

FARM INCOME STABILIZATION INSURANCE PROGRAM

Potatoes – 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: From August 1 to July 31 of the following year.

Stabilized income: production cost including 70% of the wages of 1.367 operator-owner for the production of potatoes. 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 selling prices in Québec, as established by La Financière agricole based on potato transactions intended for the table potato and pre-peeled market conducted by specialized businesses.

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%.
- Amounts corresponding to AgriInvest and Agri-Québec are cumulated and lead to a reduction in the compensation to be paid; any residual amount is spread over the subsequent years.

FARM TYPE

Farm with 193.8 hectares, 94.4 hectares of which are in potatoes, 76.5 hectares of which are under rotation (barley, oats, wheat, grain corn and soybeans) and 22.9 hectares of which are in other crops. The yield of the farm type before annual indexing is 27,994 kg/ha.

ELIGIBILITY

- ♦ Be domiciled in Québec.
- ♦ Be the owner or lessee of the fields cultivated in potatoes.
- ♦ Cultivate a minimum of 10 hectares of potatoes every insurance year.
- ♦ Insure all insurable areas.
- ♦ Be the owner of the insurable potatoes that were cultivated in Québec, and have the insurable interest, i.e. assume the risks related to lower market prices or higher production costs.
- ♦ Participate in the program for the product Potatoes for a period of five years.
- ♦ Enrolment deadline: April 30.

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 agronomist or the regional office of the MDDEFP.

In accordance with the AOR, La Financière agricole excludes from insurable areas those on which it is prohibited to cultivate crops. This measure may concern in particular areas that have been deforested and used for agricultural purposes while on the territory of one of the municipalities listed in the AOR.

In accordance with the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains, La Financière agricole excludes from insurable units cultivated units within a three-metre strip of vegetation with respect to riverbanks.

CONDITIONS FOR PARTICIPATION

The participant must produce potatoes according to a cultivation plan complying with the *Guide des normes reconnues par La Financière agricole en matière de pratiques culturales 2013*.

The participant must use seeds from a class superior or equal to the Certified class.

The participant must complete seeding by the following deadlines:

| Service centres of La Financière agricole | Varieties maturing in | |
|--|-----------------------|------------------|
| | more than 115 days | 115 days or less |
| All service centres except 21, 22, 23 and 28 ⁽¹⁾ (Côte-Nord sector) | June 10 | June 10 |
| 21, 22, 23 (not including the loams of Kamouraska) | June 10 | June 15 |
| 22 (the loams of Kamouraska) | June 10 | June 20 |
| 28 (Côte-Nord sector) | June 20 | June 20 |

(1) Service centres 21, 22, 23 and 28 correspond to those of Rimouski, Rivière-du-Loup, Caplan and Lévis respectively.

The participant must present a cultivation plan when his farming methods differ from those in the *Guide des normes reconnues par La Financière agricole en matière de pratiques culturales 2013*.

Insurable areas for which the requirements relating to farming standards or seeding deadlines are not met will be reduced by taking into account the impact of the method on the yield. Areas where non-certified seed is used will not be insured. In all these cases, the participant must pay, as administrative fees, an amount equal to the difference in the share of the contribution that would have been required to cover the entire insured areas.

EVALUATION PROCEDURES FOR INSURABLE VOLUME

The insurable volume is determined either using the number of volumes sold transmitted to La Financière agricole by the Fédération des producteurs de pommes de terre du Québec, or using the areas declared by the participant according to the established procedure or areas measured by La Financière agricole.

Only potatoes harvested for pre-peeled, and seed purposes or intended for the table potato market are insurable. Potatoes marketed for chipping are not insurable.

At any time, La Financière agricole may carry out a verification of these declarations.

When La Financière agricole notices, after verification, that the number of units held by the participant at the time of declaration is different than the number of units declared, the insurance will cover the volume actually held. However, the difference will entail the payment, as administrative fees, of an amount equal to the share of the contribution that would have been required on the difference in volume observed.

In the event that the total insurable volumes of all participants for the insurance year in question exceeds the collective insurable limit of 12,600 hectares, the unit compensation and the year's unit contribution will be established 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 294.3 ha, 50% of the premium comes from participants and 50% from La Financière agricole for the volume exceeding that threshold.

Any new participant affiliated with an operation that, as of November 11, 2009, had an insurable volume exceeding 294.3 ha is subject to the terms described in the above paragraph, but on all the insured units for the product Potatoes.

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.

Compensation

The final compensation is paid at the latest by the November 30 following the end of the insurance year.

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

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 2014-2015 insurance year, in no way takes precedence over the provisions of the [program](#) or of any policy of La Financière agricole.