



Government of  
Saskatchewan

---

# 2006–2007 Annual Report

---

Saskatchewan  
Crop Insurance  
Corporation

---



---

# Table of Contents

<b>Statistical Highlights by Crop Year</b> .....	1
<b>Letters of Transmittal</b> .....	2
<b>Our 2006–2007 Annual Report</b> .....	3
<b>Management Discussion &amp; Analysis</b>	
Saskatchewan Crop Insurance Corporation .....	4
Role within Saskatchewan Agriculture and Food .....	4
Governing Authorities .....	4
Board of Directors .....	4
Provincial Appeal Panel .....	5
Staff .....	5
Organization Chart .....	5
Crop Insurance Business Environment .....	6
2006–2007 A Year in Review .....	6
Risk Management .....	7
Strategic Direction .....	10
2006–2007 Strategic Plan and Final Results .....	11
2006–2007 Financial Results .....	15
2007–2008 Strategic Plan .....	16
2007–2008 Budget Overview .....	19
<b>Financial Statements of the Saskatchewan Crop Insurance Corporation</b>	
Management’s Report .....	20
Auditors’ Report .....	20
Statement of Financial Position .....	21
Statement of Operations and Net Assets .....	22
Statement of Cash Flows .....	23
Administration Expenditures .....	24
Notes to Financial Statements .....	25
<b>Financial Statements of the Crop Reinsurance Fund of Saskatchewan</b>	
Auditors’ Report .....	28
Statement of Financial Position .....	29
Statement of Operations and Deficiency .....	29
Notes to Financial Statements .....	30
Appendix 1: 2006–2007 Saskatchewan Crop Insurance Program .....	31
Appendix 2: Historical Coverage and Premiums .....	37
Appendix 3: Participation and Loss Experience .....	38
Appendix 4: Insured Acres by Crop .....	40
Appendix 5: New Crops Insurance Account .....	44
Appendix 6: Wildlife Damage Compensation Program.....	45



## Statistical Highlights by Crop Year

	2006	2005	2004	2003	2002
<b>Financial</b>					
Total Premium (P)	\$211.4 M	\$277.2 M	\$291.5 M	\$348.6 M	\$248.6 M
Total Indemnities (I)	\$125.8 M	\$75.9 M	\$392.1 M	\$345.0 M	\$1.07 B
Net Loss Ratio (I/P)	.60	.27	1.35	.99	4.30
<b>Total Insured Value (liability)</b>	<b>\$1.5 B</b>	<b>\$1.9 B</b>	<b>\$2.1 B</b>	<b>\$2.8 B</b>	<b>\$2.5 B</b>
<b>Insured Acres</b>					
Annual Grain Crops					
• Multi-Peril Insurance	22.1 M	24.8 M	25.0 M	25.9 M	25.5 M
• Ratio of Insured to Seeded Acres	66%	70%	70%	74%	74%
Perennial Forage Crops					
• Multi-Peril Insurance	.5 M	.6 M	.8 M	.8 M	1.0 M
• Forage Rainfall Insurance Program	1.0 M	1.2 M	1.7 M	2.7 M	3.3 M
• Corn Heat Unit Pilot Program	1,162	1,810	2,324	n/a	n/a
Annual Crop Weather Based Insurance Program	1.5 M	2.0 M	1.4 M	.5 M	.9 M
<b>Insured Contracts</b>					
Grain, Forage and Weather Derivative Programs	28,220	30,413	32,087	33,918	34,783
<b>Distribution of Acres by Coverage Level</b> (expressed as a per cent of average yield)					
50% and Winterkill	19%	17%	14%	12%	8%
60%	11%	11%	10%	8%	4%
70%	44%	44%	43%	41%	35%
80%	26%	28%	33%	39%	53%
Weighted Average	68%	68%	70%	71%	73%
<b>Claims Registered*</b>					
Unseeded Acreage Establishment	8,783	4,464	4,073	259	154
Pre-Harvest	3,349	3,625	6,394	6,035	6,482
Post-Harvest	3,205	3,873	10,936	7,936	39,227
Wildlife - Waterfowl	11,096	9,715	34,048	38,817	52,508
Wildlife - Big Game	1,052	2,280	2,183	292	1,946
	859	2,498	1,868	542	3,771
<b>Total Claims Registered</b>	<b>28,344</b>	<b>26,455</b>	<b>59,502</b>	<b>53,881</b>	<b>104,088</b>

\* Not all claims result in a payable loss. For example, a loss in one field may be offset by higher yields in another field of the same crop.

---

## Letters of Transmittal



June 22, 2007

To His Honour  
The Honourable Dr. Gordon L. Barnhart  
Lieutenant Governor of Saskatchewan

Your Honour:

For more than 45 years, Saskatchewan Crop Insurance has fulfilled its mandate, providing Saskatchewan producers with effective risk management programs. We look forward to providing innovative products and services to the province's agriculture industry and stakeholders now and in the future.

It is my honour to submit the Saskatchewan Crop Insurance Corporation annual report and financial statements for the year ended March 31, 2007.

Your obedient servant,

A handwritten signature in black ink, appearing to read "Mark Wartman".

Mark Wartman  
Minister of Agriculture and Food



June 22, 2007

To His Honourable Mark Wartman  
Minister of Agriculture and Food

Sir:

I hereby present the 2006–2007 Saskatchewan Crop Insurance Corporation annual report for the year ended March 31, 2007. This report demonstrates our continued commitment to provide effective and innovative risk management programs and services that respond to the changing needs of our customers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Harvey Brooks".

Harvey Brooks  
Chair of the Board  
Saskatchewan Crop Insurance Corporation

---

## Our 2006–2007 Annual Report

The 2006–2007 annual report outlines the corporation's strategic and financial plans and results.

Saskatchewan Crop Insurance followed the Public Performance Reporting Guidelines when reporting on the results of the 2006–2007 crop year. These guidelines provide an accountability framework for the corporation's strategic plan and summarize the results achieved against those plans.

The 2006–2007 strategic plan results will be reported against the objectives and measures established in 2005–2006. Complete information can be found on pages 11 through 14.

## Management Discussion & Analysis

### Overview

This Management Discussion and Analysis (MD&A) is intended to provide a detailed look at the corporation's structure, performance and future goals. It is intended to be read in conjunction with the remainder of the annual report. The MD&A is organized into the following sections:

Saskatchewan Crop Insurance Corporation

Role within Saskatchewan Agriculture and Food

Governing Authorities

Board of Directors

Provincial Appeal Panel

Staff

Organization Chart

Crop Insurance Business Environment

2006–2007 A Year in Review

Risk Management

Strategic Direction

2006–2007 Strategic Plan and Final Results

2006–2007 Financial Results

2007–2008 Strategic Plan

2007–2008 Budget Overview

---

## Saskatchewan Crop Insurance Corporation

### Role within Saskatchewan Agriculture and Food

Saskatchewan Crop Insurance is a provincial Crown corporation under the portfolio of the Minister of Agriculture and Food.

The mandate of Saskatchewan Agriculture and Food (SAF) is to foster a commercially viable, self-sufficient and sustainable agriculture and food sector. Working with individuals, businesses, communities, and governments, the department will assist farmers and ranchers, encourage higher value production and processing, and promote sustainable economic development in rural Saskatchewan. According to SAF's performance plan, the department's first Goal is "Prosperous, sustainable, agricultural production and processing industries." Under this goal, SAF has established an objective to provide "effective safety net programs and risk management tools," with Crop Insurance under key action: "Provide crop insurance programs which grains and livestock producers may use to offset production failures and other natural hazards." Throughout our history, understanding the needs of farmers has been the driving force for Crop Insurance, enabling us to offer responsive and flexible risk management tools.

Although Saskatchewan Crop Insurance is an agency of SAF, designing and delivering programs that support the department's overall strategy for agriculture, the federal/provincial/territorial Agricultural Policy Framework (APF) provides the structure and guiding principles for business risk management programs. Under the APF, production (crop) insurance is one of two programs available to mitigate the risk of farming.

1. **Production Insurance** – Pooled risk insurance providing enrolled customers indemnities in the event of crop loss due to a number of natural perils. The federal and provincial governments and producers cost-share premiums, while administration costs are completely funded by the governments. Claims are paid within the season based on the customer's individual circumstances.
2. **The Canadian Agricultural Income Stabilization (CAIS) Program** – As a whole-farm, income-based program available to eligible producers regardless of the commodities they produce, CAIS protects farm operations from both small and large declines in income by integrating income stabilization and disaster protection. Producers can select varying levels of protection for their individual reference margin. Program payments include funds from the

participant's account and a government contribution and are made when the participant's margin in the program year falls below their reference margin.

Production insurance and CAIS are designed to work together to provide protection for producers. Production insurance payments are eligible income under CAIS, which increases a producer's reference margin in future years and preserves higher levels of support. There are linkages between the programs to ensure producers who participate in production insurance are not financially disadvantaged as compared to producers who participate in CAIS only.

### Governing Authorities

The Saskatchewan Crop Insurance Corporation is a provincial Crown corporation established by an Act of Legislature primarily to administer the Canada-Saskatchewan Crop Insurance Program. As a joint federal-provincial program, Crop Insurance is subject to the following Acts, Regulations and Agreements:

- Farm Income Protection Act (federal)
- Crop Insurance Act (provincial)
- Canada Production Insurance Regulations (federal)
- Crop Insurance Regulations (provincial)
- Canada-Saskatchewan Production Insurance Agreement
- Operational Document related to the Canada-Saskatchewan Production Insurance Agreement

Crop Insurance also administers payments under the Wildlife Damage Compensation Program, governed under the provincial Farm Financial Stability Act and associated regulations.

Saskatchewan Crop Insurance has complied with the provisions of these authorities.

### Board of Directors

Under the Crop Insurance Act, the board of directors is responsible for the overall direction and development of the Crop Insurance program and is authorized to conduct the affairs of the corporation. Decisions with major financial and policy implications are developed in consultation with industry and must be approved by the provincial and federal governments.

As of March 31, 2007, the board members were Harvey Brooks, chair and Deputy Minister of Saskatchewan Agriculture and Food (SAF); Hal Cushon, vice chair and Associate Deputy Minister of SAF; Wilson Olive; Arlee McGrath, Dave Boehm and Anita Warriner. All members are either involved in farm operations or have an agricultural background.



## Provincial Appeal Panel

The Saskatchewan Crop Insurance Provincial Appeal Panel was established to provide fair and efficient resolution to issues where a dispute between a customer and Crop Insurance exists. The panel is an advisory committee of producers appointed by the board of directors to consider and make recommendations on individual customer concerns. A voluntary process, informal hearings are held on a regular basis with customers and staff presenting information. The panel's recommendation is then presented to the board of directors for final decision.

Panel members are farmers at large. As of March 31, 2007, members were chairperson Harry Bastness (Hagan), vice-chairperson Janice Stirling (Mortlach), Dale Flavel (Silton), William Lanfermann (Paradise Hill), Allan Beblow (Yorkton), and Wayne Truman (Redvers).

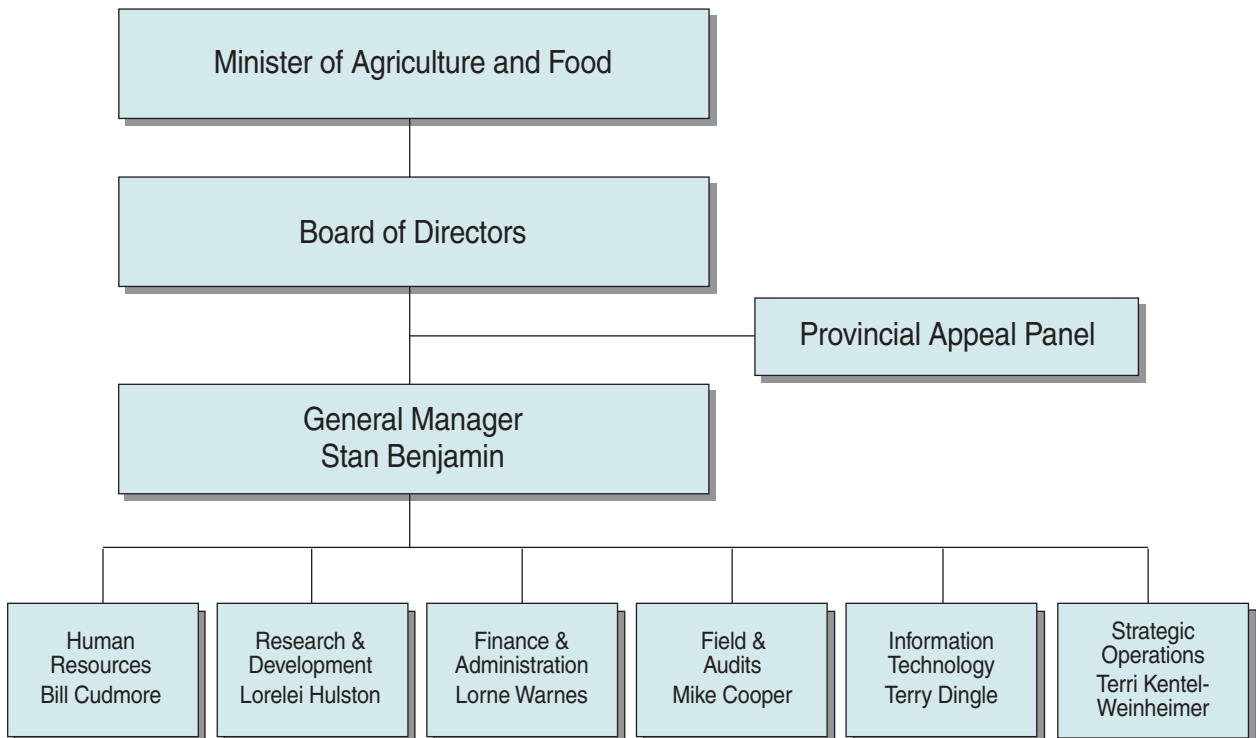
Between April 1, 2006 and March 31, 2007, the Provincial Appeal Panel registered 59 appeals. Five were withdrawn prior to being scheduled. Of the remaining 55 requests, nine were granted in whole, three were granted in part, 41 were denied and one had no decision made by March 31.

## Staff

Crop Insurance's head office is located in Melville with 21 customer service offices in communities throughout the province. As of March 31, 2007, Crop Insurance employed 418 individuals including permanent, temporary and casual positions. Of these, 114 were located at head office and 304 were located in the customer service offices.

Saskatchewan Crop Insurance contact information can be found on page 48 of this annual report.

## Organization Chart as of March 31, 2007



---

## Crop Insurance Business Environment

The business environment of Saskatchewan's agricultural industry is one of constant change. Progress in technology, improved farming methods and the diversification of crops are just a few of the changes that have impacted producers. In addition, producers must navigate challenges caused by external forces such as low commodity prices, increased operating costs and the rising Canadian dollar. And, as always, there is the challenge of dealing with extreme, and often unpredictable, weather conditions that have recently resulted in pockets of drought in the southwest and flooding in the north and east central areas of the province.

Saskatchewan Crop Insurance is committed to helping producers overcome some of these challenges by mitigating the natural production risks of farming. With more than 45 years of experience serving the province's agriculture industry, Crop Insurance is confident in its ability to continue to provide quality risk management tools that reflect producers' changing needs. Crop Insurance continues to research and develop new production insurance programs that serve the needs of today's producers and help to support the growth and sustainability of Saskatchewan's agricultural industry as a whole.

