

FARM INCOME STABILIZATION INSURANCE PROGRAM

Apples – 2015

GENERAL PRINCIPLES

Compensation: Program intervention when the selling price is lower than the stabilized income.

Compensation = Stabilized income - Average selling price

The payment of compensation is limited to the maximum total of all products covered for each fiscal period. Should that amount be exceeded, a reduction in compensation will be applied to all the products.

Insurance year: from August 15 to August 14 of the following year.

Stabilized income: production cost including 90% of the wages of 1.117 operator-owner. It excludes earnings on equity, farm insurance contributions and contributions for other risk management programs.

Production cost: that of a specialized farm type whose parameters and expenses are indexed annually.

Selling price: weighted average of the price of late-variety apples graded “fancy” and apples for processing sold in Québec during the insurance year.

Link between Farm Income Stabilization Insurance (ASRA) Program and AgriStability, AgrilInvest and Agri-Québec:

- Compensation payments made in the framework of the ASRA program take into account payments granted under the AgriStability and AgrilInvest programs or under any government risk management program involving farm income;
- ASRA compensation payments for those who do not participate in AgriStability are reduced by 40%;
- The eligibility under Agri-Québec for products covered or associated with ASRA was suspended in 2014;
- Amounts corresponding to Agri-Québec (up to 2013 inclusively) and AgrilInvest are cumulated and lead to a reduction in the compensation to be paid; any residual amount is spread over the subsequent years.

FARM TYPE

Farm with 12,044 late-variety apple trees, 1,135 of which are of a standard type, 3,297 of which are of a semi-dwarf type and 7,612 of which are of a dwarf type, extending over an area of 24.5 hectares. All these apple trees represent a farm size of 2,319.0 tree units.

The “quantity” yield of the specialized farm type before annual indexing used, regardless of grade, is 239.1 kg per tree unit (12.55 bushels per tree unit).

The “quality” yield before annual indexing achieved after grading “fancy” and “extra fancy” apples is 111.9 kg per tree unit.

The total production volume marketed is 554,485 kg (29,105 bushels), broken down as follows:

- for late-variety apples graded “extra fancy” and “fancy” by the packer: 259,515 kg (13,622 bushels);
- for late-variety apples intended directly for processing: 228,824 (12,011 bushels);
- for late-variety apples downgraded by the packer and intended for processing: 66,146 kg (3,472 bushels).

ELIGIBILITY

- ♦ Be domiciled in Québec.
- ♦ Insure the entire production of insurable apples.
- ♦ Produce, every insurance year, at least 1,000 bushels of late-variety apples graded “extra fancy” and “fancy”. However, to allow for weather-related conditions affecting quality, participants will be considered as having reached the insurable minimum if, during either of the two previous years, they marketed at least 1,000 bushels of insurable apples graded “extra fancy” and “fancy” and, during the current year, they marketed at least 1,639 bushels of insurable apples.
- ♦ Be the owner of the insurable apples that were cultivated in Québec, and have the insurable interest, i.e. assume the risks related to lower market prices or higher production costs.
- ♦ Participate in the program for the product Apples for a period of five years.
- ♦ Enrolment deadline: April 30.

CROSS COMPLIANCE MEASURES

When the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques (MDDELCC) transmits information to La Financière agricole establishing that the participant did not submit, for a given year, a compliant phosphorus report, as stipulated in the Règlement sur les exploitations agricoles (REA), the consequences are as follows. All compensation to which the participant is entitled under the program is reduced by 25% for all of the participant's insured products, for the insurance year targeted by the defaulting report, without a decrease in contribution. This reduction is limited to a maximum of \$50,000 for all payable compensation.

However, if the participant defaults a second consecutive year, he/she will be denied the right to all compensation for this second insurance year, on all of the insured products.

The provisions related to the phosphorus report concern all the raising or spreading sites owned, leased or on which the operation custom produces. It targets all the operation's productions, whether or not they are covered by a program at La Financière agricole.

For more information on the requirements related to the phosphorus report, participants should consult an agrologist or the regional office of the MDDELCC.

In accordance with the REA, La Financière agricole excludes from insurable areas those on which it is prohibited to cultivate crops. This measure may concern in particular areas that have been deforested and used for agricultural purposes while on the territory of one of the municipalities listed in the REA.

In accordance with the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains, La Financière agricole excludes from insurable units cultivated units within a three-metre strip of vegetation with respect to riverbanks.

CONDITIONS FOR PARTICIPATION

The participant must sell his insurable apples to authorized buyers, as stipulated in the Québec Regulation respecting the sale of apples. Participants who are both apple producers and authorized agents are not obliged to sell to an authorized agent. However, even if participants are authorized agents, their apples are only insurable if they are sold to a third party other than a consumer.

The participant who do not comply with this condition will have his insurable volume reduced by the number of units in question. Moreover, the participant who fails to comply will be required to pay, as an administrative fee, an amount equal to the contribution that would have been due on the insurable volume.

EVALUATION PROCEDURES FOR INSURABLE VOLUME

Insurable apples: late-variety apples, sold before being processed when they are:

- graded "extra fancy" and "fancy", meeting the standards stipulated in the Fresh Fruit and Vegetable Regulation and intended for human consumption in a fresh state;
- sent for processing, including apples for deer.

However, apples meeting the above criteria are not insurable when they are sold directly to the consumer, in particular through you-pick, at a farm stand or public market.

The insurable volume is determined on the basis of the volumes of insurable apples sold to authorized agents. The volumes are transmitted by the Fédération des producteurs de pommes du Québec or are based on an inventory made by La Financière agricole.

In the event that the total insurable volumes (converted to total insurable areas) of all participants for the insurance year in question exceed the collective insurable limit of 5,000 hectares, 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 insurable area determined for all participants for the year in question.

GENERAL

Financing of the Premium

One third of the premium comes from the participants and two thirds of the premium comes from La Financière agricole.

For participants whose insurable volume exceeds 1,274,868 kg, 50% of the premium comes from participants and 50% from La Financière agricole for the volume exceeding that threshold.

Any new participant affiliated with an operation that, as of November 11, 2009, had an insurable volume exceeding 1,274,868 kg is subject to the terms described in the above paragraph, but on all the insured units for the product Apples.

Participant Contribution

The share of the premium coming from participants, or the required contribution, is deducted from the first compensation advance for the year. If need be, any remaining contribution is deducted from a later payment or recovered, at the latest, prior to the final payment for the insurance year in question. For a new participant, however, half of the estimated contribution is due upon enrolment.

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 products. 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.

Administrative Fee

The participant must pay annual administrative fees for each insured product or category of product in accordance with the "*Règlement sur les frais exigibles par La Financière agricole du Québec*".

These fees may be indexed annually.

Compensation

The final compensation is paid no later than January 31 following the end of the insurance year.

La Financière agricole might pay compensation advances throughout the insurance year.

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 days from the date of the decision in question. However, program conditions and parameters or program premises, the results of collective appraisals for crop insurance losses and exclusion from programs for motives provided for in the programs may not be subject to a request for a review.

This summary, in effect for the 2015-2016 insurance year, in no way takes precedence over the provisions of the program, of the regulation in effect or of any policy of La Financière agricole.