



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5409



Introduced by 4Ps Partylist Representative
JC M. ABALOS

EXPLANATORY NOTE

In September 2025, the World Risk Report¹ 2025 of the Ruhr University in Bochum Germany discussed the disaster risk for 193 countries worldwide, covering all member states of the United Nations and over 99 percent of the global population. The said report listed the Philippines on top of the most disaster-prone country in the world “due to high exposure to floods, typhoons, and other natural hazards”, with India and Indonesia on the second and third place respectively. It also provided a description of our country we can fully affirm. The report characterized the Philippines with “high geographic fragmentation and high exposure to weather-related extremes”, and with “river and coastal flooding that add-up to our natural hazards”.

According to the Philippines Statistics Authority (PSA)², “the damages incurred due to natural extreme events and disasters amounted to PhP 463 billion from 2010 to 2019. Agriculture posted the largest share with 62.7 percent or PhP 290 billion followed by infrastructure, and private/communications with 23.0 percent or PhP 106 billion and 14.3 percent or PhP 66 billion respectively”.

¹ “World Risk Report 2025 Focus: Flood, Ruhr University Bochum, September 2025, <https://www.preventionweb.net/media/110940/download?startDownload=20251008>

² “Damages Due to Natural Extreme Events and Disasters Amounted to PhP 463 Billion”, Philippine Statistics Authority, October 2020, <https://psa.gov.ph/content/damages-due-natural-extreme-events-and-disasters-amounted-PhP-463-billion>

In addition, an article³ by the Senate Economic Planning Office (SEPO) pointed out that about “25% or 10.66 million of the Filipino workforces rely on climate-sensitive agriculture and fisheries. Frequent typhoons, extreme rainfall events, flooding, and rising sea levels keep farmers and fisherfolk as the poorest sectors in our country trapped in a persistent cycle of disaster and poverty”. SEPO also cited a 2024 data from the Office of Civil Defense saying that the Philippines incurred PhP 911 billion in economic losses due to extreme weather events and other natural disasters from 2000 to 2023.

Despite the country’s recurring exposure to flooding, exacerbated by climate change, rapid urbanization, and degraded watersheds — there is currently no dedicated, nationwide flood insurance program. Victims of flooding often rely on limited calamity funds, ad-hoc relief, or commercial property insurance which is usually unaffordable for low-income households and small businesses. This situation perpetuates a cycle of loss, poverty, and slow recovery for affected communities.

Hence, this Representation humbly forwards this proposed measure intending to strengthen flood-risk protection through the establishment of a National Flood Insurance Program, to provide financial protection to the underserved population of our country situated in communities at risk of flood losses, and consequently creating the National Flood Insurance Authority.

This proposed measure is largely inspired by Senate Bill No. (SBN) 3511, filed by the late great Senator Miriam Defensor Santiago during the Third Regular Session of the Fourteenth Congress, and was again filed (SBN 1793) in the First Regular Session of the Fifteenth Congress.

Furthermore, this representation applied several modifications to the bill due to current social, economic, and governmental considerations.

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



JCM. ABALOS
Representative
4Ps Partylist

³ Addressing Loss and Damage at a Glance, Senate Economic Planning Office (SEPO), January 2025, https://web.senate.gov.ph/publications/SEPO/SEPO%20AAG%20-%20Loss%20and%20Damage_final.pdf



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5409

Introduced by 4Ps Partylist Representative
JC M. ABALOS

AN ACT
STRENGTHENING FLOOD-RISK PROTECTION THROUGH A NATIONAL
FLOOD INSURANCE PROGRAM, CREATING THE NATIONAL FLOOD
INSURANCE AUTHORITY, PROVIDING FINANCIAL PROTECTION TO
PERSONS AND COMMUNITIES AT RISK OF FLOOD LOSSES, AND FOR
OTHER PURPOSES

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

SECTION 1. *Short Title.* — This Act shall be known as the “*National Flood Insurance and Risk-Reduction Act of 2025*”.

SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to:

1. Safeguard lives, property, livelihoods, and public investments from recurrent flooding and climate-related disasters;
2. Provide accessible, affordable, and sustainable flood-insurance coverage to households, small businesses, farmers, and other vulnerable sectors in flood-prone areas;
3. Integrate this program with the National Disaster Risk Reduction and Management Act (RA 10121), the Climate Change Act (RA 9729), and the Insurance Code (RA 10607);
4. Promote risk-sensitive land-use management and resilient building practices as a condition for continued insurance eligibility; and
5. Shift from post-disaster relief to pre-disaster financing and climate-risk adaptation.

SEC. 3. Definition of Terms. –

For purposes of this Act:

- (a) Authority – the National Flood Insurance Authority (NFIA) created under this Act.
- (b) Administrator – the head of the NFIA.
- (c) Special Flood-Hazard Zone (SFHZ) – a geographic area formally identified and mapped by the NFIA, in coordination with the National Disaster Risk Reduction and Management Council (NDRRMC), Department of Science and Technology-Philippine Atmospheric, Geophysical and Astronomical Services Administration (DOST-PAGASA), Department of Environment and Natural Resources-Mines and Geosciences Bureau (DENR-MGB), Department of Public Works and Highways (DPWH), and local government units (LGUs), as having significant risk of riverine, coastal, or rain-induced flooding or flood-related landslides, updated at least every three (3) years.
- (d) Repetitive-Loss Structure – any insured building that has incurred two (2) or more separate flood-damage claims whose combined payout exceeds twenty-five market value within ten (10) years.
- (e) Resilient Construction Standard – a building or retrofit standard certified by the NFIA and DPWH as meeting elevated, flood-proofed, or otherwise risk-reducing design.
- (f) Financial Assistance for Acquisition or Construction – any loan, grant, guarantee, or subsidy by the government for acquiring, building, repairing, or improving property.
- (g) Low-Income Household – a household classified by the Philippine Statistics Authority (PSA) as poor or near-poor and residing in a designated SFHZ.
- (h) Parametric Insurance – an insurance product in which payout is triggered by an objective hazard parameter such as rainfall, river level, or storm-surge height.

All other terms defined under the Insurance Code and related laws shall apply.

SEC. 4. National Flood Insurance Authority. –

1. The NFIA is hereby created as an attached agency of the Department of Finance, in close coordination with the NDRRMC, Climate Change Commission (CCC), Project-Nationwide Operational Assessment of Hazards (Project NOAH), Government Service Insurance System (GSIS) and the Insurance Commission (IC).
2. The NFIA shall be governed by a Board of Trustees chaired by the Secretary of Finance and composed of:
 - (a) Administrator of NFIA (Vice-Chair);
 - (b) Representatives of the NDRRMC, IC, DOST-PAGASA, DENR-MGB, GSIS, Department the Interior and Local Government (DILG), the Department of Budget and Management (DBM), Department of Economy Planning and Development (DEPDev/formerly known as

NEDA), the League of Cities and Municipalities (LCM), one representative from the private-insurance industry, and one from academe with expertise in disaster-risk finance.

3. The NFIA shall:
 - (a) Identify and map flood-hazard zones and maintain an open-access geospatial database;
 - (b) Design and implement flood-insurance products, including parametric and indemnity-based policies;
 - (c) Accredite and regulate participating insurers and industry pools, subject to the supervisory authority of the Insurance Commission under RA 10607;
 - (d) Administer premium-subsidy programs for low-income households and LGUs;
 - (e) Establish and manage the National Flood Insurance Fund (NFIF);
 - (f) Provide technical and financial assistance to LGUs for risk-reduction and mitigation measures;
 - (g) Conduct training and education for insurance agents and local stakeholders.

