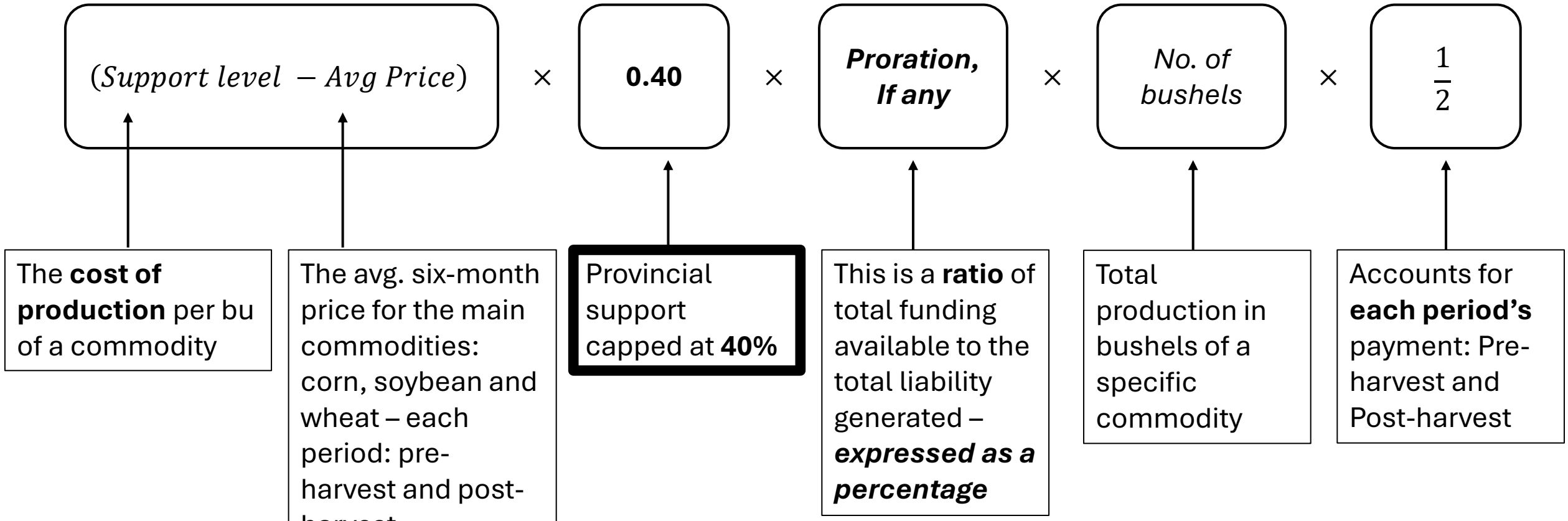
BRM Committee Meeting

Thursday, Oct 9 – 2025
11.00 am – 1 pm.

RMP Formula:
Current liability calculation with Provincial support only



RMP Update – Pre-harvest Numbers

Commodity	Payment Estimate ($)	Anticipated Premiums ($)	Bushels Enrolled*	Per Bu Payment Anticipated (after proration)#
Corn	49,620,658	9,651,281	212,116,062	$0.069
Soybean	62,957,781	5,469,736	73,815,594	$0.253
Wheat - SRW	22,562,422	2,097,912	41,055,020	$0.163
Total (Pre-harvest)	**135,140,861**	***~ 19.2 million*****		

Anticipated proration at 29.68%

*Bushels enrolled are based on 2024-25 RMP year. Subject to change in 2025-26.
#Per bu amount is calculated net of premiums.
** Sourced from OACC program update.

What would an addition of 60% Federal support mean - conceptually

- It is important to remember that there are two aspects of RMP:
  - **The Liability** (or uncapped payments generated from the formula).
  - **The funding available:** provincial (current) + Federal (GFO ask)

Therefore, adding the 60% funding from the Federal govt, will also correspondingly **generate a 60% higher liability** as well.

However, producers will still benefit because the payment on a per-acre basis will increase.

This is explained in detail in the next few slides – with a historical comparison

100% Program: Feds + Prov

$$(Support\ level\ -\ Avg\ Price) \times \textbf{0.40 + 0.60} \times \textbf{\textit{Proration, If any}} \times \textit{No. of bushels} \times \frac{1}{2}$$

Instead of multiplying by 0.40 we would do it by **1** now after the 0.60 from the Feds is added.

