	3,751	3,751	4,435
End of year	4,071	4,435	4,805
Administrative expenses			
Government contributions (Canada)	604	619	604
Government contributions (Nova Scotia)	437	412	442
Total administrative expenses	1,041	1,031	1,046
Net government expenditure			
Canada (premium + administration)	1,490	1,382	1,460
Nova Scotia (premium + administration)	1,028	803	1,013
Total program expenditure	2,518	2,185	2,473



Outcome and Performance Measures

Core Business Area

Outcome	Measure	Base Year Data (2008-09)	Target 2013-14	Ultimate Target 2017-18	Strategies to Achieve Target
Increased income stability of farm businesses	Number of Agri-Insurance contracts	700	900	2009-10: 712 2010-11: 745 2011-12: 659	Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients.
		\$127.8M	\$150M	2009-10: 135.6M 2010-11: 140.8M 2011-12: 141.2M	Introduction of new insurance programs, expansion of existing plans.
		16	20	2009-10: 35 2010-11: 38 2011-12: 41	Results of the introduction of new plans.
Value of compensation paid for wildlife damage	Value of compensation paid for wildlife damage	\$110,000	\$250,000	2009-10: 256,000 2010-11: 201,000 2011-12: 183,000	Includes federal and provincial compensation paid to producers for damage from wildlife. Continued promotion of this program.