

Outlook 2025

Agribusiness

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



What to Expect in 2025

Runaway costs and labor shortages will challenge profitability across food and beverage production and forestry and wood manufacturing. 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.

\$6.6 trillion

Estimated size of global food and beverage market in 2023

\$7 trillion

Estimated size of global food and beverage market in 2024!

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 labor 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.⁴ And at the same time, commodities prices are falling, especially for corn, wheat and soybeans.⁵ 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, industry 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.⁶

Not all of these challenges are surprising to the industry. According to the HUB International's 2025 Outlook Executive Survey,⁷ 65% of industry respondents listed greater expenditures as a top concern for 2025 profits, the most commonly chosen reason, ahead of cybercrime, disruption to business operations 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 hurt profits.

This is likely a result of rising costs of the coverage and shrinking available coverage. Working with an experienced insurance broker in the agribusiness industry can help mitigate premium hikes, secure the right coverage and help boost profits.

2. University of Illinois Farm Doc Daily, "[Rising Overhead Costs Driven by Labor and Interest](#)," December 19, 2023.
3. Green Money, "[Weather's Impact on Investing in US Agriculture: Navigating the New Normal](#)," May 2024.
4. Utility Dive, "[US electricity prices rise again as AI, onshoring may mean decades of power demand growth: BofA](#)," July 8, 2024.
5. Euromonitor International, "[Commodity Market Outlook Q2 2024: Pressures Have Eased But Geopolitical Flareups Drive Market Volatility](#)," May 30, 2024.
6. Cision, "[US Housing and Lumber Prices Update - July 2024](#)," July 19, 2024.
7. 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.

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

The labor shortage is hitting agribusiness particularly hard. With manufacturing overall adding approximately 3.8 million positions between now and 2033,⁸ food and beverage manufacturing will need to improve recruiting and productivity to keep pace.

The story is similar in forestry and wood products: The average age of a logging business owner is over 55, and the number of younger people looking to enter the industry is shrinking.⁹

In addition, these 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 and fill the need for some positions. But while automation and AI are improving, it's not always as efficient or accurate as human labor. 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 experience \(QEX\)](#), which helps attract new workers and improve productivity.

8. Deloitte, "[US Manufacturing Could Need as Many as 3.8 Million New Employees by 2033, According to Deloitte and The Manufacturing Institute](#)," April 3, 2024.
9. The Hill, "[Jobs in the Woods Act addresses workforce challenges of forestry](#)," September 10, 2023.

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. From January through August, 19 weather disasters causing at least \$1 billion in damages hit regions across the U.S. The disasters included convective storms, tornadoes and hail.¹⁰ And Hurricanes Helene and Milton, which hit the Southeast in late September and early October 2024, each caused damages that could cost \$50 billion¹¹ and will affect many industries, including agribusiness.

Not only does climate change harm agriculture, but 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.

Umbrella and excess liability policies in agribusiness will be up as much as 10% in 2025, and commercial automobile coverage is expected to increase as much as 15%.

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 and should rise only 5% to 10% for 2025 renewals. Rates will rise slightly or decline for stock throughput coverage, as more underwriters have entered the market.

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.

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

10. PropertyCasualty 360, "[U.S. logs 19 billion-dollar climate disasters so far in 2024](#)," September 10, 2024.

11. AP, "[Helene and Milton are both likely to be \\$50 billion disasters, joining ranks of most costly storms](#)," October 16, 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 — 60% of food and beverage businesses use technology to help track and manage inventory¹² — it has brought up new issues for which businesses need to prepare. And artificial intelligence (AI) to increase efficiency¹³ 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, putting them particularly at risk. Reducing that risk requires strict maintenance and upgrading operating systems when necessary.

The agribusiness industry is also vulnerable to cybercrime, with 167 ransomware attacks in 2023, with a similar number trending for 2024.¹⁴ And the industry's automation is often vulnerable to sabotage. Agribusinesses can combat cybercrime through multifactor authentication 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 issues¹⁵ but also from severe weather. Agribusinesses can take advantage of CAT modeling to develop plans in case their supply chains are interrupted.



Food recalls are another area that represents an ongoing double risk. Not only does it affect the bottom line, but it also imperils a food manufacturer's reputation. Between 2020 and 2023, the number of FDA and USDA food recalls rose 20%, and 2024 is likely to match or exceed the 547 recalls in 2023.

Nearly 40% of recalls are due to allergen contamination, while bacterial contamination accounts for more than 20%.¹⁶ Although automation can reduce the risk of recalls, it cannot remove it entirely — organizations need strong product oversight that include audits to minimize the risk and a food recall plan when it does happen.

12. Grassi, "[Food & Beverage Manufacturers and Distributors Drive Profits Through Technology & Automation](#)," June 6, 2024.
13. ForestNet, "[Artificial Intelligence \(AI\) is Already at Work in the Forest Industry](#)," April 25, 2024.
14. The Record, "[Food and agriculture sector hit with more than 160 ransomware attacks last year](#)," April 16, 2024.
15. The Food Institute, "[5 Supply Chain Concerns to Watch in Late 2024](#)," August 2, 2024.
16. TraceOne, "[States Most Impacted by Food Recalls in Recent Years](#)," July 29, 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 experiences \(QEX\)](#) will boost engagement, recruiting 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.