Funding available
(assumes $100 million added by 2027)

OASC/GFO Ask

Provincial portion

Total Funds for OASC: **$250 M**

G&O's share: **$87.5 M**

\+

Federal portion

Total Funds for OASC: **$375 M**

G&O's share: **$131.25 M**

=

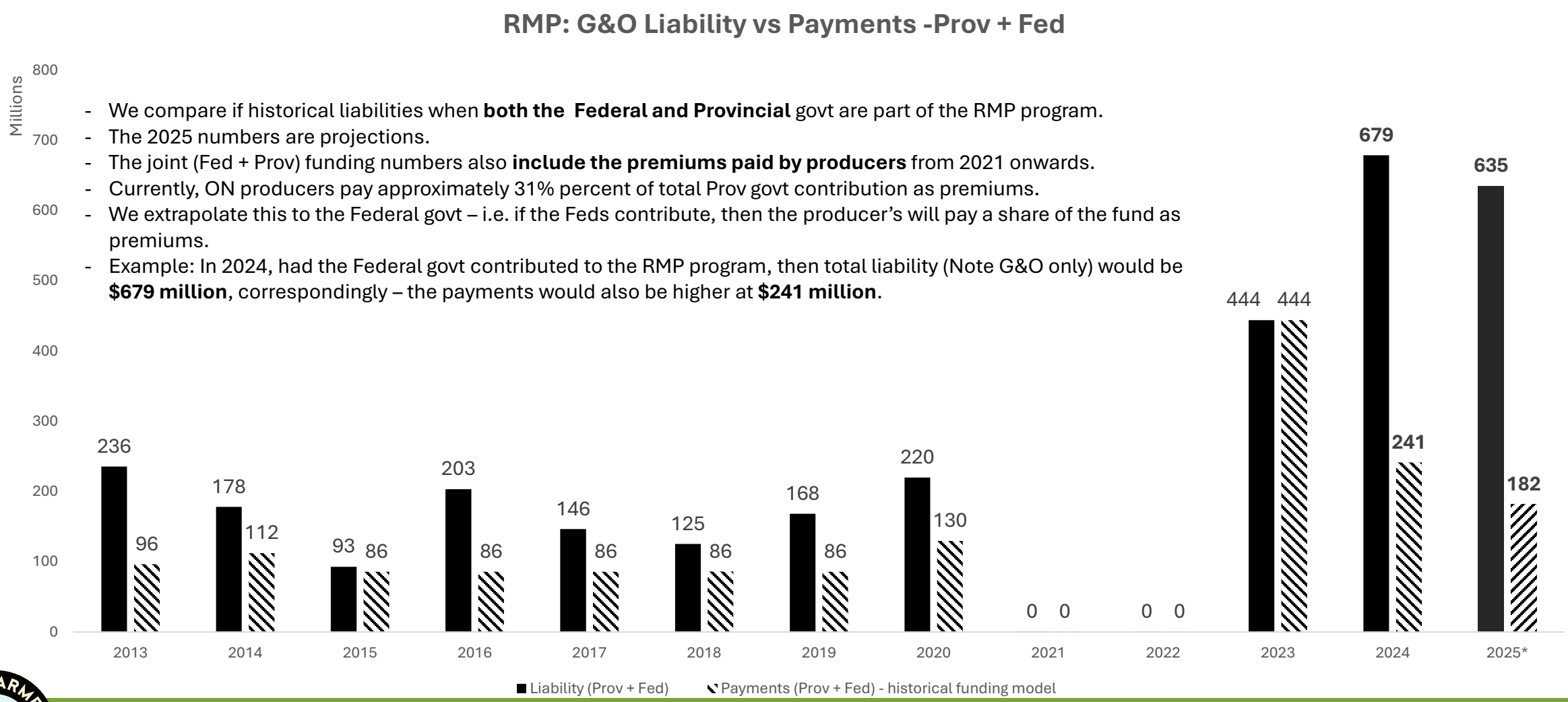
Total

Total Funds for OASC: **$625 M**

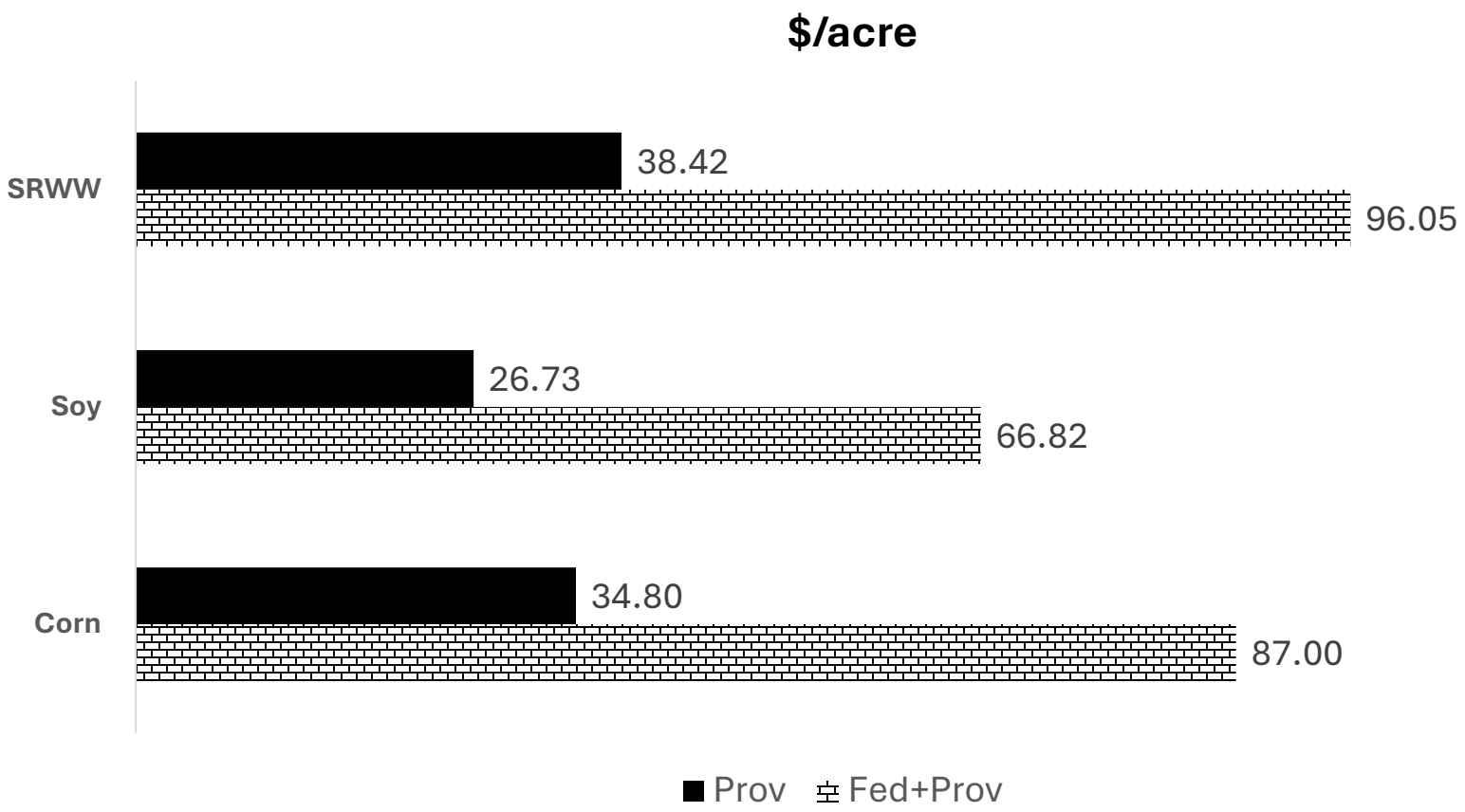
G&O's share: **$218.75 M**

Historical Perspective: How would things change in RMP?

- We compare if historical liabilities when **both the Federal and Provincial** govt are part of the RMP program.
- The 2025 numbers are projections.
- The joint (Fed + Prov) funding numbers also **include the premiums paid by producers** from 2021 onwards.
- Currently, ON producers pay approximately 31% percent of total Prov govt contribution as premiums.
- We extrapolate this to the Federal govt – i.e. if the Feds contribute, then the producer's will pay a share of the fund as premiums.
- Example: In 2024, had the Federal govt contributed to the RMP program, then total liability (Note G&O only) would be **$679 million**, correspondingly – the payments would also be higher at **$241 million**.



Per-acre increase from Fed contribution



- The pattern fill bar the per-acre **increase in payment** if the Feds started contributing in the year **2024**.

- The number is still calculated at **34.8% proration** as was the actual case.

- Corn is assumed to have a 200 bu/acre target.
- Soybeans: 50 bu/acre
- SR Wheat: 100 bu/acre

