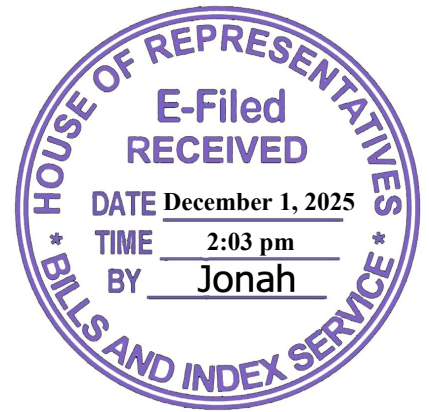


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6489



Introduced by:

HON. CHRISTOPHERSON “COCO” M. YAP

EXPLANATORY NOTE

This bill updates the Philippine Crop Insurance Corporation (PCIC) charter to match present climate and market realities. It has two core objectives: (1) expand PCIC’s statutory service scope to explicitly include livestock, poultry, aquaculture/fisheries, and non-crop agricultural assets, and to authorize both indemnity and index/parametric insurance; and (2) expressly allow and structure private sector participation through co-insurance, reinsurance, MGA/agency distribution, risk pools, data-sharing, and PPPs under Insurance Commission oversight.

The PCIC’s mandate, as revised by Congress, already recognizes broad coverage and Board flexibility. As the law provides:

“The Corporation shall insure 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 without prejudice to the inclusion of other non-crop agricultural assets such as but not limited to machineries equipment, transport facilities and other related infrastructures, as the Board of Directors of the Corporation may determine.”
— R.A. 8175

Likewise, the charter empowers the Board to set premiums and expand to “other insurance lines,” while government premium subsidies focus on subsistence farmers cultivating not more than seven hectares (R.A. 8175). PCIC’s linkage with supervised credit programs is recognized in earlier amendments to its charter (P.D. 1733), and its creation and core purpose are laid down in P.D. 1467.

However, operational practice and jurisprudence show the need to formalize modern tools and partnerships so that:

- (a) Catastrophic and systemic risks driven by climate change can be transferred efficiently (e.g., through reinsurance and parametric products), while preserving affordability for smallholders via authorized premium subsidies under the PCIC charter (R.A. 8175).
- (b) Distribution and servicing capacity can be scaled nationwide by accrediting private insurers, mutuals, cooperatives, and agents, and by enabling digital enrollment and claims.
- (c) Fisheries and aquaculture producers, integral to food security, are explicitly within scope, along with non-crop assets essential to production and post-harvest.

The bill therefore:

- (a) updates Section 1 to enumerate eligible persons and assets and to authorize both indemnity and index/parametric coverage; and
- (b) updates Section 3.11 to enumerate PCIC's powers to partner with private entities through co-insurance, reinsurance and risk pools; to accredit private distributors/MGAs; to adopt digital platforms and open data-sharing protocols; and to enter PPPs, all subject to the Insurance Code and data privacy requirements.

These amendments preserve existing subsidy rules and do not diminish farmer protections. They are designed to increase risk capacity and speed of claims without expanding unfunded mandates.

In the Nineteenth Congress, the House of Representatives approved a similar measure on Third Reading as House Bill No. 7387 on March 21, 2023.

In view of the foregoing, **ug sa ngalan sa SERBISYONG TINUORAY**, the undersigned respectfully requests the immediate passage of this measure.


CHRISTOPHERSON "COCO" M. YAP
Representative, Second District of Southern Leyte

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HON. CHRISTOPHERSON “COCO” M. YAP

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

Be it enacted by the Senate and 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 purposes. The Corporation shall insure **[qualified]** farmers against losses arising from natural calamities, plant diseases, and pest infestations. **[Initially,]** **[t]** The Corporation shall provide insurance coverage for **ALL AGRICULTURAL COMMODITIES, INCLUDING** palay crops, and **[later on to]** other crops, without prejudice to the inclusion of other non-crop agricultural assets, such as **[but not limited to]** **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 **[crop]** 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.”**

SECTION 3. 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, expansion to other insurance lines, **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, OR FOREST PLANTATIONS,** in order to address **THE** insurance needs of the target sector and to do and perform acts and things and to exercise all the general powers conferred by law upon the Corporation as are incidental or conducive to the attainment of the objectives of the Corporation.”

