

FARM INCOME STABILIZATION INSURANCE PROGRAM

Cereal, Grain Corn and Oilseed Crops – 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.

Insurable categories: barley, canola, grain corn, oats, soybeans, wheat for animal consumption and wheat for human consumption that were cultivated to be harvested as grain.

Stabilized income: production cost including 90% of the wages of 1.043 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: the weighted average selling price having prevailed throughout the insurance year in Québec, as established by La Financière agricole for the following grades of grain:

Barley	Price of grades 1 and 2
Grain corn and soybeans	Price of grades 1 to 5
Oats	Price of grades 1 to 4
Wheats and canola	Price of grades 1 to 3

Grain crops having incurred a loss in quality for which coverage is offered under the Crop Insurance Program are not taken into account when determining the average selling price.

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

- Compensation payments made in the framework of the ASRA program take into account payments granted under the AgriStability and AgriInvest programs or under any government risk management program involving farm income;
- ASRA compensation payments for participants 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 AgriInvest are cumulated and lead to a reduction in the compensation to be paid, any residual amount is spread over the subsequent years.

FARM TYPE

On the farm type, a 333.5 ha area is cultivated, divided among the following product categories:

- ♦ 15.3 ha of oats
- ♦ 3.8 ha of wheat for animal consumption
- ♦ 12.7 ha of wheat for human consumption
- ♦ 6.2 ha of canola
- ♦ 172.5 ha of grain corn
- ♦ 7.1 ha of barley
- ♦ 115.9 ha of soybeans

Yields of the farm type before annual indexing:

Oats	2.20 MT/ha	Grain corn	8.67 MT/ha
Wheat for animal consumption	3.07 MT/ha		
Barley	2.99 MT/ha		
Wheat for human consumption	3.10 MT/ha		
Soybeans	2.51 MT/ha	Canola	1.57 MT/ha

ELIGIBILITY

- ♦ Be domiciled in Québec.
- ♦ Be the owner or lessee of the cultivated fields.
- ♦ Cultivate at least 15 hectares per category or combination of these categories every insurance year.
- ♦ Insure the entire annual production of the product Cereal, Grain Corn and Oilseed Crops.
- ♦ Be the owner of the insurable crops 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 Cereal, Grain Corn and Oilseed Crops 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 produce cereals, canola, grain corn and soybeans according to a cultivation plan complying with the *Guide des normes reconnues par La Financière agricole en matière de pratiques culturales 2013*.

The participant must use, for all the areas of cereals, grain corn and oilseed crops, a variety of seeds classified as being Canada pedigreed grade (Breeder, Select, Foundation, Registered or Certified) and have been subject to valid registration for Québec.

To be insurable under the program as wheat for human consumption, wheat varieties must be on a list recognized by La Financière agricole.

The participant must complete seeding by the following final seeding dates:

Barley and oats:	June 15
Wheat for animal consumption and wheat for human consumption:	June 1, except for Service Centres of Alma, Caplan, Lévis, Rimouski, Rivière-du-Loup and Rouyn-Noranda whose seeding deadline is June 5.
Canola:	
Zones of less than 2600 CHUs:	June 10
Zones of 2600 CHUs or over:	June 1 st
Grain corn:	June 1 st
Soybeans (zones of less than 2600 CHUs):	June 10
Soybeans (zones of 2600 CHUs or over):	June 15

The participant must present a cultivation plan when the participant's farming methods differ from those in the *Guide des normes reconnues par La Financière agricole en matière de pratiques culturales 2013*.

Insurable areas for which the requirements relating to farming standards, seed types or seeding deadlines are not met will be reduced by taking into account the impact of the method on the yield. The participant must pay, as administrative fees, an amount equal to the difference in the share of the contribution that would have been required to cover the entire insured areas.

EVALUATION PROCEDURES FOR INSURABLE VOLUME

The insurable volume is determined by the participant's declaration of cultivated areas according to the established procedure or by the counting of cultivated areas by La Financière agricole.

Should the participant wish to destroy a crop or change its destination (grain harvested as forage or forage harvested as grain), La Financière agricole must be notified beforehand.

At any time, La Financière agricole may carry out a verification of these declarations.

When La Financière agricole notices, after verification, that the number of units held by the participant at the time of declaration is different than the number of units declared, the insurance will cover the volume actually held. However, the difference will entail the payment, as administrative fees, of an amount equal to the share of the contribution that would have been required on the difference in volume observed.

In the event that the total insurable volumes of all participants for the insurance year in question exceeds the collective insurable limit of 864,000 hectares, the unit compensation and the year's unit contribution will be adjusted by applying a ratio resulting from the division of the collective insurable limit by the total number of insurable hectares for all categories of 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 899.1 hectares, 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 899.1 hectares is subject to the terms described in the above paragraph, but on all the insured units for the product Cereal, Grain Corn and Oilseed Crops.

Participant Contribution

The share of the premium coming from participants, or the required contribution, may be 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 or of any policy of La Financière agricole.