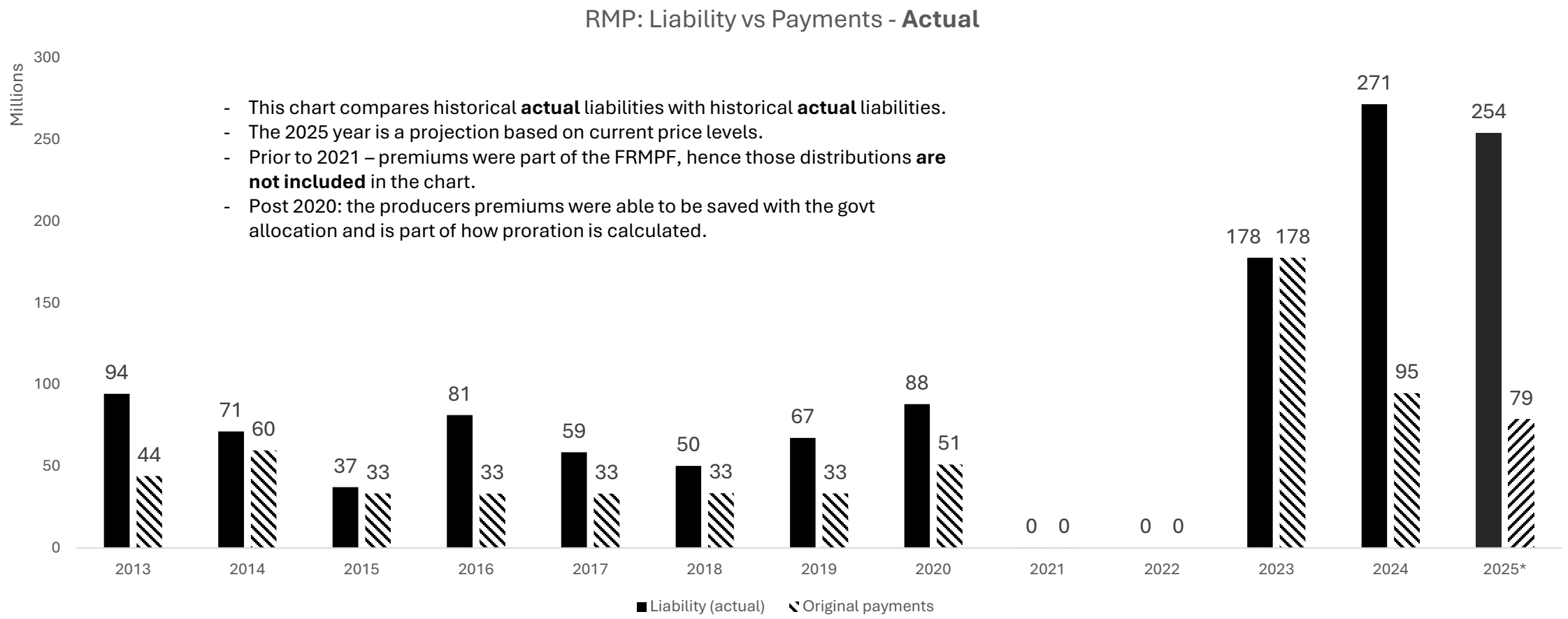
Conclusion

- The increase in 60% funding from the Feds will also lead to **higher liability in the program**.

- However, the benefit will be felt **on a per-acre** (and per-bu level).

- Note also that: premium contributions might also be a factor, since a 60% funding increase from the Feds might also increase **premium contribution** from the producers.

