

ONTARIO TRUCKING INDUSTRY

Issue Brief: Regulatory Burden, Insurance Crisis, and Agricultural Competitiveness

February 2026

Executive Summary

Ontario's agricultural and commercial trucking sectors face an escalating crisis driven by insurance cost inflation, regulatory complexity, and competitive disadvantages compared to neighboring jurisdictions. This brief synthesizes recent data and stakeholder concerns to outline the scale of the problem and propose evidence-based solutions.

Key Findings

- Insurance premiums for commercial trucks have increased **75% since 2013**, with inexperienced drivers facing **80% increases** and paying 3 times more than experienced drivers (up from 2.5 times).
- Grain farmers' trucking expenses have risen **70% over the past decade**, driven by higher per-tonne costs and increased production volumes.
- Farm-plated vehicles demonstrate **2-3 times lower collision rates** than general road vehicles, yet face comparable or higher insurance premiums.
- Ontario faces a **20,000-30,000 driver shortage**, exacerbated by insurance barriers preventing new driver entry.
- Regulatory requirements **exceed those in competing jurisdictions** (United States, Alberta, Saskatchewan), creating competitive disadvantages for Ontario farmers and carriers.

1. The Insurance Crisis

1.1 Premium Escalation

Commercial truck insurance in Ontario has experienced unprecedented cost growth. Between 2015 and 2019, insurers paid out \$1.04 for every \$1.00 earned in premiums on a per-vehicle basis, creating underwriting losses that have driven premium increases. This market deterioration intensified following the Humboldt Broncos tragedy, which prompted industry-wide re-evaluation of underwriting standards.

Metric	2013	2023	% Change
Average Third-Party Liability Premium	Baseline	+75%	75%
Experienced Driver Premium	Baseline	+75%	75%
Inexperienced Driver Premium	2.5x experienced	3x experienced	80%
Third-Party Liability Coverage	\$5-10M typical	\$2M typical	-60% to -80%

Source: MNP Report on Commercial Trucking Insurance (2024), GISA 1502 data

1.2 Barriers to New Driver Entry

The insurance market has created a structural barrier to workforce development. Young and inexperienced drivers face three critical obstacles:

- **Three-year experience requirement:** Insurance companies require documented proof of three years' commercial driving experience, creating a catch-22 for new entrants.
- **Facility Association premiums:** Drivers without sufficient experience must obtain coverage through the Facility Association (last-resort insurer) at unsustainably high premiums, making employment economically unviable for small carriers.
- **Non-recognition of training:** Insurance companies do not recognize truck driver training courses or agricultural equipment operation experience, despite the \$10,000 cost and 6-week time commitment required for Class A licensing.

This creates a forced pathway where new drivers must either: (a) accept exploitative working conditions with large self-insured fleets willing to absorb the risk, or (b) pay prohibitively high Facility Association premiums. Both options discourage entry into the profession, directly contributing to the industry's 20,000-30,000 driver shortage.

1.3 Systemic Market Factors

Several macroeconomic and industry-specific factors have compounded premium increases:

- **Low interest rate environment:** Following the 2008 financial crisis, insurers earned reduced returns on investment portfolios, particularly bonds, pressuring them to increase premium income.
- **Climate-related catastrophic losses:** The Canadian insurance industry experienced record losses of \$5.1 billion in 2016 from natural catastrophes, with sustained annual losses averaging \$1.2-2.1 billion through 2019.
- **Rising average claim costs:** Claims under \$100,000 now average \$18,302 in Ontario (significantly lower than \$34,047 in Western Canada and \$27,610 in Quebec), yet still contribute to insurer losses.
- **Market hardening:** Canadian fleets have seen 10-15% annual rate increases, while US operations have experienced sudden spikes of 100-500%.

While these broader market pressures affect all insurance lines, their application to agricultural trucking—which demonstrates significantly lower risk profiles—represents a market failure requiring regulatory intervention.

2. Agricultural Trucking: A Distinct Risk Profile

2.1 Superior Safety Performance

Ministry of Transportation data reveals that farm-plated vehicles consistently demonstrate collision rates 2-3 times lower than all road vehicles in Ontario. This safety advantage persists across multiple vehicle categories and has improved over time.

Vehicle Category	2016 Collision Rate	2021 Collision Rate	Improvement	vs. All Vehicles
All Road Vehicles	1.58%	1.01%	36% reduction	Baseline
All Farm-Plated Vehicles	0.71%	0.35%	51% reduction	65-71% lower
Farm Tractors	0.13%	0.12%	8% reduction	88% lower (2021)
Farm Pickups/Vans/Cars	2.94%	1.34%	54% reduction	33% higher (2021)*

**Despite higher rates than all vehicles, this category shows strong improvement trajectory with 73.5% decline in total collisions*

Notably, even the farm pickup/van category—which initially showed higher collision rates than general vehicles—has demonstrated rapid improvement, with collision rates declining 54.4% and total collision numbers dropping 73.5% from their peak. This suggests that initial higher rates reflected increased reporting or fleet expansion rather than inherent risk.

