

PROVINCE OF SASKATCHEWAN



08-09

ANNUAL REPORT

SASKATCHEWAN CROP
INSURANCE CORPORATION

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Saskatchewan Crop Insurance Corporation's 2008-2009 Annual Report is available in pdf format at www.saskcropinsurance.com.

Letters of Transmittal



June 25, 2009

To the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

Your Honour:

Saskatchewan Crop Insurance is committed to a healthy and vibrant agriculture industry in the province.

I have the honour of submitting the Saskatchewan Crop Insurance Corporation annual report and financial statements for the year ended March 31, 2009.

Respectfully submitted,

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

Bob Bjornerud
Minister of Agriculture



June 25, 2009

To the Honourable Bob Bjornerud
Minister of Agriculture

Sir:

I wish to present the 2008-2009 Saskatchewan Crop Insurance Corporation annual report for the year ended March 31, 2009.

This report will demonstrate our ministry's commitment to providing an effective and comprehensive crop insurance program as part of a business risk management suite that meets the needs of Saskatchewan producers.

Respectively 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

	2008	2007	2006	2005	2004
Financial					
Total Premium (P)	\$ 468.1 M	\$ 291.1 M	\$ 211.4 M	\$ 277.2 M	\$ 291.5 M
Total Indemnities (I)	\$ 99.1 M	\$ 136.8 M	\$ 125.8 M	\$ 75.9 M	\$ 392.1 M
Net Loss Ratio (I/P)	.21	.47	.60	.27	1.35
Total Insured Value (liability)	\$ 3.5 B	\$ 2.1 B	\$ 1.5 B	\$ 1.9 B	\$ 2.1 B
Insured Acres					
Annual Grain Crops					
• Multi-Peril Insurance	25.1 M	23.1 M	22.1 M	24.8 M	25.0 M
• Ratio of Insured to Seeded Acres	74%	69%	70%	75%	75%
Perennial Forage Crops					
• Multi-Peril Insurance	.4 M	.4 M	.5 M	.6 M	.8 M
• Forage Rainfall Insurance Program	1.0 M	.9 M	1.0 M	1.2 M	1.7 M
• Corn Heat Unit Program	655	785	1,162	1,810	2,324
Annual Crop Weather Based Insurance Program	1.7 M	1.4 M	1.5 M	2.0 M	1.4 M
Insured Contracts					
Grain, Forage and Weather Derivative Programs	26,119	27,146	28,220	30,413	32,087
Distribution of Acres by Coverage Level (expressed as a per cent of average yield)					
50% and Winterkill	16%	19%	19%	17%	14%
60%	11%	11%	11%	11%	10%
70%	40%	43%	44%	44%	43%
80%	33%	27%	26%	28%	33%
Weighted Average	69%	68%	68%	68%	70%
Claims Registered*					
Unseeded Acreage	635	6,927	8,785	4,464	4,073
Establishment	1,901	3,112	3,526	3,625	6,394
Pre-Harvest	2,953	2,701	3,234	3,873	10,936
Post-Harvest	8,420	15,156	11,260	9,715	34,048
Wildlife - Waterfowl	905	1,407	1,342	2,280	2,183
Wildlife - Big Game	964	1,049	1,098	2,498	1,868
Total Claims Registered	15,778	30,352	29,245	26,455	59,502

*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.

Our 2008-2009 Annual Report

The 2008-2009 Annual Report outlines the Corporation's strategic and financial activities and results for the fiscal year ending March 31, 2009.

Saskatchewan Crop Insurance followed the Public Performance Reporting Guidelines when reporting on the results of the 2008-2009 crop year. These guidelines provide an accountability framework for the Corporation's strategic plan and summarize the results achieved against those plans.

The 2008-2009 Strategic Plan results have been reported against objectives and measures. Complete information can be found on pages 8 through 11.

Management Discussion & Analysis

This Management Discussion & 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

2008-2009 A Year in Review

Strategic Direction

2008-2009 Strategic Plan and Final Results

2008-2009 Financial Results

2009-2010 Corporate Plan

Saskatchewan Crop Insurance Corporation

Role within the Saskatchewan Ministry of Agriculture

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

The purpose of the Saskatchewan Ministry of Agriculture is to enable a prosperous, market-driven agricultural industry through a supportive legislative framework, policies, and programs and services. According to the Ministry of Agriculture's plan, one of its key strategies is to ensure producers have access to effective business risk management programs. Under this strategy, the ministry noted the Crop Insurance Program will be strengthened through the implementation of Crop Insurance Review recommendations.

Saskatchewan Crop Insurance has developed strategic themes that correspond to the goals and direction of the Government of Saskatchewan. Where the government aims for economic growth, accountability and support of Saskatchewan families, Saskatchewan Crop Insurance will focus on producers, accountability and leadership.

Although Saskatchewan Crop Insurance is an agency of the Ministry of Agriculture, the Growing Forward federal-provincial agreement provides the structure and guiding principles for the program. Growing Forward features 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: an existing production insurance program and other insurance products, which will expand to include other commodities.

Federal and provincial governments are currently working to transfer the administration of the

AgriStability program to the province through Saskatchewan Crop Insurance Corporation.

Governing Authorities

The Saskatchewan Crop Insurance Corporation (the 'Corporation') is a provincial Crown corporation established by an Act of the 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)
- Federal/Provincial AgriInsurance Agreement
- Operational document related to the Federal/Provincial AgriInsurance Agreement

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

Saskatchewan Crop Insurance Corporation 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, 2009, the board members were Alanna Koch, chair and Deputy Minister of the Saskatchewan Ministry of Agriculture, Nithi Govindasamy, vice chair and Associate Deputy Minister, Glen Clarke and Doug Gatteringer. 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 the Corporation exists.

The panel is an advisory committee of producers appointed by the board of directors to consider and make recommendations on individual customer concerns. 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.

As of March 31, 2009, members of the panel were David Weiss (Langenburg), chair, Norman Collins (Rosetown), vice chair, Gary Kozak (Prairie River), Jack Pick (Macoun), Lee Eglund (Eastend), and Leslie Anderson (Parkside).

The Provincial Appeal Panel heard 28 appeals between April 1, 2008, and March 31, 2009. Of

those appeals, five were approved in whole, 18 were denied and five were heard late in the fiscal year and had no decision made by March 31.

Staff

Saskatchewan Crop Insurance Corporation's head office is located in Melville, with 21 customer service offices in communities throughout the province. As of March 31, 2009, the Corporation employed 443 individuals, including permanent, temporary and casual positions. Of that number, 121 worked out of head office and 322 worked out of the customer service offices.

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

2008-2009 A Year in Review

Because of cool weather throughout the growing season, crops were generally behind schedule for much of the year. Even still, the quality of crops harvested was above average for another year. Forage yields varied throughout the province and were generally below average in southwest and west central regions.

The 2008 program was launched at the end of February with personalized crop insurance packages distributed soon afterwards. The deadline to apply for, make changes to, or cancel a contract of insurance remained March 31.

In 2008, gopher damage became a permanent feature of the multi-peril program as an insured cause of loss under both the establishment benefit and yield-loss components. Alfalfa seed coverage was expanded to individual coverage eligible for experience discount and surcharge; the pedigreed price option also became available for alfalfa seed.

The Enhanced Irrigation Pilot was also introduced. The pilot offered separate coverage for irrigated and dryland acres of the same crop. There were 10 contracts registered for the pilot project, insuring 1,862 acres largely in the west central region of the province.

The highest liability in the Corporation's history was recorded, with Crop Insurance responsible for over \$3.5 billion. Crop Insurance also collected a record amount in premium at \$468.1 million. These records can be attributed to the fact that the prices used to determine coverage increased 46 per cent on average from the previous year.

Despite delays from a late snowfall in west central and northwestern regions, as well as dry soil conditions in the south, 99 per cent of seeding was complete by June 8. The Unseeded Acreage feature provides protection in the event that it is too wet to seed by June 20. There were marginal Unseeded Acreage claims, as precipitation was well below average for much of the province in May.

Approximately 26,200 producers insured 28.2 million acres in the province, of which about 395,500 were forage acres in the multi-peril program. Saskatchewan Crop Insurance Corporation insured 73.6 per cent of the seeded grain acres in the province.

Significant causes of yield loss in 2008 included drought, hail and quality. While the 1991 to 2007 average is 43, the province registered 99 severe hail events. In July, a hail event occurred virtually

everyday somewhere in Saskatchewan. Still, yield and quality were above the 10-year average in most crops.

In total, the Corporation paid \$97.9 million in indemnities for 9,556 claims in its crop insurance program. Through the Wildlife Damage Compensation Program, 1,640 claims were paid a total of \$4.5 million. The combined deficit, at the start of the year for the Crop Insurance and federal and provincial reinsurance funds, of \$173 million was eliminated and replaced by an accumulated surplus of \$199 million going into 2009.

Crop Insurance Review

The Saskatchewan Crop Insurance Review was announced by the Minister in April 2008. The objective of the review was to consult Saskatchewan producers and industry groups to generate recommendations on how to improve the Crop Insurance Program. Of 16 recommendations made in this review, the Government of Saskatchewan is addressing 12 recommendations through the introduction of new program components or enhancements of core programs. The introduction of 100 per cent wildlife damage compensation, yield trending, the yield cushioning pilot, decreased premiums for the Enhanced Irrigation Pilot program, In-Season Price Option and increased establishment payment levels are among the new initiatives being implemented beginning in 2009. The new program features will result in an additional financial commitment of up to \$20 million by the provincial government in 2009.

AgriStability

The federal and provincial governments are working together to move administration of the AgriStability program (formerly known as CAIS) to Saskatchewan. The cost-shared risk management program will be delivered by Saskatchewan Crop Insurance Corporation, which has an established relationship and knowledge of farming and ranching operations in the province. Saskatchewan Crop Insurance Corporation will be able to take advantage of synergies between the Crop Insurance and AgriStability programs, enabling improved service delivery. The transition will be completed by 2010, in time to process final 2009 applications. AgriStability will create approximately 110 new jobs at the Saskatchewan Crop Insurance Corporation head office in Melville and 30 new positions at other service locations in rural Saskatchewan.

