



ANNUAL REPORT
for the year 2008-09

**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, 2009.

I am, Your Honour,
Yours very truly,

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

John MacDonell
Minister of Agriculture

The Honourable John MacDonell
Minister of Agriculture

Dear Sir:

We have the honour to herewith submit the thirty-ninth Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2009. 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
Acting, 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
The 2008-09 Season.....	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
Risk by Year.....	7
Premium and Claims by Year.....	9

COMMISSION OFFICERS

BOARD OF DIRECTORS:

Avard Bentley, Chair
Westchester, Cumb. Co.

Phillip Stead
Truro, Colchester Co.

Michael Johnson, 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	-	Acting, CEO
T.D. Mitchell	-	Secretary
B.A. Whidden	-	Accounting Clerk
H.D. Black	-	Accounting Clerk
B.J. Nelson	-	Clerk
G.D. Macintosh	-	Supervisor, Field Services
A. Parsons-Lushington	-	Research and Development Coordinator
N.B. Sinclair	-	Database Administrator

AUDITOR:

Auditor General	-	Province of Nova Scotia
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SOLICITORS:

C. Thompson
B. Kerr

FIELD STAFF:

D.R. MacKenzie
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.

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.

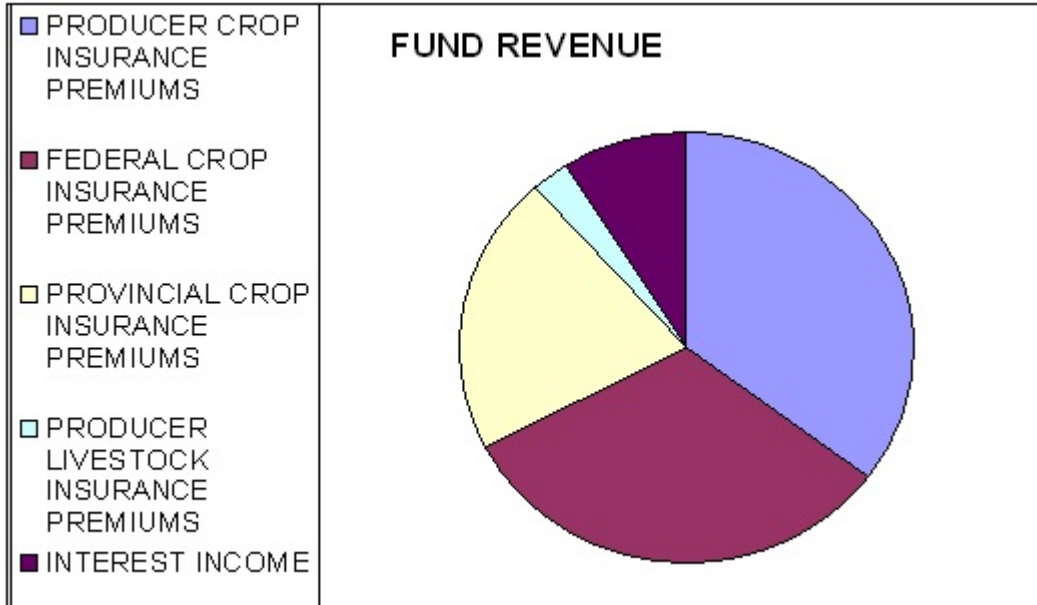
In the interest of efficiency of operations and convenience to farmers, the programs are administered by a common staff, but each program stands on its own. Separate accounting for premium and indemnities is maintained for each program. Administration expenses are proportioned to each program.

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.

