

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 4627



Introduced by
Rep. Gil "Kabarangay Jr" A. Acosta and Rep. Jose C. Alvarez

AN ACT
STRENGTHENING AGRICULTURAL RISK MANAGEMENT THROUGH THE CREATION
OF A NATIONAL CROP INSURANCE PROGRAM FOR SMALL FARMERS,
MANDATING GOVERNMENT PARTICIPATION AND FUNDING, AND PRESCRIBING
TRANSPARENT, SCIENCE-BASED CLAIMS PROCEDURES

EXPLANATORY NOTE

Agriculture remains the backbone of the Philippine economy and the lifeline of millions of Filipinos. According to the Philippine Statistics Authority (PSA), as of 2023, agriculture contributes around 8.5% of the country's GDP and employs over 23% of the national labor force¹—many of whom are smallholder farmers cultivating rice, corn, and other food staples on less than eight hectares of land. Despite their vital role in ensuring food security, these farmers face increasing vulnerabilities due to climate change, natural calamities, market volatility, and limited access to risk protection instruments.

Extreme weather events have become more frequent and severe. The Global Climate Risk Index 2021² ranked the Philippines 4th most affected country by long-term climate risks. Typhoons, floods, and droughts—intensified by climate change—have led to billions of pesos in agricultural losses annually. For instance, the Department of Agriculture (DA) reported that Typhoon Odette (2021) alone caused over ₱11.5 billion in damage to agriculture, displacing thousands of smallholder farmers who had no form of financial recovery.

In this context, crop insurance emerges not just as an economic safeguard, but as an essential instrument of social justice and rural resilience. The Philippine Crop Insurance Corporation (PCIC)—established under Presidential Decree No. 1467—has provided indemnity insurance for farmers, but its current voluntary and limited-coverage approach fails to reach the most vulnerable.

¹ Philippine Statistics Authority. (2023). *Selected statistics on agriculture and fisheries: 2018–2022*. PSA.
<https://psa.gov.ph/publication/selected-statistics-on-agriculture-and-fisheries>

² Germanwatch. (2021). *Global Climate Risk Index 2021: Who suffers most from extreme weather events?*
<https://germanwatch.org/en/cri>

This bill seeks to institutionalize a mandatory, government-supported, index-based crop insurance program for small farmers. It addresses structural gaps in the current agricultural risk management framework by introducing the following key reforms:

1. Automatic coverage for small farmers cultivating up to 8 hectares, removing the enrollment barrier;
2. Full government subsidy for farmers cultivating up to 5 hectares, and partial subsidy for those cultivating 5–8 hectares;
3. An index-based insurance model, leveraging weather data from PAGASA, to ensure timely, science-based, and corruption-resistant indemnity triggers;
4. A streamlined and transparent claims and appeals process to ensure farmers receive compensation within 15 working days;
5. Strong penalties against fraud and mechanisms for independent auditing and public reporting to promote accountability;
6. Inclusion of agrarian reform beneficiaries, Indigenous Peoples, women farmers, and other marginalized sectors regardless of land title status, to ensure equitable access.

The measure aligns with Section 15, Article II of the 1987 Constitution, which mandates the State to “*protect and promote the right to health of the people and instill health consciousness among them*”—interpreted by extension to include protections against food insecurity and economic displacement. It also advances the goals of the Philippine Development Plan 2023–2028³, which emphasizes enhancing agricultural productivity, increasing farmers' income, and building climate resilience in rural communities.

More importantly, this bill reaffirms the State's duty to democratize access to agricultural risk protection, ensuring that the economic burdens of climate risk are not disproportionately borne by those least able to withstand them.

By institutionalizing a transparent, science-based, and inclusive national crop insurance program, this Act will help safeguard the livelihood of small farmers, ensure continuity of food production, and strengthen the foundations of rural development.