### 2006–2007 A Year in Review

In 2006, Crop Insurance expanded both the Contract Price Option, which allows producers to insure crops at their contracted price, and the Crop Averaging Pilot Program, which offers producers coverage above the 80 per cent level. The corporation also continued to work with the industry to expand the number of crop commodities covered by production insurance, adding hard white spring wheat to the list of insurable crops.

In 2006, Crop Insurance met the Agricultural Policy Framework requirement to shift the Crop Insurance program to a single tier cost share arrangement where producers pay 40 per cent of the premium at all coverage levels and governments pay 60 per cent. As in previous years, governments paid all administration costs to deliver the crop insurance programs.

Crop Insurance insured 66 per cent of all land seeded in Saskatchewan, with approximately 28,220 customers insuring 22.1 million annual acres and 500,000 forage acres under the yield-loss programs. An additional 2.5 million acres were insured under Crop Insurance's weather-based insurance products.

The 2006 crop year was launched at the end of February, once again meeting the objective to provide producers with sufficient time to consider the insurance options available and make their selections for the year. Crop Insurance also continues to provide different options for producers to contact and conduct business with the corporation for all of the main business processes.

Unseeded acreage was a significant issue in 2006, specifically in the east central and northern areas of the province where excessive spring moisture and heavy rainfalls throughout April, May and June delayed seeding. Saskatchewan producers were only able to seed approximately 33.6 million acres, the least amount of acres seeded since 1999. Approximately two million acres were not seeded due to the saturated field conditions. Crop Insurance received 8,783 Unseeded Acreage claims by the June 25 deadline and paid approximately \$62.6 million in indemnities for this cause of loss.

Hot, dry weather in July and August diminished yield potential but quickened crop development. Harvest began earlier than normal across the province, and was more than 40 per cent completed by the end of August and over 90 per cent done by mid-September. At that point, cool, wet weather slowed harvest in many areas, allowing only another two per cent to be completed by the end of the month.

Hay production in 2006 was above average provincially for both first and second cuts, with quality recorded as generally good to excellent, although southwestern producers experienced below average hay crops due to dry spring soils.

Crop Insurance furthered its commitment to the livestock industry by continuing to offer programs to meet the specialized needs of producers who grow forage for sale or feed. The corporation continued to expand and improve its core forage insurance program, and enhanced the numerous tailored coverage options available to producers.

Producers harvested 24.96 million tonnes of the major grains, oilseeds, and specialty crops during the 2006–2007 crop year. Although this was ten per cent below 2005 production, it was two per cent above the ten year average. The quality of the 2006 crop was above average.

Crop Insurance completed a total of more than 19,000 inspections on all claim types and paid approximately \$126 million in indemnities to customers. The corporation was able to pay down the combined deficit for Crop Insurance and federal and provincial reinsurance funds by approximately \$87 million in 2006, further reducing the debt to \$340 million going into 2007.

---

## **Risk Management**

Risk management is the process of assessing risk to the corporation and then developing strategies to manage those risks. Risks represent potential threats to meeting strategic goals and objectives.

In 2005, Crop Insurance underwent an enterprise-wide risk management project. The project identified, assessed and ranked the corporation's key risks, their potential impact on the corporation and the likelihood of occurrence. The process resulted in the final risk profile to assist management in gaining an understanding of the nature and potential for each risk, the mitigation processes that are in place, and information to determine priorities and risk-tolerance levels.

The corporate risk profile defined both strategic and operational risks which were used to develop the 2006–2007 Strategic Plan and the annual division work plans. The following are the key strategic categories that Crop Insurance focuses on to reduce the impact on the corporation.

### **Program Participation & Sustainability Risks**

In order to grow participation and maintain program sustainability, Crop Insurance needs to be considered an effective risk management tool by participants and government stakeholders. The corporation has established a strategic goal to provide “strong risk management programs and services responding to customers and industry needs to support prosperous, environmentally sustainable, agriculture production and processing industries.” The following are the key risks Crop Insurance must address in order to meet this goal.

#### **Program Development Risks**

Crop Insurance is voluntary; to attract producers, the program must be seen as a valuable part of their overall risk management strategy. One risk to achieving this goal is the corporation's ability to offer producers the appropriate product mix, including quantity and type, required to meet their changing needs.

To manage this risk, Crop Insurance works with producers, industry groups and associations, the federal government and academia to identify the needs, opportunities and challenges facing the industry and address the shortcomings of its current programs. The corporation maintains an agricultural and insurance research staff whose objective is to assess industry needs and research potential new program designs and programs in other jurisdictions that may be modified to meet the needs of Saskatchewan stakeholders. Changes to programs are typically developed in conjunction with stakeholders to ensure recommended changes address the issues identified and to obtain industry support. Crop Insurance analyzes risks involved in developing and implementing new programs and, as an added control measure, the corporation's board of directors also reviews and approves all program changes before they are put into effect.

The Crop Insurance program must also comply with the various requirements outlined under the Agricultural Policy Framework, including the development of alternative programs such as the Crop Averaging Pilot program and weather-based derivative products.

Another risk to providing quality risk management programs to producers is the corporation's ability to adequately manage the development of new programs or insurance products to ensure they meet the required objectives and are delivered on time.

In addition to the steps noted above, Crop Insurance has also implemented a process to manage and prioritize projects and corporate business processes.

#### **Risk Due to Changes in Industry Demographics**

Saskatchewan's agriculture industry is continually evolving; part of the change the industry faces today is a shift from the traditional 'family farm' to larger and more complex agricultural operations. Crop Insurance recognizes there is a risk the corporation may not have the products, administrative processes or capacity to handle the increase in these types of farm operations and is exploring solutions to alleviate this risk.

---

## Financial Risks

Financial risks are those which impact or threaten the fiscal sustainability of the crop insurance program. Crop Insurance must ensure the premiums charged by the corporation over time are sufficient to pay the claims incurred.

### Risk to Financial Sustainability

To be sustainable as a long-term insurance program, Crop Insurance has a rigorous premium-setting methodology that is certified by an independent actuary.

Since growing conditions and crop suitability vary across Saskatchewan, premium rates are established for each crop using defined risk zones to ensure the base premium rates reflect the expected claims experience for different crops in different parts of the province. The data collected in order to identify risk and calculate premiums is one of the primary assets of the corporation and is continually updated with current information. All premiums paid to Crop Insurance are available for the purposes of paying claims. Surplus funds are held for future production losses and cannot be utilized by either level of government for other purposes.

### Catastrophic Exposure Risk

There is risk the corporation may not be able to cope with the effects of either a single catastrophic production year or recurring catastrophic production years.

As stated, Crop Insurance premiums include a component to address deficit recovery or reserve accumulation requirements. The costs of this component are included in premiums on a provincial basis. This strategy allows the program to recover from a single loss or multiple catastrophic losses without a drastic drop in program enrollment. Though production catastrophes occur in all parts of the province, they do not necessarily occur at the same time. The immediate financial burden caused by such events is spread across the entire base of customers. This provides greater premium stability and encourages higher program participation.

### Risk to Reinsurance

Along with a rigorous premium rate setting strategy, Crop Insurance also has adequate reinsurance available in the event that claims exceed annual premiums and reserves. Reinsurance is provided by the federal and provincial governments in accordance with the terms set out in the *Canada-Saskatchewan Agricultural Policy Framework Implementation Agreement*. To ensure the long-term

sustainability of Crop Insurance's reinsurance arrangements, an actuarial evaluation is to be conducted every five years or sooner if conditions or program changes warrant.

Both levels of government provide reinsurance to Crop Insurance through their own sources. Each level of government is considered to have the necessary borrowing capacity and is able to achieve costs of capital that are at least as attractive as purchasing private sector reinsurance. Furthermore, the third party certification of sustainability gives confidence that any deficits will be recovered over time.

Crop Insurance also monitors private reinsurance trends and best practices in case private reinsurance may be required in the future.

## Program Delivery Risks

Approximately 28,200 Saskatchewan producers currently purchase Crop Insurance and while the concept of insuring against production loss is simple in theory, the program has increased in complexity in response to expanding needs of the producers. To meet the demands of volume, accuracy and timeliness, it is critical that the corporation ensures it has adequate infrastructure in place and that all staff understand and are able to execute the corporation's policies and procedures. The following risks have been identified as having the potential to impact the successful delivery of the crop insurance program.

### Risk to Human Resources – Short-term

Due to the seasonal nature of the agriculture industry, Crop Insurance recognizes a risk that it may not have the organizational capacity to handle the large volume of claims that typically occur during peak periods, and is specifically concerned about the ability to recruit and retain a sufficient number of qualified claim adjusters.

To combat these risks, the corporation's Human Resources department has developed core competency requirements specific to each position to help ensure employees possess the required qualifications for the jobs they are hired to do. The corporation has also created a training and development program to assist staff in developing a firm knowledge of the complexities of the Crop Insurance program.

Crop Insurance also uses formal prediction methodologies to predict volumes and locations of claims, resulting in more efficient allocation of personnel and resources.

---

### **Risk to Human Resources – Long-term**

Crop Insurance recognizes a risk that the corporation may not be able to recruit and retain sufficient employees with the required skills, over the long-term, to sustain and grow business, and that key business operation knowledge residing with individuals may be lost if it is not institutionalized.

For example, the majority of Crop Insurance's adjusting staff are employed on a per diem basis. This poses a challenge to the corporation as many potential applicants are seeking full-time employment. In addition, Crop Insurance requires adjusting staff to have a farming or agricultural background; however, the average age of farmers is increasing and the number of young farmers entering the industry is decreasing, resulting in a limited pool for the corporation to draw from. As well, the times of year when Crop Insurance requires adjusting staff to work coincide with the busiest seasons for the agricultural industry, further limiting the number of potential applicants available.

Crop Insurance's human resource strategic plan focuses on recruitment, retention and succession planning which are critical to maintaining the corporation's ability to deliver and administer the program with skilled staff.

### **Risk to Information Technology Systems**

Crop Insurance is focused on maintaining the leading edge technology it currently utilizes in delivering services to its customers, and recognizes the risk that its operations may be severely impacted by a significant power outage or damage to its operational or support information technology systems.

Crop Insurance focuses a significant amount of resources to maintaining the systems currently in place. The corporation has implemented an Information Technology disaster recovery plan that covers the core-business processing environment, that uses data back-up processes to store and recover lost data. If a situation should occur where Crop Insurance's information technology systems are unavailable, the corporation does have the ability to process claims on paper in the short-term.

Crop Insurance exercises best practices in the uses of quality assurance. In-depth systems testing of in-house

computer applications avoids systems errors that could create corporate embarrassment and unexpected costs in time and resources.

### **Claims Related Risks**

To ensure the integrity of the crop insurance program, future premiums, and to meet the needs of producers facing crop losses, Crop Insurance's adjusting system must ensure that claims are assessed and indemnities paid in a timely fashion. The corporation recognizes a risk that it may not continually take a risk-based approach to accomplishing this, due to limited resources.

To prevent this, the corporation uses a variety of strategies that use a risk-based approach to adjusting and determining indemnifiable losses. These strategies are flexible to deal with volume and complexity of claim adjusting. Strategies include paying selected post-harvest claims based on customer supplied production information (with a percentage of claims subject to review), and moving to more permanent adjusting staff and a provincial focus to applying adjusting resources.

### **Risk to Quality of Program Delivery**

Crop Insurance recognizes the importance of ensuring all staff are able to understand and follow the policies and procedures in place, enabling them to produce consistent, high quality work and make knowledgeable decisions. To achieve this, Crop Insurance has established effective accountability, performance management and recognition/reward processes, and is focused on ensuring staff fully understand the crop insurance program and the technologies used to deliver it.

Agronomy, cause of loss identification, customer service and conflict resolution training are provided to field staff to prepare them to accurately assess the loss and promptly process the claim. The risk-based approach to adjusting also involves standardized training modules, policy and procedure manuals, supervision, analytical review, and compliance audits. The corporation places a strong emphasis on process improvement and consistent claim processing. The corporation continues to expand the use of indemnity prediction models, remote sensing and Geographical Information Systems to provide decision tools for field staff as well as alert stakeholders to claim payment requirements.



---

## Strategic Direction

The management of Saskatchewan Crop Insurance and its board of directors review the corporation's strategic plan annually.

### Mandate

Develop and deliver federal/provincial business risk management programs and services for the agriculture sector.

### Vision

We excel at providing innovative production insurance and related products and services and are a respected, integrated part of a dynamic Saskatchewan agriculture sector.

### Guiding Principles

Innovation, Open Two-way Communication, Teamwork, Accountability, Honesty, Fairness and Respect.

## Strategic Plan and Performance Management: Goals, Objectives and Performance Measures

The performance measures identified are broad-based to help stakeholders assess the performance of the Crop Insurance program. In developing the strategic plan, Crop Insurance follows the balanced scorecard model. The goals, objectives and strategic initiatives have been built around the following perspectives:

### Customer Products and Services

- Supporting the core grains sector and diversification
- Supporting expansion of the livestock sector
- Working with industry to develop and design programs

### Financial Management

- Ensuring premium rate methodologies support long-term sustainability of the insurance products available
- Ensuring adequate reinsurance arrangements are in place to guarantee claim payments
- Effective program administration

### Infrastructure and Internal Business Processes

- Ensuring adequate resources, capacity and processes provide efficient, consistent and timely service

### Learning and Growth

- Meeting the human resource needs to provide customer service excellence

---

## 2006–2007 Strategic Plan and Final Results

### Strategic Goal 1: Customer Products and Services

Strong risk management programs and services responding to customer and industry needs to support prosperous, environmentally sustainable agriculture production and processing industries

#### Objective 1

To provide valuable and innovative core risk management programs and services to customers

##### Performance Measures

The following six programs were continued and expanded to support Agricultural Policy Framework strategies:

- Crop Averaging Pilot Program had 48,835 insured acres
- Forage Diversification had 563 insured acres
- Contract Price Option had 11,844 insured organic acres
- Vegetable Insurance Pilot Program had 6.5 insured acres
- Corn Heat Unit Pilot Program had 1,162 insured acres
- Timothy Hay Pilot Program had 1,721 insured acres

Saskatchewan producers insured 66 per cent of annual crop acres seeded. This compares to 70 per cent in 2005, a historical provincial average of 65 per cent and the 2006 national average of 65 per cent.

The average coverage level in 2006 was 68 per cent of average yields. This compares to a provincial average of 68 per cent in 2005, the historical average (since 1990, which is the year 80 per cent coverage was first offered) of 70 per cent and the 2006 national average of 76 per cent.

Ninety-three per cent of crops seeded in Saskatchewan have insurance plans available.

1,542,662 acres were insured in the Annual Crop Weather Based Insurance Program compared to 1,987,947 in 2005.

##### Strategic Initiatives

- Research and implement strategies outlined in the Agricultural Policy Framework
- Provide insurance products to meet changing customer needs

#### Objective 2

To support diversification, livestock and industry expansion through program development

##### Performance Measures

Three pilot programs were continued under the Forage Insurance program: the Forage Diversification Option, Corn Heat Unit Pilot Program and Timothy Hay Pilot Program.

515,287 acres of forage were insured for yield-loss or establishment, which is 15 per cent of the estimated tame hay acres in Saskatchewan. This compares to a five-year (2001–2005) average of 732,386 insured acres, which is 21 per cent of the estimated tame hay acres in Saskatchewan.

