

Outlook 2025

Agribusiness

With improved risk management, Canadian food and forestry production will produce stronger results.



What to Expect in 2025

Runaway costs and labour shortages will challenge profitability across food and beverage production and forestry and wood manufacturing in Canada. The industry will also face risk management challenges in the form of climate change, cybercrime and tough underwriting standards. However, industry leaders who embrace forward-thinking strategies can succeed through sophisticated risk management to help manage costs, data analytics to improve benefits engagement and retention and smart use of automation to drive productivity.

US\$6.6 trillion

Estimated size of global food and beverage market in 2023

US\$7 trillion

Estimated size of global food and beverage market in 2024¹

1. The Business Research Company, "[Food and Beverages Global Market Report 2024](#)," January 2024.

How will agribusiness deal with increasing costs and outsized risks? Strong risk management.

Cost pressures will continue in 2025, and agribusinesses are feeling the pinch.

Increasing labour costs² and changing weather patterns³ are affecting the bottom line. Energy prices are also rising, as power needs are expected to increase faster than inflation. And at the same time, commodities prices are falling, especially for corn, wheat and soybeans.⁴ While many large food and beverage conglomerates are highly profitable, it's more of a mixed picture for smaller companies.

In the forestry and wood products sector, profits are often dependent upon the construction industry, which has struggled with high interest rates, although the outlook for construction is cautiously optimistic. Lumber prices, which have fluctuated wildly in recent years, have stabilized.⁵

Not all of these challenges are surprising to the industry. According to the HUB International 2025 Outlook Executive Survey,⁶ 65% of industry respondents listed greater expenditures as a top concern for 2025 profits, the reason chosen most, ahead of cybercrime, business operation disruptions and climate change.

In the face of these concerns, all agribusinesses will need to take risk mitigation and cost-saving measures to increase profitability. For example, sophisticated inventory management — knowing how much inventory to keep and when to reorder — can make a significant difference in cash flow and profits.

Food and beverage manufacturers can take traditional measures such as futures contracts to help ensure a steady supply of raw materials at a reasonable cost. Forestry operations and wood products manufacturers can improve their risk profiles to cut insurance costs.



And when it comes to insurance, many agribusinesses are underinsured: Eight in 10 agribusiness respondents to the HUB survey say they don't have enough insurance coverage to protect against risks that could hurt profits.

Yet, this is likely because of the rising costs of coverage and its shrinking availability. Working with an experienced insurance broker in the agribusiness industry can help mitigate premium hikes, secure the right coverage and help boost profits.

2. Agribusiness Global, "[The Great Reset' in Global Agribusiness: 9 Black Swan Events to Watch in 2024](#)," January 1, 2024.
3. CTV News, "[From farm to table: How extreme weather affects prices along the food supply chain](#)," August 12, 2024.
4. Euromonitor International, "[Commodity Market Outlook Q2 2024: Pressures Have Eased But Geopolitical Flareups Drive Market Volatility](#)," May 30, 2024.
5. Canadian Forest Industries, "[Lumber supply and demand stabilize: Madison's](#)," September 10, 2024.
6. HUB's Outlook Executive Survey polled 900 C-Suite and VP-level executives on the issues facing them on profitability, employee vitality and organizational resilience.

Using data analytics to develop personalized benefits will boost productivity, recruiting and retention.

The labour shortage is hitting agribusiness particularly hard. With job vacancies rising, 15% of food and beverage manufacturer workers are classified as temporary foreign workers (although the Canadian government may change legislation related to this program).⁷ Food and beverage manufacturing will need to improve recruiting if it wants to find domestic workers to fill those jobs and boost productivity in light of labour shortages.

The story is similar in forestry and wood products: Roughly 40% of logging workers are over 55, and the number of younger people looking to enter the industry is shrinking.⁸

In addition, agribusiness jobs can be physically challenging and sometimes dangerous, making it difficult to recruit and retain employees. Increasing wages is only part of the solution, and even then, it doesn't always produce new employees.

Automation and artificial intelligence (AI) can streamline repetitive tasks on production lines, while helping increase productivity. But while automation and AI are improving, it's not always as efficient or accurate as human labour. What's more, the expense of automation and AI puts it out of reach for many agribusinesses, which have slight margins and little budget for maintenance and repair.



According to the HUB survey, two-thirds of agribusiness industry respondents listed productivity as a top HR priority for 2025, the most commonly selected option.

