

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 6692

Introduced by **REP. BERNADETTE "DETTE" G. ESCUDERO**

AN ACT
STRENGTHENING PHILIPPINE DISASTER RISK FINANCING,
INSTITUTIONALIZING A PHILIPPINE DISASTER RISK FINANCING AND
INSURANCE STRATEGY FOR PUBLIC INFRASTRUCTURE ASSETS, AND
APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

The 1987 Constitution mandates that the "[t]he State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature." (Article XIV, Section 1).

Fulfilling this constitutional duty in a disaster-prone country requires more than just environmental stewardship but demands comprehensive preparedness. The challenge of disaster risk reduction is ever-present to address by the state, and while we are adept at rescue and recovery, we must be equally strategic in protecting the financial foundations of our public services.

This proposed measure encapsulates our innovative strategy and a decisive action to national resilience. This structured financial framework will use modern tools, such as insurance and risk pooling, to provide immediate release of funds following a catastrophic event. This shifts reliance from slow, ad-hoc appropriations, ensuring costs to public infrastructure are managed, essential services are uninterrupted, and fiscal stability and rapid recovery are achieved.

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


HON. BERNADETTE "DETTE" G. ESCUDERO

Representative
1st District, Sorsogon

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6692

Introduced by **REP. BERNADETTE "DETTE" G. ESCUDERO**

AN ACT
STRENGTHENING PHILIPPINE DISASTER RISK FINANCING,
INSTITUTIONALIZING A PHILIPPINE DISASTER RISK FINANCING AND
INSURANCE STRATEGY FOR PUBLIC INFRASTRUCTURE ASSETS, AND
APPROPRIATING FUNDS THEREFOR

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 "Public
2 Infrastructure Financing and Insurance Act".
3

4 **SEC. 2. Declaration of Policy.**— The State shall ensure a diverse and multi-
5 layered financing strategy to safeguard its public infrastructure assets from
6 debilitating damage arising from natural or man-made disasters and ensure the
7 continuous and effective delivery of goods and services.
8

9 The State further commits to aligning all disaster risk financing and insurance
10 measures with global best practices in climate resilience, sustainable infrastructure
11 development, and long-term public asset protection. It shall likewise ensure
12 transparency, accountability, open data access, and public participation in all
13 Disaster Risk Financing and Insurance (DRFI) processes to strengthen institutional
14 trust and efficiency.
15

16 All DRFI strategies shall incorporate the latest climate science, catastrophe
17 modeling, actuarial assessments, and digital modernization tools, including artificial
18 intelligence and geospatial analytics, to support evidence-based decision-making. To
19 this end, the State shall coordinate all existing disaster response financing in relation
20 to the repair, reconstruction, rehabilitation, and mitigation of public infrastructure
21 assets, and shall develop and implement a similar DRFI strategy with the private
22 sector.
23

1 The DRFI strategy shall follow up-to-date internationally-accepted disaster
2 risk financing principles and standards, shall be information and data-driven, and
3 shall be anchored on a robust public asset management system. The DRFI strategy
4 shall also integrate and utilize up- to-date technology, such as but not limited to
5 artificial intelligence, to advance and optimize current practices in its
6 implementation.

7
8 **SEC. 3. Definition of Terms.**– For the purposes of this Act, the following
9 terms shall be used as follows:

