

AgriStability and Insurance Risk Management



Even in the best of times, farming is a risky business with exposures in various areas including people, finance, markets, management, business environment and production. With multiple risks to consider and various insurance programs to cover them, it can be a challenge to determine the best course of action for your farm's annual insurance risk management strategy.

Farm Business Risk Management Overview (Ontario)

	AgriStability	Crop Insurance	RMP
¹ Coverage Type	Whole farm	Individual crop	Individual commodity
Crop Yield Loss (field perils)	✓	✓	✗
Livestock Disease and Mortality	✓	✗	✗
Crop Post-harvest Perils (non-field perils)	✓	✗	✗
² Price Loss	✓	✗	✓
³ Increased Input Costs	✓	✗	✓
Advance Payments Program Eligible	✓	✓	✗
Relative Timing Of Cash Flow After Loss	⁴ Typically, <6 months from time of application	Immediate after-loss is known and claim is filed and adjudicated	Crops: Pre-harvest payment in November; post-harvest payment and final settlement in May / June the following year. Livestock: Quarterly payments, final settlement in following May / June

¹ Income and expenses from crop insurance are included (allowable) in the AgriStability margin and payment calculations, whereas the income and expenses from the Risk Management Program are not allowable for AgriStability purposes. For producers who participate in both the Risk Management Program and AgriStability the linkage between these programs is very important to understand. Any Risk Management Program payment is applied against the Provincial portion (40 percent share) of the AgriStability payment and may reduce or eliminate only that portion of the AgriStability payment. The federal portion (60 percent share) of the AgriStability payment remains fully accessible to producers who participate in both programs.

² AgriStability may allow for recognition of a price loss on inventory even if that inventory is subsequently sold for a higher price.

RMP prices are calculated on provincial average commodity prices for the period and do not reflect the producer's actual prices.

³ RMP input costs are calculated on provincial average input costs for the period and do not reflect the producer's actual costs.

⁴ AgriStability does allow for interim payments; however, the Interim Payment Application must be submitted to Agricorp before the year end of the applicant.

How MNP Can Help

MNP has developed an AgriStability payment calculator that allows us to track and support all calculations for each submission. Most importantly, this tool allows us to provide estimates of the expected payments to you. These payment estimates have proven invaluable as a means of comparison to the final calculations provided by Agricorp on the Payment Statement.

Contact your local Business Advisor or Farm Management Consultant to enrol if you have never participated or previously opted out of the AgriStability program.