1,007,853 acres of pastureland were insured under the Forage Rainfall Insurance Program, which is six per cent of the estimated grazing acres in Saskatchewan.

315,931 acres were insured under the New Crops Program.

##### Strategic Initiatives

- Research insurance options for forage producers
- Research insurance options for diversified crops

---

### Objective 3

To ensure customers have the best crop insurance information available to enable them to make farm management decisions

#### Performance Measures

The 2007 Saskatchewan Crop Insurance program was announced on February 22, 2007. Materials were delivered to customers on March 6, thereby allowing four weeks for producers to make insurance decisions before the March 31 deadline.

Saskatchewan Crop Insurance gathers detailed management information from a select group of customers through the Saskatchewan Management Plus (SMP) program. This data has been integral in the development of enhanced insurance programming options, such as separate coverage for hard white spring wheat and distinct market classes of lentil and chickpea. Crop Insurance also uses the information collected to provide participating producers with actual production information in the form of specialized reports. Seven million acres were reported through the SMP program in 2006–2007. This compares to a four-year (2002–2005) average of 6.1 million acres.

#### Strategic Initiatives

- To provide program materials to ensure awareness and understanding of the crop insurance program
- Continue to expand and develop the SMP program

### Objective 4

To identify opportunities for new innovative products or services to meet industry needs

#### Performance Measures

A number of innovative program enhancements were made to meet the needs of the agriculture industry. A variable price benefit, a wild rice pilot program, a separate identity preserved canola plan, gopher damage coverage and enhancements to the unseeded acreage coverage were added.

#### Strategic Initiatives

- Maintain awareness of agriculture industry changes and identify opportunities to develop products to meet industry needs

## Strategic Goal 2: Financial Management

Effective and efficient public service, contributing to government goals and objectives

### Objective 1

To ensure sound financial management

#### Performance Measures

Ninety-four per cent of 2006 producer premiums were collected to March 31, 2007, which compares to a 90 per cent average for the previous year.

Five per cent of the uncollected 2006 premiums were due to outstanding payment arrangement balances. In total, 255 contracts were cancelled for non-payment at the end of 2006–2007, representing 0.9 per cent of all contract holders. This compared to 552 contracts cancelled in 2005–2006 and an average of 322 for the previous five-year period.

Saskatchewan Crop Insurance is contracted by external groups to perform inspections, such as measuring bins, determining cause of loss and assessing crop damage. These third party services offered on a cost-recovery basis in 2006 generated revenue of \$558,000. This compares to \$174,552 in 2005 and \$219,131 in 2004.

12,000 staff hours were spent on completing third party revenue generation work during 2006–2007, which compares to 3,632 in 2005–2006 and 4,062 in 2004–2005.



---

The corporation has contracts with the following agencies: PFRA, SGI, Co-operators, Canadian Wheat Board and C-Green Aggregators. The corporation also completes inspections for a number of other individuals.

All reinsurance claims have been paid.

The corporation has reinsurance in place as per Schedule 3 to Annex B of the *Canada-Saskatchewan Agricultural Policy Framework Implementation Agreement*.

There were no major deficiencies identified that resulted in significant federal/provincial material holdback of premium.

### **Strategic Initiatives**

- Prudent receivables management
- Maintain and develop partnerships with third party agencies
- Ensure appropriate reinsurance is in place as defined by government stakeholders
- Adhere to sound insurance practices and actuarial principles

## **Objective 2**

To be proactively accountable to our stakeholders

### **Performance Measures**

An ongoing action plan was developed to meet privacy requirements.

Over the 2006 crop year, the audit division performed 2,992 audits identifying \$1.69 million in indemnity differences when claims were adjusted. This compares to 3,117 audits in 2005, which identified \$1.704 million in indemnity differences when claims were adjusted.

### **Strategic Initiatives**

- To develop privacy procedures for Crop Insurance under the privacy legislation including for Personal Information Protection and Electronic Documents Act and Freedom of Information and Protection of Privacy Act
- To ensure the integrity of the program

## **Objective 3**

To ensure fiscal administrative responsibility

### **Performance Measures**

The corporation continues to review its policies and procedures for managing enterprise-wide operational risk.

<b>2006–2007</b>	<b>Saskatchewan</b>	<b>Canada</b>
Admin to liability	1.82%	1.44%
Admin to premiums	12.89%	12.50%
Admin per acre insured (\$)	1.08	1.57
Admin per contract	963	990

### **Strategic Initiatives**

- Manage long-term risk
- Provide cost-effective program delivery

---

## Strategic Goal 3: Infrastructure and Internal Business Processes

Effective and innovative delivery of programs and services

### Objective 1

To ensure our infrastructure meets the evolving delivery needs of our core businesses

#### Performance Measures

Two internal audit reports were completed. Another two were in progress as of March 31, 2007.

There are currently nine business applications available on CropConnect, an online application that enables customers to view their personal contract information and complete various contract requirements throughout the year.

As of March 31, 2007, there were 3,061 customers enrolled in CropConnect compared to 2,800 as of March 31, 2006.

There were 39,435 visitors to the Crop Insurance website, [www.saskcropinsurance.com](http://www.saskcropinsurance.com). The average number of visits per day was 361.

The Disaster Recovery Plan component of the Business Continuity Plan was successfully tested and updated. Crop Insurance is now engaged in developing a Business Continuity Plan that includes an updated Impact Analysis.

#### Strategic Initiatives

- Implement the Internal Audit Plan
- Evaluate business process to develop online business applications
- Update the corporate Business Continuity Plan

### Objective 2

To continue to focus on quality, improving efficiency and productivity

#### Performance Measures

The business process improvement unit continues to review key business processes on a rotational basis.

A total of 1,637 claims were paid from 2,007 eligible for payment by declaration. Ninety per cent of the claims paid by declaration were within corporate tolerance levels for paying a claim without an inspection. Claims that were outside of the tolerance levels were verified in addition to a random 10 per cent that were within tolerance levels. No major issues were identified from the verification results.

For the 2006 crop year, 60.5 per cent of yield-loss claims were keyed at source. This compares to 68 per cent in 2005–2006 and 41 per cent in 2004–2005.

#### Strategic Initiatives

- Implement strategies to identify process improvements for customers
- Ensure timely post-harvest claim payments, enabling eligible customers to complete a claim by declaration
- Provide efficient customer service by keying customer information and claims at source

## Strategic Goal 4: Learning and Growth

A learning organization and workplace of choice investing in staff to enhance their capability to reach their potential

The objectives under this goal focus on employees and the knowledge and tools they need to achieve excellent customer service and personal growth. The objectives and actions of this goal are internally focused. Reporting and accountability for this goal are internally directed.

## 2006–2007 Financial Results

The 2006–2007 financial statements begin on page 20 of this annual report, and the following provides an explanation of the variances between the budgeted and actual results.

Saskatchewan Crop Insurance is a provincial Crown corporation and receives funding through an appropriation of the Legislature for premium contributions, administration and interest charges on the provincial share of the program deficit.

The premium setting and reinsurance arrangements are actuarially certified to provide adequate revenue to meet the program's expenses in the long term. Premiums are cost-shared by the federal and provincial governments and producers; therefore, only the provincial share of premiums is included in the budget. Federal government and producer premiums are paid directly to the corporation.

Program delivery costs, or administration expenses, are paid 60 per cent by the federal government and 40 per cent by the provincial government. The federal share of these costs is paid directly to the province's General Revenue Fund. Accordingly, the budget amount reflects 100 per cent of the estimated cost in order to provide for both the provincial amount and transfer of the federal contribution.

Saskatchewan Finance charges Saskatchewan Crop Insurance with interest on the provincial share of the current program deficit. However, *The Canada-Saskatchewan Agricultural Policy Framework Implementation Agreement* stipulates that each level of government is responsible for the interest costs on their own share of any deficit. In order to pay Saskatchewan Finance, the corporation receives an appropriation in the budget.

The following information provides an explanation of the budgeted and actual amounts derived from the Government of Saskatchewan.

	2006–2007 Estimates	2006–2007 Actuals	Variances	Notes
	(thousands of \$)			
Premiums	\$276,700	\$211,389	\$ (65,311)	1
Reinsurance premiums	(82,522)	(112,986)	(30,464)	2
Indemnities	(197,178)	(125,837)	71,341	3
Other	3,000	5,692	2,692	4
Deficiency of revenue over expenses from insurance operations	\$ —	\$ (21,742)	\$ (21,742)	
Program delivery – net of other administration revenue	\$ 26,466	\$ 25,451	\$ (1,015)	5

### Notes:

- The premium reduction is due to a decline in the average coverage level (to 67.9 per cent from 70.4 per cent) and the number of insured acres (to 22.4 million from 26.1 million), which is primarily due to the number of acres that were too wet to seed.
- While normal reinsurance premiums were impacted the same as premiums per Note 1, the corporation paid additional ceded premiums of \$50.2 million as its surplus would have been in excess of 50 per cent of the premiums for the year. Pursuant to the provisions of *The Canada-Saskatchewan Agricultural Policy Framework Implementation Agreement*, the excess was paid to the provincial and federal reinsurance funds in proportion to their deficits.
- Estimated indemnities were based on a normal claim volume with an indemnity to liability ratio of 11 per cent. The actual ratio was 8.55 per cent.
- The estimate for "other" included interest earnings of \$4 million offset by bad debts of \$1 million. Actual interest earnings exceeded the estimate by \$1.5 million and bad debts were \$1.2 million better than the estimate due to better than expected collections.
- Due to lower than normal claims, the actual program delivery costs were lower than estimated.

---

## 2007–2008 Strategic Plan

### Strategic Goal 1: Customer Perspective

Strong risk management programs and services responding to customer and industry needs to support prosperous, environmentally sustainable agriculture production and processing industries

#### Objective 1

To provide valuable and innovative core business risk management programs and services to our customers

##### Performance Measures

Number of acres insured under pilot programs

Percentage of insured acres compared to seeded acres for annual crops and long-term trends

Average coverage level purchased on insured crops and long-term trends

Acres insured, weighted with the insurable value of the agricultural product, compared to acres grown, weighted with the same insurable value

##### Strategic Initiatives

- Research and implement strategies identified in the Agricultural Policy Framework (APF)
- Develop program initiatives to enhance the core multi-peril program

#### Objective 2

To support diversification, livestock and industry expansion through program development

##### Performance Measures

Percentage of insured forage acres to forage acres seeded as compared to long-term trends

Number of acres insured in the Forage Rainfall Insurance Program compared to previous years

Number of acres insured in the Corn Heat Unit Pilot Program compared to long-term trends

Number of acres insured in the New Crops Insurance Program

##### Strategic Initiatives

- Research insurance options for forage producers
- Research insurance options for diversified crops

#### Objective 3

To identify opportunities for new innovative products or services to meet industry needs

##### Performance Measures

Number of acres insured in new program initiatives

Number of acres insured in the Annual Crop Weather Based Insurance Program compared to long-term trends

##### Strategic Initiatives

- Develop new program initiatives through industry consultation

---

## Strategic Goal 2: Financial Perspective

Effective and efficient public service, contributing to government goals and objectives

### Objective 1

To ensure sound financial management

#### Performance Measures

Amount of third party revenue generated compared to long-term trends

Number of hours staff spend on completing third-party generated work compared to long-term trends

Number of agencies Crop Insurance has a contract with

Number of instances of material shortcomings or limitations recorded in certifications

Commodities affected and magnitude of federal holdbacks due to overdue certification tests

#### Strategic Initiatives

- Maintain and develop partnerships with third party agencies
- Adhere to sound insurance practices and actuarial principles

### Objective 2

To be proactively accountable to our stakeholders

#### Performance Measures

Number of claim compliance audits compared to long-term trends

#### Strategic Initiatives

- To ensure the integrity of the program

### Objective 3

To ensure fiscal administrative responsibility

#### Performance Measures

Percentage of stored grain measured and the difference between declared and measured

Number of GPS inspections completed

Ratios comparing administration expenses to liability, premiums, acres and contracts as compared to long-term trends

#### Strategic Initiatives

- Manage risk
- Provide cost-effective program delivery

---

## **Strategic Goal 3: Internal Business Process Perspective**

Effective and innovative delivery of programs and services

### **Objective 1**

To ensure our infrastructure meets the evolving needs of our core business

#### **Performance Measures**

Number of customers who have enrolled in CropConnect compared to previous years

Crop Insurance website traffic and usage statistics

#### **Strategic Initiatives**

- Evaluate business process to develop and enhance online business applications

### **Objective 2**

To continually provide consistent, accurate and timely service

#### **Performance Measures**

Customer service contacts through various avenues

The average time between a claim registered and an indemnity paid

Percentage of total claims completed by declaration and verification results

Percentage of claims keyed at source

#### **Strategic Initiatives**

- Focus on customer service
- Ensure timely adjudication of claims and indemnity payments
- Provide efficient customer service by keying customer information and claims at source

### **Objective 3**

To provide customers with crop insurance information to assist them in making farm management decisions

#### **Performance Measures**

Number of acres enrolled in the Saskatchewan Management Plus (SMP) program compared to previous years

#### **Strategic Initiatives**

Continue to expand and develop the SMP program

## **Strategic Goal 4: Learning and Growth Perspective**

A learning organization and workplace of choice investing in staff to enhance their capability to reach their potential

The objectives under this goal focus on employees and the knowledge and tools they need to achieve excellent customer service and personal growth. The objectives and actions of this goal are internally focused. Reporting and accountability for this goal are internally directed.

## 2007–2008 Budget Overview

The corporation's 2007–2008 budget is:

	<b>2006–2007 Estimates</b>	
	(thousands of \$)	Notes
Premiums	\$ 288,112	1
Reinsurance premiums	(85,500)	2
Indemnities	(223,912)	3
Other	<u>3,000</u>	4
Deficiency of revenue over expenses from insurance operations	<u>\$ (18,300)</u>	
Program delivery – net of other administration revenue	<u>\$ 26,627</u>	5

### Notes:

- The budget is based on:
  - 27 per cent increase in prices.
  - 0.6 per cent increase in the average coverage level.
  - 3.4 per cent, on average, decline in premium rates.
  - 3.5 per cent increase in insured acres compared to 2006 as areas where significant acreage remained unseeded were projected to return to normal seeding patterns.
  - 4.3 per cent increase in long-term average yields.
- Reinsurance premiums are impacted the same as premiums per Note 1.
- Estimated indemnities were based on a normal claim volume with an indemnity to liability ratio of 11 per cent.
- The budget for Other is due to estimated interest earnings of \$4 million offset by bad debts of \$1 million.
- The program delivery budget provides for a 1.57 per cent inflationary increase and a normal claims volume.

## Management's Report

### Responsibility for Financial Statements

The financial statements of the Saskatchewan Crop Insurance Corporation are the responsibility of management and are prepared in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Management has applied its best judgement where estimates are required using all information available to June 19, 2007. Other financial information in the annual report is consistent with that provided in these financial statements.

The corporation's accounting system and systems of internal control are maintained to provide reasonable assurance that transactions are properly authorized and recorded, that assets are properly safeguarded and that the financial information is relevant and reliable.

The corporation's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.

The board of directors of the Saskatchewan Crop Insurance Corporation is responsible for overseeing management's performance of its financial responsibilities and has reviewed and approved these financial statements.



