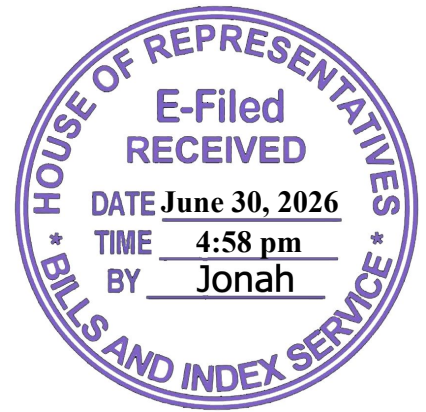


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9977



Introduced by Representative Jan “Atty. JP” D. Padiernos

EXPLANATORY NOTE

Agriculture in the Philippines remains highly vulnerable to climate shocks, natural disasters, pests, diseases, and other risks that may result in significant losses for farmers and fisherfolk. Crop insurance serves as an important mechanism for protecting agricultural producers against such losses and promoting the stability of the agricultural sector.

Presidential Decree No. 1467 created the Philippine Crop Insurance Corporation (PCIC) to provide insurance protection to agricultural producers. The government likewise extends agricultural credit through various subsidized lending programs administered by government agencies and government financial institutions.

While agricultural credit and crop insurance programs presently exist, there is no statutory mechanism that automatically links government-supported agricultural credit with crop insurance coverage. As a result, insurance enrollment remains dependent on separate administrative processes and the timely exchange of information among lending institutions and implementing agencies. Existing laws likewise do not clearly provide that a qualified agricultural borrower shall remain entitled to insurance protection notwithstanding delays, omissions, or failures in enrollment, data transmission, or other administrative requirements beyond the borrower's control.

This bill seeks to address this gap by providing automatic agricultural insurance coverage for qualified recipients of government-supported agricultural credit. Under this measure, insurance coverage shall attach by operation of law upon approval of the loan, credit accommodation, or financial assistance. The bill further ensures that a qualified borrower shall not be deprived of such coverage by reason of administrative, technical, or procedural deficiencies attributable to participating institutions.

To facilitate implementation, the bill establishes a One-Stop Automated Integration System among participating institutions to streamline enrollment and insurance administration. The bill likewise provides funding mechanisms necessary to sustain the insurance coverage mandated under this Act.

By strengthening the linkage between agricultural credit and agricultural insurance, this measure seeks to provide greater protection to farmers and fisherfolk, encourage participation in government agricultural programs, and promote agricultural productivity, food security, and rural development.

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

A handwritten signature in black ink, appearing to read 'JPade', is positioned above the printed name.

Rep. Jan “Atty. JP” D. Padiernos
GP (GALING SA PUSO) Partylist

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9977**

Introduced by Representative Jan “Atty. JP” D. Padiernos

**AN ACT PROVIDING AUTOMATIC AGRICULTURAL INSURANCE
COVERAGE FOR QUALIFIED RECIPIENTS OF GOVERNMENT-SUPPORTED
AGRICULTURAL CREDIT, ESTABLISHING A ONE-STOP INTEGRATED
ENROLLMENT SYSTEM, AND PROVIDING FUNDING MECHANISMS
THEREFOR**

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

SECTION 1. Short Title. — This Act shall be known as the "Automatic Agricultural Insurance Coverage Act."

SECTION 2. Declaration of Policy. —It is the policy of the State to protect small farmers and fisherfolk from financial losses arising from natural disasters, pests, diseases, and other agricultural risks. The State recognizes that agricultural credit and agricultural insurance are complementary mechanisms for promoting agricultural productivity, food security, and rural development. Towards this end, the State shall ensure that qualified recipients of government-supported agricultural credit are automatically afforded corresponding insurance coverage and that such coverage shall not be impaired, delayed, or denied by reason of administrative, technical, or procedural deficiencies beyond the control of the borrower.

SECTION 3. Definition of Terms. — As used in this Act:

(a) Subsidized Credit Program refers to any agricultural loan, credit accommodation, credit line, or financial assistance program funded, managed, guaranteed, administered, or subsidized by the National Government, Government Financial Institutions (GFIs), or the Agricultural Credit Policy Council (ACPC).