2.2 Cost Escalation Despite Lower Risk

Despite superior safety performance, grain farmers face relentless trucking cost increases. Analysis of Ontario crop budget data shows total trucking expenses for major grain crops (corn, soybean, wheat) have risen 70% since 2014, driven by both volume growth and per-tonne rate increases.

Primary cost drivers:

- Per-tonne trucking charges have steadily increased due to insurance, fuel, and regulatory compliance costs
- Production volumes have grown, requiring more trips and greater total freight capacity
- Insurance premiums do not reflect the demonstrably lower risk profile of farm vehicles

2.3 Operational Characteristics

Agricultural trucking differs fundamentally from commercial long-haul operations:

- **Annual mileage:** Farm trucks average 3,000 km/year versus 400,000 km/year for commercial operations—a 99.25% reduction in exposure.
- **Seasonal concentration:** Usage concentrated during planting and harvest, with extended periods of minimal operation.
- **Trip characteristics:** Shorter distances, familiar routes, lower highway speeds, minimal urban driving.
- **Driver profile:** Owner-operators with extensive equipment operation experience and vested interest in vehicle maintenance.

These operational realities support the observed lower collision rates and justify differential regulatory treatment. Applying regulations designed for high-mileage commercial carriers to farm operations represents regulatory overreach that imposes disproportionate costs without corresponding public safety benefits.

3. Regulatory Burden and Competitive Disadvantage

3.1 Stakeholder Concerns

Grain Farmers of Ontario (GFO), representing 28,000 barley, corn, oat, soybean, and wheat farmers across 6 million acres generating \$4.1 billion in production value and supporting 90,000 jobs, has identified trucking regulation as a critical competitiveness issue through formal member resolutions.

Driver Licensing and Training

- **Current requirement:** \$10,000 cost and 6 weeks continuous time for Class A licensing
- **Accessibility barriers:** Not all farmers can access existing subsidy programs; time away from farm operations during critical periods represents significant opportunity cost
- **Proposed solution:** Dedicated agricultural driver program with full funding and abbreviated training that grants credit for extensive farm equipment operation experience (tractors, combines, etc.)

DriveON Annual Safety Inspections

- **Cost increase:** New DriveON annual inspections cost 3x previous safety test fees
- **Reduced service access:** Fewer garages now provide inspection services, limiting farmer choice
- **Equipment specification changes:** New requirements forcing retirement of older but serviceable trucks
- **Jurisdictional comparison:** United States, Alberta, and Saskatchewan exempt farm trucks from annual safety inspections
- **Risk-based rationale:** Many farm trucks travel so few kilometers annually they do not require oil changes, making annual safety inspections disproportionate to risk

Spring Thaw Load Restrictions

- **Current impact:** Farmers must make double the trips during spring restrictions, increasing costs and time
- **Precedent for exemptions:** Ontario temporarily lifted restrictions in 2020; permanent exemptions exist for milk trucks under current legislation
- **Jurisdictional comparison:** United States and other Canadian provinces exempt agricultural vehicles from spring load restrictions

Self-Propelled Implement of Husbandry (SPIH) Definition

Current SPIH rules create operational inefficiencies by:

- Restricting SPIH designation to travel between farm properties only, excluding market trips

- Requiring vehicle modifications that are unnecessary for vehicles already designed for agricultural use

Expanding SPIH rules to include market transport and eliminating modification requirements for inherently agricultural vehicles would significantly reduce farmer costs and administrative burden while maintaining safety standards.

3.2 Regulatory Uncertainty

Farmers report reluctance to invest in trucks due to uncertainty about future regulatory changes. The absence of a clear regulatory roadmap creates investment paralysis, as farmers cannot be confident that current equipment will remain compliant. This regulatory uncertainty compounds direct compliance costs by discouraging capital investment in safer, more efficient vehicles.

4. Economic Impact and Competitiveness

4.1 Agricultural Sector Implications

Ontario grain farming generates \$4.1 billion in production value directly and over \$27 billion in total economic output. Transportation costs directly impact farm profitability and competitiveness against:

- **US competitors:** Lower insurance requirements, fewer safety inspection mandates, exemptions from seasonal load restrictions
- **Prairie provinces:** Alberta and Saskatchewan exempt farm trucks from annual safety inspections and apply less stringent insurance requirements

The 70% increase in trucking costs since 2014 directly erodes farm margins in a sector operating on thin profit margins (typically 5-10% for grain operations). This cost disadvantage makes Ontario farms less competitive in domestic and export markets, potentially shifting production and economic activity to other jurisdictions.