Stan Benjamin  
General Manager



Lorne Warnes  
Executive Manager, Finance and Administration

June 19, 2007

## Auditors' Report

### To the Members of the Legislative Assembly of the Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Crop Insurance Corporation as at March 31, 2007 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as of March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Regina, Canada

June 19, 2007



# Saskatchewan Crop Insurance Corporation

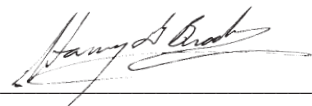
## Statement of Financial Position

March 31, 2007 with comparative figures for 2006

	2007	2006
	(thousands of \$)	
<b>Assets</b>		
Cash	\$ 162	\$ 99
Investments (note 4)	3,098	3,248
Due from the Province of Saskatchewan General Revenue Fund (note 3)	129,384	99,091
Accrued interest and other receivables	2,165	995
Transfers receivable from the Province of Saskatchewan	221	1,967
Premiums receivable from producers	6,097	10,879
Premiums receivable from the Province of Saskatchewan	3,866	10,478
Premiums receivable from the Government of Canada	—	8,749
Indemnities receivable from Crop Reinsurance Fund of Saskatchewan (note 1)	114,747	152,937
Indemnities receivable from Crop Reinsurance Fund of Canada for Saskatchewan	—	1,452
Prepaid expenses	225	220
Property, plant and equipment (note 5)	1,926	1,811
	<u>\$ 261,891</u>	<u>\$ 291,926</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,840	\$ 2,387
Premiums payable to the Government of Canada	30,830	—
Deferred indemnities payable	51	168
Indemnities payable (note 7)	1,909	4,663
Loans payable to the Province of Saskatchewan General Revenue Fund (note 6)	115,521	152,600
Deferred administration revenue (note 8)	3,932	4,558
	<u>156,083</u>	<u>164,376</u>
<b>Net assets</b>	<u>105,808</u>	<u>127,550</u>
	<u>\$ 261,891</u>	<u>\$ 291,926</u>

Commitments and contingencies (note 11)  
See accompanying notes to financial statements.

On behalf of the Board:

  
Chair

  
Vice-Chair

# Saskatchewan Crop Insurance Corporation

## Statement of Operations and Net Assets

Year Ended March 31, 2007 with comparative figures for 2006

	2007	2006
	(thousands of \$)	
<b>Revenue</b>		
Premiums:		
Producers	\$ 84,788	\$ 105,360
Government of Saskatchewan	50,634	68,734
Government of Canada	75,967	103,110
	<u>211,389</u>	<u>277,204</u>
Less reinsurance premiums ceded:		
Crop Reinsurance Fund of Canada for Saskatchewan	74,796	49,440
Crop Reinsurance Fund of Saskatchewan (note 1)	38,190	32,961
	<u>112,986</u>	<u>82,401</u>
Net premiums	98,403	194,803
Interest income	5,549	2,270
Province of Saskatchewan – General Revenue Fund interest financing (note 6)	6,203	6,895
New Crops Loss Recovery (note 1)	—	478
	<u>110,155</u>	<u>204,446</u>
<b>Expenses</b>		
Indemnities (note 7)	125,837	75,852
Bad debts	(143)	2,783
Interest expense (note 6)	6,203	6,895
	<u>131,897</u>	<u>85,530</u>
<b>Reinsurance Recovery</b>		
Crop Reinsurance Fund of Canada for Saskatchewan	—	6,476
Crop Reinsurance Fund of Saskatchewan	—	2,158
	<u>—</u>	<u>8,634</u>
Excess (deficiency) of revenue over expenses from insurance operations, before administration revenue and expenses	(21,742)	127,550
<b>Administration Revenue</b>		
Province of Saskatchewan operating grant (note 8)	25,451	24,019
Other administration revenue	1,739	643
	<u>27,190</u>	<u>24,662</u>
<b>Administration Expenses</b> (Schedule 1)	<u>27,190</u>	<u>24,662</u>
Excess (deficiency) of revenue over expenses	(21,742)	127,550
Net assets, beginning of year	<u>127,550</u>	<u>—</u>
Net assets, end of year	<u>\$ 105,808</u>	<u>\$ 127,550</u>

See accompanying notes to financial statements.

# Saskatchewan Crop Insurance Corporation

## Statement of Cash Flows

Year Ended March 31, 2007 with comparative figures for 2006

	2007	2006
	(thousands of \$)	
<b>Cash Provided by (Used In):</b>		
<b>Operating Activities</b>		
Excess (deficiency) of revenue over expenses	\$ (21,742)	\$ 127,550
Item not affecting cash:		
Amortization	866	897
Change in non-cash operating items:		
Accrued interest and other receivables	(1,170)	(709)
Premiums receivable from producers	4,782	(5,784)
Premiums receivable from the Province of Saskatchewan	6,612	(5,834)
Indemnities receivable from Crop Reinsurance Fund of Saskatchewan	38,190	30,802
Indemnities receivable from Crop Reinsurance Fund of Canada for Saskatchewan	1,452	24,593
Prepaid expenses	(5)	(6)
Accounts payable and accrued liabilities	1,453	(108)
Premiums payable to (receivable from) the Government of Canada	39,579	1,027
Deferred indemnities payable	(117)	(779)
Indemnities payable	(2,754)	(6,166)
Deferred administration revenue	(626)	(784)
	<u>66,520</u>	<u>164,699</u>
<b>Financing Activities</b>		
Decrease (increase) in transfers receivable from the Province of Saskatchewan	1,746	(213)
Proceeds from loans payable to the Province of Saskatchewan - General Revenue Fund	121	25,121
Repayments of loans payable to the Province of Saskatchewan - General Revenue Fund	(37,200)	(93,579)
	<u>(35,333)</u>	<u>(68,671)</u>
<b>Investment Activities</b>		
Purchase of property, plant and equipment	(981)	(638)
<b>Increase in cash and cash equivalents</b>	30,206	95,390
<b>Cash and cash equivalents, beginning of year</b>	<u>102,438</u>	<u>7,048</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 132,644</u>	<u>\$ 102,438</u>
<b>Represented by:</b>		
Cash	\$ 162	\$ 99
Investments	3,098	3,248
Due from Province of Saskatchewan General Revenue Fund	129,384	99,091
	<u>\$ 132,644</u>	<u>\$ 102,438</u>
<b>Supplemental cash flow information</b>		
Interest paid	<u>\$ 6,203</u>	<u>\$ 6,895</u>

See accompanying notes to financial statements.

---

# Saskatchewan Crop Insurance Corporation

## Administration Expenditures

Year Ended March 31, 2007 with comparative figures for 2006

	2007	Schedule 1 2006
	(thousands of \$)	
Adjusting and grain grading wages and expenses	\$ 7,155	\$ 6,357
Advertising	444	416
Amortization	866	897
Appeal Panel and Board of Directors meetings	83	84
Computer	1,934	1,903
Office rental	1,110	1,143
Office supplies and duplicating	374	355
Other	244	309
Postage	383	369
Professional fees	1,499	1,045
Salaries and benefits	11,666	10,573
Telephone	261	266
Travel and sustenance	1,171	945
	<u>\$ 27,190</u>	<u>\$ 24,662</u>

See accompanying notes to financial statements.

# Saskatchewan Crop Insurance Corporation

## Notes to Financial Statements

March 31, 2007

### 1. Status of the corporation:

The Saskatchewan Crop Insurance Corporation (the corporation), a provincial Crown corporation, was established under *The Crown Corporations Act* and continued under *The Crop Insurance Act*.

The corporation administers the federal/provincial Crop Insurance Program. In addition, on behalf of the Saskatchewan Agricultural Stabilization Fund, the corporation administers the Waterfowl Damage Compensation, New Crops Insurance, Big Game Damage Compensation, and Canada-Saskatchewan Assistance accounts. The financial results of the Saskatchewan Agricultural Stabilization Fund are reported separately.

*The Canada-Saskatchewan Agricultural Policy Framework Implementation Agreement* requires that reinsurance funds be established by the Government of Canada and the Government of Saskatchewan. These reinsurance funds receive reinsurance premiums from the corporation and, under certain circumstances, pay reinsurance benefits to the corporation.

Crop insurance rates and reinsurance premiums are set such that the Crop Insurance Program is actuarially sound over the long term. Any indemnities receivable, in excess of assets within the Crop Reinsurance Fund of Saskatchewan, will be recovered through future reinsurance premiums paid by the corporation. If these future reinsurance premiums are insufficient to pay reinsurance benefits and repay this receivable, the Province of Saskatchewan General Revenue Fund is required to fund any deficiency.

The Crop Reinsurance Fund of Saskatchewan is administered by the corporation. The operations, assets and liabilities of this reinsurance fund are reported in separate financial statements as required by the *Canada-Saskatchewan Agricultural Policy Framework Implementation Agreement*.

As a crown entity, the corporation is not subject to federal or provincial income tax, or federal goods and services tax.

### 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

#### Property, plant and equipment:

Property, plant and equipment are capitalized and amortized over their useful lives. They are recorded on the statement of financial position at their net book value.

Amortization is charged against operations, and is provided on a straight line basis over the estimated useful lives of the assets.

The rates of amortization are:

Equipment	20%
Leasehold improvements	20%
Computer equipment	20%

#### Cash and cash equivalents:

Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less and the corporation's insurance fund bank account which is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3).

#### Investments:

Investments are recorded at cost less any writedown required to reflect a permanent impairment in value, which is considered other than temporary in nature.

#### Indemnities payable:

Indemnities payable represents estimates of the total cost of outstanding claims at the year-end date. Measurement of the indemnities payable is uncertain as all of the necessary information for reported claims is not always available as of the year-end and therefore estimates are made as to the value of these claims. As a result, indemnities payable are selected from a range of possible outcomes and actual results may differ materially from the estimate.

#### Premium revenue recognition:

Crop insurance is a cost-shared program. Premium payments, for each of the last two years, are cost-shared as follows:

Year	Producers %	Federal Gov't. %	Provincial Gov't. %
2006–2007			
Base (50%) coverage	40	36	24
Buy-up (60-80%) coverage	40	36	24
Weather derivatives	40	36	24
Weather derivatives top-up	66.7	20	13.3
2005–2006			
Base (50%) coverage	23	46.2	30.8
Buy-up (60-80%) coverage	50	30	20
Weather derivatives	38.4	37	24.6
Weather derivatives top-up	66.7	20	13.3

# Saskatchewan Crop Insurance Corporation

## Notes to Financial Statements

March 31, 2007

Premiums, including the producer and federal and provincial governments' contributions, are recognized as income when invoiced to producers.

### Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of the allowance for doubtful premiums receivable and of indemnities payable. Actual results could differ materially from those estimated.

### 3. Due from Province of Saskatchewan General Revenue Fund:

The corporation's insurance bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan.

Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the corporation's average daily account balance. Interest is paid by the Province of Saskatchewan General Revenue Fund to the corporation on a quarterly basis. During the current year, the average rate was 4.15 per cent (2006 – 2.82 per cent).

### 4. Investments:

The corporation's investments are in term deposits maturing during the first week of April 2007 with effective interest rate of 4.3 per cent (2006: first week of April, 2006 and 3.77 per cent, respectively).

### 5. Property, plant and equipment:

	Cost	Accumulated Amortization (thousands of \$)	2007 Net Book Value	2006 Net Book Value
Equipment	\$ 2,790	\$ 2,723	\$ 67	\$ 88
Leasehold improvements	1,148	892	256	142
Computer equipment	18,047	16,444	1,603	1,581
	<u>\$21,985</u>	<u>\$20,059</u>	<u>\$1,926</u>	<u>\$1,811</u>

### 6. Loans payable to the Province of Saskatchewan General Revenue Fund:

At March 31, 2007 the Crop Reinsurance Fund of Saskatchewan is in a deficit position. As a result, the General Revenue Fund has provided three loans to the corporation.

The first loan is for \$15,800,000 (2006 – \$53,000,000) from a line of credit established with the Province of Saskatchewan's General Revenue Fund with a maximum borrowing capacity of \$350,000,000. Interest is charged to the corporation on a quarterly basis at the Province's short term borrowing rate, which averaged 4.28 per cent (2006 – 3.05 per cent). This loan is due June 30, 2007.

The second loan is for \$49,750,000 (2006 – \$49,649,000) and bears interest at the rate of 4.75 per cent (2006 – 4.75 per cent). Interest on this loan is financed by an appropriation from the General Revenue Fund. This loan has a maturity date of September 24, 2009.

The third loan is for \$49,971,000 (2006 – \$49,951,000) and bears interest at the rate of 3.90 per cent (2006 – 3.90 per cent). Interest on this loan is financed by an appropriation from the General Revenue Fund. This loan has a maturity date of September 5, 2008.

These loans may be retired earlier or extended based on the operating results of the insurance program.

### 7. Indemnities payable:

Due to weather conditions, some prior year claims could not be finalized by March 31, 2007.

The cost of these claims was estimated to be \$1,909,000 (2006 – \$4,663,000).

### 8. Deferred administration revenue:

Under the terms of federal-provincial agreements, eligible administration revenue and expenses are shared 60 per cent by the Government of Canada and 40 per cent by the Government of the Province of Saskatchewan.

Government of Canada contributions are paid to the Government of the Province of Saskatchewan General Revenue Fund, which remits them to the corporation.

To the extent this funding was not required to pay administration fund expenses of the current year it has been deferred and shown as deferred administration revenue and will be used to fund future administration expenses.

# Saskatchewan Crop Insurance Corporation

## Notes to Financial Statements

March 31, 2007

Details of administration funding received and recorded as revenue follows:

	2007	2006
	(thousands of \$)	
Deferred administration revenue, beginning of year	\$ 4,558	\$ 5,342
Province of Saskatchewan General Revenue Fund net operating grant received	24,825	23,235
Net operating grant recorded as revenue	(25,451)	(24,019)
Deferred administration revenue, end of year	<u>\$ 3,932</u>	<u>\$ 4,558</u>

### 9. Pension plans:

The corporation's employees participate in either the Public Service Superannuation Plan, a multi-employer defined benefit pension plan, or the Public Employees Pension Plan, a multi-employer defined contribution pension plan. Pension costs of \$732,000 (2006 – \$680,000) are included in salaries and benefits and comprise the cost of employer contributions for current service of employees during the year.

The corporation's liability is limited to the required contributions.

### 10. Related party transactions:

Included in these financial statements are transactions with various Saskatchewan crown corporations, departments and agencies related to the corporation by virtue of common control exercised by the Government of the Province of Saskatchewan.

In addition, one of the corporation's directors is a partner in an organization which provided professional services to the corporation. During the current year these services amounted to \$334,000 (2006 – \$348,000).

Routine operating transactions with related parties are measured at agreed upon exchange rates under normal trade terms. These financial statements include the following balances from and transactions with related parties:

	2007	2006
	(thousands of \$)	
Accounts payable and accrued liabilities	\$ 413	\$ 249
Administration expenses	5,510	5,090

Other related-party transactions are disclosed elsewhere in these financial statements.

### 11. Commitments and contingencies:

#### Commitments:

The corporation is committed to the Department of Property Management, a related crown entity, for several leases for office space with annual payments of \$1,108,000. The leases are currently renewable on an annual basis.

The corporation is also committed to other corporations for the purchase of weather data and the lease of equipment for weather stations around Saskatchewan. Minimum payments are \$488,000 for 2007–2008, \$488,000 for 2008–2009, and \$325,000 for 2009–2010.

