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Business Risk Management Program Update

April 10, 2025

Ontario Fruit and Vegetable Growers Association

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Agenda

- Overview of Agricorp programs
 - Production Insurance
 - AgriStability
 - Self Directed Risk Management – Edible Horticulture
- How Agricorp can help
- AgrilInvest - Agriculture and Agri-Food Canada (AAFC) program
- Questions

Overview of programs

Programs Agricorp Delivers (Agricorp.com)

AgriStability

Production Insurance

Risk Management
Program (RMP)

SDRM: Edible Horticulture

Farm Business Registration

Farm Property Class Tax Rate Program

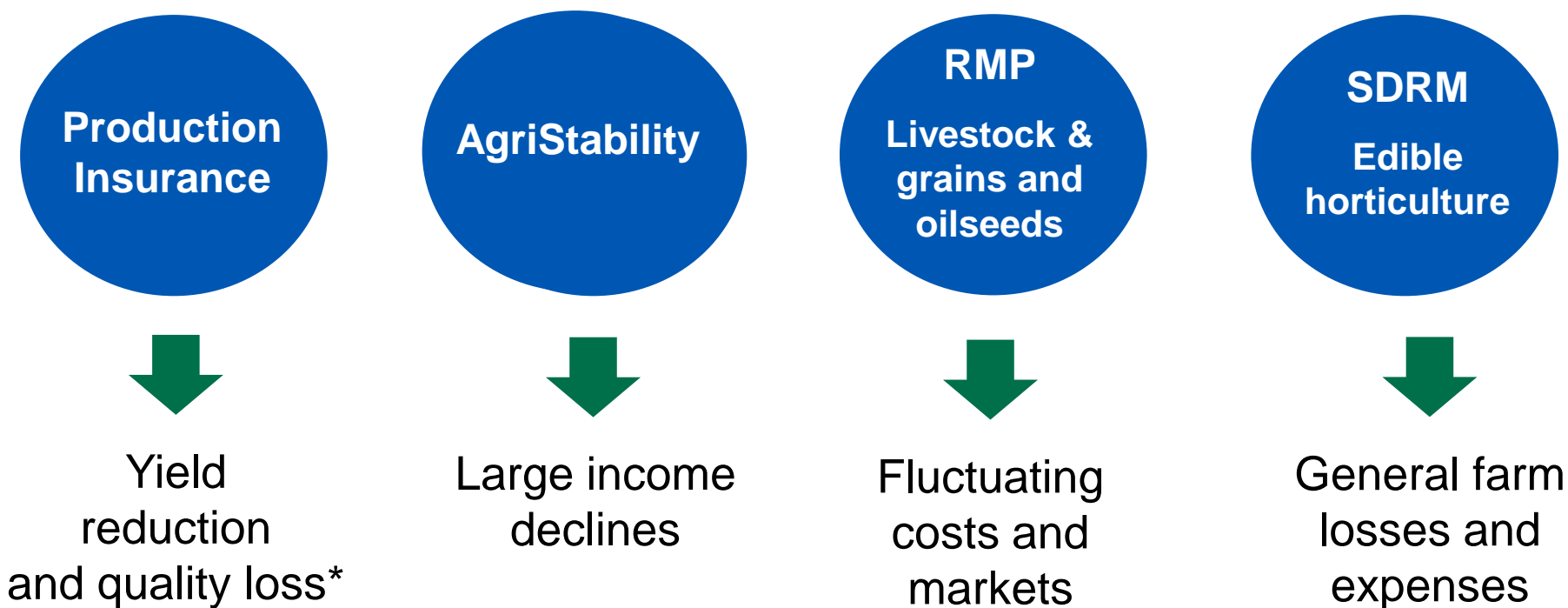
Provincial Premises Registry

Grain Financial Protection Program

Beef Cattle Financial Protection
Program

And more ...

