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Farm Income Stabilization Insurance Program (ASRA)
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COW CALVES

2016

GENERAL PRINCIPLES

Insurance year: January 1 to December 31.

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

Compensation = Stabilized income - Average selling price

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

Selling price: average of the prices obtained at specialized auctions for cow calves weighting between 136.1 kg (300 lb) and 499 kg (1,100 lb), regardless of non-standard and or off-types.

Compensation payments made in the framework of the ASRA program take into account payments granted under the AgriStability and AgriInvest programs.

ASRA compensation payments for those who do not participate in AgriStability are reduced by 40%.

ELIGIBILITY

- Be domiciled in Québec.
- Be the owner of the animals that were raised in Québec, and have the insurable interest, i.e. assume the risks related to lower market prices or higher production costs.
- 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.
- Cumulate a minimum of 2,092 kilograms of calves sold on a live basis annually, even if the producer enrolls in or withdraws from the program during the insurance year.
- Insure all insurable female breeders and calves that the participant owns.
- Participate in the Program for the product Cow Calves for a period of five years.
- No enrolment deadline. However, the date that marks the beginning of the enrolment period corresponds to the date that all documents required for registration are received.

CROSS COMPLIANCE MEASURES

The program sets out eligibility conditions and cross compliance measures related to environmental standards in effect.

Participants who do not comply with these conditions or measures will lose the benefits to which they are entitled or see them reduced.

CONDITIONS FOR PARTICIPATION

The participant must identify, by the deadlines, his animals using numbered tags intended for bovine production, recognized under the Regulation respecting the identification and traceability of certain animals. At no time may participants remove the tag of an animal already identified.

In accordance with the regulation and the deadlines set by La Financière agricole, the participant must provide Agri-Traçabilité Québec inc. (ATQ) with the required traceability information for all of the insured animals at the moment of their birth, purchase or death.

The participant must report to ATQ, no later than 7 days after the sale of an animal to a buyer not recognized as an actual weight source by La Financière agricole, the tag number of each animal identified, according to conditions similar to those prescribed by the Regulation respecting the identification and traceability of certain animals, the sex, exit date, site number where the animal is from and, when the information is known, the contact information of the operation that will continue raising the animal and the destination site number.

If a participant fails to comply with these conditions, he will have to pay, as an administrative fee, an amount equal to the contribution that would have been due for the animals involved.

EVALUATION PROCEDURES FOR INSURABLE VOLUME

The insurable volume is determined after the permanent identification information has been gathered in the participant's file at ATQ.

La Financière agricole determines the insurable volume based on:

- the number of kilograms of calves sold;
 - the actual weight available on a live weight basis.
 - when the actual weight is not available, the estimated weight calculated on the basis of 0.9 kg a day starting on the animal's date of birth multiplied by the calf's age at the time of the sale, to which is added 42 kg to take into account the birth weight. The estimated weight cannot exceed 204.1 kg (450 lb).
- the number of beef-type female breeders in inventory, 22 months old or over.

When calculating the first compensation advance, the insurable volume (production estimate) of kilograms of calves sold is established by using the births reported to ATQ and the actual sales of the year in question.

Female breeders are females of at least 22 months of age and that must have been owned by the farming operation for at least six months prior to being subject to a transaction. Only the period during which the female breeders are kept in Québec will be taken into account.

Only the information relating to the actual weight of calves obtained from a source recognized by La Financière agricole and agreed upon by ATQ is considered to determine insurable volume; otherwise, the weight is estimated according to the parameters of the Program.

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 204.1 kg (450 lb) are included.

A calf may be considered sold only once and associated with a single participant. In addition, an animal may not be considered both on the basis of kilograms of calves sold and as a female breeder in inventory for a same participant.

For the purpose of evaluating the insurable volume, the following animals are not eligible:

- ♦ Kilograms of calves sold associated with any animal subject to a transaction for the purpose of herd replacement by a participant or an operation related to the participant;
- ♦ Kilograms of calves sold associated with any animal born on the farm that was sold and bought back by the same participant or an operation related to the participant for the purpose of breeding.

Animals slaughtered for contract in a local slaughterhouse, those marketed on a live basis directly to consumers and those carcass entirely condemned are not insurable.

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 ATQ.

When La Financière agricole notes, after verification, that the number of insurable units evaluated based on information from an outside agency is different from the units held or marketed by the farming operation or that the information or documents of proof required by La Financière agricole are not sent by the deadlines set, the insurance will cover the insurable units resulting from this verification. The participant must pay, as an administrative fee, an amount equal to the share of the contribution due on the units in default observed. This administrative fee also applies when participants do not insure their entire annual production.

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 351 female breeders or 95,935 kg of calves sold, 50% of the premium comes from participants and 50% from La Financière agricole for the volumes exceeding those thresholds.

Any new participant affiliated with an operation that, as of November 11, 2009, had an insurable volume exceeding 351 female breeders or 95,935 kg of calves is subject to the terms described in the above paragraph, but on all the insured units for the product Cow Calves.

Participant Contribution

The participant's required contribution is deducted from the first compensation advance 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, makes it possible for the participant to benefit from a 25% reduction in their contributions, up to \$50,000 annually for all insured product. The reduction applies for two consecutive years under certain conditions.

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.

Breakdown of Compensation

The compensation calculated for the farm type will be broken down as follows:

- Three quarters of the compensation on the number of eligible kilograms of calf sold;
- One quarter of the compensation on the number of eligible female breeders.

Compensation

The final compensation is paid no later than April 30 following the end of the insurance year.

La Financière agricole may pay compensation advances throughout the insurance year and may deduct, from compensation payments it makes, the contributions due by participants to their joint plan.

This summary, in effect for the 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. Please visit the section Insurance and Income Protection on our website for more information.

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