

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5302



Introduced by REP. REX GATCHALIAN

AN ACT
REQUIRING MANDATORY INSURANCE OF ALL BUILDINGS AND OTHER
PHYSICAL STRUCTURES OWNED BY LOCAL GOVERNMENT UNITS, AMENDING
FOR THIS PURPOSE, REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE
‘LOCAL GOVERNMENT CODE’

EXPLANATORY NOTE

The Philippines’ geographic location along the typhoon belt and the Pacific Ring of Fire makes the country prone to natural disasters. Each year, the country experiences every kind of natural calamity from typhoons, flash floods, to earthquakes, and even the effects of volcanic eruptions. Our peculiar situation has placed the country third in the 2018 World Risk Index of most disaster-prone countries in the world.

This year alone, the country has already welcomed 11 tropical cyclones typhoons, including Super Typhoon Karding that wreaked havoc in NCR and Central Luzon. The damage sustained by LGUs in Central Luzon are still being assessed but initial estimates show that the damage is worth upwards of P200 million. Earlier this year, Tropical Storm Florita caused damage of up to P500 million in the Ilocos Region and Cagayan Valley. In July 27, 2022, a magnitude 7.0 earthquake struck Northwestern Luzon causing approximately Php1.6 billion worth of damage to infrastructure and agriculture.

Buildings and other physical structures owned by local government units (LGUs) are not spared from the effects of these disasters. Especially for LGUs whose budgets rely heavily on their national tax allotment, sustaining damage to key government infrastructure can cripple its finances. Even those that have excess

locally generated income can find it difficult to allot budget for the repair and maintenance of damaged buildings sustained from the effects of natural disasters.

It is therefore apparent that mandatory insurance of all buildings and physical structures is needed for all LGUs. This bill clarifies the responsibility of provincial and city general services officers, as well as municipal mayors who are primarily responsible for buildings and other physical structures in their jurisdiction to take out insurance policies on all government infrastructure.

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



HON. REX GATCHALIAN
Representative
1st District, Valenzuela City

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

1 SECTION 1. Section 374 of Republic Act No. 7160, otherwise known as the
2 ‘*Local Government Code of 1991*’, is hereby amended to read as follows:

3
4 “Section 374. *Establishment of an Archival System.* – Every local
5 government unit shall provide for the establishment of an archival
6 system to ensure the safety and protection of all government property,
7 public documents or records such as records of births, marriages,
8 property inventory, land assessments, land ownership, tax payments,
9 tax accounts, and business permits, and such other records of
10 documents of public interest in the various departments and offices of
11 the provincial, city, or municipal government concerned. **PROVIDED,**
12 **THAT, THIRTY DAYS AFTER THE CERTIFICATION OF THE LOCAL**
13 **GOVERNMENT UNIT’S BALANCE SHEET, THE PROVINCIAL OR**
14 **CITY GENERAL SERVICES OFFICER, OR MUNICIPAL MAYOR, AS**
15 **THE CASE MAY BE, SHALL SUBMIT TO THE GSIS ACTUARIAL**
16 **SERVICES A LIST OF ALL BUILDINGS AND OTHER PHYSICAL**
17 **STRUCTURES OWNED BY THE LOCAL GOVERNMENT UNIT FOR**
18 **PROPERTY INSURANCE VALUATION.”**

1 SEC. 2. Section 375 of Republic Act No. 7160, otherwise known as the ‘*Local*
2 *Government Code of 1991*’, is hereby amended to read as follows:

3
4 “Section 375. *Primary and Secondary Accountability for Government*
5 *Property*. – (a) xxx

6
7 (b) xxx

8
9 (c) Buildings and other physical structures shall be under the
10 accountability and responsibility of the provincial or city general
11 services officer or the municipal mayor or punong barangay, as the
12 case may be. **IN VIEW OF THIS, THE PROVINCIAL OR CITY**
13 **GENERAL SERVICES OFFICER, MUNICIPAL MAYOR, AND PUNONG**
14 **BARANGAY SHALL CAUSE TO INSURE ALL BUILDINGS AND**
15 **OTHER PHYSICAL STRUCTURES UNDER THEIR ACCOUNTABILITY**
16 **AND RESPONSIBILITY AGAINST ANY INSURABLE RISK.**

17
18 (d) xxx.”

