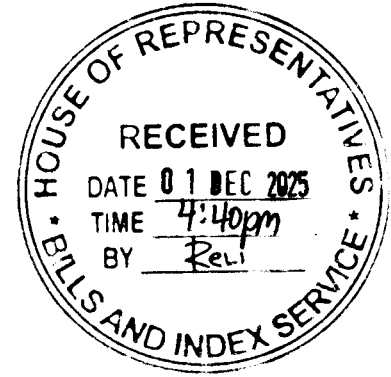


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. **6519**

Introduced by Representative JB BERNOS
And Representative CHING BERNOS

**AN ACT ESTABLISHING A REGULATORY FRAMEWORK AND PROGRAM FOR A
FREE WEATHER INDEX-BASED CROP INSURANCE TO STRENGTHEN THE
RESILIENCE OF SMALL FARMERS AGAINST CLIMATE CHANGE AND
EXTREME WEATHER RISKS, AND PROVIDING FUNDS THEREFOR**

EXPLANATORY NOTE

The worsening impacts of climate change continue to threaten the country's agricultural productivity, with small farmers suffering the heaviest losses. In 2023 and 2024 alone, successive episodes of El Niño and localized flooding destroyed more than ₱10 billion worth of crops nationwide, leaving tens of thousands of farmers in debt and unable to recover before the next planting cycle. As of 2025, only about 30% of the country's agricultural land is insured under the traditional crop insurance system managed by the Philippine Crop Insurance Corporation (PCIC) which is a model that remains reactive, paperwork-heavy, and slow in delivering payouts. This exposes the majority of small farmers to financial ruin after every extreme weather event, perpetuating cycles of poverty and food insecurity.

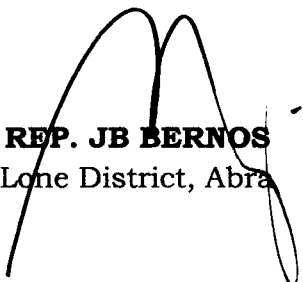
Article XII, Section 1 of the 1987 Constitution declares that the goals of the national economy include equitable distribution of opportunities, sustained productivity, and raising the quality of life for all. Article XIII, Section 1 further mandates the State to adopt measures that protect and enhance the right of all people to human dignity, reduce inequalities, and remove cultural inequities. Consistent with these constitutional principles, this measure seeks to strengthen the country's disaster risk reduction and agricultural resilience framework, in line with Republic Act No. 9729 or the Climate Change Act of 2009 and Republic Act No. 10121 or the Philippine Disaster Risk Reduction and Management Act of 2010.

The proposed "Weather Ready Farmers Act" establishes a Free Weather Index-Based Crop Insurance (FIBCI) Program, a nationwide initiative designed to protect small farmers from weather-related losses through an objective, science-based, and automatic payout mechanism. Unlike traditional insurance that

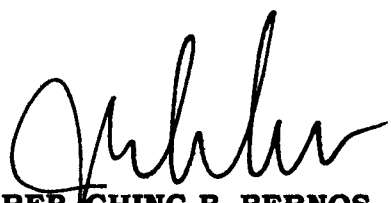
requires on-site loss assessments, weather index-based insurance uses measurable parameters, such as rainfall, temperature, and wind speed, recorded by independent weather stations to trigger payouts once certain thresholds are breached. This innovation ensures rapid compensation, minimizes administrative delays, and eliminates disputes over loss verification.

The bill creates the FIBCI Program Management Office (PMO) under the Insurance Commission to oversee implementation, coordinate with the Department of Agriculture, PAGASA, LGUs, and private insurance providers, and manage a centralized Weather Risk Data Center. It establishes a ₱5.8 billion Premium Subsidy Fund to provide free insurance coverage for small farmers cultivating up to five hectares and sets up a ₱500 million Index-Based Risk Mitigation Fund to ensure the sustainability of payouts. Furthermore, it allows partnerships with private insurance companies, cooperatives, and meteorological data providers to expand coverage and improve accuracy.

