

2008 Bill 33

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First Session, 27th Legislature, 57 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 33**

## **AGRICULTURE FINANCIAL SERVICES AMENDMENT ACT, 2008**

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THE MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT

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First Reading . . . . .

Second Reading . . . . .

Committee of the Whole . . . . .

Third Reading . . . . .

Royal Assent . . . . .

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## BILL 33

2008

### AGRICULTURE FINANCIAL SERVICES AMENDMENT ACT, 2008

(Assented to \_\_\_\_\_, 2008)

HER MAJESTY, by and with the advice and consent of the  
Legislative Assembly of Alberta, enacts as follows:

#### **Amends RSA 2000 cA-12**

**1 The *Agriculture Financial Services Act* is amended by this Act.**

#### **2 Section 1 is amended**

**(a) by adding the following after clause (a):**

(a.1) “agricultural product” means a crop or livestock;

**(b) by repealing clause (f) and substituting the following:**

(f) “insurable agricultural product” means an agricultural product for which the Corporation provides insurance coverage;

**(c) in clause (g)(i) by striking out “insurable crop” and substituting “insurable agricultural product”;**

**(d) by adding the following after clause (i):**

(j) “revenue insurance” means a revenue insurance program established by the Corporation under the regulations.

## Explanatory Notes

**1** Amends chapter A-12 of the Revised Statutes of Alberta 2000.

**2** Section 1 presently reads in part:

*1 In this Act,*

*(f) “insurable crop” means a crop for which the Corporation will provide insurance coverage;*

*(g) “insurable person” means a person who*

*(i) has an insurable interest in an insurable crop, or*

*(ii) is otherwise eligible to acquire insurance that is provided for under this Act;*

**3 Section 20 is amended**

- (a) by repealing clause (b);**
- (b) in clause (c) by striking out “hail insurance, crop insurance” and substituting “agricultural product insurance”.**

**4 Section 21 is amended by striking out “crop insurance” wherever it occurs and substituting “agricultural product insurance”.**

**3** Section 20 presently reads:

*20 For the purposes of enabling the Corporation*

- (a) to meet its obligations with respect to the business of lending funds and providing financial assistance under Part 2, Division 1,*
  - (b) to meet its obligations with respect to the business of hail insurance carried out under Part 2, Division 2,*
  - (c) to meet its obligations with respect to*
    - (i) the business of providing insurance other than hail insurance, crop insurance or revenue insurance, or*
    - (ii) the provision of compensation programs or plans,*
- and*
- (d) to meet its obligations with respect to the issuing of local opportunity bonds under Part 2, Division 3,*

*the Lieutenant Governor in Council may, on any terms and conditions that the Lieutenant Governor in Council may prescribe, authorize the Minister of Finance to advance to the Corporation from the General Revenue Fund money required by the Corporation for those purposes.*

**4** Section 21 presently reads:

*21(1) For the purposes of enabling the Corporation to meet its obligations with respect to the business of crop insurance, the Minister of Finance, on the requisition of the Minister, may from time to time advance to the Corporation from the General Revenue Fund,*

- (a) in the case of premiums and expenses, an amount that is equal to all or part of the amount or estimated amount that a government or another person, other than the Corporation, is or will be liable to pay to the Government of Alberta pursuant to a federal-provincial agreement or other agreement entered into in respect of crop insurance, and*

**5 Section 23(a) is amended by striking out “crop insurance” and substituting “agricultural product insurance”.**

*(b) in the case of indemnities, an amount that is equal to all or part of the amount or estimated amount that will be required from the Government of Alberta or another government or person, other than the Corporation, pursuant to a federal-provincial agreement or other agreement entered into in respect of crop insurance.*

*(2) Notwithstanding subsection (1),*

*(a) the aggregate outstanding amount advanced under subsection (1)(a) must not at any one time exceed \$100 000 000, and*

*(b) the aggregate outstanding amount advanced under subsection (1)(b) must not at any one time exceed \$200 000 000.*

*(3) The Lieutenant Governor in Council may, on any terms and conditions that the Lieutenant Governor in Council may prescribe, authorize the Minister of Finance to advance to the Corporation from the General Revenue Fund money required by the Corporation to enable the Corporation to meet its obligations with respect to the business of crop insurance where,*

