

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19TH CONGRESS
First Regular Session

HOUSE BILL NO. 5798



Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

The **Philippine Crop Insurance Corporation (PCIC)** is a government owned and controlled corporation created as the implementing agency of the government's agricultural insurance program. PCIC is an *attached agency of the Department of Agriculture*.

In 1976, an Interagency Committee for the Development of Crop Insurance undertook a nine-month full-blown feasibility study on the creation of a crop insurance program in the Philippines.

The study concluded that the agricultural insurance system will address not only the welfare aspect of the after-loss event but also help stabilize farm incomes and reverse the "risk-averse" nature of farmers.

This House Bill seeks to provide **Modernization Funding** to the **Philippine Crop Insurance Corporation (PCIC)**, to push them to invest more in new technologies that would help increase national productivity.

Thus, the early passage of this bill is earnestly requested.

A handwritten signature in black ink, appearing to read "Michael L. Romero".

MICHAEL L. ROMERO

Republic of the Philippines
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AN ACT

PROVIDING FOR MODERNIZATION FUNDINGFOR THE
PHILIPPINE CROP INSURANCE CORPORATION (PCIC),
INCREASING AND REORGANIZING ITS ADMINISTRATION, TO
PROVIDE INSURANCE PROTECTION TO FARMERS AGAINST
LOSSES ARISING FROM NATURAL CALAMITIES, PLANT DISEASES
AND PEST INFESTATIONS AND FOR OTHER PURPOSES

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

SECTION 1. DECLARATION OF POLICY – It shall hereby be a declared policy of the State to promote a corporation that provides protection against damage to/loss of non-crop agricultural assets including but not limited to machineries, equipment, transport facilities and other related infrastructures due to peril/s insured against. Philippines is vulnerable to natural disasters which cause devastation on crops and miseries to agricultural producers and lenders of agricultural credit. Because of the marginality of most landholdings, the result of these losses is devastating to farmers' finances.

The **PCIC** is a government owned and controlled corporation (**GOCC**) created by virtue of Presidential Decree 1467 (June 11, 1978), later on amended by PD 1733

(October 21, 1980) and further amended by **Republic Act 8175** (December 29, 1995), as the implementing agency of the government's agricultural insurance program.

The state shall continually improve the effectiveness of our Quality Management System towards equitable development for improved quality of life for all.

The state shall formulate policies for the efficient and effective administration and management of all manpower, skills and competencies to ensure compliance.

SECTION 2. MODERNIZATION FUNDING. – The amount of Five Hundred Million Pesos (**Php 500,000,000.00**) for the operation and administration of the **Philippine Crop Insurance Corporation (PCIC)** shall be chargeable against funds for the purpose and other sources recommended by the **Department of Budget and Management (DBM)**. Thereafter, appropriations for the **Philippine Crop Insurance Corporation (PCIC)** shall be included in the budget proposals under the Department Agriculture (**DA**).

The Department of Budget and Management (**DBM**) shall rationalize the existing organizational structure and staffing pattern of the in accordance with the provisions of this Act and relevant compensation and position classification laws, rules and regulations.

Thereafter, the amount needed for the continued implementation of the modernization program, shall be included in the annual General Appropriations Act (**GAA**).

SECTION 3. A PHILIPPINE CROP INSURANCE CORPORATION (PCIC) MODERNIZATION FUND – There is hereby created the (**PCIC**) *Modernization Fund* to be used exclusively for the (**PCIC**) *Modernization Program*.

The **(PCIC)** *Modernization Fund* shall be administered by the Secretary of the **DA** in accordance with existing government budgeting, accounting and auditing rules and regulations.

SECTION 4. PROGRESS REPORT – The Secretary of **DA** shall prepare an annual report on the status of the implementation of the **(PCIC)** *Modernization Programs* which shall be submitted, to the Office of the President and to the Chairpersons of the Committee of Agriculture and Food of the Senate and the House of Representatives.

SECTION 5. PERIOD OF IMPLEMENTATION – The modernization program under this Act shall be implemented for an initial period of two **(2)** years:

Provided, that payments for multi-year contract obligations incurred under this Act may extend beyond this period:

Provided, further, That the **Philippine Crop Insurance Corporation (PCIC)** shall continue to develop, modernize and constantly update its operational capabilities to keep pace with best global practices.

SECTION 6. POWERS AND FUNCTIONS. – The **Philippine Crop Insurance Corporation (PCIC)** shall continue to exercise and uphold the following powers and functions; but not limited to:

The PCIC's principal mandate is to provide insurance protection to farmers against losses arising from natural calamities, plant diseases and pest infestations of their palay and corn crops as well as other crops.

The corporation also provides protection against damage to/loss of non-crop agricultural assets including but not limited to machineries, equipment, transport facilities and

other related infrastructures due to peril/s insured against.

The Philippines is vulnerable to natural disasters which cause devastation on crops and miseries to agricultural producers and lenders of agricultural credit.

Because of the marginality of most landholdings, the result of these losses is devastating to farmers' finances

SECTION 7. INCREASE OF PERSONNEL. – The **Philippine Crop Insurance Corporation (PCIC)** shall maintain the sufficient staffing pattern. Hence, it is authorized to increase its manpower to meet such required and may continue to increase personnel per percentage rate increase of committed mandates annually or as the need arises.

SECTION 8. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 9. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 10. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 11. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 12. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,