



Crown Corporation

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

FOR THE FISCAL YEAR 2012–2013

Nova Scotia Crop and Livestock Insurance Commission *Business Plan 2012–2013*

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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 2012–2013. The plan outlines the commission's continued commitment to offer insurance against production losses faced by Nova Scotia's primary agricultural producers.

This plan supports Home Grown Success, the province's 10-year plan for agriculture, which envisions an industry that is diversified, market focused, innovative, and profitable. 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 struggle to make improvements to its information management capabilities. The development of a new IT system to replace the current inefficient and unreliable system has been identified as critical to ensuring that the commission is able to continue to meet the needs of its clients and funding partners.

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 contribute 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 through collaboration with industry stakeholders 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 cost sharing arrangements and administrative requirements which 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 to provide new options for conventional cropping situations. Although not an insurance-based program, the commission also offers a Wildlife Compensation Program which was first introduced in 2008.

Administratively the commission will continue to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next 1–5 years. The ability to refill positions will affect the delivery of the commissions program. The commission will continue to review staff training and development needs during the coming year.

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 its attempts to modernize its information

management capabilities, take steps to reduce its underwriting and claim verification costs, and increase cooperation with other provincial delivery agents. A major rebuilding of the commission's data management capabilities began in 2006 and terminated unsuccessfully in 2009–2010. In 2010–2011 the commission refocused its internal resources to continue with the modernization of its information management capabilities. This work will continue in 2012–2013.

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; a federal-provincial-territorial framework agreement on agriculture, agri-food, and agri-based products policy.

Priorities for 2012–2013

The commission's priority 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 utilizing AgriInsurance, 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 by means of the following methods.

Program Expansion/Enhancements:

- The commission will update its current strawberry plan to include coverage for day-neutral strawberries.
- The commission will review its Plan for Winter Grain to extend the seeding deadline and include additional agronomic zones in the province.
- The commission will consult with industry stakeholder groups to review current policy and regulations, as well as to develop new programs (e.g., apple industry consultation regarding the tree fruit plan; continued consultation with the grape industry on potential development of a new plan; preliminary consultation with bee industry).
- Commission staff will begin research into the applicability of acreage loss programs to small-scale farm operations to determine its potential as a risk management tool in this growing sector of the industry.
- The commission will work with stakeholder groups to evaluate the effectiveness of its Wildlife Compensation Program.
- The commission will continue to actively participate in national-level policy and program design discussions. A key focus in 2012–2013 will be to provide input into the province's negotiation of the next national agricultural policy framework, Growing Forward 2, ratification of which is anticipated in the spring of 2013.



Administrative Improvements

- The commission will continue to refocus its efforts to update and modernize its information technology infrastructure to promote accurate, timely, and more efficient delivery of its products and services. The modernization of these systems is critical to prevent a catastrophic failure in the existing infrastructure and to improve system security.
- The commission will continue to actively promote AgriInsurance as a key business risk management option to agricultural producers in Nova Scotia.
- The commission will update its Federal/ Provincial Operational Document in 2012.

Finance

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the Growing Forward framework provides for reimbursement of 60% 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 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Budget 2012-13 (\$ 000)
Revenues			
Insurance premiums paid by clients	818	683	818
Insurance premiums contributed by government (federal)	736	560	736
Wildlife compensation payments (federal)	150	113	150
Insurance premiums contributed by government (provincial)	491	373	491
Wildlife compensation payments (provincial)	100	75	100
Interest income	80	84	80
Total revenues	2,375	1,888	2,375
Expenses			
Indemnity claims	1,800	2,620	1,800
Wildlife compensation payments	250	188	250
Reinsurance premiums	0	0	0
Bad debt expense	5	5	5
Total expenses	2,055	2,813	2,055
Net income from insurance activities	320	(925)	320
Crop and livestock insurance fund balance			
Beginning of year	4,603	4,603	3,678
End of year	4,923	3,678	3,998
Administrative expenses			
Government contributions (Canada)	600	600	607
Government contributions (Nova Scotia)	434	385	440
Total administrative expenses	1,034	985	1,047
Net government expenditure			
Canada (premium + administration)	1,486	1,273	1,493
Nova Scotia (premium + administration)	1,025	833	1,031
Total program expenditure	2,511	2,106	2,524



Outcome and Performance Measures

Core Business Area

Outcome	Measure	Base Year Data (2004-05)	Target 2012-13	Ultimate Target 2012-13	Strategies to Achieve Target
Increased income stability of farm businesses	Number of farms using production insurance	600	700	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	\$140 million	\$140 million	Expansion of Maple insurance, Stone Fruit insurance
	Aggregate coverage level for crop program	80%	87%	87%	Promotion of insurance plans to attract new clients and encourage existing clients to take higher coverage levels
	Number of products available	14	16	16	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