



The Nova Scotia Crop and Livestock Insurance Commission

2019-20 ANNUAL REPORT

 **CANADIAN
AGRICULTURAL
PARTNERSHIP**

 **NOVA SCOTIA**

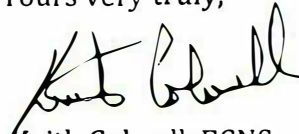
Canada 

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, 2020.

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 the first name "Keith" and last name "Colwell" clearly distinguishable.

Keith Colwell, ECNS
Minister of Agriculture

The Honourable Keith Colwell
Minister of Agriculture

Dear Sir:

We have the honour to herewith submit the fifty-first Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2020. 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


Avar Bentley
Chair



Bill MacLeod, P. Ag.
CEO

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2019-20 COMMISSION OFFICERS

COMMISSION MEMBERS

BOARD OF DIRECTORS:

Avard Bentley, Chair
Westchester, Cumberland Co.

Ruth Grant, Vice Chair
Centre Rawdon, Hants Co.

Robert Prange
Wolfville, Kings Co.

John Vissers
MacKay Siding, Colchester Co.

R. Michael Walsh
Berwick, Kings Co.

Danny Davison
Falmouth, Hants Co.

PRINCIPAL OFFICERS:

B. MacLeod

– CEO

J. Putnam

– Secretary

H.D. Black

– Finance Officer

K.S. MacDonald

– Clerk

G. Thyssen & A. Parsons-Lushington

– Acting Supervisors, Field Services

A. Parsons-Lushington

– Research and Development Coordinator

D. Thibodeau

– Business Systems Analyst

AUDITOR:

Grant Thornton

SOLICITORS:

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, to provide for the administration of the Livestock Insurance program, is cited as the Crop and Livestock Insurance Act. Additional amendments were also made in 2005 and 2010.

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 the Canadian Agricultural Partnership (CAP), 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 2019-20, the government of Nova Scotia contributed approximately 40 per cent of the total administration costs, 24 per cent of the crop insurance premium and 40 percent of wildlife compensation payments. The Government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs and 60 percent of wildlife compensation payments.

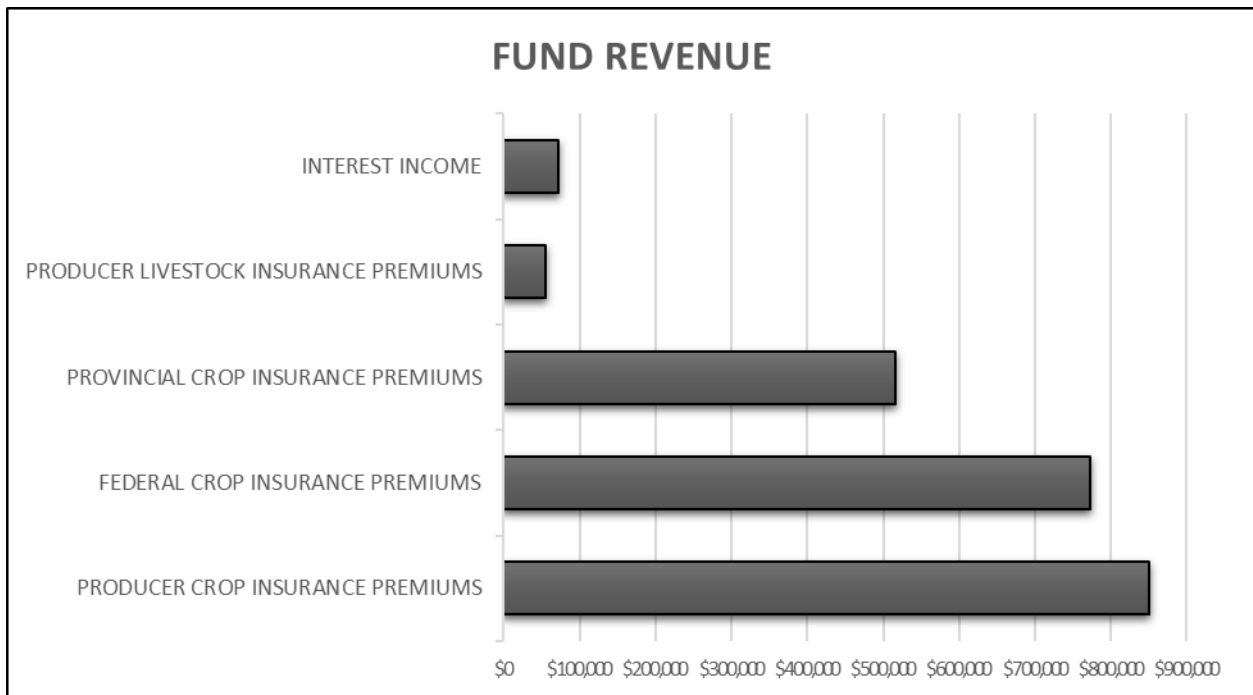


Fig.1: Total fund revenue for Nova Scotia Crop and Livestock Insurance Commission for 2019-20

INSURANCE PLANS IN FORCE

- | | |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Spring Grain | - oats, barley, wheat |
| 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, early potatoes |
| Dairy | - dairy cows, heifers and calves; loss of income benefit |
| Poultry | - broilers, pullets, layers, breeders |

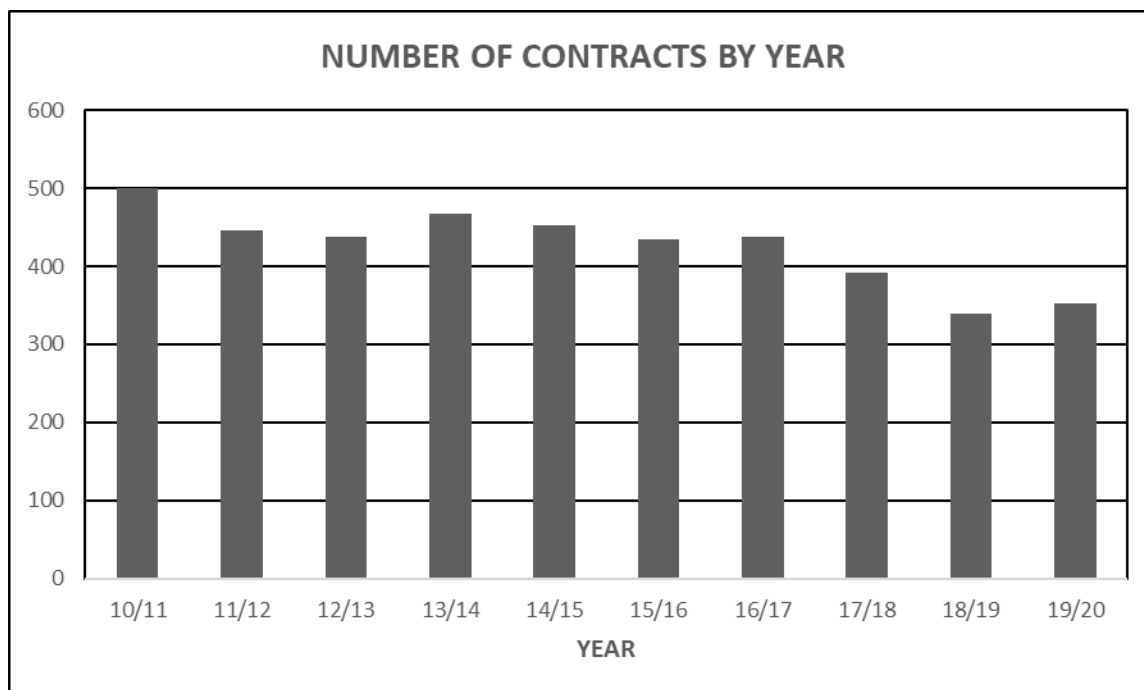


Fig. 2: Nova Scotia Crop and Livestock Insurance Commission contracts (2010-20).