2008-2009 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

Objectives

- 1.1 To provide valuable and innovative core business risk management programs and services to customers
- 1.2 To support diversification, livestock and industry expansion through program development
- 1.3 To identify opportunities for new innovative products or services to meet industry needs

Summary of Key Actions

The Government of Saskatchewan initiated a review of Crop Insurance in April 2008 (commitment made in the 2008-09 Budget Summary). The objective of the review was to consult with producers and generate recommendations on how to improve the Crop Insurance Program. Meyers Norris Penny conducted this review. The primary focus for 2008-2009 was on the Crop Insurance Review recommendations. As a result of the review, new features to Crop Insurance and enhancements to core programs were introduced for 2009. In total 12 of the 16 recommendations were implemented.

Other key actions included continued work with industry associations to address concerns, opportunities for enhancements to existing insurance programs and future program initiatives.

Work continues with the implementation of AgriStability (announced in the Speech from the Throne 2008). The goal is to ensure a smooth transition of the AgriStability Program to Saskatchewan.

Performance Measures

Percentage of grains acres insured under the multi-peril program

- Saskatchewan producers insured 73.6 per cent of annual crop acres seeded. This compared to 69 per cent in 2007, a historical average of 66 per cent and the 2008 national average of 67.5 per cent.
- The average coverage level in 2008 was 69.2 per cent of average yields. This compares to a provincial average of 68 per cent in 2007, the historical average (since 1990, which is the year 80 per cent coverage was first offered) of 70 per cent and the 2008 national average of 77.4 per cent.

Percentage of forage acres insured under the multi-peril program

- There were 395,452 acres of forage insured for yield loss or establishment, which is nine per cent of the estimated tame hay acres in Saskatchewan. This compares to a five-year average of 619,715 insured acres, which is 14.3 per cent of the estimated tame hay acres in Saskatchewan.
- There were 978,468 acres of pastureland insured under the Forage Rainfall Insurance Program, which is 5.5 per cent of the estimated grazing acres in Saskatchewan.
- 655 acres were insured under the Corn Heat Unit Pilot Program, which is approximately 4.4 per cent of the 15,000 estimated corn acres in Saskatchewan.

Number of commodities covered under the New Crops Insurance Program Fund

- There were 65,293 acres insured under the New Crop Insurance Program Fund. There are seven commodities covered under this fund.

Strategic Goal 2: Financial Management Perspective

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

Objectives

- 2.1 To ensure sound financial management
- 2.2 To be proactively accountable for our stakeholders
- 2.3 To ensure fiscal responsibility

Summary of Key Actions

The Corporation ensured effective and efficient public service and accountability by completing inspections, reviewing experience discount/surcharge mechanisms, investigating reinsurance options, reviewing and updating premium rate and yield methodologies. Other efforts include actuarial certification, software solutions for management reporting, and information technology architectural solutions.

Performance Measures

Amount of third-party revenue generated compared to term trends

- Crop Insurance is contracted by external groups to perform inspections such as measuring bins, determining cause of loss and assessing crop damage. The third-party services offered on a cost-recovery basis in 2008 generated revenue of \$378,462. This compares to \$329,516 in 2007 and \$558,000 in 2006.

Number of hours staff spent on completing third-party generated work

- The number of staff hours spent on completing third-party revenue generation work during 2008-2009 amounted to 7,544 hours, which compares to 7,150 in 2007-2008 and 12,000 in 2006-2007.

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

- There were no instances of material shortcomings or limitations recorded in certifications. As a result, there were also no commodities affected that would have resulted in federal holdbacks due to overdue certification tests.
- The Corporation has reinsurance in place as per Schedule 3 to Annex B of *Growing Forward: A Federal-Provincial-Territorial Framework*

Agreement on Agriculture, Agri-Food and Agri-Based Products Policy.

Number of claim compliance audits compared to long-term trends

- Over the 2008 crop year, the Compliance Division performed 1,915 audits identifying \$407,000 in indemnity differences when claims were adjusted. This compares to 2,235 audits in 2007, which identified \$660,000 in indemnity differences when claims were adjusted.

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

2008-2009	Saskatchewan	Canada
Admin to liability	0.81%	0.95%
Admin to premiums	6.07%	8.27%
Admin per acre insured (\$)	1.01	1.74
Admin per contract	1,081	1,350

Strategic Goal 3: Internal Business Process Perspective

Effective and innovative delivery of programs and services

Objectives

- 3.1 To ensure our infrastructure meets the evolving needs of our core business
- 3.2 To continually provide consistent, accurate and timely service
- 3.3 To provide customers with crop insurance information to assist them in making farm management decisions

Summary of Key Actions

The overall focus of this initiative is to ensure efficient and effective strategies are in place so that the various and diverse business processes are undertaken with timely and consistent service to customers. One of the main focuses of the Corporation is to implement the Rational Unified Process into the information technology development of insurance applications, business processes and project management within the Corporation. Other efforts include the near completion and evaluation of the Business Contingency/Recovery Plan and Privacy and Security Modules.

Performance Measures

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

- As of March 31, 2009, there were 3,124 customers enrolled in CropConnect compared to 2,971 as of March 31, 2008.

Crop Insurance website traffic and usage statistics

- There were 40,783 visitors to the Crop Insurance website, www.saskcropinsurance.com. The average number of visits per day was 369. In 2007, there were 41,877 visitors to the website with an average of 401 visits per day.

The average time between a claim registered and an indemnity paid

- The average time between a post-harvest claim registered at a customer service office to the time the inspection was completed was 10 days, and 37 days until an indemnity was paid. In 2007 it was 10 days and 38 days respectively.

Percentage of total claims completed by declaration and verification results

- A total of 445 claims were paid from 583 eligible for payment by declaration. Claims paid by declaration were within corporate tolerance levels for paying a claim without an inspection. Claims that were outside of the tolerance levels were verified in addition to a random 10 per cent that were within tolerance levels. No major issues were identified from the verification results.

Percentage of claims keyed without inspection

- For the 2008 crop year, 73.8 per cent of yield-loss claims were keyed at source. This compares to 54.8 per cent in 2007 and 60.5 per cent in 2006.

Strategic Goal 4: Learning and Growth Perspective

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

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

2008-2009 Financial Results

The 2008-2009 financial statements begin on page 15 of this report and the following provides an explanation of the variances between the budget and actual results.

	2007-2008 Actual	2008-2009		Notes	
		Budget	Actual		Variances over (under)
	(thousands of \$)				
Premiums	\$ 291,099	\$ 398,492	\$ 468,067	\$ 69,575	1
Reinsurance premiums	(120,881)	(118,650)	(283,556)	(164,906)	2
Indemnities	(136,763)	(304,742)	(99,115)	205,627	3
Other	6,582	4,000	4,123	123	4
Deficiency of revenue over expenses from insurance operations	\$ 40,037	\$ (20,900)	\$ 89,519	\$ 110,419	
Program delivery – administration expenses net of other administration revenue	\$ 27,845	\$ 27,403	\$ 30,103	\$ 2,700	5

Notes:

- The premium variance over budget was due to:
 - a 7.6 per cent increase in acres
 - a shift toward higher value crops
 - a 3.2 per cent increase in average coverage level
- While normal reinsurance premiums were impacted the same as premiums per Note 1, the Corporation paid additional ceded premiums of \$143.9 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 Federal-Provincial Growing Forward Agreement, the excess was paid to the provincial and federal reinsurance funds in proportion to their deficits.
- Budgeted indemnities were based on a normal claim volume with an indemnity to liability ratio of 10 per cent. The actual ratio was 2.82 per cent.
- The budget for 'Other' included interest earnings of \$4 million offset by bad debts of \$1 million. Actual interest earnings exceeded the budget by \$0.5 million and bad debts were \$0.4 million worse than the budget.
- The variance includes \$1.9 million for AgriStability transition costs and responding to normal conditions of the Crop Insurance Program to meet delivery needs.

Saskatchewan Crop Insurance Corporation 2009-2010 Corporate Plan

Summary of Plan

The Saskatchewan Crop Insurance Corporation's Corporate Plan outlines a strategy to achieve success as leaders in developing and providing responsive business risk management programs. The Corporation will focus on three strategic themes: Focus on the Producer, Accountability and Leadership. These three themes align with the Government of Saskatchewan's strategic themes: Economic Growth; Accountable Government; and Support Saskatchewan Families, respectively. In aligning with the Government's themes, the Corporation's success will support the Ministry of Agriculture's Plan.

Vision Statement

To be leaders in developing and providing innovative and responsive business risk management programs.

Mission Statement

Work in partnership with industry and with the Ministry of Agriculture to provide producers with responsive agricultural business risk management programs and services.

Values

We value innovation, open two-way communication, teamwork, accountability, integrity, fairness, and respect.

