



# **Crown Corporation**

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

### FOR THE FISCAL YEAR 2008–2009

## Nova Scotia Crop and Livestock Insurance Commission

### ***Business Plan 2008–2009***

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## Message from the Minister and the Chair

We are pleased to present the Nova Scotia Crop and Livestock Insurance Commission's business plan for 2008–2009. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses.

The production insurance product line continues to expand the opportunities for risk transfer in production of agricultural products. The commission continues to expand its product line, offering increased benefits, lower premiums, and more insurance options. These products are developed and tested in Nova Scotia for Nova Scotia's unique agronomic mix and business needs.

The commission continues to improve its information management capabilities that were initiated last year. Development of a more robust system is a key factor in meeting the province's commitment to improve customer service and program options under the Production Insurance platform of the Canada–Nova Scotia Implementation Agreement.

The Honourable Brooke Taylor

Minister of Agriculture

Avard Bentley

Chair of the Nova Scotia Crop and  
Livestock Insurance Commission

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## Mission

***To provide Nova Scotia farm managers with insurance products with which they can manage the financial risk associated with reduced crop or animal production losses due to insurable perils.***

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## Link to the Corporate Path

In support of government objects of creating winning conditions and seizing new economic opportunities, 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 the risk of financial losses caused by crop failures. The introduction of new insurance products will provide more farm producers access to production insurance 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 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 14 crop insurance plans, a dairy livestock insurance plan, and most recently, a poultry insurance plan. In 2003 the Canada–Nova Scotia Implementation Agreement associated with the National Agricultural Policy Framework (APF) established the Production Insurance platform. The agreement outlines cost-sharing arrangements and administrative requirements that govern the design and delivery of production insurance programs.

Federal and provincial ministers have indicated their desire to expand and strengthen the role of the program to offer more coverage to commercially grown crops and livestock species. In that context, the commission is developing products for crops and/or production systems that have not traditionally been covered under crop insurance.

The commission plans to expand its product line to include insurance options for more crops and animal species, such as the recently introduced poultry plan. We will also introduce new options for conventional cropping situations and a new compensation program for damage done by uncontrollable wildlife and waterfowl.



A 2005 study of administrative best practices in delivery of production insurance programs revealed areas where the commission can improve its service delivery. On the report's recommendation, the commission will continue with the modernization of its information management capabilities, take steps to reduce its underwriting and claim verification costs, and increase co-operation with other provincial delivery agents. A major rebuild of the commission's data management capabilities is now expected to be complete in early 2008.

## 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 increase 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 decreasing turnaround time on client requests for program improvements.

## 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 of the Canadian Agricultural Policy Framework (APF).

## Priorities for 2008–2009

The commission's priority is to increase 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 the following program expansions and enhancements:

- A Wildlife and Waterfowl Compensation Program will be introduced, 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 that 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 2008–2009.
  - The commission will continue its consultations with industry and the federal government with the goal of including 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 per cent 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 insurance plans 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 that grow a small acreage of many different crops.

## Human Resource Planning

Administratively, the commission will review its staffing needs and develop a succession planning strategy that recognizes an anticipated significant turnover within its staff in the next five years. The commission will also review staff training and development needs during the coming year.

## Budget Context

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the APF provides for reimbursement of 60 per cent of the administrative costs relative to production insurance. Premiums paid by clients and by the federal government are not included in the departmental budget figures.

Operational priorities outlined above have been costed and included in the budget estimate.



**Nova Scotia Crop and Livestock Insurance Commission**

***Estimate of Income and Fund Balances***

	Authority 2007-08 (per 2007-08 Estimates Book) (\$,000)	Forecast 2007-08 (per 2007-08 Estimates Book) (\$,000)	Budget 2008-09 (per 2008-09 Estimates Book) (\$,000)
<b>Revenues</b>			
Insurance Premiums paid by Clients	380	500	515
Insurance Premiums Contributed by Government (Federal)	323	419	323
Insurance Premiums Contributed by Government (Provincial)	215	279	215
Interest Income	150	170	160
<b>Total Revenues</b>	<b>1,068</b>	<b>1,368</b>	<b>1,213</b>
<b>Expenses</b>			
Indemnity Claims	1,690	2,144	1,500
Reinsurance Premiums			
Bad Debt Expense	5	1	5
<b>Total Expenses</b>	<b>1,695</b>	<b>2,145</b>	<b>1,505</b>
<b>Net Income (Loss) From Insurance Activities</b>	<b>(627)</b>	<b>(777)</b>	<b>(292)</b>
<b>Crop and Livestock Insurance Fund Balance</b>			
Beginning of Year	6,138	6,409	5,632
End of Year	5,511	5,632	5,340
<b>Administrative Expenses</b>			
Government Contributions (Canada)	501	501	501
Government Contributions (Nova Scotia)	482	682	535
<b>Total Administrative Expenses</b>	<b>983</b>	<b>1,183</b>	<b>1,036</b>
<b>Net Government Expenditure</b>			
Canada (Premium + Administration)	824	920	824
Nova Scotia (Premium + Administration)	697	961	750
<b>Total Program Expenditure</b>	<b>1,521</b>	<b>1,881</b>	<b>1,574</b>

# Outcomes and Performance Measures

## Core Business Area

### Delivery of insurance products for production agriculture

Outcome	Measure	Data Base Year (2004–2005)	Target 2008–2009	Ultimate Target	Strategies to Achieve Target
Increased income stability of farm businesses	Number of farms using production insurance	600	700	750	Improve program effectiveness and flexibility through introduction of non-production-based plans in response to client requests for more options in insurance coverage
	\$ value of coverage	\$52.5 million	\$72 million	\$84 million	Introduce poultry insurance, weather-based forage insurance, expanded tree coverage, and higher unit prices and coverage options
	Aggregate coverage level for crop program	80%	83%	84%	Introduce 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	Introduce a wildlife compensation product.