

CROP AND LIVESTOCK INSURANCE
COMMISSION

BUSINESS PLAN

2022 - 23

Nova Scotia Crop and Livestock Commission Annual Plan 2022-2023

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Message from the Chair and CEO

We are pleased to present the Crop and Livestock Insurance Commission (Commission) business plan for 2022 – 2023 fiscal year. The Commission is proud of its long history of offering crop and livestock insurance products that are developed in Nova Scotia to meet our farmers unique business needs and agronomic mix.

Record high indemnities in the 2018 and 2019 cropping seasons resulted in increased premium rate costs for all crop insurance clients. The Province helped minimize the financial impacts of rising premium rates in 2021-2022 by providing clients with 10% discount on their AgrilInsurance premiums. The Commission is pleased to announce that the Province has agreed to continue providing this discount in 2022-2023.

Recent weather events in western provinces have highlighted the need to build climate change adaptive capacity and resilience. The Commission is committed to reviewing insurance plans through the lens of climate change to ensure products are adaptive and responsive to industry needs. The Commission is also uniquely positioned to support the Minister of Agriculture's mandate to increase the consumption of locally produced food by providing comprehensive Business Risk Management tools to help offset production risks.

The Province of Nova Scotia is reviewing the role and effectiveness of Agencies, Offices and Crown Corporations with a goal of ensuring efficiency and accountability. The Commission supports this review and is committed to expanding and improving product lines and administrative efficiencies.

The COVID-19 pandemic continued to provide administrative challenges throughout 2021. Despite these challenges, the Commission is pleased to report they were able to maintain its programs and services.

The 2022-2023 year will be the final year of the Canadian Agriculture Partnership agreement. The Commission will observe the development of the Next Policy Framework Agreement with interest for changes to Agriculture Business Risk Management programs.

Original Signed by

Mr. John Vissers
Chair

Peggy Weatherbee
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 Departmental Mandate

The Department of Agriculture has a mandate for the development of a competitive, sustainable, and profitable agriculture and agri-business industries that contribute to the economic, environmental, and social prosperity of Nova Scotia's rural and urban communities, and all of Nova Scotia.

The Minister of Agriculture has been specifically tasked with supporting and encouraging local food consumption with a goal of 20% of money spent on food by Nova Scotian's being produced locally. The Commission supports this mandate by providing agricultural entrepreneurs with the opportunity to transfer some of the financial risks 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.

About Us

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 AgriInsurance platform. The CEO of the Commission is a Director within the Department of Agriculture, reporting to the Executive Director of Risk Management and Lending. The Commission is supported by agriculture staff that 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 AgriInsurance (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.

Priorities for 2022 - 2023

1. Next Policy Framework Agreement

- a. Participate in the development of the Federal/Provincial/Territorial Next Policy Framework (NPF) agreement which will replace CAP on April 1, 2023.
- b. Work with industry to prepare for implementation of applicable Business Risk Management improvements under the NPF for 2023-2024.

2. Program expansion / enhancements

- a. Engage with an actuary to review and implement revisions to the Grape probable yield methodology for the 2022 crop year.
- b. 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, grape, 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 and other maritime provinces 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 products offered by the Commission.

3. Administrative Priorities

- a. Proactively promote AgrilInsurance as a key business management option for agricultural producers in Nova Scotia.
- b. Evaluate the Commission's alignment in the provinces Nova Scotia Loyal program.
- c. Review the Commission's administrative and IT processes using a lean six sigma approach.
- d. Continue to explore modernization of the information technology infrastructure.

Review of Agencies, Offices, and Crown Corporations

In 2021-22, Government committed to undertake a review of agencies, offices, and crown corporations. The purpose of this review is to examine the mandate and legislation of each entity to ensure they are offering effective, efficient, and accountable services to the Nova Scotians they serve. The Commission was selected in the initial 20 agencies being reviewed. This work is expected to be completed in 2022-23.

Financials

The Commission budget is included in the budget estimates of the Department of Agriculture. CAP provides for reimbursement of 60% of the administrative costs (includes staffing 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. In 2021-2022, the province provided an additional discount of 10% on farmer's premiums to help offset increased premium rates due to weather conditions in 2018 and 2019. The province has committed to continue providing that discount for the 2022-2023 fiscal year. Only the provincial premium contributions are included in Department of Agriculture budget figures.

Table 1. Estimate of Income and Fund Balances

	Authority 2021-22 (\$ 000)	Forecast 2021-22 (\$ 000)	Budget 2022-23 (\$ 000)
Revenues			
Insurance Premiums paid by Clients	1003	1256	891
Insurance Premiums Contributed by Govt. (Federal)	898	1216	748
Wildlife Compensation Payments (Federal)	150	34	150
Insurance Premiums Contributed by Govt. (Provincial)	599	944	491
Wildlife Compensation Payments (Provincial)	100	22	100
Interest Income	5	24	24
Total Revenues	2755	3496	2404
Expenses			
Indemnity Claims	2500	630	2157
Wildlife Compensation Payments	250	68	250

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Reinsurance premiums	0	0	0
Bad Debt Expense	5	5	5
Total Expenses	2755	703	2412
Net Income from Insurance Activities	0	2793	-8
Reinsurance Advances			
Federal	0	0	0
Provincial	0	0	0
Total Reinsurance Advance	0	0	0
Net Income	0	2793	-8
Crop and Livestock Insurance Fund Balance			
Beginning of Year	4784	4784	7577
End of Year	4784	7577	7577
Administrative Expenses			
Government Contributions (Canada)	624	624	624
Government Contributions (Nova Scotia)	434	456	434
Total Administrative Expenses	1058	1080	1058
Net Govt. Expenditure			
Canada (Premium + Administration)	1672	1874	1522
Nova Scotia (Premium + Administration)	1033	1422	1025
Total Program Expenditure	2805	3296	2547