

NATIONAL ASSEMBLY

FIRST SESSION

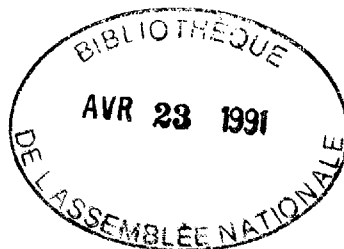
THIRTY-FOURTH LEGISLATURE

Bill 118

**An Act to amend the Act respecting
farm-loan insurance and
forestry-loan insurance**

Introduction

**Introduced by
Mr Yvon Picotte
Minister of Agriculture, Fisheries and Food**



**Québec Official Publisher
1991**

EXPLANATORY NOTES

This bill proposes various amendments to the Act respecting farm-loan insurance and forestry-loan insurance.

The bill provides that the Government will assume, in place of the borrowers, the amounts paid as insurance charge to the Fonds d'assurance-prêts agricoles et forestiers. It also provides that the insurance charge paid to the Fonds by the borrowers since 1988 will be refunded to them in the year following the coming into force of the bill.

Furthermore, the bill introduces a five-year prescription with respect to the recovery of sums that the Fonds is called upon to pay to cover losses suffered by lenders.

Finally, the bill also contains amendments of a technical nature and amendments designed to facilitate the administration of the Act.

Bill 118

An Act to amend the Act respecting farm-loan insurance and forestry-loan insurance

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. Section 4 of the Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., chapter A-29.1) is amended by inserting, after the first paragraph, the following paragraph:

“The Fonds may also repay out of its assets, to a lender or to the Office, the principal of and interest on unrecovered disbursements relating to or connected with judicial proceedings instituted by a borrower against the lender or the Office with respect to a farm loan or a forestry loan.”

2. Section 5 of the said Act is replaced by the following section:

“5. Each fiscal year, the Government shall pay a sum of money to the Fonds as insurance charge for farm loans and forestry loans.

The sum shall be established and paid in the manner prescribed by regulation.”

3. Section 5.1 of the said Act is repealed.

4. Section 5.2 of the said Act is amended by replacing the words “The rates of the insurance charge contemplated in the second paragraph of section 5 must be revised” in the first and second lines by the words “The manner of establishing the sum of money payable to the Fonds by the Government as insurance charge must be revised”.

5. Section 5.3 of the said Act is repealed.

6. Section 17 of the said Act is amended

(1) by adding, at the end of the second paragraph, the following sentence: "The Office may, for such purposes, require from the lender any other document or information it considers necessary in addition to the documents prescribed by regulation.";

(2) by adding, at the end, the following paragraph:

"This section also applies, adapted as required, to disbursements referred to in the second paragraph of section 4."

7. The said Act is amended by inserting, after section 17.1, the following sections:

"17.2 The Office may request the lender to file with it a claim for repayment of losses and expenses or a provisional claim where a loss resulting from a farm loan or a forestry loan appears inevitable to the Office.

"17.3 The Office may cancel the right to obtain insurance under the first paragraph of section 4 with respect to interest accrued on any amount claimed if, within 60 days from the date of a request in writing by the Office to that effect, the lender fails to file

(1) a claim for repayment of losses and expenses;

(2) a provisional claim;

(3) any other document or information necessary for assessing the merits of a claim.

Accrued interest is computed from the date of expiry of the period of 60 days to the date of filing, in accordance with the conditions prescribed by this Act, of the claim for repayment, the provisional claim or any other document or information requested.

"17.4 The recovery of any sum paid by the Fonds under sections 17 and 17.1 is prescribed by five years from the date of the final payment."

8. Section 23.5 of the said Act is amended

(1) by striking out the first paragraph;

(2) by replacing the word "capital" in the second line of the second paragraph by the words "other assets";

(3) by replacing the word "second" in the first line of the third paragraph by the word "first" and by replacing the word "capital" in the third line of the same paragraph by the words "other assets".

9. Section 23.6 of the said Act is amended by replacing the words "Subject to section 23.5, the sums collected by the Fonds from 1 April 1992 under sections 5 and 19 for which it" in the first and second lines by the words "The sums for which the Fonds".

10. Section 24 of the said Act is amended

(1) by replacing subparagraph *a* of the first paragraph by the following subparagraph:

"(a) prescribing the manner in which it establishes and pays to the Fonds, for each of its fiscal years, the sum of money payable as insurance charge;"

(2) by striking out subparagraphs *a.1* and *a.2* of the first paragraph;

(3) by striking out the second paragraph.

11. Section 27 of the said Act is amended by replacing the words "members (*régisseurs*)" in the first line by the word "members".

[[12. The sum paid by the Government for the fiscal year 1991-92 under section 5 of the Act respecting farm-loan insurance and forestry-loan insurance, as replaced by section 2 of this Act, is equal to

(1) 1.85 % of the total amount of loans granted under the Act respecting farm financing (R.S.Q., chapter F-1.2) or the Act to promote forest credit by private institutions (R.S.Q., chapter C-78.1) the first disbursement of which has been made in the fiscal year 1990-91;

(2) 1 % of the balance, on 31 March 1991, of the aggregate of the lines of credit granted under the Act respecting farm financing.

The Minister of Finance shall pay to the Fonds d'assurance-prêts agricoles et forestiers the sum of money payable as insurance charge for the fiscal year 1991-92 within 30 days after receiving a notice from the Office du crédit agricole du Québec establishing the amount of that sum.]]

13. The Fonds shall, before (*insert here the date occurring one year after the date of coming into force of this Act*), repay out of its

assets the insurance charge paid by each borrower pursuant to the Regulation respecting the application of the Act respecting farm-loan insurance and forestry-loan insurance (Amendment), enacted by O.C. 1127-88 (1988, G.O. 2, 3171) and the Regulation respecting the application of the Act respecting farm-loan insurance and forestry-loan insurance (Amendment), enacted by O.C. 895-89 (1989, G.O. 2, 2383), increased by a sum equal to 9 % of the amount of insurance charges paid, without interest.

However, where a borrower has failed to pay an amount due on a farm loan or a forestry loan, the repayment shall first be applied to the reduction of that amount.

14. This Act comes into force on (*insert here the date of assent to this Act*).