

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**19<sup>th</sup> CONGRESS**  
First Regular Session

**HOUSE BILL NO. 1298**



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Introduced by **REP. WILBERT T. LEE**

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**AN ACT**  
**TO PROVIDE COMPENSATION TO FARMERS WHO SUFFER FROM RECURRENT**  
**DISASTERS AND CALAMITIES, TO SUSTAIN AGRICULTURAL CREDIT AND FINANCING,**  
**AND TO ENSURE FOOD SECURITY, BY MAKING INSURANCE MANDATORY FOR**  
**PALAY AND OTHER ESSENTIAL CROPS, AMENDING FOR THE PURPOSE SECTION 4 OF**  
**PRESIDENTIAL DECREE NO. 1467, AS AMENDED BY REPUBLIC ACT NO. 8175, OR THE**  
**“REVISED CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC)**  
**ACT OF 1995,” AND FOR OTHER PURPOSES**

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

SECTION 1. *Title.* - This Act shall be known as the “Essential Crop Insurance Act of 2022.”

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to:

1. Ensure food security, intensify food production, promote agricultural credit and broaden the coverage of mandatory crop insurance, especially amidst the recurrence of disasters and calamities, natural or otherwise, including floods, typhoons, heavy rains, and drought, which destroy crops, especially palay and other harvests necessary for food security;
2. Alleviate the financial burden of farmers due to uncompensated losses arising from the destruction of crops brought by disasters and calamities, keep them away from perpetual indebtedness, enhance their credit

Around twenty typhoons visit our country. According to a paper published by the World Food Programme (WFP), more tropical cyclones enter the Philippine Area of Responsibility than anywhere else in the world, with an average of 20 cyclones in the area per year, and about 8 or 9 of them crossing the Philippines.<sup>1</sup>

Nearly 10 million Filipinos work in the agriculture sector, which in turn provides food for the population of more than 109 million Filipinos. Yet, the impact of climate change on agriculture is devastating. Past studies have shown that the Philippines incurred Php 463 billion in damages due to extreme weather events over the past decade - 62.7 percent of which - or Php 290 billion - were damages caused to the agriculture sector.<sup>2</sup>

“The agriculture sector is at the forefront of climate crisis and farmers and fishers need urgent support. We need to get ahead of climate change by acting collectively to protect the lives and livelihoods of farmers and millions of others who work in the sector. By supporting them, we contribute to better food security for all Filipinos,” said WFP Representative and Country Director, Brenda Barton.<sup>3</sup>

According to a United Nations Food and Agricultural Organization (FAO) report, farmers in developing nations are bearing the brunt of natural disasters, above all are climate impacts.<sup>4</sup>

While we can look into the effects of climate change from a macroeconomic perspective, our farmers deal with them on a daily basis. A strong typhoon can easily wipeout months of hard work and deprive our farmers not only of their harvest for the Filipino markets, but, most importantly, their chance to support their family. Therefore, they must necessarily be insured. Through their survival, we would be able to feed our country.

This bill makes insurance for essential crops mandatory and provides for a legal basis for the National Food Authority to shoulder the premium for indigent farmers subject to equitable shares in insurance proceeds.

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<sup>1</sup> WFP study provides first-ever look at the links between climate change and food security in the Philippines. WFP.org (12 November 2021). Retrieved from: <https://www.wfp.org/news/wfp-study-provides-first-ever-look-links-between-climate-change-and-food-security-philippines>

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

<sup>4</sup> FAO: Farmers Bear Brunt of Climate Impacts. UNFCCC.int (17 March 2015). Retrieved from: <https://unfccc.int/news/fao-farmers-bear-brunt-of-climate-impacts>

This will not only increase the income of the Philippine Insurance Crop Corporation but will provide our farmers the peace of mind that their agricultural endeavors will not all go to waste as we continue to face climate change.

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



**WILBERT T. LEE**  
AGRI Party List

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**EXPLANATORY NOTE**

The Philippines is blessed to be a tropical country. As such, our climate allows us to develop as an agricultural nation.

However, our economic situation and food security faces the threat of climate change. As policymakers, it behooves Congress to enact laws that will increase our country's resilience against the effects of climate change.

For this bill, we look into protecting our farmers of essential crops. Foremost among these is rice, which is the singular most important crop in our country not only in terms of our consumption, but also its share in our national economy in terms of the livelihood it provides to our countrymen. Other essential crops include corn, cassava, coconut, sugarcane, and vegetables.

standing, and provide additional government support to increase agricultural production; and

3. Assist banks and financial institutions, not to constrict their loaning capabilities, and kindle their willingness to extend loans to farmers.

SEC. 3. *Amendment of the Revised Charter of the Philippine Crop Insurance Corporation.* - Section 4 Presidential Decree No. 1467, otherwise known as the Charter of the Philippine Crop Insurance (PCIC), as amended by Republic Act No. 8175 or the "Revised Charter of the PCIC Act of 1995," is hereby further amended, to read as follows:

SECTION 4. WHO SHALL BE INSURED. - PARTICIPATION IN THE INSURANCE FOR PALAY AND OTHER CROPS DETERMINED TO BE ESSENTIAL FOR FOOD SECURITY SHALL BE COMPULSORY UPON ALL FARMERS. IN CASE FARMERS ARE FINANCIALLY INCAPABLE, THE NATIONAL FOOD AUTHORITY (NFA) SHALL SECURE CROP INSURANCE FOR THEM. THE NFA SHALL PAY FOR THE INSURANCE PREMIUM AND SHALL BECOME AT LEAST A FIFTY PERCENT (50%) BENEFICIARY OF THE INSURANCE PROCEEDS OR CLAIM. FOR ALL OTHER CROPS, [P]articipation [in the palay crop insurance] shall be compulsory upon all farmers obtaining production loans [for palay] under the supervised credit program, and optional on the part of self-financed farmers provided they agree to place themselves under the supervision of agricultural production technicians. The term "supervised credit program" as used in this Decree shall mean the production credit program wherein the farmer who obtained production loans [for palay] agree in writing that he will apply proven farm practices necessary to conserve the land, improve its fertility and increase its production, and abide by the approved farm plan and budget jointly prepared by him and the duly accredited supervised credit technician. The term "supervision of agricultural production technician" shall mean the supervision undertaken by agricultural production technicians who are duly accredited by the appropriate government agencies concerned, as required under the supervised credit system. xxx

SEC. 4. *Separability Clause.* - If any provision of this Act, or parts thereof, is declared unconstitutional, the same shall not affect the validity and effectivity of the other portions.

SEC. 5. *Implementing Rules.* – Within sixty (60) days after the effectivity of this Act, the Secretary of the Department of Agriculture (DA), the Administrator of the NFA and the President of the PCIC shall be constituted into a Committee mandated to issue the Implementing Rules and Regulations of this Act.

SEC. 6. *Repealing Clause.* - All laws, executive orders, presidential decrees, and implementing rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 7. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,