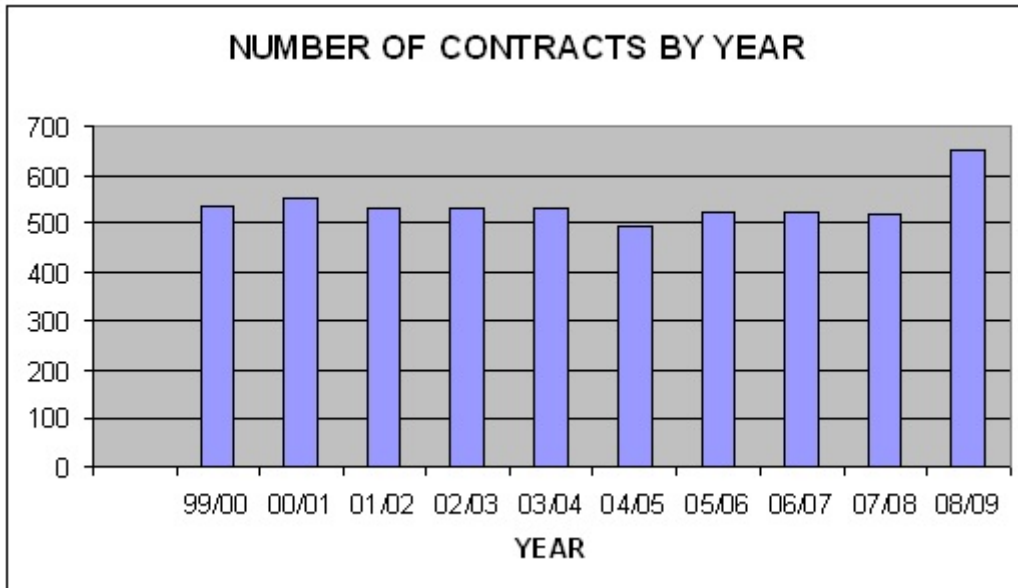
For 2008-09, the government of Nova Scotia contributed approximately 40 per cent of the total administration costs and 24 per cent of the crop insurance premium. The Government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs.



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 |
| Peas and Beans* | - | processing |
| Blueberries | - | lowbush and highbush blueberries |
| Strawberries | - | |
| Raspberries | - | |
| Forage | - | establishment year |
| Soybeans | - | |
| Potatoes | - | processing, seed, table |
| Vegetables | - | broccoli, brussels sprouts, cauliflower, cabbage, fresh carrots, lettuce, onions, parsnips, processing carrots, rutabagas and winter squash |
| Weather Derivative | - | |
| Dairy | - | |
| Poultry | - | |

* Repealed during 2008-09.



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 results in a loss of crop production or quality.

Quality Guarantee

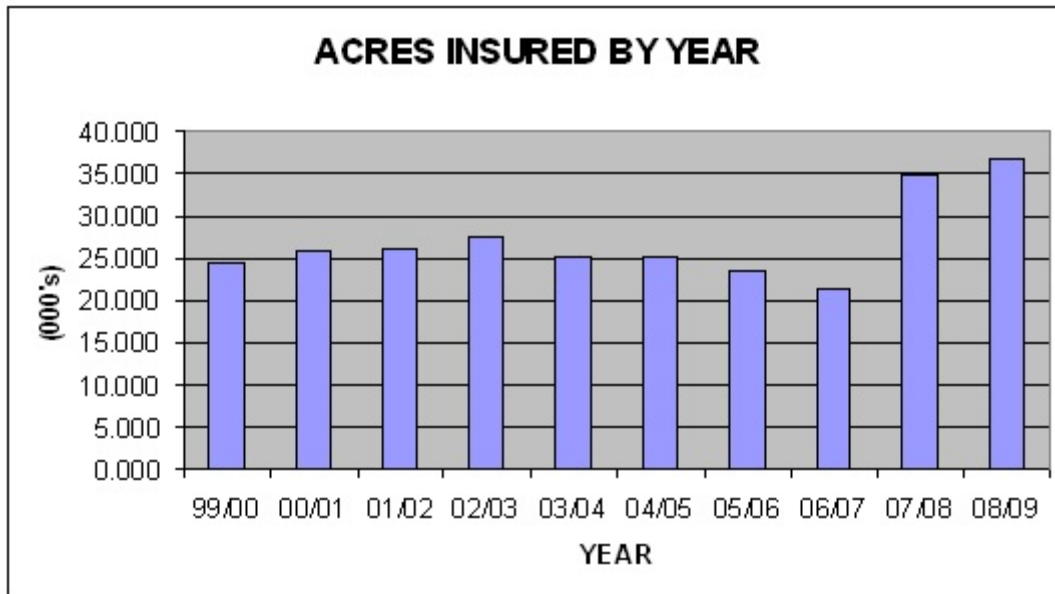
Quality losses are taken into consideration with certain plans such as tree fruit, corn, and spring and winter grain as well as weather.

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.