Corporate Plan

Strategic Theme: Focus on the Producer			
Goal	Objectives	Actions	Indicators/Performance Measures
To assess and understand the impact of programs and service delivery	1.1 Identify and review key policies and procedures		Number of key policies reviewed
	1.2 Adapt the delivery model to meet service standards and evolving needs		Crop Insurance and AgriStability satisfaction surveys Claim turnaround time for Crop Insurance claims and AgriStability files
	1.3 Increase program awareness and understanding to enable producers to make informed decisions		Survey of awareness and rating of programs and services
	1.4 Increase industry involvement in developing programs		Number of initiatives approved for agricultural products and plans

Strategic Theme: Accountability			
Goal	Objectives	Actions	Indicators/Performance Measures
To provide effective and efficient program and resource management	1.1 To develop sustainable programs		<p>Audits are determined through a corporate risk assessment and are measured by:</p> <ul style="list-style-type: none"> • The number of claim compliance audits compared to long-term trends; and • the number of recommendations made for policy and procedural changes as a result of audit findings. <p>Agricultural products affected and the magnitude of federal holdbacks due to overdue certification tests</p> <p>Value of insured production compared to the total value of all agricultural services</p> <p>Value of agricultural products eligible for insurance compared to the value of all agricultural products</p> <p>Long-term sustainable loss ratio (indemnity/premium)</p>
	1.2 To optimize the allocation of resources (i.e. human, financial and capital)		<p>Ratios comparing administration expenses to liability, premiums, acres and contracts, as compared to long-term trends</p> <p>Percentage of claims completed by declaration</p>

Strategic Theme: Leadership			
Goal	Objectives	Actions	Indicators/Performance Measures
To be a leader in program development and service delivery, while being a workplace of choice	1.1 To create an environment that enables individual and organizational excellence		<p>Values audit (employee survey to establish benchmarks for employee satisfaction and organizational effectiveness)</p> <p>Recruitment and retention statistics</p>
	1.2 To be a national leader in timely service delivery and program development		<p>Acres insured in the Crop Insurance Program, measured by:</p> <ul style="list-style-type: none"> • The percentage of insured acres compared to seeded acres for annual crops and long-term trends; and • percentage of insured acres in the forage program, Forage Rainfall Insurance Program, Corn Heat Unit Program and New Crops Insurance Program as compared to long-term trends. <p>AgriStability participants as a percentage of total producers</p> <p>Claim turnaround time relative to national levels (federal measure: claims processed within a turn-around time of 30 days, target is 80 per cent)</p>

Management's Report

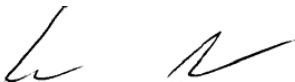
Responsibility for Financial Statements

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 judgment where estimates are required using all information available to June 25, 2009. 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.



Cam Swan
General Manager



Lorne Warnes
Executive Manager, Finance and Administration

June 25, 2009

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 of March 31, 2009, 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 on 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, 2009, 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 25, 2009

Saskatchewan Crop Insurance Corporation

Statement of Financial Position

Year ended March 31, 2009,
with comparative figures for 2008
(in thousands)


	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Assets		
Cash	\$ 168	\$ 85
Investments (note 4)	9,899	1,949
Due from the Province of Saskatchewan General Revenue Fund (note 3)	331,296	156,645
Accrued interest and other receivables	1,281	1,769
Transfers receivable from the Province of Saskatchewan	–	1,250
Premiums receivable from producers	11,900	5,031
Premiums receivable from the Province of Saskatchewan	13,624	5,953
Indemnities receivable from Crop Reinsurance Fund of Saskatchewan (note 1)	3,318	72,332
Prepaid expenses	318	361
Debt Retirement Fund (note 6)	47,661	28,190
Property, plant and equipment (note 5)	2,749	1,670
	<u>\$ 422,214</u>	<u>\$ 275,235</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 5,664	\$ 3,050
Premiums payable to the Government of Canada	118,683	21,244
Deferred indemnities payable	553	285
Indemnities payable (note 8)	1,613	955
Loans payable to the General Revenue Fund (note 7)	49,950	99,842
Deferred administration revenue (note 11)	10,387	4,014
	<u>186,850</u>	<u>129,390</u>
Net assets	<u>235,364</u>	<u>145,845</u>
	<u>\$ 422,214</u>	<u>\$ 275,235</u>

Commitments and contingencies (note 14)
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, 2009,
with comparative figures for 2008
(in thousands)

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Revenue		
Premium contributions:		
Producers	\$ 188,254	\$ 116,661
Government of Saskatchewan	111,925	69,775
Government of Canada	167,888	104,663
	<u>468,067</u>	<u>291,099</u>
Less reinsurance premiums ceded:		
Crop Reinsurance Fund of Canada for Saskatchewan	214,542	78,466
Crop Reinsurance Fund of Saskatchewan (note 1)	69,014	42,415
	<u>283,556</u>	<u>120,881</u>
Net premiums	184,511	170,218
Interest income	5,464	6,645
General Revenue Fund interest financing (notes 6 and 7)	3,538	4,799
	<u>193,513</u>	<u>181,662</u>
Expenses		
Indemnities (note 8)	99,115	136,763
Bad debts	1,341	63
Interest expense (note 7)	3,538	4,799
	<u>103,994</u>	<u>141,625</u>
Income from insurance operations, before administration revenue and expenses	<u>89,519</u>	<u>40,037</u>
Administration revenue		
Province of Saskatchewan operating grant (note 11)	30,130	27,845
Other administration revenue	532	673
	<u>30,662</u>	<u>28,518</u>
Administration expenses (Schedule 1)	<u>30,662</u>	<u>28,518</u>
Net income	89,519	40,037
Other comprehensive income	—	—
Comprehensive income	<u>89,519</u>	<u>40,037</u>
Net assets, beginning of year	145,845	105,808
Net assets, end of year	<u>\$ 235,364</u>	<u>\$ 145,845</u>

See accompanying notes to financial statements.

Saskatchewan Crop Insurance Corporation

Statement of Cash Flows

Year ended March 31, 2009,
with comparative figures for 2008
(in thousands)

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Cash Provided by (Used In)		
Operating Activities:		
Comprehensive income	\$ 89,519	\$ 40,037
Item not affecting cash:		
Amortization	776	743
Debt retirement fund earnings	(1,506)	(442)
Debt retirement fund valuation adjustment	635	(348)
Change in non-cash operating items:		
Accrued interest and other receivables	488	396
Premiums receivable from the producers	(6,869)	1,067
Premiums receivable from the Province of Saskatchewan	(7,671)	(2,087)
Due from Reinsurance Fund of Saskatchewan	69,014	42,415
Prepaid expenses	43	(136)
Accounts payable and accrued liabilities	2,614	(790)
Premiums payable to the Government of Canada	97,439	(9,586)
Deferred indemnities payable	268	234
Indemnities payable	658	(954)
Deferred administration revenue	6,373	82
	<u>251,781</u>	<u>70,631</u>
Financing Activities		
Decrease (increase) in transfers receivable from the Province of Saskatchewan	1,250	(1,029)
Proceeds from General Revenue Fund loans	40,900	—
Repayment of loans to the General Revenue Fund	(90,792)	(15,679)
Debt retirement fund installments	(18,600)	(27,400)
	<u>(67,242)</u>	<u>(44,108)</u>
Investment Activities		
Purchase of property, plant and equipment	(1,855)	(488)
Increase in cash and cash equivalents	182,684	26,035
Cash and cash equivalents, beginning of year	158,679	132,644
Cash and cash equivalents, end of year	<u>\$ 341,363</u>	<u>\$ 158,679</u>
Represented by		
Cash	\$ 168	\$ 85
Investments	9,899	1,949
Due from Province of Saskatchewan General Revenue Fund	331,296	156,645
	<u>\$ 341,363</u>	<u>\$ 158,679</u>
Supplemental cash flow information		
Interest paid	\$ 3,538	\$ 4,799

See accompanying notes to financial statements.

Saskatchewan Crop Insurance Corporation

Administration Expenses

Year ended March 31, 2009,
with comparative figures for 2008
(in thousands)

	March 31, 2009			March 31, 2008
	AgriInsurance	AgriStability	Total	Total
Adjusting and grain grading wages and expenses	\$ 6,978	–	\$ 6,978	\$ 8,026
Advertising	532	2	534	544
Amortization	711	65	776	743
Appeal Panel and Board of Directors meetings	54	–	54	94
Computer	2,164	1,243	3,407	1,845
Office rental	1,229	19	1,248	1,214
Office supplies and duplicating	342	–	342	408
Other	228	15	243	218
Postage	320	–	320	359
Professional fees	1,191	55	1,246	861
Salaries and benefits	13,732	432	14,164	12,776
Telephone	271	9	280	262
Travel and sustenance	1,006	64	1,070	1,168
	<u>\$ 28,758</u>	<u>\$ 1,904</u>	<u>\$ 30,662</u>	<u>\$ 28,518</u>

See accompanying notes to financial statements.

Saskatchewan Crop Insurance Corporation

Notes to Financial Statements

March 31, 2009

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 AgriInsurance Program. In addition, on behalf of the Ministry of Agriculture and 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.

Growing Forward: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy, which replaced the *Canada-Saskatchewan Agriculture 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.

AgriInsurance rates and reinsurance premiums are set such that the AgriInsurance 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 *Growing Forward: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy*.

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, 2008, three new presentation and disclosure standards were adopted: Canadian Institute of Chartered Accountants (CICA) 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 the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. As this standard only addresses disclosure requirements, there is no impact on the Corporation's operating results.

Sections 3862 and 3863 replaced Handbook Section 3861, Financial Instruments – Disclosure and Presentation. The new disclosure standards increase the disclosures related to financial instruments and the nature, extent and management of the Corporation's risks arising from financial instruments. The presentation standards carry forward unchanged the former presentation requirements. As these standards only address disclosure and presentation requirements, there is no impact on the Corporation's operating results.

Financial assets and liabilities:

The CICA Handbook, Section 3855 establishes standards for recognizing and measuring financial assets and financial liabilities. The measurement basis depends on whether the financial assets and liabilities have been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets and liabilities classified as held for trading are measured at fair value and changes in fair value are recognized in net income. Financial assets classified as available for sale are measured at fair value with unrealized changes in fair value recorded in other comprehensive income. However, unrealized losses considered other than temporary continue to be recognized as a decrease to net income. Financial assets designated as held to

Saskatchewan Crop Insurance Corporation

Notes to Financial Statements

March 31, 2009

maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The Corporation has no financial assets designated as held to maturity.

The Corporation has designated its cash, investments and due from the Province of Saskatchewan General Revenue Fund 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.

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:

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.

The debt retirement fund is carried at fair value, which is based on the quoted market values of the underlying investments based on the latest bid prices.

Investment earnings:

The Corporation recognizes interest as earned and investment gains and losses when realized.

Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Interest is generally receivable on a semi-annual basis.