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 client. 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 specified 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.

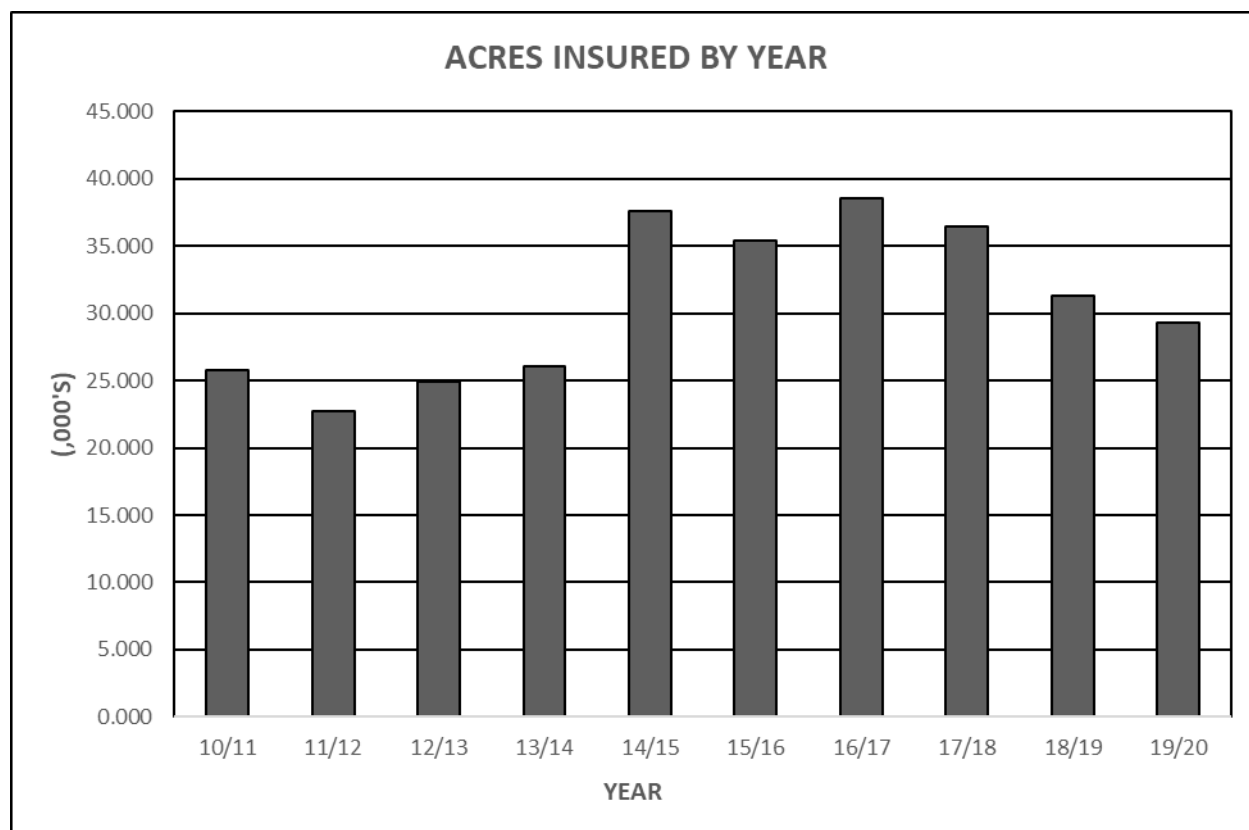


Fig.3: Number of acres insured by Nova Scotia Crop and Livestock Insurance Commission (2010-20)

Table 1: *Annual statistical summaries of insurance plans (2019-20)**

PLAN	NO. GROWERS	NO. ACRES	TOTAL COVERAGE (\$)	TOTAL PREMIUM (\$)	TOTAL INDEMNITIES (\$)
Spring Grain	24	1,659.78	307,958.84	41,289.25	24,927.73
Tree Fruit	98	3,133.08	35,519,210.71	1,287,467.71	3,689,303.87
Forage Est. 2015	4	116.8	31,580.00	2,510.63	0
Corn	55	7,814.61	3,803,205.40	141,054.36	949,849.27
Blueberries	81	5,390.52	4,987,590.15	275,785.70	1,213,915.90
Strawberries	2	10.29	72,565.75	14,105.44	3,592.00
*Winter Grain 2019	9	257.73	88,481.46	10,058.62	20,801.73
Potato	1	63.80	53,026.10	7,900.89	0
Vegetables	3	79.70	149,059.72	15,720.90	4,609.89
Soybeans	25	2,578.00	935,920.51	46,738.28	173,091.12
Acreage Loss	9	436.29	1,071,370.00	102,559.22	178,309.26
Grapes	14	190.15	474,510.62	64,917.47	51,187.60
Weather Derivative	20	7,609.48	2,118,343.44	97,725.02	0
Maple	7	**135,150.00	329,545.00	24,718.32	0
Crop Summary	352	29,340.23	49,942,367.70	2,132,551.81	6,309,588.37
	Herds	Animals/Birds			
Loss Income (Dairy)	0	0	5,829,421.25	0	0
Livestock (Dairy)	77	14,817	23,121,200.00	29,717.57	11,200.00
Poultry	135	56,170,801	112,462,921.66	24,452.03	0
Livestock Summary	212	56,185,618	141,413,542.91	54,169.60	11,200.00
TOTALS	564	-	191,355,910.61	2,186,721.41	6,230,788.37
<p>*Winter grain claims reflect crop year 2019. **Number of taps (not included in the number of acres). ***Statistical summary may differ from those in the financial statements due to year end accrual processes.</p>					

Table 2: Summary of crop insurance plans (1969-70 to 2019-20 crop year inclusive)

