

# New Brunswick Agricultural Insurance



## What are the benefits of enrolling in Agricultural Insurance?

- Peace of mind (production level is guaranteed)
- Dependable collateral with financial institutions
- Premiums that are tax deductible as an operating expense
- Individual crop plans that accommodate unique aspects of each insurable crop
- Payments are normally made within the crop year the loss occurred (immediately after harvest).



## Eligible Crops

- Apples
- Apple Trees
- Blueberries
- Strawberries
- Potatoes
- Sweet Corn
- Fresh Market Vegetables
- Barley
- Oat
- Wheat
- Soybean
- Grain Corn

## Insurance Options

You can select a plan that guarantees 60%, 70% or 80% of an average yield. This is designed to provide flexibility in choosing coverage that best fits your financial needs, budget and personal tolerance for risk.

The insurance plan for apples and potatoes is designed to cover loss of quality due to an insured peril. Reduced quality could in some cases result in indemnity payments when yields are not affected.

## Dollars and Cents

Agricultural Insurance premiums are shared between you the producer, the New Brunswick Department of Agriculture, Aquaculture and Fisheries and Agriculture, and Agri-Food Canada. The two levels of government share all costs associated with the administration of the program.

To determine the value of your production guarantee you need to know your probable yield, the acreage you have in production, the coverage level you have chosen as well as the dollar value at which you choose to be paid at. The dollar values for each of the eligible crops are published prior to the application deadline. The deadline for purchasing insurance varies according to crop. In general, perennial Agricultural Insurance is sold in the fall. All others are generally sold prior to planting.

## Agricultural Insurance and AgriStability

Agricultural Insurance and the AgriStability program are designed to work together to help producers manage the business risks associated with farming. Participation in both, although not required, provides you with more assistance than either one does individually.

1. By participating in both programs, you are better protected against both production and income losses. While the AgriStability program addresses overall income losses, Agricultural Insurance protects producers from production losses related to specific commodities or crops.
2. Agricultural Insurance payments (indemnities) are included as income in a producer's reference margin under the AgriStability program. Maintaining a higher reference margin benefits you over time, since a higher reference margin allows you to protect a higher level of income.
3. Agricultural Insurance losses are generally paid before the end of the production year, while AgriStability payments are made after the end of the production year.
4. The AgriStability program provides protection against overall income losses not covered by Agricultural Insurance.

5. Agricultural Insurance coverage may be used to qualify for the Advance Payments Program.

There are also direct linkages between the two programs.

1. Agricultural Insurance premium adjustments may be made if:

- the net benefits you received from AgriStability and Agricultural Insurance are lower because you participated in Agricultural Insurance,
  - you have received a Agricultural Insurance payment in the program year, and
  - you are eligible for benefits under AgriStability in the program year.
2. Under the AgriStability program a percentage of negative margin losses may be covered. A negative margin occurs when whole farm allowable income falls below eligible expenses. A negative margin linkage has been established to ensure that losses insurable through Agricultural Insurance are not paid for under negative margin AgriStability.

## Need More Information?

Contact your local Agricultural Insurance Representative in the Bouctouche, Fredericton, Grand Falls, or Wicklow offices of the New Brunswick Department of Agriculture, Aquaculture and Fisheries, call (506) 453-2185 for general information, or, <http://www2.gnb.ca/content/gnb/en/departments/10/agriculture/content/insurance.html> .



## Agriculture is a Risky Business!

Risks are encountered whenever production or financial resources are exposed to the uncertainty of loss or damage. The money invested in crop production is at risk. Rising input costs means more money at risk each year.

Risk Management is the process of identifying and controlling the risks facing a farm business to ensure that losses are kept to a minimum.

## Agricultural Insurance

In New Brunswick, Agricultural Insurance is a risk management tool to assist producers with the loss of production or yield caused by uncontrollable natural hazards. Mother Nature is impossible to predict and Agricultural Insurance protects you against a full range of natural hazards. It is not a revenue guarantee, it is a yield guarantee.