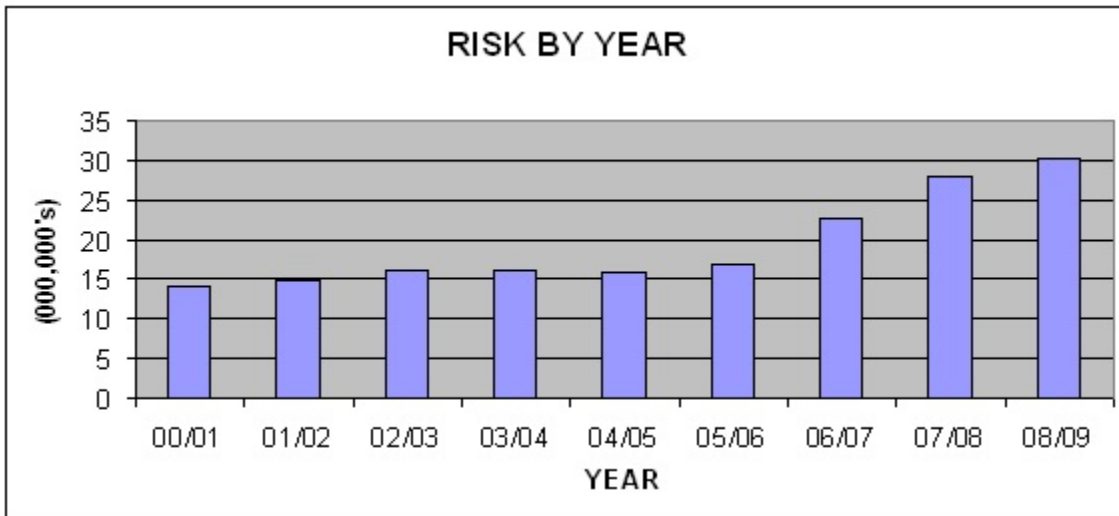
**STATISTICAL SUMMARIES
ANNUAL SUMMARY OF INSURANCE PLANS 2008-09**

PLAN	NO. GROWERS	NO. ACRES	TOTAL COVERAGE	TOTAL PREMIUM	TOTAL INDEMNITIES
Spring Grain	59	2,618.82	376,295.62	36,163.80	161,705.21
Tree Fruit	45	3,095.06	6,685,597.66	340,099.41	244,367.77
Tree Ins. End. (Trees)	44		7,616,546.00	30466.17	0
Forage Est.	3	87.47	12,245.80	1,070.28	0
Corn	67	8,150.91	2,305,119.39	131,948.43	0
Blueberries	185	7,216.37	8,536,765.00	576,008.72	805,730.45
Strawberries	2	19.32	69,815.10	8,875.10	0
Raspberries	0	0	0	0	0
Winter Grain	21	1,446.12	318,950.48	30,313.55	39,365.05
Potatoes	4	365.60	383,059.31	26,760.31	0
Soybeans	25	1,735.60	339,876.88	22,313.56	6,343.51
Vegetables	12	624.30	1,307,766.95	134,523.61	355,415.28
Weather Derivative	32	8,266.76	2,380,826.88	107,137.22	7,459.02
Crop Summary	504	36,721.39	30,332,865.07	1,445,680.16	1,620,386.29
	Herds	Animals/Birds			
Loss Income			10,081,973.42		
Livestock	122	17,934	24,460,800.00	31,403.59	32,600.00
			34,542,773.42		
Poultry	89	40,689,660	62,941,822.38	11,999.38	
Totals			127,817,460.87	1,489,083.13	

Note: Winter Grain claims belong to crop year 2008.