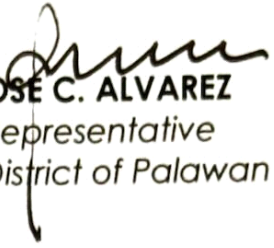
This legislative proposal builds on sustained interest across Congress. Similar measures were first introduced in the Senate during the 17th Congress—on March 20, 2018 by Senator Cynthia A. Villar and on July 25, 2018 by Senator Joseph Victor G. Ejercito—and later in the House during the 18th Congress—on July 23, 2019 by Rep. Luis Raymund “Lray” Jr. F. Villafuerte and on August 1, 2019 by Rep. Camille A. Villar. The present bill refines and consolidates these policy directions, reflecting lessons from recent climate events and advances in agricultural risk analytics.

³ National Economic and Development Authority. (2023). *Philippine Development Plan 2023–2028*. <https://pdp.depdev.gov.ph/philippine-development-plan-2023-2028/>

In light of the foregoing, the immediate passage of this bill is fervently sought.



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2nd District of Palawan

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

1 Section 1. *Short Title.* — This Act shall be known as the “Crop Insurance
2 Program for Small Farmers Act.”

3 Sec. 2. *Declaration of Policy.* — It is the policy of the State to ensure
4 agricultural resilience and food security by protecting the livelihoods of small
5 farmers through equitable, timely, and science-based crop insurance.
6 Recognizing the increased vulnerability of farmers to climate change, natural
7 calamities, and market shocks, the State shall implement a national crop
8 insurance program that promotes risk-sharing, social protection, and inclusive
9 growth..

10 Sec. 3. *Definition of Terms.* — For purposes of this Act:

11 (a) *Small Farmer* refers to a natural person directly engaged in the
12 cultivation of palay or other crops, either as an owner, tenant, lessee, or
13 steward, cultivating not more than eight (8) hectares of agricultural land and
14 whose primary source of income is farming.

15 (b) *Crop Insurance* refers to a pre-disaster financial mechanism that
16 provides indemnity or compensation to farmers in case of crop losses due to
17 natural disasters, extreme weather events, or other insurable perils.

18 (c) *Trigger Event* refers to a defined environmental or weather-related
19 threshold (e.g., rainfall, temperature, drought) which, when breached,
20 automatically qualifies the insured farmer for indemnity based on preset
21 conditions.

22 (d) *Index-Based Insurance* refers to an insurance model where payouts
23 are based on predetermined environmental indices, including but not limited
24 to rainfall and temperature, rather than field visits.

1 *Sec. 4. Establishment of the Crop Insurance Program for Small Farmers. —*
2 (a) The Department of Agriculture (DA), in coordination with the Philippine
3 Crop Insurance Corporation (PCIC), shall develop and implement a
4 mandatory crop insurance program for small farmers, guided by the following
5 objectives:

- 6 1. Promote national food security by ensuring sustainable palay and
7 crop production;
- 8 2. Provide financial resilience to small farmers against crop loss due
9 to climate and disaster risks;
- 10 3. Alleviate poverty in rural communities through access to
11 agricultural risk protection.

12 (b) The crop insurance program shall follow an index-based insurance
13 framework, including:

- 14 1. The Philippine Atmospheric, Geophysical and Astronomical
15 Services Administration (PAGASA) shall be the primary reference
16 for official weather data.
- 17 2. Index triggers shall be defined per crop growth phase (e.g.,
18 planting, vegetative, reproductive, and maturity).
- 19 3. No declaration of a State of Calamity shall be required to release
20 indemnity payouts.
- 21 4. Payouts shall be based on an actuarially predetermined scale
22 using actual area planted.
- 23 5. Payout schedules and index thresholds shall be publicly disclosed
24 and peer-reviewed annually.

25 *Sec. 5. Eligibility and Enrollment. —* (a) All small farmers cultivating up to
26 eight (8) hectares of palay or other crops shall be automatically enrolled in the
27 program and issued insurance coverage through the PCIC.

28 (b) Farmers currently covered by other government crop insurance
29 programs may opt to remain under their existing policies or transfer to this
30 program upon formal notice.

31 (c) Farmers with no legal land title but who can show proof of actual
32 tillage, including agrarian reform beneficiaries, Indigenous Peoples, women
33 farmers, and informal tenants, shall not be excluded.

