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PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

AGRICULTURAL AND AGRARIAN INSURANCE
ACT, No. 20 OF 1999

[Certified on 16th July, 1999]

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*Agricultural and Agrarian Insurance
Act, No.20 of 1999*

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L.D.-O. 24/98.

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF AN AGRICULTURAL AND AGRARIAN INSURANCE BOARD TO PROVIDE INSURANCE OF AGRICULTURAL AND HORTICULTURAL CROPS AND MEDICINAL PLANTS, LIVESTOCK, FISHERIES AND FORESTRY, AGRICULTURAL EQUIPMENT AND IMPLEMENTS AND THE STORAGE AND PRESERVATION OF AGRICULTURAL AND HORTICULTURAL PRODUCE AND THE PRODUCTS OF MEDICINAL PLANTS, FISHERIES AND FOREST PRODUCE; TO PROVIDE MEDICAL BENEFITS AND SOCIAL SECURITY SCHEMES FOR AGRICULTURISTS; TO REPEAL THE AGRICULTURAL INSURANCE LAW, No.27 OF 1973 ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Agricultural and Agrarian Insurance Act, No.20 of 1999 and shall come into operation on such date as the Minister may appoint by Order published in the Gazette (hereinafter referred to as “the appointed date”)

Short Title and date of operation.

PART I

THE AGRICULTURAL AND AGRARIAN INSURANCE BOARD

2. (1) There shall be established a Board which shall be called the Agricultural and Agrarian Insurance Board (hereinafter referred to as “the Board”)

Establishment of the Agricultural and Agrarian Insurance Board.

(2) The Board shall by the name assigned to it by subsection (1), be a body corporate with perpetual succession and a common seal and may sue and be sued in such name.

3. The Board shall consist of the following members -

Constitution of the Board.

(a) the Chairman appointed by the Minister;

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- (b) the Secretary to the Ministry of the Minister in charge of the subject of Finance, or an officer of the Ministry of Finance nominated by such Minister;
- (c) the Secretary to the Ministry of the Minister in charge of the subject of Agriculture or his nominee;
- (d) the Secretary to the Ministry of the Minister in charge of the subject of Fisheries or his nominee;
- (e) the Secretary to the Ministry of the Minister in charge of the subject of Livestock or his nominee;
- (f) the Chief Executive of a licensed Commercial Bank within the meaning of the Banking Act, No.30 of 1988 nominated by the Minister, or his nominee;
- (g) the nominee of a National Farmers Association recognized by the Government.

Chairman
of the Board.

4. (1) The Chairman of the Board shall, subject to the provisions of subsections (4) and (5) hold office for a period of three years from the date of his appointment, and shall be eligible for re-appointment.

(2) If the Chairman of the Board is for any reason temporarily unable to perform the duties of his office, the Minister may appoint a fit and proper person to act in his place.

(3) The Chairman of the Board shall be remunerated in such manner and at such rates as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

(4) The Chairman of the Board may resign from the office of Chairman by letter addressed to the Minister.

(5) The Minister may at any time remove the Chairman of the Board from the office of Chairman, without assigning any reason therefor.

5. (1) The quorum for any meeting of the Board shall be three and, subject as aforesaid, the Board may regulate the procedure in regard to its meetings and the transaction of business at such meetings.

Quorum and
procedure at
Meetings.

(2) The Board may act notwithstanding any vacancy among its members.

6. (1) The seal of the Board shall be in the custody of the Board.

Seal of the Board.

(2) The seal of the Board shall not be affixed to any instrument or document except in the Presence of two members of the Board both of whom shall sign the instrument in token of their presence.

(3) The seal of the Board may be altered in such manner as may be determined by the Board.

7. The functions of the Board shall be-

Functions of the
Board.

(a) to establish and operate a comprehensive insurance scheme for the benefit of agriculturists, in respect of corps, including plantation crops, medicinal plants, fisheries, forestry and livestock, which will indemnify them against losses, and with a view to providing stability to agriculturists and to promoting agricultural production;

(b) to establish and operate an insurance scheme for the benefit of agriculturalists in respect of agricultural equipment and implements and other movable and immovable property of agriculturists;

(c) to establish and operate an insurance scheme for the benefit of agriculturists in respect of the storage and preservation of agricultural and horticultural produce and the products of medicinal plants and fisheries and forest produce;

(d) to establish and operate medical benefits and social security schemes for the benefit of agriculturists.

Powers of the
Board.