Coverage to include in your business risk management plan



*Caused by adverse weather, disease, pests, wildlife, or other uncontrollable natural perils

Different programs cover different risks

Your risk:	Production Insurance	AgriStability	RMP	SDRM
Large declines in net income		✓		✓
Lost markets		✓		✓
Increased costs		✓	✓	✓
Lower market prices		✓	✓	✓
Yield reductions and quality losses*	✓	✓		✓
General farm losses and expenses		✓		✓

*Caused by adverse weather, disease, pests, wildlife, or other uncontrollable natural perils

When to apply and change coverage

Program	Program year	Activity	Deadline in 2025
SDRM: Edible Horticulture	2024	Make a deposit	Feb 1
RMP for livestock	2025	Apply or change coverage	May 1
AgriStability	2025	Apply and pay fee	Apr 30
Production Insurance: Spring Policy	2025	Apply or change coverage	May 10
RMP: Grains and Oilseeds	2025	Apply or change coverage	May 10
Production Insurance: Fall Policy	2026	Apply or change coverage	Nov 8
Production Insurance: Fruit	2026	Apply or change coverage	Jan 1

Production Insurance

What is Production Insurance?

Covers **yield reductions** and **production losses** caused by factors beyond your control, such as:

Adverse
weather

Disease

Pests

Wildlife

Other
uncontrollable
natural perils

Production Insurance gives you

Coverage for
100+
commodities

Affordable
coverage

Claim payments
that reflect
market prices

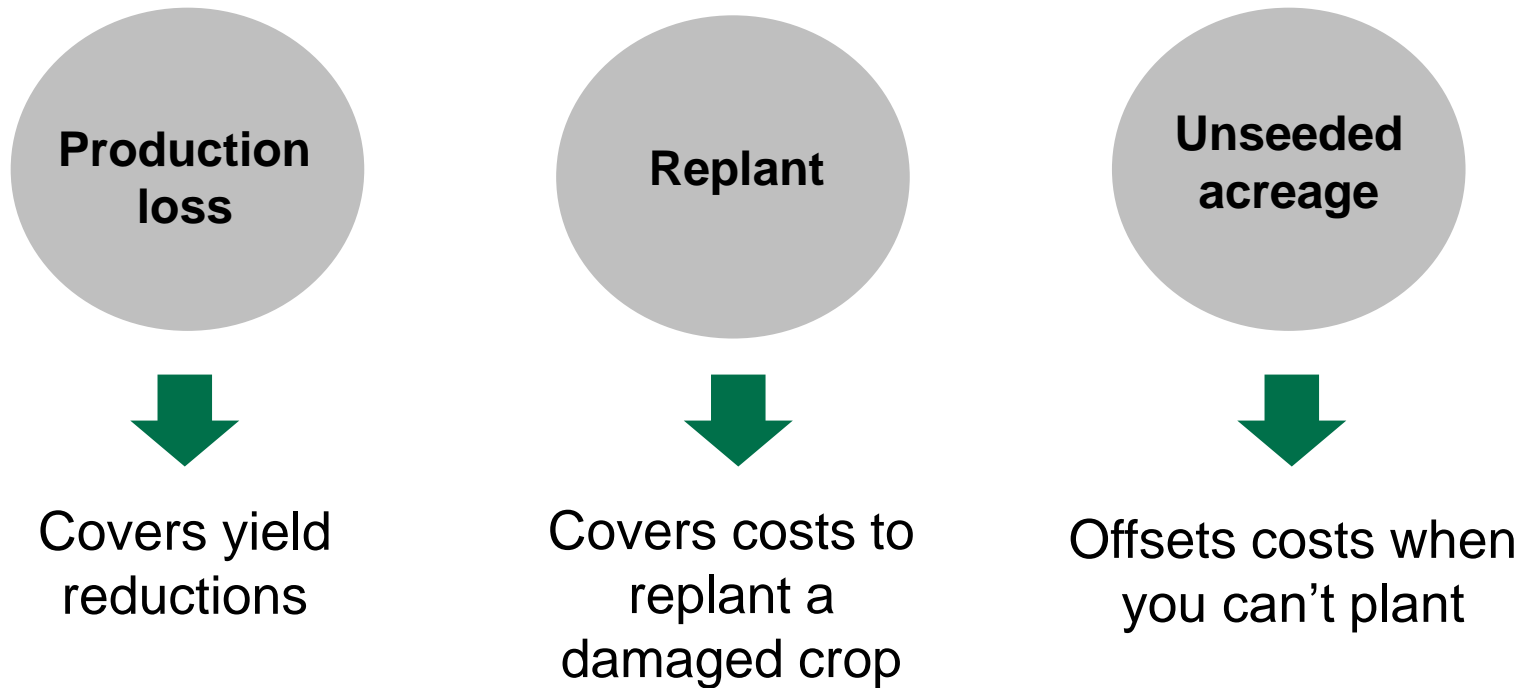
Peace of mind

Yield buffering
to help stabilize
your coverage

Dependable
collateral

Premiums that
are tax
deductible

Yield based available coverage (for most commodities including fruit and vegetables)



