

NATIONAL ASSEMBLY

SECOND SESSION

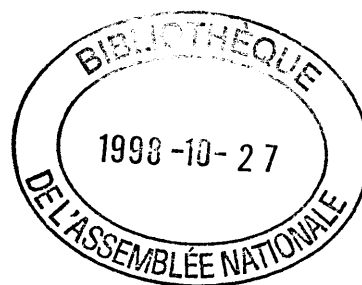
THIRTY-FIFTH LEGISLATURE

Bill 455

**An Act to amend the Crop Insurance Act
and the Act respecting farm income
stabilization insurance**

Introduction

**Introduced by
Mr Guy Julien
Minister of Agriculture, Fisheries and Food**



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EXPLANATORY NOTES

This bill amends the Crop Insurance Act and the Act respecting farm income stabilization insurance in order to clarify the rules concerning the insurance funds established under those Acts and to revise the rules relating to the advisory committee provided for in the Crop Insurance Act.

In particular, the bill specifies the fiduciary nature of the funds, the responsibilities of the insured persons and the Government in respect of the sums making up the funds, and the powers of the Régie des assurances agricoles du Québec in its capacity as manager of the funds. Under the bill, the composition and the functions of the advisory committee are modified.

Lastly, the bill contains consequential amendments.

Bill 455

AN ACT TO AMEND THE CROP INSURANCE ACT AND THE ACT RESPECTING FARM INCOME STABILIZATION INSURANCE

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. Section 2 of the Crop Insurance Act (R.S.Q., chapter A-30) is amended by adding, at the end, the following:

“A further object of the Régie is to administer the insurance funds for which it acts as trustee under this Act and the Act respecting farm income stabilization insurance, and to administer, pursuant to any agreement, any other fund whose management may be entrusted by the Government to the Régie as trustee.”

2. Section 20 of the said Act is replaced by the following:

“**20.** The Régie shall be assisted by an advisory committee composed of the following members appointed by the Government:

- (a) two members designated by the Union des producteurs agricoles;
- (b) two members designated by the Régie from among its members;
- (c) two members representing the Government; and
- (d) one member from the financial sector.

The person at the Régie in charge of the administration of the insurance funds for which the Régie acts as trustee under this Act and the Act respecting farm income stabilization insurance is ex officio a member of the advisory committee.

The members of the advisory committee are not remunerated, except in the cases, on the conditions and to the extent which may be determined by the Government. However, they are entitled to the reimbursement of expenses incurred in the exercise of their functions, on the conditions and to the extent determined by the Government.”

3. Section 21 of the said Act is amended by replacing paragraph *b* by the following:

“(b) to advise the Régie, at its request, on tariffing, actuarial soundness, investments, loans and the transactions relating to the instruments and contracts of a financial nature used in the management of the funds it administers;”.

4. Section 24 of the said Act is amended by striking out “category of” in the first line of the second paragraph and by replacing “a category of” in the second line of the third paragraph by “the”.

5. Section 39 of the said Act is amended by replacing “category of crops” in the first line of the first paragraph and “those crops” in the second line of that paragraph by “crop” and “that crop” respectively.

6. Section 40 of the said Act is amended by striking out “category of” in the third line of the first paragraph.

7. Section 44 of the said Act is amended by replacing “category of crops” and “category of crop” in the first and eighth lines of the first paragraph by “crop”.

8. Section 47 of the said Act is amended

(1) by replacing “category of insured crops” in the first line of the first paragraph by “insured crop”;

(2) by replacing “category of crops” in the first line of the third paragraph by “crop”.

9. Section 50 of the said Act is amended by replacing “category of crops” by “crop”.

10. Section 51 of the said Act is amended by replacing “one or another category of crops but the whole of the area under cultivation in the category of crops that he has elected to insure must be subject to” in the first, second and third lines by “any crop but the whole of the area cultivated for the crop that he has elected to insure must be covered by”.

11. Section 58 of the said Act is amended by replacing “category of crops” in the third line of the second paragraph by “crop”.

