

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 7339



Introduced by **REPRESENTATIVE AUDREY KAY T. ZUBIRI**

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 Philippines is among the most disaster-prone countries in the world, ranking first globally in the 2022 World Risk Index¹ for its vulnerability to natural hazards such as typhoons, earthquakes, floods, and volcanic eruptions. The country incurs, on average, USD3.5 billion in asset losses each year from typhoons and earthquakes alone, and 74 percent of the population is exposed to multiple natural hazards².

While the Philippine Disaster Risk Reduction and Management Act of 2010 (RA 10121) established a framework for disaster preparedness and response, financing mechanisms for the repair, reconstruction, and rehabilitation for public infrastructure remain reactive and insufficient.

Studies by the World Bank and OECD³ underscore the need for proactive, multi-layered Disaster Risk Financing and Insurance (DRFI) strategies to strengthen resilience and ensure rapid recovery, with several countries adopting the framework. For instance, Mexico has advanced inclusive disaster risk finance and micro-insurance programs⁴, while Colombia

¹ No. 1 in World Risk Index 2022 | Inquirer Opinion

² Disaster risk insurance: 5 insights from the Philippines

³ Disaster risk financing | OECD

⁴ 1 | Mexico-updated-color.pdf

insured approximately USD38 billion in new road infrastructure through public-private partnerships⁵.

This proposed measure institutionalizes a Philippine Disaster Risk Financing and Insurance (DRFI) strategy for public infrastructure assets. It also creates a Disaster Risk Financing and Insurance Council (DRFIC) to develop and oversee a comprehensive DRFI framework, establishes a National Public Asset Insurance Consortium led by the GSIS for collective risk-sharing and rapid claims processing, and sets up a National Disaster Response for Infrastructure Fund (NDRIF) to ensure timely financing for asset recovery. Furthermore, the bill mandates the development of a digital national Asset Registry System for risk modeling and forecasting, which aligns with global best practices and the Sendai Framework for Disaster Risk Reduction.

By adopting this measure, the Philippines will safeguard critical public infrastructure, guarantee continuity of essential services, and reduce fiscal vulnerability to disasters. It is a forward-looking solution that promotes resilience and economic stability.

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


AUDREY KAY T. ZUBIRI
Representative, 3rd District of Bukidnon

⁵ <https://www.worldbank.org/en/programs/disaster-risk-financing-and-insurance-program#4>

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the "Public Infrastructure
2 Financing and Insurance Act".

3
4 **SEC. 2. *Declaration of Policy.*** - The State shall ensure a diverse and multi-layered
5 financing strategy to safeguard its public infrastructure assets from debilitating damage arising
6 from natural or man-made disasters and ensure the continuous and effective delivery of goods
7 and services.

8
9 To this end, the State shall coordinate all existing disaster response financing in relation
10 to the repair, reconstruction, rehabilitation, and mitigation of public infrastructure assets, and
11 shall develop and implement a similar disaster risk financing and insurance (DRFI) strategy
12 with the private sector.

13
14 The DRFI strategy shall follow up-to-date internationally-accepted disaster risk
15 financing principles and standards, shall be information and data-driven, and shall be anchored
16 on a robust public asset management system. The DRFI strategy shall also integrate and utilize
17 up-to-date technology, such as but not limited to artificial intelligence, to advance and
18 optimize current practices in its implementation.

1 **SEC. 3. *Definition of Terms.*** - For the purposes of this Act, the following terms shall
2 be used as follows:

- 3
- 4 a) "*Asset Management*" defined under ISO 55000:2024 as a set of interrelated and
5 interacting elements of an organization, whose function is to establish the asset
6 management policy and asset management objectives, and the processes needed to
7 achieve those objectives. Elements of the Asset Management System include the
8 policies, plans, business processes and information systems, which are integrated
9 to give assurance that the asset management activities will be delivered in line with
10 organizational objectives.
- 11 b) "*Disaster*" - a serious disruption of the functioning of a community or a society
12 involving widespread human, material, economic or environmental losses and
13 impacts, which exceeds the ability of the affected community or society to cope
14 using its own resources. Disasters are often described as a result of the combination
15 of: the exposure to a hazard; the conditions of vulnerability that are present; and
16 insufficient capacity or measures to reduce or cope with the potential negative
17 consequences. Disaster impacts may include loss of life, injury, disease and other
18 negative effects on human, physical, mental and social well-being, together with
19 damage to property, destruction of assets, loss of services, Social and economic
20 disruption and environmental degradation.
- 21 c) "*Disaster Risk*" - the potential disaster losses in lives, health status, livelihood,
22 assets and services, which could occur to a particular community or a society over
23 some specified future time period.
- 24 d) "*Government*" - shall refer to the entire government structure and, as the context
25 may require, shall include local government units, national government agencies,
26 and government-owned and controlled corporations, whether considered
27 collectively or individually and separately.
- 28

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

- 32
- 33 a) Buildings, including but not limited to, schools, hospitals, and government offices;
- 34 b) Roads;

- c) Bridges;
- d) Airports;
- e) Ports;
- f) Railways;
- g) Power generation and transmission structures;
- h) Water resource management and supply structures; and
- i) Other similar structures necessary for effective public service delivery.