**SUMMARY OF CROP INSURANCE PLANS
(1969-70 to 2008 - 09 CROP YEARS INCLUSIVE)**

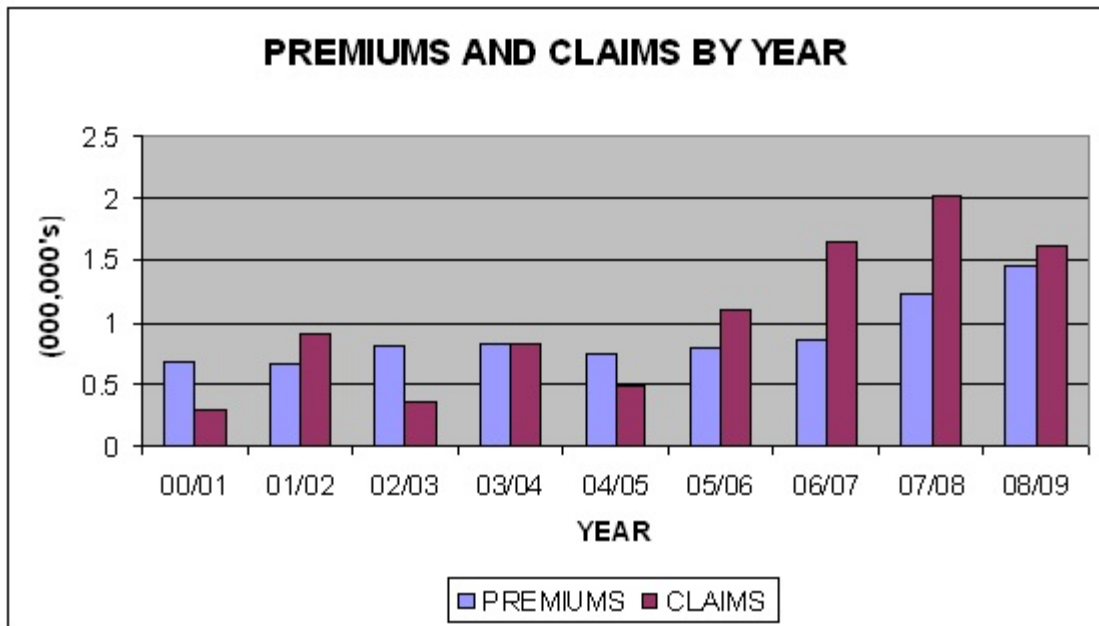
PLAN	NO. YEARS	NO. CLAIMS	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
Spring Grain	40	1744	1,608,069.99	1,849,913.18	1.15
Winter Grain	39	348	748,200.04	810,882.61	1.08
Tree Fruit	39	615	5,747,271.99	5,760,134.56	1.00
Tree Rider	25	22	273,132.22	90,705.16	0.33
Tobacco	25	21	767,809.39	561,296.33	0.73
Corn	38	558	1,946,690.47	1,399,141.10	0.72
Peas & Beans	32	629	3,140,338.94	3,315,484.65	1.06
Blueberries	36	957	3,465,515.86	4,758,255.13	1.37
Strawberries	35	123	343,263.83	381,767.02	1.11
Forage Est.	32	150	103,510.22	84,397.92	0.82
Soybeans	23	70	191,993.33	105,200.65	0.55
Potatoes	22	31	978,315.30	1,284,623.26	1.31
Raspberries	6	4	1,429.44	3,216.60	2.25
Forage Prod.	3	1	16,983.20	4,551.38	0.27
Vegetables	9	43	867,747.82	1,223,587.09	1.41
Weather Derivative	2	12	206,838.07	142,124.40	0.69
TOTAL		5,328	\$20,407,110.11	\$21,775,281.04	1.07



**OPERATIONS SUMMARY OF CROP INSURANCE YEARS
(1969-70 to 2008-09 Crop Years Inclusive)**

CROP YEARS	NO. CONTRACTS	TOTAL COVERAGE	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
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
TOTAL		\$398,875,571.63	\$20,407,110.11	\$21,775,281.04	1.07

Since the program's implementation in 1969, for every dollar collected in premium \$1.07 has been paid out in claims.



**SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978 - MARCH 31, 2009)**

Years	No. Insured Herds	Insured Animals	Total Premium	Claims Paid	Loss Ratio
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			\$1,098,215.28	\$1,028,009.99	0.94

Since the program was implemented in 1978, for every dollar collected from the insured farmer, \$0.94 has been paid out in claims.

**DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY
(APRIL 1, 2008 - MARCH 31, 2009)**

Insurable Perils	Number Animals	Total Claims Paid
1. Shipping fever	17	\$26,200.00
2. Reportable diseases	0	0
3. Infectious bovine rhinotracheitis	4	\$ 6,400.00
4. Other	0	0
5. Loss of Income	0	0

**CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978 - MARCH 31,2009)**

Insurable Diseases	Number Animals	Total Claims Paid
1. Acute Mastitis*	108	\$104,291.40
2. Shipping Fever	462	\$498,265.54
3. Infectious Bovine Rhinotracheitis	57	\$ 47,737.18
4. Brucellosis	2	\$ 810.70
5. Loss of Income	0	\$360,705.17
6. Other	14	\$ 16,200.00
Total	643	\$1,028,009.99

* This peril no longer covered

**SUMMARY OF POULTRY LIVESTOCK INSURANCE PLAN
(OCTOBER 1, 2007 - MARCH 31, 2009)**

Years	No. Insured Flocks	No. Insured Birds	Total Premium	Claims Paid	Loss Ratio
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			\$ 13,738.53	\$ 0.00	0.00