19
20 SEC. 3. Section 447 of Republic Act No. 7160 is hereby amended to read as
21 follows:

22
23 “Section 447. *Powers, Duties, Functions and Compensation* – (a) xxx

24
25 (1) xxx

26
27 (2) xxx

28
29 (v) Appropriate funds for the construction, **INSURANCE**, and
30 maintenance or the rental of buildings for the use of the
31 municipality and, upon the majority vote of all the members of
32 the sangguniang bayan, authorize the municipal mayor to lease
33 to private parties such public buildings held in a proprietary
34 capacity, subject to existing laws, rules and regulations;”

35
36 SEC. 4. Section 458, paragraph (a), (2), (v)

1
2 “Section 458. *Powers, Duties, Functions and Compensation* – (a) xxx

3
4 (1) xxx

5
6 (2) xxx

7
8 (v) Appropriate funds for the construction, **INSURANCE**, and
9 maintenance or the rental of buildings for the use of the city
10 and, upon the majority vote of all the members of the
11 sangguniang panlungsod, authorize the city mayor to lease to
12 private parties such public buildings held in a proprietary
13 capacity, subject to existing laws, rules and regulations;”
14

15 SEC. 5. Section 468 of Republic Act No. 7160, is hereby amended to read as
16 follows:

17
18 “Section 468. *Powers, Duties, Functions and Compensation* – (a) xxx

19
20 (1) xxx

21
22 (2) xxx

23
24 (v) Appropriate funds for the construction, **INSURANCE**, and
25 maintenance or the rental of buildings for the use of the province
26 and, upon the majority vote of all the members of the
27 sangguniang panlalawigan, authorize the provincial governor to
28 lease to private parties such public buildings held in a
29 proprietary capacity, subject to existing laws, rules and
30 regulations;”
31

32 SEC. 6. Section 5 of Republic Act No. 656, otherwise known as the ‘*Property*
33 *Insurance Law*’, is hereby amended to read as follows:

34
35 “SECTION 5. Every government~~], except a municipal government~~
36 ~~below first class,]~~ is hereby required to insure its properties, with

1 the Fund against any insurable risk herein provided and pay the
2 premiums thereon, which, however, shall not exceed the premiums
3 charged by private insurance companies: *Provided, however,* That
4 the System reserves the right to disapprove the whole or a portion
5 of the amount of insurance applied for: *Provided, further,* That such
6 property or part thereof as may not be insurable or acceptable for
7 insurance may be insured with any private insurance company. [A
8 ~~municipal government below first class may upon application~~
9 ~~insure its properties in the Fund under such rules and regulations~~
10 ~~as the System may prescribe.~~
11

12 SEC. 7. *Implementing Rules and Regulations.* – Within sixty (60) days after
13 the effectivity of this Act, the Department of Interior and Local Government, in
14 coordination with the Bureau of Local Government Finance, shall promulgate the
15 rules and regulations for the effective implementation of this Act. The IRR issued
16 pursuant to this section shall take effect thirty (30) days after its publication in a
17 newspaper of general circulation.
18

19 SEC. 8. *Separability Clause.* – If any part, section or provision of this Act is
20 declared invalid or unconstitutional, the other parts thereof not affected thereby shall
21 remain in full force and effect.
22

23 SEC. 9. *Repealing Clause.* – Section 5 of Republic Act No. 656 insofar as it
24 exempts municipal governments below first class, all laws, acts, presidential decrees,
25 executive orders, administrative orders, rules and regulations, or parts thereof
26 inconsistent with or contrary to the provisions of this Act are hereby modified,
27 amended, or repealed accordingly.
28

29 SEC. 10. *Effectivity.* – This Act shall take effect fifteen (15) days after its
30 publication in the Official Gazette or in a newspaper of general circulation.
31

32 Approved,