- 10 a) "Asset Management"- refers to a set of interrelated and interacting
11 elements of an organization, whose function is to establish the asset
12 management policy and asset management objectives, and the
13 processes needed to achieve those objectives under the ISO
14 55000:2014 . Elements of the AMS include the policies, plans, business
15 processes and information systems, which are integrated to give
16 assurance that the asset management activities will be delivered in line
17 with organizational objectives.
- 18 b) "Disaster" – refers to a serious disruption of the functioning of a
19 community or a society involving widespread human, material,
20 economic or environmental losses and impacts, which exceeds the
21 ability of the affected community or society to cope using its own
22 resources. Disasters are often described as a result of the combination
23 of: the exposure to a hazard; the conditions of vulnerability that are
24 present; and insufficient capacity or measures to reduce or cope with
25 the potential negative consequences, Disaster impacts may include loss
26 of life, injury, disease and other negative effects on human, physical,
27 mental and social well-being, together with damage to property,
28 destruction of assets, loss of services, Social and economic disruption
29 and environmental degradation.
- 30 c) "Disaster Risk" – refers to the potential disaster losses in lives, health
31 status, livelihood, assets and services, which could occur to a particular
32 community or a Society over some specified future time period.
- 33 d) "Government" – refer to the entire government structure and, as the
34 context may require, shall include local government units, national
35 government agencies, and government-owned and controlled
36 corporations, whether considered collectively or individually and
37 separately.
- 38 e) "Parametric Insurance" – refers to an insurance mechanism in which
39 payouts are triggered automatically upon the occurrence of predefined
40 disaster parameters or indices, without requiring physical loss
41 assessment.
- 42 f) "Catastrophe Bonds (Cat Bonds)" – refers to a risk-linked securities
43 that transfer disaster-related losses to capital market investors based
44 on agreed triggers.
- 45 g) "Resilience" – refers to the capacity of public assets to anticipate,
46 absorb, recover from, and adapt to disaster impacts while maintaining
47 essential functions.

- 1 h) "Public Infrastructure Assets" – shall include both physical and digital
2 infrastructure, including communication systems, data centers, fiber
3 optic networks, and essential cybersecurity systems.
4
5

6 **SEC. 4. Scope and Coverage.**– This Act shall apply to all public
7 infrastructure assets owned by the Government, including those owned under
8 Republic Act No. 6957 or the Build-Operate- Transfer Law, as amended. Assets
9 covered under this Section shall include:
10

- 11 a) Buildings, including but not limited to, schools, hospitals, and
12 government offices;
13 b) Roads;
14 c) Bridges;
15 d) Airports;
16 e) Ports;
17 f) Railways;
18 g) Power generation and transmission structures;
19 h) Water resource management and supply structures;
20 i) Critical digital infrastructure such as data centers, communication
21 towers, cybersecurity systems, and fiber optic networks;
22 j) Lifeline and climate-resilient infrastructure such as flood-control
23 systems, irrigation networks, drainage systems, and waste
24 management facilities. and
25 k) Other similar structures necessary for effective public service delivery.
26 Insurance and non-insurance financing shall cover repair,
27 reconstruction, and rehabilitation or other similar activities to be
28 undertaken as a result of disasters, natural or man-made in origin, to
29 ensure asset recovery and continuity of public service delivery.
30

31 **SEC. 5. Disaster Risk Financing and Insurance Council.**– A council
32 which shall be known as the Disaster Risk Financing and Insurance Council (DRFIIC)
33 is hereby created, which shall be headed by the Secretary of the Department of
34 Finance (DOF) as the Chairperson, with the Secretary of the Department of Budget
35 and Management (DBM) and the Secretary of the Department of Economy, Planning,
36 and Development (DEPDev) as Vice Chairpersons.
37

38 The DRFIC shall be further composed of the following members:

- 39 a) Secretary of the Department of Science and Technology (DOST);
40 b) Secretary of the Department of Information and Communications
41 Technology (DICT);
42 c) Secretary of the Department of Internal and Local Government (DILG);
43 d) Secretary of the Department of National Defense (DND);
44 e) Secretary of the Department of Public Works and Highways (DPWH);
45 f) President of the Government Service Insurance System (GSIS);
46 g) Executive Director of the Climate Change Office of the Climate Change
47 Commission;
48 h) Chairperson of the Governance Commission for GOCCs (GCG); and

- 1 i) Chairperson of the Philippine Competition Commission (PCC).

