

PROVINCE OF SASKATCHEWAN



07-08

ANNUAL REPORT

SASKATCHEWAN CROP  
INSURANCE CORPORATION



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# Table of Contents

<b>Letters of Transmittal</b> .....	<b>2</b>
<b>Statistical Highlights by Crop Year</b> .....	<b>3</b>
<b>Our 2007–2008 Annual Report</b> .....	<b>4</b>
<b>Management Discussion &amp; Analysis</b>	
Saskatchewan Crop Insurance Corporation .....	<b>5</b>
Role within Saskatchewan Ministry of Agriculture .....	<b>5</b>
Governing Authorities .....	<b>5</b>
Board of Directors .....	<b>5</b>
Provincial Appeal Panel .....	<b>5</b>
Staff .....	<b>6</b>
Organization Chart .....	<b>6</b>
2007–2008 A Year in Review .....	<b>7</b>
Strategic Direction .....	<b>8</b>
2007–2008 Strategic Plan and Final Results .....	<b>9</b>
2007–2008 Financial Results .....	<b>12</b>
<b>Financial Statements of the Saskatchewan Crop Insurance Corporation</b>	
Management’s Report .....	<b>13</b>
Auditors’ Report .....	<b>13</b>
Statement of Financial Position .....	<b>14</b>
Statement of Operations and Net Assets .....	<b>15</b>
Statement of Cash Flows .....	<b>16</b>
Administration Expenditures .....	<b>17</b>
Notes to Financial Statements .....	<b>18</b>
<b>Financial Statements of the Crop Reinsurance Fund of Saskatchewan</b>	
Auditors’ Report .....	<b>22</b>
Statement of Financial Position .....	<b>23</b>
Statement of Operations and Deficiency .....	<b>23</b>
Notes to Financial Statements .....	<b>24</b>
Appendix 1: 2007–2008 Saskatchewan Crop Insurance Program .....	<b>27</b>
Appendix 2: Historical Coverage and Premiums .....	<b>33</b>
Appendix 3: Participation and Loss Experience .....	<b>34</b>
Appendix 4: Insured Acres by Crop .....	<b>36</b>
Appendix 5: New Crops Insurance Account .....	<b>40</b>
Appendix 6: Wildlife Damage Compensation Program .....	<b>41</b>

Saskatchewan Crop Insurance Corporation’s 2007–2008 Annual Report is available in pdf format at [www.saskcropinsurance.com](http://www.saskcropinsurance.com).

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## Letters of Transmittal



June 23, 2008

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

Your Honour:

Saskatchewan Crop Insurance remains committed to serving the province's agriculture industry and stakeholders.

It is my honour to submit the Saskatchewan Crop Insurance Corporation annual report and financial statements for the year ended March 31, 2008.

Your obedient servant,

A handwritten signature in cursive script that reads "Bob Bjornerud".

Bob Bjornerud  
Minister of Agriculture



June 23, 2008

To His Honourable Bob Bjornerud  
Minister of Agriculture

Sir:

I hereby present the 2007–2008 Saskatchewan Crop Insurance Corporation annual report for the year ended March 31, 2008. This report demonstrates our continued commitment to develop and deliver innovative crop insurance programs that respond to the needs of our customers and support the ministry's overall strategy for agriculture.

Respectfully submitted,

A handwritten signature in cursive script that reads "Alanna Koch".

Alanna Koch  
Chair of the Board  
Saskatchewan Crop Insurance Corporation

## Statistical Highlights by Crop Year

	2007	2006	2005	2004	2003
<b>Financial</b>					
Total Premium (P)	\$ 291.1 M	\$ 211.4 M	\$ 277.2 M	\$ 291.5 M	\$ 348.6 M
Total Indemnities (I)	\$ 136.8 M	\$ 125.8 M	\$ 75.9 M	\$ 392.1 M	\$ 345.0 M
Net Loss Ratio (I/P)	.47	.60	.27	1.35	.99
<b>Total Insured Value (liability)</b>	<b>\$ 2.1 B</b>	<b>\$ 1.5 B</b>	<b>\$ 1.9 B</b>	<b>\$ 2.1 B</b>	<b>\$ 2.8 B</b>
<b>Insured Acres</b>					
Annual Grain Crops					
• Multi-Peril Insurance	23.1 M	22.1 M	24.8 M	25.0 M	25.9 M
• Ratio of Insured to Seeded Acres*	70%	70%	75%	75%	76%
Perennial Forage Crops					
• Multi-Peril Insurance	.4 M	.5 M	.6 M	.8 M	.8 M
• Forage Rainfall Insurance Program	.9 M	1.0 M	1.2 M	1.7 M	2.7 M
• Corn Heat Unit Pilot Program	785	1,162	1,810	2,324	n/a
Annual Crop Weather Based Insurance Program	1.4 M	1.5 M	2.0 M	1.4 M	.5 M
<b>Insured Contracts</b>					
Grain, Forage and Weather Derivative Programs	27,146	28,220	30,413	32,087	33,918
<b>Distribution of Acres by Coverage Level</b> (expressed as a per cent of average yield)					
50% and Winterkill	19%	19%	17%	14%	12%
60%	11%	11%	11%	10%	8%
70%	43%	44%	44%	43%	41%
80%	27%	26%	28%	33%	39%
Weighted Average	68%	68%	68%	70%	71%
<b>Claims Registered**</b>					
Unseeded Acreage	6,912	8,785	4,464	4,073	259
Establishment	2,986	3,526	3,625	6,394	6,035
Pre-Harvest	2,699	3,234	3,873	10,936	7,936
Post-Harvest	15,146	11,260	9,715	34,048	38,817
Wildlife - Waterfowl	1,390	1,342	2,280	2,183	292
Wildlife - Big Game	1,006	1,098	2,498	1,868	542
<b>Total Claims Registered</b>	<b>30,139</b>	<b>29,245</b>	<b>26,455</b>	<b>59,502</b>	<b>53,881</b>

\*Change in Ratio of Insured to Seeded Acres in prior years is due to decrease of seeded acres as determined by Census data and Statistics Canada analysis.

\*\*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.

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## Our 2007–2008 Annual Report

The 2007–2008 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 2007–2008 crop year. These guidelines provide an accountability framework for the Corporation's strategic plan and summarize the results achieved against those plans.

The 2007–2008 strategic plan results have been reported against the objectives and measures established in 2006–2007. Complete information can be found on pages 9 through 11.

## 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 the Saskatchewan Ministry of Agriculture

Governing Authorities

Board of Directors

Provincial Appeal Panel

Staff

Organization Chart

2007–2008 A Year in Review

Strategic Direction

2007–2008 Strategic Plan and Final Results

2007–2008 Financial Results

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## Saskatchewan Crop Insurance Corporation

### Role within the Saskatchewan Ministry of Agriculture

Saskatchewan Crop Insurance is a provincial Crown Corporation under the portfolio of the Minister of Agriculture.

The mandate of the Saskatchewan Ministry of Agriculture is to foster a commercially viable, self-sufficient and sustainable agriculture sector. According to Saskatchewan Agriculture's performance plan, the ministry's first goal is "Prosperous, sustainable, agricultural production and processing industries." Under this goal, the ministry has established an objective to provide "effective business 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."

Although Saskatchewan Crop Insurance is an agency of the Ministry of Agriculture, the national Agricultural Policy Framework (APF) provides the structure and guiding principles for the program.

Federal and provincial governments are currently working to develop a new policy framework for Canada's agriculture, agri-food and agri-based products industry. Titled "Growing Forward", the new framework will feature a business risk management suite consisting of four key components:

- AgriInvest, a savings account for producers that provides flexible coverage for small income declines, and supports investments to mitigate risks or improve market income;
- AgriStability, a margin-based program that provides income support when a producer experiences larger income losses;
- AgriRecovery, a disaster relief framework that allows governments to provide rapid assistance to fill gaps not covered by existing government programs; and
- AgriInsurance, which includes existing production insurance and other insurance products, and will expand to include other commodities.

### 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, 2008, the board members were Alanna Koch, chair and Deputy Minister of the Saskatchewan Ministry of Agriculture, David Boehm, Wilson Olive, Arlee McGrath 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, 2008, members were chairperson Harry Bastness (Hagen), vice-chairperson Janice Stirling (Mortlach), Dale Flavel (Silton), William Lanfermann (Paradise Hill), Allan Beblow (Yorkton), and Wayne Truman (Redvers).

