

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

469



Introduced by
HON. AGAPITO H. GUANLAO

EXPLANATORY NOTE

This bill has already been passed on Third Reading during the Fifteenth Congress under Committee Report No. 2664 and House Bill No. 6883.

Essentially, this Act seeks to further amend certain provisions of the already amended Presidential Decree No.1467 entitled An Act Creating the Philippine Crop Insurance Corporation (PCIC) Prescribing its Powers and Activities, Providing for its Capitalization and for the Required Government Premium Subsidy, and for Other Purposes.

This bill focuses its attention on addressing present realities concerning changing climate patterns that damage agricultural crops thus causing economic dislocations among marginalized farmers and fisherfolk.

By doing so, this bill further proposes funding sources for its objectives. During the 15th Congress this proposed measure hurdled the scrutiny of the House Committee on Appropriations.

In this light, with the urgency of the conditions that should be responded, passage of this piece of legislation is being earnestly sought.


AGAPITO H. GUANLAO

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House Bill No. 469

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AN ACT
STRENGTHENING THE PHILIPPINE CROP INSURANCE
CORPORATION, AMENDING FOR THE PURPOSE PRESIDENTIAL
DECREE NO. 1467 AS AMENDED

Be it enacted by the Senate and the House of Representatives in Congress assembled:

1 SECTION 1. Section 1 of Presidential Decree No.1467, as amended, is
2 hereby further amended to read as follows:

3
4 "Section 1. Creation of the Philippine Crop Insurance
5 Corporation. – There is hereby created a body corporate to be
6 known as the "Philippine Crop Insurance Corporation" (PCIC and
7 herein called the Corporation) which shall be attached to the
8 Department of Agriculture. The Corporation shall insure qualified
9 farmers and fisherfolk against losses arising from natural
10 calamities, fortuitous events, plant and fish diseases and pest
11 infestations. The Corporation shall provide insurance coverage for
12 palay and corn crops, high-value commercial crops, livestock,
13 aquaculture and fishery products, agroforestry crops and forest
14 plantations: non-crop agricultural assets such as but not limited to
15 machineries, equipment, transport facilities and other related
16 infrastructures; and life and accident term insurance coverage and
17 life and accident term insurance coverage for farmers and
18 fisherfolk, as the Board of Directors of the Corporation may
19 determine. Such crop insurance shall cover, in every case, the cost
20 of production inputs, the value of the farmer's and fisherfolk own
21 labor and those of the members of his household, including the
22 value of the labor of hired workers, and a portion of the expected
23 yield as the Board of Directors in its discretion, decide to insure.
24 Such insurance protection, however, shall exclude losses arising
25 from avoidable risks emanating from or due to the negligence,
26 malfeasance or fraud committed by the insured or any member of
27 his immediate farm household or employee or the failure of the
28 insured to follow proven farm practices."

29
30 The Corporation shall also insure properties and facilities
31 which are owned and/or used by government agencies involved in
32 agri-fishery-forestry projects/activities and government-financed
33 agri-firestry projects. The corporation shall provide reinsurance
34 coverage to agri-fishery-forestry properties and facilities
35 underwritten by private and government insurance companies.
36

1 SEC. 2. Subsections 3.5 and 3.11 of Section 3 of PD No. 1467, as
2 amended, are hereby further amended to read as follows:

3
4 "Sec. 3. Powers. The Corporation shall have the following powers:

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6 x x x

7
8 "3.5. To insure the produce of farmers and fisherfolk against
9 loss, damage and destruction caused by natural calamities such as
10 typhoons, floods, drought, earthquake, volcanic eruptions, rodents,
11 vermins, disease, insects and other pests; and to carry on any
12 business necessary, related to, and expedient for the above
13 purpose;

14
15 x x x

16
17 "3.11. To generate internal funds by floating bonds,
18 expansion to other insurance lines and extending coverage to other
19 areas of agriculture, Livestock, aquaculture livestock, aquaculture
20 and fishery, agroforestry and forest plantations in order to address
21 the insurance needs of the target sector and to do and perform acts
22 and things and to exercise all the general powers conferred by law
23 upon the Corporation as are incidental or conducive to the
24 attainment of the objectives of the Corporation."