PLAN	NO. YEARS	NO. CLAIMS	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
Spring Grain	51	1847	1,956,464.73	2,108,107.17	1.08
Winter Grain	50	425	996,106.69	1,029,743.28	1.03
Tree Fruit	50	793	12,723,797.14	21,476,366.72	1.69
Tree Rider	35	32	533,998.27	258,951.27	0.48
Tobacco	25	21	767,809.39	561,296.33	0.73
Corn	49	733	3,611,826.88	3,255,588.12	0.90
Peas & Beans	32	629	3,140,338.94	3,315,484.65	1.06
Blueberries	47	1453	9,656,129.19	11,094,322.49	1.15
Strawberries	46	139	518,060.97	751,064.32	1.45
Forage Est.	42	156	112,975.05	97,548.62	0.86
Soybeans	34	149	874,879.91	785,818.01	0.90
Potatoes	30	41	1,346,021.65	2,282,301.36	1.70
Raspberries	6	4	1,429.44	3,216.60	2.25
Forage Prod.	3	1	16,983.20	4,551.38	0.27
Vegetables	20	65	1,668,576.38	2,624,359.38	1.57
Weather Derivative	13	100	1,630,886.54	1,299,427.57	0.80
Maple	10	11	225,614.28	256,827.00	1.14
Acreage Loss	4	33	418,966.70	456,715.96	1.09
Grape	4	12	128,093.45	125,122.30	0.98
TOTAL		6,664	\$40,328,958.80	\$51,786,812.53	1.28

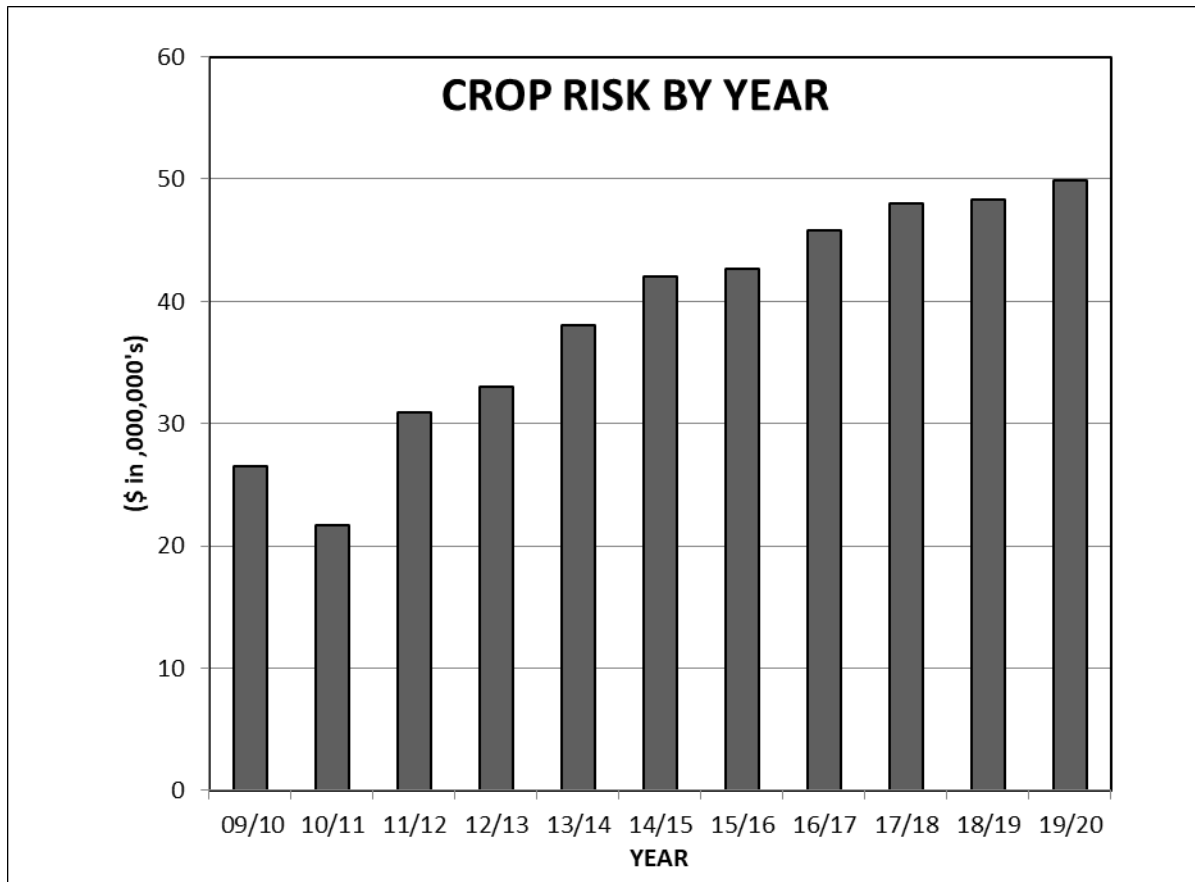


Fig 4: The value of crop risk by year (2009-2020)

Table 3: Operations summary of crop insurance years (1969-70 to 2019-20 crop years inclusive)

CROP YEARS	NO. CONTRACTS	TOTAL COVERAGE	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
1969-1970	277	310,831.53	15,157.96	8,043.41	0.53
1970-1971	345	823,244.95	31,954.54	35,304.14	1.10
1971-1972	364	777,955.53	32,884.51	50,406.29	1.53
1972-1973	386	1,553,341.41	77,955.05	78,023.10	1.00
1973-1974	492	1,762,978.44	96,519.82	252,505.26	2.62
1974-1975	565	2,030,120.33	164,694.03	232,358.15	1.41
1975-1976	568	2,274,900.30	198,451.73	169,900.31	0.86
1976-1977	602	2,751,869.76	220,219.10	90,559.13	0.41
1977-1978	770	3,381,581.47	251,407.28	253,696.31	1.01
1978-1979	781	3,730,752.45	284,334.24	131,548.18	0.46
1979-1980	695	3,994,307.91	296,406.94	300,974.95	1.02
1980-1981	666	4,228,150.76	295,329.10	196,488.55	0.67
1981-1982	752	5,854,042.18	401,609.14	219,338.95	0.55
1982-1983	760	6,618,768.79	449,727.96	123,888.71	0.28
1983-1984	775	7,103,107.33	444,870.21	442,181.20	0.99
1984-1985	740	8,842,444.23	447,720.90	132,831.31	0.30
1985-1986	730	10,270,802.44	453,493.02	503,450.98	1.11
1986-1987	730	10,403,518.12	498,145.77	1,391,264.35	2.79
1987-1988	597	10,361,043.62	537,153.84	158,436.63	0.29
1988-1989	532	10,327,601.34	536,984.92	100,853.06	0.19
1989-1990	604	10,790,684.96	545,818.31	879,678.97	1.61
1990-1991	568	10,304,249.40	574,316.40	357,824.57	0.62
1991-1992	544	12,184,356.19	634,945.12	1,411,800.88	2.22
1992-1993	624	10,904,552.94	657,657.87	200,655.25	0.31
1993-1994	577	11,409,076.02	623,830.52	927,816.14	1.49
1994-1995	568	11,164,842.39	577,366.31	535,838.81	0.93
1995-1996	580	11,321,945.62	546,030.04	326,525.71	0.60
1996-1997	553	11,181,624.19	572,589.79	466,881.74	0.82
1997-1998	600	11,842,296.94	587,480.80	772,721.07	1.32
1998-1999	563	13,583,764.80	645,583.16	933,129.48	1.45
1999-2000	540	12,136,267.30	639,559.88	797,459.04	1.25
2000-2001	552	14,310,381.33	674,353.56	284,246.26	0.42
2001-2002	532	14,805,607.02	660,808.39	914,843.99	1.38
2002-2003	532	16,347,492.87	818,650.80	364,453.37	0.45
2003-2004	532	16,193,016.04	833,525.55	827,584.94	0.99
2004-2005	496	16,161,000.34	749,438.21	486,826.86	0.65
2005-2006	526	16,845,536.59	790,475.19	1,107,701.83	1.40
2006-2007	525	22,466,132.67	860,560.79	1,656,030.07	1.92
2007-2008	522	27,188,516.06	1,233,419.20	2,030,822.80	1.65
2008-2009	504	30,332,865.07	1,445,680.16	1,620,386.29	1.12
2009-2010	574	33,352,632.88	1,793,088.60	2,654,096.74	1.48
2010-2011	501	21,661,518.92	1,453,641.52	1,517,820.84	1.04
2011-2012	446	30,958,118.69	1,541,396.80	2,410,913.00	1.56
2012-2013	438	33,018,952.19	1,858,435.46	1,283,964.39	0.69
2013-2014	463	38,020,988.84	1,848,256.31	2,361,656.41	1.28
2014-2015	452	41,979,917.41	1,901,707.33	1,649,505.05	0.87
2015-2016	435	42,609,886.54	1,872,385.59	2,064,587.77	1.10
2016-2017	438	45,798,069.07	1,937,840.80	1,381,626.91	0.71
2017-2018	392	47,957,021.67	1,868,811.66	1,858,557.03	0.99
2018-2019	340	48,276,173.21	1,713,732.81	6,519,214.98	3.80
2019-2020	352	49,942,367.70	2,132,551.81	6,309,588.37	2.96
TOTAL		832,451,218.75	40,328,958.80	51,786,812.53	1.28