4.2 Broader Trucking Industry Impact

The commercial trucking sector faces an acute labor shortage that insurance barriers actively worsen. With 20,000 current vacancies projected to reach 30,000 without systemic change, the industry cannot meet freight demand. Insurance companies' refusal to recognize driver training or provide affordable coverage for new entrants creates a self-reinforcing shortage cycle:

- New drivers cannot obtain affordable insurance without 3 years' experience
- Small carriers cannot hire new drivers due to Facility Association premium costs
- New drivers must work for large self-insured fleets under poor conditions
- Exploitation and poor working conditions discourage entry, perpetuating shortage

4.3 Public Policy Considerations

Ontario's food security, supply chain resilience, and agricultural competitiveness depend on functional trucking markets. Current regulatory and insurance frameworks:

- Impose costs disproportionate to risk in agricultural applications
- Create barriers to workforce development in a critical shortage area
- Place Ontario farmers at competitive disadvantage versus US and western Canadian producers
- Lack clear policy direction, discouraging capital investment

5. Policy Recommendations

Based on data analysis and stakeholder input, the following evidence-based interventions would address documented problems while maintaining public safety:

5.1 Create Dedicated Agricultural Trucking Classification

Rationale: Agricultural trucking's distinct operational characteristics (low annual mileage, seasonal use, demonstrated lower collision rates) justify regulatory differentiation from commercial long-haul operations.

Implementation:

- Establish new vehicle class for farm-registered trucks under Highway Traffic Act
- Develop risk-based regulatory framework calibrated to actual agricultural trucking exposure (3,000 km/year vs. 400,000 km/year commercial)
- Require Insurance Bureau of Canada to develop agricultural trucking rating methodology reflecting demonstrated 65-71% lower collision rates

5.2 Reform Driver Licensing for Agricultural Operations

Rationale: Current \$10,000/6-week licensing requirements create access barriers for farm operators with extensive equipment experience but limited cash flow during critical planting/harvest periods.

Implementation:

- Create agricultural commercial driver license (Ag-CDL) with abbreviated training program
- Grant time credits for documented farm equipment operation (tractors, combines, etc.), reducing training from 6 weeks to 2-3 weeks
- Provide full funding through existing agricultural support programs
- Ag-CDL valid only for farm-classified vehicles, maintaining full CDL requirement for general commercial operations

5.3 Address Insurance Market Failures

Rationale: Current insurance market does not price agricultural trucking risk appropriately, creates barriers to new driver entry, and fails to recognize training completion.

Short-term actions:

- Mandate FSRA to review agricultural trucking underwriting practices and develop actuarially sound rating approach reflecting MTO collision data
- Require insurers to recognize completed commercial driver training and agricultural equipment operation as experience factors
- Require insurers to provide letters of experience to drivers upon policy termination, addressing current practice of refusing documentation

Long-term structural reform:

- Consider legislative mandate requiring insurers to offer farm liability coverage to all licensed drivers
- Evaluate graduated driver licensing approach (similar to passenger vehicles) allowing new commercial drivers to gain experience under reduced-risk conditions

5.4 Exempt Agricultural Trucks from Annual Safety Inspections

Rationale: Farm trucks' low annual mileage (3,000 km) does not warrant inspection frequency designed for high-mileage commercial operations. Alberta, Saskatchewan, and multiple US states provide precedent.

Implementation:

- Exempt farm-classified vehicles from DriveON annual inspection requirement
- Require biennial or triennial inspections based on mileage thresholds (e.g., inspection required only if exceeding 10,000 km in 2-year period)
- Maintain roadside inspection authority to ensure compliance

5.5 Exempt Agricultural Vehicles from Spring Load Restrictions

Rationale: Current restrictions double farmer trip requirements during critical planting season. Ontario's 2020 temporary exemption demonstrated feasibility; permanent milk truck exemptions provide legislative precedent.

Implementation:

- Amend Highway Traffic Act to exempt farm-classified vehicles transporting agricultural products or inputs
- Align with US and western Canadian jurisdictions, restoring competitive parity

5.6 Expand Self-Propelled Implement of Husbandry (SPIH) Definition

Rationale: Current SPIH restrictions to inter-farm travel create operational inefficiencies. Expanding to include market transport would reduce costs without compromising safety.