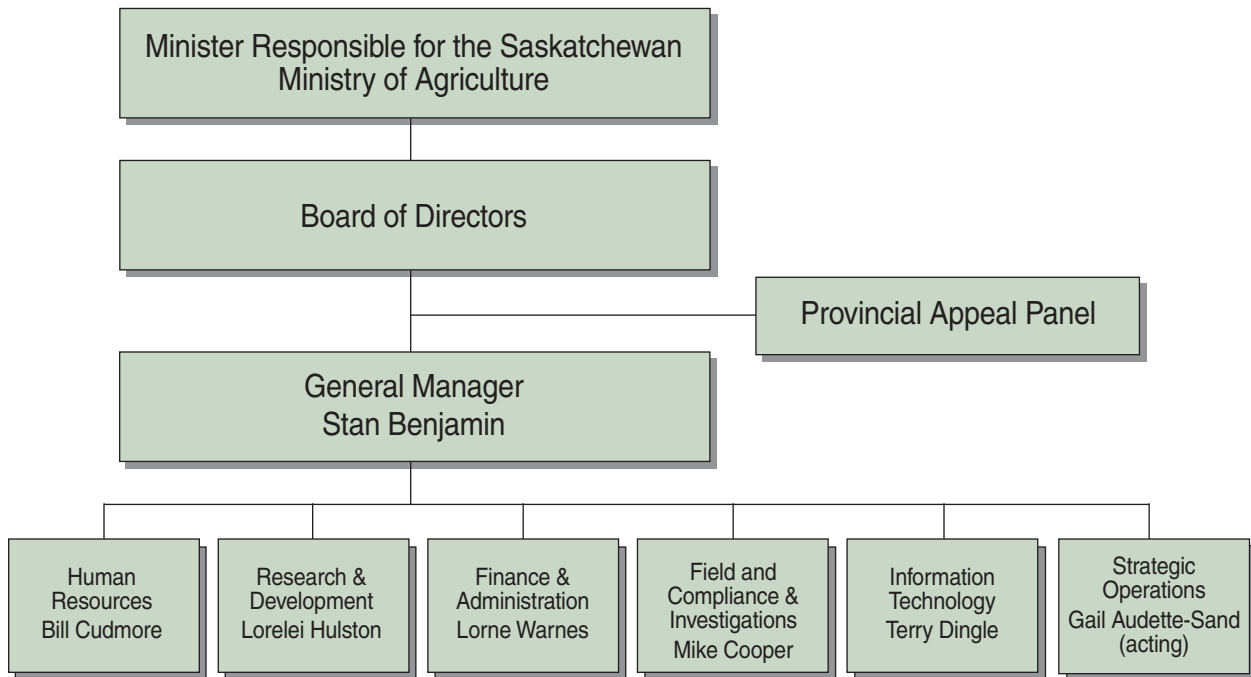
Between April 1, 2007 and March 31, 2008, the Provincial Appeal Panel registered 73 appeals. Nine were withdrawn prior to being scheduled and one was withdrawn after being heard. Of the remaining 64 requests, eight were granted in whole, three were granted in part, 40 were denied and twelve had no decision 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, 2008, Crop Insurance employed 406 individuals including permanent, temporary and casual positions. Of these, 106 were located at head office and 300 were located in the customer service offices.

Saskatchewan Crop Insurance contact information can be found on page 44 of this annual report.

## Organization Chart as of March 31, 2008





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## 2007–2008 A Year in Review

While there were areas of the province that suffered from a variety of production problems, above average yields and reasonably stable weather conditions throughout most of the province resulted in another positive year for the Saskatchewan Crop Insurance program. Following relatively good production years in 2005 and 2006, Crop Insurance entered the 2007 program year with a reduced deficit of \$340 million. This was down from a high of \$627 million in 2004.

The 2007 program was launched at the end of February, again meeting the objective to provide producers with adequate time to review the insurance options available and make their selections for the year. The deadline to apply for, make changes to, or cancel a contract of insurance remained March 31.

Crop Insurance introduced a new price option designed to provide producers with an opportunity to take advantage of rising grain prices. More than 1,300 customers selected the Variable Price Option, experiencing an average price increase of 21 per cent.

Also in 2007, Crop Insurance launched a Wild Rice Insurance Pilot Program to address the insurance needs of Saskatchewan's wild rice harvesters. The area-based program was highly successful, with 128 contracts registered and more than 36,000 acres insured. Unfavourable weather conditions in the spring contributed to the fourth consecutive year of poor production for this commodity, and \$102,000 was paid in indemnities through this program.

Crop Insurance introduced coverage for identity preserved canola and expanded its Crop Averaging Pilot Program, first announced in 2006, to all areas of the province.

The Corporation also added gophers as an insurable cause of loss under both the establishment and yield-loss components of its multi-peril insurance program.

Seeding was successful for the majority of producers in 2007, with about 96 per cent of the province's crops seeded by June 10. Wet conditions in the northeast and east central areas resulted in unseeded acreage again in 2007, though not to the extent experienced in 2005 and 2006.

Crop Insurance's Unseeded Acreage feature was again available to all customers as part of the multi-peril contract of insurance. The feature provides protection for customers in the event that it is too wet to seed by June 20. Beginning in 2007, the five per cent deductible was applied to the legal land description affected rather than all acres normally seeded to ensure equity between operations regardless of size.

Approximately 27,000 customers purchased crop insurance insuring 23 million annual acres and nearly 440,000 forage acres. About 2.3 million acres were also insured under Crop Insurance's weather-based programs.

Gophers again caused extensive damage to crops in the southwest, and more than \$1 million was paid in indemnities under the Gopher Damage Pilot Program. Other significant causes of yield loss in 2007 included hot, dry weather in July and August and weathering in late-harvested crops. However, overall, both grain and forage crops rated above the 10-year average in terms of both yield and quality. Less than one half of one per cent of the crop was left out over the winter.

In total, the Corporation completed more than 24,000 inspections for all claim types and paid approximately \$136 million to customers in indemnities. The Corporation was again able to pay down the combined deficit for Crop Insurance and federal and provincial reinsurance funds by approximately \$167 million, reducing the debt to \$173 million heading into 2008.

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## 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 grain 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

### Internal Business Processes

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

### Learning and Growth

- Meeting the human resource needs to provide customer service excellence

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## 2007–2008 Strategic Plan and Final Results

### Strategic Goal 1: Customer Products and Services Perspective

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

#### Objective 1

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

##### Performance Measures

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

- Crop Averaging Pilot Program had 103,479 insured acres
- Forage Diversification had 549 insured acres
- Contract Price Option had 122,660 insured acres
- Vegetable Insurance Pilot Program had 4.4 insured acres
- Corn Heat Unit Pilot Program had 785 insured acres
- Timothy Hay Pilot Program had 922 insured acres

Saskatchewan producers insured 70 per cent of annual crop acres seeded. This compares to 70 per cent in 2006, a historical provincial average of 66 per cent and the 2007 national average of 67 per cent.

The average coverage level in 2007 was 68 per cent of average yields. This compares to a provincial average of 68 per cent in 2006, the historical average (since 1990, which is the year 80 per cent coverage was first offered) of 70 per cent and the 2007 national average of 75 per cent.

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

##### 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

Programs continued under the Forage Insurance program: the Forage Diversification Option, Corn Heat Unit Pilot Program and Timothy Hay Pilot Program.

437,692 acres of forage were insured for yield loss or establishment, which is 10 per cent of the estimated tame hay acres in Saskatchewan. This compares to a five-year (2002–2006) average of 729,103 insured acres, which is 17 per cent of the estimated tame hay acres in Saskatchewan.

879,964 acres of pastureland were insured under the Forage Rainfall Insurance Program, which is five per cent of the estimated grazing acres in Saskatchewan.

785 acres were insured under the Corn Heat Unit Pilot Program, which is approximately five per cent of the estimated corn acres in Saskatchewan.

120,020 acres were insured under the New Crops Insurance Program Fund.

##### 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

The following three programs were added in 2007–2008:

- Variable Price Option had 1,256,418 insured acres
- Wild Rice Pilot Program had 36,249 insured acres
- Coverage for identity preserved canola had 395,150 acres

1,422,386 acres were insured in the Annual Crop Weather Based Insurance Program in 2007 compared to 1,542,662 in 2006.

