

Farm Income Stabilization Insurance Program (ASRA)

HOGS

2023

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: weighted average of the prices having prevailed in Québec for specialized businesses having similar characteristics to the model.

For the products Piglets and Hogs, compensation is calculated for the production of hogs marketed by the farrow-to-finish type farm. Compensation is then broken down with 36% allotted for the product Piglets and 64% for the product Hogs.

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 fed in Québec, and have the insurable interest, i.e., assume the risks related to lower market prices or higher production costs.
- Cumulate annually an insurable minimum of:
 - 46,000 kg of hog sold (on a carcass weight basis) or;
 - 38,000 kg (on a carcass weight basis) when the participant is also insured for the product Piglets and respects the required minimum of 23 sows (including replacement females) for the insurance year in question.

This minimum must be respected even if the producer enrolls in or withdraws from the program during the insurance year.

- Insure all insurable hogs that the participant owns.
- Participate in the program for the product Hogs 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

Hogs intended for slaughter must be marketed under the supervision and direction of the Éleveurs de porcs du Québec, in accordance with the « *Règlement sur la production et la mise en marché des porcs* ».

INSURABLE VOLUME EVALUATION

Insurable hog: hog sold as a slaughter hog.

To be insurable under the product Hogs, piglets entering into a feeding operation during the insurance year, or from January 1 to December 31, must be born in Québec.

The insurable volume is based on the number of kilograms (net carcass weight) of hog whose hot carcass weight is greater than or equal to 65 kg (143 lb) and that were slaughtered between January 1 and December 31 of the year. These data come from the marketing department of the Éleveurs de porcs du Québec.

Hogs for breeding are not insurable.

Similarly, hogs slaughtered for contract, hogs marketed on a live or carcass basis directly to consumers, and also hogs whose entire carcass is condemned, except if the buyer is responsible for the condemnation, are not insurable.

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.

Participant Contribution

The participant's required contribution is deducted from the first compensation or recovered, at the latest, prior to the final payment for the insurance year in question.

Discount for aspiring farmers

Any farm operator qualifying a participant for an establishment or start-up grant under the Financial Support Program for Aspiring Farmers makes it possible for that participant to benefit from a minimum 25% reduction in their contributions, up to \$50,000 annually for all insured products. The reduction applies for three consecutive years under certain conditions.

Administrative Fees

Annual administrative fees apply 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 may pay compensation advances throughout the insurance year.

Withdrawal Contribution

As of 2021, participants who were insured under the Hogs product before March 31, 2010, and who are excluded, withdraw at renewal or cease production will be required to pay a withdrawal contribution. This contribution corresponds to the business' residual share in the deficit of the ASRA fund as at March 31, 2010, when participation was discontinued.

Equity Contribution

Participants who were insured under the Hogs product before March 31, 2010, and who were excluded or withdrew at renewal prior to January 1, 2021, will be required to pay an equity

contribution when re-applying. This contribution represents the business' share of the ASRA fund deficit as at March 31, 2010, that it would have incurred for the years in which it did not participate.

LARGE-SCALE HOG BUSINESSES

Applicable deductible to be taken out of the compensation

A deductible applies to large-scale businesses. As of October 5, 2018, La Financière agricole recognizes groups of enrollees comprising large-scale businesses.

The deductible also applies to all new enrollees grouped with a large-scale business and all new large-scale businesses that open after October 5, 2018.

The deductible corresponds to \$4.40/100 kg for farrow-to-finish businesses, as follows:

- \$34.82/sow for the Piglets product;
- \$0.0282/kg for the Hogs product.

Specific Unitary Contribution

Since the 2022 insurance year, a specific unitary contribution is applied for large businesses. This contribution is determined according to the existing pricing methodology.

This summary, in effect for the 2023 insurance year, in no way takes precedence over the provisions of the program 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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