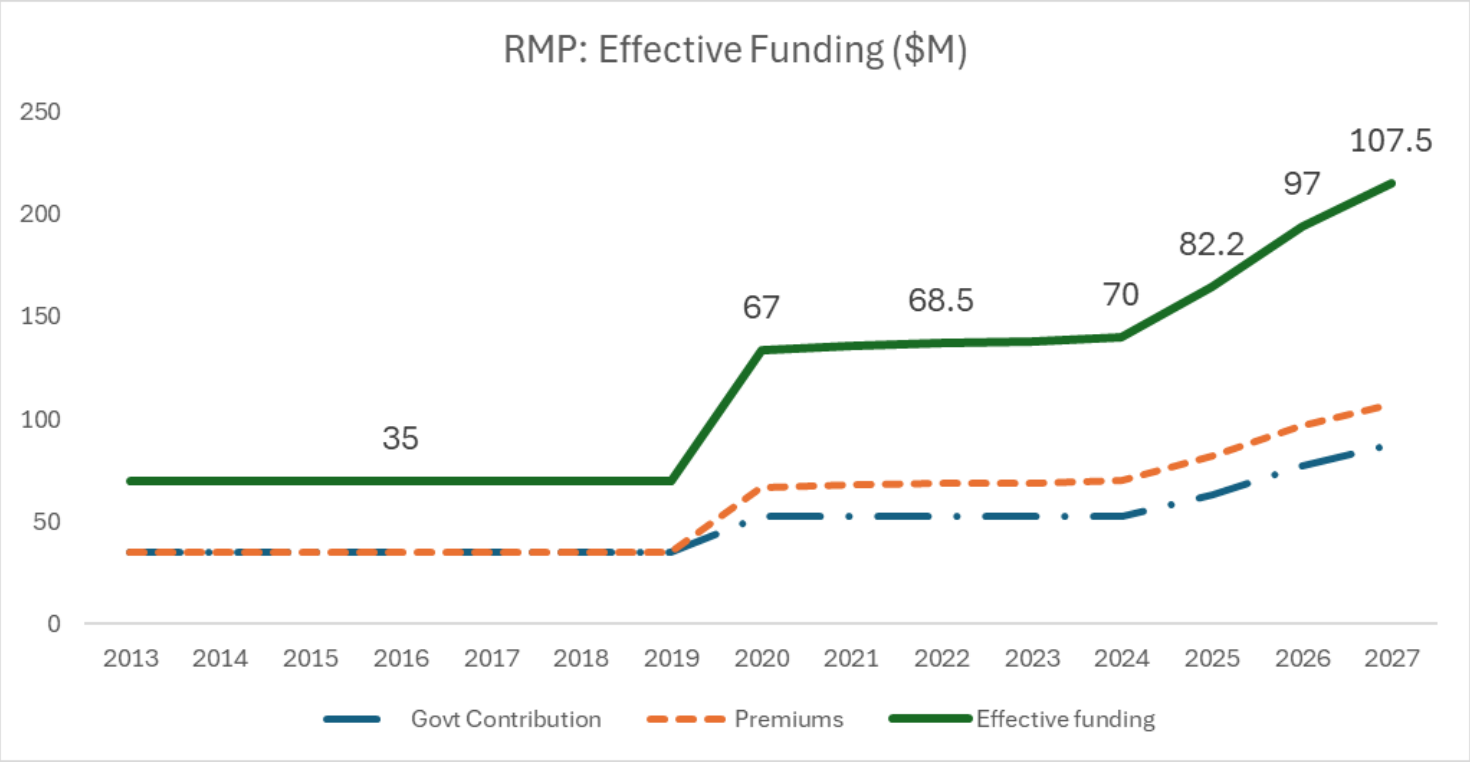
Appendix


RMP: Liability vs Payments - **Actual**
- This chart compares historical **actual** liabilities with historical **actual** liabilities.
- The 2025 year is a projection based on current price levels.
- Prior to 2021 – premiums were part of the FRMPF, hence those distributions **are not included** in the chart.
- Post 2020: the producers premiums were able to be saved with the govt allocation and is part of how proration is calculated.
Millions
300
250
200
150
100
50
0
94 44
71 60
37 33
81 33
59 33
50 33
67 33
88 51
0 0
0 0
178 178
271 95
254 79
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025*
Liability (actual)
Original payments

Discussion on RMP from the Committee – Next Steps?

Appendix II

The RMP funding **timeline**?



US vs Canada

BRM Programming Comparison Report

2025 Iteration

US vs Canada (ON) – BRM Support Comparison 2025

- This report compares Business Risk Management (BRM) support for grain farmers in Ontario, Canada, and Nebraska, US.
- The analysis focuses on a representative 1,000-acre corn farm in both regions, evaluating program payments under ***normal, low-yield and low-price*** conditions.

What's new in the updated version?

<u>Incorporates changes made to:</u>

- Crop insurance premium subsidies and support programs
- Title I commodity programs
- Recently announced Ad hoc payments (both Spring 2025 and potential Fall 2025).

The updated version explains where the *"Difference Drivers"* are in terms of programming in Canada (ON) and United States.

US vs Canada (ON) – Main Results

How much more does a US producer earn relative to Canadian (ON) corn producer?

*There are scenarios, where ON farmers earn more in normal yield, normal price years, due to US crop insurance premiums being higher and no indemnities being triggered and no Title I payments.

Location (county)		Southwest	Lancaster
RMP			
	AFY	180	
	Premium	7.812	
	Payment	17.17	
AgriStability			
	Reference margin (*200 acres*)	600,000	
	program year margin	785,450	
	Payment	0	
Production insurance			
	Yield guarantee	162	
	Actual yield	180	
	Claim price	6.95	
	Premium	11	
	Payment (indemnity)	-11	
Revenue Protection			
	Projected price		4.7
	Harvest price		5
	APH		180
	Revenue Guarantee (Liability)		765.00
	Actual yield		180
	Actual revenue		900
	Producer Premium		25
	Indemnity ($/acre)		-25.00
Supplemental Coverage Option (SCO)	*---> shadow loss coverage (coverage level max 86%)*		
	Expected crop value		846
	SCO payment limit		42.3
	Expected County yield		169
	Actual County yield		160
	Premium		4.00
	Payment		-4.00
Enhanced Coverage Option (ECO)			
	Coverage level (95% max)		
	ECO payment limit		42.30
	Premium		15.00
	Payment		-15.00
PLC - (2025/26)			
	Payment yield		180
	Effective Reference price		4.42
	MYA 2025/26 price - forecast		3.9
	Payment		79.56
ARC-CO - (2025/26) - NE (Lancaster county, non-irrigated)			
	Benchmark yield (19-23 olympic avg)		169.10
	Benchmark price (")		5.03
	Guaranteed revenue		765.52
	Maximum payment rate (10% of county revenue)		102.07
	2024 Actual county yield		160
	2024 projected final		3.9
	2024 Actual revenue		624.00
	Payment rate		102.07
ARC-IC (2025/26)			
	ARC-IC Revenue Guarantee		687.96
	Maximum payment rate (10% of benchmark)		68.80
	Actual revenue		900.00
	Payment		0.00
		ON	NE (USD)
Total ($/acre)		6.17	142.67
Difference (NE to ON - $/acre)			192.14

Latest on US Ad-Hoc Payments (Fall 2025)

- The tentative amount will be between **$10-$14 billion**. This was reported in WSJ and is not confirmed.
  - Republican lawmakers want close to **$50 billion**, after an economic impact analysis of this year's crops.