##### Strategic Initiatives

- Develop new program initiatives through industry consultation

### Strategic Goal 2: Financial Management Perspective

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

## Objective 1

To ensure sound financial management

### Performance Measures

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 2007 generated revenue of \$329,516. This compares to \$558,000 in 2006 and \$174,552 in 2005.

7,150 staff hours were spent on completing third party revenue generation work during 2007–2008, which compares to 12,000 in 2006–2007 and 3,632 in 2005–2006.

The Corporation has contracts with the following agencies: The Canadian Wheat Board, Co-operators Insurance, Saskatchewan Government Insurance, Greencover Canada, and C-Green Aggregators Ltd. The Corporation also completes inspections for a number of individuals.

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

- 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

Over the 2007 crop year, the audit division performed 2,235 audits identifying \$660,000 in indemnity differences when claims were adjusted. This compares to 2,992 audits in 2006, which identified \$1.69 million in indemnity differences when claims were adjusted.

### Strategic Initiatives

- To ensure the integrity of the program

## Objective 3

To ensure fiscal administrative responsibility

## Performance Measures

2,017 stored grain inspections were measured with an eight per cent difference between declared and measured.

Crop Insurance completed 426 GPS inspections in 2007.

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

2007–2008	Saskatchewan	Canada
Admin to liability	1.27%	1.09%
Admin to premiums	9.34%	10.84%
Admin per acre insured (\$)	1.06	1.49
Admin per contract	1,003	1,188

### 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

As of March 31, 2008, there were 2,971 customers enrolled in CropConnect, an online application that enables customers to view their personal contract information and complete various contract requirements throughout the year. This compares to 3,061 customers enrolled as of March 31, 2007. However, the list was updated in 2007 to remove a number of customers whose contracts had been cancelled, resulting in the lower total.

There were 41,877 visitors to the Crop Insurance website, [www.saskcropinsurance.com](http://www.saskcropinsurance.com). The average number of visits per day was 401.

### Strategic Initiatives

- Evaluate business process to develop and enhance online business applications

### Objective 2

To continually provide consistent, accurate and timely service

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## Performance Measures

Crop Insurance received the following customer service contacts during the 2007–2008 crop year:

Contact Type	Number of Contacts
Office Visit	32,405 (16%)
Phone	74,339 (37%)
On Site	54,324 (27%)
Electronic/Fax	32,569 (16%)
Mail	7,463 (4%)

The average time between a claim being registered and an indemnity paid was ten days.

A total of 1,780 claims were paid from 1,880 eligible for payment by declaration. Claims paid by declaration were within corporate tolerance levels for paying a claim without 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.

## 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

## 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.

## 2007–2008 Financial Results

The 2007–2008 financial statements begin on page 13 of this report and the following provides an explanation the variances between the budgeted and actual results.

	2007–2008 Estimates	2007–2008 Actuals	Variances	Notes
	(thousands of \$)			
Premiums	\$ 288,112	\$ 291,099	\$ 2,987	1
Reinsurance premiums	(85,500)	(120,881)	(35,381)	2
Indemnities	(223,912)	(136,763)	87,149	3
Other	3,000	6,583	3,583	4
Deficiency of revenue over expenses from insurance operations	<u>\$ (18,300)</u>	<u>\$ 40,038</u>	<u>\$ 58,338</u>	
Program delivery – net of other administration revenue	<u>\$ 26,627</u>	<u>\$ 27,845</u>	<u>\$ 1,218</u>	5

### Notes:

1. The premium increase is due to a shift in cropping patterns, which resulted in a higher liability per acre.
2. While normal reinsurance premiums were impacted the same as premiums per Note 1, the Corporation paid additional ceded premiums of \$34.2 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 Agreement* (Schedule 3 to Annex B), the excess was paid to the provincial and federal reinsurance funds in proportion to their deficits.
3. Estimated indemnities were based on a normal claim volume with an indemnity to liability ratio of 10.85 per cent. The actual ratio was 6.54 per cent.
4. The estimate for Other included interest earnings of \$4 million offset by bad debts of \$1 million. Actual interest earnings exceeded the estimate by \$2.6 million and bad debts were \$1 million better than the estimate due to better than expected collections.
5. Due to the number of claims inspected being above average, the actual program delivery costs were higher than estimated.

## 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 the basis consistent with that of the preceding year. Management has applied its best judgement where estimates are required using all information available to June 23, 2008. 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 23, 2008

## 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, 2008 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, 2008 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 23, 2008

# Saskatchewan Crop Insurance Corporation

## Statement of Financial Position


March 31, 2008 with comparative figures for 2007

	2008	2007
	(thousands of \$)	
<b>Assets</b>		
Cash	\$ 85	\$ 162
Investments (note 4)	1,949	3,098
Due from the Province of Saskatchewan General Revenue Fund (note 3)	156,645	129,384
Accrued interest and other receivables	1,769	2,165
Transfers receivable from the Province of Saskatchewan	1,250	221
Premiums receivable from producers	5,031	6,097
Premiums receivable from the Province of Saskatchewan	5,953	3,866
Indemnities receivable from Crop Reinsurance Fund of Saskatchewan (note 1)	72,332	114,747
Prepaid expenses	361	225
Debt Retirement Fund (note 6)	28,190	-
Property, plant and equipment (note 5)	1,670	1,926
	<u>\$ 275,234</u>	<u>\$ 261,891</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,050	\$ 3,840
Premiums payable to the Government of Canada	21,244	30,830
Deferred indemnities payable	285	51
Indemnities payable (note 8)	955	1,909
Loans payable to the General Revenue Fund (note 7)	99,842	115,521
Deferred administration revenue (note 9)	4,014	3,932
	129,389	156,083
<b>Net assets</b>	<u>145,845</u>	<u>105,808</u>
	<u>\$ 275,234</u>	<u>\$ 261,891</u>

Commitments and contingencies (note 12)  
See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director



# Saskatchewan Crop Insurance Corporation

## Statement of Operations and Net Assets

Year Ended March 31, 2008 with comparative figures for 2007

	2008	2007
	(thousands of \$)	
<b>Revenue</b>		
Premium contributions:		
Producers	\$ 116,661	\$ 84,788
Government of Saskatchewan	69,775	50,634
Government of Canada	104,663	75,967
	<u>291,099</u>	<u>211,389</u>
Less reinsurance premiums ceded:		
Crop Reinsurance Fund of Canada for Saskatchewan	78,466	74,796
Crop Reinsurance Fund of Saskatchewan (note 1)	42,415	38,190
	<u>120,881</u>	<u>112,986</u>
Net premiums	170,217	98,403
Interest income	6,648	5,549
General Revenue Fund interest financing (notes 6 and 7)	4,799	6,203
	<u>181,663</u>	<u>110,155</u>
<b>Expenses</b>		
Indemnities (note 8)	136,763	125,837
Bad debts	63	(143)
Interest expense (note 7)	4,799	6,203
	<u>141,625</u>	<u>131,897</u>
Income (loss) from insurance operations, before administration revenue and expenses	<u>40,038</u>	<u>(21,742)</u>
<b>Administration revenue</b>		
Province of Saskatchewan operating grant (note 9)	27,845	25,451
Other administration revenue	673	1,739
	<u>28,518</u>	<u>27,190</u>
Administration expenses (Schedule 1)	<u>28,518</u>	<u>27,190</u>
Net income (loss)	40,038	(21,742)
Other comprehensive income	—	—
Comprehensive income (loss)	40,038	(21,742)
Net assets, beginning of year	<u>105,808</u>	<u>127,550</u>
Net assets, end of year	<u>\$ 145,845</u>	<u>\$ 105,808</u>

See accompanying notes to financial statements.

