

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

Twentieth Congress
First Regular Session

HOUSE BILL NO. 4406



Introduced by **Representative RAYMOND ADRIAN SALCEDA**

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

EXPLANATORY NOTE

Agriculture remains the backbone of the Philippine economy, providing livelihood to millions of farmers and fisherfolk and ensuring food security for the nation. However, agricultural production is inherently vulnerable to a wide range of risks, including typhoons, floods, droughts, pest infestations, and diseases. These risks are further exacerbated by climate change and global market volatility, which place small farmers and fisherfolk in precarious conditions and deter long-term investment in the sector.

Recognizing this reality, Presidential Decree No. 1467 created the Philippine Crop Insurance Corporation (PCIC) as the primary institution responsible for providing crop insurance to Filipino farmers. Over the years, amendments to the law expanded its coverage. Yet, the scope of insurance under the current legal framework remains insufficient to meet the modern and diversified needs of the agriculture and fisheries sector.

This bill seeks to amend Sections 1 and 3.11 of Presidential Decree No. 1467, as amended, in order to:

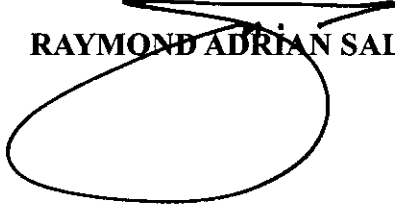
1. **Expand the coverage of PCIC insurance services** beyond traditional crop insurance to include *all agricultural commodities* such as livestock, aquaculture and fishery products, agroforestry, forest plantations, and related agricultural facilities, equipment, and infrastructure;
2. **Authorize the PCIC to provide reinsurance services** to agricultural cooperatives, farmers' associations, and private insurers, thereby fostering active private sector

participation, promoting innovation, and encouraging competition in the agricultural insurance market; and

3. **Enable the PCIC to generate internal funds and expand into other insurance lines** as necessary to fulfill its mandate and respond to the evolving needs of the agricultural and fisheries sector.

By clearly articulating the State's policy to support a comprehensive agricultural insurance program and encourage public-private collaboration, this measure aims to enhance the resilience of farmers and fisherfolk, lower barriers to agricultural lending, promote modernization of the sector, and build a more sustainable and risk-resilient rural economy.

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


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

SECTION 1. 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), hereinafter called the Corporation, which shall be attached to the Department of Agriculture for budgetary purposes. The Corporation shall insure [palay farmers] QUALIFIED FARMERS against losses arising from natural calamities, plant diseases, and pest infestations.

[Initially, the Corporation shall provide insurance coverage for palay crops, and later on to other crops, as the Board of Directors may determine.] THE CORPORATION SHALL PROVIDE INSURANCE COVERAGE FOR ALL AGRICULTURAL COMMODITIES, INCLUDING BUT NOT LIMITED TO PALAY AND OTHER CROPS, LIVESTOCK, AQUACULTURE AND FISHERY, AGROFORESTRY, FOREST PLANTATIONS, MACHINERIES, EQUIPMENT, TRANSPORT FACILITIES, AND OTHER RELATED INFRASTRUCTURES, AS THE BOARD OF DIRECTORS OF THE CORPORATION MAY DETERMINE.

Such insurance shall cover, in every case, the cost of production inputs, the value of the farmer’s own labor and those of the members of his household, including the value of the labor of hired workers, and a portion of the expected yield as the Board of Directors, in its discretion, decide to insure.

Such insurance protection, however, shall exclude losses arising from avoidable risks emanating from or due to the negligence, malfeasance or fraud committed by the insured or any member of his immediate farm household or employee [.] OR THE FAILURE OF THE INSURED TO FOLLOW PROVEN FARM PRACTICES.

THE CORPORATION SHALL ALSO OFFER REINSURANCE SERVICES FOR ENTITIES WILLING TO OFFER AGRICULTURAL INSURANCE.”

SEC. 2. Subsection 3.11 of Section 3 of Presidential Decree No. 1467, as amended, is hereby further amended to read as follows:

“3.11. To generate internal funds by floating bonds, and to expand into other insurance lines as necessary to fulfill its mandate and respond to the changing needs of the agricultural sector, INCLUDING REINSURANCE AGREEMENTS WITH AGRICULTURAL COOPERATIVES, FARMERS’ ASSOCIATIONS, AND OTHER PRIVATE SECTOR PARTICIPANTS IN THE AGRICULTURAL INSURANCE MARKET, AND EXTENDING COVERAGE TO OTHER AREAS OF AGRICULTURE SUCH AS LIVESTOCK, AQUACULTURE AND FISHERY, AGROFORESTRY, AND FOREST PLANTATIONS.”

SEC. 3. All laws, decrees, executive orders, proclamations, and administrative regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

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

Approved,