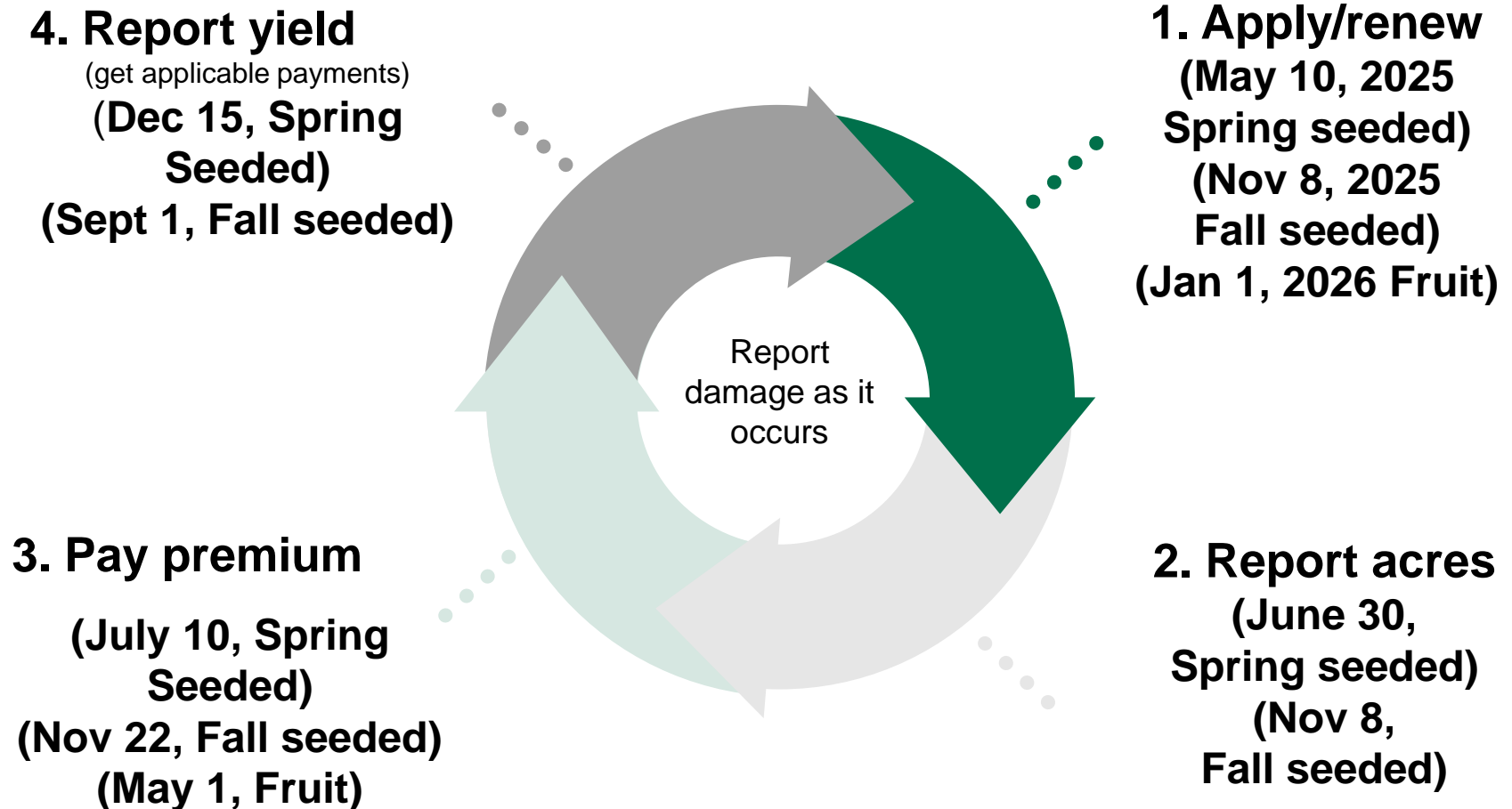
*For insurance purposes, losses and damage need to be caused by an insured peril.

How coverage is determined (based on your acreage)



If your actual yield is below your guaranteed production, a claim may be paid for the difference.