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

“9.1. THE POWERS OF THE PCIC SHALL BE VESTED IN AND EXERCISED BY ITS BOARD OF DIRECTORS, COMPOSED OF EIGHT (8) MEMBERS AS FOLLOWS:

- 1. SECRETARY OF FINANCE, AS EX OFFICIO CHAIRPERSON;**
- 2. PRESIDENT OF THE PCIC AS EX OFFICIO VICE-CHAIRPERSON;**
- 3. PRESIDENT OF THE LANDBANK;**
- 4. SECRETARY OF THE DEPARTMENT OF AGRICULTURE (DA);**
- 5. ONE (1) REPRESENTATIVE FROM THE PRIVATE INSURANCE INDUSTRY TO BE NOMINATED BY THE SECRETARY OF FINANCE; AND**
- 6. THREE (3) REPRESENTATIVES FROM THE SUBSISTENCE FARMERS' SECTOR, PREFERABLY REPRESENTING AGRARIAN REFORM BENEFICIARIES, COOPERATIVES, OR MINDANAO, WHO SHALL BE SELECTED AND NOMINATED BY THE DIFFERENT FARMERS' ORGANIZATIONS OR COOPERATIVES.”**

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

“9.4 THE CHAIRPERSON AND THE MEMBERS OF THE BOARD SHALL EACH RECEIVE PER DIEM PURSUANT TO EXISTING LAWS, FOR EACH MEETING OF THE BOARD ACTUALLY ATTENDED: PROVIDED, THAT IN THE CASE OF THE REPRESENTATIVES OF THE SUBSISTENCE FARMERS' SECTOR, THE BOARD IS AUTHORIZED TO PROVIDE FUNDS TO DEFRAY THE COST OF REASONABLE TRAVEL EXPENSES AND, IF NECESSARY, SUBSISTENCE EXPENSES IN ADDITION TO PER DIEM.”

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

“SEC. 11-B. NO CLAIM BENEFITS. – ANY INSURED FARMER WHO HAS NOT FILED ANY CLAIM DURING THE IMMEDIATELY PRECEDING THREE (3) CROP SEASONS, OR ANY INSURED FISHPOND OR FISH CAGE OPERATOR WHO HAS NOT FILED ANY CLAIM DURING THE IMMEDIATELY PRECEDING

THREE (3) HARVEST SEASONS, SHALL BE ENTITLED TO A NO-CLAIM BENEFIT OF AT LEAST TEN PERCENT (10%) OF HIS PREMIUM SHARE PAID FOR SAID CROP SEASONS TO BE DEPOSITED IN A TRUST FUND AND TO BE MANAGED BY THE CORPORATION. SUCH TRUST FUND MAY BE USED TO FINANCE PREMIUM REBATE OR PREMIUM CREDIT APPLICABLE TO THE IMMEDIATELY FOLLOWING CROP SEASONS AS DETERMINED BY THE BOARD OF DIRECTORS."

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

"SEC. 14. INTER-AGENCY LINKAGES. - TO SUPPORT AND PROMOTE THE OPERATIONS OF THE CORPORATION, ALL GOVERNMENT DEPARTMENTS, BUREAUS, OFFICES, AGENCIES AND INSTRUMENTALITIES, NATIONAL OR LOCAL, ALL LENDING INSTITUTIONS, GOVERNMENT OR PRIVATE, NOW OR HEREAFTER ENGAGED IN THE SUPERVISED CREDIT PROGRAM TO FARMERS AND FISHERFOLK, AND SUCH OTHER PUBLIC OR PRIVATE ENTITIES AS MAY BE CALLED UPON BY THE CORPORATION, SHALL ACT AS COOPERATING AGENCIES TO THE CORPORATION, AND FOR THIS PURPOSE, ARE HEREBY DIRECTED TO DESIGN THEIR POLICIES, PROGRAMS, RULES AND REGULATIONS SO AS TO ATTUNE AND SYNCHRONIZE THEM WITH THE OBJECTIVES OF THE CORPORATION."

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

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

SECTION 9. If any provision or part hereof is held unconstitutional or invalid, the remainder of the law, or the provisions not otherwise affected shall remain valid and subsisting.

SECTION 10. Any provision of Presidential Decree No. 1467, as amended, and all other laws inconsistent herewith are hereby repealed or modified accordingly.

SECTION 11. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,