



2011 Ontario Hazelnut Conference

Gail Simkus – Manager

Product Management and Industry Relations

Risk Management Strategies

March 23, 2011



Agenda

- 1) Agricorp
- 2) Business Risk Management Programs: Growing Forward
- 3) Thinking About Production Risk



Agricorp

Agricorp strives to be a versatile, customer-focused organization that works with partners to innovatively deliver programs and services that enhance the vitality of Ontario agriculture.

We connect producers with programs. We partner to deliver risk management programs that are responsive to the changing needs of agriculture.

AgriStability

- Protects producers when their net farming income falls below 85 percent of their recent average due to market conditions, production loss or increased costs of production.
- AgriStability works together with Production Insurance (PI) to help manage business risk. PI premiums and claims are included in AgriStability margins.
- AgriStability provides whole farm support for Ontario producers.

AgrilInvest

- AgrilInvest provides flexible coverage for small income declines and provides support for investments to mitigate risks or improve market income.
- AgrilInvest replaces the coverage for margin declines of 15% or less, previously covered by the Canadian Agricultural Income Stabilization (CAIS) program.
- In Ontario, AgrilInvest is delivered by Agriculture and Agri-Food Canada (AAFC).

AgrilInvest Deposit

- Each year, producers can deposit 1.5% of their Allowable Net Sales (ANS) into an AgrilInvest account, and receive a matching government contribution.
- ANS must be at least \$5,000 to be eligible

Government funds are:

- Withdrawn first
- Taxed as investment income upon withdrawal



AgriRecovery

- Ad hoc program providing a process to enable governments to respond when a disaster hits and fills gaps not provided by existing programming
- It is designed to provide a financial response to assist with immediate recovery and enable short-term actions to minimize/contain the impacts of the disaster on producers.
- Includes catastrophic natural disasters & farm-scale events, excluding market events

Production Insurance

- Protects producers from yield reductions and crop losses caused by insured perils (e.g., drought, excessive moisture or rainfall, flood, frost, hail, insect infestation, plant disease, wildlife, wind)
- Perils vary by crop and are specified in your individual Insuring Agreement for each crop grouping
- Premiums are cost-shared by governments and producers

Production Insurance

- Maintain cash flow in below average years
- Use as collateral to secure loans
- Tax deductible premiums
- We currently insure such crops as:
 - Trees and Vines
 - Forage and New Forage Seeding
 - Fruit
 - Tobacco
 - Grains and Oilseeds
 - Processing and Fresh Market Vegetables



Thinking about Production Risk

- What types of losses occur?
- How often do these losses arise?
- On average, how substantial or severe is the loss (both in terms of dollars and production loss)?
- In what stage of the production process do the risks occur?
- Is it easy to determine what the cause of the loss is?
- Are there ways to minimize these risks?
- What is the biggest risk to production?

Production Losses Continued

What type of risk is most prevalent?

- Production losses
- Establishment
- Price / Market loss
- Loss of trees / shrubs



How can a loss be determined?

- Quantity
- Crop value
- What is a normal loss?

For More Information

- Contact Agricorp's Call Centre to register in a program
 - Mon. to Fri., 7am – 5pm
 - 1-888-247-4999
- With further questions about this presentation please contact:
 - Gail Simkus at gail.simkus@agricorp.com

