

Seventeenth Congress
First Regular Session

HOUSE BILL NO. **5761**



Introduced by Representative Michelle M. Antonio

EXPLANATORY NOTE

This bill seeks to require farmers to secure compulsory crop insurance for palay and other crops, amending for the purpose Presidential Decree No. 1467, as amended.

The Philippine Crop Insurance Corporation (PCIC), a government owned and controlled corporation attached to the Department of Agriculture, was created by virtue of Presidential Decree No. 1467 entitled "*Creating the 'Philippine Crop Insurance Corporation' Prescribing its Powers and Activities, Providing for Its Capitalization and for the Required Government Premium Subsidy and for Other Purposes.*" The primordial purpose of the insurance was to provide protection to farmers against losses arising from natural disasters, plant diseases and pest infestations initially for palay crops and later to other crops. The decree was later amended by Presidential Decree No. 1733 and Republic Act (RA) No. 8175 otherwise known as the "*Revised Charter of the Philippine Crop Insurance Corporation Act.*"

Presently, crop insurance under RA No. 8175 remains to be mandatory only upon all farmers obtaining production loans for palay under the supervised credit program. It remains optional on the part of self-financed farmers who can secure crop insurance provided they agree to place themselves under the supervision of agricultural production technicians. Further, the law mandates that the insurance shall cover the cost of production inputs, the value of the farmer's own labor and those of the members of the farmer's household, including the value of the labor of hired workers, and a portion of at least twenty percent (20%) of the expected yield, but excluding losses arising from "avoidable risks due to negligence, malfeasance or fraud committed by the insured or any member of the insured's immediate farm household or employee or the failure of the insured to follow proven farm practices". Thus, only the financial institutions remain secure in case of losses arising from natural disasters, plant diseases and pest infestations.

Under the proposed measure, securing insurance for palay and other crops shall become compulsory upon all farmers. The proposed bill also seeks to increase the insurance coverage on the portion of the expected yield so that all expected farm output shall be fully insured up to fifty percent (50%) against occurrence of natural or manmade disasters. Hence, the farmers will not suffer financial setback after such circumstances.

In view of the foregoing, immediate passage of this bill is earnestly sought.



MICHELLE M. ANTONIO

HOUSE BILL NO. 5761

Introduced by Representative Michelle M. Antonio

AN ACT

REQUIRING FARMERS TO SECURE COMPULSORY CROP INSURANCE FOR PALAY AND OTHER CROPS, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1467, AS AMENDED, OTHERWISE KNOWN AS THE "CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION"

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

1 “supervised credit program” as used in this Decree shall mean the
2 production credit program wherein the farmer who obtained production
3 loans for palay AND OTHER CROPS agrees in writing that he will
4 apply proven farm practices necessary to conserve the land, improve its
5 fertility and increase its production, and abide by the approved farm plan
6 and budget jointly prepared by him and the duly accredited supervised
7 credit technician. The term “supervision of agricultural production
8 technician” shall mean the supervision undertaken by agricultural
9 production technicians who are duly accredited by the appropriate
10 government agencies concerned as required under the supervised credit
11 system.”

12 SEC. 2. Section 5 of Presidential Decree No. 1467, as amended, is
13 hereby further amended, to read as follows:

14 “SECTION 5. *Rate of Premium, [and] Its Sharing AND*
15 *AMOUNT OF INDEMNITY.* –The rate of premium, as well as the
16 allocated sharing thereof by the farmers, the lending institutions, the
17 Government of the Republic of the Philippines (herein called the
18 Government) and other parties, shall be determined by the Board of
19 Directors of the Corporation: *Provided*, That the share of the
20 Government in the premium cost, in the form of premium subsidy, shall

1 be limited to subsistence farmers: *Provided, however,* That each of these
2 subsistence farmers is cultivating not more than seven (7) hectares by
3 themselves or with the help of the labor of the members of their
4 households or hired labor, the premium rate and sharing to be
5 determined by the Board of Directors subject to approval by the
6 President of the Philippines: *Provided, further,* That the premium share
7 of the subsistence farmers shall be reasonably affordable by him:
8 *Provided, furthermore,* That the Government shall share in the premium
9 cost only in insurance coverage against unforeseen and unavoidable risks
10 such as, but not limited to, typhoons, droughts, outbreaks of pests and
11 diseases: *Provided, finally,* That premium subsidy and/or insurance
12 benefits shall, upon the accumulation of surplus funds, be increased to
13 such amounts as may be determined by the Board, taking into
14 consideration that the Corporation has been established not only for
15 profit but mainly to help the insured in their direst hours of need.

16 THE AMOUNT OF INDEMNITY WHICH THE FARMERS
17 MAY RECEIVE IN CASES OF LOSS DUE TO TYPHOONS,
18 DROUGHTS, OUTBREAKS OF PESTS AND DISEASES, SHALL
19 COVER AT LEAST FIFTY PERCENT (50%) OF A PORTION OF
20 THE EXPECTED YIELD, SUBJECT TO THE APPROVAL OF THE

1 PCIC BOARD. THE BOARD SHALL TAKE INTO ACCOUNT THE
2 ACTUAL COST OF PRODUCTION INPUTS ALREADY APPLIED
3 AT THE TIME OF LOSS PER FARM PLAN AND BUDGET, AND
4 THE PERCENTAGE OF YIELD LOST.”

5 SEC. 3. All laws, decrees, orders, rules and regulations and other
6 issuances or parts thereof which are inconsistent with the provisions of this Act are
7 hereby repealed, amended or modified accordingly.

8 SEC. 4. This Act shall take effect fifteen (15) days after its publication
9 in the *Official Gazette* or in a newspaper of general circulation.

10 Approved,