Since the program's implementation in 1969, for every dollar collected in premium **\$1.28** has been paid out in claims.

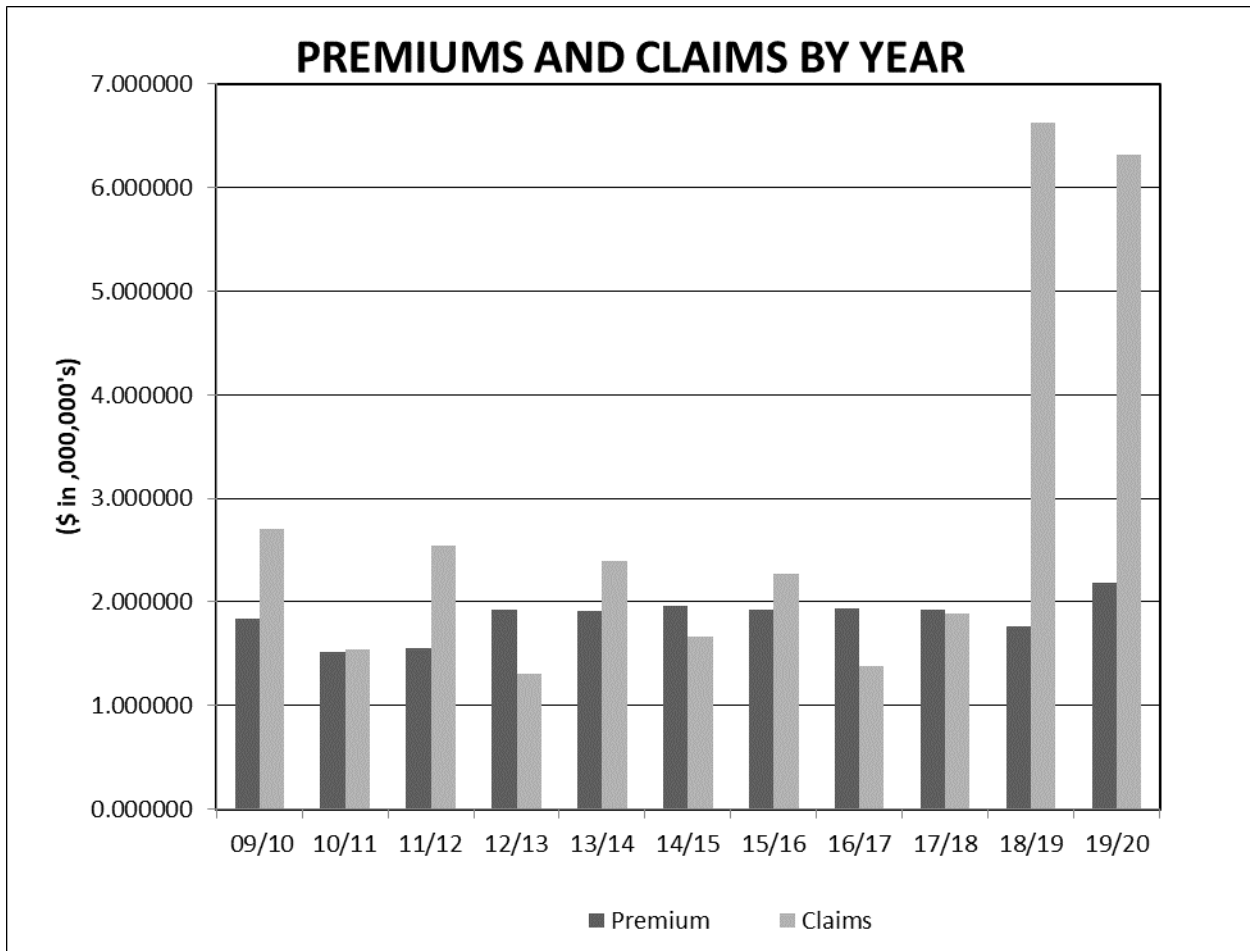


Fig. 5: Amount of crop premiums received and claims paid out annually (2009-2020)

