



CROP AND LIVESTOCK INSURANCE COMMISSION

BUSINESS PLAN 2017-18

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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 2017-18. The plan outlines the Commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses. This business plan supports the Province's priorities of fiscal sustainability, economic growth and demographic stability.

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.

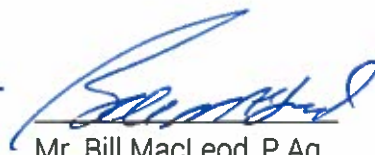
The Commission continues to work toward increased administrative efficiency, particularly related to its information management system. The development of a new information technology system to replace the current outdated and inefficient system has been identified as critical to ensuring that the Commission can meet the needs of its clients and funding partners.



Hon. Keith Colwell, E.C.N.S.
Minister, Agriculture



Mr. Arthur Pick, P.Ag.
Vice Chair



Mr. Bill MacLeod, P.Ag.
CEO

MISSION

The mission of the Nova Scotia 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.

ALIGNMENT WITH GOVERNMENT PRIORITIES

The Province of Nova Scotia has identified the support of its people, innovation/ economic development and education in a fiscally responsible manner as its key priorities. The Strategic themes of the Department of Agriculture supporting these priorities including enabling responsible economic growth, support for research and innovation, building public trust and market acceptance, increasing trade and market access and encouraging value added opportunities.

The Nova Scotia Crop and Livestock Insurance Commission supports these priorities and strategic themes by providing agricultural entrepreneurs with the opportunity to transfer some of the risk of financial loss caused by crop or production failures in a fiscally responsible manner. The Commission supports a climate that fosters private sector economic growth through its crop and livestock based insurance programs encouraging employment and economic growth in the Province's rural communities. Through fiscally sustainable, cost shared programs, the Commission provides farmers with the opportunity to transfer the risk of production failure due to natural causes. This supports and encourages further on-farm development such as expanded value added opportunities, the ability to access export markets, and the exploration of increased research and/or innovation capacity in rural agricultural communities.

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 15 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 currently governed by *Growing Forward 2*: 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. By design, AgriInsurance is required to be a fiscally self-sustaining partnership with cost sharing by producers, and both the federal and provincial governments.

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 to develop insurance products for crops and livestock that have not traditionally been covered under AgriInsurance in Nova Scotia.

Administratively, the Commission continues to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next one to three years. The Commission operates with a relatively small staff and the ability to maintain and refill positions directly impacts the delivery of the Commission's programs. The Commission will continue to review staff training and development needs during the coming year.

The Commission has long recognized the need to improve its service delivery and in particular, to modernize its information management capabilities. A renewed emphasis on the redesign of the Commission's information technology (IT) infrastructure has recently resulted in significant improvements.

STRATEGIC GOALS

- Stabilize agricultural business incomes through the provision of fiscally responsible and sustainable insurance products to support the economic growth of the province.
- A competitive sustainable and profitable farm industry proactively managing risk through income stabilizing insurance based programs.
- A modern highly responsive, efficient, reliable and secure service delivery system.

CORE BUSINESS AREAS

The core business of the Nova Scotia 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 2*.

PRIORITIES FOR 2017-18

A key priority of the Commission 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, or by increasing the number of products offered and the range of options available to clients. In support of a competitive business climate that stabilizes farm incomes and encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the Commission will pursue increased program participation through the following:

1. Program expansion / enhancements, including
 - a. The Commission will continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance plans.
 - b. The Commission will work with industry stakeholders on the development of new

insurance programs in sectors such as grapes (For example, development work has been initiated on a grapevine plan).

- c. The Commission continues to review its regulations (For example, work is underway to finalize the update to the form and content of its current dairy regulation, and recommend revisions to the *Arbitration Proceedings Regulations* and the *General Field Crop Insurance Plans Regulations*).
- d. The Commission will review and recommend changes to the Crop Insurance regulations to streamline the regulatory process consistent with the Province's Office of Regulatory Affairs and Service Effectiveness Mandate.
- e. The Commission will continue to work with stakeholder groups to review the effectiveness of its Wildlife Compensation Program.

2. Administrative Priorities

- a. Over the next two years, using a phased approach and external resources, the Commission will continue to modernize its information technology infrastructure to achieve a more accurate, reliable, secure, and efficient data handling system.
- b. The Commission will continue to promote AgriInsurance as a key business management option for agricultural producers in Nova Scotia.

FINANCE

The Commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the *Growing Forward 2* provides for reimbursement of 60% of the administrative costs relative to AgriInsurance and Wildlife Compensation.

