



# The Nova Scotia Crop and Livestock Insurance Commission

**ANNUAL REPORT**  
**for the year 2016-17**



His Honour  
The Honourable Arthur J. LeBlanc, ONS, QC  
Lieutenant-Governor of Nova Scotia

Dear Sir:

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, 2017.

I am, Your Honour  
Yours very truly,

A handwritten signature in black ink, appearing to read "Keith Colwell". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Keith Colwell  
Minister of Agriculture



The Honourable Keith Colwell  
Minister of Agriculture

Dear Sir:

We have the honour to herewith submit the forty-eighth Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2017. 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



Arthur A. Pick, P. Ag.  
Vice-Chair



Bill MacLeod, P. Ag.  
CEO



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## COMMISSION OFFICERS

### BOARD OF DIRECTORS:

Arthur Pick, Vice-Chair  
Centre Rawdon, Hants Co.

Robert Prange  
Wolfville, King Co.

John Vissers  
MacKay Siding, Colchester Co.

Vacant, Chair

Vacant, Member

Vacant, Member

### PRINCIPAL OFFICERS:

B. MacLeod  
T.D. Mitchell/J. Geldhart  
H.D. Black  
K.S. MacDonald  
G.D. Macintosh  
A. Parsons-Lushington  
D. Thibodeau

– CEO  
– Secretary  
– Finance Officer  
– Clerk  
– Supervisor, Field Services  
– Research and Development Coordinator  
– Business Systems Analyst

### AUDITOR:

Auditor General

– Province of Nova Scotia

### SOLICITORS:

J.E. Scott  
C. Thompson

### FIELD STAFF:

A. Garnett  
J.M. Peill  
G. Thyssen

## **PROGRAM BACKGROUND**

The Nova Scotia Crop Insurance Act, which was assented to in 1968 and amended in 1978, 2005 and in 2010, 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 16 crop insurance plans and a dairy and poultry livestock insurance program.

Since 2008 the Commission has administered the Canada/Nova Scotia Wildlife Compensation 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.

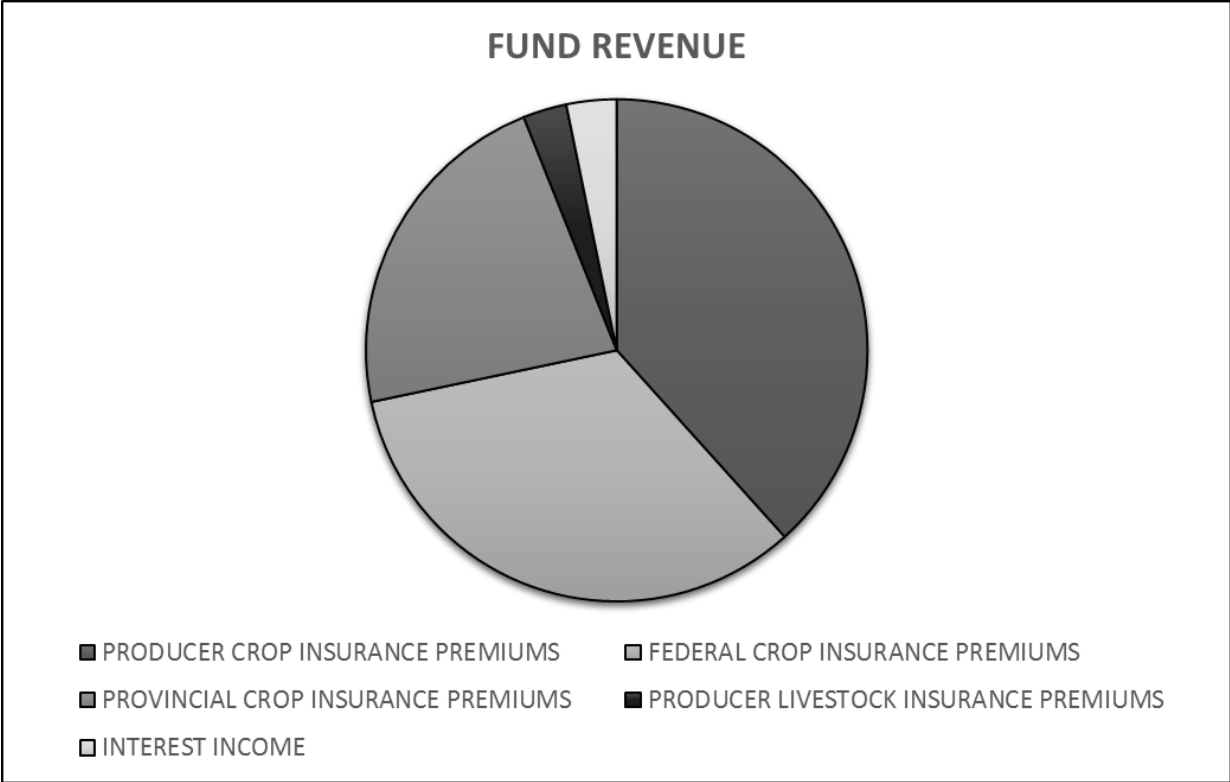
In the interest of efficiency of operations and convenience to farmers, the programs are administered by a common staff, but each program stands on its own. Separate accounting for premium and indemnities is maintained for each program. Administration expenses are proportioned to each program.

## **FINANCIAL PARTICIPATION**

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission. It is subject to the provisions under Growing Forward 2, a Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy. 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.

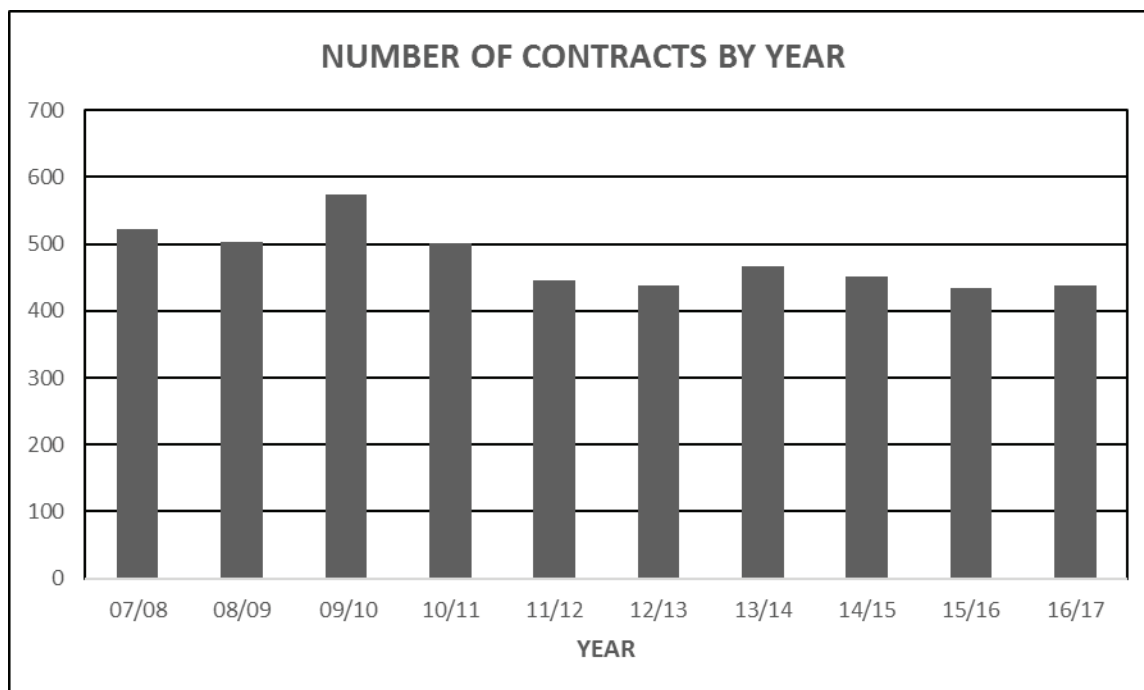
For 2016-17, the government of Nova Scotia contributed approximately 40 per cent of the total administration costs and 24 per cent of the crop insurance premium. The Government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs.



**Fig.1: Total fund revenue for Nova Scotia Crop and Livestock Insurance Commission for 2016-17**

### INSURANCE PLANS IN FORCE

- |                           |   |
|---------------------------|---|
| Spring Grain              | - oats, barley, wheat, and mixed grain  |
| Winter Grain              | - rye, wheat, triticale   |
| Tree Fruit                | - apples, pears, peaches  |
| Tree Insurance            | - apples, pears   |
| Corn                      | - silage, grain, high moisture  |
| Blueberries               | - lowbush and highbush blueberries  |
| Strawberries              | - June Bearing, Day Neutral   |
| Raspberries               | -   |
| Forage                    | - establishment year  |
| Soybeans                  | - soybeans, canola, sunflowers  |
| Potatoes                  | - processing, seed, table   |
| Vegetables                | - processing carrots  |
| Weather Derivative        | - forage  |
| Maple                     | - syrup   |
| Grapes                    | - French hybrid, Vinifera, Labrusca   |
| Acreage Loss (Vegetables) | - Beets, carrots, green onions, parsnips, radish, rutabaga, summer turnip, onions (yellow & red), broccoli, brussels sprouts, cabbage, cauliflower, celery, kale, lettuce, spinach, eggplant, field cucumbers, field tomatoes, melons, peppers, pumpkins, summer squash, zucchini, winter squash, fresh beans |
| Dairy                     | - dairy cows, heifers and calves; loss of income benefit  |
| Poultry                   | - broilers, pullets, layers, breeders   |



**Fig. 2: Nova Scotia Crop and Livestock Insurance Commission contracts (2007-2017).**

## **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 measurables such as total precipitation (or lack of) for a specified area which is known to result in a loss of crop production or quality. The acreage loss plan for vegetables provides a production guarantee based on the cost of producing an acre of crop.