Agribusinesses can find creative solutions around engagement by leaning into data. Food and beverage production has different challenges than most manufacturers, as turnover can be high and the work seasonal. That demands personalized benefits that produce [quality employee experiences \(QEX\)](#), which helps attract new workers and improve productivity.

7. FCC, "[Food and beverage sector performance a mixed story: 2024 mid-year update](#)," September 25, 2024.
8. Government of Canada Job Bank, "[Forestry, Logging, Fishing, Hunting and Trapping: Ontario 2022-2024](#)," accessed October 31, 2024.

Risk management solutions will boost resiliency and protect the bottom line.

For agribusiness, staying resilient against the complex challenges of climate change, market fluctuations and global disruption is not just a matter of short-term survival, but thriving in the long term.

Climate change is the most obvious culprit. Catastrophic weather events racked up more than \$5 billion in damages across Canada between January and August 2024.⁹ Four of those major storms hit during July and August, leading to a 400% increase in claims over the 20-year average,¹⁰ which will hurt agribusiness along with other industries.

Not only does climate change harm agriculture, but it also puts pressure on food and beverage companies to protect their employees, supply chain, buildings and equipment. Wildfires directly affect forestry and wood production, burning trees and threatening wood mills and other facilities.

Insurance carriers are becoming more stringent on agribusiness underwriting, demanding insureds produce business continuity plans and mitigation strategies before offering coverage. While rates for catastrophic loss are unlikely to come down in disaster-prone areas, operations that take risk management seriously are likely to secure better coverage.

Commercial auto for both small and large agribusiness fleets will rise in 2025, and coverage for unprotected frame properties will remain challenging.

There are positive signs. Companies diligent with risk management will have only slight rate increases or declines for commercial property coverage. General liability coverage rates have moderated, while excess liability rates should remain flat for 2025 renewals. Rates will rise slightly or decline for stock throughput coverage, as more underwriters have entered the market.

Overall, the limited number of carriers for food and beverage manufacturing means capacity will be reserved

Case Study

A HUB client, a food manufacturer, needed to streamline its insurance purchasing. To do so, HUB actively marketed the company's insurance coverages. The result: The manufacturer reduced the number of its underwriters from 25 to 15 — and HUB was able to deliver approximately \$200,000 in savings.

for best-in-class risks. Forestry and wood production rates have stabilized, though operations located in disaster-prone areas will have challenges in securing full coverage.

With chaotic weather and new risks emerging, agribusinesses' resiliency will depend on understanding and dealing with issues before they happen. This has made enterprise risk management (ERM) extremely important.

Whether it's a meat packing plant, logging operation or bottling factory, agribusinesses need to manage and assess potential risk to stay resilient — working with a broker with wide industry expertise and strong carrier relationships will help develop comprehensive ERM programs and make enterprises far more insurable, safe and resilient.

9. The Weather Network, "[2024 confirmed as costliest year on record for weather disasters in Canada](#)," September 11, 2024.

10. Global News, "[Fires and floods: Four disasters across Canada led to record number of insurance claims in 2024](#)," September 4, 2024.

Risk management strategies will help businesses stay prepared to deal with the worst.

According to the HUB survey, there's wide recognition on the importance of preparation: 67% of agribusiness respondents say their objectives are aligned with risk management and insurance strategies.

However, that doesn't mean the industry is not without challenges. As automation grows — one in five food and beverage jobs will be automated within the next decade¹¹ — it has brought up new issues for which businesses need to prepare. And artificial intelligence (AI) to increase efficiency¹² is rife with both opportunity and risk.

With automated systems that run production lines, mix ingredients and assure quality control, a breakdown can lead to shutdowns, tainted output and subpar products making it to consumers. In addition, much of the automation in food and beverage manufacturing runs on legacy operating systems, making them particularly at risk. Reducing that risk requires strict maintenance and upgrading operating systems when necessary.

Bad actors have targeted Canadian agribusiness, with 13 ransomware incidents on the sector in the first part of 2024.¹³ And the industry's automation is often vulnerable to sabotage. Agribusinesses can help combat cybercrime through multifactor authentication (MFA) and endpoint detection and response. Educating employees about how to recognize phishing and spoofing attacks is essential.

Supply chains are still fragile, with potential problems coming not only from political unrest and shipping issues¹⁴ but also from severe weather. Agribusinesses can take advantage of CAT modelling to develop business preparedness plans in case their supply chains are interrupted.