SEC. 5. National Flood Insurance Program (NFIP). —

1. The NFIP shall make available affordable flood-insurance coverage for:
 - (a) Residential buildings, with priority for one- to four-family dwellings, and their contents;
 - (b) Multi-family residential structures and their contents;
 - (c) Small-business properties and contents;
 - (d) Agricultural structures and farm commodities;
 - (e) Other eligible nonprofit and LGU-owned properties as determined by the NFIA.
2. Coverage Limits (subject to actuarial review and indexation under Section 5-A):
 - (a) Residential: up to 5,000,000 per building;
 - (b) Multi-family structure: up to 10,000,000 per building;
 - (c) Contents of each residential unit: up to 1,000,000;
 - (d) Small-business structure: up to 10,000,000 per structure;
 - (e) Small-business contents: up to 10,000,000 x number of occupants (capped at ₱10,000,000 for the structure);
 - (f) Agricultural structures and farm contents: up to ₱5,000,000 aggregate per insured.
4. Premium-rating shall be risk-based and may vary by hazard zone and mitigation Status.
5. Premium discounts shall be granted to property owners who adopt resilient- construction or retrofitting measures.

SEC. 5-A. *Actuarial Review and Indexation of Coverage Limits and Premiums.*

1. The NFIA, in consultation with the Insurance Commission, shall conduct a comprehensive actuarial review of the Program every three (3) years, or earlier when warranted by extraordinary circumstances such as the declaration of a nationwide disaster or a sustained change in flood-hazard conditions.
2. The actuarial review shall be based on transparent, published parameters, including:
 - a. Historical and projected flood-loss experience by hazard zone, property class, and building type;
 - b. The latest nationwide flood-risk and exposure maps prepared under this Act;
 - c. The prevailing Property Construction Cost Index as officially published by the PSA or other competent authority;
 - d. The latest Consumer Price Index and inflation trends as certified by the Bangko Sentral ng Pilipinas (BSP);
 - e. Data on LGU compliance with risk-sensitive land-use and building-code regulations and their demonstrated effect on loss ratios;
 - f. The solvency margin and reserve requirements prescribed under the Insurance Code for insurers or pools underwriting NFIP policies;
 - g. The availability and pricing of reinsurance and catastrophe-risk-transfer instruments in the domestic or international markets.
3. On the basis of these parameters, the NFIA Board shall recommend to the Secretary of Finance and the Insurance Commissioner the appropriate adjustments in:
 - a. Coverage ceilings for each class of insured property;
 - b. Risk-based premium schedules and deductibles;
 - c. Eligibility for premium discounts for compliant structures or communities.
4. The recommended adjustments shall take effect only upon publication in two (2) newspapers of general circulation and posting on the NFIA website, and shall be subject to review by the appropriate Congressional Oversight Committee within thirty (30) days of publication.
5. Indexation Rule. – Unless otherwise provided by Congress, the coverage ceilings for each class of insured property shall be automatically adjusted every three (3) years by the percentage change in the official Property Construction Cost Index over the same period, rounded to the nearest PhP 50,000, provided that such adjustment shall not reduce any existing coverage limit.

SEC. 6. *Mandatory Purchase Requirement.* —

1. No government-linked loan, grant, or guarantee for the acquisition, construction, reconstruction, or improvement of a building in a SFHZ shall be approved unless the building and its contents are covered by flood insurance at least equal to the value of the improvements (excluding land) or the maximum available coverage, whichever is lower.
2. Coverage shall be maintained for the life of the property, regardless of change of ownership.
3. Exemptions:
 - a. Properties of LGUs with an approved self-insurance plan meeting NFIA solvency criteria;
 - b. Micro-loans of PhP 500,000 or less with a repayment term not exceeding two (2) years.
4. The BSP shall require all lending institutions to notify borrowers and lessees in writing and electronically about SFHZ status and the insurance requirement.

SEC. 7. *Premium Subsidies and Incentives.* —

1. The NFIA, subject to DBM and DOF approval, shall design a tiered premium- subsidy program for:
 - a. Low-income households in SFHZ;
 - b. LGUs implementing approved community-level flood-risk mitigation plans.
2. Subsidies shall be funded from the General Appropriations Act, the National DRRM Fund, and grants or concessional financing.
3. Additional premium discounts shall be granted to owners who retrofit or build to resilient-construction standards.