## Quality Guarantee

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

## Premium Discount/Surcharge

The base premium rate for all insurance plans, with the exception of forage, tree endorsement, and poultry, is adjusted by giving a discount when indemnities paid are less than premium collected or by adding a surcharge when indemnities paid exceed premium collected. 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. Claimants must be registered under the Nova Scotia Farm Registration System. The Province of Nova Scotia and the Government of Canada contribute 40% and 60% respectively for the cost for administration and compensation payments.

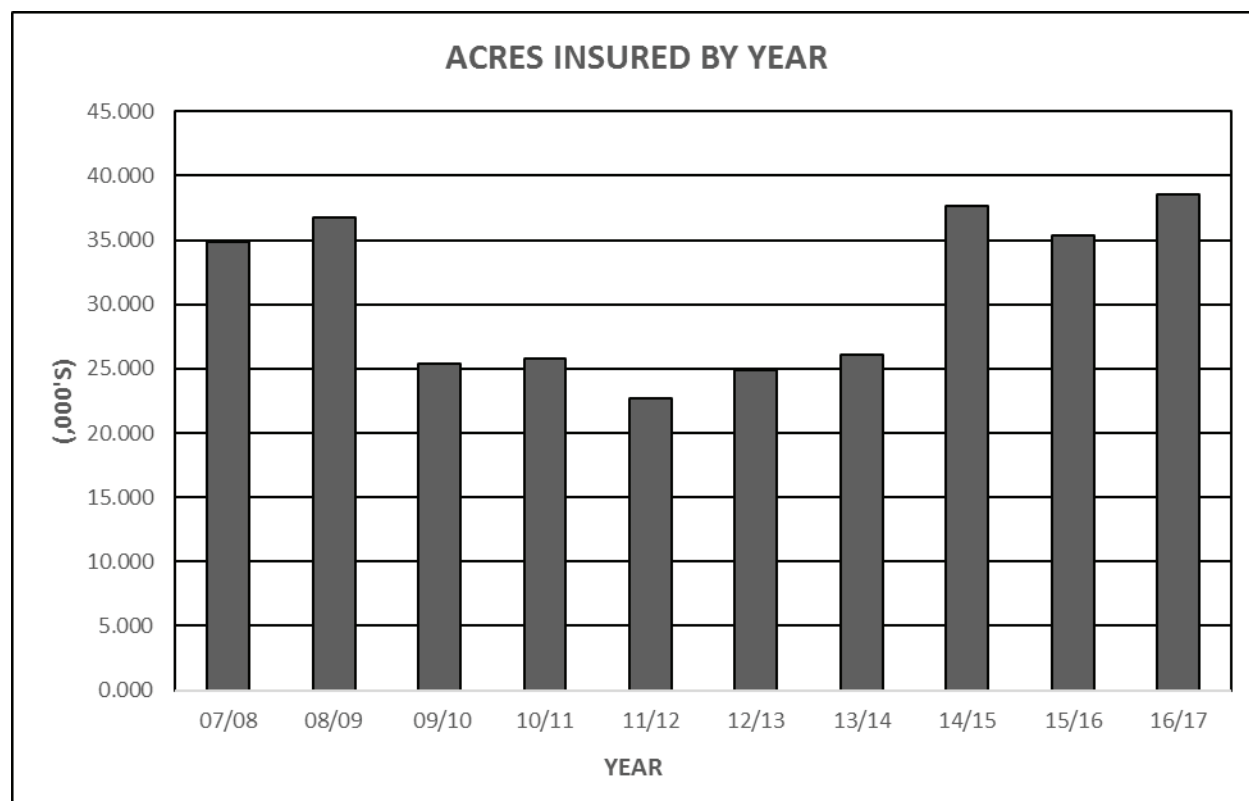


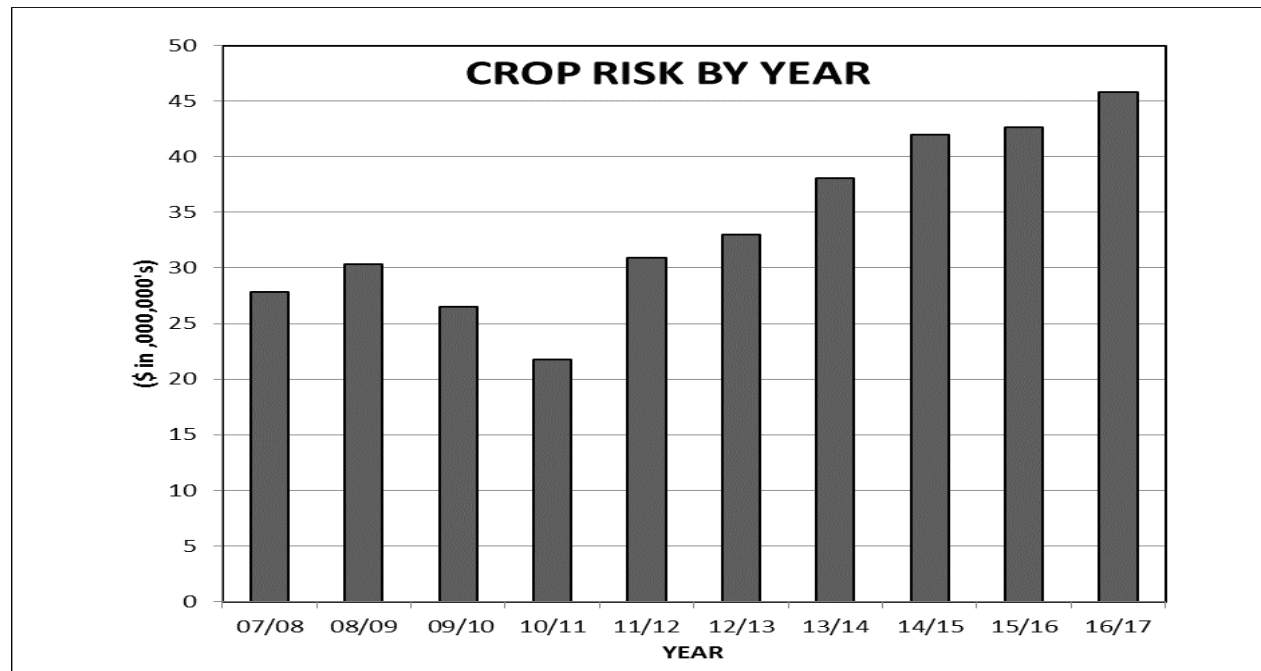
Fig.3: Number of acres insured by Nova Scotia Crop and Livestock Insurance Commission (2007-2017)

**Table 1: \*\*\*Annual statistical summaries of insurance plans (2016-17)**

| <b>PLAN</b>   | <b>NO. GROWERS</b> | <b>NO. ACRES</b>     | <b>TOTAL COVERAGE (\$)</b> | <b>TOTAL PREMIUM (\$)</b> | <b>TOTAL INDEMNITIES (\$)</b> |
|---|--------------------|----------------------|----------------------------|---------------------------|-------------------------------|
| Spring Grain  | 28                 | 1,480.43             | 244,821.63                 | 38,525.10                 | 0.00                          |
| Tree Fruit  | 82                 | 2,368.88             | 25,132,519.17              | 695,250.40                | 997,728.80                    |
| Forage Est.   | 1                  | 51.80                | 10,360.00                  | 854.70                    | 0                             |
| Corn  | 64                 | 9,005.23             | 4,062,268.12               | 161,570.95                | 65,609.38                     |
| Blueberries   | 150                | 6,939.67             | 8,583,194.35               | 599,880.55                | 52,218.50                     |
| Strawberries  | 2                  | 8.47                 | 71,662.00                  | 9,778.07                  | 7,860.00                      |
| Raspberries   | 0                  | 0                    | 0                          | 0                         | 0                             |
| Winter Grain*   | 12                 | 615.71               | 194,673.56                 | 22,449.49                 | 24,642.42                     |
| Potatoes  | 0                  | 0                    | 0                          | 0                         | 0                             |
| Soybeans  | 34                 | 4,636.69             | 1,592,636.52               | 85,182.90                 | 73,561.60                     |
| Vegetables  | 3                  | 125.70               | 197,572.17                 | 19,265.30                 | 0                             |
| Weather Derivative  | 32                 | 12,458.43            | 3,522,027.84               | 167,790.14                | 11,191.21                     |
| Maple   | 7                  | ** 137,625.00        | 278,395.00                 | 21,820.11                 | 0.00                          |
| Acreage Loss  | 14                 | 689.48               | 1,680,186.00               | 94,135.95                 | 148,815.00                    |
| Grapes  | 9                  | 133.45               | 224,752.71                 | 21,337.14                 | 0.00                          |
| <b>Crop Summary</b>   | <b>438</b>         | <b>38,543.94</b>     | <b>45,798,069.07</b>       | <b>1,937,840.80</b>       | <b>1,381,626.91</b>           |
|   | <b>Herds</b>       | <b>Animals/Birds</b> |                            |                           |                               |
| Loss Income   |                    |                      | 13,536,567.94              |                           | 0.00                          |
| Livestock   | 95                 | 15,334               | 23,832,600.00              | 32,399.51                 | 12,000.00                     |
| Poultry   | 127                | 49,826,270           | 102,715,878.46             | 23,617.65                 | 0                             |
| <b>Totals</b>   |                    | <b>64,160.27</b>     | <b>185,883,115.47</b>      | <b>1,993,857.96</b>       | <b>1,393,626.91</b>           |
| <p>*Winter Grain claims reflect crop year 2016.<br/> ** Number of Taps (not included in Total Number of Acres)<br/> *** Statement summaries may differ from those in Financial Statement due to year end accrual processes.</p> |                    |                      |                            |                           |                               |