8. (1) The Board may exercise all or any of the following powers:-

- (a) acquire, hold, take on lease or hire, mortgage, sell or otherwise dispose of, any movable or immovable property ;
- (b) borrow money for the purposes of the Board in such manner and upon such security as the Board may, with the approval of the Minister given with the concurrence of the Minister of Finance, determine;
- (c) conduct, assist and encourage research into all aspects of the insurance activities of the Board;
- (d) enter into and perform, either directly or through any officer or agent authorized in that behalf, all such contracts as may be necessary for the discharge of its functions ;
- (e) do anything, for the purpose of advancing the skills of officers and servants of the Board, and to provide facilities for training persons required for discharging the functions of the Board ;
- (f) authorize any member or officer of the Board to discharge such functions as the Board may consider necessary for the efficient transaction of its business ;
- (g) make rules in relation to its officers and servants including their appointment, promotion, remuneration, disciplinary control, conduct and grant of leave to them ;
- (h) enter into joint schemes with any Public Corporation, Company registered under the Companies Act, No.17 of 1982, co-operative society or any Agrarian Institution, for discharging its functions under this Act ;
- (i) to make rules in respect of the administration of the Board ;

- (j) to delegate, subject to the general or special direction of the Board, to the Chairman of the Board and through him to any member or officer of the Board, any such function of the Board as the Board may consider necessary so to delegate for the efficient discharge of such functions;
- (k) to do all other things which in the opinion of the Board are necessary or incidental to the discharge of its functions.

9. (1) The Board may appoint to the staff of the Board such officers and servants as may be necessary for the efficient discharge of its functions, on such terms and conditions as may be determined by the Board from time to time.

Staff of the
Board.

(2) At the request of the Board, any public officer may with the consent of that officer and the Secretary to the Ministry of the Minister in charge of the subject of Public Administration, be temporarily appointed to the staff of the Board for such period as may be determined by the Board with like consent or be permanently appointed to such staff.

(3) Where any public officer is temporarily appointed to the staff of the Board the provisions of subsection (2) of section 14 of the National Transport Commission Act, No.37 of 1991 shall, *mutatis mutandis*, apply to, and in relation, to him.

(4) Where any public officer is permanently appointed to the staff of the Board the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991 shall, *mutatis mutandis*, apply to, and in relation, to him.

(5) Where the Board employs any person who has entered into a contract with the Government by which he has agreed to serve the Government for a specified period, any period of service to the Board by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such contract.

Officers and servants of the Board deemed to be public servants.

10. All officers and servants of the Board shall be deemed to be public officers within the meaning of and for the purposes of the Penal Code.

The Board deemed to be a Scheduled Institution under the Bribery Act.

11. The Board shall be deemed to be a Scheduled Institution within the meaning of the Bribery Act and the provisions of that Act shall be construed accordingly.

Powers of the Minister in relation to the Board.

12. The Minister may give the Board such general or special directions in writing as to the discharge of the functions and the exercise of the powers of the Board and the Board shall give effect to such directions.

PART II

INSURANCE

Determination and payment of premium.

13. (1) The Board may from time to time , determine, the rates of premium payable on Insurance Policies issued under Schemes established and operated by the Board, having regard to the subject matter of the Insurance and the risks insured against.

(2) The Board shall consider every application made to it, for an insurance policy under any scheme established and operated by it, and if satisfied in regard to the genuineness of the application, issue a policy to the applicant which shall indicate *inter alia* -

- (a) the identity of the proposers;
- (b) the subject matter of insurance;
- (c) the Insured's Name;
- (d) the term of Cover;
- (e) the sum insured;

- (f) the amount of premium;
- (g) the perils and losses insured against;
- (h) the terms, conditions and exceptions applicable to the risk undertaken;
- (i) other prescribed particulars.

14. Where, due to any specified cause, there is loss whether total or partial of the subject matter insured by an insurance policy issued by the Board the insured persons shall, within fourteen days of the occurrence of such loss, prefer a written claim to the sum insured under such policy to the agent appointed by the Board within whose area of jurisdiction, the subject matter lies. Loss Claim.

15. A contract of insurance by the Board may be declared void, by Court and the premia paid in respect of such contract may be forfeited to the Board if the insured person - Voidance of Insurance.

- (a) has concealed or misrepresented any material fact or committed any fraud relating to the insurance; or
- (b) fails to comply with any term or condition of such contract.

16. The holder or holders of an insurance policy issued by the Board may assign such policy to an approved credit agency as security for a loan given by such agency to such holder or holders. Assignment of insurance policy by way of security for loan.

17. Where any person is entitled to any sum of money payable under an insurance policy issued by the Board and the Board is satisfied that any sum is due from that person to an approved credit agency in repayment of the whole or any part of a loan granted by such agency to that person or in payment of any interest on that loan, the Board may cause the sum due to such approved credit agency to be deducted from the amount payable under such insurance policy and to be remitted to such agency. Deductions from money payable under insurance policy.

Award.

18. The computation of the amount payable in respect of the loss of the subject matter of insurance shall be made according to such terms and conditions as are specified in the contract of insurance entered into between the Board and the insured person.