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 2009 and 2008 as follows:

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

Saskatchewan Crop Insurance Corporation

Notes to Financial Statements

March 31, 2009

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 issued a new accounting standard that will become effective for the Corporation on April 1, 2009. The standard is Handbook Section 3064, Goodwill and Intangible Assets (Section 3064). Section 3064 reinforces that assets are recorded only if they meet the definition and recognition criteria for an asset and clarifies the application of the concept of matching costs with revenues. The standards concerning goodwill are unchanged from former Section 3062. The standard is not expected to have a material impact on the financial statements.

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises, including the Corporation, will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Corporation has commenced an IFRS conversion project including initiating the development of a high level IFRS implementation plan. An external advisor has been engaged by the Corporation to assist with the development of this plan. Work is in the early stages and, as a result, the impact on the Corporation's future financial position and results of operations is not reasonably determinable.

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

The Corporation's insurance bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's 30-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 1.95 per cent (2008 - 4.08 per cent).

4. Investments:

The Corporation's investments are in bankers' acceptances and corporate promissory notes maturing during the first two weeks of April 2009 with an average effective interest rate of 0.56 per cent (2008 - first week of April, 2008 and 3.75 per cent, respectively).

5. Property, plant and equipment:

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
(thousands of \$)				
Equipment	\$ 2,975	\$ 2,795	\$ 180	\$ 80
Leasehold improvements	1,616	1,079	537	230
Computer equipment	19,736	17,704	2,032	1,360
	<u>\$24,327</u>	<u>\$21,578</u>	<u>\$ 2,749</u>	<u>\$ 1,670</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 as a pooled fund.

The Corporation has recorded a decrease in the fair value of the debt retirement fund of \$635,000 for the year ended March 31, 2009 (2008 - \$348,000 increase), which has been included in the Statement of Operations and Net Assets with the Province of Saskatchewan General Revenue Fund interest financing.

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

	2009	2008
(thousands of \$)		
Debt retirement fund, beginning of year	\$28,190	\$ -
Installments	18,600	27,400
Earnings	1,506	442
Unrealized gain (loss)	(635)	348
Debt retirement fund, end of year	<u>\$47,661</u>	<u>\$28,190</u>

Saskatchewan Crop Insurance Corporation

Notes to Financial Statements

March 31, 2009

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

At March 31, 2009, the Crop Reinsurance Fund of Saskatchewan is in a deficit position. As a result, the Province of Saskatchewan General Revenue Fund has provided the following loans to the Corporation:

	2009	2008
	(thousands of \$)	
Loan bearing interest at the rate of 4.75 per cent (2008 – 4.75 per cent) with a maturity date of September 24, 2009	\$ 49,950	\$ 49,851
Loan bearing interest at the rate of 3.90 per cent (2008 – 3.90 per cent) with a maturity date of September 5, 2008	–	49,991
Total	<u>\$ 49,950</u>	<u>\$ 99,842</u>

Interest in these loans is financed by an appropriation from the Province of Saskatchewan General Revenue Fund.

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, 2009. The cost of these claims was estimated to be \$1,613,000 (2008 - \$955,000).

9. Financial risk management:

The nature of the Corporation's operations result in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Significant financial risks are related to the Corporation's investments and debt retirement fund. These financial risks are managed by investing in short-term investments, which reduce the risk of market fluctuations.

Credit risk:

The Corporation's credit risk arises primarily from two distinct sources: accounts receivable (from its

customers and reinsurers) and certain investments. The maximum credit risk to which it is exposed at March 31, 2009, is limited to the carrying value of the financial assets summarized as follows:

	2009	2008
	(thousands of \$)	
Cash	\$ 168	\$ 85
Investments	9,899	1,949
Accrued interest and other receivables	1,281	1,769
Transfers receivable from the Province of Saskatchewan	–	1,250
Premiums receivable for producers	11,900	5,031
Premiums receivable from the Province of Saskatchewan	13,624	5,953
Indemnities receivable for Crop Reinsurance Fund of Saskatchewan	3,318	72,332
Debt retirement fund	47,661	28,190
Total	<u>\$ 87,851</u>	<u>\$ 116,559</u>

The makeup of premiums receivable from producers is as follows:

	2009	2008
	(thousands of \$)	
Less than one year	\$ 13,261	\$ 5,121
Greater than one year	6,507	6,641
Subtotal	19,768	11,762
Allowance for doubtful accounts	(7,868)	(6,731)
Total	<u>\$ 11,900</u>	<u>\$ 5,031</u>

Provisions for credit losses are maintained in an allowance account and regularly reviewed by the Corporation. Amounts are written off once reasonable collection efforts have been exhausted. Details of the allowance account are as follows:

	2009	2008
	(thousands of \$)	
Allowance for doubtful accounts, opening balance	\$ 6,731	\$ 6,989
Accounts written off	(222)	(314)
Current period provision	1,359	56
Allowance for doubtful accounts, ending balance	<u>\$ 7,868</u>	<u>\$ 6,731</u>

Market risk:

Market risk represents the potential for loss from changes in the value of financial instruments. Value

Saskatchewan Crop Insurance Corporation

Notes to Financial Statements

March 31, 2009

can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest rate risk is managed by investing previously in short-term investments. The Corporation is not subject to risks related to foreign exchange or equity prices.

Liquidity risk:

Liquidity risk is the risk that the Corporation is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The majority of financial liabilities, excluding certain unpaid claims liabilities, are short-term in nature, due within one year. The Corporation generally maintains positive overall cash flows through cash generated from operations, as well as cash generated from its investing activities.

10. Capital Management:

The Corporation's primary objectives when managing capital is to ensure adequate funding is available to pay insured producer claims and deliver an AgrilInsurance program which is sustainable on a long-term basis. Its main sources of capital are loans from the Province of Saskatchewan General Revenue Fund and its net assets. There were no changes to the Corporation's capital structure during the period.

There have been no changes to the Corporation's capital structure during the period and there have been no changes to the Corporation's capital management processes and measures since the prior year end.

11. 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 Province of Saskatchewan General Revenue Fund, which remits them to the Corporation.

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

Details of administration funding received and recorded as revenue follows:

	2009	2008
	(thousands of \$)	
Deferred administration revenue, beginning of year	\$ 4,014	\$ 3,932
General Revenue Fund net operating grant received	36,503	27,927
Net operating grant recorded as revenue	(30,130)	(27,845)
Deferred administration revenue, end of year	<u>\$ 10,387</u>	<u>\$ 4,014</u>

12. 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 \$1,212,000 (2008 - \$1,131,000) 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.

13. 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 former directors is a partner in an organization, which provided professional services to the Corporation. During the current year these services amounted to \$155,000 (2008- \$289,000).

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:

	2009	2008
	(thousands of \$)	
Accounts receivable and accrued liabilities	\$ 378	\$ 311
Administration expenses	\$ 6,794	\$ 6,603

Saskatchewan Crop Insurance Corporation

Notes to Financial Statements

March 31, 2009

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

14. 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 \$1,247,000. 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 \$325,000 for 2009-2010 and \$30,000 for 2010-2011.

Contingencies:

Pursuant to the *Growing Forward: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy*, 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 by the Government of the Province of Saskatchewan and the Government of Canada. As of March 31, 2009, 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.

15. 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 readily estimated.

Based on current market rates for similar debt, the fair value of the Corporation's loans payable to the Province of Saskatchewan General Revenue Fund is approximately \$51,000,000 (2008 - \$108,500,000).

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.

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 of March 31, 2009, 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 on 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, 2009, 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 25, 2009

Crop Reinsurance Fund of Saskatchewan Statement of Financial Position

March 31, 2009 with comparative figures for 2008
(in thousands)

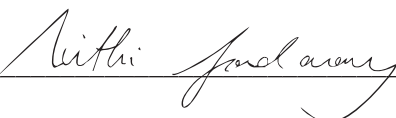
	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Assets		
Due from Province of Saskatchewan		
General Revenue Fund (note 3)	\$ 1	\$ 1
	<u>\$ 1</u>	<u>\$ 1</u>
Liabilities and deficiency		
Indemnities payable to Saskatchewan Crop		
Insurance Corporation	\$ 3,318	\$ 72,332
Deficiency	(3,317)	(72,331)
	<u>\$ 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, 2009 with comparative figures for 2008
(in thousands)

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Revenue		
Reinsurance premium ceded from the Saskatchewan Crop		
Insurance Corporation, representing excess of		
revenue over expenditures	\$ 69,014	\$ 42,415
Deficiency, beginning of year	(72,331)	(114,746)
Deficiency, end of year	<u>\$ (3,317)</u>	<u>\$ (72,331)</u>

See accompanying notes to financial statements.

Notes to Financial Statements of the Crop Reinsurance Fund of Saskatchewan

March 31, 2009

1. Status of the fund:

Growing Forward: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy replaced the *Canada-Saskatchewan Agriculture Policy Framework Implementation Agreement* and 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, 2008, three new presentation and disclosure standards were adopted: Canadian Institute of Chartered Accountants (CICA) 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 the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. As this standard only addresses disclosure requirements, there is no impact on the Corporation's operating results.

Sections 3862 and 3863 replaced Handbook Section 3861, Financial Instruments – Disclosure and Presentation. The new disclosure standards increase the disclosures related to financial instruments and the nature, extent and management of the Corporation's risks arising from financial instruments. The presentation standards carry forward unchanged the former presentation requirements. As these standards only address disclosure and presentation requirements, there is no impact on the Corporation's operating results.

Financial assets and liabilities:

The CICA Handbook, Section 3855, establishes standards for recognizing and measuring financial assets and financial liabilities. The measurement basis depends on whether the financial assets or liabilities have been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets classified as held for trading are measured at fair value and changes in fair value are recognized as an increase in net assets for the year. Financial assets or liabilities 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 as a decrease in net assets for the year. Financial assets or liabilities designated as held to maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The Fund has no financial assets or liabilities designated as held for trading, held to maturity or loans and receivables.