#### Contingencies:

Pursuant to *The Canada-Saskatchewan Agricultural Policy Framework Implementation Agreement*, in the event the agreement is terminated and no new agreement is entered into, all property, plant and equipment funded by the agreement shall be disposed of and the proceeds shall be shared equally by the Government of the Province of Saskatchewan and the Government of Canada. As of March 31, 2007, all property, plant and equipment owned by the corporation had been funded by this agreement.

Various legal actions for additional crop insurance indemnity payments have been initiated against the corporation. Presently, the corporation is actively defending these cases. While the outcome of these claims cannot be determined, management is of the opinion that the result of these actions will not have a material impact on the corporation's financial position.

### 12. Fair value of financial assets and financial liabilities:

Collection of the amounts due from the Crop Reinsurance Fund of Saskatchewan is dependent upon the level of future reinsurance premiums ceded and reinsurance recoveries and, accordingly, their fair value cannot be estimated.

Based on current market rates for similar debt, the fair value of the corporation's loans payable to the Province of Saskatchewan General Revenue Fund is approximately \$116,200,000 (2006 – \$159,700,000).

The fair value of all other financial assets and liabilities approximates their carrying value due to their short-term nature.



---

# Crop Reinsurance Fund of Saskatchewan Auditors' Report

## To the Members of the Legislative Assembly of the Province of Saskatchewan

We have audited the statement of financial position of the Crop Reinsurance Fund of Saskatchewan as at March 31, 2007 and the statement of operations and deficiency for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants  
Regina, Canada

June 19, 2007

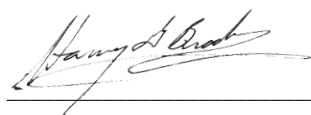


# Crop Reinsurance Fund of Saskatchewan Statement of Financial Position

March 31, 2007 with comparative figures for 2006

	2007	2006
	(thousands of \$)	
<b>Assets</b>		
Due from Province of Saskatchewan General Revenue Fund (note 3)	\$ 1	\$ 1
	<u>\$ 1</u>	<u>\$ 1</u>
<b>Liabilities and Deficiency</b>		
Indemnities payable to Saskatchewan Crop Insurance Corporation	\$ 114,747	\$ 152,937
Deficiency	(114,746)	(152,936)
	<u>\$ 1</u>	<u>\$ 1</u>
See accompanying notes to financial statements.		

On behalf of the Board:

  
Chair

  
Vice-Chair

# Crop Reinsurance Fund of Saskatchewan Statement of Operations and Deficiency

Year Ended March 31, 2007 with comparative figures for 2006

	2007	2006
	(thousands of \$)	
<b>Revenue</b>		
Reinsurance premium ceded from the Saskatchewan Crop Insurance Corporation	\$ 38,190	\$ 32,961
<b>Expenditure</b>		
Reinsurance claim from Saskatchewan Crop Insurance Corporation	<u>—</u>	<u>2,159</u>
Excess of revenue over expenses	38,190	30,802
<b>Deficiency, beginning of year</b>	<u>(152,936)</u>	<u>(183,738)</u>
<b>Deficiency, end of year</b>	<u>\$ (114,746)</u>	<u>\$ (152,936)</u>

See accompanying notes to financial statements.

# Crop Reinsurance Fund of Saskatchewan

## Notes to Financial Statements

March 31, 2007

### 1. Status of the fund:

*The Canada-Saskatchewan Agricultural Policy Framework Implementation Agreement* between the Government of the Province of Saskatchewan and the Government of Canada provides for the establishment of two reinsurance funds:

- a) The Crop Reinsurance Fund of Saskatchewan, which is administered by the Government of the Province of Saskatchewan, and
- b) The Crop Reinsurance Fund of Canada for Saskatchewan, which is administered by the Government of Canada.

### 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

#### Reinsurance premium ceded from the Saskatchewan Crop Insurance Corporation:

Under the terms of the agreement referred to in note 1, the Saskatchewan Crop Insurance Corporation is required to pay reinsurance premiums to the reinsurance funds based on premiums received during the insurance year.

#### Liability for claim payments from the reinsurance funds:

Under the terms of the agreement referred to in note 1, payments are required from the reinsurance funds if indemnities which were required to be paid in an insurance year exceeded the aggregate of:

- a) the premium receipts for the year less reinsurance premiums ceded, and
- b) the net assets of the Saskatchewan Crop Insurance Corporation's Crop Insurance Fund.

To the extent that payments are required out of the reinsurance funds, the Crop Reinsurance Fund of Saskatchewan is responsible for an amount not exceeding 2.50 per cent (2006 – 2.50 per cent) of the total liability under policies in force in the insurance year. However, the Crop Reinsurance Fund of Saskatchewan is not required to pay any amounts if it has made a payment in previous years and the payment that has not yet been recovered from its operations exceeds 16.67 per cent of the total liability of the policies in force for the current year.

The balance of indemnities that exceed the net assets in the Saskatchewan Crop Insurance Corporation are shared 75 per cent by the Reinsurance Fund of Canada for Saskatchewan and 25 per cent by the Reinsurance Fund of Saskatchewan.

Crop insurance rates and reinsurance premiums are set such that the Crop Insurance Program is actuarially sound

over the long term. Any indemnities payable to the Saskatchewan Crop Insurance Corporation, in excess of assets within the Crop Reinsurance Fund of Saskatchewan, will be recovered through future reinsurance premiums paid by the Saskatchewan Crop Insurance Corporation. If these future reinsurance premiums are insufficient to allow the Crop Reinsurance Fund of Saskatchewan to repay this payable, the Government of Saskatchewan is required to fund any deficiency.

#### Indemnities payable to Saskatchewan Crop Insurance Corporation:

This includes estimates of the total cost of outstanding claims at the year-end date. Measurement of the indemnities payable is uncertain as all of the necessary information for reported claims is not always available as of the year-end and therefore estimates are made as to the value of these claims. As a result, indemnities payable are selected from a range of possible outcomes and actual results may differ materially from the estimate.

#### Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimated.

### 3. Due from Province of Saskatchewan General Revenue Fund:

The Crop Reinsurance Fund bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan.

Interest earned on these funds is not allocated to the Crop Reinsurance Fund.

### 4. Statement of cash flows:

A statement of cash flows has not been prepared as a separate statement would not provide additional, useful information.

### 5. Fair value of financial assets:

Settlement of the indemnities payable to the Saskatchewan Crop Insurance Corporation is dependent upon the level of future reinsurance premiums ceded and indemnities payable, and, accordingly its fair value cannot be estimated.

---

## Appendix 1: 2006–2007 Saskatchewan Crop Insurance Program

Saskatchewan Crop Insurance assists producers in managing their operation's production risk over the crop year. The regular, multi-peril Crop Insurance program guarantees customers a minimum yield and quality of grain, while additional program options allow producers to tailor their coverage to their operation. The following is a summary of the Crop Insurance program that was available to producers from April 1, 2006 to March 31, 2007.

### Insured Perils

Crop Insurance offers coverage against specific uncontrollable natural perils: drought, excessive rain, flood, hail, frost, snow, wind, lightning, hurricane, tornado, accidental fire, damage caused by wildlife, insects and plant disease. If the loss is due to farm management practices, the non-performance of a third party's products, or third-party damage, coverage may be reduced or denied.

### Insurable Crops

Under the regular, multi-peril program, insurable crops in 2006 were: hard red and hard white spring wheat, extra strong spring wheat, Canada Prairie spring wheat, durum, winter wheat, barley, oats, canary seed, flax, canola, fall and spring rye, sunflowers, mustard (yellow, brown and oriental), field peas, lentils (large green, red and other), triticale, dry beans (irrigated including pinto, black and others; dryland including pinto and black), chickpeas (Desi, small and large seed Kabuli), late-maturing tall stature and early-maturing short stature sunflowers, fababeans and potatoes.

Insurable forage crops were tame hay, dehydrated alfalfa, sweetclover, and greenfeed. The Forage Rainfall Insurance Program provided single-peril coverage on native forage and tame grazing acres. The Corn Heat Unit Pilot Program insured feed and grain corn in designated areas of the province.

The New Crops Insurance Program provided protection on alfalfa seed, biennial caraway, coriander, dryland dry beans including pinto and black, timothy hay, Khorasan wheat and vegetables.

Crops which are not insurable under the multi-peril, forage or new crops programs may be eligible for coverage under either the Diversification Option or Forage Diversification Option.

### Insured Price

The insured price is the forecasted price a commodity will sell for during the crop year, as determined by Agriculture and Agri-Food Canada.

### Premium Cost Sharing and Coverage Levels

Crop Insurance premiums are cost-shared between producers and the federal and provincial governments.

Beginning in 2006, the Crop Insurance program shifted to a single tier cost share arrangement, where producers pay 40 per cent of the premium at all coverage levels and the governments pay 60 per cent. This meets the requirements outlined in the Agricultural Policy Framework.

Crop Insurance offers a Low Price Option that allows customers to insure at 85 per cent of the base price, reducing both premiums and coverage, without lowering the claim threshold.

Crop Insurance also offers a Contract Price Option to customers who have contracted their eligible crops. Under this option, a customer's insured price is the weighted average of their contract price and Crop Insurance's base price, based on the quantity of crop contracted. The Contract Price Option is available for selected commercial and organic crops. For 2006–2007, Crop Insurance received 19 contracts endorsed under the Contract Price Option, resulting in increased indemnities of \$600,000.

The Crop Averaging Pilot Program groups the customer's insured crops, reducing the corporation's risk for insuring those crops. The reduced risk is then returned to the enrolled customer as increased coverage, to a maximum of 90 per cent. Crop Insurance expanded the program in 2006, offering it to customers with contracts in the Moose Jaw, Regina, Shaunavon, Rosetown, Saskatoon and Humboldt customer service offices. The total coverage above 80 per cent was calculated based on the crops and numbers of acres to be seeded. New crops, forage, greenfeed and irrigated acres were not eligible. For 2006–2007, 48,920 acres were insured on 24 contracts.

## Crop Averaging Pilot Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2005	19	62	48,446	\$4,931,459	1	\$558,445	\$33,083	0.06
2006	24	85	48,920	\$4,474,565	9	\$568,395	\$476,356	0.84

## Individual Coverage

Customers are guaranteed a minimum yield based on the coverage selected as a percentage of their personal yield experience for each crop insured. The customer's individual average yield is recalculated every time they grow a crop, using 90 per cent of their previous individual average yield and 10 per cent of their most recent annual yield. There is a one-year lag in this calculation.

If a customer does not grow a crop for one or more years, their previously established individual experience is compared to the area to establish their current yields.

A new customer or a customer who is insuring a crop for the first time can provide their own records to establish their individual yield. A new customer with no records will establish their yields at the long-term average yield for that area.

The Management Experience Transfer index is used to establish a starting yield for a crop where no individual yield was previously established and more accurately reflects the individual customer's farm management activities. The area average is adjusted by an index of the customer's personal yield experience versus the area yields for the other crops the customer has grown and insured. Once yields are established, they are updated using the customer's individual annual production information, providing individual coverage.

## Production and Quality Guarantee

Crop Insurance guarantees a minimum yield based on a customer's long-term individual yield and coverage option selected. Yield-loss payments are based on the shortfall between the production guarantee for all acres of the insured crop and the total net harvested production plus any appraisals applied to acres put to any use other than harvesting.

Quality is also considered when calculating yield loss. Designated grades are established for each crop based on the historical average grade. When the grade of the harvested production is lower than the designated grade due to an insurable peril, the production is adjusted by a quality factor compensating the customer for the loss in value.

## Establishment Benefit

The Establishment Benefit is a component of the core multi-peril contract of insurance. It covers crops that fail to adequately establish or suffer significant damage due to insurable causes before June 20.

For 2006–2007, approximately \$3.8 million was paid in indemnities on 1,976 Establishment Benefit claims. This compares to \$3.2 million in indemnities paid on 2,181 claims in 2005–2006.

Crop Year	No. of Claims Paid	Indemnity Paid
1997	829	\$ 1,700,731
1998	3,306	7,264,474
1999	2,121	3,705,337
2000	1,455	4,251,354
2001	1,503	4,111,480
2002	3,233	11,299,085
2003	3,408	9,792,735
2004	4,540	8,498,000
2005	2,181	3,167,670
2006	1,976	3,833,040
<b>Total</b>	<b>24,552</b>	<b>\$57,623,906</b>

\*This is for the grains program only.

## Unseeded Acreage Feature

Another component of the multi-peril insurance program is the Unseeded Acreage feature. If a producer is unable to seed their normal seeded acreage by June 20 due to excessive spring moisture, they may be eligible for a per acre payment under this feature.

In 2006–2007, \$62.6 million was paid in indemnities on 5,920 Unseeded Acreage claims. This compares to \$15.2 million in indemnities on 2,327 claims in 2005–2006.

<b>Unseeded Acreage Feature</b>			<b>Adhoc Programs</b>	
<b>Crop Year</b>	<b>No. of Claims Paid</b>	<b>Indemnity Paid</b>	<b>No. of Claims Paid</b>	<b>Indemnity Paid</b>
1997	74	\$ 116,250	—	—
1998	1	650	—	—
1999	6,072	20,827,325	7,836	\$ 33,535,700
2000	134	815,700	—	—
2001	185	609,700	—	—
2002	61	281,400	—	—
2003	95	436,500	—	—
2004	2,967	31,579,950	—	—
2005	2,327	15,242,850	—	—
2006	5,920	62,581,750	—	—
<b>Total</b>	<b>17,836</b>	<b>\$132,492,075</b>	<b>7,836</b>	<b>\$ 33,535,700</b>

### Winterkill Coverage

Winterkill coverage is a separate option for fall-seeded crops. Producers have until August 25 to select winterkill insurance on crops seeded by September 15. Yield-loss coverage can be selected in the spring of the harvest year, subject to a spring establishment inspection.

### Irrigation Coverage

Coverage is higher and premium rates are lower for irrigated crops than for dryland crops, reflecting the higher average yields and reduced risk. The irrigation schedule and application is inspected to ensure effectiveness throughout the growing season. Spring flood-type irrigation is not acceptable as adequate water must be available throughout the growing season. Drought is not an insurable cause of loss on irrigated acres.

To insure an irrigated crop, all acres of that crop seeded on dry land must also be insured. All production is counted in yield-loss adjustments regardless of whether it was grown on irrigated or dry land. For 2006–2007, 36,583 irrigated acres were insured on 134 contracts.

<b>Irrigation Option Historical Participation</b>			
<b>Year</b>	<b>Insured Acres</b>	<b>Year</b>	<b>Insured Acres</b>
1997	39,792	2002	36,796
1998	44,776	2003	37,793
1999	40,931	2004	40,734
2000	43,088	2005	47,492
2001	49,453	2006	36,583

### Diversification Option

The Diversified Option is available for crops that are not insurable under core multi-peril crop insurance or the New Crops programs, though customers must have acres enrolled in the regular grains program to be eligible. Coverage levels, premiums and any claims paid for the crop grown under the Diversification Option are equal to the average coverage, premium and claims paid for acres insured under the grains program. For 2006–2007, 13,200 acres on 109 contracts were insured under the Diversified Option.

