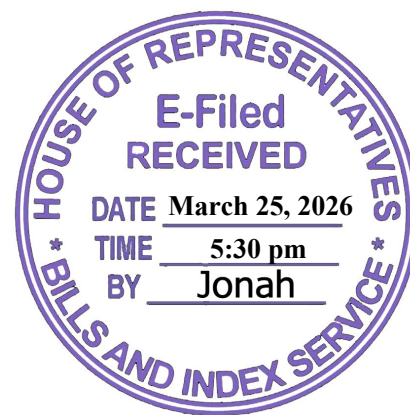


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **8788**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCAO**

EXPLANATORY NOTE

The Philippines is among the most disaster-prone countries in the world due to its geographic location along the Pacific typhoon belt and the Pacific Ring of Fire. On average, the country experiences about twenty (20) tropical cyclones every year, many of which cause severe flooding, landslides, and widespread damage to communities and infrastructure. These disasters result in significant social and economic losses that affect millions of Filipinos annually.

Recent reports illustrate the magnitude of these impacts. In 2024 alone, natural hazard events affected around 29 million persons or about eight (8) million families, while approximately 357,000 houses were damaged, including both partially and totally destroyed homes. Infrastructure damage accounted for the largest share of losses, amounting to ₱316 million or about 68.3 percent of total reported damage in medium-scale incidents.

Strong typhoons and extreme weather events continue to inflict substantial losses on public infrastructure. For example, recent tropical cyclones caused over ₱884 million in damage to roads, bridges, and flood control systems, disrupting transportation networks and essential public services. These figures highlight the vulnerability of critical government assets such as schools, hospitals, roads, bridges, and flood control facilities, which are indispensable for public safety, economic activity, and the delivery of government services.

To address the country’s vulnerability to disasters, Congress enacted Republic Act No. 10121, otherwise known as the *Philippine Disaster Risk Reduction and Management Act of 2010*. The law established a comprehensive disaster risk reduction and management framework that emphasizes prevention, mitigation, preparedness, response, and recovery. It also institutionalized national and local disaster risk reduction mechanisms and required local government units to allocate not less than five percent (5%) of their estimated revenues for the Local Disaster Risk Reduction and Management Fund to support disaster preparedness, mitigation, and recovery initiatives.

However, despite these institutional reforms, disasters continue to impose significant fiscal pressures on the government. The cost of repairing and rebuilding damaged public infrastructure often requires substantial government expenditure, which can strain national and local budgets and delay the restoration of essential services. This underscores the need to complement disaster risk reduction efforts with sustainable financial protection mechanisms.

Under the Insurance Code of the Philippines, insurance is defined as a contract whereby an insurer undertakes, for a consideration, to indemnify another against loss, damage, or liability

arising from an uncertain event. Provisions of the Code, including Article 154, establish the rules governing the settlement of losses and the liability of insurers in cases where insured property suffers damage. These provisions demonstrate the important role of insurance in providing financial protection and facilitating recovery from unforeseen events, including disasters.

In this context, disaster risk financing and insurance mechanisms are increasingly recognized as essential tools in strengthening national resilience. These mechanisms enable governments to manage fiscal risks, mobilize funds quickly after disasters, and ensure the prompt rehabilitation and reconstruction of critical public infrastructure.

This proposed measure seeks to strengthen Philippine disaster risk financing by institutionalizing a Philippine Disaster Risk Financing and Insurance Strategy for Public Infrastructure Assets. The measure aims to establish a systematic and sustainable framework for protecting government infrastructure against disaster-related losses through appropriate financial instruments, including insurance and other risk-transfer mechanisms.

By strengthening disaster risk financing mechanisms, the State can reduce the financial burden of disasters, accelerate the rehabilitation of damaged infrastructure, and ensure the continuous delivery of essential public services to affected communities.

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

A handwritten signature in black ink, appearing to read 'N. Oducado', with a small circular stamp or mark near the bottom right of the signature.

REP. NATHANIEL “ATTY. NAT” M. ODUCADO
1Tahanan Party List

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HOUSE BILL NO. **8788**

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCAO**

**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 Infrastructure*
2 *Financing and Insurance Act.*”

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

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

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

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

- 17 a) “*Asset management*” - defined under ISO 55000:2024 as a set of interrelated and
18 interacting elements of an organization, whose function is to establish the asset
19 management policy and asset management objectives, and the processes related to
20 achieve those objectives. Elements of the Asset Management System include the
21 policies, plans, business processes and information systems, which are integrated

to give assurance that the asset management activities will be delivered in line with organizational objectives.

- b) “*Disaster*” – a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources. Disasters are often described as a result of the combination of: the exposure to a hazard; the conditions of vulnerability that are present; and insufficient capacity or measures to reduce or cope with the potential negative consequences. Disaster impacts may include loss of life, injury, disease and other negative effects on human, physical, mental and social well-being, together with damage to property, destruction of assets, loss of services, Social and economic disruption and environmental degradation.
- c) “*Disaster Risk*” – the potential disaster losses in lives, health status, livelihood, assets and services, which could occur to a particular community or a society over some specified future time period.
- d) “*Government*” – shall refer to the entire government structure and, as the context may require, shall include local government units, national government agencies, and government-owned and controlled corporations, whether considered collectively or individually and separately.