*(a) in the case of money required in respect of premiums, the aggregate outstanding amount of the advances made under subsection (1)(a) has, at any one time, reached \$100 000 000, and*

*(b) in the case of money required in respect of indemnities, the aggregate outstanding amount of the advances made under subsection (1)(b) has, at any one time, reached \$200 000 000.*

**5** Section 23 presently reads:

*23 Money advanced to the Corporation*

*(a) under section 21 shall not, unless contributions are made pursuant to a federal-provincial agreement or other agreement entered into in respect of crop insurance, or*

*(b) under section 22 shall not, unless contributions are made pursuant to a federal-provincial agreement or other agreement entered into in respect of revenue insurance,*

**6 Section 29(1) is amended**

**(a) by repealing clause (a) and substituting the following:**

(a) make a loan in which the Corporation advances from its own funds more than the amount prescribed by the regulations;

**(b) in clauses (b) and (c) by striking out “\$2 000 000” and substituting “the amount prescribed by the regulations”.**

**7 Section 37(d) is repealed and the following is substituted:**

(d) prescribing the amount for the purpose of section 29(1);

**8 Section 39(1)(b) is repealed and the following is substituted:**

(b) in the case where the insurance is to be placed on an agricultural product, that person has an interest in that agricultural product and the agricultural product is an insurable agricultural product.



*be used by the Corporation as contributions by the Government of Alberta or another government or person to the Corporation in respect of premiums payable under contracts of insurance entered into by the Corporation.*

**6** Section 29(1) presently reads:

*29(1) The Corporation must not*

- (a) make a loan in which the Corporation advances more than \$2 000 000 of its own funds;*
- (b) execute a guarantee where the Corporation's liability under the guarantee exceeds \$2 000 000;*
- (c) make a loan or execute a guarantee if the sum of
  - (i) the proposed advance of the Corporation's own funds or the amount of the Corporation's liability under the proposed guarantee, as the case may be,*
  - (ii) the outstanding balance of all other loans of the Corporation's own funds to the same person, and*
  - (iii) the amount of the Corporation's liability under any other guarantee of loans made to the same person*would exceed \$2 000 000.*

**7** Section 37 presently reads in part:

*37 The Lieutenant Governor in Council may with respect to matters governed by this Division make regulations*

- (d) establishing maximum amounts for loans;*

**8** Section 39(1)(b) presently reads:

*39(1) Where the Corporation offers insurance under this Act and a person who wishes to acquire that insurance is an insurable person, that person may apply to the Corporation for that insurance if*

**9 Section 40(2) is amended**

- (a) in clauses (b) and (d) by striking out “insurable crop” and substituting “insurable agricultural product”;**
- (b) by repealing clause (f) and substituting the following:**
  - (f) the basis for determining whether the insured person has suffered a loss and the amount of the loss against which that person is insured;

**10 Section 43(1) is amended by striking out “hail insurance and crop insurance” and substituting “insurance offered by the Corporation under this Act”.**

- (b) *in the case where the insurance is to be placed on a crop, that person has an interest in that crop and the crop is an insurable crop.*

**9** Section 40(2) presently reads in part:

*(2) Subject to this Division, the insurance policy issued by the Corporation shall set out the provisions governing the terms and conditions under which the insurance is to be provided and, without restricting the generality of the foregoing, the provisions of the policy may set out any one or more of the following:*

- (b) *the insurable crop or other matter that is being insured under the policy;*
- (d) *the insurance coverage with respect to the insurable crop or other matter that is insured;*
- (f) *the basis for determining whether the insured person has suffered a loss and the amount of the loss against which that person is insured by reference to the stage of the maturity of the crop, the actual yield and the long-term average yield;*

**10** Section 43(1) presently reads:

*43(1) With respect to hail insurance and crop insurance the following applies:*

- (a) *a contract of insurance between the Corporation and the applicant for the insurance does not come into force until the Corporation either confirms the acceptance by the Corporation of the application for insurance or confirms that the contract is in force;*
- (b) *where the Corporation confirms the acceptance of an application for insurance or that a contract of insurance is in force, the insurance is effective on the date specified in the contract of insurance or in the confirmation;*
- (c) *a claim under a contract of insurance must be made,*
  - (i) *where the contract of insurance makes provision as to the time within which a claim is to be made, within that time,*