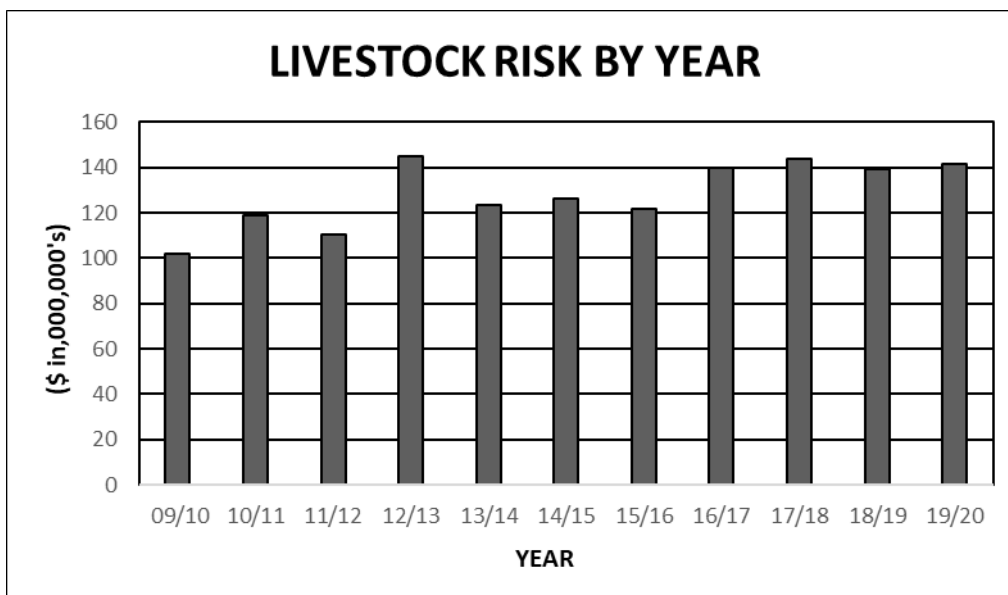


Fig 6: Value of livestock risk per year (2009-2020)

Table 4: Summary of dairy livestock insurance plan (April 1st, 1978-March 31st, 2020)

YEARS	NO. INSURED HERDS	INSURED ANIMALS	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
2019-2020	77	14,817	29,717.57	11,200.00	0.38
2018-2019	87	15,800	31,126.34	110,990.72	3.57
2017-2018	92	15,567	32,257.99	33,665.90	1.04
2016-2017	95	15,334	32,399.51	12,000.00	0.37
2015-2016	95	15,644	33,413.53	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
Totals			\$ 1,456,566.75	\$ 1,697,402.29	1.17

Since the program's implementation in 1978, for every dollar collected in premium \$1.17 has been paid out in claims.

Table 5: Summary of dairy livestock insurance claims (April 1st, 2019-March 31st, 2020)

Insurable Perils	No. Animals	Total Claims Paid (\$)
1. Shipping Fever	9	\$11,200.00
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 plan (April 1st, 1978-March 31st, 2020)

Insurable Perils	No. Animals	Total Claims Paid (\$)
1. Acute Mastitis*	108	\$104,291.40
2. Brucellosis	2	\$810.70
3. I B R	58	\$49,137.18
4. Loss Income	0	\$767,831.57
5. Other	14	\$16,200.00
6. Shipping Fever	632	\$759,131.44
Totals	814	\$1,697,402.29

* This peril no longer covered.

Table 7: Summary of poultry livestock insurance plan (October 1st, 2007-March 31st, 2020)

Years	No. Insured Flocks	No. Insured Birds	Total Premium (\$)	Claims Paid	Loss Ratio
2019-2020	135	56,170,801	24,452.03	0.00	0.00
2018-2019	134	51,081,234	\$23,394.48	0.00	0.00
2017-2018	128	52,487,506	\$23,680.11	0.00	0.00
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
Total			\$274,858.51	\$0.00	0.00

Table 8: Summary of poultry livestock insurance plan (2007-08 to 2019-20 poultry years inclusive)

PLAN	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Broiler(CHK)	13	0	118,622.09	\$ 0.00	0.00
Comm. Pullet(PUL)	13	0	15,133.60	\$ 0.00	0.00
Broiler Breeder(BRB)	13	0	27,246.24	\$ 0.00	0.00
Breeder Pullet(BRP)	13	0	4,018.70	\$ 0.00	0.00
Comm. Layer(CLR)	13	0	106,010.71	\$ 0.00	0.00
Integrated Layer(ILR)	9	0	3,827.61	\$ 0.00	0.00
Total		0	274,858.95	\$ 0.00	0.00

Table 9: Summary of wildlife compensation (May 8th, 2008 to March 31st, 2020)

Year	No. Years	No. Commodities	No. Claims	Claims Paid
2019-2020	12	23	67	\$38,999.23
2018-2019	11	23	114	\$118,361.13
2017-2018	10	23	85	\$135,903.04
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
Total			1,246	\$1,535,315.91

Table 10: Summary of wildlife compensation (2008-2020 wildlife year inclusive)

COMMODITY	NO. YEARS	NO. CLAIMS	CLAIMS PAID
Bees	12	108	98,024.00
Bee Hive	12	128	55,986.34
Hive Contents	12	38	16,064.60
Beef Cow	12	9	6,400.00
Beef Calf	12	89	19,880.00
Beef Bull	12	0	0.00
Beef Steer	12	2	1,120.00
Lowbush Blueberries	12	81	160,530.35
Strawberries	12	28	240,614.13
Ewe	12	215	53,448.00
Lamb	12	273	63,283.00
Ram	12	20	4,636.00
Tree Endorsement	12	11	18,182.40
Apples	12	46	413,747.64
Vegetable	12	21	114,469.01
Corn Silage	12	85	114,174.82
Grain Corn	12	56	82,667.28
Soybean	12	19	42,487.87
Grapes	10	2	18,720.78
Kid	12	2	140.00
Doe	12	4	720.00
Buck	12	1	120.00
Pears	12	1	674.20
Winter Feed Wheat	12	4	7,705.49
Dairy Cow	12	1	1,200.00
Dairy Calf	12	2	320.00
Total		1246	\$1,535,315.91

2019-20 Summary

The Commission wrote \$191.5 million in coverage in 2019-20. This represented a 2% increase in coverage over the previous year. Insurance coverage was broken down as 26.2% for crops, 15% for dairy and 58.8% for poultry. The total premium collected was \$2.195 million, which represented a 20% increase over the previous year. This increase was mainly a result of higher premium rates due to losses over the last 2 years increased sales in blueberries, vegetable, and grape plans.

The 2019 crop year began with dry warm spring conditions in April followed by cool wet weather throughout May and into June. Seeding of many corn, soybean and vegetable fields were delayed until late May/June. Many growers reported winter injury in winter grain, blueberry and forage fields. August was hot and dry with a significant hail event on August 10th affecting a wide range of crops. These 2019 growing conditions resulted in most crops being considered delayed in growth by as much as 2 weeks by August 20th.

On September 7, Hurricane Dorian struck Nova Scotia causing widespread damage and major crop losses to many crops, particularly hard hit were tree fruit, corn and horticulture crops. The first significant frosts were recorded in many areas by September 20th.

In 2019, losses from insured perils resulted in 138 crop insurance payments totalling \$6.310 million. This represented a decrease of 3% over the previous year which were, at that time, the highest indemnity payouts in the Commission's 50 year history. These indemnity payments continue to be an important Business Risk Management tool and assisted many producers with managing the natural risks they face on their farms. The largest indemnity payments were made in Tree Fruit (\$3,689,304), Blueberry (\$1,213,916), Corn (\$949,849), Acreage Loss (\$178,309), and Soybean (\$173,091).

Diary livestock indemnity payments in 2019 totaled \$11,200. There were no indemnity payments made in the Poultry ILT Plan. In its 12th year of operation the Canada/Nova Scotia Wildlife Compensation Program made payments for 67 claims, totalling \$38,999. This was 33% lower than payments made in the previous year and the lowest compensation payments paid out over the past 12 years.