2
3 **SEC. 6. Powers and Functions of the DRFIIC.**– The DRFIIC shall be
4 empowered with policy-making, coordination, and monitoring and evaluation
5 functions, as follows:

- 6 a) Develop a strategic and comprehensive Disaster Risk Financing and
7 Insurance for Public Assets Framework, hereinafter referred to as the
8 DRFI Framework, which shall ensure a streamlined, seamless,
9 responsive, and timely financing for disaster-related repair,
10 reconstruction, mitigation, and rehabilitation of public assets through
11 both non-insurance and insurance financing mechanisms. Financing
12 shall be secured from a combination of sources, such as the public
13 sector, the private sector, or from relevant international financing
14 mechanisms of which the Government of the Republic of the
15 Philippines is a party thereto, to ensure a multi-layered protection for
16 public assets;
17 b) Promote policies which shall attract, develop, and expand domestic and
18 overseas investment and capital for disaster risk-related financing;
19 c) Develop and maintain a digital, reliable, and secure asset management
20 system and enforce the adoption of a unified national disaster risk data
21 standard across all government agencies and LGUs to ensure
22 interoperability;
23 d) Conduct relevant valuation, analysis, risk modeling, and forecasting of
24 public asset- related data to identify, develop, and enhance DRFI
25 policies;
26 e) Ensure the data integrity of the NARS;
27 f) Manage and ensure the insurance of Government public assets;
28 g) Review and approve the proposed insurance policies to be entered by
29 the Government with the Consortium;
30 h) Develop and establish insurance claim guidelines in coordination with
31 the Consortium;
32 i) Ensure competitive practice within the Consortium;
33 j) Exercise general oversight and regularly monitor and evaluate
34 compliance and performance of the Consortium;
35 k) Develop and maintain an integrated, centralized, and interoperable
36 digital claims management module which shall track, facilitate, and
37 record:
38 1. Public asset insurance transactions such as claims and claims
39 payments between the Government and the Consortium;
40 2. Financing requests and payments charged under the National
41 Disaster Infrastructure Response Fund (NDIRF); and
42 3. Financing requests to the international financing instruments,
43 such as but not limited to the Loss and Damage Fund. Provided,
44 That the digital module shall have a separate sub-module for
45 insurance-related transactions falling under subparagraph (1) of
46 this subsection, and shall be accessible and integrated into the
47 insurance claims mechanism of the Consortium.
48

- l) Require all government agencies to submit updated exposure, vulnerability, and asset condition data to the NARS annually, subject to audit;
- m) Manage, under a separate and special account the and the National Disaster Response for Infrastructure Fund (NDRIF);
- n) Provide guidelines and criteria for funding under the NDRIF; Provided, that after evaluation and approval of the funding request, the DRFIIC shall authorize the release of funds from the same;
- o) Provide guidelines and criteria for funding under the Loss and Damage Fund with the Loss and Damage Fund Board, as provided by Republic Act No. 12019 or the Loss and Damage Fund Board Act, and all other international financing mechanism available with the respective managing bodies;
- p) Provide guidelines for the monitoring, evaluation, and auditing of the utilization of public asset financing from all applicable sources as provided under subsection (a) of this Section;
- q) Submit annual monitoring and evaluation reports of the on the utilization of public asset financing from all applicable sources to the Commission on Audit (COA);
- r) Create additional plantilla positions and/or subordinate offices as may be necessary to perform the functions of the DRFIIC, subject to the approval of the DBM;
- s) Ensure guidelines, criteria, and relevant processes in relation to DRFIPA are standardized and non-redundant as far as practicable to cut bureaucratic red tape and ensure swift service delivery;
- t) Engage international development partners, multilateral institutions, and global DRFI facilities to expand access to international risk financing instruments.
- u) Perform such other functions and implement additional policies as may be necessary for the effective implementation of this Act.

SEC. 7. National Public Asset Insurance Consortium.— A National Public Asset Insurance Consortium is established, hereby referred to as the Consortium, composed of all insurance and reinsurance companies offering public asset insurance and shall be led by the Government Service Insurance System (GSIS).

The Consortium shall develop the country's domestic local disaster risk insurance strategy, and shall aid government-owned in the protection of public assets through the provision of collective public asset insurance, and shall ensure rapid claims processing and asset recovery.