**11 Section 45(b) is amended by striking out “insurable crops” and substituting “insurable agricultural products”.**

**12 Section 46 is amended**

**(a) by repealing subsection (2) and substituting the following:**

**(2) The lien is on**

- (a) all agricultural products of the applicant or in which the applicant has an interest in the year for which the premium is payable and in each of the next 3 years,
- (b) all proceeds owing to the applicant from the sale of any agricultural product referred to in clause (a), and
- (c) all amounts payable to the applicant pursuant to any claim for loss or damage under any policy issued by the Corporation.

**(b) in subsection (6)**

- (ii) *subject to subclause (i), before December 1 in the calendar year within which the loss occurred, or*
- (iii) *within such longer period of time as the Corporation may allow;*
- (d) *where a loss occurs for which a claim may be made under a contract of insurance, no action shall be commenced in respect of the claim at any time after one year from the last day in respect of which a claim could have been made in respect of that contract;*
- (e) *where a claim is not made within the time prescribed by clause (c) or an action is not commenced within the time referred to in clause (d), the claim is extinguished.*

**11** Section 45(b) presently reads:

*45 Where the Corporation provides insurance under this Act, the Corporation may offer that insurance*

- (b) *only to insurable persons who have insurable crops located on land situated within certain areas as specified by the Corporation.*

**12** Section 46 presently reads in part:

*(2) The lien is on*

- (a) *all crops grown by the applicant or in which the applicant has an interest in the year for which the premium is payable and in each of the next 3 years,*
  - (b) *all proceeds owing to the applicant from the sale of any crop referred to in clause (a), and*
  - (c) *all amounts payable to the applicant pursuant to any claim for loss or damage under any policy issued by the Corporation.*
- (6) A person who is the grower of or who is entitled to a crop that is subject to a lien under this section and who either on the person's own behalf or by the person's servant or agent directly or indirectly*

**(i) by striking out the portion preceding clause (a) and substituting the following:**

**(6)** A person who produces or owns or is entitled to an agricultural product that is subject to a lien under this section and who either on the person's own behalf or by the person's employee or agent directly or indirectly sells, ships or otherwise disposes of any of the agricultural product or any proceeds from the agricultural product

**(ii) by striking out "\$1000" and substituting "\$5000";**

**(c) by repealing subsection (7) and substituting the following:**

**(7)** A person who, knowing that an agricultural product is subject to a lien under this section, buys, sells, receives or disposes of any of that agricultural product and does not apply the proceeds or value of it to satisfy the lien on it is guilty of an offence and liable to a penalty of not more than \$5000.

**13 Section 50 is repealed and the following is substituted:**

**Surplus**

**50** If in a fiscal year a surplus is realized with respect to the business of providing insurance under this Act, the Corporation may in its discretion, subject to a federal-provincial agreement or other agreement referred to in section 21 or 22 that relates to the insurance, dispose of the surplus or any portion of it among the insured persons or classes of insured persons in that or any subsequent fiscal year on any basis that the Corporation determines.

**14 Section 52 is amended by striking out "crops" and substituting "agricultural products".**

*sells, ships or otherwise disposes of any of the crop or any proceeds from the crop*

*(7) A person who, knowing that a crop is subject to a lien under this section, buys, sells, receives or disposes of any of that crop and does not apply the proceeds or value of it to satisfy the lien on it is guilty of an offence and liable to a penalty of not more than \$1000.*

**13** Section 50 presently reads:

*50 If in a fiscal year a surplus is realized with respect to the business of providing hail insurance, the Corporation may in its discretion dispose of the surplus or any portion of it among the insured persons or classes of insured persons in that or any subsequent fiscal year on any basis that the Corporation determines.*

**14** Section 52 presently reads:

*52 Subject to the regulations, the Corporation may make payments for the purposes of providing compensation for loss or damage to crops that is caused by wildlife.*

**15 Section 53(b) is repealed and the following is substituted:**

- (b) providing compensation
  - (i) for loss or damage to agricultural products or land,
  - (ii) in respect of an agricultural disaster or emergency,
  - (iii) in respect of market prices of agricultural products, and
  - (iv) in respect of the cost of production in relation to agricultural products.