Food recalls are another area that represent an ongoing double risk. Not only does it affect the bottom line but also threatens a food manufacturer's reputation. Health Canada reported more than 200 recalls in 2023, and 2024 is likely to match or exceed that number.

A significant number of recalls are due to allergen and bacterial contamination. Although automation can reduce the risk of recalls, it cannot remove it entirely. Organizations need strong product oversight that includes audits to minimize the risk and have a food recall plan when it does happen.

11. The Conference Board of Canada, "[The Next Frontier in Canada's Agri-Food Sector: Technology-Driven Labour and Skills Transitions](#)," July 31, 2024.
12. ForestNet, "[Artificial Intelligence \(AI\) is Already at Work in the Forest Industry](#)," April 25, 2024.
13. CBC News, "[Canada's food supply - under threat? A string of ransomware attacks, many linked to Russian groups, is worrying farmers](#)," August 10, 2024.
14. The Food Institute, "[5 Supply Chain Concerns to Watch in Late 2024](#)," August 2, 2024.

Navigating Your Next Steps

HUB agribusiness industry insurance, risk management and employee benefits specialists will work with you to develop a tailored strategy to protect your bottom line, support the vitality of your workforce and build resiliency for 2025. Here are some initial considerations:

1

Thoughtfully lean into risk.

Risks in agribusiness have increased — and so have insurance premiums. Consider taking a higher deductible on some coverages, which reduces premiums and improves experience rating, or think about alternative risk transfer vehicles to lower costs. Ask your broker what kind of insurance strategy meets your risk profile and budget.

Employees expect you to support their health, safety and wellbeing. A benefits strategy based on personalization and fostering quality employee experience (QEX) will boost engagement, recruitment and retention – and lower risk.

2

Increase engagement through benefits.

3

Understand your loss trends.

Understand the root cause of your large losses and explain to carriers what you're doing to prevent future losses. Develop a strategy with HUB to determine the best time and frequency to review alternative markets.

Let your broker know what changes you've made to the business, so there are no surprises at renewal. Review exposures and insurance needs at least 90 days prior to policy renewal, so your broker can identify the best options.

4

Be transparent with your broker.

Canada Commercial Rate Guide

HUB International analyzes proprietary national survey data and interviews commercial insurance brokers and risk services consultants to create an annual rate outlook for Canada.

Below is our outlook on insurance rates in Canada for 2025. Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.

Coverage	2025 Canadian Rate Guide	Insights
Commercial Automobile: One to five vehicles	Flat to +5%	Inflation and vehicle thefts continue to push rates upward. Rate increases are being filed in most provinces due to an increase in the frequency of claims and the amount of repair bills rising.
Commercial Automobile: Six or more vehicles	Flat to +5%	Inflation and theft continue to put pressure on rates. An increase in the frequency of claims and higher repair costs have driven rate increases.
Liability	-5% to Flat	Better performance in general liability has helped insurers offset losses in property insurance. Terms and pricing are more flexible as carriers seek to diversify their business.
Excess Liability	Flat	Excess liability premiums remain stable and in some cases reductions, with variability depending on exposure and attachment points. Excess layers with U.S. exposure may see rates increase.
Commercial Property	-10% to Flat	Most segments in commercial property are seeing rate reductions, but property in catastrophe-prone zones is still experiencing rate increases. Rebuilding costs have steadied, but undervalued properties remain a concern, as these properties may not be insured to cover full rebuilding and replacement costs.
Residential/Habitational Property	Flat to +5%	In light of recent natural catastrophes, premium increases and stricter terms and conditions are expected to continue.
Catastrophic Perils	Flat to +5%	Given the increased frequency and severity of weather events, rate increases are expected in catastrophe-prone areas. Climate change continues to push rates higher.
Environmental	-10% to Flat	The environmental insurance market remains favourable as insurers are eager to write new business. However, terms are tightening; insureds need to carefully review exclusions and restrictions at renewal.
Directors & Officers: Private	-10% to Flat	D&O coverage for private companies remains soft with ample capacity as carriers compete to keep business. Rates will be flat at renewal or dropping when there's competition for the business.

