

The CAIS program and Production Insurance

The Canadian Agricultural Income Stabilization (CAIS) program and Production Insurance (PI), - formerly Crop Insurance - are designed to work together to help producers manage the business risks associated with farming.

Why participate in both?

CAIS and Production Insurance work together by providing protection for different types of losses. The CAIS program offers protection from overall declines of farm income because of circumstances such as low prices and rising input costs. Production Insurance offers protection for production losses related to specific crops or commodities caused by hail, drought, flooding, disease and other factors.

Participation in both programs is not mandatory, but here are the reasons why producers are encouraged to sign up for both:

- 1)** By participating in both programs, you are better protected against both production and income losses.
 - CAIS provides protection for overall income losses not covered by PI, including those related to increased expenses or sudden price declines.
 - PI protects producers from production losses related to specific commodities or crops. For example, a producer may experience a production loss for a particular commodity such as wheat or soybeans but may not receive a CAIS payment because overall income on the farm did not decline. However, the producer is eligible for a Production Insurance payment.
- 2)** PI protects against production losses and the claims are crop-specific. For example, if you lost one of your crops to flooding, but your other crops had higher than normal yields, your overall income may not have declined. In this situation, you wouldn't be eligible for a CAIS payment, but PI would provide benefits for the flooded crop, even if your total farm income is relatively high.
- 3)** PI and private hail insurance payments are included as income in a producer's reference margin under the CAIS program. The reference margin represents an average of the producer's income minus expenses from previous years. The reference margin is compared to a Program Margin (the margin for the current year) in order to calculate a payment. Maintaining a higher reference margin benefits the producer over time, as a higher reference margin means a higher level of income is protected under the CAIS program.



- 4) Payments from each program are made at different times.
- Production Insurance and private hail insurance losses are paid promptly and in full, providing much needed cash flow during the production year.
 - CAIS payments are made after the producer has completed the production year.
 - CAIS Interim payments are available for those who need early access to CAIS benefits. These payments represent a percentage of the producer's estimated loss.
- 5) Production Insurance coverage is required to qualify for a spring cash advance.
- 6) In some provinces, PI provides protection when producers are unable to plant because of weather conditions such as excess moisture or flooding.
- 7) If PI was available and you did not insure your insurable commodities, your CAIS negative margin benefit may be reduced.

Are there disadvantages to joining both programs?

The programs are designed so that producers are not disadvantaged by participating in both.

- If a producer receives a lower CAIS and PI benefit because they are also participating in Production Insurance, they will receive a payment to address this situation (*Production Insurance premium adjustment*). This payment will be sent automatically after the producer has received a CAIS payment.
- In calculating payments on negative margins, a producer's participation in Production Insurance is taken into account. CAIS negative margin payments may be reduced for losses that could have been covered under Production Insurance.

For more information on the CAIS Program:

- In British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, and Newfoundland and Labrador, and Yukon call (toll free) at **1-866-367-8506** or visit our Web site at **www.agr.gc.ca/caisprogram**.
- In Alberta, call Agriculture Financial Services Corporation (AFSC) (toll free) at **1-877-744-7900** or visit **www.AFSC.ca**.
- In Ontario, call the Agricore (toll free) at **1-877-838-5144** or visit **www.gov.on.ca/OMAFRA**.
- In Quebec, call la Financière agricole du Québec (toll free) at **1-800-749-3646** or visit **www.financiereagricole.qc.ca**.
- In Prince Edward Island, call **1-902-368-4842** or visit **www.gov.pe.ca/go/cais**.

For more information on the Production Insurance program, contact your provincial crop insurance agency.