Agribusiness Rate Guide – U.S.

HUB International’s rate guidance comprises an analysis of proprietary national survey data and interviews with HUB commercial insurance brokers and risk services consultants who specialize in the Agribusiness industry.

On average, rates for middle- to upper-middle-market companies are experiencing rate increases for nearly all coverages as carriers need additional premium to support increased losses and expenses. Below are projections of rate increases that we anticipate in 2025. It’s important to discuss your business’ exposure with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	2025 Agribusiness Rate Guide	Insights
Commercial Auto	+5% to 15%	<p>Loss trends are increasing because of distracted driving and social inflation. Rate increases persist to counterbalance rising costs — labor, vehicle replacement (new), and technology-enabled replacement parts. Some carriers may offer more attractive terms in a multiline primary casualty program that includes workers’ comp.</p> <p>Carriers are scrutinizing exposures specific to coverage for hired and non-owned auto, especially for accounts with claims activity.</p>
General Liability	+5% to 10%	<p>Property-casualty insurance is expected to be profitable, so the overall trend in GL is stable. Carrier positions vary, and results may be different where warranted by loss experience or program design, but most clients will see modest rate increases.</p>
Workers Compensation	-3% to +3%	<p>Workers’ compensation remains highly profitable, but workplace violence and classification of workers as either employees or independent contractors are possible factors for rate changes.</p>
Umbrella & Excess Liability	Flat to +10%	<p>Although rates are moderating for most clients, carriers continue to feel pressure and are reducing limits offered at renewal, necessitating that some clients seek additional carriers to secure the same level of coverage. This is increasing the overall insurance spend on excess liability, especially as primary limits are also being reduced, thereby pushing more risk into the excess layers.</p>
Package	+5% to 10%	<p>Insurance packages tend to be more stable because of the bigger pot of premium, with one carrier offsetting losses on any one line.</p>
Commercial Property	-10% to +5%	<p>Results reflect market recovery and depend heavily on account metrics (occupancy, business class, loss control, catastrophic exposure, claims history, etc.). While property premiums have stabilized, more carriers are increasing deductibles to \$100,000 to \$250,000 per occurrence offset losses.</p> <p>Expect to see fewer carriers in the layer (i.e., more deployed capacity per layer) and more capacity lower in the tower which drives down the expense. For dairy risks, \$25M is the average cap on loss limits, requiring insureds to build towers to secure adequate coverage.</p>

Agribusiness Rate Guide – U.S.

Coverage	2025 Agribusiness Rate Guide	Insights
D&O	-10% to +5%	Capacity between carriers for D&O placements remains strong. Underwriters are aggressively cutting premiums, giving automatic renewals and awarding two-year policies to maintain business.
Cyber	-10% to Flat	Premiums for cyber liability insurance are expected to continue to fall. Breaches and outages of significant service providers (i.e., breaches at Change Healthcare and CrowdStrike) haven't led to rate hikes yet but may point to harder market conditions in the first half of 2025.
Stock Throughput	-10% to +5%	The marketplace for Ocean Marine, Cargo, Inland Marine and Stock Throughput has softened and more capacity is available every day. Controls and account makeup really effect the structure of deals and therefore pricing and limits. Expect to see fewer carriers in the layer (i.e., more deployed capacity per layer) and more capacity lower in the tower which drives down the expense.
Crop	Flat to +10%	Crop premiums are determined by current and future commodity prices. The continuation of a limited supply chain and other factors will result in rising rates for corn, wheat and soybeans during the 2025 harvest.

Agribusiness Businesses — U.S.

Coverage

Insights

Food & Beverage

Due to the limited number of carriers, capacity is being reserved for best-in-class risks. While state-of-the-art technology is paving the way for future advancements, it can also cause production delays if issues arise. It's important to discuss business interruption coverage with your broker to ensure there are no gaps.

Farm & Ranch

Underwriters remain focused on proper valuations, driving increased costs for some insurance programs. Severe convective storms and wildfire continue to be significant underwriting concerns — be prepared for decreased capacity and increased deductibles per location.

Forest & Timber

The wood products property insurance market in the U.S. has stabilized for most classes of business with flat renewal or slight reductions. Expect higher rates for those in catastrophic prone areas, even clean accounts. Locations in wildfire prone area continue to experience tough property rate increases and, in some cases, non-renewals due to local wildfire activity.

The wood products casualty insurance renewal rates have also stabilized for most classes of business except for auto, as most niche insurers experienced profitability issues in 2024. In addition, locations in wildfire areas face difficulty finding options for "Loggers Broad-Form coverage" in general liability policies. The excess liability market continues to be careful when deploying capacity with high majority of insurers providing \$5M to \$10M limits.

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 daily risks. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.



HUB Agribusiness

When you partner with us, you're at the center 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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