Insurance and non-insurance financing shall cover repair, reconstruction, and rehabilitation or other similar activities to be undertaken as a result of disasters, natural or man-made in origin, to ensure asset recovery and continuity of public service delivery.

SEC. 5. Disaster Risk Financing and Insurance Council. - A council which shall be known as the Disaster Risk Financing and Insurance Council (DRFIC) is hereby created, which shall be headed by the Secretary of the Department of Finance (DOF) as the Chairperson, with the Secretary of the Department of Budget and Management (DBM) and the Secretary of the Department of Economy, Planning, and Development (DEPDev) as Vice Chairpersons. The DRFIC shall be further composed of the following members:

- a) Secretary of the Department of Science and Technology (DOST);
- b) Secretary of the Department of Information and Communications Technology (DICT);
- c) Secretary of the Department of Internal and Local Government (DILG);
- d) Secretary of the Department of National Defense (DND);
- e) Secretary of the Department of Public Works and Highways (DPWH);
- f) President of the Government Service Insurance System (GSIS);
- g) Executive Director of the Climate Change Office of the Climate Change Commission;
- h) Chairperson of the Governance Commission for GOCCs (GCG); and
- i) Chairperson of the Philippine Competition Commission (PCC).

SEC. 6. Powers and Functions of the DRFIC. - The DRFIC shall be empowered with policy-making, coordination, and monitoring and evaluation functions, as follows:

1 a) Develop a strategic and comprehensive Disaster Risk Financing and Insurance for
2 Public Assets Framework, hereinafter referred to as the DRFI Framework, which
3 shall ensure a streamlined, seamless, responsive, and timely financing for disaster-
4 related repair, reconstruction, mitigation, and rehabilitation of public assets through
5 both non-insurance and insurance financing mechanisms.

6
7 Financing shall be secured from a combination of sources, such as the public sector,
8 the private sector, or from relevant international financing mechanisms of which
9 the Government of the Republic of the Philippines is a party thereto, to ensure a
10 multi-layered protection for public assets;

11 b) Promote policies which shall attract, develop, and expand domestic and overseas
12 investment and capital for disaster risk-related financing;

13 c) Conduct relevant valuation, analysis, risk modeling, and forecasting of public asset-
14 related data to identify, develop, and enhance DRFI policies;

15 d) Ensure the data integrity of the NARS;

16 e) Manage and ensure the insurance of Government public assets;

17 f) Review and approve the proposed insurance policies to be entered by the
18 Government with the Consortium;

19 g) Develop and establish insurance claim guidelines in coordination with the
20 Consortium;

21 h) Ensure competitive practice within the Consortium;

22 i) Exercise general oversight and regularly monitor and evaluate compliance and
23 performance of the Consortium;

24 j) Develop and maintain an integrated, centralized, and interoperable digital claims
25 management module which shall track, facilitate, and record:

26 1. Public asset insurance transactions such as claims and claims payments
27 between the Government and the Consortium;

28 2. Financing requests and payments charged under the National Disaster
29 Infrastructure Response Fund (NDIRF); and

30 3. Financing requests to the international financing instruments, such as but
31 not limited to the Loss and Damage Fund.

32 *Provided, That the digital module shall have a separate sub-module for*
33 *insurance-related transactions falling under subparagraph (1) of this*

subsection, and shall be accessible and integrated into the insurance claims mechanism of the Consortium.

- k) Manage, under a separate and special account the National Disaster Response for Infrastructure Fund (NDRIF);
- l) 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;
- m) 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;
- n) 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;
- o) 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);
- p) 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;
- q) 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;
- r) 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.