12. Section 59 of the said Act is amended by striking out “categories of” in the second line.

13. The heading of Division VII of the said Act is replaced by “CROP INSURANCE FUND”.

14. Section 70 of the said Act is amended

(1) by replacing “a fund for the payment of indemnities and compensations and shall be entered in separate accounts for each category of crops, as shall the indemnities paid for each of such categories” by “a crop insurance fund called “Fonds d’assurance-récolte””;

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

“The fund shall constitute a trust patrimony appropriated mainly to the payment of the indemnities payable under an insurance system created pursuant to this Act. The fund shall be administered by the Régie for the benefit of insured persons and the Régie shall act as trustee of the fund.

In addition to the assessments of insured persons and the contributions of the Government, the fund shall be composed of

(a) the sums paid by the Minister of Finance as advances taken out of the consolidated revenue fund pursuant to section 71;

(b) the amount of a loan contracted by the Régie under sections 71.1 and 71.3;

(c) the revenues derived from the investment of the sums making up the fund; and

(d) any sum that may be paid by the Minister of Agriculture, Fisheries and Food under an agreement entered into pursuant to section 73.”

15. The said Act is amended by inserting, after section 70, the following:

“70.1. The assessments of insured persons and the contributions of the Government shall be credited to separate accounts for each crop. The assessments and contributions may also be credited to separate accounts for each insured person.

“70.2. A surplus or deficit entered in an account must be considered in determining the assessment relating to that account.

“70.3. Where a protection program for an insured crop is terminated and the parties to an agreement entered into pursuant to section 73 have agreed on the setting up of a replacement program, any surplus or deficit in the insured crop account shall be entered in the replacement program account.

If no replacement program is set up, any surplus or deficit in the insured crop account shall be dealt with in accordance with an agreement entered into by the parties pursuant to section 73 in the year following the expiry date of the program. In the absence of an agreement, the account’s liabilities shall encumber the fund and any surplus or deficit shall be apportioned among insured persons and the Government in proportion to their participation in the account.

“70.4. The Régie may use a surplus in an account to advance a sum on a short-term basis to another account in a fund it administers.

“70.5. The sums required for the execution of a judgment which has become *res judicata* rendered against the Régie as fund manager shall be taken out of the fund.

“70.6. The books and accounts of the fund shall be audited every year by the Auditor General.”

16. Section 71 of the said Act is amended by striking out “of the fund” in the first line of the first paragraph and “compensations and” in the first and second lines of that paragraph.

17. The said Act is amended by inserting, after section 71, the following:

“71.1. The Régie may complete the payment of indemnities by means of a loan. The Régie may, to guarantee the loan, encumber all or part of the assessments collected by it and the contributions paid to it by the Government under this Act.

The Government shall determine the amount, the rate of interest, the conditions and the modalities of the loan and the conditions under which the assessments and contributions may be encumbered.

“71.2. The Régie may contract a loan in order to carry out a transaction to which Division VIII.1 of the Financial Administration Act (chapter A-6) applies in respect of instruments and contracts of a financial nature. The Government shall determine the amount, the rate of interest, the conditions and the modalities of the loan.

The amount of a loan may be applied, among other things, to the repayment of brokerage fees relating to instruments and contracts of a financial nature, and to the repayment of any interest and costs relating to the loan.

The sums required to repay the loan are chargeable to the fund in the proportion determined by the Government in accordance with an agreement entered into pursuant to section 73. In the absence of an agreement, the sums required to repay the loan are chargeable to the fund, but only in the proportion for which the Government is liable.

“71.3. The revenues generated by the instruments and contracts of a financial nature to which Division VIII.1 of the Financial Administration Act applies are applied first to the repayment of the interest, costs and capital of loans contracted under section 71.2, and then to the repayment of the brokerage fees relating to such instruments and contracts.

The balance of the revenues remaining at the end of each fiscal year is paid into the fund as a contribution of the Government.