**SUMMARY OF POULTRY INSURANCE PLAN
(2007-2008 to 2008-09 POULTRY YEARS INCLUSIVE)**

Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Broiler (CHK)	2	0	6,624.54	0.00	0.00
Commercial Pullet (PUL)	2	0	429.74	0	0
Broiler Breeder (BRB)	2	0	1,922.17	0	0
Breeder Pullet (BRP)	2	0	101.70	0	0
Commercial Layer (CLR)	2	0	3,845.57	0	0
Integrated Layer (ILR)	2	0	814.81	0	0
TOTAL		0	\$13,738.53	\$0.00	0.00

**SUMMARY OF WILDLIFE COMPENSATION
(MAY 8, 2008 - MARCH 31, 2009)**

	# Years	# Commodities	# Claims	Claims Paid
2008-2009	1	18	60	\$109,868.03
TOTALS		18	60	\$109,868.03

**SUMMARY OF WILDLIFE COMPENSATION
(2008-2009 WILDLIFE YEARS INCLUSIVE)**

COMMODITY	# YEARS	# PAYMENTS	PAYMENTS MADE
Bees	1	5	2,048.00
Bee Hive	1	3	608.00
Hive Contents	1	2	64.00
Beef Cow	1	1	320.00
Beef Calf	1	1	160.00
Beef Bull	1	0	0.00
Beef Steer	1	0	0.00
Lowbush Blueberries	1	5	7,592.12
Strawberries	1	1	931.84
Ewe	1	13	4,420.00
Lamb	1	13	2,430.00
Ram	1	3	480.00
Tree Endorsement	1	1	480.00
Apples	1	2	22,556.98
Vegetable	1	2	56,019.83
Corn Silage	1	6	8,891.80
Grain Corn	1	1	524.40
Soybean	1	1	2,341.06
TOTAL		60	\$109,868.03

THE 2008-09 SEASON

The Commission wrote \$128 million in coverage in 2008-09. This represented an 80% increase in coverage over the previous year. Insurance coverage was broken down as 25% for crops, 27% for dairy and 49% for poultry. The total premium collected was \$1.5 million, which was a 19% increase over the previous year. This increase was a result of increased premium collected for most crops, as well as increased premiums collected under the new poultry plan.

The 2008 cropping season saw relatively good growing conditions in many areas of the province. The eastern area of the province, however, did experience significant rainfall which reduced crop yields significantly. The growing season was generally favorable for the province's apple crop. Lowbush blueberries, which account for 38% of the Commission's crop liability, experienced high yield losses again this year. This was primarily a result of pollination problems and excessive rainfall during the harvest.

The result of these conditions was the payment of 149 indemnity claims representing \$1.620 million to insured crop clients. While these payments were not as high as the previous year, they do represent a significant amount of support to producers in managing some of the natural risks they face on their farm businesses. In 2008-09, the largest indemnity payments for crop losses included blueberry (\$805,730), vegetables (\$355,415), tree fruit (\$244,368) and spring grain (\$161,705). There were also 12 livestock indemnity payments valued at \$32,600 recorded for the dairy insurance plan and no payments in the poultry insurance plan. The Commission introduced a Wildlife Compensation Program in 2008-09. In its first year of operation, this program recorded 60 compensation claims totaling \$109,868.

During the year, the Commission continued with its developmental work to expand the insurance options available for Nova Scotia producers to manage risk on their operations. Implementation of the new Poultry Insurance Plan continued with increased uptake. A Wildlife Compensation Program was released and saw relatively good uptake by producers in its first year. Development work with industry continued for a stone fruit and maple insurance plan. Improvements to the Commission's horticultural plans are also being reviewed. A major revision to the Commission's Contract of Insurance to update the legal language was also initiated and is expected to be complete sometime in 2009-10.

Key staff were involved in national committees and working groups, including the AgriInsurance Working Group and the National Livestock Insurance 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. This project has been plagued by a number of delays. A major review of the project is planned for 2009-10.