How to participate (production loss coverage)



AgriStability

What is AgriStability?

► Disaster coverage

- Protects the net income of your *whole farm*.
- Covers crops, livestock, and by-products.
- Covers *large declines* in net income, caused by:

**Production
loss**

**Increased
costs**

**Market
conditions**

AgriStability provides

Whole farm protection

Unique coverage

Affordable coverage

Payments in times of
financial distress

Access to other credit
options and programs

AgriStability Video Shorts

- Videos that help explain how the program works.
- Each video focuses on 1 element of the program, such as allowable income and expenses, and reference margins.



Search for
AgriStability videos
on agricorp.com

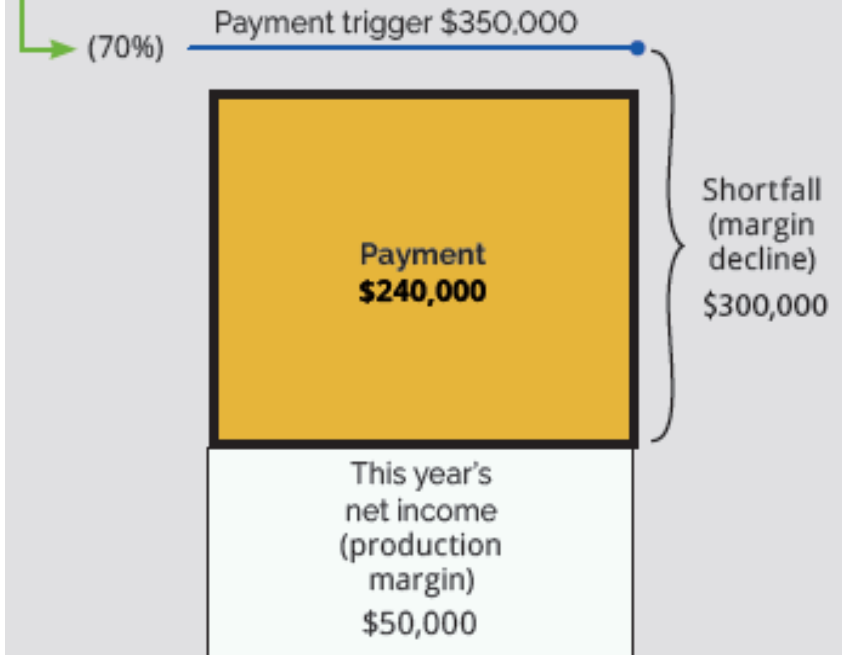
AgriStability

- ✓ Compensates farmers for large declines in farm income.
- ✓ Helps with cash flow when it's needed most through interim payments.
- ✓ Only costs \$315 to cover \$100,000 of average net income (reference margin)
- ✓ Has proven to respond in challenging times.

Example

Here's what happens when a farm with a \$500,000 average net income (reference margin) triggers a payment.

AgriStability protects you when your net farming income falls below 70% of your average net income (your payment trigger).



New way to participate in AgriStability: Tax-aligned Reference Margin option

In 2025, you can now choose this new option that:

- Matches the accounting method used for your taxes.
- Gives you
 - better predictability on your AgriStability payment, and
 - less paperwork if you don't have a claim.

Better predictability on your AgriStability payment

- With this option, Agricorp will send you a Coverage Notice Estimate in the fall which shows your:
 - Estimated reference margin
 - Estimated payment trigger.
- At year end, you can consider how the year's income compares to your payment trigger.
- This gives you a better understanding of your claim position – before doing any claim paperwork.