34 *Sec. 6. Premium Subsidy Scheme. —* (a) The National Government shall
35 provide premium subsidies as follows:

- 36 1. For farmers cultivating up to five (5) hectares: 100% premium
37 subsidy.
- 38 2. For farmers cultivating more than five (5) but not more than eight
39 (8) hectares: 50% premium subsidy.

40 (b) The remaining 50% of the premium may be paid in:

- 41 1. Cash; or

1 2. Equivalent value in paddy (palay) based on prevailing farm-gate
2 market prices, under a system to be developed by the DA and
3 PCIC.

4 (c) Farmers shall be deemed to have entered into an insurance contract
5 with the National Government, through the PCIC, upon enrollment.

6 *Sec. 7. Database and Farmer Verification.* — (a) The DA, DAR, and PCIC,
7 in coordination with LGUs and the Philippine Statistics Authority (PSA), shall
8 maintain and annually update a centralized digital registry of eligible and
9 enrolled farmers.

10 (b) The registry shall be aligned with the Registry System for Basic Sectors
11 in Agriculture (RSBSA) or an equivalent secure and verifiable system
12 incorporating:

- 13 1. Digital registration,
- 14 2. Geo-tagged farm locations, and
- 15 3. Biometric verification where feasible.

16 *Sec. 8. Determination of Premium Rates.* — The PCIC Board of Directors,
17 in coordination with the Insurance Commission, shall determine premium rates
18 based on actuarial data and risk profiles. These rates shall be subject to
19 approval by the President of the Philippines.

20 *Sec. 9. Claims Process and Dispute Resolution.* — (a) When a trigger is
21 breached, the insured farmer shall submit a written claim to the Municipal
22 Agriculturist, who shall verify and forward it to the PCIC within five (5) working
23 days.

24 (b) The PCIC shall release indemnity payments within fifteen (15) working
25 days upon validation.

26 (c) In case of claim denial or delay, farmers may file an appeal before
27 a Crop Insurance Arbitration Panel (CIAP), composed of representatives from
28 the DA, PCIC, and civil society, to be created in every province.

29 *Sec. 10. Fraud Prevention and Penalties.* — Any person who willfully
30 submits false data, misrepresents farm area or damages, or engages in
31 fraudulent insurance claims shall be:

- 32 (a) Disqualified from future subsidies and payouts;
- 33 (b) Required to refund any claims received;
- 34 (c) Liable under applicable criminal laws, including provisions of the
35 Revised Penal Code.

36 *Sec. 11. Transparency and Accountability.* — (a) The DA and PCIC shall
37 submit an Annual Report to Congress, containing:

- 38 a) Number of farmers insured,
- 39 b) Total premiums paid and subsidized,
- 40 c) Claims received and paid,
- 41 d) Regional breakdown of payouts.

1 (b) This report shall be published on the DA and PCIC official websites
2 and printed in at least two newspapers of national circulation.

3 (c) The Commission on Audit (COA) shall conduct an annual audit of all
4 funds and transactions related to this program.

5 Sec. 12. *Appropriations*. — The funds necessary for the implementation
6 of this Act shall be included in the annual General Appropriations Act.

7 Sec. 13. *Implementing Rules and Regulations*. — Within sixty (60) days
8 from the effectivity of this Act, the DA and PCIC, in consultation with the
9 Insurance Commission, PAGASA, Department of Finance (DOF), and relevant
10 stakeholders, shall promulgate the necessary Implementing Rules and
11 Regulations (IRR).

12 Sec. 14. *Separability Clause*. — If any provision of this Act is declared
13 unconstitutional or invalid, the other provisions not affected thereby shall
14 remain in full force and effect.

15 Sec. 15. *Repealing Clause*. — All laws, presidential decrees, executive
16 orders, memoranda, circulars, and other issuances, or parts thereof, which are
17 inconsistent with the Act, are hereby repealed or modified accordingly.

18 Sec. 16. *Effectivity Clause*. — This Act shall take effect fifteen (15) days
19 after its publication in the Official Gazette or a newspaper of general
20 circulation.

21 *Approved,*