TABLE 1. ESTIMATE - ACTUAL 2008-09

	Estimate 08-09 (000)s	Actual 08-09 (000)s
Revenues		
Insurance Premiums Paid by Clients	515	622
Insurance Premiums Contributed by Govt (Federal)	323	593
Insurance Premiums Contributed by Govt (Provincial)	215	395
Interest Income	160	178
Total Revenues	1,213	1,788
Expenses		
Indemnity Claims	1,500	1,763
Reinsurance Premiums	0	0
Bad Debt Expense	5	9
Total Expenses	1,505	1,772
Net Income From Insurance Activities	(292)	17
Crop and Livestock Insurance Fund Balance		
Beginning of Year	5,632	5,359
End of Year	5,340	5,376
Administrative Expenses		
Government Contributions (Canada)	501	479
Government Contributions (Nova Scotia)	535	336
Total Administrative Expenses	1,036	815
Net Govt Expenditure		
Canada (Premium + Administration)	824	1,073
Nova Scotia (Premium + Administration)	750	929
Total Program Expenditure	1,574	2,002

The Commission's 2008-09 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:

1. Program Expansion / Enhancements:

- Introduction of a Wildlife and Waterfowl Compensation Program, which will allow compensation for agriculture products destroyed by uncontrollable wildlife and waterfowl. This policy will be finalized and submitted for approval early in 2008. Pending regulatory approval, the Commission is targeting introduction of this program in the spring of 2008.

- A new Poultry Livestock Insurance Plan to cover infectious laryngotracheitis, a disease which has caused significant hardship to our poultry sector in recent years, was introduced in the fall of 2007. The Commission will continue with the implementation of this plan throughout 2008-09.
- The Commission will continue its consultations with industry and the federal government with the goal of inclusion of the Dairy Livestock Insurance Plan in the Production Insurance platform which will allow cost sharing by both levels of government. This will allow producers to take advantage of the 60% government cost sharing on premiums.
- In consultation with industry, the Commission will continue to research and develop additional insurance-based products that meet the needs identified by industry. These include development work on an insurance plan for the maple, stone fruit and hog sectors.
- The Commission will continue to evaluate and respond to industry needs through expansion of existing plans and the introduction of more flexible options to our clients. These options could include risk splitting, more price options, and/or additional coverage levels.
- To address the specific needs of the horticultural sector, the Commission will investigate the development of products that provide more flexible coverage options to the sector such as value-based coverage and programs for commercial scale market garden operations which grow a small acreage of many different crops.

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 2008-09	Future Direction Target 09-10	Comments
Number of Farms Using Production Insurance	600	700	750	Improve program effectiveness and flexibility through introduction of non-production 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> 72	<i>(Millions)</i> 84	Introduction of Poultry Insurance, weather based forage insurance, expanded tree coverage, and higher unit prices and coverage options.
Aggregate Coverage Level: The % of total insurable value covered by the program.	80%	83%	84%	Introduction of more flexible risk splitting benefits for all crop plans and higher unit prices in response to market conditions.
Number of Insurance Products Available	14	16	18	Introduction of a Wildlife Compensation product.

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2009**

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2009**

CONTENTS

	Page
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



Nova Scotia

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

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Agriculture

I have audited the balance sheet of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2009, and the statements of surplus and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

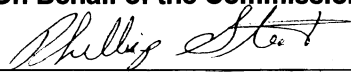
Jacques R. Lapointe, CA
Auditor General

Halifax, Nova Scotia
May 11, 2009

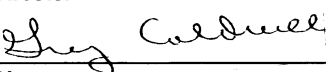
PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
BALANCE SHEET
MARCH 31, 2009

	2009	2008
Assets		
Current		
Cash	\$ 63,579	\$ 149,855
Short-term investments (note 3)	4,998,470	5,193,436
Receivables, trade	381,437	95,049
Accrued interest receivable	972	665
Receivable from Department of Agriculture (note 9)	<u>210,212</u>	<u>-</u>
	5,654,670	5,439,005
Equipment (note 4)	<u>239,813</u>	<u>318,477</u>
	<u>\$ 5,894,483</u>	<u>\$ 5,757,482</u>
Liabilities		
Current		
Deferred revenue	\$ 52,043	\$ 53,427
Deposits for insurance	16,150	21,483
Unsettled indemnities (note 5)	349	5,225
Deferred contribution (note 9)	<u>210,212</u>	<u>-</u>
	278,754	80,135
Deferred contributions related to capital assets (note 6)	<u>239,813</u>	<u>318,477</u>
	<u>518,567</u>	<u>398,612</u>
Fund Balances		
Fund balances		
Crop insurance	\$ 4,372,777	\$ 4,397,477
Livestock insurance	989,110	959,616
Poultry insurance	<u>14,029</u>	<u>1,777</u>
	5,375,916	5,358,870
Contingency (note 11)	<u>\$ 5,894,483</u>	<u>\$ 5,757,482</u>