**16 Section 55.1 is amended by striking out “in respect of a claim for loss or damage to crops”.**

**17 Section 56(1)(b), (c) and (d) are amended by striking out “crops” wherever it occurs and substituting “agricultural products”.**



**15** Section 53(b) presently reads:

*53 In addition to payments pursuant to an insurance program or plan, the Corporation may, subject to the regulations, make payments for the purposes of a program or plan*

- (b) providing compensation*
  - (i) for loss or damage to crops or land,*
  - (ii) in respect of an agricultural disaster or emergency,*
  - (iii) in respect of market prices of crops, and*
  - (iv) in respect of the cost of production in relation to crops.*

**16** Section 55.1 presently reads:

*55.1 Any amount payable by the Corporation under this Division in respect of a claim for loss or damage to crops is exempt from writ proceedings under the Civil Enforcement Act or any other form of attachment except for*

- (a) any support deduction notice or order for payment under the Maintenance Enforcement Act;*
- (b) any claim under an assignment permitted by the Corporation;*
- (c) any right of set-off that the Corporation may have.*

**17** Section 56(1) presently reads in part:

*56(1) The Lieutenant Governor in Council may make regulations,*

- (b) with respect to a program or plan, other than an insurance program or plan, that provides for farm income assistance or stabilization or the payment of compensation for loss or damage to crops or land or in respect of agricultural disasters or emergencies,*
  - (i) establishing such a program or plan;*
  - (ii) governing the operation of a program or plan established under subclause (i);*

**18 Sections 67.1 and 68 are repealed.**

- (iii) *governing the payments that may be provided under a program or plan established under subclause (i);*
- (iv) *authorizing the recovery of overpayments or payments made in error, and governing the manner in which those overpayments and payments may be recovered;*
- (c) *with respect to the provision of compensation under section 52 for loss or damage to crops that is caused by wildlife,*
  - (i) *prescribing the loss or damage for which compensation may be paid;*
  - (ii) *governing the making of claims for compensation;*
  - (iii) *governing the payment of compensation;*
  - (iv) *authorizing the recovery of overpayments of compensation or payments made in error, and governing the manner in which those overpayments and payments may be recovered;*
- (d) *with respect to any program or plan that provides for compensation with respect to the market prices of crops or the cost of production in relation to crops,*
  - (i) *establishing such a program or plan;*
  - (ii) *governing the operation of a program or plan established under subclause (i);*
  - (iii) *governing the compensation that may be provided under a program or plan established under subclause (i);*
  - (iv) *authorizing the recovery of overpayments of compensation or payments made in error and governing the manner in which such overpayments and payments may be recovered.*

**18** Sections 67.1 and 68 presently read:

*67.1 The Minister may make regulations to deal with any difficulty or impossibility resulting from the transition of any matter*

- (a) *from the Alberta Opportunity Company to the Agriculture Financial Services Corporation, or*

**19 This Act comes into force on Proclamation.**

*(b) from under the Alberta Opportunity Fund Act to under the Agriculture Financial Services Act.*

*68 Notwithstanding this Act, where*

*(a) a person has been issued insurance under the Hail and Crop Insurance Act, RSA 1980 cH-1,*

*(b) that insurance is in effect on March 31, 1994, and*

*(c) a policy for that insurance has not been issued to the insured person under this Act,*

*that insurance with respect to that person shall, until a policy for that insurance is issued to that person under this Act, be governed by the Hail and Crop Insurance Act in the same manner as if the Hail and Crop Insurance Act had not been repealed.*

**19** Coming into force.





**RECORD OF DEBATE**

Stage	Date	Member	From	To
		<b>Questions and Comments</b>	<b>From</b>	<b>To</b>
Stage	Date	Member	From	To
		<b>Questions and Comments</b>	<b>From</b>	<b>To</b>
Stage	Date	Member	From	To
		<b>Questions and Comments</b>	<b>From</b>	<b>To</b>
Stage	Date	Member	From	To
		<b>Questions and Comments</b>	<b>From</b>	<b>To</b>