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.
- Revisions to the General Field Crop Insurance regulations and related updates to other affected crop plans received approval during 2018 and were implemented in 2019.

- 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 Average Insurable Yield, Highbush Blueberry and Grape underwriting databases.
- The Commission continued to promote AgriInsurance to the agricultural industry through various media, and at trade shows.
- In 2019-20, the Commission completed a full review and Actuarial Re-certification of its Tree Fruit probable yield methodology as required under the Act and the Canadian Agricultural Partnership Agreement. This resulted in a complete overhaul of the underwriting for the tree fruit plan which was implemented in the winter of 2020 to be offered to growers for the 2020 crop season.

Table 11: Estimate-Actual 2019-20

	Estimate 19-20 (000)s	Actual 19-20 (000)s
Revenues		
Insurance Premiums Paid by Clients	823	907
Insurance Premiums Contributed by Gov't (Federal)	736	733
Wildlife Compensation Payments (Federal)	150	23
Insurance Premiums Contributed by Gov't (Provincial)	491	516
Wildlife Compensation Payments (Provincial)	100	16
Interest Income	5	73
Recoveries	0	0
Total Revenues	2305	2308
Expenses		
Indemnity Claims	3000	6321
Wildlife Compensation Payments	250	39
Reinsurance Premiums	0	0
Bad Debt Expense	5	0
Recoveries	0	4
Total Expenses	3255	6364
Net Income From Insurance Activities	(950)	(4056)
ReInsurance/Grants		
Federal	0	0
Provincial	0	3303
Net Income From All Activities	(950)	(753)
Crop and Livestock Insurance Fund Balance		
Beginning of Year	5000	5000
End of Year	4050	4247
Administrative Expenses		
Government Contributions (Canada)	624	611
Government Contributions (Nova Scotia)	434	407
Total Administrative Expenses	1058	1018
Net Govt Expenditure		
Canada (Premium + Administration)	1510	1407
Nova Scotia (Premium + Administration)	1025	4242
Total Program Expenditure	2535	5649

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 Agricultural Finance system, crop 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.

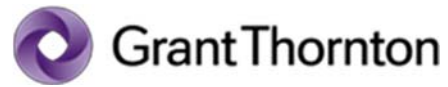
Table 12: Core Business Area: Delivery of Insurance Products for Production Agriculture

	Measure	DATA Base Year (2008-09)	Target - 2019-20	GF2 Ultimate Target (2019-20)	CAP ULTIMATE TARGET (2022-23)	Trends	Actual As of March 31/20
1.	Number of Agri-Insurance Contracts	700	670	900	800	2013-14 = 741 2014-15 = 832 2015-16 = 653 2016-17 = 666 2017-18 = 605 2018-19 = 559	564
2.	\$ Value of Coverage	\$127.8M	\$180M	\$180M	\$200M	2013-14 = \$161.5M 2014-15 = \$168.2M 2015-16 = \$164.1M 2016-17 = \$186M 2017-18 = \$191M 2018-19 = \$187.5M	\$191.4M
3.	Number of Agri-Insurance Products Available	36	68	55	75	2013-14 = 47 2014-15 = 47 2015-16 = 50 2016-17 = 66 2017-18 = 66 2018-19 = 66	67
4.	Value of Compensation Paid for Wildlife Damage	\$110,000	\$200,000	\$250,000	\$250,000	2013-14 = \$ 77,381 2014-15 = \$169,984 2015-16 = \$172,382 2016-17 = \$100,502 2017-18 = \$135,903 2018-19 = \$118,361	\$38,999
5. *	Ratio of Insured Production to Total Value of All Products Eligible for Insurance in NS (Excludes Livestock)	25.25%	25%	50%	50%	2013-14 = 19.45% 2014-15 = 19.71% 2015-16 = 21.08% 2016-17 = 21.92% 2017-18 = 23.10% 2018-19 = N/A	N/A
6. *	Ratio of Agricultural Products Eligible for Insurance to Value of all Agricultural Products in NS (Excludes Livestock)	57.78%	60%	75%	85%	2013-14 = 92.43% 2014-15 = 92.10% 2015-16 = 97.05% 2016-17 = 93.78% 2017-18 = 93.61% 2018-19 = N/A	N/A

* Values for 2013-14 to 2017-18 updated based on 2018 census of agriculture.

Comments:

1. This measure increased by 1% over the previous year slowing a trend of reduced participation over the last several years. Dairy Livestock continues to have a lower participation trend due primarily to consolidation within the industry.
2. The measure was 2% higher than the previous year primarily due to increased coverage in almost all crop plans. This increase was moderated by lower coverage in the dairy plan, along with the addition of coverage in the Tree Fruit plan.
3. The crops covered under the AgriInsurance program in 2019-20 increased by one with the addition of early potatoes to the Acreage Loss plan.
4. Most recent results show a 33% drop payment compared to the previous year. This trend indicates reduced pressure on crops and livestock from wildlife during the 2019-20 crop year.
5. This measure is an indicator of the uptake by producers of crop insurance programs offered by AgriInsurance in Nova Scotia. The measure was updated to reflect the latest consensus of agriculture statistics (2018). While lower than targeted, this measure indicates consistent improvement in 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. The measure was updated to reflect the latest consensus of agriculture statistics (2018). This measure showed consistent coverage of the portion of the Nova Scotia Agricultural Sector that is being offered products under crop insurance surpassing the targets set at the beginning of the CAP Program.



Financial Statements

Nova Scotia Crop and Livestock Insurance Commission

March 31, 2020

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Management's responsibility for financial reporting

The accompanying financial statements of the Nova Scotia Crop and Livestock Insurance Commission are the responsibility of management and have been approved by Members of the Commission.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and 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 is ultimately responsible for reviewing and approving the financial statements.

Members of the Commission meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards. Grant Thornton LLP has full and free access to the Commission.

On behalf of the Nova Scotia Crop and Livestock Insurance Commission



Rachael Cheverie

Vice Chair



Bill MacLeod, P.Ag.

