

Business Risk Management (BRM) Programs in Review

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Business Risk Management programs



A suite of federal-provincial-territorial (FPT) Business Risk Management (BRM) tools under the Sustainable Canadian Agricultural Partnership.

AgriStability

A margin-based program to protect against large declines resulting from a production loss increased costs and market conditions.

AgriInvest

A self-managed producer-government savings account designed to help you manage small income declines and make investments to manage risk.

AgriInsurance

Provides cost-shared insurance against natural hazards to reduce the financial impact of production or asset losses.

AgriRecovery

A federal, provincial, territorial disaster relief framework to help producers with the extraordinary costs of activities necessary for recovery, following a natural disaster.

Negotiating Timelines



BRM Programming Principles



The program should not unduly **influence the decisions** of producers of agricultural products with respect to production or marketing, and should encourage adjustments with respect to production or marketing so as to improve the effectiveness of the responses of producers to market opportunities;



The level of protection to be provided by, and the relative share of governmental contributions to be provided to, the program in relation to particular agricultural products or classes of agricultural products should be **equitable and reasonably consistent** with all other agreements, taking into account regional diversity;



The program should encourage the long-term social and economic **sustainability** of farm families and communities;

BRM Programming Principles



The program should encourage long-term environmental and economic **sustainability**.



The program should be **compatible** with Canada's international obligations;

BRM Program Strengths

- **Production Insurance** -Established, effective and widely accepted program
- **AgriStability** - Comprehensive and inexpensive margin coverage
- Combined, the two programs provide excellent, **cost-effective protection** against severe losses
- Margin and production coverage are **individualized** and reflect a farm's past performance
- Provincial flexibility to customize **Production insurance**, target provincial cost sharing of priorities and to provide provincial companion programs
- **AgriRecovery**, when targeted as intended, is effective in helping farms return to productivity more quickly, after severe loss events
- **Fiscally responsible** - BRM programs do not allow unprofitable farms to draw on support indefinitely

BRM Program Weaknesses

- The greatest weakness is the lack of understanding and acceptance of AgriStability
- Form preparers / accountants sometimes create inconsistent messaging about the program
- There is an underlying lack of confidence in AgriStability Administrations
- Current service standards need to improve, as delays in payment calculations result in program response being unpredictable
- Coverage is uneven between farms because of cost structures; mechanized, capital intensive farms and smaller farms reliant on family labour must suffer deeper revenue declines to trigger payments
- The \$3M payment cap is out of date and is a serious coverage limitation for larger farms
- National amending formula – can inhibit AgriStability improvements
- Multi-year drought / back-to-back disaster / climate change
- AgriInvest was communicated as a saving plan; it is too insignificant to be effective as a risk management or investment tool

BRM Program Opportunities

- Modernizing the deliver model of AgriStability to have an enhanced **focus on service**
- Improved technology could facilitate earlier data reporting by farmers, earlier coverage calculations and **quicker payments**
- Improvements in non-BRM programming to incentivise **risk reduction** and best practices in farm production, administrative and financial management
- Increase the \$3M **payment cap** preferably scaled to farm size
- Opportunities to revisit **allowable expenses** to reduce disparity in AgriStability coverage
- Develop **coverage enhancements** based on risk for farms demonstrating low risk of payments; this could address pressure from diversified and high-margin farms
- Treatment of ad hoc programs – not to conflict with BRM
- **Financial literacy** and education

BRM Program Threats

- Poor risk management planning leading to low program acceptance by farmers and **excessive risk** exposure for the sector
- Governments' inability to **collaborate** nationally on improvements to AgriStability service models and program enhancements, along with some inconsistent application of program rules.
- Increasing climate / weather events leading to potential increases in the **cost of the programs**, putting more pressure on governments to off load costs onto farmers
- Potential prolonged **trade disruptions** (with the US in particular) leading to large multi-year losses
- Political pressure to link BRM to environmental outcomes; this could compromise the fundamental purpose of BRM programs and lead to unnecessary **program complexity**
- Revenue insurance program – sacrifice coverage for simplicity
- Environmental linkages for BRM programs (creates more discontent)

Business Risk Management Overview – 2025



Farm Business Risk Management Overview - 2025

| | AgriStability | Crop Insurance | Hail Insurance | AG13 | GARS | RMP / ASRA | LPI |
|--|--|--|--|--|---|---|---|
| Coverage Type ¹ | Whole farm | Individual crop | Individual crop | Individual crop | Whole grain farm | Price/Cost | Livestock Price |
| Production/Yield Loss (field perils) | ✓ | ✓ | ✗ | ✓ | ✓ | ✗ | ✗ |
| Hail event causing production / yield loss | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✗ |
| Heating of stored grain in a permanent structure (non-field peril) | ✓ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ |
| Other/Post-harvest Perils (non-field perils) | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ |
| Price Loss ² | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ |
| Increased Input Costs | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✗ |
| Increased Fuel & Labor Costs | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ |
| Advance Payments Program eligible | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ | ✓ |
| Relative Timing of Cash Flow after Loss | Typically, <6 months from time of application ³ | Immediate after loss is known and claim is filed | Immediate after loss is known and claim is filed | Timeline is untested, but should be immediate after loss is known and claim is filed | Up to 60% interim post-harvest; rest depends on month end cut-off date chosen (Sept 30 - March 31) [all subject to holdback of 10% of inventory values] | Semi-annually for cow-calf producers, 3 times/year for other livestock. G & O receive a pre-harvest in Nov and post-harvest in May or June (following year) | The claim window is the last 4 weeks of the policy. Cheques are mailed the same week 100% of the policy is settled. |

BRM Key Recommendation #1

Maintain a Margin-Based Core Program

- BRM must continue to include a margin-based program such as AgriStability to remain a foundational component of the suite
- Margin protection is essential for stabilizing farm income during significant market or production shocks and provides a reliable safety net for producers facing volatility.

BRM Key Recommendation #2

Modernize Program delivery and Parameters

- Program structure, eligibility thresholds, and administrative processes should be updated to reflect current agricultural realities, including increased cost structures, evolving production systems and market complexity.
- Modernization will improve accessibility, responsiveness and program effectiveness.

BRM Key Recommendation #3

Strengthen Transparency and Communication

- Clear, consistent communication regarding program rules, calculation and outcomes is critical to producer confidence.
- Transparent processes help ensure participants understand how support is determined and reinforce trust in program administration.

Ensure Policy Stability Beyond Short Cycles

- Program changes should remain in place for multi-year periods rather than being subject to short-term or one-year sunset provisions.
- Predictability supports long-term business planning, investment decisions and risk management strategies at the farm level.

BRM Key Recommendation #4

BRM Key Recommendation #5

Expand Financial Literacy Support

- Accrual-based risk management programs require a strong understanding of financial reporting and analysis.
- Targeted financial literacy supports, tools and advisory resources are necessary to help producers fully understand and benefit from BRM participation.

Questions?



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