SEC. 8. *Flood-Hazard Mapping, Land, Use Compliance, and Mitigation.* —

1. The NFIA, with support from PAGASA, NAMRIA, DENR-MGB, DPWH, and recognized research institutions, shall:
 - a. Complete nationwide flood-hazard mapping within three (3) years of the Act's effectivity;
 - b. Update maps at least every three (3) years or sooner after major hydrological changes;
 - c. Provide an open-access geospatial platform for use by LGUs, lenders, and the public.

2. LGUs in SFHZ shall, within three (3) years, adopt and enforce risk-sensitive land-use plans, zoning ordinances, and building-code provisions consistent with NFIA criteria.
3. After such a period, the NFIA may suspend new flood-insurance coverage in non-compliant LGUs.
4. The NFIA shall implement a Flood-Risk Mitigation Grant Program for:
 - a. Elevation, relocation, or demolition of high-risk structures;
 - b. Acquisition of high-risk land for public use;
 - c. Community level nature based or structural flood risk reduction projects.

SEC. 9. *Consumer Protection, Claims, and Appeals.* –

1. The NFIA shall prescribe a standard flood-insurance policy, disclosure form, and claims handbook in both physical and electronic formats.
2. A digital claims-management system shall be established; parametric insurance options shall be offered for faster payouts.
3. A Flood-Insurance Appeals and Arbitration Panel, in coordination with the Insurance Commission, shall resolve disputes within prescribed timelines.
4. Claimants retain the right to seek judicial relief after exhausting administrative remedies.

SEC. 10. *Private-Sector Participation and Risk Transfer.* –

1. The NFIA shall encourage and regulate the creation of an Industry Flood-Insurance Pool to share risk among private insurers.
2. The NFIA may use reinsurance, catastrophe-bond issues, public-private partnerships, or other risk-transfer instruments to protect the Fund against extreme-event losses.

SEC. 11. *Funding.* –

1. A National Flood Insurance Fund (NFIF) is hereby established, consisting of:
 - a. Premium collections;
 - b. Government appropriations;
 - c. Reinsurance and catastrophe-risk-transfer proceeds;
 - d. Grants and concessional financing from development partners and other lawful sources.
2. The GAA shall provide an initial capitalization of Php5 billion to the NFIF.

3. The Fund shall be used exclusively for:
 - a. Payment of claims;
 - b. Premium subsidies;
 - c. Mapping, mitigation, and program administration.

SEC. 12. *Reporting and Oversight.* –

1. The NFIA shall submit to Congress an annual report on:
 - a. Program enrollment and financial Status;
 - b. Claims paid and outstanding;
 - c. Hazard-mapping updates and LGU compliance;
 - d. Results of mitigation-grant projects.
2. The Commission on Audit (COA) shall conduct triennial performance and financial audits.
3. Congress shall conduct a comprehensive program review every five (5) years.

SEC. 13. *Implementing Rules and Regulations.* – The NFIA, in consultation with the DOF, IC, NDRRMC, DILG, DPWH, DENR, BSP, and relevant stakeholders, shall promulgate the necessary Implementing Rules and Regulations within six (6) months from the effectivity of this Act.

SEC. 14. *Penalties.* –

1. Any official or lender who knowingly approves government-linked financial assistance for a property in a SFHZ without required flood-insurance coverage shall be liable for administrative and civil penalties as provided by regulation.
2. Misrepresentation of property location, building value, or mitigation compliance to evade premium or coverage requirements shall be subject to penalties under the Revised Penal Code, the Insurance Code, and other applicable laws.

SEC. 15. *Repealing Clause.* – All laws, decrees, orders, or regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC 16. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remaining provisions shall not be affected thereby.

SEC. 17. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,