- Most of it to cover the US soybean export losses of around **$12 billion** to China.
  - Anticipated payments for Fall 2025

- Ironically, the marketing year is not over yet - so China may yet buy beans from the US, given China's demand might be too high for even Brazil and Argentina to fulfill.

- Thus, just like 2018/19 US soybean producers **might be getting overpaid** for their losses - but more analysis will be needed on this. (Source: Giri, Peterson, Sharma – 2018)

- The per-acre amount might be around **$105/acre** for Soybeans (*do not cite this* –until further clarification!) and lesser amounts for corn and wheat.

- **But this is not confirmed**, it may also vary by state - given the dominance of IL, MN and IA in soybean production.

Summary of Ad hoc Support Since 2018

Ad Hoc Program ($/acre)	Year	Corn	Soybean	Wheat	Total ($B)
Market Facilitation Program (MFP)	2018/19	$111	$217	x	**$23 B**
Coronavirus Food Assistance Payments (CFAP)	2020/21	$80	$80	x	**$22 B**
American Relief Act	2024	$42.35	$27.46	$18.39	**$ 10 B**
US Farm Aid (anticipated announcement**)	2025 (Fall)	?	$105*	?	**$ 10 – 14 B**

*Cannot be cited with certainty yet
** No official announcement yet.

Data sources:

- https://farmdocdaily.illinois.edu/2020/06/mfp-and-cfap-payments-corn-and-soybean-uses-and-future-farm-profitability.html
- https://www.jstor.org/stable/27098564
- https://www.agmanager.info/sites/default/files/pdf/WWW_AmericanReliefAct_01-29-25.pdf
- https://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=2057&context=agecon_cornhusker

“One Big Beautiful Bill” (OBBB) Changes

Price Loss Coverage

- Reference prices increased for all covered commodities (starting 2025).
- One-time base acre reallocation opportunity starting 2026.
  - Election changes — producers can make new elections for 2026–2031 period.
- 2025 only: automatic “higher of PLC or ARC-CO” payment; no need to elect.
- Payment limits increased (see cross-cutting section).

- Marketing loan rates increased for major crops.
- Payment limits raised: From **$125,000 → $155,000 per** person/entity.
- Base acre updates: opportunity for new allocations (2026).
- Payment timing: 2025 crop year changes apply, but payments disbursed on usual schedule (Oct. 2026).

Agricultural Risk Coverage

- Coverage guarantee raised from 86% → 90% of benchmark revenue.
- Maximum payment rate (cap) increased from 10% → 12% of benchmark revenue.
- Automatic higher-of payment between ARC-CO and PLC.
- Benchmark yield and price calculations remain the same, but higher guarantee increases payout potential.

RMP vs Title I Programming (US): what are the actual differences?

The Support level (in RMP) is equivalent to the “reference price”/ “benchmark price” in Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC).

- RMP – **Support Level** based on the AgriStability data from the preceding three-years.
  - GFO has annual input in the pricing.
  - Once set – does not change for the season.
  - Can be negotiated – to a degree.
  - Producer premium for enrollment.
  - Higher maximum payment available (**$1.2 million** for G&O) – but not representative for avg-sized producers

- The **Reference Price** (statutory) in PLC is set by the Farm Bill. Or in the most recent case the One Big Beautiful Bill (where provisions)
  - Once set no way to change it.
  - But the “effective reference price” has more controls allowed around it and can vary.
  - But producers still have no control over it.
  - Maximum payment lower: $310,000 per family.*
  - No enrollment cost.