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

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 that 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

Notes to Financial Statements of the Crop Reinsurance Fund of Saskatchewan

March 31, 2009

exceeding 2.50 per cent (2008 - 2.50 per cent) of the total liability under policies in force in the insurance year. However, the Crop Reinsurance Fund of Saskatchewan is not required to pay any amounts if it has made a payment in previous years and the payment that has not yet been recovered from its operations exceeds 16.67 per cent of the total liability of the policies in force for the current year.

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

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

Indemnities payable to Saskatchewan Crop Insurance Corporation:

This includes estimates of the total cost of outstanding claims at the year-end date. Measurement of the indemnities payable is uncertain as all of the necessary information for reported claims is not always available as of the year-end and therefore estimates are made as to the value of these claims.

As a result, indemnities payable are selected from a range of possible outcomes and actual results may differ materially from the estimate.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions 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 period. Actual results could differ materially from those estimated.

Future accounting policy changes:

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises, including the Fund, will be required adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Fund has commenced an IFRS conversion project including initiating the development of a high level IFRS implementation plan. An external advisor has been engaged by the Fund to assist with the development of this plan. Work is in the early stages and, as a result, the impact on the Fund's future financial position and results of operations is not reasonably determinable.

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:

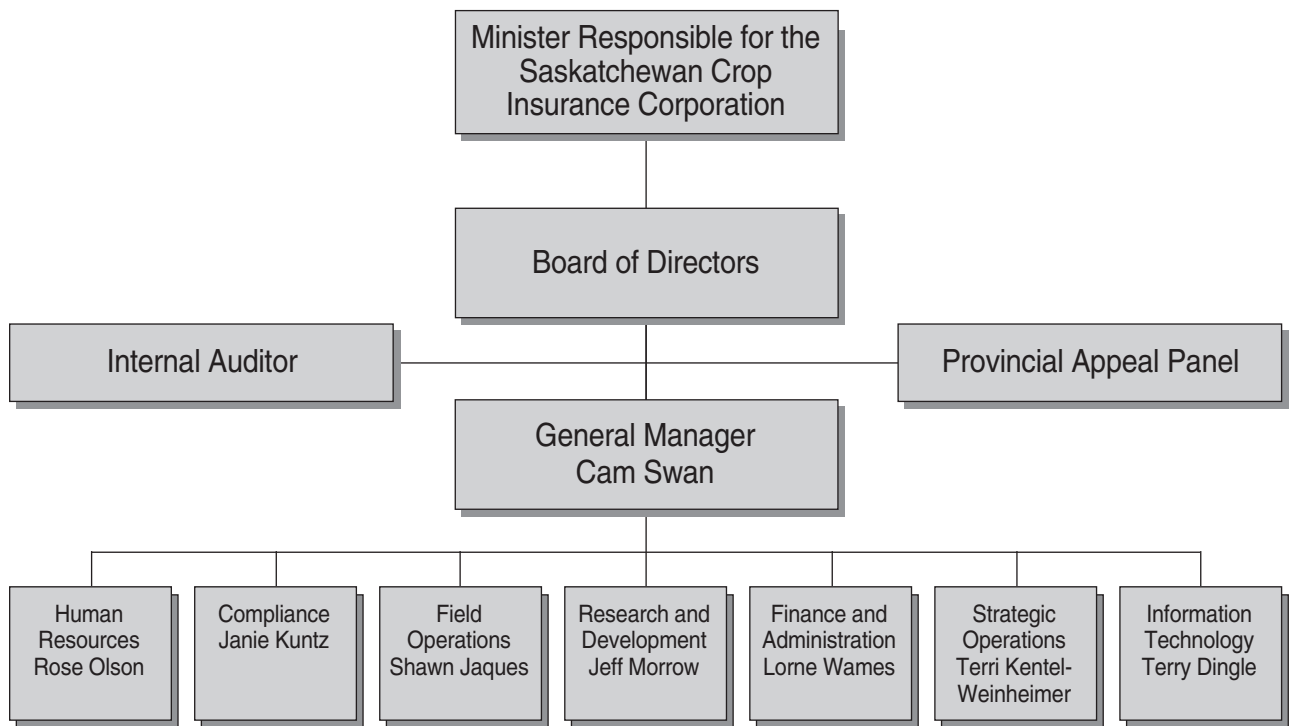
Settlement of the indemnities payable to the Saskatchewan Crop Insurance Corporation is dependent upon the level of future reinsurance premiums ceded and indemnities payable, and, accordingly, its fair value cannot be estimated.

6. Capital Management

The Fund's primary objectives when managing capital is to ensure adequate funding is available to pay reinsurance claims and deliver a crop reinsurance program which is sustainable on a long-term basis.

There were no changes to the Fund's capital structure during the period and there have been no changes to the Fund's capital management processes and measures since the prior year-end.

Appendix 1: Organization Chart as of March 31, 2009



Appendix 2: 2008-2009 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, 2008, to March 31, 2009.

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 2008 were: alfalfa seed, barley, canary seed, canola, identity-preserved canola, caraway, chickpeas (Desi, large and small Kabuli), coriander, dry beans (irrigated black, pinto and other; dryland black and pinto), fababeans, fall rye, field peas, flax, lentils (large green, red, other), mustard (brown, oriental, yellow), oats, potatoes (processed, table, and seed), spring rye, early-maturing short stature and late-maturing tall stature sunflowers, triticale, Canada Prairie spring wheat, durum, extra strong spring wheat, hard red and hard white spring wheat, Khorasan wheat, winter wheat, wild rice and vegetables. Annual crops were also eligible for coverage under the Annual Crop Weather Based Insurance Program, an area-based program that provided payments for a lack of precipitation or early fall frost.

Insurable forage crops were tame hay (alfalfa, alfalfa/grass, grass, red clover), dehydrated alfalfa, sweetclover and greenfeed (wheat, barley, oats, triticale, fall and spring rye). The Timothy Hay Pilot Program provided protection for this intensively managed crop intended for export. The Forage Rainfall Insurance Program provided single-peril coverage on native forage and tame grazing acres. The Corn Heat Unit Program insured feed and grain corn in designated areas of the province.

The New Crops Insurance Program provided protection on caraway, coriander, dryland dry beans, Khorasan wheat, Timothy hay, vegetables and wild rice.

Crops that 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 Prices

The insured base 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.

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

The Contract Price Option offers producers who have contracted eligible crops to be insured at a blended price. Customers' insured prices are the weighted average of their contract price and Crop Insurance's base price, based on the quantity of crop contracted and their production guarantee. The Contract Price Option is available for select commercial (canary seed; yellow, brown and oriental mustard; identity-preserved canola) and organic (flax; lentils; oats; yellow, brown and oriental mustard; feed barley; field peas) crops. In 2008, there were 189 contracts that enrolled in the Contract Price Option, covering 89,696 acres.

Introduced in 2007, the Variable Price Option utilizes a July price forecast, providing an insured price that reflects market conditions closer to the beginning of the crop year. The variable price may increase or decrease by a maximum of 50 per cent in relation to the base price. A total of 2,313 contracts and about 2.9 million acres selected this price option.

Premium Cost Sharing and Coverage Levels

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

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 new Growing Forward agreement.

Under the agreement, programs such as the Enhanced Top-Up Option under Annual Crop Weather Based Insurance Program and the Enhanced Irrigation Pilot Program are considered high-cost coverage. The agreement specifies a

different cost-share arrangement, where producers pay 67 per cent of the premium and governments pay 33 per cent.

Customers may select coverage at 50, 60, 70 or 80 per cent of their average yield. Coverage is only available to 70 per cent for specific crops, including: alfalfa seed, caraway, chickpeas, coriander, dry beans, Khorasan wheat, potatoes, Timothy hay and wild rice.

The Crop Averaging 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 acres are not eligible. There were 193 Crop Averaging Program contracts growing crops on 348,586 acres.

For historical coverage levels and premium, see Appendix 2.

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. Producers' individual average yields are 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 customers do not grow a crop for one or more years, their previous established individual experience is compared to the area to establish their current yields.

New customers, or customers who are insuring a crop for the first time, can provide their own records to establish their individual yield. New customers with no records will establish their yields at the long-term average yield for that area.

The Management Experience Transfer (MET) 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.

In 2008, there were 1,191 establishment claims worth over \$3.7 million. This compares to 1,303 claims worth over \$3.1 million in 2007.

Establishment Benefit Program		
Crop Year	# of Claims Paid	Indemnity Paid
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
2008	1,191	3,733,675
Total	22,911	\$ 55,540,676

* This is for the grains program only.

Unseeded Acreage Feature

Unseeded Acreage is a core feature of the multi-peril program, which compensates producers for acres too wet to seed. Eligibility is based on acres producers normally seed and insure that remain unseeded by June 20. Normally-seeded acres are

Unseeded Acreage Program				
Crop Year	# of Claims Paid	Indemnity Paid	Adhoc Programs	
			# of Claims Paid	Indemnity Paid
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		
2008	39	33,600		
Total	24,041	\$166,086,125	7,836	\$33,535,700

determined using producers' total cultivated acres multiplied by their seeding intensity, the four-year annual average of seeded acres compared to cultivated acres. A five per cent deductible of the normally-seeded acres is applied.

In 2008, there were 39 claims worth \$33,600 of unseeded acreage due to excessive moisture. During the 2007 crop year, though, there were about \$33.7 million dollars paid on 6,241 claims.

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 if the winterkill option is not selected.

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

Irrigation Option Historical Participation			
Year	Insured Acres	Year	Insured Acres
1999	40,931	2004	40,734
2000	43,088	2005	47,492
2001	49,453	2006	36,583
2002	36,796	2007	35,355
2003	37,793	2008	37,606

application. Spring flood-type irrigation is not acceptable as a permanent source is required to ensure adequate water is 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 was grown on irrigated or dry land. The number of insured acres increased in 2008 over the previous year, rising to 37,606 acres in 2008 from 35,355.

The Enhanced Irrigation Pilot Program was introduced in 2008 to provide a separate guarantee for irrigated and dryland acres of the same crop. Indemnities on one land use will not affect production of the same other land use. Because of the increased risk in calculating claims separately, the producer pays 66.7 per cent of the premium and the governments pay the remaining 33.3 per cent. There were 10 contracts insuring 1,862 acres in the introductory year of the program.