# Saskatchewan Crop Insurance Corporation

## Statement of Cash Flows

Year Ended March 31, 2008 with comparative figures for 2007

	2008	2007
	(thousands of \$)	
<b>Cash Provided by (Used In):</b>		
<b>Operating Activities</b>		
Excess (deficiency) of revenue over expenses	\$ 40,038	\$ (21,742)
Item not affecting cash:		
Amortization	743	866
Debt retirement fund earnings	(442)	-
Debt retirement fund valuation adjustment	(348)	-
Change in non-cash operating items:		
Accrued interest and other receivables	396	(1,170)
Premiums receivable from producers	1,067	4,782
Premiums receivable from the Province of Saskatchewan	(2,087)	6,612
Indemnities receivable from Crop Reinsurance Fund of Saskatchewan	42,415	38,190
Indemnities receivable from Crop Reinsurance Fund of Canada for Saskatchewan	-	1,452
Prepaid expenses	(136)	(5)
Accounts payable and accrued liabilities	(790)	1,453
Premiums payable to the Government of Canada	(9,586)	39,579
Deferred indemnities payable	234	(117)
Indemnities payable	(954)	(2,754)
Deferred administration revenue	82	(626)
	<u>70,632</u>	<u>66,520</u>
<b>Financing Activities</b>		
Decrease (increase) in transfers receivable from the Province of Saskatchewan	(1,029)	1,746
Repayments of loans payable to the General Revenue Fund	(15,679)	(37,079)
Debt retirement fund instalments	(27,400)	-
	<u>(44,108)</u>	<u>(35,333)</u>
<b>Investment Activities</b>		
Purchase of property, plant and equipment	(489)	(981)
<b>Increase in cash and cash equivalents</b>	26,035	30,206
<b>Cash and cash equivalents, beginning of year</b>	132,644	102,438
<b>Cash and cash equivalents, end of year</b>	<u>\$ 158,679</u>	<u>\$ 132,644</u>
Represented by:		
Cash	\$ 85	\$ 162
Investments	1,949	3,098
Due from General Revenue Fund	156,645	129,384
	<u>\$ 158,679</u>	<u>\$ 132,644</u>
<b>Supplemental cash flow information</b>		
Interest paid	<u>\$ 4,799</u>	<u>\$ 6,203</u>

See accompanying notes to financial statements.

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# Saskatchewan Crop Insurance Corporation Administration Expenditures

Year Ended March 31, 2008 with comparative figures for 2007

	2008	Schedule 1 2007
	(thousands of \$)	
Adjusting and grain grading wages and expenses	\$ 8,026	\$ 7,155
Advertising	544	444
Amortization	743	866
Appeal Panel and Board of Directors meetings	94	83
Computer	1,845	1,934
Office rental	1,214	1,110
Office supplies and duplicating	408	374
Other	218	244
Postage	359	383
Professional fees	862	1,499
Salaries and benefits	12,776	11,666
Telephone	262	261
Travel and sustenance	1,168	1,171
	<u>\$ 28,518</u>	<u>\$ 27,190</u>

See accompanying notes to financial statements.

# Saskatchewan Crop Insurance Corporation

## Notes to Financial Statements

March 31, 2008

### 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 Wildlife Damage Compensation, New Crops Insurance, 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.

#### Change in accounting policies:

Effective April 1, 2007, the Corporation adopted the recommendations of The Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530,

“Comprehensive Income”, and Section 3855, “Financial Instruments – Recognition and Measurement”. These sections apply to fiscal years beginning on or after October 1, 2006 and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities, non-financial derivatives and embedded derivatives, and describe when and how hedge accounting may be applied.

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

Section 3855 establishes standards for recognizing and measuring financial assets and financial liabilities. The measurement basis depends on whether the financial instrument has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial instruments classified as held for trading are measured at fair value and changes in fair value are recognized in operations. Financial instruments classified as available for sale are measured at fair value with changes in fair value recorded in other comprehensive income, however, unrealized losses considered other than temporary continue to be recognized in operations. The criteria to determine whether an unrealized loss is considered other than temporary has not changed under the new section. Financial instruments designated as held to maturity, loans and receivables or other financial liabilities are measured at amortized cost using the effective interest rate method.

The Corporation has designated its cash, investments and due from the general revenue fund for as available for sale. The debt retirement fund was designated as held for trading. Accrued interest and other receivables, transfers receivable from the Province of Saskatchewan, premiums receivable from producers, premiums receivable from the Province of Saskatchewan and indemnities receivable from the Crop Reinsurance Fund of Saskatchewan were designated as loans and receivables. Accounts payable and accrued liabilities, premiums payable to the Government of Canada, deferred indemnities payable, indemnities payable and loans payable to the general revenue fund were designated as other financial liabilities.

No adjustments were required on adoption of these standards.

# Saskatchewan Crop Insurance Corporation

## Notes to Financial Statements

March 31, 2008

CICA Handbook Section 3855 requires that the Corporation identify embedded derivatives that require separation from the related host contract and measure these embedded derivatives at fair value. Currently there are no embedded derivatives that require any change in fair value to be recognized in the financial statements of the Corporation.

The Corporation had no "other comprehensive income or loss" transactions during the year and no opening or closing balances for accumulated other comprehensive income or loss.

### 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 as follows:

Equipment	5 years
Leasehold improvements	5 years
Computer equipment	5 years

### 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:

All investments are carried at fair value. The fair value of investments is based on cost, which approximates fair value due to the immediate or short-term nature of these financial instruments.

### 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 are cost-shared for 2008 and 2007 as follows:

	Provincial Producers	Federal Gov't.	Federal Gov't.
	%	%	%
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

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.

### Future accounting policy changes:

The CICA has issued three new accounting standards that will become effective for the Corporation on April 1, 2008. These standards are Handbook Section 1535, Capital Disclosures (Section 1535), Handbook Section 3862, Financial Instruments – Disclosures (Section 3862) and Handbook Section 3863, Financial Instruments – Presentation (Section 3863).

Section 1535 requires disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the Corporation's objectives, policies and processes for managing capital.

Section 3862 and Section 3863 replace Handbook Section 3861 – Financial Instruments – Disclosure and Presentation. The new standards do not have a significant impact on the presentation requirements, however, place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the Corporation manages those risks.

# Saskatchewan Crop Insurance Corporation

## Notes to Financial Statements

March 31, 2008

### 3. Due from the 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 General Revenue Fund to the Corporation on a quarterly basis. During the current year, the average rate was 4.08 per cent (2007 – 4.15 per cent).

### 4. Investments:

The Corporation's investments are in term deposits maturing during the first week of April 2008 with an effective interest rate of 3.75 per cent (2007 – first week of April, 2007 and 4.3 per cent, respectively).

### 5. Property, plant and equipment:

	Cost	Accumulated Amortization (thousands of \$)	2008 Net Book Value	2007 Net Book Value
Equipment	\$ 2,835	\$ 2,755	\$ 80	\$ 67
Leasehold improvements	1,193	963	230	256
Computer equipment	18,444	17,084	1,360	1,603
	<u>\$ 22,472</u>	<u>\$ 20,802</u>	<u>\$ 1,670</u>	<u>\$ 1,926</u>

### 6. Debt Retirement Fund

A debt retirement fund was established on May 2, 2007 to fund repayment of the loan maturing on September 24, 2009 (see Note 7). The fund is administered by the Ministry of Finance and includes the Corporation's contributions made from time to time, its proportional share of earnings and its proportional share of revaluation of gains or losses.

The Corporation has recorded an increase in the fair value of the debt retirement fund of \$348,000 for the year ended March 31, 2008, which has been included with the Statement of Operations with the General Revenue Fund interest financing.

The changes in the carrying amount of debt retirement fund are as follows:

	2008 (thousands of \$)	2007
Debt retirement fund, beginning of year	\$ –	\$ –
Instalments	27,400	–
Earnings	442	–
Valuation adjustment	348	–
Debt retirement fund, end of year	<u>\$ 28,190</u>	<u>\$ –</u>

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

At March 31, 2008 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.

During 2008, the Corporation repaid the first loan, which was \$15,800,000 at March 31, 2007. Interest is charged to the Corporation on a quarterly basis at the Province's short term borrowing rate, which averaged 4.32 per cent (2007 – 4.28 per cent).

The second loan is for \$49,851,000 (2007 – \$49,750,000) and bears interest at the rate of 4.75 per cent (2007 – 4.75 per cent). Interest on this loan was financed by an appropriation from the General Revenue Fund. This loan has a maturity date of September 24, 2009.

The third loan is for \$49,991,000 (2007 – \$49,971,000) and bears interest at the rate of 3.90 per cent (2007 – 3.90 per cent). Interest on this loan was 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.

### 8. Indemnities payable:

Due to weather conditions, some prior year claims could not be finalized by March 31, 2008. The cost of these claims was estimated to be \$955,000 (2007 – \$1,909,000).

### 9. 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 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, 2008

Details of administration funding received and recorded as revenue follows:

	2008	2007
	(thousands of \$)	
Deferred administration revenue, beginning of year	\$ 3,932	\$ 4,558
General Revenue Fund net operating grant received	27,927	24,825
Net operating grant recorded as revenue	(27,845)	(25,451)
Deferred administration revenue, end of year	\$ 4,014	\$ 3,932

### 10. Pension plans:

The corporation's employees participate in 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 \$1,131,000 (2007 – \$732,000) 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.