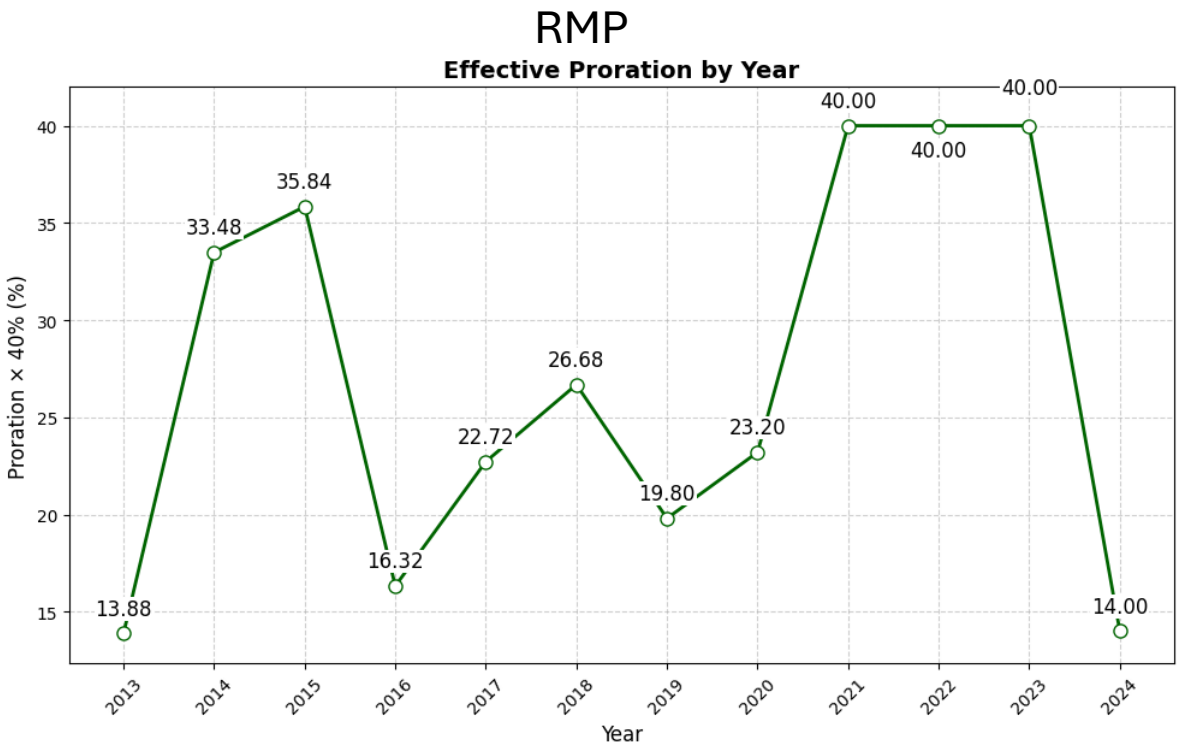
**Loopholes may exist, which might enable payments to nephews*

RMP vs Title I Programming (US): The Difference Drivers

- **Coverage Level:**
  - **RMP:** Maximum true coverage level is 40% due to Federal non-participation. *The **effective proration is even lower*** (see chart to the right).
  - **PLC:** 85% coverage level on base acres enrolled.
  - **ARC-CO:** 85% on base acres and 90% on benchmark revenue (increased from 86% last year).
    - **ARC-CO** does have a 12% benchmark revenue cap.

Historical comparison: RMP vs Title I:

- A quick examination over the past **7** years will show that RMP ***has triggered more often*** than PLC.
  - Until 2024.
- In comparison ARC-CO often triggers if not on a wide scale, even during years where PLC does not trigger at all.
  - Primarily due to county-level yield failure.



Data Sources: OMAFA & https://www.fsa.usda.gov/sites/default/files/2025-09/FSA_ARC%20%26%20PLC_3pg_Fact%20Sheet-SEPT%202025_final.pdf

RMP vs Title I Programming (US): Explained with an Example

1,000 acres, 180 bu – corn producer (all values in CAD)

RMP

Support level	$6.72
Effective Coverage Level	**11.86%**
Cash price	$5.42
Total Payment	**$27,752.4**

PLC

Effective Reference Price	$6.14
Coverage Level (BA)	**85%**
MYA	$5.42
Total Payment	**$110,160**

ARC-CO

Benchmark Price	**$6.99**
Benchmark Revenue	$1,259.34
Coverage Level (BA)	**85%**
MYA (Actual Price)	$5.42
Actual Revenue	$975.78
Total Payment	**$125,934**

- For the 2025 year, OBBB had a special rule where producers regardless of whether enrolled in PLC or ARC, **will receive the highest payment of either**: Max(PLC, ARC-CO) – *only valid for 2025*.
- The Maximum payment for PLC/ARC is capped at $215,450 (CAD) ($155k USD).
- ARC-CO payment are capped at **12%** of benchmark revenue.

All of this payment is in effect driven by a lower MYA, a county-level yield reduction might further increase the payment.

Data sources: OMAFA & USDA (PLC/ARC database) - https://www.fsa.usda.gov/resources/programs/arc-plc/program-data -

Crop Insurance: The Difference Drivers

Canada

- Primary differentiator: only **yield protection**.
- No individualized pricing coverage.
- Provincial-level customization in insurance programming.
- Quality coverage available.
- Some area-based programs available in the Prairies.
- Private hail insurance (100% producer funded in Manitoba and Alberta)

United States

- Primary differentiator: **Revenue Protection.**
  - Offers individualized pricing protection.
  - Can be clubbed with area-based programs.
  - Coverage level can reach **95%**.
  - Quality coverage available.
  - Private crop insurance agents sell policies.
  - Research shows that policies are sold as revenue maximizers, less as risk mitigation.
  - Every policy is offered Federally.
  - Producers have a choice to exclude their harvest price if they do not contract.

