

13. (1.5 points)

Briefly describe the coverage offered and funding source for the following three Business Risk Management programs:

- i. AgriInsurance
- ii. AgriStability
- iii. AgriRecovery

SAMPLE ANSWERS AND EXAMINER'S REPORT

QUESTION 13	
TOTAL POINT VALUE: 1.5	LEARNING OBJECTIVE(S): B1-B2
SAMPLE ANSWERS	
<p>i. AgriInsurance <u>Sample 1</u> Protects against decrease in production; funded by insured, provincial government, federal government</p> <p><u>Sample 2</u> Protects producers from decreases in yield. Funded by producers – Prov –Federal</p> <p><u>Sample 3</u> Protects against production loss; Producers 40%, Provincial 24%, Federal: 36%</p>	
<p>ii. AgriStability <u>Sample 1</u> Protects against margin deterioration; funded by insured, provincial gov, federal government</p> <p><u>Sample 2</u> Protects producers from variation in production margin. Funded by producers – Prov – Fed</p> <p><u>Sample 3</u> Protects against margin decline; Provincial: 40%, Federal: 60%</p>	
<p>iii. AgriRecovery <u>Sample 1</u> Protects against disasters; funded by provincial and federal governments</p> <p><u>Sample 2</u> Provides recovery after a disaster to producers. Funded by provincial and federal governments.</p> <p><u>Sample 3</u> Protects against natural disaster; Provincial: 40%, Federal: 60%</p>	
EXAMINER'S REPORT	
<p>Candidates were expected to demonstrate their understanding of agricultural insurance in Canada by briefly describing the coverage offered and funding source of the three agricultural risk management programs.</p> <p>For the funding source for part (ii) AgriStability, both “producer, provincial and federal governments” as well as “provincial and federal governments” were accepted as valid answers. Although the AgriStability program is mainly funded by the provincial and federal governments in proportions of 40% and 60%, producers make some contributions to cover a portion of expected losses and administrative expenses; therefore answers including and excluding “producers” were accepted.</p>	

SAMPLE ANSWERS AND EXAMINER'S REPORT

Common mistakes include:

- Providing the coverage offered only without mentioning funding source.
- Not specifying the level of government involved (provincial or federal).
- Stating percentage of funding source distribution among the sources but providing an incorrect percentage