1 **SEC. 8. *Functions of the NPAIC.*** - The Consortium shall:

- 2 a) Issue insurance policies specifically for public assets annually;
- 3 b) Ensure collective risk sharing among its members;
- 4 c) Evaluate and approve insurance claims made by the Government in a timely
- 5 manner;
- 6 d) Oversee claims processing and subsequently release approved insurance claims to
- 7 the Government; and
- 8 e) Submit data regarding insurance claims and payments to the Consortium.
- 9

10 **SEC. 9. *National Disaster Response for Infrastructure Fund.*** - The existing financing

11 functions for infrastructure for repair, reconstruction, rehabilitation, or disaster mitigation

12 under the National Disaster Risk Reduction Management Fund is hereby transferred to the

13 National Disaster Response for Infrastructure Fund (NDRIF), hereby created under this Act.

14

15 The NDRIF shall be managed by the DBM, and its use shall be guided by the principles

16 of the DRFI Framework.

17

18 Financing requests under the NDRIF shall be subject to the evaluation and approval of

19 the DRFIIC; *Provided, That* the DRFIIC shall, to the greatest extent necessary, ensure that the

20 NDRIF shall not be the sole funding source for repair, reconstruction, rehabilitation, or disaster

21 mitigation.

22

23 **SEC. 10. *Tax Incentive for Members of the Consortium.*** - To spur investment into

24 Disaster Risk Financing and Insurance, a reduction of five percent (5%) on the prevailing

25 Corporate Income Tax on member companies of the Consortium shall be implemented for the

26 first five (5) years after its effectivity. Thereafter, Congress shall review the tax incentive policy

27 for remedial legislation.

28

29 **SEC. 11. *Appropriations.*** - For the purposes of this Act:

- 30 a) National Disaster Response for Infrastructure Fund - an initial and minimum fund
- 31 of Twenty Billion Pesos (Php 20,000,000,000.00) shall be allocated for NDRIF for
- 32 the first year of its implementation. Thereafter, regular appropriations for this
- 33 purpose shall be included in the annual General Appropriations Act.

1 b) Premiums for Insurance - the initial fund for the payment of insurance premiums
2 shall be included in the annual appropriations of the Government as determined by
3 the insurance policy approved by the DRFIIC; Provided, that premium payments
4 for GOCCs and LGUs shall likewise be included in the annual General
5 Appropriations as national government subsidies.

6
7 All other appropriations necessary for the implementation of this Act shall be
8 determined by the Department of Budget and Management, and shall be included in the annual
9 General Appropriations.

10
11 **SEC. 12. *Congressional Oversight Committee.*** - There is hereby created a
12 Congressional Oversight Committee to monitor and oversee the implementation of the
13 provisions of this Act. The Committee shall be composed of six (6) members from the Senate
14 and six (6) members from the House of Representatives, with the Chairpersons of the
15 Committee on Climate Change of the Senate and the Committee on Disaster Resilience of the
16 House of Representatives as joint Chairpersons of this Committee. The five (5) other members
17 from each Chamber are to be designated by the Senate President and the Speaker of the House
18 of Representatives, respectively. The minority shall be entitled to at least two (2)
19 representatives from each Chamber.

20
21 **SEC. 13. *Annual Report.*** - The DRFIIC shall submit to the to the Office of the
22 President, the House of Representatives, and the Senate an annual report relating to the
23 progress and status of the implementation of this Act not later than the last day of November
24 of every fiscal year.

25
26 **SEC. 14. *Sunset Review.*** - Within five (5) years after the effectivity of this Act, or as
27 the need arises, the Congressional Oversight Committee shall conduct a sunset review. For
28 purposes of this Act, the term "sunset review" shall mean a systematic evaluation by the
29 Congressional Oversight Committee of the accomplishments and impact of this Act, as well
30 as the performance, organizational structure of its implementing agencies, for purposes of
31 determining remedial legislation.

32

1 **SEC. 15. *Implementing Rules and Regulations.*** - The DRFIIC shall issue the
2 necessary rules and regulations for the implementation of this Act ninety (90) days after the
3 approval of this Act, in consultation with the Consortium as well as other key stakeholders.
4

5 **SEC. 16. *Separability Clause.*** - If any provision or part of this Act is held invalid or
6 unconstitutional, the remaining parts or provisions not affected shall remain in full force and
7 effect.
8

9 **SEC. 17. *Repealing Clause.*** - The relevant provisions of the following laws are
10 amended accordingly:

- 11 a) Republic Act No. 656, as amended by PD No. 245; and
12 b) Republic Act No. 10121 or the Philippine Disaster Risk Reduction and
13 Management Act of 2010. All other laws, decrees, executive orders and rules and
14 regulations contrary to or inconsistent with the provisions of this Act are hereby
15 repealed or amended accordingly.
16

17 **SEC. 18. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its
18 complete publication in the Official Gazette or in a newspaper of general circulation.
19

20 *Approved,*