

CROP AND LIVESTOCK INSURANCE  
COMMISSION

BUSINESS PLAN

---

2021 - 22

---

## Table of Contents

Message from the Minister, Chair, and CEO	2
Mission	3
Alignment with Government Priorities	3
Planning Context	3
Core Business Areas	5
Priorities for 2021 - 22	5
Financials	6

## Message from the Minister Chair and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2021 - 22. The plan outlines the Commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses.

Two of the last three cropping seasons have resulted in record indemnity payments to Crop Insurance clients. The Province, through the AgrilInsurance Program, has taken a proactive approach to minimizing the financial impacts of these severe loss events to provide stability to the Commission, its clients and the agriculture industry.

The COVID-19 pandemic resulted in many challenges throughout 2020. Many of these challenges are expected to continue into 2021-22. Throughout the pandemic the Commission was able to maintain the majority of its core programs and services.

The Commission is proud of its history of offering crop and livestock insurance products that are developed in Nova Scotia to meet our farmers unique business needs and agronomic mix. The AgrilInsurance 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 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 Work will continue on additional improvements to its information technology systems following the replacement of an outdated and inefficient underwriting system.

---

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

---

Mr. Avard Bentley  
Chair

---

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 unpredictable 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 more than 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 covering 66 different commodities. 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, and where COVID-19 restrictions and staffing permit, the Commission is continuing its work with industry stakeholders 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. This was followed in 2019 by poor spring and summer weather and a fall hurricane that resulted in a second year of record indemnity payments to insured producers. While the AgrilInsurance program responded as designed and supported insured clients affected by these events, they will have lasting impacts on the Commission's financial position for a number of years into the future. The Commission will be challenged to find solutions that reduce the negative impacts of premium rate increases due to these unprecedented losses in the program.

The Commission has recognized the need to improve its service delivery and, 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 which is dependent upon availability of IT resources 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 the Crop and Livestock Insurance Act and federal and provincial regulations and in accordance with the Business Risk Management components of FPT cost sharing agreements.

## Priorities for 2021 - 22

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. Complete regulatory amendments to implement the Commission's actuarially redesigned discount/surcharge methodology.
  - b. Where COVID-19 restrictions permit, continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance plans. Examples include regular consultations with wild blueberry, tree fruit, dairy, and horticulture sectors.
  - c. Work with industry stakeholders on the development of new insurance programs/options such as grape vines, acreage loss crops and haskap.
  - d. Consult with industry stakeholders on the feasibility of livestock price insurance products.
  - e. Develop its regulations consistent to the mandate of the Province's office of Regulatory Affairs and Service Effectiveness.
  - f. Work with stakeholder groups to continue to review the effectiveness of its Wildlife Compensation Program.
  
2. **Administrative Priorities**
  - a. Explore programming and funding options that will mitigate reductions in client participation due to premium rate increases resulting from back to back record indemnity payouts in 2018 and 2019.
  - b. Explore options for re-insurance coverage for the Commission's livestock programs.
  - c. Proactively promote AgrilInsurance as a key business management option for agricultural producers in Nova Scotia.

- d. 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.

## 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 (includes staffing costs) related to Agrilnsurance and Wildlife Compensation. Insurance premiums are cost shared by farmers (40% (36% in 2020)), the federal government (36%), and the provincial government (24% (28% in 2020)) 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 2020-21 (\$ 000)	Forecast 2020-21 (\$ 000)	Budget 2021-22 (\$ 000)
<b>Revenues</b>			
Insurance Premiums paid by Clients	823	1121	1281
Insurance Premiums Contributed by Govt. (Federal)	736	1071	1232
Wildlife Compensation Payments (Federal)	150	167	150
Insurance Premiums Contributed by Govt. (Provincial)	491	833	957
Wildlife Compensation Payments (Provincial)	100	111	100
Interest Income	5	17	20
<b>Total Revenues</b>	<b>2305</b>	<b>3320</b>	<b>3740</b>
<b>Expenses</b>			
Indemnity Claims	2500	2500	2800
Wildlife Compensation Payments	250	278	250
Reinsurance premiums	0	0	0
Bad Debt Expense	5	5	5
<b>Total Expenses</b>	<b>2755</b>	<b>2783</b>	<b>3055</b>
<b>Net Income from Insurance Activities</b>	<b>(450)</b>	<b>537</b>	<b>685</b>
<b>Reinsurance Advances</b>			
Federal	0	0	0
Provincial	0	0	0
<b>Total Reinsurance Advance</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Income</b>	<b>(450)</b>	<b>537</b>	<b>685</b>
<b>Crop and Livestock Insurance Fund Balance</b>			
Beginning of Year	4247	4247	4784
End of Year	3797	4784	5469
<b>Administrative Expenses</b>			
Government Contributions (Canada)	618	601	618



Government Contributions (Nova Scotia)	447	436	447
<b>Total Administrative Expenses</b>	<b>1065</b>	<b>1037</b>	<b>1065</b>
<b>Net Govt. Expenditure</b>			
Canada (Premium + Administration)	1504	1839	2000
Nova Scotia (Premium + Administration)	1038	1380	1504
<b>Total Program Expenditure</b>	<b>2542</b>	<b>3219</b>	<b>3504</b>