**Table 2: Summary of crop insurance plans (1969-70 to 2016-17 crop year inclusive)**

| PLAN               | NO. YEARS | NO. CLAIMS (\$) | TOTAL PREMIUM (\$)   | CLAIMS PAID (\$)     | LOSS RATIO  |
|--------------------|-----------|-----------------|----------------------|----------------------|-------------|
| Spring Grain       | 48        | 1832            | 1,862,537.09         | 2,079,046.43         | 1.12        |
| Winter Grain       | 47        | 410             | 923,602.13           | 974,159.73           | 1.05        |
| Tree Fruit         | 47        | 712             | 9,609,955.55         | 10,318,172.04        | 1.07        |
| Tree Insurance     | 32        | 32              | 468,398.17           | 258,951.27           | 0.59        |
| Tobacco            | 26        | 21              | 767,809.39           | 561,296.33           | 0.73        |
| Corn               | 46        | 674             | 3,184,444.63         | 2,225,822.24         | 0.70        |
| Peas & Beans       | 33        | 629             | 3,140,338.94         | 3,315,484.65         | 1.06        |
| Blueberries        | 44        | 1375            | 8,255,284.00         | 9,601,215.38         | 1.08        |
| Strawberries       | 43        | 136             | 465,298.35           | 652,416.32           | 1.40        |
| Forage Est.        | 39        | 154             | 108,274.04           | 89,305.62            | 0.82        |
| Soybeans           | 31        | 121             | 690,535.33           | 468,133.66           | 0.68        |
| Potatoes           | 28        | 40              | 1,326,305.73         | 2,257,560.44         | 1.70        |
| Raspberries        | 7         | 4               | 1,429.44             | 3,216.60             | 2.25        |
| Forage Prod.       | 4         | 1               | 16,983.20            | 4,551.38             | 0.27        |
| Vegetables         | 17        | 63              | 1,640,268.58         | 2,602,900.49         | 1.59        |
| Weather Derivative | 10        | 100             | 1,275,396.72         | 1,299,427.57         | 1.02        |
| Maple              | 7         | 8               | 161,527.96           | 238,977.00           | 1.48        |
| Acreage Loss       | 1         | 11              | 94,135.95            | 148,815.00           | 1.58        |
| Grape              | 1         | 0               | 21,337.14            | 0.00                 | 0.00        |
| <b>TOTAL</b>       |           | <b>6323</b>     | <b>34,613,862.52</b> | <b>37,099,452.15</b> | <b>1.07</b> |



**Fig 4: The value of crop risk by year (2007-2017)**

**Table 3: Operations summary of crop insurance years (1969-70 to 2016-17 crop years inclusive)**

| <b>CROP YEARS</b> | <b>NO. CONTRACTS</b> | <b>TOTAL COVERAGE (\$)</b> | <b>TOTAL PREMIUM (\$)</b> | <b>CLAIMS PAID (\$)</b> | <b>LOSS RATIO</b> |
|-------------------|----------------------|----------------------------|---------------------------|-------------------------|-------------------|
| 2016-2017         | 438                  | 45,798,069.07              | 1,937,840.80              | 1,381,626.91            | 0.71              |
| 2015-2016         | 435                  | 42,609,886.54              | 1,872,385.59              | 2,064,587.77            | 1.10              |
| 2014-2015         | 452                  | 41,979,917.41              | 1,901,707.33              | 1,649,505.05            | 0.87              |
| 2013-2014         | 463                  | 38,020,988.84              | 1,848,256.31              | 2,361,656.41            | 1.28              |
| 2012-2013         | 438                  | 33,018,952.19              | 1,858,435.46              | 1,283,964.39            | 0.69              |
| 2011-2012         | 446                  | 30,958,118.69              | 1,541,396.80              | 2,410,913.00            | 1.56              |
| 2010-2011         | 501                  | 21,661,518.92              | 1,453,641.52              | 1,517,820.84            | 1.04              |
| 2009-2010         | 574                  | 33,352,632.88              | 1,793,088.60              | 2,654,096.74            | 1.48              |
| 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                | 827,584.94              | 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                  | 13,583,764.80              | 645,583.16                | 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              |
| <b>TOTAL</b>      |                      | <b>686,275,656.17</b>      | <b>34,613,862.52</b>      | <b>37,099,452.15</b>    | <b>1.07</b>       |

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



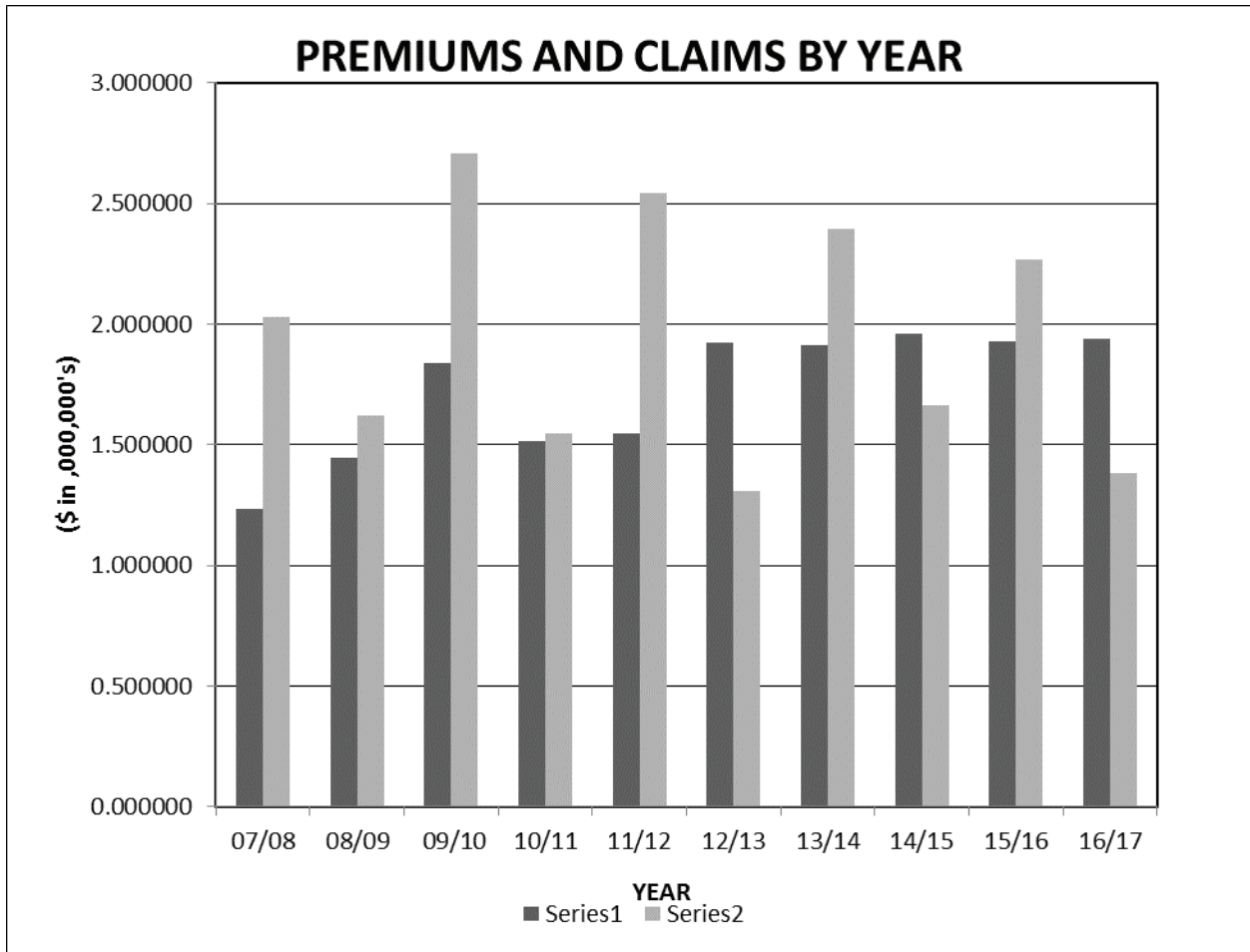


Fig. 5: Amount of premiums received and claims paid out annually (2007-2017)