<b>Diversification Option Historical Participation</b>			
<b>Year</b>	<b>Insured Acres</b>	<b>Year</b>	<b>Insured Acres</b>
1997	4,066	2002	3,316
1998	5,517	2003	7,473
1999	3,109	2004	8,906
2000	2,199	2005	8,500
2001	2,099	2006	13,200

### Pedigree Seed Option

The Pedigree Seed Option is available for members of the Certified Seed Growers Association. Recognizing the unique value and higher costs associated with pedigreed seed production, the option provides a higher price option for insurable crops and a quality adjustment if the germination of the seed produced is below certified seed standards. Producers selecting this option must select the same coverage level as their commercial crop. There were 131,147 pedigree acres insured under 195 contracts in 2006–2007.

### Pedigree Crop Option Historical Participation

Year	Insured Acres	Year	Insured Acres
1997	69,981	2002	172,600
1998	107,078	2003	170,216
1999	100,119	2004	157,720
2000	112,864	2005	155,988
2001	128,608	2006	131,147

### Organic Crop Insurance Program

Organic coverage is available for certified organic producers and includes the Organic Reseeding Benefit, in the event that organic crops have to be worked down by July 15 due to excessive weeds. Organic prices are set higher than commercial crops based on markets; yields are reduced and premium rates are higher to reflect the increased risk.

Both the Low Price Option and Contract Price Option are available for eligible organic crops. Beginning in 2006, the Contract Price Option was expanded to organic oats, mustards, feed barley and field peas, in addition to organic flax and lentil crops. For 2006–2007, 179,641 organic acres were insured on 473 contracts.

### Organic Crop Option Historical Participation

Year	Insured Acres	Year	Insured Acres
1997	12,857	2002	110,476
1998	21,763	2003	172,032
1999	28,333	2004	167,247
2000	50,439	2005	204,679
2001	79,297	2006	179,641

### Vegetable Insurance Pilot Program

Vegetable insurance is an acreage loss insurance program; individual production is not measured. For 2006, coverage levels were removed. Vegetable producers were able to insure their acres at the base value per acre, less a 10 per cent deductible in the event of a claim.

### Forage Insurance Program

Forage Insurance protects tame hay, greenfeed, dehydrated alfalfa and sweetclover for yield loss. The Forage Diversification Option is also available for crops not insurable under the basic forage program. The program uses barley acres as a proxy for both forage diversification coverage and claims.

The Forage Establishment Benefit Option provides establishment coverage on acres seeded to perennial forage, including alfalfa, alfalfa/grass, grass, red clover and biennial sweetclover. Establishment protection is also available on native forages enrolled under the federal Greencover Canada Program. Only spring seeded acres are eligible for an establishment benefit.

Crop Insurance continued the Timothy Hay Pilot Program, introduced in 2005, in the Outlook area. The program provides coverage on irrigated timothy hay acres intended for export. Producers were offered yield and quality loss coverage up to 70 per cent.

### Vegetable Insurance Pilot Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2005	5	21	13.0	\$ 11,539	2	\$ 1,573	\$ 3,775	2.40
2006	3	21	6.5	\$ 9,362	1	\$ 563	\$ 1,620	2.88

### Timothy Hay Pilot Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2005	15	17	6,860	\$ 2,571,177	8	\$ 342,929	\$ 605,959	1.77
2006	6	6	1,721	\$ 504,018	3	\$ 66,861	\$ 24,320	0.36



## Forage Insurance Program (Multi-Peril) – Historical Statistics

Year	Number of Contracts	Number of Endorsements	Number of Endorsements Receiving Indemnity	Acres Insured	Liability	Total Premium	Indemnity	Loss Ratio
1997	—	1,388	628	193,108	\$ 7,990,634	\$ 1,433,830	\$ 1,146,982	0.80
1998	2,013	2,285	1,100	359,954	17,524,304	3,145,855	4,256,605	1.35
1999	1,913	2,169	243	306,689	14,005,988	2,416,213	609,874	0.25
2000	2,241	2,548	412	382,912	13,247,318	2,363,477	815,977	0.35
2001	2,883	3,380	1,987	532,032	20,592,772	2,904,964	7,395,640	2.55
2002	4,432	5,448	2,465	973,758	56,758,894	9,034,257	21,442,727	2.37
2003	3,993	4,812	1,709	792,892	46,483,100	9,674,951	13,150,771	1.36
2004	3,969	4,730	304	781,854	35,218,651	7,377,309	1,425,868	0.19
2005*	3,030	3,537	180	570,852	20,719,297	4,369,747	522,125	0.12
2006*	2,536	2,960	318	515,287	17,203,726	3,303,827	1,078,501	0.33
<b>Total</b>	<b>27,010</b>	<b>33,257</b>	<b>9,346</b>	<b>5,409,338</b>	<b>\$249,744,684</b>	<b>\$ 46,024,430</b>	<b>\$ 51,845,070</b>	

\*2005 and 2006 includes Forage Diversification.

\*Forage indemnities have been restated to include subsequent indemnities for forage establishment claims paid in the current year.

## Weather-Derivative Programs

Saskatchewan Crop Insurance continues to develop innovative insurance products that are easy to understand and administer.

Weather-derivative programs are not based on individual production; claims are automatically calculated based strictly on the data gathered at designated weather stations. Quality control measures include verification of all data by an independent third-party contractor. As with the multi-peril insurance program, premiums for Crop Insurance's weather based programs are cost-shared 40 per cent by producers and 60 per cent by governments. The enhanced \$25 top-up option under the Annual Crop Weather Based Insurance Program is cost shared differently, with producers paying 66.7 per cent of the premium and governments paying 33.3 per cent.

Crop Insurance offered three weather-derivative programs to producers in 2006: the Annual Crop Weather Based Insurance Program, the Forage Rainfall Insurance Program and the Corn Heat Unit Pilot Program.

The Annual Crop Weather Based Insurance Program protects annual crops in the event of significant precipitation shortfalls and early fall frost. The options include a \$10 or \$25 per acre top-up on acres insured under the regular, multi-peril program, improving existing coverage, and a stand-alone option for \$75 per acre. Precipitation payments are calculated when the weighted precipitation between May 1 and August 31 falls below

70 per cent of the normal. Early fall frost claims are triggered when frost occurs after the midpoint of the growing season but before the average first fall frost date, less three days. In the event that both claim types are triggered, only the greater of the two indemnities is paid.

The Forage Rainfall Insurance Program (FRIP) protects grazing acres against below-average seasonal precipitation. FRIP claims are calculated when the weighted precipitation between April 1 and July 31 falls below 80 per cent of normal. Customers choose between three monthly weightings to better represent timely precipitation required for their individual operations. Producers also select to cap the maximum precipitation at either 125 or 150 per cent of normal; any precipitation greater than the selected cap is not included in the indemnity calculation.

The Corn Heat Unit Pilot Program, available in designated areas, insures feed and grain corn producers against a lack of required heat units over the growing season. The corn heat unit (CHU) calculation is a standard North American formula modified for the specific area measuring the maturity of corn. The normal value for the 2006 crop year is 2,100 CHU. Enrolled customers are insured from May 1 until the minimum daily temperature first reaches -2°C or less after July 1. For every 20 corn heat units below 2,100, a per cent of liability is paid to a maximum of 80 per cent.

Complete program information is available from Saskatchewan Crop Insurance.

### Forage Rainfall Insurance Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2001*	336	558	209,747	\$7,628,510	283	\$827,733	\$625,577	0.76
2002	3,955	6,120	3,272,263	\$24,603,861	3,494	\$4,598,102	\$6,051,393	1.32
2003	3,510	5,377	2,664,809	\$37,191,756	1,264	\$7,193,218	\$1,497,313	0.21
2004	2,416	3,638	1,710,063	\$18,000,136	808	\$3,501,965	\$357,056	0.10
2005	1,773	2,654	1,237,264	\$11,410,710	189	\$1,881,919	\$91,317	0.05
2006	1,301	1,946	1,007,853	\$7,781,056	276	1,287,361	\$305,252	0.24

\*2001 was the first year of the pilot project and was not available in all parts of the province.

### Annual Crop Weather Based Insurance Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2002	2,290	2,290	900,861	\$9,008,610	637	\$1,532,820	\$826,132	0.54
2003	1,336	1,345	518,272	\$6,002,640	754	\$728,967	\$904,474	1.24
2004	2,316	2,421	1,365,151	\$25,903,525	1,658	\$3,084,340	\$5,713,885	1.85
2005	2,166	2,285	1,987,947	\$42,188,145	374	\$4,677,650	\$2,810,213	0.60
2006	1,493	1,569	1,542,662	\$38,776,380	439	\$4,293,626	\$2,255,575	0.53

### Corn Heat Unit Pilot Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2004	25	25	2,324	\$353,440	25	\$43,942	\$152,406	3.47
2005	36	36	1,810	\$291,680	8	\$25,491	\$5,988	0.23
2006	29	29	1,162	\$177,520	0	\$14,941	\$0	



## Appendix 2: Historical Coverage and Premiums

### Percentage of Acreage by Coverage Level

Year	50%	60%	70%	80%
1997	28%	11%	50%	11%
1998	18%	9%	58%	15%
1999	19%	9%	59%	14%
2000	13%	7%	66%	14%
2001	12%	6%	68%	14%
2002	8%	4%	35%	53%
2003	12%	8%	41%	39%
2004	14%	10%	43%	33%
2005	17%	11%	44%	28%
2006	19%	11%	44%	26%

### Weighted Average Coverage Level by Year

Year	Average Coverage Level	Year	Average Coverage Level
1990	72%	1998	67%
1991	70%	1999	67%
1992	79%	2000	68%
1993	76%	2001	69%
1994	70%	2002	73%
1995	69%	2003	71%
1996	69%	2004	70%
1997	65%	2005	68%
		2006	68%

### Historical Premium Cost Sharing

Year	Total Premium			Base Premium			Buy-Up Premium			Weather-Based Program Premium			High Cost Coverage			Admin Costs	
	Prod	Fed	Prov	Prod	Fed	Prov	Prod	Fed	Prov	Prod	Fed	Prov	Prod	Fed	Prov	Fed	Prov
1961–66	80%	20%														50%	50%
1967–72	75%	25%														50%	50%
1973–89	50%	50%														0%	100%
1990–96	50%	25%	25%*													50%	50%
1997	42.2%	28.9%	28.9%	20%	40%	40%	60%	20%	20%							50%	50%
1998	39.0%	30.5%	30.5%	20%	40%	40%	50%	25%	25%							50%	50%
1999	39.0%	30.5%	30.5%	20%	40%	40%	50%	25%	25%							50%	50%
2000	29.2%	42.5%	28.3% <sup>◇</sup>	10%	54%	36%	40%	36%	24%							50%	50%
2001	29.7%	35.2%	35.2%	10%	45%	45%	40%	30%	30%							50%	50%
2002	36.8%	27.4%	35.8% <sup>§</sup>	19%	36%	45%	48%	22%	30%	37%	28%	35%				50%	50%
2003	36.0%	38.4%	25.6%	19%	49%	32%	48%	31%	21%	37%	38%	25%				60%	40%
2004	37.2%	37.7%	25.1%	20%	48%	32%	50%	30%	20%	37%	38%	25%	67%	20%	13% <sup>△</sup>	60%	40%
2005	37.8%	37.2%	24.9%	23%	46%	31%	50%	30%	20%	38%	37%	25%	67%	20%	13% <sup>△</sup>	60%	40%
2006	40.0%	36.0%	24.0%							40%	36%	24%	67%	20%	13% <sup>△</sup>	60%	40%

\* In 1992 only, the provincial government paid 41 2/3 per cent, producers 33 1/3 per cent and the federal government 25 per cent of the incremental premium between 70 and 80 per cent coverage.

◇ For 2000 only, the federal government paid 60 per cent of government premiums.

§ Projected overall cost sharing. Also applied to Forage Rainfall Insurance Program and Annual Crop Weather Based Insurance Program.

△ The cost sharing for high cost coverage is established under the Agricultural Policy Framework (APF). It applies to the Enhanced Top-Up Option under the Annual Crop Weather Based Insurance Program as the coverage is considered to be above the level provided under the comprehensive cost-sharing provisions of the APF.

## Appendix 3: Life-to-date Participation and Loss Experience

### Annual Grains Crops – Multi-Peril Program Only

Year	Number of Customers	Liability	Average Customer Liability	Customer Net Premium	Total Net Premium
1961–62	194	\$ 306,500	\$ 1,580	\$ 23,925	\$ 29,906
1962–63	1,337	2,319,000	1,734	171,284	214,105
1963–64	2,235	3,683,000	1,648	275,645	344,556
1964–65	2,357	4,088,000	1,735	278,926	348,658
1965–66	3,172	4,566,000	1,440	290,708	363,385
1966–67	6,989	12,125,000	1,734	743,154	928,943
1967–68	8,211	15,910,000	1,938	941,146	1,176,433
1968–69	12,343	27,165,000	2,201	1,719,898	2,149,873
1969–70	11,637	21,194,000	1,821	1,320,748	1,650,935
1970–71	9,083	9,039,200	995	567,835	709,794
1971–72	7,890	14,625,000	1,854	782,908	978,635
1972–73	11,844	29,840,005	2,519	1,821,463	2,276,829
1973–74	23,909	140,436,128	5,874	6,780,470	13,688,272
1974–75	31,411	288,263,532	9,177	14,536,220	30,098,459
1975–76	38,209	405,089,832	10,604	19,821,549	41,041,161
1976–77	39,143	542,207,973	13,852	25,986,032	53,637,408
1977–78	47,156	704,688,894	14,944	34,761,664	71,887,589
1978–79	43,032	708,193,202	16,457	33,258,275	66,472,426
1979–80	40,154	721,821,633	17,976	33,065,306	66,055,718
1980–81	42,850	935,838,614	21,840	41,457,643	82,546,598
1981–82	46,259	1,162,172,942	25,123	53,612,350	106,100,031
1982–83	44,469	1,233,908,814	27,748	56,458,215	112,003,208
1983–84	43,000	1,254,906,517	29,184	56,017,456	111,588,185
1984–85	43,443	1,345,493,742	30,971	62,690,884	123,439,542
1985–86	46,894	1,558,492,595	33,234	76,052,344	151,943,200
1986–87	48,952	1,778,772,508	36,337	88,008,642	170,010,965
1987–88	46,492	1,161,135,578	24,975	61,969,782	120,935,244
1988–89	45,721	1,159,096,010	25,352	63,265,513	121,599,399
1989–90	49,267	1,942,011,401	39,418	132,122,366	238,801,161
1990–91	46,523	1,713,501,461	36,831	112,716,301	207,182,201
1991–92	51,466	1,478,891,201	28,735	82,647,237	145,600,110
1992–93	49,466	1,706,956,497	34,508	111,510,843	223,159,109
1993–94	45,752	1,269,698,961	27,752	100,119,693	199,319,998
1994–95	43,107	1,249,853,183	28,994	88,228,806	161,006,675
1995–96	40,904	1,355,607,448	33,141	80,561,270	157,205,530
1996–97	38,099	1,619,069,926	42,496	86,722,633	173,445,266
1997–98	36,030	1,574,353,395	43,696	56,567,834	141,930,893
1998–99	35,336	1,610,578,015	45,579	53,926,962	149,706,545
1999–00	33,216	1,583,681,295	47,678	48,739,931	136,382,054
2000–01	34,121	1,561,382,982	45,760	36,320,919	140,130,557
2001–02	33,917	2,022,351,221	59,626	42,725,264	163,480,791
2002–03	33,814	2,416,155,651	71,454	80,498,777	218,311,844
2003–04	33,012	2,665,864,135	80,754	118,968,854	330,663,077
2004–05	31,384	1,988,751,359	63,368	103,747,871	278,137,473
2005–06	29,759	1,800,294,166	60,496	100,754,431	266,244,105
2006–07	27,678	1,425,828,399	51,515	80,754,931	201,887,330

1991-92, 1992-93, 1993-94 and 1994-95 information is for Crop Insurance only and the crop insurance portion of GRIP. This does not include Forage Insurance, Crop Averaging Program, Weather-Derivative Programs or the Spot Loss Hail Option. Premium includes premiums from producers and premium contributions by the Governments of Canada and Saskatchewan.

