

# Environmental Linkages Pilot

January 2025



# Background



**The Sustainable Canadian  
Agricultural Partnership (SCAP):  
2023-2028**



**Provinces are required to  
implement a pilot with premium  
discount for Beneficial  
Management Practice (BMP) by the  
end of SCAP**

# Background



**The goal is to promote the adoption of BMPs to reduce production risk while providing co-benefits for the environment**



**The pilots will be used for lessons learned without a specific environmental objective**



**Each province will decide the BMP that they want to use as part of their pilot project, subject to AAFC approval**



**Staff narrowed down three BMPs that would be administratively feasible and could be justified to AAFC either through insurance data or literature**



**The MASC Board of Directors approved three BMPs for further analysis and consultation before deciding which BMP to pilot**

# AAFC Requirements

The pilot must be cost neutral: no additional premium dollars are cost shared for the pilot.

And it must reduce risk to provide a premium discount.

If MASC demonstrates through its analysis that the BMP is risk reducing, then an additional premium load will not be added to premiums. Premium loads allow costs to be distributed across all farmers in the program.

Additional administrative costs are allowed for cost sharing.

AAFC prefers that the discount be applied to those newly adopting the practice but could be provided to early adopters if less.

# Selecting BMPs

A AFC preapproved a shortlist of BMPs but could accept others

Staff assembled a list of BMPS and scored them with weights for:

- Verifiable
- Narrow segment (smaller pilot = smaller mistakes)
- Potential for adoption
- Ability to quantify the risk reduction (supporting data or literature)
- Crop neutrality
- Administrative complexity (eligibility criteria, large IT project?)
- Strategic fit (does it align with MASC objectives)

# BMP: Forages on Marginal Land

- Marginal Land = H,I,J soil classes.
- Forages reduce claim frequency while returning more soil organic carbon and using less inputs.
- Must switch to forages from growing annual crops on the field.
- Approximately 15% discount on Forage Establishment Insurance and Forage Insurance once established.
- Currently 600 producers grow both annual and forages on marginal land.



# BMP: Cover Crops on EMI acres

- Plant cover crops on acres that are too wet to seed by seeding date (August 30)
- Approximately \$5/acre discounted on total premiums next year on same number of acres seeded to cover crops
- Cover crops improve the soil and draw down moisture levels



# BMP: Crop Diversification



- Farmers that grow 2 or less crops that add a third
- Approximately 12% discount on the crop with fewest acres
- Longer rotations reduce risk and improve fertility
- Currently 124 farmers grow two or less crops



# Feedback?

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- **Comments due by February 10<sup>th</sup>, 2025.**