Insurance premiums are cost shared by farmers (40%), the federal government (36%), and the provincial government (24%) and are administered directly by the Commission. Only the provincial premium contributions are included in Department of Agriculture budget figures.

Table 1. Estimate of Income and Fund Balances

	Authority 2016-17 (\$ 000)	Forecast 2016-17 (\$ 000)	Budget 2017-18 (\$ 000)
Revenues			
Insurance Premiums paid by Clients	823	857	823
Insurance Premiums Contributed by Govt. (Federal)	736	730	736
Wildlife Compensation Payments (Federal)	150	59	150
Insurance Premiums Contributed by Govt. (Provincial)	491	487	491
Wildlife Compensation Payments (Provincial)	100	39	100
Interest Income	70	50	70
Total Revenues	2,370	2,222	2,370
Expenses			
Indemnity Claims	1,900	1,426	1,900
Wildlife Compensation Payments	250	98	250
Reinsurance premiums	0	0	0
Bad Debt Expense	5	5	5
Total Expenses	2,155	1,529	2,155
Net Income From Insurance Activities	215	693	215
Crop and Livestock Insurance Fund Balance			
Beginning of Year	4,003	4,003	4,696
End of Year	4,218	4,696	4,911
Administrative Expenses			
Government Contributions (Canada)	637	566	637
Government Contributions (Nova Scotia)	467	415	467
Total Administrative Expenses	1,104	981	1,104
Net Govt. Expenditure			
Canada (Premium + Administration)	1,526	1,355	1,526
Nova Scotia (Premium + Administration)	1,058	941	1,058

Total Program Expenditure	2,584	2,296	2,584
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OUTCOME AND PERFORMANCE MEASURES

Business Risk Management (BRM) programs such as AgriInsurance are designed to provide income stability to farm businesses. The following measures focus on the level of participation of the industry in this program. The last National BRM Survey (2010) found that 97% of respondents felt AgriInsurance was effective in mitigating financial impacts of production losses. A 2014 survey of Crop Insurance clients in Nova Scotia found that 87% of respondents felt Crop Insurance was an effective tool to stabilize farm income resulting from production losses.

Note: In the following table the base year 2008-09 represents the start of the Growing Forward Agreement which ended in 2012-13 and was replaced by Growing Forward 2. The Ultimate Target (2017-18) marks the end of the Growing Forward 2 Agreement.

Core Business Area: Delivery of Insurance Products for Production Agriculture

Outcome: Increased Income Stability of Farm Businesses

MEASURE	DATA Base Year (2008-09)	TARGET- 2016-17	ULTIMATE TARGET (2017-18)	TRENDS	STRATEGIES TO ACHIEVE TARGET
Number of Agri- Insurance Contracts	700	850	900	2010-11 = 745 2011-12 = 659 2012-13 = 674 2013-14 = 737 2014-15 = 832 2015-16 = 653	Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients.
\$ Value of Coverage	\$127.8 M	\$170 M	\$180 M	2010-11 = \$140.8 M 2011-12 = \$141.2 M 2012-13 = \$177.6 M 2013-14 = \$161.4 M 2014-15 = \$168.2 M 2015-16 = \$164.1 M	Introduction of new insurance programs, expansion of existing plans.
Number of Agri- Insurance Products Available	36	50	55	2010-11 = 38 2011-12 = 41 2012-13 = 47 2013-14 = 47 2014-15 = 47 2015-16 = 50	Results of the introduction of new plans.
Value of Compensation Paid for Wildlife Damage	\$110,000	\$200,000	\$250,000	2010-11 = \$201,000 2011-12 = \$183,000 2012-13 = \$ 82,000 2013-14 = \$ 77,381 2014-15 = \$169,484 2015-16 = \$172,382	Includes federal and provincial compensation paid to producers for damage from wildlife. Continued promotion of this program.
Ratio of Insured Production to Total Value of All Products Eligible for Insurance in NS (Excludes Livestock)	25.25%	30%	50%	2010-11 = 30.41% 2011-12 = 23.44% 2012-13 = 23.11% 2013-14 = 14.94% 2014-15 = 16.85% 2015-16 =	Measures the uptake by producers of the programs offered by Agrilnsurance. Continued promotion of the program improvements to existing plans
Ratio of Agricultural Products Eligible for Insurance to Value of All Agricultural Products in NS (Excludes Livestock)	57.78%	60%	75%	2010-11 = 44.31% 2011-12 = 60.64% 2012-13 = 57.17% 2013-14 = 12.44% 2014-15 = 14.94% 2015-16 =	Measures the portion of Nova Scotia's Agricultural Industry which is being offered Agrilnsurance coverage. Development of new plans, improvements to existing plans.

