

# Farm Income Stabilization Insurance Program

This summary, in effect for the 2010 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*
- ♦ The entire compensation paid annually for all products covered by the program may not exceed \$759 million. Should that amount be exceeded, a reduction in compensation will be applied to all the products.
- ♦ 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. La Financière agricole determines the average selling price using a statistical survey conducted among operations making sales through specialized auctions.
- ♦ 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.
- ♦ Marketed calves must have been born in Québec and be the offspring of the female breeders owned by the participant at the time of calving.

- ♦ Minimum 15 beef-type female breeders insurable 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 female breeders and their insurable calves.
- ♦ Participate in the program for the product Cow Calves for a period of five years.
- ♦ Enrolment deadline: No

### 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 female breeders, this will entail, for half of the herd, a reduction in compensation, at the rate of \$45/female breeders,. Where artificial insemination is concerned, the reduction in compensation only applies to the number of female breeders, 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 female used for breeding (female of 22 months old or over) that is of a beef-type race whose main characteristic is meat production. Females of 22 months old or over of a dairy type are not insurable, unless they are used for embryonic transplantation and the female "donor" is a beef-type female.
  - Only the period during which female breeders are in Québec is insurable.

- Only female breeders having been owned by the farming operation for at least six consecutive months before being subject to a transaction are insurable.
- A calf born (in Québec) stemming from a female breeder owned by the participant at the time of calving 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 volume; otherwise, the weight is estimated according to the parameters of the Program and the eligible weight may not exceed 226.8 kg (500 lb).
- The slaughter of an animal must take place:
  1. in an establishment accredited by the Canadian Food Inspection Agency (Meat Inspection Act, R.S.C. 1985, ch. 25, (1<sup>st</sup> suppl.);
  2. in a slaughterhouse holding a Category A permit (Food Product Act, R.S.Q., c. P-29);
  3. in a slaughterhouse holding a transitional slaughterhouse permit or in a slaughterhouse holding a local slaughterhouse permit (An Act to Regularize and Provide for the Development of Local Slaughterhouses, R.S.Q., c. R-19.1);
  4. Animals slaughtered for contract in a transitional or local slaughterhouse, along with animals marketed on a live basis directly to a consumer are not covered.
- A calf may be considered only once and associated with a single participant.
- An animal may not be compensated both on the basis of kilograms of calves sold and as a female breeder in inventory for a same 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 agricole may, at any time, conduct a verification of the insurable volume. All the information gathered during such a verification will be used over any other information received by Agri-Traçabilité Québec inc.
  - Where La Financière agricole notices, a difference between the insurable volume established from information transmitted by the ATQ and that established following a verification, the insurance covers the volume established as a result of the verification. However, the difference in the participant's volume will entail a payment, as an administrative cost, of an amount equal to the difference in volume observed multiplied by the unit contribution of the year in question.
- ♦ In the event that the total insurable volumes of all participants for the insurance year in question exceeds the collective insurable limit of 234,000 female breeders, the unit compensation and the year's unit contribution will be established by applying a ratio resulting from the division of the collective insurable limit by the total number of insurable units.

## GENERAL

### Financing of the Premium:

- ♦ For an insurable volume that does not exceed three times the size of the type farm, 33 1/3% of the premium comes from the participants and 66 2/3% of the premium comes from La Financière agricole.

- ♦ For the portion of the insurable volume that exceeds three times the size of the type farm, i.e. the volume exceeding 351 female breeders and 79,959 kg of calves, 50% of the premium comes from the participants and 50% 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:

- ♦ 1/3 of the compensation on the number of female breeders (females of 22 months or older).
- ♦ 2/3 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 \$50,000 annually for all insured product. 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 final decision rendered regarding a participant's insurance file must be made in writing, explaining the motives behind the request, 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. Note that program conditions and parameters, along with results of collective appraisals of loss made for crop insurance, may not be subject to a request for a review.