GEO

June 26, 2020

Independent auditor's report

Grant Thornton LLP

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To the members of Nova Scotia Crop and Livestock Insurance Commission

Opinion

We have audited the accompanying financial statements of the Nova Scotia Crop and Livestock Insurance Commission (the "Commission"), which comprise the statement of financial position as at March 31, 2020, the statement of operations and changes in fund balances, statement of changes in net financial assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 2020, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules included on Pages 14-15 have been presented for the purposes of additional information and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Truro, Canada
June 26, 2020

Chartered Professional Accountants

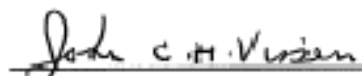
STATEMENT OF FINANCIAL POSITION

	2020	2019
Financial Assets		
Cash	\$2,291,682	\$ 240,583
Investments (Note 3)	632,208	618,676
Trade Receivable (Note 4)	1,366,276	4,169,577
Accrued interest receivable	<u>1,451</u>	<u>1,493</u>
	<u>4,291,617</u>	<u>5,030,329</u>
Liabilities		
Deferred revenue	37,926	33,648
Deposits for insurance	<u>10,133</u>	<u>3,430</u>
	<u>48,059</u>	<u>37,078</u>
Net Financial Assets	<u>4,243,558</u>	<u>4,993,251</u>
Non-Financial Assets		
Tangible capital assets (Note 5)	<u>3,555</u>	<u>7,110</u>
Fund Balances	<u>\$ 4,247,113</u>	<u>\$ 5,000,361</u>

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 2020	Total 2019
		Crop	Livestock	General		
Revenue						
Insurance premiums (Schedule A)	\$ 2,300,000	\$ 2,139,875	\$ 55,539	\$ 38,999	\$ 2,234,413	\$ 1,876,714
Interest income	5,000	60,002	12,557	-	72,559	43,709
Provincial Grant (Note 7)	-	3,303,074	-	-	3,303,074	5,068,000
Other revenue	-	-	-	-	-	(50)
	<u>2,305,000</u>	<u>5,502,951</u>	<u>68,096</u>	<u>38,999</u>	<u>5,610,046</u>	<u>6,988,373</u>
Expenses						
Indemnity claims (Schedule A)	3,250,000	6,309,589	11,200	38,999	6,359,788	6,748,567
Bad debt recovery	5,000	(49)	-	-	(49)	(30,626)
Administrative expenses (Note 9) (Schedule B)	1,053,000	987,653	20,360	9,995	1,018,008	1,101,501
Amortization expense	-	3,555	-	-	3,555	6,415
	<u>4,308,000</u>	<u>7,300,748</u>	<u>31,560</u>	<u>48,994</u>	<u>7,381,302</u>	<u>7,825,857</u>
Deficit before government contributions	(2,003,000)	(1,797,797)	36,536	(9,995)	(1,771,256)	(837,484)
Government contributions (Note 7)	<u>1,053,000</u>	<u>987,653</u>	<u>20,360</u>	<u>9,995</u>	<u>1,018,008</u>	<u>1,101,501</u>
Net operating (deficit) surplus	\$ (950,000)	(810,144)	56,896	-	(753,248)	264,017
Fund balances, beginning of year	<u>\$ 5,000,000</u>	<u>3,983,307</u>	<u>1,017,054</u>	<u>-</u>	<u>5,000,361</u>	<u>4,736,344</u>
Fund balances, end of year (Note 6)	<u>\$ 4,050,000</u>	<u>\$ 3,173,163</u>	<u>\$ 1,073,950</u>	<u>\$ -</u>	<u>\$ 4,247,113</u>	<u>\$ 5,000,361</u>

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

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

	Budget	2020	2019
Net Financial Assets, beginning of year	<u>\$ 5,000,000</u>	<u>\$ 4,993,251</u>	<u>\$ 4,722,819</u>
Changes in the year			
Net operating (deficit) surplus	(950,000)	(753,248)	264,017
Amortization	<u>-</u>	<u>3,555</u>	<u>6,415</u>
Total changes in the year	<u>(950,000)</u>	<u>(749,693)</u>	<u>270,432</u>
Net Financial Assets, end of year	<u>\$ 4,050,000</u>	<u>\$ 4,243,558</u>	<u>\$ 4,993,251</u>

The Commission does not budget for certain non-cash items such as amortization.

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

STATEMENT OF CASH FLOWS

	2020	2019
Operating Activities		
Net operating (deficit) surplus	\$ (753,248)	\$ 264,017
Amortization of tangible capital assets	3,555	6,415
Net change in non-cash working capital balances related to operations (Note 10)	2,814,324	(4,009,260)
Change in accrued interest on investments	<u>(13,532)</u>	<u>76,361</u>
Cash provided (used) by operating activities	<u>2,051,099</u>	<u>(3,662,467)</u>
Investing Activities		
Proceeds from disposal of investments	<u>-</u>	<u>3,804,117</u>
Cash provided by investing activities	<u>-</u>	<u>3,804,117</u>
Increase in cash during year	2,051,099	141,650
Cash, beginning of year	<u>240,583</u>	<u>98,933</u>
Cash, end of year	<u>\$ 2,291,682</u>	<u>\$ 240,583</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 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, cash and deposits for insurance. The Commission measures its financial instruments at cost or amortized cost.

Budget Figures

The budget figures contained in these financial statements were approved by the Province in its original fiscal plan. The budgeted figures presented are consistent with Public Sector Accounting Standards ("PSAS").

Use of Estimates and measurement uncertainty

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, 2020, these funds were invested in a promissory note maturing in fiscal year 2022 with an annual yield of 2.18%.

Investments as of March 31

Date issued	Maturity date	# of days	Interest rate	2020		2019	
				Total including accrued interest		Total including accrued interest	
Oct 27, 2017	Oct 27, 2022	1826	2.18%	\$ 632,208	\$	618,676	\$
				\$ 632,208	\$	618,676	

4. Trade Receivables

	Current	Past due 31 - 90 days	Past due > 90 days	Total 2020	Total 2019
Province of Nova Scotia	\$1,228,486	\$-	\$5,234	\$1,233,720	\$4,009,743
Federal Government	\$25,600	\$875	\$114,674	\$141,149	\$171,745
Producer	\$5,945	\$-	\$11,282	\$17,227	\$14,764
	\$1,260,031	\$875	\$131,190	\$1,392,096	\$4,196,252
Allowance for doubtful accounts	\$-	\$-	\$25,820	\$25,820	\$26,675
Total Receivables	\$1,260,031	\$875	\$105,370	\$1,366,276	\$4,169,577

5. Tangible capital assets

	2020	2019
Cost of Equipment		
Opening cost	\$ 39,955	\$ 39,955
Additions	-	-
Disposals	(13,889)	-
Closing cost	<u>26,066</u>	<u>39,955</u>
Accumulated amortization		
Opening balance	32,845	26,430
Disposals	(13,889)	-
Amortization expense	<u>3,555</u>	<u>6,415</u>
Closing balance	<u>22,511</u>	<u>32,845</u>
Net book value	<u>\$ 3,555</u>	<u>\$ 7,110</u>

6. Fund balances

The Livestock Fund balance consists of dairy livestock insurance of \$797,772 (2019 - \$766,419) and poultry insurance of \$276,178 (2019 - \$250,635). 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. 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

The financial statements include the total cost of administrative expenses which are initially paid by the Provincial government, and then subsequently reimbursed by the Federal government for their contribution. For the 2019-20 fiscal year, the Federal government contributed 60%, (2019 - 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.

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.

Additional Provincial Allocations in 2019-20

The Province of Nova Scotia allocated non-repayable funds to the Commission to offset losses in the crop insurance fund related to indemnity payments during the 2019 crop year in the amount of \$2,080,000.00 (2018 - \$1,068,000.00). An additional non-repayable appropriation from the Province was received in April 2020 in the amount of \$1,223,074.00 (2018 - \$4,000,000.00) to offset losses in the crop insurance fund related to indemnity payments in 2019.