### 11. Related party transactions:

Included in these financial statements are transactions with various Saskatchewan crown corporations, ministries 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 \$289,000 (2007– \$334,000).

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:

	2008	2007
	(thousands of \$)	
Accounts payable and accrued liabilities	\$ 311	\$ 413
Administration expenses	\$ 6,603	\$ 5,510

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

### 12. Commitments and contingencies:

#### Commitments:

The Corporation is committed to the Ministry of Government Services, a related crown entity, for several leases for office space with annual payments of \$1,213,000. 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 2008–2009, \$325,000 for 2009–2010 and \$30,000 for 2010–2011.

#### 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, 2008, 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.

### 13. 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 General Revenue Fund is approximately \$108,500,000 (2007 – \$116,200,000).

The fair value of the debt retirement fund is described in note 6.

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

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# 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, 2008 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, 2008 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 23, 2008



# Crop Reinsurance Fund of Saskatchewan Statement of Financial Position

March 31, 2008 with comparative figures for 2007

	2008 (thousands of \$)	2007
<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	\$ 72,332	\$ 114,747
Deficiency	<u>(72,331)</u>	<u>(114,746)</u>
	<u>\$ 1</u>	<u>\$ 1</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# Crop Reinsurance Fund of Saskatchewan Statement of Operations and Deficiency

Year Ended March 31, 2008 with comparative figures for 2007

	2008 (thousands of \$)	2007
<b>Revenue</b>		
Reinsurance premium ceded from the Saskatchewan Crop Insurance Corporation, representing excess of revenue over expenditures	\$ 42,415	\$ 38,190
<b>Deficiency, beginning of year</b>	<u>(114,746)</u>	<u>(152,936)</u>
<b>Deficiency, end of year</b>	<u>\$ (72,331)</u>	<u>\$ (114,746)</u>

See accompanying notes to financial statements.

# Crop Reinsurance Fund of Saskatchewan

## Notes to Financial Statements

March 31, 2008

### 1. Status of the fund:

*The Canada-Saskatchewan 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 (the Fund) 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.

#### Change in accounting policies:

Effective April 1, 2007, the Fund adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, "Comprehensive Income", Section 3855, "Financial Instruments – Recognition and Measurement". These sections apply to fiscal years beginning on or after October 1, 2006 and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities, non-financial derivatives and embedded derivatives, and describe when and how hedge accounting may be applied. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources.

Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

The Fund has designated its Due from Province of Saskatchewan's General Revenue Fund as available for sale. Indemnities payable to the Saskatchewan Crop Insurance Corporation was designated as other financial liabilities.

No adjustments were required on adoption of these standards.

CICA Handbook Section 3855 requires that the Fund identify embedded derivatives that require separation from the related host contract and measure these embedded derivatives at fair value. Currently there are no embedded derivatives that require any change in fair value to be recognized in the financial statements of the Fund.

The Fund had no "other comprehensive income or loss" transactions during the year and no opening or closing balances for accumulated other comprehensive income or loss.

#### 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 (2007 – 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.

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# Crop Reinsurance Fund of Saskatchewan

## Notes to Financial Statements

**March 31, 2008**

### **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.



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# Appendix 1: 2007–2008 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, 2007 to March 31, 2008.

## Insured Perils

Crop Insurance offers coverage against specific uncontrollable natural perils: drought, excessive rain, hail, flood, frost, snow, wind, lightning, hurricane, tornado, accidental fire, damage caused by wildlife, insects, gophers 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 2007 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, identity preserved 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), alfalfa seed, caraway, chickpeas (Desi, small and large seed Kabuli), coriander, Khorasan wheat, vegetables, wild rice, potatoes, early maturing short stature and late-maturing tall stature sunflowers, and fababeans. Annual crops are also eligible for coverage under the Annual Crop Weather Based Insurance Program, an area-based program that provides payments for a lack of precipitation or early fall frost.

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, chickpeas, coriander, dryland and irrigated dry beans, Khorasan wheat, potatoes, and vegetables.

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

## Insured Price

The insured price is the forecast price a commodity will sell for during the crop year as determined by Agriculture and Agri-Food Canada in consultation with Saskatchewan Crop Insurance.

## 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 met 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 (canary seed, mustard–yellow, brown and oriental–and flax) and organic crops (organic flax, lentil, oat, mustard–yellow, brown and oriental–feed barley, and field peas). In the 2007–2008 crop year, 515 Contract Price Option contracts were endorsed allowing for higher insurable prices. Many customers had more than one contract, resulting in 252 customers utilizing this insurable option. Insurable prices ranged from \$8.00/Tonne to \$497.00/Tonne higher than the base insurable price.

New for 2007, Crop Insurance introduced a Variable Price Option. Under this option, if market prices change, the customer's insured price will also change. The variable price may increase or decrease by 50 per cent of the base price. Producers who wish to participate in the option are required to select the Variable Price Option on individual crops prior to the enrolment deadline. The final price is set in July based on Agriculture and Agri-Food Canada's market price forecast.

The customer's premium and coverage are adjusted accordingly. For 2007–2008, a total of 1,317 producers selected the Variable Price Option on one or more crops. The July 2007 price forecasts reflected the strength in commodity markets, resulting in the Variable Price Option being higher than the fixed price for almost all crops. On average, prices under the Variable Price Option increased by 21 per cent.

The Crop Averaging Pilot Program baskets the customer's insured crops and treats them as a single insurable unit, 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. The total coverage above 80 per cent is calculated based on the crops and number of acres to be seeded. New crops, forage, greenfeed, and irrigated

## 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
2007	46	160	103,479	\$13,619,538	15	\$1,571,128	\$ 539,729	0.34

acres are not eligible. Crop Insurance expanded the program to the entire province in 2007. Approximately 103,479 acres were insured on 46 contracts in 2007–2008.

### 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 previous 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. 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

A Crop Insurance contract guarantees a minimum yield based on the 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 2007–2008, approximately \$3.15 million was paid in indemnities on 1,303 Establishment Benefit claims. This compares to \$3.8 million in indemnities paid on 1,976 claims in 2006–2007.

Crop Year	No. of Claims Paid	Indemnity Paid
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
2007	1,303	3,148,210
<b>Total</b>	<b>25,026</b>	<b>\$ 59,071,385</b>

### 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. Normal seeded acres are determined using the producer's total cultivated acres multiplied by their four-year average seeding intensity. The seeding intensity measures the acres seeded compared to the producer's total cultivated acres.

Coverage for the Unseeded Acreage feature is determined by looking at the acres the producer normally seeds, less a five per cent deductible. New for 2007, this deductible only applies to legal land descriptions where acres were too wet to seed and is calculated after the seeding intensity is applied.

### Unseeded Acreage Feature

Crop Year	No. of Claims Paid	Indemnity Paid	Adhoc Programs	
			No. of Claims Paid	Indemnity Paid
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	—	—
2007	6,241	33,677,350	—	—
<b>Total</b>	<b>24,003</b>	<b>\$ 166,053,175</b>	<b>7,836</b>	<b>\$ 33,535,700</b>

In 2007–2008, approximately \$33.7 million was paid in indemnities on 6,241 Unseeded Acreage claims. This compares to \$62.6 million in indemnities on 5,920 claims in 2006–2007.

### Winterkill Coverage

Winterkill is a separate option for fall rye and winter wheat. 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. Crop Insurance inspects the irrigated acres to establish the effectiveness of the irrigation schedule and application. 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 the crop seeded on dry land must also be insured. All production will be counted in yield-loss adjustments regardless of whether it

#### Irrigation Option Historical Participation

Year	Insured Acres	Year	Insured Acres
1998	44,776	2003	37,793
1999	40,931	2004	40,734
2000	43,088	2005	47,492
2001	49,453	2006	36,583
2002	36,796	2007	35,355

was grown on irrigated or dry land. For 2007–2008, 35,355 irrigated acres were insured on 118 contracts. This compares to 36,583 acres on 134 contracts in 2006–2007.

### Diversification Option

The Diversification Option is available for crops and varieties 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 on the crop grown under the Diversification Option are equal to the average coverage, premium and claims paid for the producer's acres insured under the grains program. For 2007–2008, 9,612 acres on 80 contracts were insured under the Diversification Option. This compares to 13,200 acres on 109 contracts in 2006–2007.

