



Overview of Whole Farm Revenue Insurance (WFRI) as a Potential BRM Program for Canada

Presentation to Saskatchewan Stock Growers Association
June 8, 2026

Objective

- To provide an overview of Agriculture & Agri-Food Canada's study of a potential Whole Farm Revenue Insurance (WFRI) program for Canada, including:
 - a summary of the mandate from FPT Ministers of Agriculture and some of the key challenges and policy considerations driving this work; and
 - An update on the status of each of the sector-specific feasibility assessments as well as the next steps for the project as a whole

Note: This presentation was delivered to provinces and provincial crop insurance agencies across the country. It has only been updated to reflect the results of the final report on Cattle released January 29 2026.

AgriStability (and its predecessors) represented significant policy achievement but also came with challenges...

- Canada's approach to farm income programs evolved in 1989 from regional commodity-focused price support to national "whole-farm" income support
- First introduced nationally in 1998, margin-based income programs like AgriStability are true "needs-tested" whole-farm programs of the entire BRM suite
 - To receive payments, producers must incur a sizeable loss at the whole-farm enterprise level.
- However, since their inception and still today, producers have significant concerns with timeliness, complexity and lack of predictability
 - Participation has declined from approx. 60% of producers (and 75% of total farm revenues) in 2007 to only 30% of producers in 2024 (representing 50% of total revenues).

To this point, we have not found viable solutions to address these shortcomings...

- Governments continue to seek changes to simplify, but many issues are systemic and baked into the design of the program
- Not timely: program uses tax-filed information which means the program cannot respond until tax and other financial and production information is filed and processed
 - Only 57% pf payments are made within 8 months of end of tax-year while the remaining 43% are typically paid out between 9 and 20 months after the end of the tax year
- Complex: producers must provide large volume of production and financial information to participate; applications require effort to process, validate and process payments
 - understanding the program requires sufficient financial literacy or reliance on accountants
- Unpredictable: coverage is a “moving target” as it is based on historical farm income but is adjusted annually to current farm size
 - Producers cannot predict their coverage or eventual payments so large majority find other ways to cash- flow large income declines (i.e., loans) until AgriStability payments are finalized

Ministers asked officials to study Revenue Insurance as a potential long-term alternative BRM program for Canada

- In July 2019, FPT Ministers of Agriculture asked officials to continue seeking short-term improvements AgriStability but also to study revenue insurance as a long-term program option for Canada
 - Emergence and popularity of revenue insurance in United States and Europe was also a factor
- Revenue insurance is the concept of insuring both production and market price risk under a single contract
- Insurance programs are timely, predictable and easy to understand. Producers have familiarity and high confidence in existing crop insurance programs
 - Coverage is established in advance and guaranteed through a contract so producers understand if they lose “x”, they’re guaranteed to get “y”
 - Program can be detached from the income tax system, so claims can be settled immediately after the coverage period ends

Initial focus was to understand revenue insurance around the world and what might be possible for Canada...

- Prairie provinces commissioned an independent actuarial firm to study the potential for an AgriStability-style revenue insurance program
 - Study concluded that a revenue or margin insurance program that uses historical income as the basis of support would not be insurable due to asymmetrical information between insured and insurer, would make the program subject to moral hazard and adverse selection
 - Similar experience with the Gross Revenue Insurance Program in the mid 1990s, which was based on historical incomes
- AAFC engaged a project team of insurance and industry experts led by Gallagher Re to conduct an assessment of revenue insurance programs around the world
 - Large majority of programs in the US, Europe, Asia and South America are commodity-specific and not based on the whole-farm
 - Revenue insurance tends to only be offered on commodities with a viable futures market
 - Whole-farm revenue insurance programs exist in US but have low participation because commodity-specific support is richer and available

Program needs to align with Canada's international obligations and domestic policy agenda

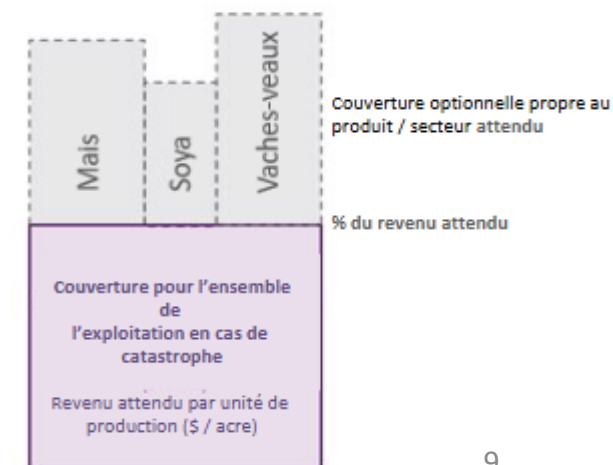
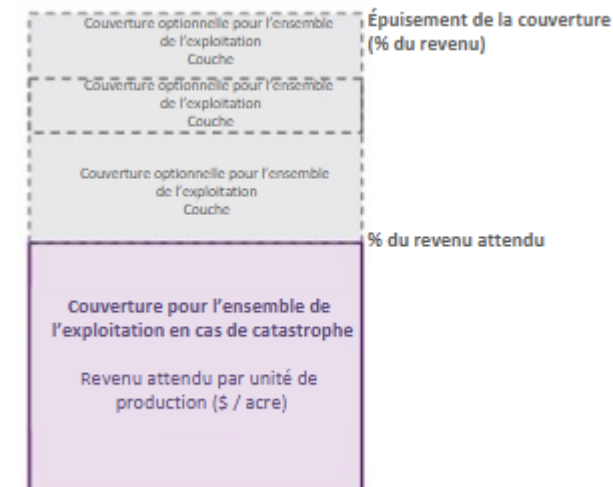
- It was clear from our review of international programs that we cannot borrow an off-the-shelf design from the US or elsewhere, but we would need a made-in-Canada solution
 - As a large exporting country, spending would have to stay within existing limits for amber box programs (i.e., <5% of total value of production or approx. \$4.5B/year)
 - Program also needs to be made “generally available” to all producers and sectors, which means a significant expansion of agricultural insurance in Canada, from predominantly a G&O program to all sectors, including cattle, hogs and horticulture
- To mitigate the market price risk, a commodity-specific revenue insurance program is not possible so the design must be “**whole-farm**”
 - Revenue from all commodities combined for coverage and indemnity calculations
- Canada's whole farm revenue insurance program would need to be “**forward-looking**” and not based on historical income.
 - Producers would insure expected revenues (expected production x expected price) at the beginning of the year against their actual revenues at the end of the year