Diversification Option

The Diversification Option is available for crops and varieties that are not insurable under core multi-peril crop insurance of the New Crops insurance 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. There were 9,263 acres insured under the Diversification Option in 2008 as compared to 9,612 acres the previous year.

Diversification Option Historical Participation			
Year	Insured Acres	Year	Insured Acres
1999	3,109	2004	8,906
2000	2,199	2005	8,500
2001	2,099	2006	13,200
2002	3,316	2007	9,612
2003	7,473	2008	9,263

Pedigreed Seed Option

The Pedigreed 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. The number of acres enrolled in this option increased to 137,286 in 2008 from 118,485 in 2007.

Pedigreed Crop Option Historical Participation			
Year	Insured Acres	Year	Insured Acres
1999	100,119	2004	157,720
2000	112,864	2005	155,988
2001	128,608	2006	131,147
2002	172,600	2007	118,485
2003	170,216	2008	137,286

Gopher Damage Pilot Program

Crop Insurance includes 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 producers' crops fail to establish due to gopher damage on seeded acres prior to June 20, they would be eligible for a \$50 per acre indemnity or an establishment benefit, whichever option they prefer. In its second year, the Gopher Damage Pilot Program paid 358 claims on indemnities of \$687,600. In 2007, indemnities amounted to over \$1 million.

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.

Organic Crop Option Historical Participation			
Year	Insured Acres	Year	Insured Acres
1999	28,333	2004	167,247
2000	50,439	2005	204,679
2001	79,297	2006	179,641
2002	110,476	2007	185,941
2003	172,032	2008	219,522

Both the Low Price Option and Contract Price Option are available for eligible organic crops. Organic crops could also have been insured under the Variable Price Option, which was introduced in 2007.

The total amount of acres enrolled in the organic program in 2008 was the largest to date with 219,522 acres, as compared to 185,941 acres in 2007.

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. There were 8.3 acres insured for \$13,316 in liability under four contracts in 2008.

Forage Insurance Program

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

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

Crop Insurance 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.

There were 395,654 forage acres insured on 1,831 contracts in 2008.

Wild Rice Insurance Pilot Program

Crop Insurance continued the Wild Rice Insurance Pilot Program, which was introduced in 2007 to provide coverage for Saskatchewan's wild rice harvesters. The 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.

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
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	315	437,692	15,850,674	3,389,680	1,045,624	0.31
2008	1,831	2,035	540	395,654	17,038,862	3,031,714	2,253,971	0.74
Total	28,995	34,075	8,612	5,689,622	\$257,119,282	\$47,866,139	\$50,189,589	

* 2005 - 2008 Includes Forage Diversification

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

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. In 2008, there were 130 contracts covering 35,588 acres as part of this program; this is comparable to 2007.

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 gathered at designated weather stations, and all data by an independent third-party contractor. As with the multi-peril insurance program, premiums for Crop Insurance's weather-based programs are cost-shared 40 per cent by producers and 60 per cent by governments. The enhanced \$25 top-up option under the Annual Crop Weather Based Insurance Program is cost-shared differently, with producers paying 66.7 per cent of the premium and governments paying 33.3 per cent.

Crop Insurance offered three weather-derivative programs to producers in 2008: 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 weighting options 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 2008 crop year was 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 percent of liability is paid to a maximum of 80 per cent.

Complete program information is available from Saskatchewan Crop Insurance.

Forage Rainfall Insurance Program								
Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2001	336	558	209,747	\$ 7,628,510	283	\$ 827,733	\$ 625,577	0.76
2002	3,955	6,120	3,272,263	\$ 24,603,861	3,494	\$ 4,598,102	\$ 6,051,393	1.32
2003	3,510	5,377	2,664,809	\$ 37,191,756	1,264	\$ 7,193,218	\$ 1,497,313	0.21
2004	2,416	3,638	1,710,063	\$ 18,000,136	808	\$ 3,501,965	\$ 357,056	0.10
2005	1,773	2,654	1,237,264	\$ 11,410,710	189	\$ 1,881,919	\$ 91,317	0.05
2006	1,301	1,946	1,007,853	\$ 7,781,056	276	\$ 1,287,361	\$ 305,252	0.24
2007	1,122	1,678	879,964	\$ 6,894,215	184	\$ 1,217,620	\$ 127,664	0.10
2008	1,100	1,659	978,468	\$ 8,583,027	599	\$ 1,393,853	\$ 571,606	0.41
* 2001 was the first year 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
2008	1,430	1,501	1,713,435	\$ 45,769,665	538	\$ 4,791,183	\$ 2,032,306	0.42
Corn Heat Unit 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	–	\$ 14,941	\$ –	–
2007	12	12	785	\$ 137,200	4	\$ 15,045	\$ 8,100	0.54
2008	11	11	655	\$ 128,800	2	\$ 13,208	\$ 2,760	0.21
Vegetable Insurance Program								
Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2005	5	21	13	\$ 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	\$ –	–
2008	4	10	8.3	\$ 13,316	3	\$ 1,882	\$ 1,888	1.00

Timothy Hay Program								
Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2005	15	17	6,860	\$ 2,571,177	8	\$ 342,929	\$ 605,959	1.77
2006	6	6	1,721	\$ 504,018	3	\$ 66,861	\$ 24,320	0.36
2007	1	2	922	\$ 230,289	–	\$ 27,779	\$ –	–
2008	1	1	361	\$ 117,278	–	\$ 15,715	\$ –	–
Crop Averaging 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
2008	193	654	348,586	\$62,084,123	28	\$8,100,431	\$1,691,610	0.21
Wild Rice 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
2008	130	130	35,588	\$ 920,438	–	\$ 189,251	\$ –	–

Appendix 3: Historical Coverage and Premiums

Percentage of Acreage by Coverage Level				
Year	50%	60%	70%	80%
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%
2008	16%	11%	40%	33%

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%
		2008	69%

Historical Premium Cost Sharing																	
Year	Total Premium			Base Premium			Buy-Up Premium			FRIP & ACWBP Premium 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	80.0%	20.0%	0.0%													50%	50%
1967-72	75.0%	25.0%	0.0%													50%	50%
1973-89	50.0%	50.0%	0.0%													0%	100%
1990-96	50.0%	25.0%	25.0%*													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% [◇]	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% [§]	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% [△]	60%	40%
2005	37.8%	37.2%	24.9%	23%	46%	31%	50%	30%	20%	38%	37%	25%	67%	20%	13% [△]	60%	40%
2006	40.0%	36.0%	24.0%							40%	36%	24%	67%	20%	13% [△]	60%	40%
2007	40.0%	36.0%	24.0%							40%	36%	24%	67%	20%	13% [△]	60%	40%
2008	40.0%	36.0%	24.0%							40%	36%	24%	67%	20%	13% [△]	60%	40%

* In 1992 only, the provincial government paid 41²/₃ per cent, producers 33¹/₃ 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 (FRIP) and Annual Crop Weather Based Insurance Program (ACWBP).

△ The cost sharing for high cost coverage is established under the Growing Forward agreement. 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 4: Life-to-date Participation and Loss Experience

Annual Grains Crops - Multi-Peril Program Only

Crop Year	Number of Customers	Liability	Average Customer Liability	Customer Net Premium	Total Net Premium
1961-62	194	306,500	1,580	23,925	29,906
1962-63	1,337	2,319,000	1,734	171,284	214,105
1963-64	2,235	3,683,000	1,648	275,645	344,556
1964-65	2,357	4,088,000	1,735	278,926	348,658
1965-66	3,172	4,566,000	1,440	290,708	363,385
1966-67	6,989	12,125,000	1,734	743,154	928,943
1967-68	8,211	15,910,000	1,938	941,146	1,176,433
1968-69	12,343	27,165,000	2,201	1,719,898	2,149,873
1969-70	11,637	21,194,000	1,821	1,320,748	1,650,935
1970-71	9,083	9,039,200	995	567,835	709,794
1971-72	7,890	14,625,000	1,854	782,908	978,635
1972-73	11,844	29,840,005	2,519	1,821,463	2,276,829
1973-74	23,909	140,436,128	5,874	6,780,470	13,688,272
1974-75	31,411	288,263,532	9,177	14,536,220	30,098,459
1975-76	38,209	405,089,832	10,604	19,821,549	41,041,161
1976-77	39,143	542,207,973	13,852	25,986,032	53,637,408
1977-78	47,156	704,688,894	14,944	34,761,664	71,887,589
1978-79	43,032	708,193,202	16,457	33,258,275	66,472,426
1979-80	40,154	721,821,633	17,976	33,065,306	66,055,718
1980-81	42,850	935,838,614	21,840	41,457,643	82,546,598
1981-82	46,259	1,162,172,942	25,123	53,612,350	106,100,031
1982-83	44,469	1,233,908,814	27,748	56,458,215	112,003,208
1983-84	43,000	1,254,906,517	29,184	56,017,456	111,588,185
1984-85	43,443	1,345,493,742	30,971	62,690,884	123,439,542
1985-86	46,894	1,558,492,595	33,234	76,052,344	151,943,200
1986-87	48,952	1,778,772,508	36,337	88,008,642	170,010,965
1987-88	46,492	1,161,135,578	24,975	61,969,782	120,935,244
1988-89	45,721	1,159,096,010	25,352	63,265,513	121,599,339
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
2008-09	25,492	3,381,215,789	132,638	180,970,632	452,332,017