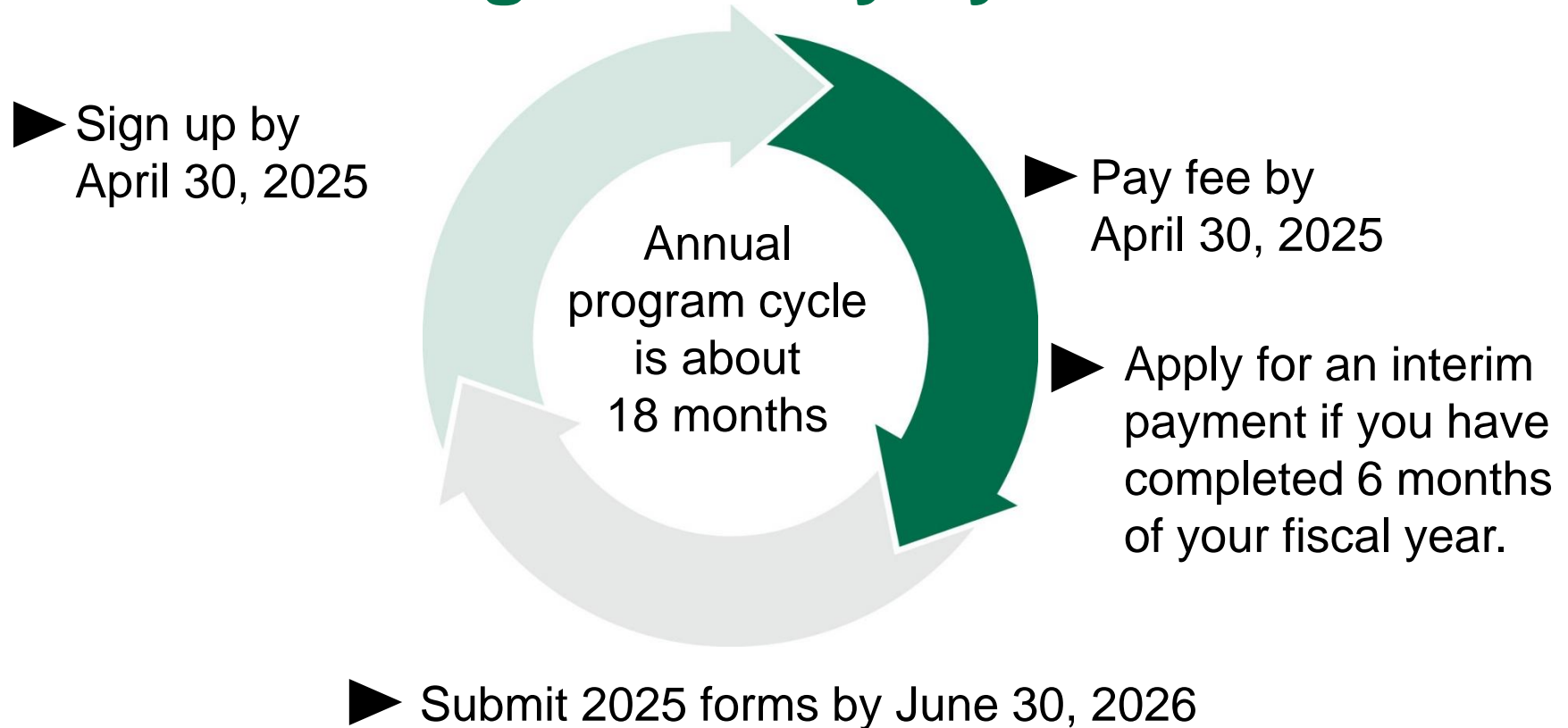
Less paperwork if you don't have a claim



- If you're not in a claim position, you can choose not to file claim paperwork at all – saving you time and money.
- However, if you do predict a claim payment, you'll need to submit claim paperwork, per the usual process.
- While the new option makes it easier to participate, program calculations and eligibility requirements remain the same.

To select this option, complete the short selection form on **agricorp.com** by April 30.

The 2025 AgriStability cycle



Interim payments

- ▶ AgriStability interim payments can provide farmers with cash flow when it is needed most.
- Farmers who project a production margin decline can apply.
- Interim payments provide 50% of your estimated final payment before your fiscal year is over.
- You need to complete 6 months of your fiscal year.
- Applications are available on agricorp.com.

Production margin

► Definition

- Your net farming income in a given year.
- Reflects your allowable income minus allowable expenses.

► Example

In 2024...	Amount
Your allowable farming income	\$160,000
Less: Your allowable farming expenses	(\$120,000)



Your 2024 production margin: **\$40,000**

Reference margin

► Definition

- Your reference margin is an average of production margins for the last five years, removing the highest and lowest margins (also known as the Olympic average).
- Where a participant did not have farming activity in one or more of the five prior years, reference margins will be calculated on the average production of the three years prior to the current program year.

► Example (numbers used to calculate your reference margin)

	2017	2018	2019	2020	2023
Production margin	\$200,000	\$250,000	\$180,000	\$75,000	\$220,000

Used

Not used
(highest)

Used

Not used
(lowest)

Used

Let's recap...