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



REP. JB BERNOS
Lone District, Abra



REP. CHING B. BERNOS
SOLID NORTH Party-List

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

SECTION 1. Short Title. – This Act shall be known as the “Weather Ready Farmers Act.”

SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to ensure food security, intensify food production, and increase climate resiliency of the country's agricultural communities by ensuring the availability of critical safety nets to help farmers and agricultural producers withstand the adverse impact of disastrous weather events, facilitate their prompt recovery from crop damage or crop devastation which often lead them to uncompensated losses, heavy financial burden and unpaid debts.

Recognizing the increasing frequency and/or severity of droughts, fires, floods and storms, the Climate Change Act of 2009 (RA 9729) has sought to “create an enabling environment for the design of relevant and appropriate risk-sharing and risk-transfer instruments”; and to “coordinate with local government units (LGUs) and private entities to address vulnerability to climate change impacts of regions, provinces, cities and municipalities.”

The Philippine Disaster Risk Reduction and Management Act of 2010 (RA 10121), has also it declared policy of the State to:

- (a) Xx “Uphold the people's constitutional rights to life and property by addressing the root causes of vulnerabilities to disasters, strengthening the

country's institutional capacity for disaster risk reduction and management and building the resilience of local communities to disasters including climate change impacts"; xx

- (b) Xx "Incorporate internationally accepted principles of disaster risk management in the creation and implementation of national, regional and local sustainable development and poverty reduction strategies, policies, plans and budgets"; xx
- (c) Xx "Institutionalize the policies, structures, coordination mechanisms and programs with continuing budget appropriation on disaster risk reduction from national down to local levels towards building a disaster-resilient nation and communities"; xx

In view thereof, the State shall strengthen and harmonize government initiatives and programs to effectively address the weather and climate risks faced by small agricultural producers in the Philippines, and extend crop insurance coverage to ensure food security and stronger resiliency in crops and agricultural production. In order to reach out and serve the greatest number of Filipino farmers, fisher-folk and agricultural producers, the State shall encourage private insurance service providers to complement the government crop insurance programs by way of innovative risk sharing mechanisms, specifically weather index-based crop insurance programs.

SEC. 3. Definition of Terms. – For the purpose of this Act, the following terms are defined:

- (a) Insurance - refers to the service rendered by insurance providers to protect the insured clients against the probability of a large unexpected loss through the transfer and sharing of risks to compensate for unexpected but financially disastrous events. A contract of insurance is an agreement whereby one undertakes for a consideration to indemnify another against loss, damage or liability arising from an unknown or contingent event;
- (b) Crop insurance - refers to an insurance service to protect farmers and agriculture producers against financial losses and uncertainties brought about by crop failures, pests, extreme weather conditions and/or other causes beyond their control;
- (c) Weather Index-based Crop Insurance (WIBCI) - refers to an innovative insurance product that aims to provide prompt insurance payout against the incidence of extreme weather conditions through the use of scientifically measurable weather parameters such as rainfall, temperature, frost, humidity and/or other gauges as proxy and transparent indicators of the occurrence of an adverse event;
- (d) Payout - refers to the amount paid or to be paid by the insurance service provider on account of the occurrence of an event, such as the breach of an agreed lower or upper limit in weather indicators, as may be indicated in an insurance contract;

- (e) Triggers - refers to threshold measurement points for the selected weather index parameter or indicator at which the insurance contract starts to pay out;
- (f) Reference Unit Area (RUA) - refers to a contiguous geographical area such as a group of barangays, municipality or city as may be covered or monitored by a Reference Weather Station (RWS);
- (g) Reference Weather Station (RWS) - refers to a specific meteorological station for each insurance contract as the named reference station from which the observed weather parameter/s shall be obtained. This may be a particular weather facility including: (1) weather stations and rain gauges of Philippine Atmospheric Geo-Physical and Astronomical Services Administration (PAGASA); (2) automated weather stations (AWS) under Project NOAH of the Department of Science and Technology – Advanced Science and Technology Institute (DOST-ASTI); (4) any WMO-compliant or internationally certified private or university-based weather station; and/or (4) satellite-based remote sensing and weather observation services; and
- (h) Small Farmers/Producers - refers to farmers whose combined farmholdings cover an area of not more than five hectares.