Appeals against rejection of claims &c.

19. (1) Where an officer authorized in that behalf by the Board rejects a claim made by an insured person under a policy issued by the Board or where an insured person is dissatisfied with the amount awarded to him by any such officer, such insured person may, within thirty days of the notification to him of the rejection of the claim or of the award, as the case may be, make a written appeal to the Board, stating the grounds of appeal.

(2) An appeal by an insured person under subsection (1) shall not prejudice his right to institute action in court in respect of the insurance policy to which the appeal relates, and in computing the period of prescription for any such action, the period commencing on the date of the making of such appeal and ending on the date of determination of such appeal shall be disregarded.

Reinsurance.

20. The Board may enter into reinsurance contracts with the Government or any local or foreign institution undertaking the business of reinsurance.

Power of inspection of lands in which specified crops are raised.

21. (1) The Board or any officer authorized in that behalf by the Board may enter and inspect any land on which there is any specified crop or any insured livestock and any documents relating thereto and it shall be the duty of every person who is in occupation of such land to permit and assist such inspection.

(2) Every person who fails to comply with the provisions of subsection (1) shall be guilty of an offence under this Act and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred rupees.

22. The Board or any officer authorized in that behalf by the Board may direct an insured person or the holder of an insurance policy under this Law to take such measures in respect of the crop or livestock as may be necessary to prevent or minimize damage to such crop or livestock.

Power to direct an insured person to take measures to prevent damage to insured land.

PART III

FINANCE

23. (1) The initial capital of the Board shall be twenty million Rupees.

Capital of the Board

(2) The amount of the initial capital of the Board shall be paid to the Board out of the Consolidated Fund of Sri Lanka.

(3) The Capital of the Board may be increased from time to time by such amount as may be determined by the Board in consultation with the Minister in charge of the subject of Agriculture.

24. (1) The Board shall have its own Fund to be called the Agricultural and Agrarian Insurance Fund (hereinafter referred to as "the Fund")

Fund of the Board

(2) There shall be paid into the Fund -

(a) all such sums of money as are paid to the Board under section 23.

(b) all such sums of money as were lying to the credit of the Agricultural Insurance Fund established by the Agricultural Insurance Law, No.27 of 1973 on the day preceding the appointed date;

(c) all such sums of money as are received as interest on investments made by the Board;

(d) all such sums of money as are received by the Board as gifts and donations;

(e) all such sums of money as are received by the Board in the exercise and discharge of its powers and functions.

(3) There shall be paid out of the Fund all such sums of money as are required to defray any expenditure incurred by the Board in the exercise and discharge of its powers and functions under this Act.

(4) At the close of each financial year, the Board shall set apart an amount to create a Reserve Fund which shall be used at the discretion of the Board to settle claims arising from unforeseen occurrences.

Borrowing
powers of the
Board

25. (1) The Board may, with the concurrence of the Minister, and the Minister in charge of the subject of Finance, or in accordance with the terms of any general authority given with like concurrence, borrow, by way of overdraft or otherwise, or negotiate and obtain on credit, such sums as the Board may require for meeting the obligations of the Board or discharging its functions.

(2) The Board may, with the consent of the Minister given with the concurrence of the Minister in charge of the subject of Finance, borrow money otherwise than by way of loan under subsection (1) for all or any of the following purposes:-

(a) the requisition or acquisition of any movable or immovable property required for the business of the Board;

(b) the repayment of any money borrowed under subsection (1)

Investment of
the Funds of
the Board.

26. Any funds of the Board which are not immediately required for the purpose of the business of the Board shall be invested by the Board in high yielding securities at the maximum obtainable rates of interest.

27. The Board shall cause its books to be balanced on the thirty - first day of December in each year and shall not later than the thirtieth day of April next following prepare a profit and loss account and a balance sheet containing a summary of the assets and liabilities of the Board made up to the date aforesaid, prepared and signed by the officer responsible for the preparation of such accounts and balance sheet.

Accounts and
Balance sheet.

28. Article 154 of the Constitution shall apply to the audit of the accounts of the Board.

Audit of
Accounts.

PART IV

GENERAL

29. The provisions of this Act shall have effect notwithstanding anything to the contrary in the Control of Insurance Act or any other written law, and accordingly, in the event of any conflict or inconsistency between the provisions of this Act and such other law, the provisions of this Act shall prevail.

This Act to
prevail over
other written
law.

30. (1) No suit or prosecution shall lie -

(a) against the Board for any act which in good faith is done or purported to be done by the Board under this Act ; *or*

(b) against any member , officer, servant or agent of the Board for any act which in good faith is done or purported to be done by him under this Act or on the direction of the Board.

Protection of
action

(2) Any expense incurred by any such person as is referred to in paragraph (b) of subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done by him under this Act or on the direction of the Board shall, if the court holds that the act was done in good faith, be paid out of the Fund.

