

CROP AND LIVESTOCK INSURANCE  
COMMISSION

BUSINESS PLAN

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2019 - 20

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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 2019 - 20. The plan outlines the Commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses.

The AgriInsurance product line continues to expand the opportunities for risk transfer in the production of agricultural products. The Commission is committed to expand its product line, offering increased benefits and more insurance options. The Commission is proud of its 50-year history (1968 - 2018) of offering crop and livestock insurance products that are developed in Nova Scotia to meet our farmers unique business needs and agronomic mix.

The Commission continues to work toward increased administrative efficiency to meet the needs of its clients and funding partners. Work will continue on additional improvements to its information technology systems following the replacement of an outdated and inefficient underwriting system.

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Hon. Keith Colwell, E.C.N.S.  
Minister, Agriculture

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Mr. Avard Bentley  
Chair

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Mr. Bill MacLeod, P.Ag.  
CEO

## Mission

*The mission of the Nova Scotia Crop and Livestock Insurance Commission is 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.*

## Alignment with Government Priorities

The strategic themes of the Department of Agriculture support Government's priority of inclusive economic growth. They include: enabling responsible economic growth, support for research and innovation, building public trust and market acceptance, increasing trade and market access and encouraging value added opportunities.

The Nova Scotia Crop and Livestock Insurance Commission supports these strategic themes by providing agricultural entrepreneurs with the opportunity to transfer some of the risk of financial loss caused by crop or production failures in a fiscally responsible manner. The Commission supports a climate that fosters private sector economic growth through its crop and livestock-based insurance programs encouraging employment and development in the province's rural communities. Through cost-shared programs, the Commission provides farmers with the opportunity to transfer the risk of production failure due to natural causes. This supports and encourages further on-farm development such as expanded value-added opportunities, the ability to access export markets, and the exploration of increased on farm research and/or innovation capacity in rural agricultural communities.

## Planning Context

The Nova Scotia Crop Insurance Commission was established over 50 years ago in 1968 to provide Nova Scotia farmers the opportunity to manage the risk of production failure. The *Nova Scotia Crop Insurance Act* was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the *Crop and Livestock Insurance Act*.

The Commission reports to the Minister of Agriculture and is a key component of the business risk management services that the Department of Agriculture offers to the industry under the AgrilInsurance platform. The Commission and supporting staff administer 16 crop insurance plans, a dairy livestock insurance plan and a poultry insurance plan. The Commission also administers a Wildlife Compensation Program which, while not an insurance-based program, compensates farmers for losses as a result of wildlife. Cost sharing of AgrilInsurance (also known as Production Insurance and

Crop Insurance) in Nova Scotia is governed by the Canadian Agricultural Partnership (CAP), a federal-provincial-territorial (FPT) framework agreement on agriculture, agri-food and agri-based products. This agreement outlines cost sharing arrangements and administrative requirements that govern the design and delivery of AgrilInsurance programs. AgrilInsurance is required to be a fiscally self-sustaining partnership with cost sharing by producers, and both the federal and provincial governments.

Federal and provincial policy direction has encouraged the expansion and strengthening of the role of AgrilInsurance programs to offer more coverage to commercially grown crops and livestock species. In this context, the Commission is continuing to develop insurance products for crops and livestock that have not traditionally been covered under AgrilInsurance in Nova Scotia.

A severe spring frost in June 2018 significantly impacted a large number of agricultural producers in the province including a large portion of clients with coverage under the AgrilInsurance program. This resulted in the largest indemnity payment in the Commission's 50-year history. While the AgrilInsurance program responded as designed and supported insured clients affected by this event, it will have lasting impacts on the Commission's financial position for a number of years into the future.

The Commission has recognized the need to improve its service delivery and in particular, to modernize its information management capabilities. A continued emphasis on the redesign of the Commission's information technology (IT) infrastructure has resulted in a number of significant improvements including the move of most crop insurance underwriting processes to a more stable and secure platform. Future work will focus on further strengthening the Commission's IT infrastructure and improving client online interaction.

