

# FARM INCOME STABILIZATION INSURANCE PROGRAM

## Lambs – 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 1.263 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: average of the prices having prevailed in Québec during the insurance year for the lamb groups determined in the farm model.

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

- Compensation payments made in the framework of the ASRA program take into account payments granted under the AgriStability and AgrilInvest 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 517 female breeders and 113 hectares of crops.

Most of the feed is produced on the farm.

Annual sale per ewe of 1.38 slaughter lamb and breeding subject.

Sales consist of 20% milk-fed lambs, 34% light lambs, 44% heavy lambs and 2% of subjects sold for breeding.

The sale of wool is included in the model farm.

### 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 lambs must have been born in Québec and be the offspring of the female breeders owned by the participant at the time of lambing.
- Insure all insurable lambs that the participant owns.
- Cumulate a minimum of 1,015 eligible kilograms of lambs sold on a live basis annually. This minimum must be respected even if the producer participates in the program or terminates its participation during the insurance year.
- Participate in the program for the product Lambs 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, by the deadlines, his ovine breeding herd and lambs, using numbered tags intended for ovine 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.

The participant must provide Agri-Traçabilité Québec (ATQ) with the following required traceability information at the time of birth, purchase, sale or mortality of animals: tag number, date of birth, sex, dates of entry, exit or death, for all animals and for the entire breeding herd.

The participant must market his heavy lambs under the supervision and direction of the Fédération des producteurs d'agneaux et moutons du Québec in accordance with the Règlement sur la vente en commun des agneaux lourds au Québec.

The participant who market breeding subjects must own 10% of the purebred female breeders registered with the Canadian Livestock Records Corporation. In addition, he must participate in the GenOvis home test program from the Centre d'expertise en production ovine du Québec (CEPOQ).

### EVALUATION PROCEDURES FOR INSURABLE VOLUME

#### Insurable Animals

To determine the insurable volume, La Financière agricole uses information held by ATQ and transmitted in the framework of the agreement reached for that purpose. That information includes, for each animal, the tag number, sex, date of birth, date of sale or mortality and weight at the time of sale.

The information is used to determine the insurable volume based on the number of lambs kept to establish the insurable kilograms of lambs sold and the number of kilograms sold based on the actual weight or an estimated weight as per age using the following farm model groups marketed:

- ♦ Milk-fed lambs  
13.6 to 27.2 kg of live weight; from 32 to 77 days old
- ♦ Light lambs  
27.21 to 36.28 kg of live weight; from 78 to 108 days old
- ♦ Heavy lambs  
36.29 to 59 kg of live weight; from 109 to 183 days old
- ♦ Breeding subjects:
  - ♦ Breeding ewe lambs  
109 to 365 days old
  - ♦ Rams  
109 to 548 days old.

For breeding subjects, estimated weights are set at 40 kg (88 lb) or 48.2 kg (106 lb) based on the age stratum at the time of the sale. Insurable breeding subjects must be registered in the GenOvis genetic evaluation program. Along with being registered in the program, young rams must be of a registered pure breed.

For the purpose of determining the kilograms of lambs sold, a lamb may be considered sold only once and associated with a single participant. An animal cannot be considered both on the basis of kilograms of lambs sold and as a female breeder in inventory for a same participant.

A lamb and any kilograms of lambs, associated with an animal born on the participant's farm that was sold and bought back for breeding purposes by the participant, or purchased by an operation that has ties with that participant, are not eligible.

Only the information relating to the actual weight obtained from a source recognized by FADQ and agreed upon by the ATQ is considered to determine the insurable volume; otherwise, the weight is estimated.

The minimum weight required for a lamb to be eligible is 13.6 kg (30 lb). The maximum actual or estimated weight allowable for an insurable heavy lamb is limited to 59 kg (130 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.

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.

When La Financière agricole notes, after verification, that the number of insurable units evaluated based on information from the ATQ is different from the units held or marketed by the farming business, 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 defaults observed.

In the event that the total insurable volume of all participants for the insurance year in question exceed the collective insurable limit of 173,000 female breeders, 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 of female breeders of all participants for the year in question.

The information sent by the ATQ serves to establish the number of female breeders in inventory by age groups:

- ♦ Females of over 365 days old;
- ♦ Replacement females from 240 to 365 days old.

## 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 2,090 lambs or 123,192 kg of lambs, 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 2,090 lambs or 123,192 kg of lambs is subject to the terms described in the above paragraph, but on all the insured units for the product Lambs.

### 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 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.

### Breakdown of Compensation

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

- ♦ 50% based on the eligible kilograms of lamb sold;
- ♦ 50% on the number of lambs sold.

### Compensation

The final compensation is paid no later than May 31 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 to their joint plan (Plan conjoint des producteurs d'ovins 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.*