NOTES TO THE FINANCIAL STATEMENTS

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

	2020	2019
Increase (decrease) in cash from changes in:		
Receivables	\$ 2,803,301	\$ (4,004,231)
Accrued interest receivable	42	1,799
Deferred revenue	4,278	(8,721)
Deposits for insurance	<u>6,703</u>	<u>1,893</u>
	<u>\$ 2,814,324</u>	<u>\$ (4,009,260)</u>

NOTES TO THE FINANCIAL STATEMENTS

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.

There have been no changes compared to previous years with respect to the exposures to risk and how they arise, the Commission's objectives, policies and processes for managing the risks and the methods used to measure the risks.

12. Related party transactions

The Commission is related in terms of common ownership to all Province of Nova Scotia created departments, agencies, boards and commissions. The Commission enters into transactions with these entities in the normal course of business measured at the exchange amount. Related parties also include key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Commission. This includes Senior Executives, and members of the Commission and their close family members. The following disclosure is in addition to the related party disclosure provided elsewhere in these financial statements.

Administrative expenses include \$30,000 (2019 - \$30,000) for rent and \$44,240 (2019 - \$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 from the Province of Nova Scotia and the Government of Canada.

14. Insurance coverage

The Commission's insurance coverage is based on actuarially sound premium rate methodologies as required by its Act and the Canadian Agricultural Partnership (CAP) 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 2019-20 fiscal year was \$191,469,696 (2019 - \$187,524,434), comprised of crop insurance of \$50,056,153 (2019 - \$48,096,738), livestock insurance of \$28,950,621 (2019 - \$36,269,641) and poultry insurance of \$112,462,922 (2019 - \$103,158,055). This represents the maximum potential exposure of the Commission for all certificates issued under its insurance plans and is provided for information purposes.

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 \$52,247 (2019 - \$59,006).

NOTES TO THE FINANCIAL STATEMENTS

15. Pension and post-retirement benefits (continued)

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, payments, expenses or other obligations related to these benefits. The total long service award paid out by the Province to Commission staff in fiscal 2020 was \$nil (2019 - \$108,123).

16. 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. All employees of the Commission are disclosed under Volume 3 – Supplementary Information of the Public Accounts. For 2019-20 there are no amounts to disclose under this Act.

17. Impacts of COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. The COVID-19 pandemic is not expected to have any significant impacts on the Commission's 2019-20 financial statements. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Commission in future periods. The pandemic is expected to have significant and broad impacts on farm incomes in 2020. While the full extent of the impact on the Commission's programs are unknown at this time, it is expected that premium revenues and claims expense could be affected.

PREMIUM REVENUE AND INDEMNITY CLAIMS

SCHEDULE A

	Premium Revenue			Total Premium		Indemnity Claims	
	Producer	Federal	Provincial	2020	2019	2020	2019
Crop Insurance							
Spring Grain	\$ 18,324	\$ 13,779	\$ 9,186	\$ 41,289	\$ 26,434	\$ 24,928	\$ 3,917
Winter Grain	7,420	6,122	4,082	17,624	17,862	20,802	6,911
Tree Fruit	504,449	469,811	313,208	1,287,468	1,012,697	3,689,304	5,924,123
Corn	56,422	50,779	33,853	141,054	126,793	949,849	55,081
Weather Derivative	39,090	35,181	23,454	97,725	113,423	-	-
Blueberries	110,333	99,272	66,181	275,786	176,254	1,213,916	253,523
Strawberries & Raspberries	7,118	4,193	2,795	14,106	19,891	3,592	48,742
Maple	9,887	8,899	5,932	24,718	20,503	-	-
Forage	907	817	544	2,268	1,146	-	-
Soybeans	18,695	16,826	11,217	46,738	55,125	173,091	67,838
Vegetables	6,289	5,660	3,773	15,722	3,521	4,610	16,849
Acreage Loss	41,024	36,921	24,614	102,559	96,891	178,309	43,555
Grapes	27,806	22,266	14,845	64,917	23,297	51,188	73,935
Potato	<u>3,344</u>	<u>2,734</u>	<u>1,823</u>	<u>7,901</u>	<u>9,049</u>	<u>-</u>	<u>24,741</u>
	<u>851,108</u>	<u>773,260</u>	<u>515,507</u>	<u>2,139,875</u>	<u>1,702,886</u>	<u>6,309,589</u>	<u>6,519,215</u>
Livestock Insurance							
Livestock	30,695	-	-	30,695	32,055	11,200	110,991
Poultry	<u>24,844</u>	<u>-</u>	<u>-</u>	<u>24,844</u>	<u>23,412</u>	<u>-</u>	<u>-</u>
	<u>55,539</u>	<u>-</u>	<u>-</u>	<u>55,539</u>	<u>55,467</u>	<u>11,200</u>	<u>110,991</u>
Wildlife Compensation	<u>-</u>	<u>23,399</u>	<u>15,600</u>	<u>38,999</u>	<u>118,361</u>	<u>38,999</u>	<u>118,361</u>
Total	<u>\$ 906,647</u>	<u>\$ 796,659</u>	<u>\$ 531,107</u>	<u>\$2,234,413</u>	<u>\$1,876,714</u>	<u>\$ 6,359,788</u>	<u>\$ 6,748,567</u>

EXPENSES

SCHEDULE B

	Insurance			Totals	
	Crop	Livestock	Wildlife/General	2020	2019
Operations – Insurance Processing	\$ 95,848	\$ 1,992	\$ 1,761	\$ 99,601	\$ 105,536
Operations - Adjusting	179,440	3,705	2,104	185,249	196,433
Audit (Field)	155,493	3,208	1,706	160,407	170,093
Policy Administration	92,773	1,916	1,135	95,824	103,368
Finance	100,229	2,056	520	102,805	108,431
Research, Development/Underwriting	180,901	3,724	1,563	186,188	217,042
Program Sales and Promotion	6,636	138	130	6,904	6,264
Human Resources	50,938	1,046	321	52,305	57,465
Systems Maintenance and Support	95,889	1,972	755	98,616	106,401
Accommodations	29,506	603	-	30,109	30,468
Total Expenses funded by Government (Note 9)	<u>987,653</u>	<u>20,360</u>	<u>9,995</u>	<u>1,018,008</u>	<u>1,101,501</u>
Indemnity claims – Schedule A	6,309,589	11,200	38,999	6,359,788	6,748,567
Bad debts	(49)	-	-	(49)	(30,626)
Amortization	3,555	-	-	3,555	6,415
	<u>6,313,095</u>	<u>11,200</u>	<u>38,999</u>	<u>6,363,294</u>	<u>6,724,356</u>
TOTAL EXPENSES	<u>\$ 7,300,748</u>	<u>\$ 31,560</u>	<u>\$ 48,994</u>	<u>\$ 7,381,302</u>	<u>\$ 7,825,857</u>