25
26 SEC. 3. Section 5 of PD No. 1467, as amended, is hereby further
27 amended to read as follows:

28
29 "Sec. 5. Rate of Premium and its Sharing. – The rate of
30 premium, as well as the allocated sharing thereof by the farmers,
31 the fisherfolk, the lending institutions, the Government of the
32 Republic of the Philippines (herein called the Government) and
33 other parties, shall be determined by the Board of Directors of the
34 Corporation: *Provided*, That the share of the Government in the
35 premium cost in the form of premium subsidy, shall be limited to
36 subsistence farmers and fisherfolk: *Provided, however*, That each
37 of these subsistence farmers is cultivating not more than seven (7)
38 hectares of farmlands and each fisherfolk is cultivating not more
39 than five (5) hectares of the fishpond, seaweed, oyster or mussel
40 farm by themselves or with the help of the labor of the members of
41 their households or hired help, the premium rate and sharing to be
42 determined by the Board of Directors subject to approval by the
43 President of the Philippines: *Provided, further*, That the premium
44 share of the subsistence farmer or fisherfolk shall be reasonably
45 affordable by him: *Provided, furthermore*, That the Government
46 shall share in the premium cost only in insurance coverage against
47 unforeseen and unavoidable risks such as, but not limited to,
48 typhoons, droughts, outbreaks of pests and diseases: *Provided*,
49 *finally*, That premium subsidy and/or insurance benefits shall, upon
50 the accumulation of surplus funds, be increased to such amounts
51 as may be determined by the Board, taking into consideration that
52 the Corporation has been established not only for profit but mainly
53 to help the insured in their direst hours of need."

54
55 SEC. 4. Subsections 6.3 and 6.5 of Section 6 of PD No. 1467, as
56 amended, are hereby further amended to read as follows:
57

1 "Sec. 6. Premium Subsidy

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3 x x x

4
5 "6.3. Unappropriated and/or unreleased government
6 premium subsidy for policies written for the period from May 1,
7 1981 up to December 31, 2011 computed on the basis of premium
8 rates and sharing previously approved by the President as
9 authorized by law shall be programmed for payment by the
10 Government and the yearly sums shall be included in the budgetary
11 appropriations for submission to Congress, starting the fiscal year
12 following approval hereof, in addition to the premium subsidy
13 requirement of the year involved.

14
15 x x x

16
17 "6.5. [Ten percent (10%) of the net earnings of the] THE
18 Philippine Charity Sweepstakes Office (PCSO) shall contribute a
19 yearly amount of Five Million Pesos (P5,000,000) from its Charity
20 Fund to the Crop Insurance Program and said amount shall be
21 directly remitted by the PCSO to the Corporation yearly until the
22 unreleased premium subsidy is fully paid."

23
24 SEC. 5. Subsections 8.1, 8.3, 8.4.1, 8.4.3, and 8.5 of Section 8 of PD
25 1467, as amended, are hereby further amended, to read as follows:

26
27 "Sec. 8. Capital Stock

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29 "8.1. The authorized capital stock of the Corporation is ten
30 billion pesos (P10,000,000,000) divided into seventy five million (P
31 75,000,000) common shares with a par value of One hundred
32 pesos (P 100) each share, which shall be fully subscribed by the
33 Government and twenty five million (P 25,000,000) preferred
34 shares with a par value of One hundred pesos (P 100) per share
35 which shall have the features as provided in Section 8.4 hereof and
36 shall be issued in accordance with the provisions of Section 8.5
37 hereof.

38
39 x x x

40
41 "8.3. The additional common capital stock of six billion pesos
42 (P 6,000,000,000) shall be fully subscribed by the Government and
43 the necessary funds shall be appropriated by Congress unless
44 otherwise provided by existing laws: *Provided*, That Congress shall
45 provide, on an annual basis, the needed capital, until the authorized
46 capital stock is fully paid up."

47
48 x x x

49
50 "8.4.1 Preferred as to dividends at a minimum of one and
51 one-half percent (1.5%) or the prevailing 360-day treasury bill rate
52 at the time of declaration of dividends, whichever is higher;

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54 x x x

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56 "8.4.3 NON-Participating;

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X X X

“8.5. At least Five Hundred Million Pesos (P 500,000,000.00) of preferred shares shall be subscribed and paid for by the Land Bank of the Philippines the balance of the preferred shares may be available for sale or to subscription by the general public.”

SEC. 6. Section 8-A of PD No. 1467, as amended, is hereby amended, to read as follows:

“Sec. 8-A. Reserve Fund for Catastrophic Losses. A state reserve fund for catastrophic losses in the amount of Five hundred million pesos (P500,000,000) shall be created exclusively to answer for the proportion of all losses in excess of risk (pure) premiums under the Corporation’s Crop Insurance Program for small farmers and fisherfolk. The Fund may be increased subject to the approval of the President. The Fund shall be administered by a government financial institution to be designated by the Corporation’s Board of Directors. Such sum as may be necessary for the purpose shall be funded by the National Government through the annual General Appropriations Act starting the calendar year immediately following the approval of this Act and every year thereafter until the full amount is completed. The mechanics of claims against the fund and to what extent the Fund shall be liable shall be determined jointly by the financial institution administering the Fund, subject to the approval by the President.”

SEC. 7. Separability Clause. – If any provision or part hereof is held unconstitutional or invalid, the other provisions not affected shall remain in force and effect.

SEC. 8. Repealing Clause. - All laws, executive orders, and other issuances or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 9. Effectivity. – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,