SEC. 4. Free Index-Based Crop Insurance Framework. – There is hereby established a nationwide Free Weather Index-based Crop Insurance (FIBCI) Program that shall operate under the following policy framework:

4.1 Weather Index-Based Insurance Product. The typical core features of an index-based insurance product shall be present in a crop insurance contract under the Program, as follows:

4.1.1 An agreed weather reference index, such as, but not limited to rainfall (mm), wind speed (kilometers per hour) and temperature (degrees) whose quantification is provided for each Reference Unit Area and for which data is monitored, reported and certified by an independent third-party service provider such as PAGASA or any DOST-ASTI recognized private professional meteorological information service providers;

4.1.2 A Reference Weather Station as the named meteorological station from which the observed weather parameter shall be obtained;

4.1.3 A trigger reference point for the agreed index parameter;

4.1.4 A payout or lump sum insurance payment amount that shall be based on a pre-determined schedule that takes into account the actual area planted; and

4.1.5 Phases of crop growth that will be covered by the insurance – which may refer to a separate trigger and partial payout for each phase of vegetative growth, or a threshold indicator for one whole cropping or growing period.

4.3 Stakeholders and Participants. The main beneficiaries of the FIBCI program shall be the Filipino farmers and agriculture and fisheries producers or farmers' cooperatives who shall register with their respective Local Government Units (LGUs) for the particular crop or production insurance program offered by the LGU as a group policy through accredited insurance providers. As may be deemed necessary by the LGUs, local funds may be set aside to complement the premium subsidies that will be provided by the national government. The beneficiary farmers may also pay premium for added insurance features that may be offered by providers.

4.4 No Need for Calamity Declaration. Any breach of the insurance parameters as stated in the FIBCI policy contracts shall be the sole trigger or basis for any payout and shall not require the declaration of a state of calamity by the LGU in order to trigger the obligation of the insurer to the insured farmers/producers.

SEC. 5. Program Administration. – There is hereby created a FIBCI Program Management Office (PMO), under the Office of the Insurance Commissioner, that will focus on establishing the needed coordination mechanisms to implement the program, and popularizing farmers' regular use of Weather Index-Based Crop Insurance. The FIBCI-PMO shall:

- (a) Coordinate with the various stakeholders, including the Department of Agriculture, National Disaster Risk Reduction & Management Council (NDRRMC), Local Government Units (LGUs), farmers' groups, insurance service providers and the scientific community, on the widest possible implementation of the FIBCI program based on the rules and guidelines formulated by its Board;
- (b) Establish and maintain, a Weather Risk Data Center for index-based agriculture insurance, which information may be obtained from various sources, including PAGASA, Philippine Crop Insurance Corporation records, Project NOAH, agriculture colleges and universities, other government research institutions, and commercial sources such as satellite-based weather monitoring services;
- (c) Monitor, in coordination with the Insurance Commission, the progress and concerns of all index-based agriculture insurance providers in the country;
- (d) Accept the participation of national and region-based insurance providers or insurance pools and intermediaries such as brokers, and insurance agents and meteorological information support professionals – that are registered/accredited with the Insurance Commission to develop and register insurance products based on actuarially sound insurance and re-insurance principles and science and evidenced-based weather analysis.
- (e) Coordinate with the municipalities and cities and farmers' cooperative federations that are eligible to undertake the FIBCI Program in order to facilitate their access, registration and participation to the FIBCI Program as a group insurance facility.
- (f) Undertake, in partnership with the scientific communities, the development and conduct of pilot studies on other crops and agriculture produce as well as on other innovative modes of risk management that will encourage participation in index-based insurance and re-insurance; and

- (g) Oversee, monitor and ensure compliance by the relevant parties in the implementation of the Program and the provisions of the index-based insurance and re-insurance contracts.