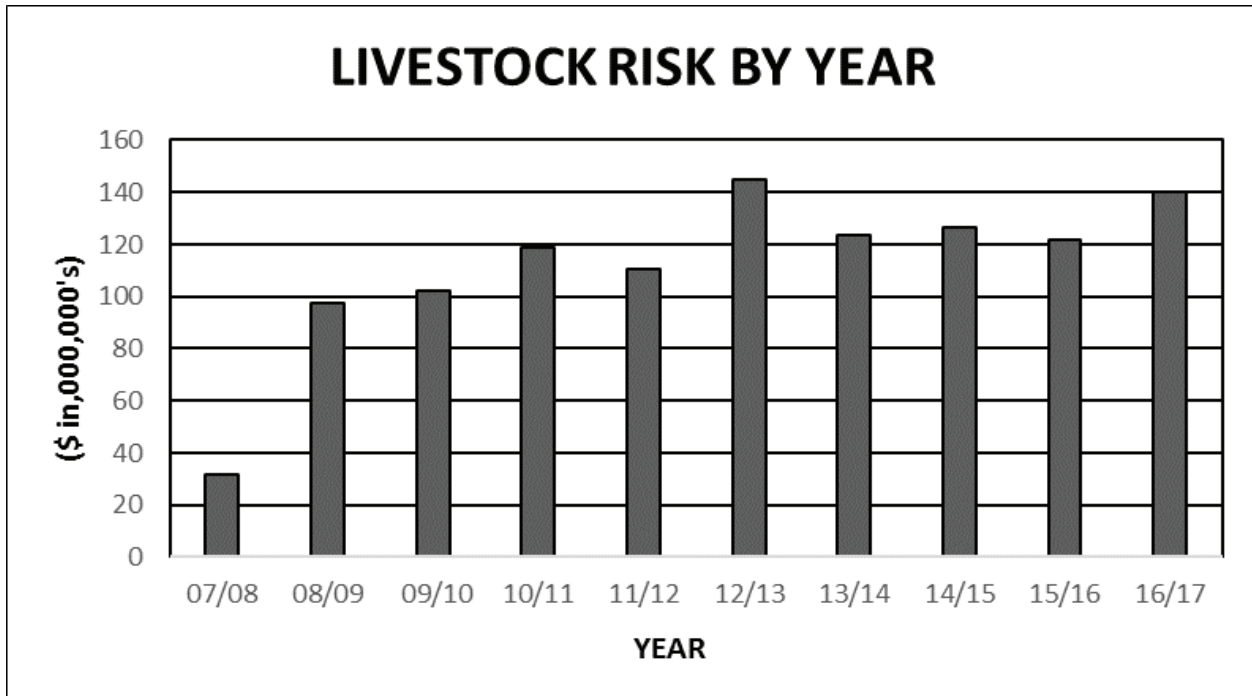


Fig 6: Value of livestock risk per year (2006-17)

**Table 4: Summary of dairy livestock insurance plan (April 1<sup>st</sup>, 1978-March 31<sup>st</sup>, 2017)**

| <b>YEARS</b> | <b>NO. INSURED HERDS</b> | <b>INSURED ANIMALS</b> | <b>TOTAL PREMIUM</b>   | <b>CLAIMS PAID</b>  | <b>LOSS RATIO</b> |
|--------------|--------------------------|------------------------|------------------------|---------------------|-------------------|
| 2016-2017    | 95                       | 15,334                 | 32,399.51              | 12,000.00           | 0.37              |
| 2015-2016    | 95                       | 15,644                 | 33,413.33              | 205,109.28          | 6.14              |
| 2014-2015    | 102                      | 15,860                 | 32,719.59              | 15,400.00           | 0.47              |
| 2013-2014    | 105                      | 16,131                 | 33,134.19              | 33,000.00           | 1.00              |
| 2012-2013    | 115                      | 21,570                 | 40,732.89              | 24,600.00           | 0.60              |
| 2011-2012    | 105                      | 16,579                 | 27,710.12              | 139,426.40          | 5.03              |
| 2010-2011    | 115                      | 17,782                 | 33,048.94              | 28,400.00           | 0.86              |
| 2009-2010    | 116                      | 17,701                 | 32,090.80              | 55,600.00           | 1.73              |
| 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              |
| <b>TOTAL</b> |                          |                        | <b>\$ 1,363,464.85</b> | <b>1,541,545.67</b> | <b>1.13</b>       |

Since the program's implementation in 1978, for every dollar collected in premium \$1.13 has been paid out in claims.

**Table 5: Summary of dairy livestock insurance claims (April 1<sup>st</sup>, 2015-March 31<sup>st</sup>, 2017)**

| <b>Insurable Perils</b>              | <b>No. Animals</b> | <b>Total Claims Paid (\$)</b> |
|--------------------------------------|--------------------|-------------------------------|
| 1. Shipping Fever                    | 6                  | 12,000.00                     |
| 2. Reportable Diseases               | 0                  | 0                             |
| 3. Infectious Bovine Rhinotracheitis | 0                  | 0                             |
| 4. Other                             | 0                  | 0                             |
| 5. Loss of Income                    | 0                  | 0                             |

**Table 6: Claim summary re: dairy livestock insurance plane (April 1<sup>st</sup>, 1978-March 31<sup>st</sup>, 2017)**

| <b>Insurable Perils</b>              | <b>No. Animals</b> | <b>Total Claims Paid (\$)</b> |
|--------------------------------------|--------------------|-------------------------------|
| 1. Acute Mastitis*                   | 108                | 104,291.40                    |
| 2. Shipping Fever                    | 594                | 700,265.54                    |
| 3. Infectious Bovine Rhinotracheitis | 58                 | 49,137.18                     |
| 4. Brucellosis                       | 2                  | 810.70                        |
| 5. Loss of Income                    | 0                  | 670,840.85                    |
| 6. Other                             | 14                 | 16,200.00                     |
| <b>TOTAL</b>                         | <b>776</b>         | <b>\$1,541,545.67</b>         |

\*This peril no longer covered

**Table 7: Summary of poultry livestock insurance plan (October 1<sup>st</sup>, 2007-March 31<sup>st</sup>, 2017)**

| <b>Years</b> | <b>No. Insured Flocks</b> | <b>No. Insured Birds</b> | <b>Total Premium (\$)</b> | <b>Claims Paid</b> | <b>Loss Ratio</b> |
|--------------|---------------------------|--------------------------|---------------------------|--------------------|-------------------|
| 2016-2017    | 127                       | 49,826,270               | \$23,617.65               | 0.00               | 0.00              |
| 2015-2016    | 123                       | 48,226,910               | \$20,521.13               | \$0.00             | 0.00              |
| 2014-2015    | 302                       | 49,220,352               | \$26,250.27               | \$0.00             | 0.00              |
| 2013-2014    | 169                       | 40,774,938               | \$23,123.38               | \$0.00             | 0.00              |
| 2012-2013    | 121                       | 48,124,847               | \$25,177.01               | \$0.00             | 0.00              |
| 2011-2012    | 110                       | 36,990,059               | \$21,682.81               | \$0.00             | 0.00              |
| 2010-2011    | 129                       | 46,596,231               | \$21,976.35               | \$0.00             | 0.00              |
| 2009-2010    | 106                       | 36,456,512               | \$27,244.76               | \$0.00             | 0.00              |
| 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              |
| <b>Total</b> |                           |                          | <b>\$203,331.89</b>       | <b>\$0.00</b>      | <b>0.00</b>       |

**Table 8: Summary of poultry livestock insurance plan (2007-08 to 2016-17 poultry years inclusive)**

| <b>Plan</b>             | <b>No. Years</b> | <b>No. Claims</b> | <b>Total Premium</b> | <b>Claims Paid</b> | <b>Loss Ratio</b> |
|-------------------------|------------------|-------------------|----------------------|--------------------|-------------------|
| Broiler (CHK)           | 10               | 0                 | \$ 86,277.91         | 0                  | 0                 |
| Commercial Pullet (PUL) | 10               | 0                 | \$ 11,453.00         | 0                  | 0                 |
| Broiler Breeder (BRB)   | 10               | 0                 | \$20,090.76          | 0                  | 0                 |
| Breeder Pullet (BRP)    | 10               | 0                 | \$ 3,273.38          | 0                  | 0                 |
| Commercial Layer (CLR)  | 10               | 0                 | \$78,409.15          | 0                  | 0                 |
| Integrated Layer (ILR)  | 10               | 0                 | \$3,827.61           | 0                  | 0                 |
| <b>Total</b>            |                  | <b>0</b>          | <b>\$203,331.89</b>  | <b>\$0.00</b>      | <b>0.00</b>       |

