

FARM INCOME STABILIZATION INSURANCE PROGRAM

Feeder Cattle and Slaughter Cattle – 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: January 1 to December 31.

Stabilized income: production cost including 90% of the wages of 1.778 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 average selling price for cattle obtained by specialized enterprises for Canada categories A and B.

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 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.

FARM TYPE

Farm with 1,620 feeder steers and 306 hectares of crop.

The annual marketed production volume is 1,592 steers, or a weight gain of 513,266 kg (1,131,558 lb).

The average weight of animals sold is 660.2 kg (1,455 lb).

ELIGIBILITY

- ♦ Be domiciled in Québec.
- ♦ Be the owner of the animals that were raised or fed in Québec, and have the insurable interest, i.e. assume the risks related to lower market prices or higher production costs.
- ♦ Cumulate a minimum insurable weight gain of 7,802 kg (17,200 lb) every insurance year or a gain of 680 kg (1,500 lb) when the participant is also insured for the product Cow Calves. This minimum must be respected even if the producer participates in the program or terminates its participation during the insurance year.
- ♦ Insure all insurable cattle that the participant owns.
- ♦ Participate in the program for the product Feeder Cattle and Slaughter Cattle 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

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.

CONDITIONS FOR PARTICIPATION

The participant must identify the feeder cattle and slaughter cattle using numbered tags intended for bovine production, recognized under the Regulation respecting the identification and traceability of certain animals. Animals must wear these tags until they are slaughtered. At no time may participants remove the tag of an animal already identified.

When a calf is born on the farm, the participant must produce this declaration within 45 days from the date on which the animal reaches 317.5 kg (700 lb) indicating the animal's date of birth and its birth weight.

Within 45 days of the cattle's entry into the operation, the participant must declare to La Financière agricole the tag number, sex, weight and entry date of the animals in question, along with the operation's site number and the site number of origin. Participants must also provide the sales receipt and weighing proof of animals sold.

The participant must transmit to La Financière agricole, no later than 45 days after the sale of an animal marketed live, its tag number, sex and weight on the day of the sale, the sales date, the operation's site number, along with the destination site number and the name of the operation that will continue raising the animal. He must also provide the sales receipt and weighing proof of animals sold.

In addition, for transactions between insured producers, a purchase or sales receipt along with weighing proof must be sent to La Financière agricole.

When participants sell an animal directly to the slaughterhouse, they must transmit, to the Fédération des producteurs de bovins du Québec, the animal's tag number, hot carcass weight and slaughter date, by the March 31 following the end of the insurance year.

If the above-mentioned 45 day periods are not adhered to, a reduction in the insurable volume corresponding to 1.49 kg (3.3 lb) per day late, up to a maximum of 90.7 kg (200 lb) for each animal concerned will be applied. The reduction may not be greater than 20% of the insurable volume or of the volume required to obtain \$5000 in compensation for the insurance year in question.

However, the participant's default leads to the payment, as administrative fees, of an amount equal to the share of the contribution that would have been due on the entire weight gain achieved.

A contribution is required for an animal for which the documents are missing, but no compensation will be paid where that animal is concerned.

Cattle intended for slaughter must be marketed under the supervision and direction of the Fédération des producteurs de bovins du Québec according to the Règlement sur la mise en marché des bouvillons du Québec.

EVALUATION PROCEDURES FOR INSURABLE VOLUME

Insurable cattle: male or female animals of the bovine species of the beef type or from predominantly beef-type breeds. Animals having been used for breeding and purchased for the purpose of feeding are not insurable.

The insurable volume is based on the weight gain (the difference between an animal's weight upon entry into the livestock operation and its exit weight) reached by each insurable animal at marketing. The minimum entry weight used to calculate weight gain is 204.1 kg (450 lb) for a calf purchased outside the operation and 340.2 kg (750 lb) for a calf born on the farm.

Animals sold for breeding purposes may be insured under certain specific conditions.

Females born on the farm and sold as live animals to a cow-calf operation (without slaughter proof) are covered to a maximum of 363 kg (800 lb).

The carcass weight must be at least 204 kg (450 lb).

The maximum exit weight is limited to 794 kg (1,750 lb).

Cattle purchased outside the farm must attain a weight gain of at least 45 kg (100 lb).

Cattle must be fed for at least 60 days at the same farming operation.

The feeding period for cattle at an operation must not exceed 600 days.

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

In the event that the total insurable volumes of all participants for the insurance year in question exceeds the collective insurable limit of 68,000,000 kg of weight gain, 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 units 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 1,336,701 kg of weight gain, 50% of the premium comes from participants and 50% from La Financière agricole for the volumes exceeding that threshold.

Any new participant affiliated with an operation that, as of November 11, 2009, had an insurable volume exceeding 1,336,701 kg of weight gain, is subject to the terms described in the above paragraph, but on all the insured units for the product Feeder Cattle and Slaughter Cattle.

Participant Contribution

The share of the premium coming from the participant, 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 April 30 following the end of the insurance year.

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

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 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 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.