An Executive Director shall be appointed to formulate the agency's organization plan, strategic and operational plans, and annual budgets which shall exceed 2% of the total Premium Subsidies to be allotted for the fiscal year.

SEC. 6. FIBCI Oversight Board. – The PMO shall adhere to the Micro-Agri Policy Framework adopted by the Insurance Commission. An Oversight Board shall convene at least twice a year to monitor and oversee the operation of the FIBCI program and the administration of all index-based agriculture insurance in the country. This shall be composed of the heads of the following institutions and agencies, or their designated permanent representatives:

1. Insurance Commission, to serve as Chairman
2. Department of Agriculture
3. Department of Interior and Local Government
4. Cooperatives Development Authority
5. National Disaster Risk Reduction and Management Council (NDRRMC)
6. Philippine Atmospheric Geophysical Astronomical Services Administration (PAGASA)
7. DOST-ASTI
8. Three (3) farmers, representing farmer organizations or farmer cooperative federations from the country's three major island groups - to be appointed by the President of the Philippines, and
9. Three (3) representatives from the insurance industry, including the Philippine Crop Insurance Corporation and two (2) from the private sector.

The Board shall have the following functions:

- (a) Confirm or approve the organization plans, strategic and operational plans, and annual budgets to be submitted in the developed, managed, and monitored by PMO, with the end in view of ensuring proper and transparent implementation of the Program with the widest possible outreach for small farmers;
- (b) Formulate the rules and guidelines for the implementation and monitoring of index-based crop insurance programs, taking into account actuarially sound insurance and re-insurance principles;
- (c) Fix and regularly update the maximum levels of insurance coverage levels and maximum premiums that can be used as basis for subsequent budgets of the FIBCI and other related programs; and
- (d) Prepare, through the PMO, an annual report on the implementation and extent of availment by farmers and LGUs of the FIBCI program.

SEC. 7. Role of PAGASA and Other Weather Information Providers. – The Philippine Atmospheric Geophysical and Astronomical Service Administration (PAGASA), consistent with its mandates under the PAGASA Modernization Act of 2015 (or R.A. No. 10692), shall provide adequate, up-to-date, and timely

information on atmospheric, astronomical, and other weather-related phenomena as well as assessments pertinent to climate change adaptation programs, such as weather index-based insurance.

PAGASA, through its Unified Meteorological Information System, and relevant research institutions, the Project NOAH of DOST-ASTI, and relevant state universities, shall continue to conduct and publish correlation and other scientific studies, prepare computerized analytical systems, and accessible weather information, and analysis of future climate scenarios, among others.

Pursuant to Sections 10 and 11 of R.A. 10692, PAGASA may partner with relevant scientific organizations, research organizations and/or the private sector entities for the implementation of Specialized Services and Cost Recovery Programs and may collect a minimal service fee for its Weather Data Certifications.

The accredited index-based insurance service providers may partner with recognized satellite-based weather information service agencies as their alternative source and basis for determining the weather thresholds and risk levels. Insurance providers utilizing satellite-based weather information services shall report to the FIBCI-PMO details on the objectivity and reliability of such weather information facilities. The assistance of meteorological information support professionals may be sought to calculate and analyze the risk levels or provide computations to complement the data from weather stations of PAGASA, Project NOAH facilities and other monitored public or privately-owned weather sensors.

SEC. 8. Role of Local Government Units. – The FIBCI Program shall be implemented by city and municipal LGUs for the farmers and farm crops within their areas of jurisdiction. The LGU shall conduct an education and information campaign regarding the FIBCI program as a group or community crop insurance facility and conduct an information and education campaign with the help of their barangay officials and representatives of participating insurance providers. The farmers shall formally register with the Municipal or City Agriculturist at least 45 days prior to the start of crop planting, and be provided with a policy contract for the free weather index crop insurance, indicating the crop to be insured, farm area and location, start of planting and expected harvest schedule and their estimated cost of production using their latest expected prices of farm inputs.