#### Diversification Option Historical Participation

Year	Insured Acres	Year	Insured Acres
1998	5,517	2003	7,473
1999	3,109	2004	8,906
2000	2,199	2005	8,500
2001	2,099	2006	13,200
2002	3,316	2007	9,612

### 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 118,485 pedigree acres insured under 163 contracts in 2007–2008, compared to 131,147 acres under 195 contracts in 2006–2007.

### Pedigree Crop Option Historical Participation

Year	Insured Acres	Year	Insured Acres
1998	107,078	2003	170,216
1999	100,119	2004	157,720
2000	112,864	2005	155,988
2001	128,608	2006	131,147
2002	172,600	2007	118,485

### Gopher Damage Pilot Program

In 2007, Crop Insurance included gopher damage as an insured cause of loss under both the establishment benefit and yield-loss components of the multi-peril program. Under the Gopher Damage Pilot Program, if a customer's crop failed to establish due to gopher damage on seeded acres prior to June 20, they would be eligible for a \$50 per acre payment or could opt for an establishment benefit.

### Gopher Damage Pilot Program

Year	Claims	Indemnity
2007	425	\$1,005,350

### Organic Crop Option Historical Participation

Year	Insured Acres	Year	Insured Acres
1998	21,763	2003	172,032
1999	28,333	2004	167,247
2000	50,439	2005	204,679
2001	79,297	2006	179,641
2002	110,476	2007	185,941

### 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
2007	3	10	4.4	\$ 6,687	–	\$ 408	\$ –	–

### 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 increased risk.

Both the Low Price Option and Contract Price Option are available for eligible organic crops. The Variable Price Option also became available for organic crops in 2007. For 2007–2008, 185,941 organic acres were insured on 482 contracts.

### Vegetable Insurance Pilot Program

Vegetable insurance is an acreage loss insurance program; individual production is not measured. Vegetable producers were able to insure their acres at the base value per crop, less a 10 per cent deductible in the event of a claim. For 2007, 4.4 acres were insured under three contracts.

### 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.

New for 2007, customers may select the Variable Price Option for eligible forage crops.

Crop Insurance offers a Timothy Hay Pilot Program to producers 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.

For 2007–2008, 437,692 forage acres were insured on 2,167 contracts.



### 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	\$ 605,956	1.77
2006	6	6	1,721	\$ 504,018	3	\$ 66,861	\$ 24,320	0.36
2007	1	2	922	\$ 230,289	–	\$ 27,779	\$ –	–

### 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
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	457	515,287	17,203,726	3,303,827	1,527,012	0.46
2007*	2,167	2,456	210	437,692	15,850,674	3,389,680	736,631	0.22
<b>Total</b>	<b>29,177</b>	<b>34,325</b>	<b>9,067</b>	<b>5,653,922</b>	<b>\$ 257,604,724</b>	<b>\$ 47,980,280</b>	<b>\$ 51,883,231</b>	

\*2005–2007 includes Forage Diversification.

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

### Wild Rice Insurance Pilot Program

In 2007, Crop Insurance introduced a Wild Rice Insurance Pilot Program to provide coverage for Saskatchewan's wild rice harvesters. The Wild Rice Insurance Pilot Program is an area-based insurance program based on average yields. The customer's coverage is based on the average production of each region in which they harvest.

Claims are triggered when a region's reported annual production is less than the average historical production. The customer's claim is calculated based on the number of acres they insured in that region and the coverage level they selected. For 2007–2008, Crop Insurance insured 36,249 acres under 128 contracts and paid \$182,042 in indemnities.

### Weather-Derivative Programs

Saskatchewan Crop Insurance's weather-derivative programs are not based on individual production; claims are automatically calculated based strictly on 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.

### Wild Rice Insurance Pilot Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2007	128	128	36,249	\$ 882,863	102	\$ 182,007	\$ 182,042	1.00

Crop Insurance offered three weather-derivative programs to producers in 2007: 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 the temperature at the selected weather station falls to or below 0°C 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 2007 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	3,995	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
2007	1,122	1,678	879,964	\$ 6,894,215	184	\$ 1,217,620	\$ 127,664	0.10

\* 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
2007	1,288	1,359	1,422,386	\$ 37,220,445	647	\$ 4,211,076	\$ 2,982,887	0.71

### 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	\$ -	-
2007	12	12	785	\$ 137,200	4	\$ 15,045	\$ 8,100	0.54

## Appendix 2: Historical Coverage and Premiums

### Percentage of Acreage by Coverage Level

Year	50%	60%	70%	80%
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%
2007	19%	11%	43%	27%

### Weighted Average Coverage Level by Year

Year	Average Coverage Level	Year	Average Coverage Level
1990	72%	1999	67%
1991	70%	2000	68%
1992	79%	2001	69%
1993	76%	2002	73%
1994	70%	2003	71%
1995	69%	2004	70%
1996	69%	2005	68%
1997	65%	2006	68%
1998	67%	2007	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>Δ</sup>	60%	40%
2005	37.8%	37.2%	24.9%	23%	46%	31%	50%	30%	20%	38%	37%	25%	67%	20%	13% <sup>Δ</sup>	60%	40%
2006	40.0%	36.0%	24.0%							40%	36%	24%	67%	20%	13% <sup>Δ</sup>	60%	40%
2007	40.0%	36.0%	24.0%							40%	36%	24%	67%	20%	13% <sup>Δ</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.

Δ 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
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
2007–08	26,603	2,030,226,091	76,316	112,446,441	281,116,102

The Saskatchewan Crop Insurance Corporation was established in 1961. Contact Crop Insurance if you require participation and loss experience information for crop years 1961 to 1970.

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)
\$ 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
4,227	5.5	20,387	131,963,676	0.47	1.13

## Appendix 4: Insured Acres by Crop

Crop	1961-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	
<b>CEREAL CROPS</b>	All Wheat	9,102,700								
	Hard Red Spring	3,233,205	4,731,716	5,615,440	6,673,045	8,452,752	10,367,504	8,692,868	8,706,489	9,783,115
	Durum	671,488	715,544	1,360,053	2,072,676	1,870,193	1,216,880	2,266,101	1,721,750	2,147,814
	Barley	1,750,506	1,008,656	1,507,827	1,519,288	1,389,155	2,246,807	1,631,337	1,270,343	1,795,748
	Oats	318,815	234,891	430,933	559,950	549,122	746,651	476,210	361,241	480,810
	Fall Rye		2,177	14,054	29,722	49,101	47,929	83,014	76,076	89,389
	Extra Strong Red			42,295	67,105	60,345	264,967	226,913	58,068	44,046
	Soft White Spring									
	Hard White Spring									
	Spring Rye								4,858	13,493
	Triticale									
	Winter Wheat									
	Canada Prairie Spring									
	Khorasan Wheat									
<b>OILSEEDS</b>	Flax	41,267	153,252	218,854	227,902	90,225	365,647	221,894	386,897	247,139
	Canola	146,301	388,380	545,896	881,834	328,818	774,775	1,415,738	1,616,044	1,085,158
	IP Canola									
	Sunflowers*		1,050	190	829	570	2,291	2,004	4,128	10,632
	Mustard			68,880	33,871	17,950	73,457	73,363	44,418	110,742
	Yellow Mustard									
	Brown Mustard									
	Oriental Mustard									
	Coriander									
	Caraway									
	Field Peas					3,287	9,919	9,814	12,789	17,569
	Lentils								13,941	43,400
	Lentils - Large Green									
	Lentils - Other									
Lentils - Red										
<b>PULSES</b>	Canary Seed							24,075	50,881	
	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										
Wild Rice										
<b>Total Acres</b>		15,264,282	7,235,666	9,804,422	12,066,222	12,811,518	16,116,827	15,099,256	14,301,117	15,919,936
<b>Average**</b>	233	303	312	316	327	342	351	356	372	
<b># of Contracts</b>	65,448	23,909	31,411	38,209	39,143	47,156	43,032	40,154	42,850	

\* Sunflowers include sunwheat and sunola.