**Table 9: Summary of wildlife compensation (May 8<sup>th</sup>, 2008 to March 31<sup>st</sup>, 2017)**

| <b>Year</b>  | <b>No. Years</b> | <b>No. Commodities</b> | <b>No. Claims</b> | <b>Claims Paid</b>    |
|--------------|------------------|------------------------|-------------------|-----------------------|
| 2016-2017    | 9                | 23                     | 120               | \$100,501.91          |
| 2015-2016    | 8                | 23                     | 58                | \$172,382.45          |
| 2014-2015    | 7                | 22                     | 91                | \$169,484.65          |
| 2013-2014    | 6                | 20                     | 96                | \$ 77,381.48          |
| 2012-2013    | 5                | 20                     | 107               | \$ 81,765.00          |
| 2011-2012    | 4                | 20                     | 162               | \$ 182,913.81         |
| 2010-2011    | 3                | 18                     | 157               | \$ 201,201.13         |
| 2009-2010    | 2                | 18                     | 129               | \$ 146,554.05         |
| 2008-2009    | 1                | 18                     | 60                | \$ 109,868.03         |
| <b>Total</b> |                  |                        | <b>980</b>        | <b>\$1,242,052.51</b> |

**Table 10: Summary of wildlife compensation (2008-2017 wildlife year inclusive)**

| <b>PLAN</b>         | <b>No. Years</b> | <b>No. Claims</b> | <b>Claims Paid</b>    |
|---------------------|------------------|-------------------|-----------------------|
| Bees                | 9                | 85                | \$54,040.00           |
| Beehive             | 9                | 103               | \$ 38,223.00          |
| Hive Contents       | 9                | 22                | 3,212.63              |
| Beef Cow            | 9                | 8                 | \$ 5,600.00           |
| Beef Calf           | 9                | 69                | \$ 13,860.00          |
| Beef Bull           | 9                | 0                 | \$ 0.00               |
| Beef Steer          | 9                | 2                 | \$ 1,120.00           |
| Lowbush Blueberries | 9                | 76                | \$ 155,598.11         |
| Strawberries        | 9                | 22                | \$ 155,292.69         |
| Ewe                 | 9                | 178               | \$ 44,536.00          |
| Lamb                | 9                | 211               | \$ 44,803.00          |
| Ram                 | 9                | 16                | \$ 3,820.00           |
| Tree Endorsement    | 9                | 11                | \$ 18,182.40          |
| Apples              | 9                | 46                | \$ 413,747.64         |
| Vegetable           | 9                | 14                | \$ 94,810.13          |
| Corn Silage         | 9                | 53                | \$ 71,351.45          |
| Grain Corn          | 9                | 35                | \$ 60,633.68          |
| Soybean             | 9                | 15                | \$ 39,898.83          |
| Grapes              | 9                | 2                 | \$ 18,720.78          |
| Kid                 | 9                | 2                 | \$ 140.00             |
| Doe                 | 9                | 4                 | \$ 720.00             |
| Buck                | 9                | 1                 | \$120.00              |
| Pears               | 9                | 1                 | \$ 674.20             |
| Winter Feed Wheat   | 9                | 2                 | \$1,587.97            |
| Dairy Cow           | 9                | 1                 | \$1,200.00            |
| Dairy Calf          | 9                | 1                 | \$160.00              |
| <b>TOTAL</b>        |                  | <b>980</b>        | <b>\$1,242,052.51</b> |

### **2016-17 Summary**

The Commission wrote \$186 million in coverage in 2016-17. This represented a 13.4% decrease in coverage over the previous year. Insurance coverage was broken down as 24.7% for crops, 20.1% for dairy and 55.2% for poultry. The total premium collected was \$1.999 million, which represented a 4% increase over the previous year. This increase was mainly a result of increased sales in acreage loss, grapes, soybeans, weather derivative and spring grain.

The 2016 cropping season began reasonably early due to reduced snow fall during the winter/spring. Maple sap began running 2-3 weeks earlier than normal and finished earlier

as well. April was generally wet until the middle of the month. The remainder of the growing season through to September saw very droughty conditions with many crops being effected by lack of rainfall. The first widespread killing frost was noted in early October. Despite the dry conditions, yields for most crops remained average to good. In particular, lowbush blueberries experienced very good yields.

In 2016, losses from insured perils resulted in 78 crop insurance payments totaling \$1,382 million. This represented a decrease of 33% over the previous year. These indemnity payments continue to be an important tool in assisting producers with managing the natural risks they face on their farms. The largest indemnity payments were made in Tree Fruit (\$997,729), Acreage Loss (\$148,815), Soybean (\$73,562), Corn (\$65,609) and Blueberry (\$52,219).

Diary livestock indemnity payments in 2016 totaled \$12,000. There were no indemnity payments made in the Poultry ILT Plan. In its 9<sup>th</sup> year of operation the Canada/Nova Scotia Wildlife Compensation Program made payments for 120 claims, totalling \$100,502. This was 40% lower than payments made in the previous year.

The Commission continued its developmental work aimed at expanding the insurance options available to Nova Scotia producers to assist them with managing risk on their farms. These included:

- The Commission continued consultation with industry stakeholders, reviewing its plans and regulations to meet the needs of its clients. Work continued on revisions to the Dairy Plan.
- A new Acreage Loss (Vegetable) insurance plan was introduced in the Spring of 2016. 2016 was also the first full year of operation for the Grape Insurance Plan.
- Commission staff continued to work with industry stakeholders' groups in relation to the administration of the Canada Nova Scotia Wildlife Compensation program.

Administratively, the Commission focused on the following priorities:

- The Commission continued to focus internal resources on improving and updating its information technology infrastructure. Additional components were moved to a database model. Specifically, improvements were made to the claims and harvest yield databases.
- The Commission continued to promote AgriInsurance to the agricultural industry through various media, at trade shows and in a number of information sessions, in partnership, with the Programs and Business Risk Management section.

- A significant portion of the Commission resources were involved in the negotiations related to the next Agricultural Policy Framework.

**Table 11: Estimate-Actual 2016-17**

|  | Estimate 16-17<br>(000)s | Actual 16-17<br>(000)s |
|--|--------------------------|------------------------|
| <b>Revenues</b>                                      |                          |                        |
| Insurance Premiums Paid by Clients                   | 823                      | 842                    |
| Insurance Premiums Contributed by Gov't (Federal)    | 736                      | 694                    |
| Wildlife Compensation Payments (Federal)             | 150                      | 60                     |
| Insurance Premiums Contributed by Gov't (Provincial) | 491                      | 463                    |
| Wildlife Compensation Payments (Provincial)          | 100                      | 40                     |
| Interest Income                                      | 75                       | 56                     |
| Recoveries   | 0                        | 5                      |
| <b>Total Revenues</b>                                | <b>2370</b>              | <b>2160</b>            |
| <b>Expenses</b>                                      |                          |                        |
| Indemnity Claims                                     | 1900                     | 1394                   |
| Wildlife Compensation Payments                       | 250                      | 100                    |
| Reinsurance Premiums                                 | 0                        | 0                      |
| Bad Debt Expense                                     | 5                        | 0                      |
| Recoveries   | 0                        | 5                      |
| <b>Total Expenses</b>                                | <b>2155</b>              | <b>1499</b>            |
| <b>Net Income From Insurance Activities</b>          | <b>215</b>               | <b>(661)</b>           |
| <b>Net Income From All Activities</b>                | <b>215</b>               | <b>(663)</b>           |
| <b>Crop and Livestock Insurance Fund Balance</b>     |                          |                        |
| <b>Beginning of Year</b>                             | 4003                     | 4003                   |
| <b>End of Year</b>                                   | 4218                     | 4666                   |
| <b>Administrative Expenses</b>                       |                          |                        |
| Government Contributions (Canada)                    | 637                      | 563                    |
| Government Contributions (Nova Scotia)               | 467                      | 408                    |
| <b>Total Administrative Expenses</b>                 | <b>1104</b>              | <b>971</b>             |
| Net Govt Expenditure                                 |                          |                        |
| Canada (Premium + Administration)                    | 1526                     | 1317                   |
| Nova Scotia (Premium + Administration)               | 1058                     | 911                    |
| <b>Total Program Expenditure</b>                     | <b>2584</b>              | <b>2228</b>            |

## 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 transfer 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, and by doing so, support the economic growth of the province.

