



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2419



Introduced by Representative FELIMON M. ESPARES

AN ACT

EXPANDING THE SERVICES OF THE PHILIPPINE CROP INSURANCE CORPORATION AND ENCOURAGING PRIVATE SECTOR PARTICIPATION IN AGRICULTURAL INSURANCE, FURTHER AMENDING SECTION 1 AND SECTION 3.11 OF PRESIDENTIAL DECREE NO. 1467, CREATING THE PHILIPPINE CROP INSURANCE CORPORATION, AS AMENDED

EXPLANATORY NOTE

The Philippine Crop Insurance Corporation (PCIC) is a government owned and controlled corporation created under PD 1467. It was later amended by PD 1733 and further amended by RA 8175; It is the implementing agency of the government's agricultural insurance program. PCIC is an attached agency of the Department of Agriculture and its principal mandate is to provide insurance protection to farmers against losses arising from natural calamities, plant diseases and pest infestations of their crops, such as rice, corn, and other high-value crops.

However, the current scope of the PCIC's coverage fails to include other equally important agricultural commodities, including livestock, aquaculture and fisheries, agroforestry, and forestry plantations. The inclusion of these sectors is essential for the holistic development of the agriculture industry and for strengthening national food security, both of which are key commitments of President Ferdinand "Bongbong" Marcos, Jr.

Providing insurance coverage for these commodities would offer a crucial safety net for farmers and fisherfolk, protecting them from financial losses caused by natural disasters, pests, diseases, and other unforeseen events. This protection would not only stabilize their income but also encourage investment in modern technologies and enable them to sustain operations even in the face of setbacks or losses.

Therefore, the immediate passage of this bill is earnestly sought.

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PHILIPPINE CROP INSURANCE CORPORATION, AS AMENDED

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

SECTION 1. It shall be the policy of the State to develop and support an adequate agricultural insurance program as a mechanism for managing the risks inherent in agriculture and stabilizing the financial fluctuations suffered by agricultural producers in case of loss on all agricultural commodities, whether crops or livestock, and including the agricultural facilities and related infrastructures, with the end in view of encouraging lending institutions to extend credit to the agricultural sector.

It shall also be the policy of the State to promote the modernization of the agricultural sector by mitigating the risks inherent to the industry and which increase the barriers to increased market participation in businesses related to agriculture.

Towards this end, the State shall encourage active private sector participation in extending agricultural insurance to members of the agricultural sector by allowing the Philippine Crop Insurance Corporation to undertake reinsurance agreements with private sector agricultural insurers and to extend its insurance services to livestock, aquaculture and fishery, agrofisery, and forest plantation insurance.

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

“SEC. 1. Creation of the Philippine Crop Insurance Corporation. –
There is hereby created a body corporate to be known as the “Philippine Crop Insurance Corporation” (PCIC and herein called the Corporation) which shall be attached to the Department of Agriculture for budgetary

1 purposes. The Corporation shall insure **[qualified]** farmers against losses
2 arising from natural calamities, plant diseases, and pest infestations.
3 **[Initially,] [t]**The Corporation shall provide insurance coverage for **ALL**
4 **AGRICULTURAL COMMODITIES, INCLUDING** palay crops, and
5 **[later on to]** other crops, without prejudice to the inclusion of other non-
6 crop agricultural assets, such as **[but not limited to]** **LIVESTOCK,**
7 **AQUACULTURE AND FISHERY, AGROFORESTRY, FOREST**
8 **PLANTATIONS,** machineries, equipment, transport facilities, and other
9 related infrastructures, as the Board of Directors of the Corporation may
10 determine. Such **[crop]** insurance shall cover, in every case, the cost of
11 production inputs, the value of the farmer's own labor and those of the
12 members of his household, including the value of the labor of hired
13 workers, and a portion of the expected yield as the Board of Directors, in
14 its discretion, decide to insure. Such insurance protection, however, shall
15 exclude losses arising from avoidable risks emanating from or due to the
16 negligence, malfeasance or fraud committed by the insured or any member
17 of his immediate farm household or employee **[or the failure of the**
18 **insured to follow proven farm practices]. THE CORPORATION**
19 **SHALL ALSO OFFER REINSURANCE SERVICES FOR**
20 **ENTITIES WILLING TO OFFER AGRICULTURAL**
21 **INSURANCE."**

22
23 **SECTION 3.** Subsection 3.11 of Section 3 of Presidential Decree No. 1467, as amended, is
24 hereby further amended to read as follows:

25
26 "3.11. To generate internal funds by floating bonds, expansion to other
27 insurance lines, **INCLUDING REINSURANCE AGREEMENTS**
28 **WITH AGRICULTURAL COOPERATIVES, FARMERS'**
29 **ASSOCIATIONS, AND OTHER PRIVATE SECTOR**
30 **PARTICIPANTS IN THE AGRICULTURAL INSURANCE**
31 **MARKET,** and extending coverage to other areas of agriculture, **SUCH**
32 **AS LIVESTOCK, AQUACULTURE AND FISHERY,**
33 **AGROFORESTRY, OR FOREST PLANTATIONS,** in order to
34 address THE insurance needs of the target sector and to do and perform
35 acts and things and to exercise all the general powers conferred by law
36 upon the Corporation as are incidental or conducive to the attainment of
37 the objectives of the Corporation."