Expansion of agricultural insurance requires consideration of current spending....

- Canada's BRM programs have paid out approximately \$9.6B in financial assistance over the past five years, with AgrilInsurance making up \$5.7B or 60% of the total
- AgrilInsurance covers only one of the major risks in agriculture (i.e. production); vast majority of premium subsidies flow to the Grains & Oilseeds sector
 - AgrilInsurance is expensive because it provides coverage for losses at the commodity level, even when the farm is profitable
 - Governments provide 60% subsidy for all risks therefore insurance products with a high probability to trigger a payment drive more subsidy
- The Whole Farm Insurance Cost share mechanism is more equitable and redirects premium subsidies away from covering risks on a crop-by-crop basis toward losses incurred at the whole farm level
 - Analysis suggests that producer premiums are 30-40% cheaper than traditional cost share
 - All producers have the same probability of triggering payments

AAFC used the Whole Farm Cost Share as basis for cost-sharing base WFRI premiums...

- WFRI Program would use **whole farm cost share** structure as basis for cost sharing and subsidy distribution
 - Catastrophic loss coverage (1 in 15 year loss events) would be fully funded by governments
 - Medium risk loss coverage (1 in 5 year loss events) would be partially subsidized (e.g., 50% producer, 50% government)
 - Premiums for normal risks (1 in 2 year events) would be fully funded by farmers.
- Stackable or top-up insurance programs and coverage options could be developed, including commodity-specific production or price coverage
- These are illustrative, as actual cost-share parameters and funding of WFRI would be subject to federal and provincial negotiations



With these parameters in mind, AAFC engaged Gallagher Re to perform sector-level feasibility assessments...

- Feasibility assessments are being carried out for each sector, based on a defined geographical region (i.e., province)
- Assessment of the G&O sector was completed for Ontario, in collaboration with the Grain Farmers of Ontario and WFRl found to be feasible.
 - Design calls for expected production to be established the same as crop insurance, using historical production and yield trending
 - Expected market prices established based on same forecasting method used for spring prices
 - Additional component to cover input cost risk (for in-season spikes in input costs) included and funded at medium risk cost share
 - Diversification is rewarded through higher subsidized coverage levels: e.g., producer with one crop could have a 65% subsidized catastrophic coverage level, two crops = 71%, three crops = 75%, etc.
 - Premiums were costed by Axxima, finding that costs would be 15-20% cheaper than existing crop insurance premiums assuming same participation and coverage selections
 - Additional cost of insuring market price risk is more than made up for from savings from whole-farm design

Cattle Revenue Insurance is Feasible: Proposed Program Design

- Gallagher Re confirmed revenue insurance for the cattle sector is feasible.
- Two products: cow/calf and feedlot to reflect different production cycles and risks
- Feed risk managed through a separate but coordinated forage insurance policy.
- Cow/calf coverage based on calves born x average daily weight gain using regional aggregate data for guarantees and claims
- Feedlot coverage based on number and type of animals placed into the lot with different average daily weight gain and time on feed for each type (heifer calves, steer calves, yearling heifers, yearling steers)
- Feedlot uses an innovative cohort model with annual whole farm coverage as the first payer
 - All policy coordination handled administratively – simple LPI-like experience for producers with added production risk protection
- Coverage levels for both cow/calf and feedlots would be similar to LPI
- Gross premiums estimated to be ~15% higher than LPI; net premiums to producers are significantly lower due to government cost-sharing

Limitations and Path Forward for Cattle

- Initial model provides aggregated (area-based) revenue coverage, not individual farm performance
- Cow/calf model does not reflect farm-level mortality or other causes of loss outside the calf crop (e.g., herd liquidation)
- Feed and forage production risk are not inside the revenue insurance policy.
- WFRI represents a base level of whole-farm financial protection to enable timely, affordable delivery
- By covering production risk and universal whole farm coverage, the program is far less susceptible to risk level or commodity level trade actions.
- Similar evolution to crop insurance – the program can evolve over time from regional aggregate program to individual coverage and more dynamic (e.g., mortality risk) once sufficient data is available.

And the studies on horticulture (fruit, vegetables and potatoes) and hogs are just now getting underway...

- Horticulture assessment is collaborating with Fruit and Vegetable Growers of Canada and PEI Potato Board
 - Study will review tree fruits as well as processing and fresh market fruit and vegetables in Ontario and potatoes in Prince Edward Island
 - Horticulture is considered to be the most difficult to insure, as getting forward pricing data and even some production data is problematic
 - May require creative solutions for market price establishment, including using wholesale price adjusted to farmgate. Some commodities may also need to use Cost of Production + Avg. Profit Model
 - Still in the early stages, seeking to ramp up collaboration efforts in the coming weeks. Assessment expected by end of 2025
- The review of the hog sector will focus on Manitoba and in partnership with the Manitoba Pork Council
 - Expected to be completed in spring of 2026

Questions?