### **Strategic Goals**

- Stabilize agricultural business incomes through the provision of fiscally responsible and sustainable insurance products to support the economic growth of the province.
- A competitive sustainable and profitable farm industry proactively managing risk through income stabilizing insurance-based programs.
- A modern highly responsive, efficient, reliable and secure service delivery system.

## Core Business Areas

The core business of the Nova Scotia Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. This is conducted pursuant to federal and provincial regulations and in accordance with the Business Risk Management components of FPT cost sharing agreements.

## Priorities for 2019 - 20

A key priority of the Commission is to increase the insurance coverage it offers to Nova Scotia agricultural producers. The value of coverage is actively managed by increasing the number of clients using AgrilInsurance, or by increasing the number of products offered and the range of options available to the farming community. The Commission will pursue increased program participation through:

1. **Program expansion / enhancements**
  - a. Continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance plans. One example is the addition of early potatoes to the acreage loss plan for the 2019 crop year.
  - b. Work with industry stakeholders on the development of new insurance programs such as grapes vines, hemp and haskap.
  - c. Develop its regulations consistent to the mandate of the Province's office of Regulatory Affairs and Service Effectiveness. Examples include work to update the form and content of current dairy plan regulations and revisions to the Arbitration regulations.
  - d. Work with stakeholder groups to continue to review the effectiveness of its Wildlife Compensation Program.
  
2. **Administrative Priorities**
  - a. Over the next year, use a phased approach and both internal and external resources, to modernize its information technology infrastructure to achieve a more accurate, reliable, and secure data handling system including more client focused interaction through online payments and applications.
  - b. Proactively promote AgrilInsurance as a key business management option for agricultural producers in Nova Scotia.

## Financials

The Commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the *Canadian Agricultural Partnership* provides for reimbursement of 60% of the administrative costs related to AgrilInsurance and Wildlife Compensation. Insurance premiums are cost shared by farmers (40%), the federal government (36%), and the provincial government (24%) and are administered directly by the Commission. Only the provincial premium contributions are included in Department of Agriculture budget figures.

**Table 1. Estimate of Income and Fund Balances**

	Authority 2018-19 (\$ 000)	Forecast 2018-19 (\$ 000)	Budget 2019-20 (\$ 000)
<b>Revenues</b>			
Insurance Premiums paid by Clients	823	731	823
Insurance Premiums Contributed by Govt. (Federal)	736	615	736
Wildlife Compensation Payments (Federal)	150	72	150
Insurance Premiums Contributed by Govt. (Provincial)	491	410	491
Wildlife Compensation Payments (Provincial)	100	48	100
Interest Income	70	30	5
<b>Total Revenues</b>	<b>2370</b>	<b>1906</b>	<b>2305</b>
<b>Expenses</b>			
Indemnity Claims	1900	6615	3000
Wildlife Compensation Payments	250	120	250
Reinsurance premiums	0	0	0
Bad Debt Expense	5	5	5
<b>Total Expenses</b>	<b>2155</b>	<b>6740</b>	<b>3255</b>
<b>Net Income from Insurance Activities</b>	<b>215</b>	<b>(4834)</b>	<b>(950)</b>
<b>Reinsurance Advances</b>			
Federal	0	0	0
Provincial	0	1068	950

<b>Total Reinsurance Advance</b>	0	1068	950
<b>Net Income</b>	215	(3766)	0
<b>Crop and Livestock Insurance Fund Balance</b>			
Beginning of Year	4736	4736	970
End of Year	4951	970	970
<b>Administrative Expenses</b>			
Government Contributions (Canada)	649	649	649
Government Contributions (Nova Scotia)	470	470	470
<b>Total Administrative Expenses</b>	1119	1119	1119
<b>Net Govt. Expenditure</b>			
Canada (Premium + Administration)	1535	1330	1535
Nova Scotia (Premium + Administration)	1061	924	1061
<b>Total Program Expenditure</b>	2596	2254	2596