38
39 **SECTION 4.** Subsection 9.1, Section 9 of Presidential Decree No. 1467, as amended, is
40 hereby further amended by deleting the entire provision, and in lieu thereof, insert the
41 following:

42
43 **"9.1. THE POWERS OF THE PCIC SHALL BE VESTED IN AND**
44 **EXERCISED BY ITS BOARD OF DIRECTORS, COMPOSED OF**
45 **EIGHT (8) MEMBERS AS FOLLOWS:**

- 46
47 1. **SECRETARY OF FINANCE, AS EX OFFICIO**
48 **CHAIRPERSON;**
49 2. **PRESIDENT OF THE PCIC AS EX OFFICIO VICE-**
50 **CHAIRPERSON;**

- 1 **3. PRESIDENT OF THE LANDBANK;**
- 2 **4. SECRETARY OF THE DEPARTMENT OF AGRICULTURE**
- 3 **(DA);**
- 4 **5. ONE (1) REPRESENTATIVE FROM THE PRIVATE**
- 5 **INSURANCE INDUSTRY TO BE NOMINATED BY THE**
- 6 **SECRETARY OF FINANCE; AND**
- 7 **6. THREE (3) REPRESENTATIVES FROM THE**
- 8 **SUBSISTENCE FARMERS' SECTOR, PREFERABLY**
- 9 **REPRESENTING AGRARIAN REFORM BENEFICIARIES,**
- 10 **COOPERATIVES, OR ASSOCIATIONS COMING FROM**
- 11 **LUZON, VISAYAS, AND MINDANAO, WHO SHALL BE**
- 12 **SELECTED AND NOMINATED BY THE DIFFERENT**
- 13 **FARMERS' ORGANIZATIONS OR COOPERATIVES."**
- 14

15 **SECTION 5.** Subsection 9.4, Section 9 of Presidential Decree No. 1467, as 5 amended, is
16 hereby further amended by deleting the entire provision, and in lieu thereof, insert the
17 following:

18 **"9.4 THE CHAIRPERSON AND THE MEMBERS OF THE BOARD**
19 **SHALL EACH RECEIVE PER DIEM PURSUANT TO EXISTING**
20 **LAWS, FOR EACH MEETING OF THE BOARD ACTUALLY**
21 **ATTENDED: PROVIDED, THAT IN THE CASE OF THE**
22 **REPRESENTATIVES OF THE SUBSISTENCE FARMERS' SECTOR,**
23 **THE BOARD IS AUTHORIZED TO PROVIDE FUNDS TO DEFRAY**
24 **THE COST OF REASONABLE TRAVEL EXPENSES AND, IF**
25 **NECESSARY, SUBSISTENCE EXPENSES IN ADDITION TO PER**
26 **DIEM."**

27
28
29 **SECTION 6.** Section 11-B of Presidential Decree No. 1467, as amended, is hereby further
30 amended by deleting the entire provision, and in lieu thereof, insert the following:

31 **"SEC. 11-B. NO CLAIM BENEFITS. – ANY INSURED FARMER**
32 **WHO HAS NOT FILED ANY CLAIM DURING THE IMMEDIATELY**
33 **PRECEDING THREE (3) CROP SEASONS, OR ANY INSURED**
34 **FISHPOND OR FISH CAGE OPERATOR WHO HAS NOT FILED**
35 **ANY CLAIM DURING THE IMMEDIATELY PRECEDING THREE**
36 **(3) HARVEST SEASONS, SHALL BE ENTITLED TO A NO-CLAIM**
37 **BENEFIT OF AT LEAST TEN PERCENT (10%) OF HIS PREMIUM**
38 **SHARE PAID FOR SAID CROP SEASONS TO BE DEPOSITED IN A**
39 **TRUST FUND AND TO BE MANAGED BY THE CORPORATION.**
40 **SUCH TRUST FUND MAY BE USED TO FINANCE PREMIUM**
41 **REBATE OR PREMIUM CREDIT APPLICABLE TO THE**
42 **IMMEDIATELY FOLLOWING CROP SEASONS AS DETERMINED**
43 **BY THE BOARD OF DIRECTORS."**

44
45
46 **SECTION 7.** Section 14 of Presidential Decree No. 1467, as amended, is hereby amended by
47 deleting the entire provision, and in lieu thereof, insert the following:

