



Crown Corporation

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

FOR THE FISCAL YEAR 2011–2012

Nova Scotia Crop and Livestock Insurance Commission *Business Plan 2011–2012*

Table of Contents

| | |
|---|--|
| Message from the Minister, Chair, and CEO | |
| Mission | |
| Link to the Department of Agriculture Mandate | |
| Planning Context | |
| Strategic Goals | |
| Core Business Area | |
| Priorities for 2011–2012 | |
| Human Resource Planning | |
| Finance | |
| Budget Context | |
| Outcome and Performance Measures | |

Message from the Minister, Chair, and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2011–12. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses.

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 Nova Scotia's unique agronomic mix and business needs.

The commission continues to work toward improving its information management capabilities. Development of a more robust information management system is a key factor in meeting the province's commitment to improve customer service under the AgriInsurance platform.

The Honourable John MacDonell
Minister, Agriculture

Mr. Avarad Bentley
Chair

Mr. Bill MacLeod, P.Ag.
CEO

Mission

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. The introduction of new insurance products will provide more farm producers 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. 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 the cost sharing arrangements and administrative requirements that govern the design and delivery of AgriInsurance programs.

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 developing products for



crops and production systems that have not traditionally been covered under crop insurance in Nova Scotia.

The commission plans to continue to improve and expand its product line to include insurance options for more crops and animal species as well as new options for conventional cropping situations. Although the Wildlife Compensation Program first introduced in 2008 is not an insurance-based program, the commission will continue to offer it.

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 modernizing 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 began in 2006 and terminated unsuccessfully in 2009–10. In 2010–11 the commission refocused its internal resources to continue with modernization of its information management capabilities. This work will continue in 2011–12.

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 Area

The core business of the 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.

Priorities for 2011–2012

The commission's priority is to increase the insurance coverage it offers to Nova Scotia agricultural producers. Increased participation in AgriInsurance programs allows producers to take an active role in managing risk on their farm businesses. Government cost sharing encourages participation.

The value of coverage is actively managed by increasing the number of clients utilizing AgriInsurance and 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 the following.

Program Expansion/ Enhancements:

- The commission will continue with promotion of a new Maple insurance plan introduced in 2010–11 to increase uptake of this program.
 - The commission will finalize the revision of its existing Tree Fruit plan to permit the insurance of stone fruit (specifically peaches), add triticale to its winter grain plan, and add wind as a peril in the Dairy plan to recognize gaps in coverage identified by industry.
 - In consultation with the agricultural industry the commission will continue to research and develop additional insurance-based products that meet the needs identified by industry. Specifically, consultation, research, and development work on a new insurance plan for grapes will begin in 2011–12.
- The commission will continue to actively participate in national-level policy and program design options that expand the AgriInsurance opportunities in the livestock sector, including investigation of price insurance options. The commission will implement federal cost sharing of its Poultry Livestock plan under the Growing Forward agreement.

Administrative Improvements:

- The commission will refocus its efforts internally to update and modernize the information technology infrastructure to promote accurate, timely, and more efficient delivery of its products and services.
- The commission will continue to actively promote AgriInsurance as a key business risk-management option for agricultural producers in Nova Scotia.

Human Resource Planning

Administratively the commission will continue to review its staffing needs and update its succession planning strategy, which recognizes an anticipated turnover within the staff in the next one to five years. The commission will also continue to review staff training and development needs during the coming year.



Finance

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the Growing Forward agreement provides for reimbursement of 60 percent 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

Estimate of Income and Fund Balances

| | Authority 2010–11* (\$ 000) | Forecast 2010–11* (\$ 000) | Budget 2011–12** (\$ 000) |
|---|-----------------------------------|----------------------------------|---------------------------------|
| Revenues | | | |
| Insurance premiums paid by clients | 818 | 624 | 818 |
| Insurance premiums contributed by government (federal) | 736 | 517 | 736 |
| Wildlife compensation payments (federal) | 150 | 120 | 150 |
| Insurance premiums contributed by government (provincial) | 491 | 345 | 491 |
| Wildlife compensation payments (provincial) | 100 | 80 | 100 |
| Interest income | 70 | 78 | 80 |
| Total revenues | 2,365 | 1,764 | 2,375 |
| Expenses | | | |
| Indemnity claims | 1,800 | 1,510 | 1,800 |
| Wildlife compensation payments | 250 | 200 | 250 |
| Reinsurance premiums | 0 | 0 | 0 |
| Bad debt expense | 5 | 5 | 5 |
| Total expenses | 2,055 | 1,715 | 2,055 |
| Net income from insurance activities | 310 | 49 | 320 |
| Crop and livestock insurance fund balance | | | |
| Beginning of year | 4,529 | 4,529 | 4,578 |
| End of year | 4,839 | 4,578 | 4,898 |
| Administrative expenses | | | |
| Government contributions (Canada) | 648 | 577 | 610 |
| Government contributions (Nova Scotia) | 386 | 385 | 406 |
| Total administrative expenses | 1,034 | 962 | 1,016 |
| Net government expenditure | | | |
| Canada (premium + administration) | 1,534 | 1,214 | 1,496 |
| Nova Scotia (premium + administration) | 977 | 810 | 997 |
| Total program expenditure | 2,511 | 2,024 | 2,493 |

* per 2010–11 Estimates Book

** per 2011–12 Estimates Book



Outcome and Performance Measures

Core Business Area

| Outcome | Measure | Base Year Data (2004-05) | Target 2011-12 | Ultimate Target 2012-13 | Strategies to Achieve Target |
|---|--|-----------------------------|-------------------|-------------------------------|---|
| Increased income stability of farm businesses | Number of farms using production insurance | 600 | 670 | 700 | Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients |
| | Value of coverage | \$52.5 million | \$132 million | \$135 million | Introduction of Maple insurance, Stone Fruit insurance |
| | Aggregate coverage level for crop program | 80% | 85% | 87% | Promotion of insurance plans to attract new clients and encourage existing clients to take higher coverage levels |
| | Number of products available | 14 | 16 | 17 | Results of the introduction of new plans (Maple) |
| | Value of compensation paid for wildlife damage | N/A | \$250,000 | \$260,000 | Includes federal and provincial compensation paid to producers for damage from wildlife; continued promotion of this program |