On Behalf of the Commission



 Director



 Director

NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF SURPLUS AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2009

	Crop Insurance	Wildlife Insurance	Livestock Insurance	Poultry Insurance	Total 2009	Total 2008
Revenue						
Insurance premiums (Schedule A)	\$ 1,457,478	\$ 109,868	\$ 30,929	\$ 11,999	\$ 1,610,274	\$ 1,257,305
Interest income	147,071	-	31,165	253	178,489	284,602
Amortization of deferred contributions (note 6)	79,541	-	-	-	79,541	63,099
	<u>1,684,090</u>	<u>109,868</u>	<u>62,094</u>	<u>12,252</u>	<u>1,868,304</u>	<u>1,605,006</u>
Expenses						
Indemnity claims (Schedule A)	1,620,386	109,868	32,600	-	1,762,854	2,205,296
Bad debt expense	8,863	-	-	-	8,863	14,364
Administrative expenses (note 7) (Schedule B)	780,072	19,482	15,919	-	815,473	791,087
Amortization of capital assets	79,541	-	-	-	79,541	63,099
	<u>2,488,862</u>	<u>129,350</u>	<u>48,519</u>	<u>-</u>	<u>2,666,731</u>	<u>3,073,846</u>
Surplus (deficiency) before Government contributions	<u>(804,772)</u>	<u>(19,482)</u>	<u>13,575</u>	<u>12,252</u>	<u>(798,427)</u>	<u>(1,468,840)</u>
Government contributions (note 8)	<u>780,072</u>	<u>19,482</u>	<u>15,919</u>	<u>-</u>	<u>815,473</u>	<u>791,087</u>
Net surplus (deficiency)	<u>(24,700)</u>	<u>-</u>	<u>29,494</u>	<u>12,252</u>	<u>17,046</u>	<u>(677,753)</u>
Fund balances, beginning of year	<u>4,397,477</u>	<u>-</u>	<u>959,616</u>	<u>1,777</u>	<u>5,358,870</u>	<u>6,036,623</u>
Fund balances, end of year	<u>\$ 4,372,777</u>	<u>\$ -</u>	<u>\$ 989,110</u>	<u>\$ 14,029</u>	<u>\$ 5,375,916</u>	<u>\$ 5,358,870</u>

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009**



	2009	2008
Operating Activities		
Net surplus (deficiency)	\$ 17,046	\$ (677,753)
Amortization of capital assets	79,541	63,099
Amortization of deferred contributions	<u>(79,541)</u>	<u>(63,099)</u>
	17,046	(677,753)
Net change in non-cash working capital balances related to operations (note 10)	<u>(298,288)</u>	<u>69,720</u>
	<u>(281,242)</u>	<u>(608,033)</u>
Investing Activities		
Sale of short-term investments	194,966	631,894
Purchase of capital assets	(2,676)	(179,040)
Deferred contributions related to capital assets	<u>2,676</u>	<u>179,040</u>
	<u>194,966</u>	<u>631,894</u>
Increase (decrease) in cash during year	(86,276)	23,861
Cash, beginning of year	<u>149,855</u>	<u>125,994</u>
Cash, end of year	<u>\$ 63,579</u>	<u>\$ 149,855</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, wildlife, poultry 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. 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 and short-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.

3. Short-term investments

The commission invests excess funds to be used to pay future indemnity claims. At March 31, 2009 these funds were invested in various GIC's and provincial promissory notes maturing in fiscal 2010 with yields from 1.10% to 3.20%.

4. Equipment

	2009	2008
Equipment and furniture	\$ 480,439	\$ 480,160
Accumulated amortization	<u>(240,626)</u>	<u>(161,683)</u>
	<u>\$ 239,813</u>	<u>\$ 318,477</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.

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.

	2009	2008
Balance, beginning of year	\$ 318,478	\$ 202,536
Add: Capital assets acquired	2,676	179,040
Less: Capital asset disposed	(1,800)	-
Less: Amounts amortized to revenue	<u>(79,541)</u>	<u>(63,099)</u>
Balance, end of year	<u>\$ 239,813</u>	<u>\$ 318,477</u>

7. Related party transactions

Administrative expenses include \$30,000 (2008 - \$30,000) for rent and \$44,240 (2008 - \$NIL) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture.

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 hi-cost portion, the Federal and Provincial governments pay a reduced proportion of the hi-cost portion of the insurance premium. The proportion of an insurance premium that is hi-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 program or in non-refundable deposits.