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

- a) Buildings, including but not limited to, schools, hospitals, and government offices;
- 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:

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

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

- b) Promote policies which shall attract, develop, and expand domestic and overseas investment and capital for disaster risk-related financing;
- c) Conduct relevant valuation, analysis, risk modeling, and forecasting of public asset-related data to identify, develop, and enhance DRFI policies;
- d) Ensure the data integrity of the NARS;
- e) Manage and ensure the insurance of Government public assets;
- f) Review and approve the proposed insurance policies to be entered by the Government with the Consortium;
- g) Develop and establish insurance claim guidelines in coordination with the Consortium;
- h) Ensure competitive practice within the Consortium;
- i) Exercise general oversight and regularly monitor and evaluate compliance and performance of the Consortium;
- j) Develop and maintain an integrated, centralized, and interoperable digital claims management module which shall track, facilitate, and record:
 - i) Public asset insurance transactions such as claims and claims payments between the Government and the Consortium;
 - ii) Financing requests and payments charged under the National Disaster Infrastructure Response Fund (NDRIF); and

1 iii) Financing requests to the international financing instruments, such as but
2 not limited to the Loss and Damage Fund.

3 *Provided*, That the digital module shall have a separate sub-module for insurance-
4 related transactions falling under subparagraph (1) of this subsection, and shall be
5 accessible and integrated into the insurance claims mechanism of the Consortium.

- 6 k) Manage, under a separate and special account the National Disaster Response for
7 Infrastructure Fund (NDRIF);
- 8 l) Provide guidelines and criteria for funding under the NDRIF; *Provided*, that after
9 evaluation and approval of the funding request, the DRFIC shall authorize the
10 release of funds from the same;
- 11 m) Provide guidelines and criteria for funding under the Loss and Damage Fund with
12 the Loss and Damage Fund Board, as provided by Republic Act No. 12019 or the
13 Loss and Damage Fund Board Act, and all other international financing mechanism
14 available with the respective managing bodies;
- 15 n) Provide guidelines for the monitoring, evaluation, and auditing of the utilization of
16 public asset financing from all applicable sources as provided under subsection (a)
17 of this Section;
- 18 o) Submit annual monitoring and evaluation reports of the on the utilization of public
19 asset financing from all applicable sources to the Commission on Audit (COA);
- 20 p) Create additional plantilla positions and/or subordinate offices as may be necessary
21 to perform the functions of the DRFIC, subject to the approval of the DBM;
- 22 q) Ensure guidelines, criteria, and relevant processes in relation to DRFIPA are
23 standardized and non-redundant as far as practicable to cut bureaucratic red tape
24 and ensure swift service delivery;
- 25 r) Perform such other functions and implement additional policies as may be
26 necessary for the effective implementation of this Act.

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

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

34 **SEC. 8. *Functions of the NPAIC.*** – The Consortium shall:

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

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

SEC. 9. *National Disaster Response for Infrastructure Fund.* – The existing financing functions for infrastructure for repair, reconstruction, rehabilitation, or disaster mitigation of the National Disaster Risk Reduction Management Fund is hereby transferred to the National Disaster Response for Infrastructure Fund (NDRIF), hereby created under this Act.

The NDRIF shall be managed by the DBM, and its use shall be guided by the principles of the DRFI Framework.

Financing requests under the NDRIF shall be subject to the evaluation and approval of the DRFIC; *Provided*, That the DRFIC shall, to the greatest extent necessary, ensure that the NDRIF shall not be the sole funding source for repair, reconstruction, rehabilitation, or disaster mitigation.

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

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

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

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

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

1 **SEC. 13. *Annual Report.*** – The DRFIIC shall submit to the Office of the President, the
2 House of Representatives, and the Senate an annual report relating to the progress and status of
3 the implementation of this Act not later than the last day of November of every fiscal year.
4

5 **SEC. 14. *Sunset Review.*** – Within five (5) years after the effectivity of this Act or as the
6 need arises, the Congressional Oversight Committee shall conduct a sunset review. For purposes
7 of this Act, the term "sunset review" shall mean a systematic evaluation by the Congressional
8 Oversight Committee of the accomplishments and impact of this Act, as well as the performance,
9 organizational structure of its implementing agencies, for purposes of determining remedial
10 legislation.
11

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

16 **SEC. 16. *Separability Clause.*** – If any provision or part of this Act is held invalid or
17 unconstitutional, the remaining parts or provisions not affected shall remain in full force and
18 effect.
19

20 **SEC. 17. *Repealing Clause.*** – The relevant provisions of Republic Act No. 656, as
21 amended by Presidential Decree No. 245, and Republic Act No. 10121, otherwise known as the
22 Philippine Disaster Risk Reduction and Management Act of 2010, are hereby amended
23 accordingly. All other laws, decrees, executive orders, rules and regulations contrary to or
24 inconsistent with the provisions of this Act are hereby repealed or amended accordingly.
25

26 **SEC. 18. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
27 complete publication in the *Official Gazette* or in a newspaper of general circulation.
28

29 *Approved,*