

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 7720



Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

AN ACT
STRENGTHENING THE PHILIPPINE CROP INSURANCE CORPORATION BY
EXTENDING ITS CORPORATE TERM AND EXPANDING ITS SERVICES, AMENDING
PRESIDENTIAL DECREE NO. 1467, AS AMENDED

EXPLANATORY NOTE

The agriculture sector remains among the most vulnerable sectors of the Philippine economy. Farmers and fisherfolk continue to face recurring losses arising from natural calamities, climate change-induced extreme weather events, pest and disease outbreaks, and market uncertainties. These risks not only threaten food security but also undermine rural livelihoods and weaken the capacity of financial institutions to extend much-needed credit to the sector.

The Philippine Crop Insurance Corporation (PCIC) was created under Presidential Decree No. 1467 primarily to provide crop insurance to palay farmers, with coverage and eligibility closely linked to supervised credit programs. Over time, however, the scope and nature of agricultural risks have evolved significantly. The increasing frequency and severity of disasters, the diversification of agricultural production, and the growing role of fisherfolk and other food producers necessitate a more responsive, inclusive, and sustainable agricultural insurance system.

Consistent with the policy directions under Presidential Decree No. 1733 and Republic Act No. 8175, this bill seeks to strengthen and modernize the PCIC by expanding its mandate, rationalizing its operational framework, and enhancing its long-term institutional viability. The measure broadens PCIC's coverage to include not only palay but also corn, high-value crops, livestock, aquaculture and fishery products, agroforestry crops, forest plantations, and non-crop agricultural assets such as machineries, equipment, transport facilities, and related infrastructure. It likewise authorizes the provision of life and accident term insurance for farmers and fisherfolk, recognizing the human dimension of agricultural risk.

To address emerging and complex risks, the bill expressly mandates the use of modern technologies and the development of innovative insurance products, including parametric or index-based insurance. These reforms are intended to improve efficiency, accelerate claims settlement, and enhance the overall reach and effectiveness of agricultural insurance services, particularly in disaster-prone and remote areas.

The proposed measure also shifts the eligibility framework from the outdated supervised credit system to a risk-based approach. Under the bill, the PCIC Board of Directors is empowered to prescribe eligibility criteria based on vulnerability and exposure to natural, climatic, and biological risks. This reform allows greater flexibility, ensures

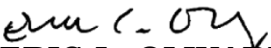
more equitable access to insurance protection, and aligns coverage with government priorities on food security and climate resilience.

Furthermore, the bill promotes active private sector participation by explicitly authorizing public-private partnerships with agricultural cooperatives, farmers' associations, and private insurance entities. Such partnerships are expected to mobilize additional financial and technical resources, expand insurance penetration, and support the development of a more robust agricultural insurance market.

To ensure fiscal discipline and proper targeting of government support, the bill rationalizes premium subsidies by limiting them to subsistence farmers cultivating not more than three (3) hectares, while maintaining government participation only in coverage against unforeseen and unavoidable risks such as typhoons, droughts, and pest and disease outbreaks. This approach balances social protection objectives with financial sustainability.

Finally, the bill grants the Philippine Crop Insurance Corporation a perpetual term of existence. This amendment strengthens institutional stability, enables long-term planning, and reinforces PCIC's role as a permanent pillar of agricultural risk management and rural development.

In sum, this measure seeks to transform the PCIC into a modern, inclusive, and resilient institution capable of safeguarding farmers and fisherfolk, supporting agricultural credit, and ensuring national food security in the face of growing and evolving risks. Passage of this bill is earnestly sought.


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

Section 1. Declaration of Policy. - It is hereby declared the policy of the State to provide support to agriculture through adequate financial, production, marketing and other support services. Towards this end, the State shall:

- a) Ensure food security, intensify food production, promote agricultural credit, and broaden the coverage of agricultural insurance amidst the recurrence of natural disasters and calamities, such as floods, typhoons, heavy rains, and drought and pests and diseases that destroy crops, especially palay and other grains and crops necessary for food security;
- b) Alleviate the financial burden of farmers and fisherfolk due to losses arising from destruction of their livelihood brought by disasters and calamities, keep them away from indebtedness, enhance their credit standing, and provide additional government support to farmers and fisherfolk to increase agricultural production;
- c) Assist banks and financial institutions by enhancing their capabilities to extend loans to farmers;
- d) Strengthen and expand the coverage of the Philippine Crop Insurance Corporation to provide insurance protection to farmers and fisherfolk against losses arising from natural calamities, fortuitous events, plant, livestock, and fish diseases, and pest infestations; and
- e) Encourage active private sector participation in the agricultural insurance industry through various public-private partnership arrangements that will unlock vast financial, technological and other resources for expanding agricultural insurance coverage in the country.

Section 2. Section 1 of Presidential Decree No. 1467, as amended, is hereby further amended, to read as follows:

“Section 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 **AND FISHERFOLK** against losses arising from natural calamities, **FORTUITOUS EVENTS**, plant, **LIVESTOCK, AND FISH** diseases, and pest infestations.