Crop Insurance: Explained with an Example

All values in CAD, commodity: corn

US

Canada (Ontario)

AFY	180
Coverage Level	**90%**
Guarantee	162
Premium	$11
Actual Yield	135
Floating price	$5.42
Total Payment	**$135.34**

Low Yield Example	
Projected Price ($/bu)	$6.53
Approved Yield	180
Coverage Level	**85%**
Unit type	Enterprise
Guarantee (PP*AY*0.85)	$999
Producer premium- CI ($/acre)	$34.75
Actual Yield	135
Harvest Price	$5.42
Actual Revenue	$731.7
Total Payment (Net indemnity)	**$232.55**
Endorsements	(Lancaster county yield = 160 bu)
SCO – producer premium	$5.56
SCO – coverage level	90% (buy-up +5%)
SCO – payment	**$53.27**
ECO – producer premium	$20.85
ECO – coverage level	95% (buy-up +10%)
ECO - payment	**$37.94**

Other Scenarios

All values in CAD

Low Yield and High Price Example	
Projected Price ($/bu)	$6.53
APH	180
Coverage Level	**85%**
Unit type	Enterprise
Guarantee (PP*AY*0.85)	$1,224
Producer premium- CI ($/acre)	$34.75
Actual Yield	135
Harvest Price	$8.00
Actual Revenue	$731.7
Total Payment (Net indemnity)	**$109.25**
Endorsements	(Lancaster county yield = 160)
SCO – producer premium	$1.11
SCO – coverage level	90% (buy-up +5%)
SCO – payment	**-$4.00**
ECO – producer premium	$20.85
ECO – coverage level	95% (buy-up +10%)
ECO - payment	**-$15.00**

Normal Yield and Low Price Example	
Projected Price ($/bu)	$6.53
APH	180
Coverage Level	**85%**
Unit type	Enterprise
Guarantee (PP*AY*0.85)	$999
Producer premium- CI ($/acre)	$34.75
Actual Yield	135
Harvest Price	$5.42
Actual Revenue	$975.6
Total Payment (Net indemnity)	**-$11.26**
Endorsements	(Lancaster county yield = 160)
SCO – producer premium	$5.56
SCO – coverage level	90% (buy-up +5%)
SCO – payment	**$53.27**
ECO – producer premium	$20.85
ECO – coverage level	95% (buy-up +10%)
ECO - payment	**$37.94**

Crop Insurance: ON compared with Other Provinces

Summary

- We also comprehensively compare BRM programming between the Prairies (SK, MB and AB) and Eastern Canada (Ontario and Quebec).
- Since Federal programming is the same across provinces for AgriInvest and AgriStability, holding ANS and reference margins constant, respectively – lead to similar outcomes.
- **The main comparison was for crop insurance programming.**

Crop insurance

- Ontario benefits relative to the Prairies given the highest possible coverage level in Ontario is **90%.**
  - In SK, AB and MB – the standard coverage stops at **80%**.
- Niche programs exist throughout the Prairies, for which Ontario does not have an equivalent program such as:
  - Corn Rainfall Index Program (SK)
  - Corn Heat Units (SK)
  - Hail Insurance (MB and AB) → Fully private
  - Contract Price Option (MB).
- But none of the programs give a decisive edge over ON's crop insurance programming.
- Once RMP is included, it could be argued that Ontario's per acre return on programming is the highest relative to the Prairies.
- QC's programming does marginally outperform ON – but by not more than **$10-20 per acre**.

Conclusion

- The main conclusion from this study is that US G&O producers receive better BRM coverage from their programming.

- The effect is especially biased in the favor of US programming, when there are “bad” crop years – whether its low yields or prices.

- It is, however, fair to say that **without the** Title I payments and ad hoc payments in the US – BRM programming would look similar in both regions in **normal years**.

One of the questions that comes up – despite healthy triggers for both PLC and ARC – why the clamor for more and immediate ad hoc funding?

- Similar to AgriStability in Canada the turnover time is a year.
- 2025 crop year payments – will only arrive **in Oct 2026.**

Appendix: Calculations for US programming

- PLC Payment = (ERP−MYA)×PLC Yield × 85% × Base Acres
- ECO Indemnity = Farm Expected Crop Value × (Trigger Level−Actual County Revenue / Expected County Revenue)
- SCO Indemnity=Expected Crop Value × (90%−Expected County Revenue/Actual County Revenue)
- ARC-CO Payment = (Guarantee Revenue − Actual Revenue) × 85% × Base Acres

- Resources for PLC/ARC calculations: https://policydesignlab.ncsa.illinois.edu/policy-lab/proposal-analysis/arc-plc-payments
- Other calculators:
  - Iowa: ARC-CO & PLC Per Acre Payment Estimator for Iowa, 2025-2026
  - North Dakota State Univ: https://www.ndsu.edu/agriculture/ag-hub/ag-topics/crop-production/tools/arc-plc-payment-calculator

Questions?

Grain Farmers of Ontario

679 Southgate Drive Guelph, ON N1G 4S2
519-767-6537 or 1 800-265-0550