**Table 12: Outcome: Increased Income Stability of Farm Businesses**

|    | Measure  | Base/Target (2008-09) | Target 2015-16    | Ultimate Target 2017-18* | Trends   | Actual As of March 31/17 |
|----|--|-----------------------|-------------------|--------------------------|--|--------------------------|
| 1. | Number of Farms Using Production Insurance   | 700                   | 750               | 900                      | 2009-10: 712<br>2010-11: 745<br>2011-12: 659<br>2012-13: 674<br>2013-14: 741<br>2014-15: 832<br>2015-16: 653   | 666                      |
| 2. | Value of Insurance Coverage Written: The total dollar value of risk the Commission has accepted from its clients.      | (Millions)<br>127.8   | (Millions)<br>140 | (Millions)<br>150        | 2009-10: 135.6<br>2010-11: 140.8<br>2011-12: 141.2<br>2012-13: 177.6<br>2013-14: 161.5<br>2014-15: 168.2<br>2015-16: 164.1                           | (Millions)<br>186        |
| 3. | Number of Insurance Products Available   | 36                    | 50                | 55                       | 2009-10: 35<br>2010-11: 37<br>2011-12: 41<br>2012-13: 47<br>2013-14: 47<br>2014-15: 47<br>2015-16: 50  | 66                       |
| 4. | Value of Compensation Paid for Wildlife Damage   | \$110,000             | \$200,000         | \$250,000                | 2009-10: \$146,554<br>2010-11: \$201,201<br>2011-12: \$182,913<br>2012-13: \$81,765<br>2013-14: \$76,981<br>2014-15: \$169,984<br>2015-16: \$172,382 | \$100,502                |
| 5. | Ratio of insured production to total value of all products eligible for insurance in NS (excludes livestock)           | 25.25%                | 30%               | 50%                      | 2009-10: 28.32%<br>2010-11: 30.41%<br>2011-12: 23.44%<br>2012-13: 23.11%<br>2013-14: 14.38%<br>2014-15: 19.68%<br>2015-16: 20.18%                    | N/A                      |
| 6. | Ratio of agricultural products eligible for insurance to value of all agricultural products in NS (excludes livestock) | 57.78%                | 60%               | 75%                      | 2009-10: 52.21%<br>2010-11: 44.31%<br>2011-12: 60.64%<br>2012-13: 57.17%<br>2013-14: 81.8%<br>2014-15: 79.0%<br>2015-16: 78.3%                       | N/A                      |

*\*2013-14 marked the first year of Growing Forward 2, a Federal Provincial Territorial Framework agreement on Agriculture, Agri-Food and Agri-Based products policy which expires in 2017-18.*



## **Comments:**

1. This measure increased by 2% over the previous year. This is an indication of stability in the number of clients using AgriInsurance.
2. The measure was 13% higher than the previous year primarily due to increased placements in poultry, along with the addition of coverage in the Grape and Acreage Loss plans.
3. The total number of crops covered under AgriInsurance plans increased significantly with the addition of the new crops in the Acreage Loss plan, which was introduced in the Spring of 2016. While the commission discontinued coverage for a number of crops in the vegetable plan these were offset by the same crops as well as 16 new crops being covered in acreage loss.
4. Most recent results show a significant decline in the measure indicating reduced pressure on crops and livestock from wildlife during the 2016 crop year.
5. This measure is an indicator of the uptake by producers of crop insurance programs offered by AgriInsurance in Nova Scotia. Figures for the years 2013-16 have been adjusted to reflect update reporting from Agriculture & Agrifood Canada & Stats Can data. The measure indicates positive gains in the uptake of crop insurance programs by the industry in Nova Scotia.
6. This measure is an indication of the portion of the Agriculture industry in Nova Scotia which is being offered AgriInsurance. This measure showed significant improvement in the portion of Nova Scotia Agricultural Sector that is being offered products under the crop insurance surpassing the targets set at the beginning of Growing Forward 2.



# **Nova Scotia Crop & Livestock Insurance Commission**

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**Financial Statements**  
**For the Year Ended March 31, 2017**

**Nova Scotia Crop & Livestock Insurance Commission  
Financial Statements  
March 31, 2017**

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## Management's Responsibility for the Financial Statements

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

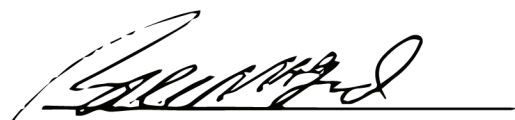
Members of the Commission are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercised these responsibilities through the Commission and its Audit Committee. Members of the Commission review and approve internal financial statements, on a monthly basis, and external audited financial statements yearly.

The external auditor, Office of the Auditor General of Nova Scotia, conducts an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Nova Scotia Crop and Livestock Insurance Commission and meet when required.

On behalf of the Nova Scotia Crop and Livestock Insurance Commission;



Arthur Pick  
Vice Chair



Bill MacLeod, P.Ag.  
CEO

June 13, 2017



5161 George Street  
Royal Centre, Suite 400  
Halifax, Nova Scotia  
B3J 1M7

# Auditor General of Nova Scotia

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Nova Scotia Crop and Livestock Insurance Commission and the Minister of Agriculture:

### Report on the Financial Statements

I have audited the accompanying financial statements of the Nova Scotia Crop and Livestock Insurance Commission, which comprise the statement of financial position as at March 31, 2017, and the statement of operations and changes in fund balances, statement of changes in net financial assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibilities for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 2017, and the results of operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Michael A. Pickup, CPA, CA  
Auditor General of Nova Scotia

June 13, 2017  
Halifax, Nova Scotia



**STATEMENT OF FINANCIAL POSITION**

|                                  | 2017                    | 2016                    |
|----------------------------------|-------------------------|-------------------------|
| <b>Financial Assets</b>          |                         |                         |
| Cash                             | \$ 101,063              | \$ 132,357              |
| Investments (Note 3)             | 4,333,824               | 3,787,266               |
| Trade receivables (Note 4)       | 261,267                 | 105,729                 |
| Accrued interest receivable      | <u>1,994</u>            | <u>3,403</u>            |
|                                  | <u>4,698,148</u>        | <u>4,028,755</u>        |
| <br><b>Liabilities</b>           |                         |                         |
| Deferred revenue                 | 44,624                  | 39,988                  |
| Deposits for insurance           | 2,534                   | 3,113                   |
| Indemnities payable              | <u>6,000</u>            | <u>2,390</u>            |
|                                  | <u>53,158</u>           | <u>45,491</u>           |
| <br><b>Net Financial Assets</b>  | <br><u>4,644,990</u>    | <br><u>3,983,264</u>    |
| <br><b>Non-Financial Assets</b>  |                         |                         |
| Tangible capital assets (Note 5) | <u>21,444</u>           | <u>19,601</u>           |
| <br><b>Fund Balances</b>         | <br><u>\$ 4,666,434</u> | <br><u>\$ 4,002,865</u> |

Contingent Liabilities (Note 17)

On Behalf of the Commission

  
Member

  
Member

The accompanying notes and schedules are an integral part of these financial statements.

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**

|   | Budget            | Funds               |                     |                | Total<br>2017       | Total<br>2016       |
|---|-------------------|---------------------|---------------------|----------------|---------------------|---------------------|
|   |                   | Crop                | Livestock           | General        |                     |                     |
| <b>Revenue</b>  |                   |                     |                     |                |                     |                     |
| Insurance premiums (Schedule A)                                 | \$ 2,300,000      | \$ 1,943,691        | \$ 55,499           | \$ 100,502     | \$ 2,099,692        | \$ 2,095,540        |
| Interest income   | 70,000            | 47,455              | 8,535               | -              | 55,990              | 64,227              |
| Assistance to ITS (Keji Fire) recovery (Note 19)                | -                 | 4,619               | -                   | -              | 4,619               | -                   |
|   | <u>2,370,000</u>  | <u>1,995,765</u>    | <u>64,034</u>       | <u>100,502</u> | <u>2,160,301</u>    | <u>2,159,767</u>    |
| <b>Expenses</b>   |                   |                     |                     |                |                     |                     |
| Indemnity claims (Schedule A)                                   | 2,150,000         | 1,381,627           | 12,000              | 100,502        | 1,494,129           | 2,442,370           |
| Bad debt (recovery) expense                                     | 5,000             | (173)               | -                   | -              | (173)               | (14,216)            |
| Administrative expenses (Note 9) (Schedule B)                   | 1,104,300         | 920,153             | 19,411              | 23,717         | 963,281             | 930,924             |
| Amortization expense  | -                 | 5,424               | -                   | -              | 5,424               | 365                 |
| Assistance to ITS (Keji Fire) expense (Note 19)                 | -                 | 4,619               | -                   | -              | 4,619               | -                   |
|   | <u>3,259,300</u>  | <u>2,311,650</u>    | <u>31,411</u>       | <u>124,219</u> | <u>2,467,280</u>    | <u>3,359,443</u>    |
| <b>Surplus (deficiency) before government contributions</b>     | (889,300)         | (315,885)           | 32,623              | (23,717)       | (306,979)           | (1,199,676)         |
| <b>Provincial and Federal government contributions (Note 7)</b> | <u>1,104,300</u>  | <u>927,420</u>      | <u>19,411</u>       | <u>23,717</u>  | <u>970,548</u>      | <u>950,890</u>      |
| <b>Net (deficiency) surplus</b>                                 | \$ <u>215,000</u> | 611,535             | 52,034              | -              | 663,569             | (248,786)           |
| <b>Fund balances, beginning of year</b>                         | \$ 4,868,000      | <u>3,024,269</u>    | <u>978,596</u>      | -              | <u>4,002,865</u>    | <u>4,251,651</u>    |
| <b>Fund balances, end of year (Note 6)</b>                      | \$ 5,083,000      | <u>\$ 3,635,804</u> | <u>\$ 1,030,630</u> | <u>\$ -</u>    | <u>\$ 4,666,434</u> | <u>\$ 4,002,865</u> |

The accompanying notes and schedules are an integral part of these financial statements.