48 **"SEC. 14. INTER-AGENCY LINKAGES. – TO SUPPORT AND**
49 **PROMOTE THE OPERATIONS OF THE CORPORATION, ALL**
50

1 **GOVERNMENT DEPARTMENTS, BUREAUS, OFFICES, AGENCIES**
2 **AND INSTRUMENTALITIES, NATIONAL OR LOCAL, ALL**
3 **LENDING INSTITUTIONS, GOVERNMENT OR PRIVATE, NOW OR**
4 **HEREAFTER ENGAGED IN THE SUPERVISED CREDIT PROGRAM**
5 **TO FARMERS AND FISHERFOLK, AND SUCH OTHER PUBLIC OR**
6 **PRIVATE ENTITIES AS MAY BE CALLED UPON BY THE**
7 **CORPORATION, SHALL ACT AS COOPERATING AGENCIES TO**
8 **THE CORPORATION, AND FOR THIS PURPOSE, ARE HEREBY**
9 **DIRECTED TO DESIGN THEIR POLICIES, PROGRAMS, RULES**
10 **AND REGULATIONS SO AS TO ATTUNE AND SYNCHRONIZE**
11 **THEM WITH THE OBJECTIVES OF 17 THE CORPORATION.”**
12

13 **SECTION 8.** Section 17-A of Presidential Decree No. 1467, as amended, is hereby amended
14 by deleting the entire provision, and in lieu thereof, insert the following:
15

16 **“SEC. 17-A. PENAL PROVISIONS. – THE CLAIMANT OR ANY**
17 **PERSON WHO THROUGH MALFEASANCE, MISFEASANCE OR**
18 **NONFEASANCE ALLOWS A SPURIOUS CLAIM TO BE PAID,**
19 **INCLUDING THE CLAIMANT HIMSELF, SHALL UPON FINAL**
20 **CONVICTION, BE PUNISHED BY IMPRISONMENT OF NOT LESS**
21 **THAN THREE (3) YEARS BUT NOT MORE THAN EIGHT (8) YEARS**
22 **OR A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND**
23 **PESOS (P100,000) BUT NOT MORE THAN SIX HUNDRED**
24 **THOUSAND PESOS (P600,000), OR BOTH, AT THE DISCRETION OF**
25 **THE COURT. THE PCIC PERSONNEL WHO ALLOWED THE**
26 **COMMISSION OF THE OFFENSE SHALL, IN ADDITION, BE**
27 **DISMISSED FROM OFFICE, AND FORFEIT ALL PRIVILEGES AND**
28 **BENEFITS WHICH MAY ACCRUE TO SUCH PERSONNEL.”**
29
30

31 **SECTION 9.** The following provision shall be inserted as a new provision in Presidential
32 Decree No. 1467, to wit:
33

34 **THE RATE OF PREMIUM AND INDEMNITY SHARING FOR**
35 **FARMERS, FISHERFOLK, LENDING INSTITUTIONS, AND HE**
36 **GOVERNMENT OF THE PHILIPPINES, SHALL BE DETERMINED**
37 **BY THE PCIC’S BOARD OF DIRECTORS: PROVIDED, THAT THE**
38 **GOVERNMENT’S SHARE IN THE PREMIUM SUBSIDY SHALL BE**
39 **LIMITED TO SUBSISTENCE FARMERS AND FISHERFOLK WHO**
40 **CULTIVATE SMALL AREAS OF FARMLAND OR FISHPONDS, OR**
41 **NOT MORE THAN SEVEN (7) HECTARES AND FIVE (5) HECTARES,**
42 **RESPECTIVELY, BY THEMSELVES OR WITH THE HELP OF**
43 **HOUSEHOLD MEMBERS OR HIRED LABOR.**
44

45 **INDEMNITY SHALL BE BASED ON THE VALUE OF THE**
46 **POTENTIAL HARVEST AND OTHER FACTORS LIKE**
47 **PRODUCTION COSTS AND YIELD LOSS, TO BE DETERMINED BY**
48 **THE PCIC BOARD.**
49

1 THE REQUIRED GOVERNMENT SUBSIDY, AS APPROVED BY THE
2 PRESIDENT, SHALL BE APPROPRIATED FROM THE FUNDS OF
3 THE NATIONAL TREASURY, AND CALAMITY FUNDS SHALL
4 LIKEWISE INCLUDE A PORTION FOR CROP INSURANCE.

5
6 MOREOVER, TEN PERCENT (10%) OF THE PHILIPPINE CHARITY
7 SWEEPSTAKES OFFICE'S NET EARNINGS FROM ITS LOTTO
8 OPERATIONS SHALL SUPPORT THE CROP INSURANCE
9 PROGRAM, WHICH SHALL BE REMITTED DIRECTLY TO THE
10 PCIC. A STATE RESERVE FUND FOR CATASTROPHIC LOSSES IN
11 THE AMOUNT OF FIVE HUNDRED MILLION (P500,000.00) SHALL
12 ALSO BE CREATED AND MANAGED BY A GOVERNMENT
13 FINANCIAL INSTITUTION DESIGNATED BY THE PCIC.

14
15 **SECTION 10.** If any provision or part hereof is held unconstitutional or invalid, the remainder
16 of the law, or the provisions not otherwise affected shall remain valid and subsisting.

17
18 **SECTION 11.** Any provisions of Presidential Decree No. 1467, as amended, and all other
19 laws, inconsistent herewith is hereby repealed or modified accordingly.

20
21 **SECTION 12.** This Act shall take effect fifteen (15) days after its complete publication in a
22 newspaper of general circulation.

23
24 *Approved,*