For 2024...	Amount
Your production margin	\$40,000
Your reference margin	\$200,000

- **Remember:** Agricornp uses your reference margin as a benchmark to determine if your current production margin dropped.

In this example, there is a large drop in the 2024 production margin.

Now what?

Payment trigger

► Definition

- AgriStability payments are triggered when your current production margin falls below 70% of your reference margin.

► Example

$$\begin{aligned}\text{Payment trigger} &= \text{reference margin} \times 70\% \\ &= \$200,000 \times 70\%\end{aligned}$$



Your payment trigger: **\$140,000**

► The example

Production margin:	\$40,000
Reference margin:	\$200,000
Payment trigger:	\$140,000

Payments at 80% compensation rate

AgriStability payment calculation:

(payment trigger - current production margin) × 80%

► Example

$$\text{Payment} = (140,000 - \$40,000) \times 80\%$$



Your AgriStability payment: **\$80,000**

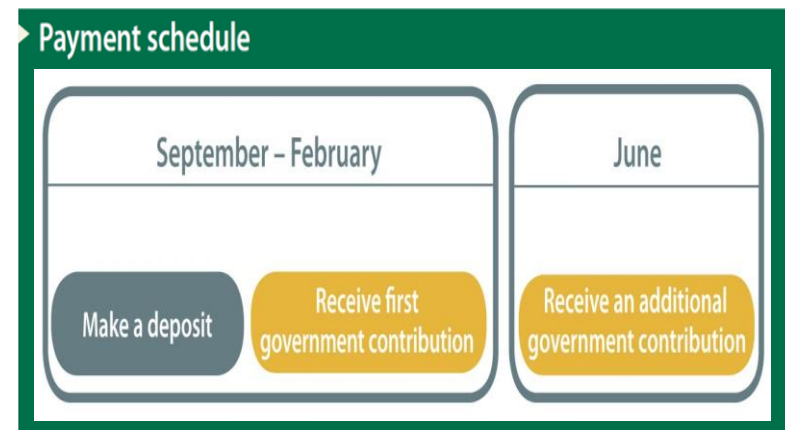
► The example

Production margin:	\$40,000
Reference margin:	\$200,000
Payment trigger:	\$140,000

Self Directed Risk Management for Edible Horticulture

SDRM-Edible Horticulture

- SDRM allows farmers who grow an eligible commodity, like vegetables, to establish an account with Agricorp to help mitigate risk associated with their farm business.
- Each year, eligible farmers can make a deposit into a SDRM account by the deadline and the Ontario government will make a contribution.
- Eligible farmers receive a package in the mail in September annually.
- Funds may be used to cover risks to your farming business.



SDRM – Eligibility

To be eligible for SDRM Edible Horticulture in 2025, you have:

- produced at least one eligible commodity in Ontario in 2024 and continue to produce at least one eligible commodity in Ontario in 2025. There are more than 100 eligible commodities.
- a minimum of \$5,000 in allowable net sales according to the calculation on your deposit notice.
- filed a T1163 with the Canada Revenue Agency or submitted a Statement A to Agricorp for the previous year.
- a premises ID number. To obtain a premises ID, go to ontariopid.com or call 1-888-247-4999.
- a Farm Business Registration number.

AgrilInvest- delivered by AAFC

What is AgriInvest?

► Savings account

- AgriInvest is delivered by AAFC for Ontario producers.
- A savings account for producers, supported by governments, which provides flexible coverage for small income declines, and allows for investments that help mitigate risks or improve market income.
- Each year, producers can deposit up to 100 percent of their Allowable Net Sales into a bank account at a participating financial institution.
- Governments contribute 1% of Annual Net Sales (ANS) as a matching contribution to the account to a maximum of \$10,000.

AgrilInvest Program Deadlines

Date	Task
September 30, 2025	Submit 2024 AgrilInvest application form
December 31, 2025	Submit 2024 AgrilInvest application form with penalty
90 days from date of 2024 AgrilInvest Deposit Notice	Make deposit into your AgrilInvest account



Agricorp.com

- Get the latest programs news, rates, important dates, and other information.
- Learn how to apply for programs.
- Submit program forms.
- Report acreage.
- Renew Farm Business Registration.
- Sign up for direct deposit.
- And more...

Questions?

agricorp.com

contact@agricorp.com

1-888-247-4999

Thank you