Implementation:

- Extend SPIH designation to include trips transporting agricultural products to market or purchasing inputs
- Eliminate modification requirements for vehicles already designed for agricultural use

5.7 Provide Regulatory Certainty

Rationale: Investment paralysis resulting from regulatory uncertainty reduces fleet safety and efficiency.

Implementation:

- Publish 5-year agricultural trucking regulatory roadmap outlining planned changes
- Grandfather existing compliant vehicles for minimum 10 years following new equipment standards
- Establish Agricultural Trucking Advisory Committee with farm organization representation to review regulatory proposals before implementation

6. Conclusion

Ontario's trucking regulatory framework and insurance market have created unsustainable cost escalation and competitive disadvantages for agricultural producers and commercial carriers. While insurance premiums have risen 75% and trucking costs 70% over the past decade, farm vehicles demonstrate collision rates 2-3 times lower than general road vehicles, revealing fundamental market and regulatory misalignment.

The data presented in this brief supports several clear findings:

- Agricultural trucking merits regulatory differentiation based on demonstrated lower risk and distinct operational characteristics
- Current insurance market pricing does not reflect actuarial risk, requiring regulatory intervention
- Ontario's regulatory requirements exceed those in competing jurisdictions, creating competitive disadvantage
- Insurance barriers to new driver entry exacerbate the critical 20,000-30,000 driver shortage

The recommended policy interventions balance public safety, economic competitiveness, and regulatory efficiency. Creating an agricultural trucking classification, reforming driver licensing, addressing insurance market failures, and aligning inspection and load restriction requirements with jurisdictional best practices would:

- Reduce costs for Ontario's \$27 billion agricultural sector
- Facilitate entry of new drivers into a shortage-plagued industry
- Restore competitive parity with US and western Canadian producers
- Align regulatory burden with actual risk exposure

Implementation requires coordinated action across the Ministry of Transportation, Financial Services Regulatory Authority, and Insurance Bureau of Canada, working in consultation with Grain Farmers of Ontario and other agricultural stakeholders. The Guy Bourgouin private member's motion passed in April 2021 provides a legislative foundation, though reinstatement following prorogation would strengthen political commitment.

Ontario has an opportunity to lead in evidence-based trucking regulation that protects public safety while enabling economic competitiveness. The data demonstrates that agricultural trucking can be safely differentiated from commercial operations, and the jurisdictional precedents prove such differentiation is both feasible and effective. Action on these recommendations would benefit farmers, carriers, consumers, and the broader Ontario economy.

Appendix: Data Sources and Methodology

Collision Rate Data

Source: Ministry of Transportation Ontario (MTO) collision records, 2013-2023

Methodology: Collision rates calculated as total reported collisions divided by registered vehicles in each category. Vehicle registration data sourced from Statistics Canada Census of Agriculture for farm categories, MTO records for general vehicles.

Coverage: Farm-plated vehicle categories include tractors; pickups/cargo vans/cars used in farm business; other farm trucks, grain combines, swathers, forage harvesters, balers, and mower-conditioners.

Insurance Premium Data

Source: MNP LLP, 'Commercial Trucking Insurance and Education Report,' April 2024, based on GISA 1502 regulatory filings

Methodology: Average premiums for third-party liability and collision coverage across Ontario commercial truck insurers, segmented by driver experience level

Availability: Report available at <https://businessinsurancehelp.ca/wp-content/uploads/2024/04/MNP-Report-Commercial-Trucking-Insurance-and-Education-April-2024.pdf>

Trucking Cost Data

Source: Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) historical crop budgets; Statistics Canada production data

Methodology: Total trucking expenses calculated by multiplying per-tonne transportation costs (from OMAFRA budgets) by total production volume (tonnes) for corn, soybean, and wheat. Indexed to 2014 baseline.

Coverage: Major grain crops representing majority of Ontario grain production by volume and value

Stakeholder Input

Grain Farmers of Ontario: Formal member resolutions on trucking costs and regulatory burden; letter to Minister of Transportation (Prabmeet Sakaria) regarding SPIH expansion and collision statistics request

Trucking industry contacts: Consultations with Brown Insurance, Ontario Trucking Association, Edge Mutual Insurance, Nieuwland's Feed Supply & Paradigm Trucking, FSRA

Legislative record: Guy Bourgouin (NDP MPP for Kapuskasing) private member's motion on truck insurance reform, passed April 29, 2021 (requires reinstatement following prorogation)

Industry Context

Driver shortage projections from Food, Health & Consumer Products of Canada (FHCP) white paper prepared by PwC Canada. Insurance market analysis from Insurance Bureau of Canada (IBC) and industry reporting via TruckNews.com.