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)	Loss to Premium Ratio (Accumulated)
123	7.8	169	129,669	4.34	4.34
128	7.4	147	61,651	0.29	0.78
123	7.5	38	9,285	0.03	0.34
118	6.8	240	137,926	0.40	0.36
92	6.4	301	123,304	0.34	0.36
106	6.1	161	107,978	0.12	0.26
115	5.9	887	497,118	0.42	0.31
139	6.3	1,683	1,607,853	0.75	0.48
113	6.2	553	385,787	0.23	0.42
63	6.3	213	104,338	0.15	0.40
99	5.4	206	142,930	0.15	0.37
154	6.1	1,654	1,262,763	0.55	0.41
284	4.8	8,484	7,730,305	0.56	0.49
463	5.0	23,505	32,898,379	1.09	0.82
506	4.9	24,444	28,392,087	0.69	0.77
664	4.8	15,092	22,401,840	0.42	0.64
736	4.9	21,915	36,862,943	0.51	0.60
773	4.7	17,389	29,419,884	0.44	0.56
824	4.6	39,050	103,835,041	1.57	0.75
968	4.4	35,907	135,708,452	1.64	0.92
1,159	4.6	29,167	92,280,986	0.87	0.91
1,270	4.6	23,967	74,157,729	0.66	0.87
1,303	4.5	26,804	105,243,197	0.94	0.88
1,443	4.7	51,853	259,864,151	2.11	1.05
1,622	4.9	57,693	377,180,151	2.48	1.26
1,798	4.9	29,161	119,054,329	0.70	1.18
1,333	5.3	25,547	87,240,750	0.72	1.14
1,384	5.5	74,987	465,603,032	3.83	1.36
2,682	6.8	57,064	449,653,069	1.88	1.44
2,423	6.6	36,538	160,883,342	0.78	1.36
1,606	5.6	23,252	61,312,350	0.42	1.30
2,254	6.5	39,627	301,960,318	1.35	1.30
2,188	7.9	27,385	181,809,677	0.91	1.27
2,047	7.1	17,924	85,991,873	0.53	1.23
1,970	5.9	21,525	101,531,480	0.65	1.19
2,276	5.4	7,541	32,409,227	0.19	1.13
1,570	3.6	12,152	51,807,874	0.37	1.10
1,526	3.3	15,452	66,706,347	0.45	1.07
1,467	3.1	14,871	65,065,409	0.48	1.05
1,064	2.3	12,064	75,919,849	0.54	1.03
1,260	2.1	33,353	267,782,992	1.64	1.05
2,381	3.3	61,147	1,044,721,261	4.79	1.26
3,604	4.5	36,752	330,039,388	1.00	1.24
3,306	5.2	35,073	383,102,319	1.38	1.25
3,386	5.6	11,092	71,795,349	0.27	1.19
2,918	5.7	17,193	121,618,257	0.60	1.17
4,227	5.5	20,387	131,963,676	0.47	1.13
7,099	5.4	7,643	92,193,667	0.20	1.06

Appendix 5: Insured Acres by Crop

Crop	1961-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82		
CEREAL CROPS	All Wheat	9,102,700									
	Hard Red Spring	7,964,921	5,615,440	6,673,045	8,452,752	10,367,504	8,692,868	8,706,489	9,783,115	11,097,416	
	Durum	1,387,032	1,360,053	2,072,676	1,870,193	1,216,880	2,266,101	1,721,750	2,147,814	2,749,049	
	Barley	2,759,162	1,507,827	1,519,288	1,389,155	2,246,807	1,631,337	1,270,343	1,795,748	2,180,806	
	Oats	553,706	430,933	559,950	549,122	746,651	476,210	361,241	480,810	546,035	
	Fall Rye	2,177	14,054	29,722	49,101	47,929	83,014	76,076	89,389	138,233	
	Extra Strong Red		42,295	67,105	60,345	264,967	226,913	58,068	44,046	37,515	
	Soft White Spring										
	Hard White Spring										
	Spring Rye							4,858	13,493	18,022	
	Triticale										
	Winter Wheat										
	Canada Prairie Spring										
	Khorsan Wheat										
OILSEEDS	Flax	194,519	218,854	227,902	90,225	365,647	221,894	386,897	247,139	210,676	
	Canola	534,681	545,896	881,834	328,818	774,775	1,415,738	1,616,044	1,085,158	686,360	
	Identity Preserved Canola										
	Sunflowers*	1,050	190	829	570	2,291	2,004	4,128	10,632	4,791	
	Mustard		68,880	33,871	17,950	73,457	73,363	44,418	110,742	75,290	
	Yellow Mustard										
	Brown Mustard										
	Oriental Mustard										
	Coriander										
	Caraway										
	Field Peas				3,287	9,919	9,814	12,789	17,569	15,942	
	Lentils							13,941	43,400	44,848	
	Lentils - Large Green										
	Lentils - Other										
Lentils - Red											
Canary Seed							24,075	50,881	39,962		
PULSES	Fababeans									152	
	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)										
	SPECIALTY CROPS	Alfalfa Seed									
		Potatoes									
		Processing Potato									
Seed Potato											
Diversification											
Winterkill Acres											
Wild Rice											
Total Acres		22,499,948	9,804,422	12,066,222	12,811,518	16,116,827	15,099,256	14,301,117	15,919,936	17,845,097	
Average**		222	312	316	327	342	351	356	372	386	
# of Contracts		101,201	31,411	38,209	39,143	47,156	43,032	40,154	42,850	46,259	

* Sunflower includes sunwheat and sunola

** Average (acres per contract) does not include LFIP contracts

Crop	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
All Wheat									
Hard Red Spring	11,250,517	11,854,822	10,931,701	11,853,170	13,298,153	11,674,712	10,840,175	12,070,775	12,962,716
Durum	2,237,746	2,087,304	2,561,121	2,899,744	3,172,596	3,710,793	3,880,322	4,684,235	3,580,820
Barley	2,049,734	1,614,460	1,823,475	2,218,712	2,394,632	2,497,283	2,090,117	2,759,566	2,372,150
Oats	461,074	326,370	376,268	469,229	468,090	456,691	628,814	758,462	444,078
Fall Rye	147,036	135,117	105,569	118,634	187,634	164,669	138,679	330,134	227,450
Extra Strong Red	34,773	25,787	58,823	167,936	156,036	59,578	58,419	58,177	44,891
Soft White Spring				9,329	11,301	4,468	2,262	2,043	2,972
Hard White Spring									
Spring Rye	25,008	8,072	9,133	23,484	29,369	15,219	20,727	18,008	15,828
Triticale					2,887	2,079	1,711	1,166	5,115
Winter Wheat				416,257	602,306	264,277	130,624	51,912	68,391
Canada Prairie Spring									53,817
Khorsan Wheat									
Flax	275,290	123,665	372,201	430,229	501,806	351,599	312,559	533,851	655,579
Canola	757,199	1,112,926	1,770,049	1,803,123	1,665,883	1,627,739	2,586,023	2,295,868	2,065,296
Identity Preserved Canola									
Sunflowers*	3,601	1,306	5,895	6,103	6,493	11,334	10,529	10,019	8,102
Mustard	49,725	93,580	164,691	222,031	271,288	117,443	247,822	361,354	361,373
Yellow Mustard									
Brown Mustard									
Oriental Mustard									
Coriander									
Caraway									
Field Peas	26,530	21,594	28,907	43,798	102,565	206,548	235,656	96,573	75,248
Lentils	63,902	56,294	76,035	110,489	218,964	333,353	185,885	166,849	199,667
Lentils - Large Green									
Lentils - Other									
Lentils - Red									
Canary Seed	89,761	47,883	67,907	84,892	131,153	158,996	183,337	244,304	243,712
Fababeans	370	1,177	2,010	1,017	2,599	4,387	12,370	983	575
Dry Bean Black (Irr)									
Dry Bean Pinto (Irr)									
Dry Bean Other (Irr)									
Dry Beans									366
Dry Bean Black (Dry)									
Dry Bean Pinto (Dry)									
Desi Chickpeas									
Kabuli Chickpeas									
Kabuli (Large Seed)									
Kabuli (Small Seed)									
Alfalfa Seed									
Potatoes									
Processing Potato									
Seed Potato									
Diversification									
Winterkill Acres									
Wild Rice									
Total Acres	17,472,266	17,510,357	18,353,785	20,878,177	23,223,755	21,661,168	21,566,031	24,444,278	23,388,147
Average**	393	407	422	445	474	466	472	496	503
# of Contracts	44,469	43,000	43,443	46,894	48,952	46,492	45,721	49,267	46,523

Crop	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
CEREAL CROPS									
All Wheat									
Hard Red Spring	15,512,081	14,453,469	9,724,157	6,315,045	6,868,737	8,213,055	6,963,500	5,603,875	6,389,437
Durum	3,723,365	2,485,801	1,942,853	2,785,708	2,825,626	2,708,185	3,066,510	4,322,155	2,491,946
Barley	2,776,307	2,166,076	1,738,413	1,408,404	1,789,833	1,986,217	2,069,474	2,079,545	2,080,267
Oats	382,028	419,373	366,814	318,456	256,052	433,415	479,457	706,099	536,971
Fall Rye	98,670	57,084	77,362	56,879	46,860	34,136	40,008	68,755	47,853
Extra Strong Red	24,921	22,908	124,147	98,647	147,124	214,413	215,154	177,123	136,885
Soft White Spring	6,445	4,350	1,149	0	80	549	357	260	483
Hard White Spring									
Spring Rye	18,445	17,793	12,924	12,929	4,510	4,306	5,762	8,520	4,986
Triticale	5,097	7,802	11,414	7,152	5,785	5,465	7,384	18,794	19,513
Winter Wheat	23,570	14,694	15,838	10,227	20,426	41,669	47,042	55,087	48,789
Canada Prairie Spring	326,653	551,764	564,436	329,938	404,611	579,749	796,755	595,423	394,839
Khorsan Wheat									
Flax	483,221	206,509	409,525	563,646	759,514	435,399	792,587	991,327	889,593
Canola	3,121,653	2,735,548	3,305,427	4,508,878	4,285,004	2,670,161	3,806,591	4,377,810	4,612,512
OILSEEDS									
Identity Preserved Canola									
Sunflowers*	16,917	9,439	20,748	16,140	11,515	6,683	16,688	20,402	32,733
Mustard	186,406	205,996	233,671	386,635	288,527	246,407	309,005	348,309	
Yellow Mustard									109,918
Brown Mustard									116,924
Oriental Mustard									166,648
Coriander									10,091
Caraway									4,308
Field Peas	156,871	221,185	355,351	570,038	740,427	472,253	872,473	1,164,713	926,633
Lentils	407,874	319,646	439,630	496,761	468,360	374,975	487,762	587,490	842,009
Lentils - Large Green									
Lentils - Other									
Lentils - Red									
Canary Seed	207,718	183,367	201,562	276,513	209,954	281,035	165,433	290,581	207,414
Fababeans	3,117	3,268	1,532	298	290	130	310	527	650
Dry Bean Black (Irr)									
Dry Bean Pinto (Irr)									
Dry Bean Other (Irr)									
Dry Beans	210	204	208	472	1,357	1,484	1,558	2,393	2,385
Dry Bean Black (Dry)									
Dry Bean Pinto (Dry)									
Desi Chickpeas								29,647	128,926
Kabuli Chickpeas								33,964	132,441
Kabuli (Large Seed)									
Kabuli (Small Seed)									
SPECIALTY CROPS									
Alfalfa Seed								23,870	27,866
Potatoes	1,577	619	431	1,141	703	898	3,847	8,278	
Processing Potato									79
Seed Potato									2,061
Diversification				4,803	4,798	2,480	4,066	5,517	3,109
Winterkill Acres									
Wild Rice									
Total Acres	27,483,146	24,086,895	19,547,592	18,168,710	19,140,093	18,713,064	20,151,723	21,520,464	20,368,269
Average**	534	487	427	421	468	491	559	609	613
# of Contracts	51,466	49,466	45,752	43,107	40,904	38,099	36,030	35,336	33,216

