

CROP AND LIVESTOCK INSURANCE  
COMMISSION

BUSINESS PLAN

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2018-19

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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 2018-19. 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 AgrilInsurance 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 The development of a new information technology system to replace the current outdated and inefficient system has been identified as critical to ensuring that the Commission is able to meet the needs of its clients and funding partners.

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

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Mr. Arthur Pick, P.Ag.  
Vice Chair

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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.*

## 2018-2019 Priorities

The Strategic themes of the Department of Agriculture support government 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 provinces 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 on farm 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 under the AgriInsurance platform. It administers 16 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 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 (2013 -14 to 2017-18). The province has signed a new multilateral agreement, the Canadian Agricultural Partnership (CAP), which will replace the existing agreements, on April 1, 2018. The current AgrilInsurance programming and funding will continue with no major changes anticipated under the new agreement. These agreements outline cost sharing arrangements and administrative requirements that govern the design and delivery of AgrilInsurance programs. By design, AgrilInsurance 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 AgrilInsurance 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 AgrilInsurance 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 continued emphasis on the redesign of the Commission's information technology infrastructure has resulted in a number of improvements, however, there is still a considerable amount of work to be done.

### **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 components of Federal/Provincial cost sharing agreements.

## Priorities for 2018-19

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 the farming community. 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**
  - a. The Commission will continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance plans (examples include work on rerating premiums in the strawberry & raspberry 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, stakeholder consultation has been initiated with growers in sectors such as potato, hemp and haskap).
  - 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 *Crop Insurance General Field Crop 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 year, using a phased approach and both internal 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.

## Financials

The Commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the *Growing Forward 2* and the *Canadian Agricultural Partnership* 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 2017-18 (\$ 000)	Forecast 2017-18 (\$ 000)	Budget 2018-19 (\$ 000)
<b>Revenues</b>			
Insurance Premiums paid by Clients	823	811	823
Insurance Premiums Contributed by Govt. (Federal)	736	668	736
Wildlife Compensation Payments (Federal)	150	81	150
Insurance Premiums Contributed by Govt. (Provincial)	491	445	491
Wildlife Compensation Payments (Provincial)	100	65	100
Interest Income	70	72	70
<b>Total Revenues</b>	<b>2,370</b>	<b>2,142</b>	<b>2,370</b>
<b>Expenses</b>			
Indemnity Claims	1,900	1,892	1,900
Wildlife Compensation Payments	250	135	250
Reinsurance premiums	0	0	0
Bad Debt Expense	5	1	5
<b>Total Expenses</b>	<b>2,155</b>	<b>2,028</b>	<b>2,155</b>

<b>Net Income from Insurance Activities</b>	215	114	215
<b>Crop and Livestock Insurance Fund Balance</b>			
Beginning of Year	4,666	4,666	4,765
End of Year	4,881	4,780	4,980
<b>Administrative Expenses</b>			
Government Contributions (Canada)	649	603	649
Government Contributions (Nova Scotia)	470	437	470
<b>Total Administrative Expenses</b>	1,119	1040	1,119
<b>Net Govt. Expenditure</b>			
Canada (Premium + Administration)	1,535	1,352	1,535
Nova Scotia (Premium + Administration)	1,061	947	1,061
<b>Total Program Expenditure</b>	2,596	2,299	2,596