~~[Initially, the]~~ **THE** Corporation shall provide insurance coverage for palay ~~[erops 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]~~ **AND CORN CROPS, HIGH-VALUE CROPS, LIVESTOCK, AQUACULTURE AND FISHERY PRODUCTS, AGROFORESTRY CROPS AND FOREST PLANTATIONS; NON-CROP AGRICULTURAL ASSETS SUCH AS MACHINERIES, EQUIPMENT, TRANSPORT FACILITIES, AND OTHER RELATED INFRASTRUCTURE; AND LIFE AND ACCIDENT TERM INSURANCE COVERAGE FOR FARMERS AND FISHERFOLK. IT SHALL UTILIZE MODERN TECHNOLOGIES IN ITS OPERATIONS AND OFFER PARAMETRIC OR INDEX-BASED INSURANCE, AMONG OTHER INNOVATIVE INSURANCE PRODUCTS.** Such ~~[erop]~~ **AGRICULTURAL** insurance shall cover, ~~[in every case]~~ **AS FAR AS PRACTICABLE**, the cost of production inputs, the value of the ~~[farmer’s own]~~ labor **OF THE FARMER OR FISHERFOLK**, and ~~[those of the]~~ members of ~~[his]~~ their household**S** 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 the immediate farm household or employee, or the failure of the insured to follow proven farm practices. **THE CORPORATION SHALL LIKEWISE ENTER INTO PUBLIC-PRIVATE PARTNERSHIPS WITH 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 and extending coverage to other areas of agriculture, **INCLUDING ENTERING INTO PUBLIC-PRIVATE PARTNERSHIPS WITH AGRICULTURAL COOPERATIVES, FARMERS’ ASSOCIATIONS, AND OTHER PRIVATE SECTOR PARTICIPANTS IN THE AGRICULTURAL INSURANCE MARKET**, 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]~~ **ITS** objectives ~~[of the Corporation].~~”

Section 4. Section 4 of Presidential Decree No. 1467, as amended, is hereby further amended, to read as follows:

~~“Section 4. Who shall be insured. – [Participation in the palay crop insurance shall be compulsory for all farmers obtaining production loans for palay under the supervised credit program and optional on the part of self financed farmers provided that they agree to place themselves under the supervision of agricultural production technicians. No lending institution shall approve or grant production loan for palay under the supervised credit program unless the same is covered by a crop insurance pursuant to this Decree. The term “supervised credit program” as used in this Decree shall mean the production credit program wherein the farmer who obtained production loans for palay agrees in writing that he will apply proven farm practices necessary to conserve the land, improve its fertility and increase its production, and abide by the approved farm plan and budget jointly prepared by him and the duly accredited supervised credit technician. The term “supervision of agricultural production technician” shall mean the supervision undertaken by agricultural production technicians who are duly accredited by the appropriate government agencies concerned, as required under the supervised credit system.]~~ **TO SUPPORT THE AGRICULTURAL SECTOR, THE CORPORATION SHALL PROVIDE AGRICULTURAL INSURANCE PRODUCTS TO ELIGIBLE OR QUALIFIED FARMERS AND FISHERFOLK, AS EVALUATED BY THE CORPORATION. THE BOARD OF DIRECTORS SHALL PRESCRIBE THE CRITERIA FOR DETERMINING ELIGIBILITY, WHICH SHALL INCLUDE THE VULNERABILITY AND RISK EXPOSURE OF FARMERS, FISHERFOLK, AND FOOD PRODUCERS TO NATURAL, CLIMATIC, AND BIOLOGICAL RISKS, INCLUDING PEST AND DISEASE OUTBREAKS. THE BOARD SHALL ENSURE THAT COVERED FARMERS, FISHERFOLK, AND FOOD PRODUCERS ARE ADEQUATELY PROTECTED, AND THAT THE ELIGIBILITY ARE ALIGNED WITH GOVERNMENT OBJECTIVES TO ENSURE THE SUSTAINABILITY OF THE AGRICULTURAL INSURANCE PROGRAM.”**

Section 5. Section 5 of Presidential Decree No. 1467, as amended, is hereby further amended, to read as follows:

“Section 5. Rate of Premium and its Sharing. – The rate of premium, as well as the allocated sharing thereof by the farmers, **FISHERFOLK**, [the] lending institutions, the Government of the Republic of the Philippines (herein called the Government) and other parties, shall be determined by the Board of Directors of the Corporation: Provided, That the share of the Government in the premium cost in the form of premium subsidy, shall be limited to subsistence farmers: Provided, however, That each of these subsistence farmers is cultivating not more than [seven (7)] **THREE (3)** hectares, [by themselves] **WHETHER PERSONALLY** or with the [help of the labor of the] **ASSISTANCE OF HOUSEHOLD** members [of their households] or hired labor, **WITH** the premium rate and sharing to be determined by the Board of Directors [subject to approval by the President of the Philippines]: Provided, further, *That* the premium share of the subsistence farmer, **IF ANY**, shall be reasonably affordable [by him]: Provided, furthermore, *That* the Government shall share in the premium cost only [in] **FOR** insurance coverage against unforeseen and unavoidable risks such as, but not limited to typhoons, droughts, outbreaks of pest and diseases: Provided, finally, *That* premium subsidy and/or insurance benefits shall upon the accumulation of surplus funds, be increased to such amount as may be determined by the Board taking into consideration that the Corporation has been established not only for profit but [mainly to help] **PRIMARILY TO ASSIST** the insured in [their direct hours] **TIMES** of need.”

SECTION 6. CORPORATE TERM. – THE CORPORATION SHALL HAVE A PERPETUAL TERM OF EXISTENCE.

Section 7. Separability Clause – If any provision of this Act is declared unconstitutional, the remainder hereof not otherwise affected shall remain in full force and effect.

Section 8. Repealing Clause. – All laws, decrees, orders, resolutions, instructions and rules and regulations or parts thereof which are inconsistent with this Act are hereby deemed repealed or modified accordingly.

Section 9. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,