	Average Customer Premium	Average Customer Rate (%)	Number of Indemnities Paid	Indemnity Amount	Loss to Premium Ratio	
					(By Year)	(Accumulated)
\$	123	7.8	169	\$ 129,669	4.34	4.34
	128	7.4	147	61,651	0.29	0.78
	123	7.5	38	9,285	0.03	0.34
	118	6.8	240	137,926	0.40	0.36
	92	6.4	301	123,304	0.34	0.36
	106	6.1	161	107,978	0.12	0.26
	115	5.9	887	497,118	0.42	0.31
	139	6.3	1,683	1,607,853	0.75	0.48
	113	6.2	553	385,787	0.23	0.42
	63	6.3	213	104,338	0.15	0.40
	99	5.4	206	142,930	0.15	0.37
	154	6.1	1,654	1,262,763	0.55	0.41
	284	4.8	8,484	7,730,305	0.56	0.49
	463	5.0	23,505	32,898,379	1.09	0.82
	506	4.9	24,444	28,392,087	0.69	0.77
	664	4.8	15,092	22,401,840	0.42	0.64
	736	4.9	21,915	36,862,943	0.51	0.60
	773	4.7	17,389	29,419,884	0.44	0.56
	824	4.6	39,050	103,835,041	1.57	0.75
	968	4.4	35,907	135,708,452	1.64	0.92
	1,159	4.6	29,167	92,280,986	0.87	0.91
	1,270	4.6	23,967	74,157,729	0.66	0.87
	1,303	4.5	26,804	105,243,197	0.94	0.88
	1,443	4.7	51,853	259,864,151	2.11	1.05
	1,622	4.9	57,693	377,180,151	2.48	1.26
	1,798	4.9	29,161	119,054,329	0.70	1.18
	1,333	5.3	25,547	87,240,750	0.72	1.14
	1,384	5.5	74,987	465,603,032	3.83	1.36
	2,682	6.8	57,064	449,653,069	1.88	1.44
	2,423	6.6	36,538	160,883,342	0.78	1.36
	1,606	5.6	23,252	61,312,350	0.42	1.30
	2,254	6.5	39,627	301,960,318	1.35	1.30
	2,188	7.9	27,385	181,809,677	0.91	1.27
	2,047	7.1	17,924	85,991,873	0.53	1.23
	1,970	5.9	21,525	101,531,480	0.65	1.19
	2,276	5.4	7,541	32,409,227	0.19	1.13
	1,570	3.6	12,152	51,807,874	0.37	1.10
	1,526	3.3	15,452	66,706,347	0.45	1.07
	1,467	3.1	14,871	65,065,409	0.48	1.05
	1,064	2.3	12,064	75,919,849	0.54	1.03
	1,260	2.1	33,353	267,782,992	1.64	1.05
	2,381	3.3	61,147	1,044,721,261	4.79	1.26
	3,604	4.5	36,752	330,039,388	1.00	1.24
	3,306	5.2	35,073	383,102,319	1.38	1.25
	3,386	5.6	11,092	71,795,349	0.27	1.19
	2,918	5.7	17,193	121,618,257	0.60	1.17

## Appendix 4: Insured Acres by Crop

Crop	1961-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	
<b>CEREAL CROPS</b>	All Wheat	9,102,700								
	Hard Red Spring	1,619,700	1,613,505	4,731,716	5,615,440	6,673,045	8,452,752	10,367,504	8,692,868	8,706,489
	Durum	286,400	385,088	715,544	1,360,053	2,072,676	1,870,193	1,216,880	2,266,101	1,721,750
	Barley	1,388,340	362,166	1,008,656	1,507,827	1,519,288	1,389,155	2,246,807	1,631,337	1,270,343
	Oats	277,960	40,855	234,891	430,933	559,950	549,122	746,651	476,210	361,241
	Fall Rye			2,177	14,054	29,722	49,101	47,929	83,014	76,076
	Extra Strong Red				42,295	67,105	60,345	264,967	226,913	58,068
	Soft White Spring									
	Hard White Spring									
	Spring Rye									4,858
	Triticale									
	Winter Wheat									
	Canada Prairie Spring									
	Khorsan Wheat									
<b>OILSEEDS</b>	Flax		41,267	153,252	218,854	227,902	90,225	365,647	221,894	386,897
	Canola		146,301	388,380	545,896	881,834	328,818	774,775	1,415,738	1,616,044
	Sunflowers*			1,050	190	829	570	2,291	2,004	4,128
	Mustard				68,880	33,871	17,950	73,457	73,363	44,418
	Yellow Mustard									
	Brown Mustard									
	Oriental Mustard									
	Coriander									
	Caraway									
<b>PULSES</b>	Field Peas						3,287	9,919	9,814	12,789
	Lentils									13,941
	Lentils - Large Green									
	Lentils - Other									
	Lentils - Red									
	Canary Seed									24,075
	Fababeans									
	Dry Bean Black (Irr)									
	Dry Bean Pinto (Irr)									
	Dry Bean Other (Irr)									
	Dry Beans									
	Dry Bean Black (Dry)									
	Dry Bean Pinto (Dry)									
	Desi Chickpeas									
	Kabuli Chickpeas									
Kabuli (Large Seed)										
Kabuli (Small Seed)										
<b>SPECIALTY</b>	Alfalfa Seed									
	Potatoes									
	Processing Potato									
	Seed Potato									
	Diversification									
	Winterkill Acres									
<b>Total Acres</b>	12,675,100	2,589,182	7,235,666	9,804,422	12,066,222	12,811,518	16,116,827	15,099,256	14,301,117	
<b>Average**</b>	194	219	303	312	316	327	342	351	356	
<b># of Contracts</b>	65,448	11,844	23,909	31,411	38,209	39,143	47,156	43,032	40,154	

\* Sunflowers include sunwheat and sunola.

\*\* Average (acres per contract) does not include the Forage Insurance program.

\*\*\*Includes acres from the Crop Averaging Pilot Program.

Crop	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
<b>All Wheat</b>									
Hard Red Spring	9,783,115	11,097,416	11,250,517	11,854,822	10,931,701	11,853,170	13,298,153	11,674,712	10,840,175
Durum	2,147,814	2,749,049	2,237,746	2,087,304	2,561,121	2,899,744	3,172,596	3,710,793	3,880,322
Barley	1,795,748	2,180,806	2,049,734	1,614,460	1,823,475	2,218,712	2,394,632	2,497,283	2,090,117
Oats	480,810	546,035	461,074	326,370	376,268	469,229	468,090	456,691	628,814
Fall Rye	89,389	138,233	147,036	135,117	105,569	118,634	187,634	164,669	138,679
Extra Strong Red	44,046	37,515	34,773	25,787	58,823	167,936	156,036	59,578	58,419
Soft White Spring						9,329	11,301	4,468	2,262
<b>Hard White Spring</b>									
Spring Rye	13,493	18,022	25,008	8,072	9,133	23,484	29,369	15,219	20,727
Triticale							2,887	2,079	1,711
Winter Wheat						416,257	602,306	264,277	130,624
<b>Canada Prairie Spring</b>									
<b>Khorsan Wheat</b>									
Flax	247,139	210,676	275,290	123,665	372,201	430,229	501,806	351,599	312,559
Canola	1,085,158	686,360	757,199	1,112,926	1,770,049	1,803,123	1,665,883	1,627,739	2,586,023
Sunflowers	10,632	4,791	3,601	1,306	5,895	6,103	6,493	11,334	10,529
Mustard	110,742	75,290	49,725	93,580	164,691	222,031	271,288	117,443	247,822
<b>Yellow Mustard</b>									
<b>Brown Mustard</b>									
<b>Oriental Mustard</b>									
<b>Coriander</b>									
<b>Caraway</b>									
Field Peas	17,569	15,942	26,530	21,594	28,907	43,798	102,565	206,548	235,656
Lentils	43,400	44,848	63,902	56,294	76,035	110,489	218,964	333,353	185,885
<b>Lentils - Large Green</b>									
<b>Lentils - Other</b>									
<b>Lentils - Red</b>									
Canary Seed	50,881	39,962	89,761	47,883	67,907	84,892	131,153	158,996	183,337
Fababeans		152	370	1,177	2,010	1,017	2,599	4,387	12,370
<b>Dry Bean Black (Irr)</b>									
<b>Dry Bean Pinto (Irr)</b>									
<b>Dry Bean Other (Irr)</b>									
<b>Dry Beans</b>									
<b>Dry Bean Black (Dry)</b>									
<b>Dry Bean Pinto (Dry)</b>									
<b>Desi Chickpeas</b>									
<b>Kabuli Chickpeas</b>									
<b>Kabuli (Large Seed)</b>									
<b>Kabuli (Small Seed)</b>									
<b>Alfalfa Seed</b>									
<b>Potatoes</b>									
<b>Processing Potato</b>									
<b>Seed Potato</b>									
<b>Diversification</b>									
<b>Winterkill Acres</b>									
Total Acres	15,919,936	17,845,097	17,472,266	17,510,357	18,353,785	20,878,177	23,223,755	21,661,168	21,566,031
Average	372	386	393	407	422	445	474	466	472
# of Contracts	42,850	46,259	44,469	43,000	43,443	46,894	48,952	46,492	45,721

	Crop	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
<b>CEREAL CROPS</b>	All Wheat									
	Hard Red Spring	12,070,775	12,962,716	15,512,081	14,453,469	9,724,157	6,315,045	6,868,737	8,213,055	6,963,500
	Durum	4,684,235	3,580,820	3,723,365	2,485,801	1,942,853	2,785,708	2,825,626	2,708,185	3,066,510
	Barley	2,759,566	2,372,150	2,776,307	2,166,076	1,738,413	1,408,404	1,789,833	1,986,217	2,069,474
	Oats	758,462	444,078	382,028	419,373	366,814	318,456	256,052	433,415	479,457
	Fall Rye	330,134	227,450	98,670	57,084	77,362	56,879	46,860	34,136	40,008
	Extra Strong Red	58,177	44,891	24,921	22,908	124,147	98,647	147,124	214,413	215,154
	Soft White Spring	2,043	2,972	6,445	4,350	1,149	0	80	549	357
	Hard White Spring									
	Spring Rye	18,008	15,828	18,445	17,793	12,924	12,929	4,510	4,306	5,762
	Triticale	1,166	5,115	5,097	7,802	11,414	7,152	5,785	5,465	7,384
	Winter Wheat	51,912	68,391	23,570	14,694	15,838	10,227	20,426	41,669	47,042
	Canada Prairie Spring		53,817	326,653	551,764	564,436	329,938	404,611	579,749	796,755
	Khorsan Wheat									
<b>OILSEEDS</b>	Flax	533,851	655,579	483,221	206,509	409,525	563,646	759,514	435,399	792,587
	Canola	2,295,868	2,065,296	3,121,653	2,735,548	3,305,427	4,508,878	4,285,004	2,670,161	3,806,591
	Sunflowers	10,019	8,102	16,917	9,439	20,748	16,140	11,515	6,683	16,688
	Mustard	361,354	361,373	186,406	205,996	233,671	386,635	288,527	246,407	309,005
	Yellow Mustard									
	Brown Mustard									
	Oriental Mustard									
	Coriander									
	Caraway									
	<b>PULSES</b>	Field Peas	96,573	75,248	156,871	221,185	355,351	570,038	740,427	472,253
Lentils		166,849	199,668	407,874	319,646	439,630	496,761	468,360	374,975	487,762
Lentils - Large Green										
Lentils - Other										
Lentils - Red										
Canary Seed		244,304	243,712	207,718	183,367	201,562	276,513	209,954	281,035	165,433
Fababeans		983	575	3,117	3,268	1,532	298	290	130	310
Dry Bean Black (Irr)										
Dry Bean Pinto (Irr)										
Dry Bean Other (Irr)										
Dry Beans			366	210	204	208	472	1,357	1,484	1,558
Dry Bean Black (Dry)										
Dry Bean Pinto (Dry)										
Desi Chickpeas										
Kabuli Chickpeas										
Kabuli (Large Seed)										
Kabuli (Small Seed)										
<b>SPECIALTY</b>	Alfalfa Seed									
	Potatoes			1,577	619	431	1,141	703	898	3,847
	Processing Potato									
	Seed Potato									
	Diversification						4,803	4,798	2,480	4,066
	Winterkill Acres									
<b>Total Acres</b>	24,444,278	23,388,147	27,483,146	24,086,895	19,547,592	18,168,710	19,140,093	18,713,064	20,151,723	
<b>Average</b>	496	503	534	487	427	421	468	491	559	
<b># of Contracts</b>	49,267	46,523	51,466	49,466	45,752	43,107	40,904	38,099	36,030	