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

Crop	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
<b>All Wheat</b>									
Hard Red Spring	11,097,416	11,250,517	11,854,822	10,931,701	11,853,170	13,298,153	11,674,712	10,840,175	12,070,775
Durum	2,749,049	2,237,746	2,087,304	2,561,121	2,899,744	3,172,596	3,710,793	3,880,322	4,684,235
Barley	2,180,806	2,049,734	1,614,460	1,823,475	2,218,712	2,394,632	2,497,283	2,090,117	2,759,566
Oats	546,035	461,074	326,370	376,268	469,229	468,090	456,691	628,814	758,462
Fall Rye	138,233	147,036	135,117	105,569	118,634	187,634	164,669	138,679	330,134
Extra Strong Red	37,515	34,773	25,787	58,823	167,936	156,036	59,578	58,419	58,177
Soft White Spring					9,329	11,301	4,468	2,262	2,043
<b>Hard White Spring</b>									
Spring Rye	18,022	25,008	8,072	9,133	23,484	29,369	15,219	20,727	18,008
Triticale						2,887	2,079	1,711	1,166
Winter Wheat					416,257	602,306	264,277	130,624	51,912
<b>Canada Prairie Spring</b>									
<b>Khorasan Wheat</b>									
Flax	210,676	275,290	123,665	372,201	430,229	501,806	351,599	312,559	533,851
Canola	686,360	757,199	1,112,926	1,770,049	1,803,123	1,665,883	1,627,739	2,586,023	2,295,868
<b>IP Canola</b>									
Sunflowers	4,791	3,601	1,306	5,895	6,103	6,493	11,334	10,529	10,019
Mustard	75,290	49,725	93,580	164,691	222,031	271,288	117,443	247,822	361,354
<b>Yellow Mustard</b>									
<b>Brown Mustard</b>									
<b>Oriental Mustard</b>									
<b>Coriander</b>									
<b>Caraway</b>									
Field Peas	15,942	26,530	21,594	28,907	43,798	102,565	206,548	235,656	96,573
Lentils	44,848	63,902	56,294	76,035	110,489	218,964	333,353	185,885	166,849
<b>Lentils - Large Green</b>									
<b>Lentils - Other</b>									
<b>Lentils - Red</b>									
Canary Seed	39,962	89,761	47,883	67,907	84,892	131,153	158,996	183,337	244,304
Fababeans	152	370	1,177	2,010	1,017	2,599	4,387	12,370	983
<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>									
<b>Wild Rice</b>									
Total Acres	17,845,097	17,472,266	17,510,357	18,353,785	20,878,177	23,223,755	21,661,168	21,566,031	24,444,278
Average	386	393	407	422	445	474	466	472	496
# of Contracts	46,259	44,469	43,000	43,443	46,894	48,952	46,492	45,721	49,267

Crop	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
<b>CEREAL CROPS</b>	<b>All Wheat</b>									
	Hard Red Spring	12,962,716	15,512,081	14,453,469	9,724,157	6,315,045	6,868,737	8,213,055	6,963,500	5,603,875
	Durum	3,580,820	3,723,365	2,485,801	1,942,853	2,785,708	2,825,626	2,708,185	3,066,510	4,322,155
	Barley	2,372,150	2,776,307	2,166,076	1,738,413	1,408,404	1,789,833	1,986,217	2,069,474	2,079,545
	Oats	444,078	382,028	419,373	366,814	318,456	256,052	433,415	479,457	706,099
	Fall Rye	227,450	98,670	57,084	77,362	56,879	46,860	34,136	40,008	68,755
	Extra Strong Red	44,891	24,921	22,908	124,147	98,647	147,124	214,413	215,154	177,123
	Soft White Spring	2,972	6,445	4,350	1,149	0	80	549	357	260
	Hard White Spring									
	Spring Rye	15,828	18,445	17,793	12,924	12,929	4,510	4,306	5,762	8,520
	Triticale	5,115	5,097	7,802	11,414	7,152	5,785	5,465	7,384	18,794
	Winter Wheat	68,391	23,570	14,694	15,838	10,227	20,426	41,669	47,042	55,087
	Canada Prairie Spring	53,817	326,653	551,764	564,436	329,938	404,611	579,749	796,755	595,423
	<b>Khorasan Wheat</b>									
<b>OILSEEDS</b>	Flax	655,579	483,221	206,509	409,525	563,646	759,514	435,399	792,587	991,327
	Canola	2,065,296	3,121,653	2,735,548	3,305,427	4,508,878	4,285,004	2,670,161	3,806,591	4,377,810
	IP Canola									
	Sunflowers	8,102	16,917	9,439	20,748	16,140	11,515	6,683	16,688	20,402
	Mustard	361,373	186,406	205,996	233,671	386,635	288,527	246,407	309,005	348,309
	Yellow Mustard									
	Brown Mustard									
	Oriental Mustard									
	Coriander									
	Caraway									
<b>PULSES</b>	Field Peas	75,248	156,871	221,185	355,351	570,038	740,427	472,253	872,473	1,164,713
	Lentils	199,668	407,874	319,646	439,630	496,761	468,360	374,975	487,762	587,490
	Lentils - Large Green									
	Lentils - Other									
	Lentils - Red									
	Canary Seed	243,712	207,718	183,367	201,562	276,513	209,954	281,035	165,433	290,581
	Fababeans	575	3,117	3,268	1,532	298	290	130	310	527
	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	2,393
	Dry Bean Black (Dry)									
	Dry Bean Pinto (Dry)									
	Desi Chickpeas									29,647
	Kabuli Chickpeas									33,964
	Kabuli (Large Seed)									
Kabuli (Small Seed)										
<b>SPECIALTY</b>	Alfalfa Seed									23,870
	Potatoes		1,577	619	431	1,141	703	898	3,847	8,278
	Processing Potato									
	Seed Potato									
	Diversification					4,803	4,798	2,480	4,066	5,517
	Winterkill Acres									
	Wild Rice									
<b>Total Acres</b>	23,388,147	27,483,146	24,086,895	19,547,592	18,168,710	19,140,093	18,713,064	20,151,723	21,520,464	
<b>Average</b>	503	534	487	427	421	468	491	559	609	
<b># of Contracts</b>	46,523	51,466	49,466	45,752	43,107	40,904	38,099	36,030	35,336	

1991-92, 1992-93, 1993-94 and 1994-95 information is for Crop Insurance only and the crop insurance portion of GRIP.