**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

|  | <b>Budget</b>       | <b>2017</b>         | <b>2016</b>         |
|--|---------------------|---------------------|---------------------|
| <b>Net Financial Assets, beginning of year</b> | <u>\$ 4,241,000</u> | <u>\$ 3,983,264</u> | <u>\$ 4,251,651</u> |
| Changes in the year                            |                     |                     |                     |
| Net (deficit) Surplus                          | \$ 215,000          | 663,569             | (248,786)           |
| Acquisition of Capital Assets                  | -                   | (7,267)             | (19,966)            |
| Amortization                                   | <u>-</u>            | <u>5,424</u>        | <u>365</u>          |
| Total changes in the year                      | <u>215,000</u>      | <u>661,726</u>      | <u>(268,387)</u>    |
| <b>Net Financial Assets, end of year</b>       | <u>\$ 4,456,000</u> | <u>\$ 4,644,990</u> | <u>\$ 3,983,264</u> |

The accompanying notes and schedules are an integral part of these financial statements

## STATEMENT OF CASH FLOWS

|  | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>Operating Activities</b>  |                   |                   |
| Net (deficiency) surplus   | \$ 663,569        | \$ (248,786)      |
| Amortization of tangible capital assets  | 5,424             | 365               |
| Net change in non-cash working capital balances related to operations<br>(Note 10) | (146,462)         | (69,870)          |
| Change in accrued interest on investments  | <u>(33,062)</u>   | <u>178,859</u>    |
| Cash provided by (used in) operating activities                                    | <u>489,469</u>    | <u>(139,432)</u>  |
| <b>Capital Activities</b>  |                   |                   |
| Acquisition of tangible capital assets   | <u>(7,267)</u>    | <u>(19,966)</u>   |
| <b>Investing Activities</b>  |                   |                   |
| Acquisition of investments   | (2,562,356)       | (4,101,369)       |
| Proceeds from disposal of investments  | <u>2,048,860</u>  | <u>3,884,999</u>  |
| Cash provided by (used in) investing activities                                    | <u>(513,496)</u>  | <u>(216,370)</u>  |
| <b>Increase (decrease) in cash during year</b>                                     | (31,294)          | (375,768)         |
| <b>Cash, beginning of year</b>   | <u>132,357</u>    | <u>508,125</u>    |
| <b>Cash, end of year</b>   | <u>\$ 101,063</u> | <u>\$ 132,357</u> |

The accompanying notes and schedules are an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 3(1) of the Nova Scotia Crop and Livestock Insurance Act (Act). Section 8(1) of the Act establishes Funds which are in the custody and control of the Commission to be used to administer crop and livestock insurance plans, as well as wildlife compensation, and conduct programs relating to these plans.

### 2. Significant accounting policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

These financial statements are prepared using the following significant accounting policies:

#### ***Tangible capital assets***

Tangible capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets estimated useful life, which for office furniture and equipment is five years and for computer hardware and software is two years. The Commission expenses tangible capital assets under \$1,500.

#### ***Revenue***

Revenue is recorded on an accrual basis. The main components of revenue are insurance premiums, interest income, and government grants for insurance premiums and administrative expenses. Insurance premium revenue is recognized when certificates for insurance are issued. Premium revenue relating to coverage subsequent to year end is deferred. Government grants for insurance premiums and administrative expenses are recognized as revenue in the period during which the grants are authorized and eligibility criteria are met, except when and to the extent the transfer includes stipulations that give rise to an obligation that meets the definition of a liability. The Commission receives contributions from the Province of Nova Scotia for the purchase of assets, which is recognized in revenue upon acquisition.

#### ***Indemnity claims***

Expenses for indemnity claims are recorded when the loss is incurred by the producer is verified and authorized.

#### ***Financial Instruments***

The Commission's financial instruments consist of investments in promissory notes, accounts receivable, deferred revenue, and deposits for insurance. The Commission measures its financial instruments at cost or amortized cost.

#### ***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Key estimates for the Commission include the allowance for doubtful accounts. Any Provincial write off affecting the allowance for doubtful accounts may impact the fund surplus in future years.

NOTES TO THE FINANCIAL STATEMENTS

3. Investments

The Commission invests with the Province excess funds to be used to pay future indemnity claims. At March 31, 2017, these funds were invested in various promissory notes maturing in fiscal year 2018, (one in fiscal year 2020) with annual yields ranging from 0.70% to 1.75%.

Investments as of March 31

| Date issued   | Maturity date | # of days | Interest rate | 2017                             | 2016                             |
|---------------|---------------|-----------|---------------|----------------------------------|----------------------------------|
|               |               |           |               | Total including accrued interest | Total including accrued interest |
| Sep. 15, 2015 | Sep. 15, 2016 | 366       | .60%          | \$ -                             | \$ 520,368                       |
| Sep. 15, 2015 | Sep. 15, 2016 | 366       | .60%          | -                                | 507,496                          |
| Nov. 20, 2015 | Nov. 22, 2016 | 368       | .71%          | -                                | 1,026,960                        |
| Nov. 30, 2015 | Nov. 30, 2020 | 1,827     | 1.75%         | 1,762,689                        | 1,732,442                        |
| Sep. 15, 2016 | Sep. 15, 2017 | 365       | .77%          | 511,008                          | -                                |
| Sep. 15, 2016 | Sep. 15, 2017 | 365       | .77%          | 523,969                          | -                                |
| Oct. 7, 2016  | Oct. 6, 2017  | 364       | .70%          | 501,688                          | -                                |
| Nov. 22, 2016 | Nov. 22, 2017 | 365       | .77%          | 1,034,470                        | -                                |
|               |               |           |               | <b>4,333,824</b>                 | <b>3,787,266</b>                 |

4. Trade Receivables

|                                 | Current                 | Past due<br>31 - 90 days | Past due<br>> 90 days   | Total 2017              | Total 2016              |
|---------------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Province of Nova Scotia         | \$39,699                | \$0                      | \$6,364                 | \$46,063                | \$33,456                |
| Federal Government              | \$59,549                | \$0                      | \$165,124               | \$224,673               | \$87,848                |
| Producer                        | \$9,954                 | \$0                      | \$15,954                | \$25,908                | \$28,684                |
|                                 | <u>\$109,202</u>        | <u>\$0</u>               | <u>\$187,442</u>        | <u>\$296,644</u>        | <u>\$149,988</u>        |
| Allowance for doubtful accounts | \$0                     | \$0                      | \$35,377                | \$35,377                | \$44,259                |
| <b>Total Receivables</b>        | <b><u>\$109,202</u></b> | <b><u>\$0</u></b>        | <b><u>\$152,065</u></b> | <b><u>\$261,267</u></b> | <b><u>\$105,729</u></b> |

NOTES TO THE FINANCIAL STATEMENTS

5. Tangible capital assets

|                          | 2017             | 2016             |
|--------------------------|------------------|------------------|
| Cost of Equipment        |                  |                  |
| Opening cost             | \$ 38,874        | \$ 18,908        |
| Additions                | 7,267            | 19,966           |
| Disposals                | <u>(6,186)</u>   | <u>-</u>         |
| Closing cost             | <u>39,955</u>    | <u>38,874</u>    |
| Accumulated amortization |                  |                  |
| Opening balance          | 19,273           | 18,908           |
| Disposals                | (6,186)          | -                |
| Amortization expense     | <u>5,424</u>     | <u>365</u>       |
| Closing balance          | <u>18,511</u>    | <u>19,273</u>    |
| Net book value           | <u>\$ 21,444</u> | <u>\$ 19,601</u> |

6. Fund balances

The Livestock Fund balance consists of dairy livestock insurance of \$828,315 (2016 - \$799,145) and poultry insurance of \$202,315 (2016 - \$179,451). A claim for indemnity under either the Dairy Livestock Insurance Plan or the Poultry Insurance Plan is limited to the extent of the assets in the Livestock Insurance Fund balance held by the Commission.

The General Fund includes wildlife compensation.

7. Provincial and Federal government contributions

*Insurance premiums*

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

*Administrative expenses*

For the 2016-17 fiscal year, the Federal government contributed 60% (2016 - 60%) of the total administrative expenses for the crop insurance program, with the Provincial government funding the remainder. The Provincial government funds all the administrative costs of the livestock and poultry insurance programs.

**7. Provincial and Federal government contributions (Continued)**

***Capital Assets***

Capital assets are cost shared, (60% Federal Government, 40% Provincial Government), administrative expenses. The Commission expenses capital assets under \$1,500 and capitalizes those over \$1,500.

***Wildlife program***

The compensation payments and administrative expenses of the wildlife compensation program are funded 60% by the Federal government and 40% by the Provincial government.

**8. Indemnity claims**

***Winter Grain***

Winter Grain is planted in the fall, but not harvested until the following fall. Crop yields can fluctuate dramatically depending on factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to the crop planted in the current year, if any, have not been incurred until well after the fiscal year end. Indemnity expenses for Winter Grain and related payables will be recorded in the year that the loss of yield, if any, is incurred.

***Maple Syrup***

In certain cases, indemnity expenses for Maple Syrup production losses related to premiums collected in the current fiscal year will not be incurred until after year end. Maple Syrup yields will fluctuate based on weather conditions. Indemnity expenses and related payables for Maple Syrup will be recorded in the year that the loss of yield, if any, is incurred.

