

# Farm Income Stabilization Insurance Program

This summary, in effect for the 2009 insurance year, in no way takes precedence over the provisions of the program or of any policy of La Financière agricole.

## Cow Calves

### GENERAL PRINCIPLES

- ♦ Compensation: program intervention when the selling price is lower than the stabilized income.

*Compensation = Stabilized income - Average selling price*

- ♦ Insurance year: January 1 to December 31.
- ♦ Stabilized income: production cost including 90% of the skilled worker's salary. Earnings on equity and the stabilization insurance contribution for the product concerned are not included in the stabilized income.
- ♦ Production cost: based on a specialized model farm.
- ♦ Selling price: average price obtained in specialized auctions specializing in cow calves weighting between 226.8 kg (500 lb) and 340.2 kg (750 lb), regardless of non-standard and off-types.

Link between ASRA and AgriStability and AgriInvest:

- Compensation payments made in the framework of the Farm Income Stabilization Insurance (ASRA) Program take into account payments granted under the AgriStability and AgriInvest programs or under any government risk management program involving farm income.
- To continue to benefit from full coverage, ASRA participants must participate in AgriStability. ASRA compensation payments for those who do not participate in AgriStability are reduced by 40%.

### MODEL FARM

- ♦ Farm with 116.9 beef cows and 180.3 hectares of crop.
- ♦ The annual marketed production volume is 94 cow calves (or 0.8 calf per insured cow).
- ♦ The average weight of calves at sale is 283.5 kg (625 lb).

### ELIGIBILITY

- ♦ Be domiciled in Québec.
- ♦ Be the owner of the animals that were raised in Québec.
- ♦ Be the owner of the female breeders from which the insurable calves are the offspring.
- ♦ Minimum of 10 insurable cows every insurance year. The insurable minimum must be respected on an annual basis even if the producer joins the program or terminates participation during the insurance year.
- ♦ Insure all insurable cows (the minimum increases to 15 in 2010).
- ♦ Participate in the program for the product Cow Calves for a period of five years.
- ♦ Enrolment deadline: None.

### ECOCONDITIONALITY MEASURES

- ♦ Please refer to the summary of ecoconditionality measures for information on provisions in the Farm Income Stabilization Insurance Program.

### CONDITIONS FOR PARTICIPATION

- ♦ The participant must identify his animals with cattle production ear tags recognized by virtue of the Regulation respecting the identification and traceability of certain animals.
- ♦ The participant must provide Agri-Traçabilité Québec inc. (ATQ) with the required traceability information for all of the eligible animals at the moment of their birth, purchase or death.
- ♦ The participant must use, for the breeding of cows and heifers, at least one bull of superior genetic quality, or have inseminated at least 50% of the breeding cows and heifers with the semen from bulls of superior genetic quality.
- ♦ If the participant does not use a bull of superior genetic quality for the breeding of cows, this will entail, for half of the herd, a reduction in compensation, at the rate of \$45/cow. Where artificial insemination is concerned, the reduction in compensation only applies to the number of cows missing to meet the minimum one-half requirement of cattle that conform to breeding standards. However, the contribution will remain payable on all insurable units. Please note that the portion of the contribution corresponding to units in default will be considered as an administrative fee.

### EVALUATION PROCEDURES FOR INSURABLE VOLUME

- ♦ Insurable Animals:
  - A cow used for breeding purposes or a heifer (female of 22 months and older) that is of a beef breed whose main characteristic is meat production. Dairy cows are not insurable, unless they are used for embryo transplants and the "donor" cow is of the beef type.
  - Only the period when cows and heifers are in Québec is insurable.
  - Only cows and heifers having been owned by the farming operation for at least six months before being subject to a transaction are insurable.
  - A calf born on the farm (in Québec) based on the number of kilograms of calves sold. The calf must be fed in Québec.
  - The allowable weight for a calf that is sold may not exceed 340.2 kg (750 lb) and only calves whose sales weight is at least 226.8 kg (500 lb) are included.
  - Only the information relating to the actual weight obtained from a source recognized by La Financière agricole and agreed upon by the Agri-Traçabilité Québec inc. is considered to determine insurable

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volume; otherwise, the weight is estimated according to the standards of the Program.

- A calf may be considered only once and associated with a single participant.

- ✦ Inventory: the insurable volume is determined after the permanent identification information has been gathered in the participant's file at Agri-Traçabilité Québec inc.

- La Financière may, at any time, physically count the number of animals at a participant's operation and ask to see any information from transactions involving the herd. Any information gathered from such a verification is given priority over any other information received by Agri-Traçabilité Québec inc.

- Where La Financière agricole notices, after verification, a difference between the insurable volume established from information transmitted by the ATQ and the volume observed during an on-site spot check or from information received from transactions involving a producer's herd, the insurance will cover the lower number of units between the information received from the ATQ and the volume observed. The contribution due will however be based on the number of units higher. Please note that the portion of the contribution corresponding to units in default will be considered as an administrative fee.

## GENERAL

### Financing of the Premium:

- ✦ 33  $\frac{1}{3}$ % of the premium comes from participants and constitutes their required **contribution**;
- ✦ 66  $\frac{2}{3}$ % of the premium comes from La Financière agricole.

### Contribution (New Participant):

- ✦ 50% to be paid upon enrolment.
- ✦ The balance of the contribution is deducted from a compensation advance or requested at the latest before the final payment of the insurance year concerned.

### Contribution (Previously Enroled Participant):

The contribution due is deducted from the first compensation advance of the year. Should there be any residual contribution, it is deducted from a subsequent payment or requested at the latest before the final payment of the insurance year concerned.

### Breakdown of Compensation:

The compensation calculated for a typical farm is broken down as follows:

- ✦ 2/3 of the compensation on the number of cows and breeding heifers (females of 22 months and older).
- ✦ 1/3 of the compensation on the number of kilograms of calves sold.

### Reduction in Contribution:

Any farm operator qualifying a participant for an establishment grant under the Financial Support Program for Aspiring Farmers at La Financière agricole du Québec, makes it possible for the participant to benefit from a 25% reduction in his or her contributions, up to \$10,000 annually per product insured. The reduction applies for two consecutive years.

To be eligible for the reduction, the participant must remain eligible for the establishment grant for the full period of the insurance year in question.

From the time the establishment grant is confirmed, the participant has two years in which to apply for the reduction in contribution.

### Final Compensation:

At the latest by the April 30 following the end of the insurance year.

It is possible for La Financière agricole to pay compensation advances throughout the year.

In addition, entitlement to compensation is conditional on the payment by the participant of any contribution due according to the Plan conjoint des producteurs de bovins du Québec. La Financière agricole may deduct, from compensation payments it makes, the contributions due by participants to their joint plan.

## APPLICATION FOR REVIEW

Any request for a review of a decision rendered regarding a participant's insurance file must be made in writing and sent to the Service Centre in charge of the participant's file or delivered in person to a representative of La Financière agricole within ninety (90) days from the date of the decision in question. Furthermore, this request must explain the motives behind the application for a review. However, the conditions, parameters of the programs and the results of the collective appraisals made for crop insurance cannot be subject to a request for a review.