Property of the Republic both immovable and movable to be made available, to the Board and acquisition of immovable property under the Land Acquisition Act for the Board.

31. (1) Where any immovable property of the Republic is required for the purpose of the business of the Board, such purpose shall be deemed to be a purpose for which a special grant or lease of such property may be made under section 6 of the Crown Lands Ordinance, and accordingly, the provisions of that Ordinance shall apply to a special grant or lease of such property to the Board

(2) Where any movable property of the Republic is required for the purpose of the business of the Board, the Minister may by Order published in the Gazette transfer to and vest in the Board the possession and use of such movable property.

(3) Where any immovable property is required to be acquired for the purpose of the business of the Board, and the Minister, by Order published in the Gazette, approves of the proposed acquisition, that property shall be deemed to be required for a public purpose and may accordingly be acquired under the Land Acquisition Act and be transferred to the Board.

(4) Any sum payable as compensation for the acquisition of any immovable property under the Land Acquisition Act for the purposes of the Board shall be paid by the Board out of the Fund.

Regulations

32. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act or in respect of matters which are required by this Act to be prescribed.

(2) Every regulation made by the Minister shall be published in the Gazette and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall, as soon as convenient after its publication in the Gazette, be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder.

33. (1) The Agricultural Insurance Law, No.27 of 1973 is hereby repealed.

Repeal and
transitional
provisions

(2) Notwithstanding the repeal of the Agricultural Insurance Law, No. 27 of 1973 -

- (a) all contracts entered into by the Agricultural Insurance Board established by that Law and subsisting on the day preceding the appointed date shall be deemed, with effect from the appointed date to be contracts entered into with the Board and may be enforced accordingly;
- (b) all actions and proceedings instituted by or against the Agricultural Insurance Board established by that Law and pending on the day preceding the appointed date shall be deemed, with effect from the appointed date, to be actions and proceedings instituted by or against the Board and may be continued accordingly;
- (c) all decrees and orders entered in favour of, or against, the Agricultural Insurance Board established by that Law and remaining unsatisfied on the day preceding the appointed date shall be deemed, with effect from the appointed date, to be decrees and orders entered in favour of, or against, the Board, as the case may be, and may be enforced accordingly;
- (d) all powers and duties conferred or imposed on the Agricultural Insurance Board established by that Law, by the Farmers Pension and Social Security Benefit Scheme Act, No.12 of 1987 the Fisherman's Pension and Social Securities Benefit Scheme Act, No.23 of 1990, shall be deemed, with effect from the appointed date, to be powers and duties conferred or imposed on the Board, and accordingly, references in the Farmers Pension and Social Security Benefit Scheme Act, No.12 of 1987 and the Fisherman's Pension and Social Security Benefit Scheme Act, No.23 of 1990 respectively, to the "Agricultural Insurance Board" shall be deemed to be references to "the Board".

- (e) all property movable or immovable owned by the Agricultural Insurance Board established by that Law and used for the purpose of the Board on the day immediately preceding the appointed date shall vest in the Board with effect from the appointed date;
- (f) all debts and liabilities of the Agricultural Insurance Board established by that Law and subsisting on the day immediately preceding the appointed date shall be deemed to be debts and liabilities of the Board with effect from the appointed date;
- (g) all officers and servants of the Agricultural Insurance Board established by that Law on the day immediately preceding the appointed date who accept employment with the Board shall be employed by the Board on such terms and conditions as are not less favourable than the terms and conditions of employment that were applicable to them on the day immediately preceding the appointed date;
- (h) all moneys lying to the credit of the Agricultural Insurance Board established by that Law on the day immediately preceding the appointed date shall stand transferred with effect from that date to the Fund of the Board established under this Act.

Sinhala text to prevail in case of inconsistency

34. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail

Interpretation

35. In this Act -
“agriculturist” means a person, Agrarian Services Committee or Farmer Organization established or registered under the Agrarian Services Act, No.58 of 1979, or a Company registered under the Companies Act, No. 17 of 1982 or co-operative Society registered under the Co-operative Societies

Law, No. 5 of 1972 or any other society registered under any law for the time being in force or any Non Governmental Organization, carrying on any activity relating to agriculture, horticulture, medicinal plants, livestock , fisheries or forestry ;

“approved credit agency” means any co-operative society or other institution for the time being duly recognized by the Board for the purposes of this Act;

“Notional Farmers’ Association” means a national farmers’ association recognized by the Minister having regard to the services provided by such association;

“Prescribed” means prescribed by regulation made under this Act;

“public corporation” means any corporation, Board or other body which was or is established by or under any written law, other than the Companies’ Act, No.17 of 1982 with capital wholly or partly provided by the Government by way of grant, loan or other form.

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