Crop	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>All Wheat</b>									
Hard Red Spring	6,389,437	6,262,416	7,847,343	7,243,121	7,121,104	6,885,518	6,264,449	6,874,536	4,666,804
Durum	2,491,946	4,207,869	3,477,740	4,080,229	3,969,914	3,381,902	3,596,258	2,567,682	2,894,886
Barley	2,080,267	3,060,719	3,010,165	3,365,841	3,488,895	2,874,229	2,876,162	1,903,105	2,618,204
Oats	536,971	661,663	716,488	1,078,809	860,578	765,640	753,780	774,052	1,302,432
Fall Rye	47,853	31,051	24,763	24,914	60,536	60,932	59,358	48,953	34,556
Extra Strong Red	136,885	132,067	82,822	42,155	21,743	15,033	20,781	21,177	10,466
Soft White Spring	483	316	130						
Hard White Spring								147,751	44,996
Spring Rye	4,986	2,303	2,769	6,072	5,303	3,391	3,705	1,461	793
Triticale	19,513	15,989	16,892	29,255	26,575	24,571	16,829	13,620	9,849
Winter Wheat	48,789	86,095	125,085	70,880	98,875	103,183	80,251	120,245	234,724
Canada Prairie Spring	394,839	323,873	306,318	313,806	277,180	271,277	157,939	292,535	482,544
Khorasan Wheat				3,629	6,567	7,356	8,531	9,817	12,468
Flax	889,593	740,657	920,117	994,805	1,086,571	1,003,198	1,243,682	1,121,320	734,568
Canola	4,612,512	4,219,946	3,595,269	3,398,946	4,498,030	4,737,975	4,990,941	4,580,975	5,376,819
IP Canola									395,150
Sunflowers	32,733	21,178	9,876	22,968	32,563	15,436	24,684	12,032	11,284
<b>Mustard</b>									
Yellow Mustard	109,918	81,003	147,548	331,759	288,909	208,373	98,562	70,520	113,486
Brown Mustard	116,924	93,991	47,228	112,239	172,555	122,372	81,921	60,186	77,869
Oriental Mustard	166,648	169,206	75,446	103,662	89,961	128,932	87,214	51,061	49,341
Coriander	10,091	11,074	8,467	20,636	13,981	29,527	17,398	9,609	7,936
Caraway	4,308	4,970	6,227	7,116	3,394	1,850	3,509	6,169	3,911
Field Peas	926,633	1,548,056	1,918,743	1,773,176	1,787,373	1,878,644	2,015,250	1,763,452	2,019,316
Lentils	842,009	1,357,437							
Lentils - Large Green			648,552	723,460	686,464	957,556	995,734	338,640	466,878
Lentils - Other			404,269	250,127	274,133	341,580	388,386	192,738	193,318
Lentils - Red			349,218	300,037	177,876	191,478	337,554	446,765	359,154
Canary Seed	207,414	296,903	291,850	648,951	544,560	700,343	367,024	232,793	430,922
Fababeans	650	905	1,626	725	346	185	237	971	345
Dry Bean Black (Irr)				270					
Dry Bean Pinto (Irr)				2,590	2,088	2,334	3,645	660	3,122
Dry Bean Other (Irr)				730	506	312	495	705	292
Dry Beans	2,385	3,608	2,369						
Dry Bean Black (Dry)						228			
Dry Bean Pinto (Dry)				632	1,301	1,569	871	1,121	1,210
Desi Chickpeas	128,926	293,461	310,338	149,216	47,291	11,830	4,440	27,978	31,187
Kabuli Chickpeas	132,441	354,696							
Kabuli (Large Seed)			438,512	169,011	33,778	30,505	42,696	91,673	91,938
Kabuli (Small Seed)			254,855	95,220	20,759	30,621	47,104	97,547	108,301
Alfalfa Seed	27,866	49,432	61,920	65,688	63,710	63,984	74,952	70,669	56,440
<b>Potatoes</b>									
Processing Potato	79	603	1,439	1,767	1,750	1,110	863	1,026	963
Seed Potato	2,061	3,204	2,238	2,538	3,553	3,742	1,505	871	274
Diversification	3,109	2,199	2,099	3,316	7,473	8,806	8,500	13,200	9,612
Winterkill Acres		57,542	117,194	98,524	142,997	167,161	133,722	157,751	214,055
Wild Rice									36,249
<b>Total Acres</b>	20,368,269	24,094,432	25,225,915	25,536,820	25,919,420	25,032,455	24,808,932	22,125,366	23,106,662
<b>Average</b>	613	706	744	755	785	798	833	799	867
<b># of Contracts</b>	33,216	34,121	33,917	33,814	33,012	31,384	29,778	27,702	26,637

## 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 coverage 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 2007–2008, the crops covered under the reinsurance program were alfalfa seed, caraway, coriander, chickpeas (Desi, large and small seed Kabuli), dryland and irrigated dry beans, Khorasan wheat, timothy hay, potatoes and vegetables.

<b>New Crops Insurance</b>									
	1996–97 to 2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	Total
(thousands of \$)									
Opening Balance	\$ –	\$ 24,220	\$ 23,153	\$ 9,047	\$ 9,292	\$ 6,187	\$ 5,887	\$ 6,143	\$ –
Revenue									
Start Up									
Saskatchewan	10,000	–	–	–	–	–	–	–	10,000
Federal	15,000	–	–	–	–	–	–	–	15,000
Interest	4,123	866	605	245	192	178	256	255	6,720
<b>Total Revenue</b>	<b>29,123</b>	<b>866</b>	<b>605</b>	<b>245</b>	<b>192</b>	<b>178</b>	<b>256</b>	<b>255</b>	<b>31,720</b>
Expenditures									
Reinsurance									
Premiums	(1,050)	(1,733)	–	–	–	–	–	–	(2,783)
New Crops									
Program Deficit	(3,853)	(200)	(1,074)	–	(3,297)	(478)	–	–	(8,902)
Transfer to Crop									
Insurance Fund	–	–	(13,637)	–	–	–	–	–	(13,637)
<b>Total Expenditure</b>	<b>(4,903)</b>	<b>(1,933)</b>	<b>(14,711)</b>	<b>–</b>	<b>(3,297)</b>	<b>(478)</b>	<b>–</b>	<b>–</b>	<b>(25,322)</b>
<b>Ending Balance</b>	<b>\$ 24,220</b>	<b>\$ 23,153</b>	<b>\$ 9,047</b>	<b>\$ 9,292</b>	<b>\$ 6,187</b>	<b>\$ 5,887</b>	<b>\$ 6,143</b>	<b>\$ 6,398</b>	<b>\$ 6,398</b>

## 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 Saskatchewan Ministry of Agriculture.

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

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 42 and 43 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	4,055,209	1,588	3,890,262
07-08	1,458	7,696,618	1,294	3,721,846
<b>Total</b>	<b>35,915</b>	<b>\$ 91,047,543</b>	<b>11,802</b>	<b>\$ 34,417,386</b>
<b>Average</b>	<b>1,197</b>	<b>\$ 3,034,918</b>	<b>1,073</b>	<b>\$ 3,128,853</b>
<b>5 Yr. Avg.</b>	<b>1,372</b>	<b>\$ 5,365,291</b>	<b>1,616</b>	<b>\$ 4,628,273</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 2000-2001	2001-02	2002-03	2003-04	Total
	(thousands of \$)				
Opening Balance	\$ -	\$ 11,275	\$ 4,225	\$ (5,075)	\$ -
Revenue					
Start Up					
Saskatchewan	7,000	-	-	-	7,000
Federal	7,000	-	-	-	7,000
Operational					
Saskatchewan	2,589	-	-	385	2,974
Federal	800	-	-	5,350	6,150
Hunter	1,360	-	-	-	1,360
Transfer from W/Fowl Account	-	-	-	1,815	1,815
Interest	1,287	257	64	47	1,655
<b>Total Revenue</b>	<b>20,036</b>	<b>257</b>	<b>64</b>	<b>7,597</b>	<b>27,954</b>
Expenditures					
Indemnities	(8,680)	(1,307)	(9,364)	(2,522)	(21,873)
Transfer to CFIP*	-	(6,000)	-	-	(6,000)
Other	(81)	-	-	-	(81)
<b>Total Expenditure</b>	<b>(8,761)</b>	<b>(7,307)</b>	<b>(9,364)</b>	<b>(2,522)</b>	<b>(27,954)</b>
Ending Balance	\$ 11,275	\$ 4,225	\$ (5,075)	\$ -	\$ -

### Waterfowl Damage Companion Program Fund Balances

	1996-97 to 2000-01	2001-02	2002-03	2003-04	Total
	(thousands of \$)				
Opening Balance	\$ 80	\$ 17,595	\$ 8,778	\$ 6,044	\$ 80
Revenue					
Start Up					
Saskatchewan	5,000	-	-	-	5,000
Federal	10,000	-	-	-	10,000
Operational					
Saskatchewan	12,028	-	-	170	12,198
Federal	8,125	-	-	254	8,379
Interest	2,182	416	135	50	2,783
<b>Total Revenue</b>	<b>37,335</b>	<b>416</b>	<b>135</b>	<b>474</b>	<b>38,360</b>
Expenditures					
Indemnities	(19,693)	(233)	(2,869)	(4,703)	(27,498)
Transfer to CFIP*	-	(9,000)	-	-	(9,000)
Transfer to Big Game Account	-	-	-	(1,815)	(1,815)
Other	(127)	-	-	-	(127)
<b>Total Expenditure</b>	<b>(19,820)</b>	<b>(9,233)</b>	<b>(2,869)</b>	<b>(6,518)</b>	<b>(38,440)</b>
Ending Balance	\$ 17,595	\$ 8,778	\$ 6,044	\$ -	\$ -

Prior to 2004-05, the Big Game Damage Compensation and Waterfowl Damage Compensation programs were operated separately. Subsequently they were combined into the Wildlife Damage Compensation Program.

\*Canadian Farm Income Program

### Wildlife Damage Compensation Program

	2004-05	2005-06	2006-07	2007-08	Total
	(thousands of \$)				
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue					
Saskatchewan	3,227	4,198	3,270	3,162	13,857
Federal	4,793	6,295	4,905	4,742	20,735
Total Revenue	8,020	10,493	8,175	7,904	34,592
Expenditures					
Indemnities	(8,020)	(10,493)	(8,175)	(7,904)	(34,592)
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -

Prior to 2004-05, the Big Game Damage Compensation and Waterfowl Damage Compensation programs were operated separately. Subsequently they were combined into the Wildlife Damage Compensation Program.

# Saskatchewan Crop Insurance Customer Service Offices

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