For the 2009 fiscal year, the Federal government contributed 60% (2008 - 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 is funded 60% by the Federal government and 40% by the Provincial government.

9. Receivable from the Department of Agriculture

During the year the Commissioner received funding from the Federal Government for administrative expenses based upon budgeted amounts rather than actual expenditures. Because actual expenditures were less than budgeted, the Federal Government overpaid its share of administrative expenses, and the Department of Agriculture underpaid the provincial portion of these expenses. The additional payment from the Federal Government will be offset against claims for expenses in 2009-10.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

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

	2009	2008
Increase (decrease) in cash from changes in:		
Receivables	\$ (286,388)	\$ (70,540)
Accrued interest receivable	(307)	131,840
Receivable from Department of Agriculture	(210,212)	-
Increase in deposits for insurance	(5,333)	(971)
Unsettled indemnities	(4,876)	5,225
Deferred revenue	(1,384)	4,166
Deferred contribution	<u>210,212</u>	<u>-</u>
	<u>\$ (298,288)</u>	<u>\$ 69,720</u>

11. Insurance coverage

The total insurance coverage as of March 31, 2009 was \$127,840,107 (2008 - \$70,817,637), comprising crop insurance of \$30,355,511 (2008 - \$27,905,247), livestock insurance of \$34,542,773 (2008 - \$34,713,567) and poultry insurance of \$62,941,822 (2008 - \$8,198,822).

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, 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, 2009. The amount, if any, to be repaid to the Province will be recorded by the Commission at that time.

12. 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 \$35,932 (2008 - \$36,661).

13. Financial instruments

Credit risk management

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.

14. Economic dependence

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

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
PREMIUM REVENUE AND INDEMNITY CLAIMS
FOR THE YEAR ENDED MARCH 31, 2009**

SCHEDULE A

	Premium Revenue			Indemnity Claims			
	Farmer	Federal	Provincial	2009	2008	2009	2008
Crop Insurance							
Spring grain	\$ 16,140	\$ 12,018	\$ 8,006	\$ 36,164	\$ 33,690	\$ 161,705	\$ 106,049
Winter grain	13,879	10,285	6,857	31,021	28,716	39,365	19,401
Tree fruit	135,767	142,020	94,979	372,766	340,717	244,368	298,037
Corn	54,148	46,680	31,120	131,948	107,407	-	61,882
Weather derivative	42,855	38,569	25,713	107,137	99,700	7,459	134,665
Blueberries	230,320	212,778	141,639	584,737	409,519	805,730	1,297,744
Strawberries and raspberries	4,054	2,891	1,930	8,875	7,469	-	42,808
Forage	492	444	296	1,232	2,267	-	-
Soybeans	9,023	7,972	5,318	22,313	15,194	6,344	68
Potatoes	10,881	9,524	6,356	26,761	52,888	-	-
Vegetables	61,642	43,729	29,153	134,524	128,968	355,415	70,169
	579,201	526,910	351,367	1,457,478	1,226,535	1,620,386	2,030,823
Livestock Insurance	30,929	-	-	30,929	29,031	32,600	174,473
Poultry Insurance	11,999	-	-	11,999	1,739	-	-
Wildlife Insurance	-	65,921	43,947	109,868	-	109,868	-
Total	<u>\$ 622,129</u>	<u>\$ 592,831</u>	<u>\$ 395,314</u>	<u>\$1,610,274</u>	<u>\$ 1,257,305</u>	<u>\$ 1,762,854</u>	<u>\$ 2,205,296</u>

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2009**

SCHEDULE B

	Insurance			Totals	
	Crop	Wildlife	Livestock and Poultry	2009	2008
Personnel	\$ 555,254	\$ 11,522	\$ 11,332	\$ 578,108	\$ 578,985
Transportation and communication	55,832	4,810	1,139	61,781	60,005
Information	5,115	646	104	5,865	10,113
Professional and special services	81,763	765	1,669	84,197	99,899
Office accommodation and equipment rental	35,642	881	727	37,250	34,888
Repair and maintenance of equipment	1,040	-	21	1,061	2,448
Materials and supplies	2,355	568	48	2,971	4,749
Central government services	<u>43,071</u>	<u>290</u>	<u>879</u>	<u>44,240</u>	<u>-</u>
	<u>\$ 780,072</u>	<u>\$ 19,482</u>	<u>\$ 15,919</u>	<u>\$ 815,473</u>	<u>\$ 791,087</u>