Crop	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<b>All Wheat</b>									
Hard Red Spring	5,603,875	6,389,437	6,262,416	7,847,343	7,243,121	7,121,104	6,885,518	6,264,449	6,874,536
Durum	4,322,155	2,491,946	4,207,869	3,477,740	4,080,229	3,969,914	3,381,902	3,596,258	2,567,682
Barley	2,079,545	2,080,267	3,060,719	3,010,165	3,365,841	3,488,895	2,874,229	2,876,162	1,903,105
Oats	706,099	536,971	661,663	716,488	1,078,809	860,578	765,640	753,780	774,052
Fall Rye	68,755	47,853	31,051	24,763	24,914	60,536	60,932	59,358	48,953
Extra Strong Red	177,123	136,885	132,067	82,822	42,155	21,743	15,033	20,781	21,177
Soft White Spring	260	483	316	130					
Hard White Spring									147,751
Spring Rye	8,520	4,986	2,303	2,769	6,072	5,303	3,391	3,705	1,461
Triticale	18,794	19,513	15,989	16,892	29,255	26,575	24,571	16,829	13,620
Winter Wheat	55,087	48,789	86,095	125,085	70,880	98,875	103,183	80,251	120,245
Canada Prairie Spring	595,423	394,839	323,873	306,318	313,806	277,180	271,277	157,939	292,535
Khorsan Wheat					3,629	6,567	7,356	8,531	9,817
Flax	991,327	889,593	740,657	920,117	994,805	1,086,571	1,003,198	1,243,682	1,121,320
Canola	4,377,810	4,612,512	4,219,946	3,595,269	3,398,946	4,498,030	4,737,975	4,990,941	4,580,975
Sunflowers	20,402	32,733	21,178	9,876	22,968	32,563	15,436	24,684	12,032
Mustard	348,309								
Yellow Mustard		109,918	81,003	147,548	331,759	288,909	208,373	98,562	70,520
Brown Mustard		116,924	93,991	47,228	112,239	172,555	122,372	81,921	60,186
Oriental Mustard		166,648	169,206	75,446	103,662	89,961	128,932	87,214	51,061
Coriander		10,091	11,074	8,467	20,636	13,981	29,527	17,398	9,609
Caraway		4,308	4,970	6,227	7,116	3,394	1,850	3,509	6,169
Field Peas	1,164,713	926,633	1,548,056	1,918,743	1,773,176	1,787,373	1,878,644	2,015,250	1,763,452
Lentils	587,490	842,009	1,357,437						
Lentils - Large Green				648,552	723,460	686,464	957,556	995,734	338,640
Lentils - Other				404,269	250,127	274,133	341,580	388,386	192,738
Lentils - Red				349,218	300,037	177,876	191,478	337,554	446,765
Canary Seed	290,581	207,414	296,903	291,850	648,951	544,560	700,343	367,024	232,793
Fababeans	527	650	905	1,626	725	346	185	237	971
Dry Bean Black (Irr)					270				
Dry Bean Pinto (Irr)					2,590	2,088	2,334	3,645	660
Dry Bean Other (Irr)					730	506	312	495	705
Dry Beans	2,393	2,385	3,608	2,369					
Dry Bean Black (Dry)						228			
Dry Bean Pinto (Dry)					632	1,301	1,569	871	1,121
Desi Chickpeas	29,647	128,926	293,461	310,338	149,216	47,291	11,830	4,440	27,978
Kabuli Chickpeas	33,964	132,441	354,696						
Kabuli (Large Seed)				438,512	169,011	33,778	30,505	42,696	91,673
Kabuli (Small Seed)				254,855	95,220	20,759	30,621	47,104	97,547
Alfalfa Seed	23,870	27,866	49,432	61,920	65,688	63,710	63,984	74,952	70,669
Potatoes	8,278								
Processing Potato		79	603	1,439	1,767	1,750	1,110	863	1,026
Seed Potato		2,061	3,204	2,238	2,538	3,553	3,742	1,505	871
Diversification	5,517	3,109	2,199	2,099	3,316	7,473	8,806	8,500	13,200
Winterkill Acres			57,542	117,194	98,524	142,997	167,161	133,722	157,751
<b>Total Acres</b>	21,520,464	20,368,269	24,094,432	25,225,915	25,536,820	25,919,420	25,032,455	24,808,932	22,125,366
<b>Average</b>	609	613	706	744	755	785	798	833	799
<b># of Contracts</b>	35,336	33,216	34,121	33,917	33,814	33,012	31,384	29,778	27,702

## Appendix 5: New Crops Insurance Account

The New Crops Insurance Account was established in 1996 to develop programs that support the diversification efforts of Saskatchewan producers.

Crops insured under the regular multi-peril program are subject to actuarial review to ensure premiums and coverage offered are based on historical experience and the long-term sustainability of the program. Premium rates are loaded to provide for deficit recovery or reserve accumulation.

The New Crops Insurance Account provides insurance on crops where there is limited production data for an actuary to review. Premiums and coverage are determined based on available information which may include proxy data from other jurisdictions or similar crops. Over time, rates and coverages are adjusted to

reflect the increased amount of data available and new crops may be transitioned into the regular Crop Insurance program.

This account provides funded reinsurance for new crops. The premiums charged are not required to include deficit recovery or reserve accumulation loads. This is considered an important aspect of gaining producer support, modifying and improving insurance products provided and building actuarial data to sustain these programs over the long term.

In 2006–2007, the crop covered under the reinsurance program were alfalfa seed, caraway, coriander, Khorasan wheat, non-irrigated dry beans, timothy hay, potatoes and vegetables.

	1996–97 to 1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	Total
	(thousands of \$)								
Opening Balance	\$ –	\$ 27,443	\$ 24,220	\$ 23,153	\$ 9,074	\$ 9,292	\$ 6,187	\$ 5,877	\$ –
Revenue									
Start Up									
Saskatchewan	10,000	–	–	–	–	–	–	–	10,000
Federal	15,000	–	–	–	–	–	–	–	15,000
Interest	2,555	1,568	866	605	245	192	178	256	6,465
<b>Total Revenue</b>	<b>27,555</b>	<b>1,568</b>	<b>866</b>	<b>605</b>	<b>245</b>	<b>192</b>	<b>178</b>	<b>256</b>	<b>31,465</b>
Expenditures									
Reinsurance									
Premiums	–	(1,050)	(1,733)	–	–	–	–	–	(2,783)
New Crops									
Program Deficit	(112)	(3,741)	(200)	(1,074)	–	(3,297)	(478)	–	(8,902)
Transfer to Crop									
Insurance Fund	–	–	–	(13,637)	–	–	–	–	(13,637)
<b>Total Expenditure</b>	<b>(112)</b>	<b>(4,791)</b>	<b>(1,933)</b>	<b>(14,711)</b>	<b>–</b>	<b>(3,297)</b>	<b>(478)</b>	<b>–</b>	<b>(25,322)</b>
Ending Balance	\$ 27,443	\$ 24,220	\$ 23,153	\$ 9,047	\$ 9,292	\$ 6,187	\$ 5,887	\$ 6,143	\$ 6,143



## Appendix 6: Wildlife Damage Compensation Program

Saskatchewan Crop Insurance administers the Wildlife Damage Compensation Program under the Agricultural Policy Framework on behalf of the federal and provincial governments. Financial reporting for the program is included in the financial statements of the Agricultural Stabilization Fund under the department of Agriculture and Food.

Under the Wildlife Damage Compensation Program, compensation is provided for damage caused by ducks, geese, sandhill cranes, white-tailed and mule deer, antelope, elk, bear, moose and bison.

The program is fully funded at 80 per cent coverage, cost shared at 60 per cent by the federal government and 40 per cent by the provincial government with a \$100 minimum claim per crop. There are no premiums paid by producers and all Saskatchewan producers are eligible for compensation. Producers do not need to be Crop Insurance contract holders. Payments are based on the grade at the time of harvest, reflecting the value of the damaged crop; protein adjustments and malting status are not included in determining compensation amounts.

The table on this page indicates the average historical indemnity paid based on the actual claims paid to the end of the fiscal year.

The tables on pages 46 and 47 indicate the indemnities by crop year and the contributions of government. Though the former waterfowl or big game programs were combined under a single wildlife program in 2004, the compensation funds for each type of loss remain separate. These tables are not prepared in accordance with the accounting policies disclosed in the Agricultural Stabilization fund. However, on a cumulative basis, these amounts reconcile with those financial statements.

### Wildlife Compensation Program Summary

Fiscal Year	Waterfowl Claims	Waterfowl Comp. Paid	Big Game Claims	Big Game Comp. Paid
78-79	1,586	\$ 1,836,587		
79-80	908	977,476		
80-81	1,233	1,465,480		
81-82	305	312,061		
82-83	582	684,593		
83-84	541	869,910		
84-85	408	763,530		
85-86	2,544	6,389,022		
86-87	2,950	6,658,769		
87-88	1,210	1,779,933		
88-89	807	1,337,903		
89-90	1,384	3,727,130		
90-91	760	2,138,380		
91-92	392	683,391		
92-93	2,040	5,557,642		
93-94	1,560	3,603,156		
94-95	1,668	1,778,556		
95-96	709	1,352,767		
96-97	2,416	7,951,921		
97-98	1,077	4,361,668	1,671	\$ 6,412,426
98-99	298	520,360	264	529,955
99-00	1,600	4,309,428	400	893,760
00-01	1,132	2,559,440	383	968,948
01-02	164	233,093	612	1,306,835
02-03	781	2,368,893	393	1,164,098
03-04	1,028	5,202,721	2,789	10,366,683
04-05	1,654	5,028,034	813	1,594,932
05-06	1,601	4,843,872	1,595	3,567,641
06-07	1,119	4,038,201	1,588	3,890,263
<b>Total</b>	<b>34,457</b>	<b>\$83,333,917</b>	<b>10,508</b>	<b>\$30,695,541</b>
<b>Average</b>	<b>1,188</b>	<b>\$ 2,875,583</b>	<b>1,051</b>	<b>\$ 3,069,554</b>
<b>5 Yr. Avg.</b>	<b>1,237</b>	<b>\$ 4,296,344</b>	<b>1,436</b>	<b>\$ 4,116,723</b>

\*From 1984 to 1990, the Big Game Compensation Program was administered by Saskatchewan Environment followed by Saskatchewan Crop Insurance starting in 1991. No program was offered in 1994 and 1995. The Big Game program resumed in November of 1996 but claims were not paid until 1997. Therefore, 97-98 included claims from both 1996 and 1997 crop years.

\*Prior to 1996, the Big Game Compensation Program was a provincial responsibility while the waterfowl program was a joint responsibility with the indemnities shared between governments on a 50/50 basis. Payments under both programs were funded pay-as-you-go. Beginning in 1996, both programs were made eligible for federal and provincial funding.

### Big Game Damage Companion Program Fund Balances

	1996-97 to 1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Total
	(thousands of \$)								
Opening Balance	\$ -	\$ 10,749	\$ 11,275	\$ 4,225	\$ (5,075)	\$ -	\$ -	\$ -	\$ -
Revenue									
Start Up									
Saskatchewan	7,000	-	-	-	-	-	-	-	7,000
Federal	7,000	-	-	-	-	-	-	-	7,000
Operational									
Saskatchewan	1,589	1,000	-	-	385	1,087	1,795	1,043	6,899
Federal	800	-	-	-	5,350	1,584	2,692	1,565	11,991
Transfer to									
Admin. Exp. Fund	(31)	-	-	-	-	-	-	-	(31)
Hunter	1,360	-	-	-	-	-	-	-	1,360
Temporary Prov. Advance	-	-	-	-	7,000	-	-	-	7,000
Transfer from W/Fowl Account	-	-	-	-	1,815	-	-	-	1,815
Interest	792	495	257	64	47	1	1	1	1,658
<b>Total Revenue</b>	<b>18,510</b>	<b>1,495</b>	<b>257</b>	<b>64</b>	<b>14,597</b>	<b>2,672</b>	<b>4,488</b>	<b>2,609</b>	<b>44,692</b>
Expenditures									
Indemnities	(7,711)	(969)	(1,307)	(1,164)	(962)	(2,672)	(4,488)	(2,609)	(21,882)
Repay't of Temp. Prov. Advance	-	-	-	-	(7,000)	-	-	-	(7,000)
Estimated Unadjusted Claims	-	-	-	(8,200)	(1,560)	-	-	-	(9,760)
Interest	(50)	-	-	-	-	-	-	-	(50)
Transfer to CFIP	-	-	(6,000)	-	-	-	-	-	(6,000)
<b>Total Expenditure</b>	<b>(7,761)</b>	<b>(969)</b>	<b>(7,307)</b>	<b>(9,364)</b>	<b>(9,522)</b>	<b>(2,672)</b>	<b>(4,488)</b>	<b>(2,609)</b>	<b>(44,692)</b>
<b>Ending Balance</b>	<b>\$ 10,749</b>	<b>\$ 11,275</b>	<b>\$ 4,225</b>	<b>\$ (5,075)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Waterfowl Damage Companion Program Fund Balances

	1996-97 to 1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Total
	(thousands of \$)								
Opening Balance	\$ 80	\$ 17,177	\$ 17,595	\$ 8,778	\$ 6,044	\$ -	\$ -	\$ -	\$ 80
Revenue									
Start Up									
Saskatchewan	5,000	-	-	-	-	-	-	-	5,000
Federal	10,000	-	-	-	-	-	-	-	10,000
Operational									
Saskatchewan	9,828	2,200	-	-	170	2,139	2,402	2,226	18,965
Federal	8,125	-	-	-	254	3,209	3,603	3,340	18,531
Transfer to									
Admin. Exp. Fund	(102)	-	-	-	-	-	-	-	(102)
Interest	1,405 777	777	416	135	50	-	-	-	2,783
<b>Total Revenue</b>	<b>\$ 34,256</b>	<b>2,977</b>	<b>416</b>	<b>135</b>	<b>474</b>	<b>5,348</b>	<b>6,005</b>	<b>5,566</b>	<b>55,177</b>
Expenditures									
Indemnities	(17,134)	(2,559)	(233)	(2,369)	(424)	(5,348)	(6,005)	(5,566)	(39,638)
Estimated									
Unadjusted Claims	-	-	-	(500)	(4,279)	-	-	-	(4,779)
Interest	(5)	-	-	-	-	-	-	-	(5)
Transfer to CFIP	-	-	(9,000)	-	-	-	-	-	(9,000)
Transfer to Big									
Game Account	-	-	-	-	(1,815)	-	-	-	(1,815)
Doubtful Accounts	(20)	-	-	-	-	-	-	-	(20)
<b>Total Expenditure</b>	<b>(17,159)</b>	<b>(2,559)</b>	<b>(9,233)</b>	<b>(2,869)</b>	<b>(6,518)</b>	<b>(5,348)</b>	<b>(6,005)</b>	<b>(5,566)</b>	<b>(55,257)</b>
<b>Ending Balance</b>	<b>\$ 17,177</b>	<b>\$ 17,595</b>	<b>\$ 8,778</b>	<b>\$ 6,044</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

---

# Saskatchewan Crop Insurance Customer Service Offices

**Assiniboia**

Ph: (306) 642-7235  
Fax: (306) 642-7229

**Davidson**

Ph: (306) 567-4401  
Fax: (306) 567-4408

**Estevan**

Ph: (306) 637-4500  
Fax: (306) 637-4609

**Humboldt**

Ph: (306) 682-6710  
Fax: (306) 682-6776

**Kindersley**

Ph: (306) 463-5462  
Fax: (306) 463-5469

**Leader**

Ph: (306) 628-3109  
Fax: (306) 628-3107

**Moose Jaw**

Ph: (306) 694-3613  
Fax: (306) 694-3811

**Moosomin**

Ph: (306) 435-4535  
Fax: (306) 435-4515

**North Battleford**

Ph: (306) 446-7411  
Fax: (306) 446-7489

**Preeceville**

Ph: (306) 547-5650  
Fax: (306) 547-5655

**Prince Albert**

Ph: (306) 953-2781  
Fax: (306) 953-2285

**Raymore**

Ph: (306) 746-6252  
Fax: (306) 746-6260

**Regina**

Ph: (306) 798-2052  
Fax: (306) 798-2057

**Rosetown**

Ph: (306) 882-5450  
Fax: (306) 882-5458

**Saskatoon**

Ph: (306) 933-5101  
Fax: (306) 933-5220

**Shaunavon**

Ph: (306) 297-5480  
Fax: (306) 297-5455

**Swift Current**

Ph: (306) 778-8315  
Fax: (306) 778-8332

**Tisdale**

Ph: (306) 878-8860  
Fax: (306) 878-8856

**Turtleford**

Ph: (306) 845-4501  
Fax: (306) 845-4505

**Weyburn**

Ph: (306) 848-2300  
Fax: (306) 848-2454

**Yorkton**

Ph: (306) 786-1375  
Fax: (306) 786-1676

**Toll-Free: 1-888-935-0000**

CUSTOMER SERVICE OFFICE HOURS:

8:00 a.m. to 5:00 p.m. (closed noon hour) – Closed weekends and statutory holidays



**HEAD OFFICE:**

**Box 3000 484 Prince William Drive Melville, SK S0A 2P0**

**Phone: (306) 728-7200 • Fax: (306) 728-7268**

**Email: [customer.service@scic.gov.sk.ca](mailto:customer.service@scic.gov.sk.ca)**

**Website: [www.saskcropinsurance.com](http://www.saskcropinsurance.com)**

