

FARM INCOME STABILIZATION INSURANCE PROGRAM

Grain-Fed Calves – 2014

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 1.273 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 prices having prevailed in Québec throughout the insurance year.

Link between ASRA and AgriStability, AgriInvest and Agri-Québec:

- Compensation payments made in the framework of the Farm Income Stabilization Insurance (ASRA) Program take into account payments granted under the AgriStability, AgriInvest and Agri-Québec 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%.

FARM TYPE

Farm that feeds 682.0 grain-fed calves, 653.3 of which are insurable under ASRA.

Cultivate an area of 76 hectares.

Average carcass weight of 159.83 kg (hot carcass weight without the hide).

The annual production volume marketed is 104,419 kg (hot carcass weight without the hide).

ELIGIBILITY

- ♦ Be domiciled in Québec.
- ♦ Be the owner of the animals that were 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 of 50 grain-fed calves every insurance year. This minimum must be respected even if the producer participates in the program or terminates its participation during the insurance year.

- ♦ Insure all insurable grain-fed calves that the participant owns.
- ♦ Participate in the program for the product Grain-Fed 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

When the Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs (MDDEFP) 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 MDDEFP.

CONDITIONS FOR PARTICIPATION

Grain-fed calves intended for slaughter must be marketed under the supervision and direction of the Fédération des producteurs de bovins du Québec, in accordance with the Règlement sur la production et la mise en marché des veaux de grain.

EVALUATION PROCEDURES FOR INSURABLE VOLUME

Insurable grain-fed calves: dairy-type calves fed mainly on grain and milk replacer, raised inside a livestock building to be slaughtered as beef-type calves whose hot carcass weight without the hide is estimated to be, at the time of sale, between 80 and 160 kg (176 and 353 lb).

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.

The insurable volume is based on the number of grain-fed calves sold in accordance with the Règlement sur la production et la mise en marché des veaux de grain.

Calves sold with a hot carcass weight without the hide estimated to be, at the time of sale, between 160 kg et 162.4 kg are accepted up to a maximum of 5% of the insurable volume per participant and up to a maximum of 25 calves per year.

In the event that the total insurable volumes of all participants for the insurance year in question exceeds the collective insurable limit of 85,000 grain-fed calves, 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.

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 1,960 grain-fed calves, 50% of the premium comes from participants and 50% from La Financière agricole for the volumes exceeding that threshold. However, the share of the premium associated to the accumulated deficit, as of March 31, 2010, will continue to be financed based on a 1/3 - 2/3 ratio.

Any new participant affiliated with an operation that, as of November 11, 2009, had an insurable volume exceeding 1960 grain-fed calves is subject to the terms described in the above paragraph, but on all the insured units for the product Grain-Fed Calves.

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 entitled to 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 at the latest by the 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 2014 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.

For information : 1 800 749-3646

www.fadq.qc.ca