Canada Commercial Rate Guide

Coverage	2025 Canadian Rate Guide	Insights
Directors & Officers: Public	-10% to Flat	Public companies continue to see rate cuts or no increases at all due to increased competition. There is plenty of capacity, and underwriters are pricing with favourable terms and conditions.
Cyber Liability	-10% to Flat	Rates continue to reflect improvement in the cyber market. Carriers will lean toward flat rates at renewal unless competition for business drives rates downward.
Inland Marine	-5% to Flat	Despite trending downward overall, rates are rising in some geographies, largely due to the increased frequency and severity of weather events in catastrophe-prone locations, as well as an increase in theft.

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses and expenses while providing an insurance company with a profit for a unit of exposure. *Exposure* refers to a business' or individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

Industry Perspective

Business	2025 Rate Guide	Insights
Agribusiness	-10% to +5%	Additional property capacity is available for best-in-class construction and protection. Unprotected frame properties remain challenging to cover.
Cannabis	-10% to +10%	<p>Insurance rates for cannabis operations will vary depending upon the type of business and coverage. Commercial auto coverage is likely to rise 5% to 10% due to worsening loss trends. However, insureds may be able to negotiate discounts for general liability insurance and package coverages.</p> <p>Despite an improving market overall, property insurance rates in cannabis are likely to increase as much as 10% due to some significant losses. Following market trends, cannabis insureds will enjoy rate relief for D&O and cyber coverage.</p> <p>Stock throughput insurance rates will rise about 5% to 15%, with rate increases at the higher end for perishable or combustible stock.</p>
Construction	-5% to Flat	When construction operations put their business to market, there may be rate decreases. Several factors will drive reductions in rates: increased capacity, favourable claims experience and a more competitive environment.
Education	-10% to Flat	The property market is competitive, giving rate relief for educational institutions. Rates for cyber and D&O are also declining, giving institutions an opportunity to consider fortifying coverages.
Entertainment & Sports	-5% to +10%	<p>After years of rate increases, the market for property insurance in entertainment and sports has leveled out, with slight decreases or slight increases for 2025. General liability coverage will depend on loss history, with rates falling 5% or rising up to 10%.</p> <p>Excess liability coverage insurance rates will be flat or drop slightly. D&O and cyber insurance will follow general industry trends, with rates stabilizing or falling as much as 10%.</p>
Financial Institutions	-10% to +5%	<p>The industry will benefit from trends affecting insurance overall. D&O rates will drop as much as 10% due to strong competition and favourable conditions for insureds, while professional liability rates will reflect aggressive bidding for business.</p> <p>Low claims activity for Canadian private equity firms has attracted capacity for general partner liability coverage. However, firms with U.S. presence are likely to see reduced capacity.</p>
Healthcare	-5% to +10%	<p>Rates for property insurance in healthcare will rise, although the increases are expected to be small. General liability coverage will also increase slightly, with a high rate of renewals; insureds may see a 5% to 10% decrease if they go to market for a lower rate. The same is true for E&O insurance in healthcare.</p> <p>Excess liability rates are expected to remain stable.</p>

Industry Perspective

Business	2025 Rate Guide	Insights
Hospitality	-15% to +10%	<p>A wide range of outcomes in hospitality reflects different market conditions. Underwriters are competing for business for property, general liability and excess liability insurance, driving down rates as much as 15%.</p> <p>Meanwhile, auto insurance remains challenging in some regions though rate increases for larger fleets should be minimal. Like for cyber insurance as a whole, the cyber market in hospitality is also competitive, but can be challenging for hotels, as the risk is shared between the owner, manager and banner.</p>
Real Estate	-15% to Flat	<p>A competitive market will continue to drive property rate reductions for best-in-class properties with favourable loss histories. General liability rates for real estate will remain relatively flat and insureds can negotiate reductions for best-in-class properties.</p> <p>Underwriters are competing for business in excess casualty, moderating or reducing rates for insureds without U.S. exposure.</p> <p>And environmental coverage for property owners could see rates fall as much as 15%, particularly for low-risk residential properties.</p>
Transportation	Flat to +5%	<p>The transportation sector is in a very competitive market cycle. Companies that put their business out to market are likely to get better rates than those simply renewing with their current carrier.</p>

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses and expenses while providing an insurance company with a profit for a unit of exposure. *Exposure* refers to a business' or individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.



HUB Agribusiness

When you partner with us, you're at the centre of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB agribusiness specialist.

\$1.5B

in commercial insurance premium brokered by HUB

84,000

insurance policies managed

38,800

agribusiness clients

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