The Municipal or City Agriculturist shall electronically collate the farmers' registration information and provide the PMO a report on the average cost of production for the on-going year for the particular crop covered, to be electronically submitted to the Provincial Agriculturist and the PMO at least 20 days prior to the start of the planting season. The provincial agriculturists shall submit their expected cropping calendar for the covered crops in the various municipalities and agriculture-based cities in their respective provinces.

SEC. 9. Free Premium and Source of Funding. – To subsidize the free premiums of farmers under the FIBCI Program, the amount of P5.8 billion shall be set aside

from their current year's Risk Management Fund to form the initial FIBCI Premium Subsidy Fund. This fund shall be included as an additional line item in subsequent annual national appropriations, as part of the Climate Change adaptation and disaster risk mitigation, the amount of which shall be automatically augmented in proportion to the applicable inflation rate adopted by the Development Budget Coordinating Council for the ensuing year.

The insurance premium subsidies for the crops and farms of the registered farmers shall be securely transmitted electronically to the selected insurance provider based upon the submission of the list of registered farmers by the LGUs and/or CDA accredited cooperative federations to the PMO; Provided that the premium amount for the insurance coverage will not exceed six percent (6%) of the average cost of crop production, as certified by the city or municipal agriculturist for the on-going production year. The insurance service providers shall immediately submit reports to the concerned LGU and the FIBCI-PMO on their covered farms and insurance clients for the relevant Reference Unit Areas. The insurance providers may independently conduct marketing activities to advertise and popularize their insurance services.

SEC. 10. Appropriations. – There is hereby created an Index-Based Risk Mitigation Fund to be managed by the PMO. Any and all unutilized amounts under the FIBCI program for any given year shall accrue to this Fund and may be used to further enhance index-based insurance in the country such as any of, but not limited to, the following purposes: institution and capacity building, information and education campaigns, the enhancement and updating of the data analytics center, and improvement of communication and coordination between and among the key stakeholders, especially the small farmers.

SEC 11. Tax Exemptions. – All premium payments paid for index-based insurance contracts registered with the LGUs and coordinated with the PMO shall be exempt from VAT and other relevant transaction taxes, including Documentary Stamp Taxes.

SEC. 12. Transitory Provisions. – Initially, the FIBCI Program may commence for rice and corn in Reference Unit Areas where weather and crop-correlation data may have been compiled and where the insurance and re-insurance providers may offer their weather index-based crop insurance service. Within a period of five years from the approval of this Act, the PMO shall coordinate and partner with the scientific community and relevant research and academic institutions on the development of weather and crop-correlation data and other needed studies to widen the coverage of weather index-based insurance to other agricultural crops and livestock

SEC. 13. Penalty Clause. – For the areas and communities that the FIBCI-PMO declared as eligible under the FIBCI Program, the elected LGU officials, key administrative officers, including but not limited to the Municipal/City Agriculturist, Treasurer, and Accountant shall be administratively liable for non-implementation of the weather index insurance for their farmers, subject to

Chapter 7 Sections 47 and 48 of the Administrative Code (E.O. 292), as amended, and Rule XI (Penalties) under the Code of Conduct and Ethical Standards for Public Officials and Employees, (R.A. No. 6713).

SEC. 14. Implementing Rules and Regulations. – Within sixty (60) days from the effectivity of this Act, the Insurance Commissioner shall convene the FIBCI Oversight Board to formulate and adopt the Implementing Rules and Regulations of this Act within the ensuing period of three months. The IC shall provide secretariat support to the Board.

SEC. 15. Separability Clause. – If any portions or provisions of this Act are declared unconstitutional or invalid, the remaining portions or provisions not otherwise affected shall remain valid and subsisting.

SEC. 16. Repealing Clause. – All laws, presidential decrees, executive orders, memoranda, circulars, and other issuances, or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

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

Approved,