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

Crop	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
All Wheat									
Hard Red Spring	6,262,416	7,847,343	7,243,121	7,121,104	6,885,518	6,264,449	6,874,536	4,666,804	4,914,390
Durum	4,207,869	3,477,740	4,080,229	3,969,914	3,381,902	3,596,258	2,567,682	2,894,886	4,177,956
Barley	3,060,719	3,010,165	3,365,841	3,488,895	2,874,229	2,876,162	1,903,105	2,618,204	2,344,819
Oats	661,663	716,488	1,078,809	860,578	765,640	753,780	774,052	1,302,432	1,103,887
Fall Rye	31,051	24,763	24,914	60,536	60,932	59,358	48,953	34,556	35,523
Extra Strong Red	132,067	82,822	42,155	21,743	15,033	20,781	21,177	10,466	5,945
Soft White Spring	316	130							
Hard White Spring							147,751	44,996	24,222
Spring Rye	2,303	2,769	6,072	5,303	3,391	3,705	1,461	793	2,265
Triticale	15,989	16,892	29,255	26,575	24,571	16,829	13,620	9,849	8,827
Winter Wheat	86,095	125,085	70,880	98,875	103,183	80,251	120,245	234,724	325,932
Canada Prairie Spring	323,873	306,318	313,806	277,180	271,277	157,939	292,535	482,544	507,875
Khorsan Wheat			3,629	6,567	7,356	8,531	9,817	12,468	15,310
Flax	740,657	920,117	994,805	1,086,571	1,003,198	1,243,682	1,121,320	734,568	910,592
Canola	4,219,946	3,595,269	3,398,946	4,498,030	4,737,975	4,990,941	4,580,975	5,376,819	4,897,157
Identity Preserved Canola								395,150	1,065,692
Sunflowers*	21,178	9,876	22,968	32,563	15,436	24,684	12,032	11,284	7,040
Mustard									
Yellow Mustard	81,003	147,548	331,759	288,909	208,373	98,562	70,520	113,486	133,066
Brown Mustard	93,991	47,228	112,239	172,555	122,372	81,921	60,186	77,869	127,242
Oriental Mustard	169,206	75,446	103,662	89,961	128,932	87,214	51,061	49,341	49,447
Coriander	11,074	8,467	20,636	13,981	29,527	17,398	9,609	7,936	13,200
Caraway	4,970	6,227	7,116	3,394	1,850	3,509	6,169	3,911	836
Field Peas	1,548,056	1,918,743	1,773,176	1,787,373	1,878,644	2,015,250	1,763,452	2,019,316	2,362,374
Lentils	1,357,437								
Lentils - Large Green		648,552	723,460	686,464	957,556	995,734	338,640	466,878	500,890
Lentils - Other		404,269	250,127	274,133	341,580	388,386	192,738	193,318	183,876
Lentils - Red		349,218	300,037	177,876	191,478	337,554	446,765	359,154	592,189
Canary Seed	296,903	291,850	648,951	544,560	700,343	367,024	232,793	430,922	340,128
Fababeans	905	1,626	725	346	185	237	971	345	90
Dry Bean Black (Irr)			270						
Dry Bean Pinto (Irr)			2,590	2,088	2,334	3,645	660	3,122	2,465
Dry Bean Other (Irr)			730	506	312	495	705	292	443
Dry Beans	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	293,461	310,338	149,216	47,291	11,830	4,440	27,978	31,187	4,627
Kabuli Chickpeas	354,696								
Kabuli (Large Seed)		438,512	169,011	33,778	30,505	42,696	91,673	91,938	22,300
Kabuli (Small Seed)		254,855	95,220	20,759	30,621	47,104	97,547	108,301	29,709
Alfalfa Seed	49,432	61,920	65,688	63,710	63,984	74,952	70,669	56,440	44,419
Potatoes									
Processing Potato	603	1,439	1,767	1,750	1,110	863	1,026	963	1,007
Seed Potato	3,204	2,238	2,538	3,553	3,742	1,505	871	274	151
Diversification	2,199	2,099	3,316	7,473	8,806	8,500	13,200	9,612	9,263
Winterkill Acres	57,542	117,194	98,524	142,997	167,161	133,722	157,751	214,055	280,899
Wild Rice								36,249	35,588
Total Acres	24,094,432	25,225,915	25,536,820	25,919,420	25,032,455	24,808,932	22,125,366	23,106,662	25,081,641
Average**	706	744	755	785	798	833	799	867	977
# of Contracts	34,121	33,917	33,814	33,012	31,384	29,778	27,702	26,637	25,685

Appendix 6: New Crops Insurance Account

The New Crops Insurance Account was established in 1996 to develop programs that support the diversification efforts of Saskatchewan producers. Financial reporting for the program is included in the financial statements of the Agricultural Stabilization Fund under the Saskatchewan Ministry of Agriculture.

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 2008-2009, the crops covered under the reinsurance program were caraway, coriander, dryland dry beans, Khorasan wheat, Timothy hay, vegetables and wild rice.

New Crops Insurance Account									
	1996-97 to								
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total
	(thousands of \$)								
Opening Balance	\$ -	\$ 23,153	\$ 9,047	\$ 9,292	\$ 6,187	\$ 5,887	\$ 6,143	\$ 6,398	\$ -
Revenue									
Start Up									
Saskatchewan	10,000	-	-	-	-	-	-	-	10,000
Federal	15,000	-	-	-	-	-	-	-	15,000
Interest	4,989	605	245	192	178	256	255	126	6,846
Total Revenue	29,989	605	245	192	178	256	255	126	31,846
Expenditures									
Reinsurance Premiums	(2,783)	-	-	-	-	-	-	-	(2,783)
New Crops Program Deficit	(4,053)	(1,074)	-	(3,297)	(478)	-	-	-	(8,902)
Transfer to Crop Insurance Fund	-	(13,637)	-	-	-	-	-	-	(13,637)
Total Expenditure	(6,836)	(14,711)	-	(3,297)	(478)	-	-	-	(25,322)
Ending Balance	\$ 23,153	\$ 9,047	\$ 9,292	\$ 6,187	\$ 5,887	\$ 6,143	\$ 6,398	\$ 6,524	\$ 6,524

Appendix 7: Wildlife Damage Compensation Program

Saskatchewan Crop Insurance administers the Wildlife Damage Compensation Program under the Growing Forward agreement 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.

In 2008, the program was 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. As a result of the Crop Insurance Review, producers will receive 100 per cent wildlife compensation in 2009 due to an increased investment by the Government of Saskatchewan. There are no premiums paid by producers and all Saskatchewan producers are eligible for compensation. Producers do not need to be Crop Insurance contract holders. Payments are based on the grade at the time of harvest, reflecting the value of the damaged crop; protein adjustments and malting status are not included in determining compensation amounts.

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

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

Wildlife Compensation Program Summary				
Fiscal Year	Waterfowl Claims Paid	Waterfowl Comp.	Big Game Claims Paid	Big Game Comp.
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
08-09	713	\$ 2,159,830	927	\$ 2,351,247
TOTAL	36,628	\$93,207,373	12,729	\$36,768,633
Average	1,182	\$ 3,006,689	1,061	\$ 3,064,053
5 Year Average	1,309	\$ 4,756,713	1,243	\$ 3,025,186

Big Game

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 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
Total Revenue	20,036	257	64	7,597	27,954
Expenditures					
Indemnities	(8,680)	(1,307)	(9,364)	(2,522)	(21,873)
Transfer to CFIP*	-	(6,000)	-	-	(6,000)
Other	(81)	-	-	-	(81)
Total Expenditure	(8,761)	(7,307)	(9,364)	(2,522)	(27,954)
Ending Balance	\$ 11,275	\$ 4,225	\$ (5,075)	\$ -	\$ -

Waterfowl Damage Companion Program Fund Balances

	1996-97 to 2000-2001	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
Total Revenue	37,335	416	135	474	38,360
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)
Total Expenditure	(19,820)	(9,233)	(2,869)	(6,518)	(38,440)
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	2008-09	Total
	(thousands of \$)					
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue						
Saskatchewan	3,227	4,198	3,270	3,162	1,960	15,817
Federal	4,793	6,295	4,905	4,742	2,871	23,606
Total Revenue	8,020	10,493	8,175	7,904	4,831	39,423
Expenditures						
Indemnities	(8,020)	(10,493)	(8,175)	(7,904)	(4,831)	(39,423)
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.

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