**9. Administrative expenses**

The Commission offers three types of insurance plans: crop, dairy livestock and poultry, and a wildlife compensation program. The administrative expenses associated with offering these programs are detailed in Schedule B. The administrative expenses are allocated to the livestock and poultry plan at 2% of the total administrative expenses incurred by the Commission. The administrative expenses of the wildlife compensation program are allocated based upon direct travel and staffing costs associated with investigating and adjusting wildlife claims, as well as an additional 25% of these costs for other fixed administrative costs of this plan. The remaining administrative costs, after deducting those attributable to the livestock and poultry plans, and wildlife compensation program, are allocated to the crop insurance plan.

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

|   | 2017                | 2016               |
|---|---------------------|--------------------|
| <b>Increase (decrease) in cash from changes in:</b> |                     |                    |
| Receivables   | \$ (155,538)        | \$ (53,562)        |
| Accrued interest receivable                         | 1,409               | 13,101             |
| Deferred revenue                                    | 4,636               | (5,615)            |
| Deposits for insurance                              | (579)               | 575                |
| Indemnities payable                                 | <u>3,610</u>        | <u>(24,369)</u>    |
|   | <u>\$ (146,462)</u> | <u>\$ (69,870)</u> |

**11. Financial instruments**

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. It is management's opinion that the Commission is not exposed to any significant market or liquidity risks.

**12. Related party transactions**

Administrative expenses include \$30,000 (2016 - \$30,000) for rent and \$44,240 (2016 - \$44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture.

**13. Economic dependence**

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

**14. Insurance coverage**

The Commission's insurance coverage is based on actuarially sound premium rate methodologies as required by its Act and the Growing Forward 2 cost sharing agreement. All premium rates include a self-sustainability factor to ensure premiums calculated are adequate to cover expected liabilities.

The total insurance coverage issued during the 2016-17 fiscal year was \$186,014,791 (2016 - \$164,018,975), comprised of crop insurance of \$45,929,745 (2016 - \$42,546,494), livestock insurance of \$37,369,168 (2016 - \$36,097,329) and poultry insurance of \$102,715,878 (2016 - \$85,375,152).

**15. 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 Commission is not responsible for any unfunded liability or other obligations related to the pension. The pension expense incurred in the current year was \$65,023 (2016 - \$51,422).

Full-time employees of the Commission are eligible to receive a long service award as well as ongoing health and dental benefits upon retirement, as outlined in the collective agreement. Payments for this award, and these benefits, are the responsibility of the Province. The Commission is not responsible for any unfunded liability or other obligations related to these benefits.

**16. Contingent liabilities**

There are currently ongoing arbitrations (one since 2014-15 and four in 2016-17) regarding the denial of indemnity claims, for which the outcome is undeterminable. Consequently, no provision for any possible loss has been recorded in these financial statements.

**17. Public Sector Compensation Disclosure Act**

Under the Public Sector's Compensation Disclosure Act, all organizations which are part of the Government Reporting Entity must disclose all compensation paid to any person that is greater than \$100,000. As employees of the Commission are disclosed under Volume 3 – Supplementary Information of the Public Accounts, there are no amounts to disclose under this Act.

**18. Assistance to Internal Services during 2016**

In 2016-17 the Commission supported the Provinces Department of Internal Services during a forest fire in western Nova Scotia. One staff person participated in this activity. All administrative costs of the Commission related to this activity were accounted for and recovered from the Department of Internal Services.

**19. Comparative Figures**

In some cases, certain of the comparative figures have been reclassified to conform with the current year's financial statement presentation.



**PREMIUM REVENUE AND INDEMNITY CLAIMS**

**SCHEDULE A**

----- Premium Revenue ----- Indemnity Claims

|                              | <b>2017</b>       | <b>2016</b>       | <b>2017</b>       | <b>2016</b>         | <b>2017</b>         | <b>2016</b>         |
|------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| <b>Producer</b>              | <b>Federal</b>    | <b>Provincial</b> |                   |                     |                     |                     |
| <b>Crop Insurance</b>        |                   |                   |                   |                     |                     |                     |
| Spring grain                 | \$ 19,334         | \$ 11,525         | \$ 7,684          | \$ 28,622           | \$ -                | \$ 9,464            |
| Winter grain                 | 12,861            | 9,214             | 6,143             | 27,473              | 24,642              | 22,752              |
| Tree fruit                   | 265,440           | 257,890           | 171,927           | 737,192             | 997,729             | 1,072,750           |
| Corn                         | 64,657            | 58,166            | 38,777            | 161,972             | 65,609              | 50,936              |
| Weather derivative           | 67,116            | 60,404            | 40,270            | 143,608             | 11,191              | 274,918             |
| Blueberries                  | 254,920           | 206,977           | 137,984           | 646,681             | 52,219              | 334,796             |
| Strawberries and raspberries | 4,785             | 2,996             | 1,997             | 14,513              | 7,860               | 19,672              |
| Maple                        | 8,754             | 7,840             | 5,226             | 23,640              | -                   | 169,119             |
| Forage                       | 343               | 308               | 206               | 757                 | -                   | -                   |
| Soybeans                     | 34,073            | 30,666            | 20,444            | 68,408              | 73,562              | 108,497             |
| Vegetables                   | 8,331             | 6,561             | 4,373             | 14,335              | -                   | 1,975               |
| Acreage Loss                 | 37,654            | 33,889            | 22,593            | -                   | 148,815             | -                   |
| Grapes                       | 8,598             | 7,659             | 5,106             | -                   | -                   | -                   |
|                              | <u>786,866</u>    | <u>694,095</u>    | <u>462,730</u>    | <u>1,867,201</u>    | <u>1,381,627</u>    | <u>2,064,879</u>    |
| <b>Livestock Insurance</b>   |                   |                   |                   |                     |                     |                     |
| Livestock                    | 32,974            | -                 | -                 | 33,079              | 12,000              | 205,109             |
| Poultry                      | 22,525            | -                 | -                 | 22,878              | -                   | -                   |
|                              | <u>55,499</u>     | <u>-</u>          | <u>-</u>          | <u>55,957</u>       | <u>12,000</u>       | <u>205,109</u>      |
| <b>Wildlife Compensation</b> |                   |                   |                   |                     |                     |                     |
|                              | -                 | 60,301            | 40,201            | 172,382             | 100,502             | 172,382             |
| <b>Total</b>                 | <u>\$ 842,365</u> | <u>\$ 754,396</u> | <u>\$ 502,931</u> | <u>\$ 2,095,540</u> | <u>\$ 1,494,129</u> | <u>\$ 2,442,370</u> |

**EXPENSES**

**SCHEDULE B**

|  | Insurance           |                  |                   | Totals              |                     |
|--|---------------------|------------------|-------------------|---------------------|---------------------|
|  | Crop                | Livestock        | Wildlife/General  | 2017                | 2016                |
| Operations – Insurance Processing                          | \$ 93,375           | \$ 2,000         | \$ 4,616          | \$ 99,991           | \$ 99,267           |
| Operations - Adjusting                                     | 180,509             | 3,789            | 5,149             | 189,447             | 185,021             |
| Audit (Field)  | 156,483             | 3,278            | 4,126             | 163,887             | 160,049             |
| Policy Administration                                      | 95,843              | 1,997            | 1,991             | 99,831              | 98,142              |
| Finance  | 98,629              | 2,044            | 1,547             | 102,220             | 99,645              |
| Research, Development/Underwriting                         | 102,423             | 2,127            | 1,812             | 106,362             | 99,199              |
| Program Sales and Promotion                                | 7,876               | 168              | 344               | 8,388               | 3,227               |
| Human Resources  | 52,103              | 1,085            | 1,084             | 54,272              | 56,030              |
| Systems Maintenance and Support                            | 96,898              | 2,022            | 2,172             | 101,092             | 101,808             |
| Accommodations   | 29,074              | 610              | 800               | 30,484              | 30,432              |
| Capital  | 14,207              | 291              | 76                | 14,574              | 18,070              |
| Provincial and Federal Government Contributions (Note 7)   | 927,420             | 19,411           | 23,717            | 970,548             | 950,890             |
| Administrative expenses related to tangible capital assets | (7,267)             | -                | -                 | (7,267)             | (19,966)            |
| Administrative expenses                                    | 920,153             | 19,411           | 23,717            | 963,281             | 930,924             |
| Indemnity claims – Schedule A                              | 1,381,627           | 12,000           | 100,502           | 1,494,129           | 2,442,370           |
| Bad debts  | (173)               | -                | -                 | (173)               | (14,216)            |
| Amortization   | 5,424               | -                | -                 | 5,424               | 365                 |
| Assistance to Internal Services (Keji Fire)                | 4,619               | -                | -                 | 4,619               | -                   |
|  | 1,391,497           | 12,000           | 100,502           | 1,503,999           | 2,428,519           |
| <b>TOTAL EXPENSES</b>                                      | <b>\$ 2,311,650</b> | <b>\$ 31,411</b> | <b>\$ 124,219</b> | <b>\$ 2,467,280</b> | <b>\$ 3,359,443</b> |