If an agreement under section 73 provides for a financial interest held by farm producers in instruments and contracts of a financial nature, the balance of the revenues is applied to the amount of the assessments payable by the producers for the following fiscal year, proportionally to their financial interest.

“71.4. The Government may guarantee a loan contracted by the Régie under sections 71.1 and 71.2.

The sums that the Government may be called upon to pay under the guarantee are taken out of the consolidated revenue fund.”

18. Section 74 of the said Act is amended by striking out “categories of” in paragraph *d*.

19. The heading of Division III of the Act respecting farm income stabilization insurance (R.S.Q., chapter A-31) is replaced by “FARM INCOME STABILIZATION INSURANCE FUND”.

20. Section 7 of the said Act is replaced by the following :

“7. The assessments of participants and the contributions of the Government shall constitute a farm income stabilization insurance fund called “Fonds d’assurance-stabilisation des revenus agricoles”.

The fund shall constitute a trust patrimony appropriated mainly to the payment of the compensation payable under an insurance system created pursuant to this Act. The fund shall be administered by the Régie for the benefit of participants and the Régie shall act as trustee of the fund.

In addition to the assessments of participants and the contributions of the Government, the fund shall be composed of

(a) the sums paid by the Minister of Finance as advances taken out of the consolidated revenue fund pursuant to section 10;

(b) the amount of a loan contracted by the Régie under sections 10.1 and 10.3;

(c) the revenues derived from the investment of the sums making up the fund; and

(d) any sum that may be paid by the Minister of Agriculture, Fisheries and Food under an agreement entered into pursuant to sections 42 and 43.”

21. The said Act is amended by inserting, after section 9, the following :

“9.1. The assessments of participants and the contributions of the Government shall be credited to separate accounts for each production. The assessments and contributions may also be credited to separate accounts for each participant.

“9.2. A surplus or deficit entered in an account must be considered in determining the assessment relating to that account.

“9.3. Where a protection program for an insured production is terminated and the parties to an agreement entered into pursuant to sections 42 and 43 have agreed on the setting up of a replacement program, any surplus or deficit in the insured production account shall be entered in the replacement program account.

If no replacement program is set up, any surplus or deficit in the insured production account shall be dealt with in accordance with an agreement entered into by the parties pursuant to sections 42 and 43 in the year following the expiry date of the program. In the absence of an agreement, the account's liabilities shall encumber the fund and any surplus or deficit shall be apportioned among participants and the Government in proportion to their participation in the account.

“9.4. The Régie may use a surplus in an account to advance a sum on a short-term basis to another account in a fund it administers.

“9.5. The sums required for the execution of a judgment which has become *res judicata* rendered against the Régie as fund manager shall be taken out of the fund.

“9.6. The books and accounts of the fund shall be audited every year by the Auditor General.

The Régie shall at least every five years prepare an actuarial analysis of its operations and gather all information pertinent to fixing the rates of assessment.”

22. Section 10.1 of the said Act is replaced by the following :

“10.1. The Régie may complete the payment of compensation by means of a loan. The Régie may, to guarantee the loan, encumber all or part of the assessments collected by it and the contributions paid to it by the Government under this Act.

The Government shall determine the amount, the rate of interest, the conditions and the modalities of a loan and the conditions under which the assessments and contributions may be encumbered.”

23. Section 10.2 of the said Act is amended by replacing “section 10.1” in the first paragraph by “sections 10.1 and 10.3”.

24. Section 10.3 of the said Act is amended

(1) by replacing, in the French text, “tout intérêt” in the second paragraph by “tous intérêts”;

(2) by replacing the third paragraph by the following:

“The sums required to repay the loan are chargeable to the fund in the proportion determined by the Government in accordance with an agreement entered into pursuant to section 43. In the absence of an agreement, the sums required to repay the loan are chargeable to the fund, but only in the proportion for which the Government is liable.”

25. The provisions of this Act, except the provisions relating to the advisory committee, have effect from 1 April 1998.

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