SEC. 8. Functions of the NPAIC.— The Consortium shall:

- a) Issue insurance policies specifically for public assets annually;
- b) Ensure collective risk sharing among its members;
- c) value and approve insurance claims made by the Government in a timely manner;
- d) Oversee claims processing and subsequently release approved insurance claims to the Government; and

1 e) Submit data regarding insurance claims and payments to the
2 Consortium.
3

4 **SEC. 9. National Disaster Response for Infrastructure Fund.**– The
5 existing financing functions for infrastructure for repair, reconstruction,
6 rehabilitation, or disaster mitigation under the National Disaster Risk Reduction
7 Management Fund is hereby transferred to the National Disaster Response for
8 Infrastructure Fund (NDRIF), hereby created under this Act. The NDRIF shall be
9 managed by the DBM, and its use shall be guided by the principles of the DRFI
10 Framework. Financing requests under the NDRIF shall be subject to the evaluation
11 and approval of the DRFIIC; Provided, That the DRFIIC shall, to the greatest extent
12 necessary, ensure that the NDRIF shall not be the sole funding source for repair,
13 reconstruction, rehabilitation, or disaster mitigation.
14

15 **SEC. 10. Tax Incentive for Members of the Consortium.**– To spur
16 investment into Disaster Risk Financing and Insurance, a reduction of five percent
17 (5%) on the prevailing Corporate Income Tax on member companies of the
18 Consortium shall be implemented for the first five (5) years after its effectivity.
19 Thereafter, Congress shall review the tax incentive policy for remedial legislation.
20

21 **SEC. 11. Appropriations.**– For the purposes of this Act:

- 22 a) National Disaster Response for Infrastructure Fund – an initial and
23 minimum fund of Twenty Billion Pesos (Php 20,000,000,000.00) shall
24 be allocated for NDRIF for the first year of its implementation.
25 Thereafter, regular appropriations for this purpose shall be included in
26 the annual General Appropriations Act.
27 b) Premiums for Insurance – the initial fund for the payment of insurance
28 premiums shall be included in the annual appropriations of the
29 Government as determined by the insurance policy approved by the
30 DRFIIC ; Provided, that premium payments for GOCCs and LGUs shall
31 likewise be included in the annual General Appropriations as national
32 government subsidies.
33

34 All other appropriations necessary for the implementation of this Act
35 shall be determined by the Department of Budget and Management,
36 and shall be included in the annual General Appropriations.
37

38 **SEC. 12. Congressional Oversight Committee.**– There is hereby created
39 a Congressional Oversight Committee to monitor and oversee the implementation of
40 the provisions of this Act. The Committee shall be composed of six (6) members
41 from the Senate and six (6) members from the House of Representatives, with the
42 Chairpersons of the Committee on Climate Change of the Senate and the Committee
43 on Disaster Resilience of the House of Representatives as joint Chairpersons of this
44 Committee. The five (5) other members from each Chamber are to be designated by
45 the Senate President and the Speaker of the House of Representatives, respectively.
46 The minority shall be entitled to at least two (2) representatives from each Chamber.
47

1 **SEC. 13. Separability Clause.**— If any part or provision of this Act is held
2 invalid or unconstitutional, other provisions not affected thereby shall remain in force
3 and effect.
4

5 **SEC. 14. Repealing Clause.**— The relevant provisions of the following laws
6 are amended accordingly: (a) Republic Act No. 656, as amended by PD No. 245; and
7 (b) Republic Act No. 10121 or the Philippine Disaster Risk Reduction and
8 Management Act of 2010. All other laws, decrees, executive orders and rules and
9 regulations contrary to or inconsistent with the provisions of this Act are hereby
10 repealed or amended accordingly.
11

12 **SEC. 15. Effectivity.**— Notwithstanding the non-issuance of the IRR, this Act
13 shall take effect fifteen (15) days after its publication in the Official Gazette or in a
14 newspaper of general circulation.

Approved;