(b) Small Farmer and Fisherfolk refers to individuals engaged in agriculture or fishing as defined by applicable laws, rules, and regulations of the Department of Agriculture (DA) and registered under the Registry System for Basic Sectors in Agriculture (RSBSA).

(c) Automatic Insurance Coverage refers to insurance protection provided under the appropriate insurance program of the Philippine Crop Insurance Corporation (PCIC) which attaches by operation of law upon approval of a loan, credit accommodation, or financial assistance under a Subsidized Credit Program.

(d) Interoperability refers to the ability of information technology systems and software applications to communicate, exchange data accurately, and utilize the information exchanged for purposes of implementing this Act.

SECTION 4. Automatic Insurance Coverage for Qualified Borrowers. — Every Small Farmer and Fisherfolk who is granted a loan, credit accommodation, or financial assistance under a Subsidized Credit Program shall automatically be covered by the appropriate insurance program of the Philippine Crop Insurance Corporation (PCIC). Coverage shall attach by operation of law upon approval of the loan, credit accommodation, or financial assistance. Provided that no qualified borrower shall be denied, impaired, or deprived of insurance coverage solely by reason of the failure, delay, omission, or technical inability of any participating institution to complete enrollment procedures, transmit information, process applications, or comply with administrative requirements. Provided further that the approval of a qualified loan, credit accommodation, or financial assistance shall constitute sufficient basis for coverage under the applicable PCIC insurance program, subject to the terms and conditions prescribed by law and the implementing rules and regulations.

SECTION 5. "One-Stop" Automated Integration System. — Within ninety (90) days from the effectivity of this Act, the Philippine Crop Insurance Corporation (PCIC), in coordination with the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), the Agricultural Credit Policy Council (ACPC), and the Bangko Sentral ng Pilipinas (BSP), shall design, develop, and deploy a unified and interoperable digital platform to facilitate the administration of insurance coverage under this Act.

The system shall adhere to the following operational parameters:

- (a) Upon approval of a loan, credit accommodation, or financial assistance under a Subsidized Credit Program, participating institutions shall electronically transmit to the PCIC all information reasonably necessary for the administration of insurance coverage, including borrower demographics, crop type, farm location, and farm size;
- (b) Such transmission shall satisfy the enrollment and reporting requirements of the applicable PCIC insurance program. No separate insurance application or submission of substantially similar information shall be required from the borrower;
- (c) Participating institutions shall incorporate into their loan application forms the necessary consent provisions for data sharing and insurance administration in accordance with applicable laws; and
- (d) The PCIC and participating institutions shall maintain interoperable systems capable of secure and timely transmission of information necessary to implement this Act.

SECTION 6. Funding for Insurance Coverage Under this Act. — The amounts necessary to support the insurance coverage provided under Section 4 of this Act shall form part of the program costs of Subsidized Credit Programs covered by this Act. Government agencies, government financial institutions, and other entities administering Subsidized Credit Programs shall include the funding requirements necessary to support such

insurance coverage in their respective annual budget proposals and program allocations, subject to existing budgeting, accounting, and auditing laws, rules, and regulations. The Philippine Crop Insurance Corporation (PCIC), in coordination with the Department of Agriculture (DA), the Department of Finance (DOF), the Department of Budget and Management (DBM), and participating institutions, shall annually determine the funding requirements necessary to sustain the insurance coverage provided under this Act. The amounts necessary for the implementation of this Act shall be included in the annual General Appropriations Act.

SECTION 7. Inter-Agency Compliance and Oversight. — The Department of Information and Communications Technology (DICT) shall provide technical oversight over the One-Stop Automated Integration System established under this Act and shall ensure compliance with applicable cybersecurity, data privacy, and government digitalization standards. The Bangko Sentral ng Pilipinas (BSP) shall monitor compliance by participating financial institutions with the requirements of this Act, including the timely transmission of information necessary for the administration of insurance coverage. The Philippine Crop Insurance Corporation (PCIC), in coordination with participating institutions, shall oversee the implementation of the automatic insurance coverage provided under this Act and ensure that qualified borrowers are not deprived of coverage by reason of administrative, technical, or procedural deficiencies beyond their control.

SECTION 8. Implementing Rules and Regulations (IRR). — Within sixty (60) days from the effectivity of this Act, the Philippine Crop Insurance Corporation (PCIC), in coordination with the Department of Agriculture (DA), the Department of Finance (DOF), the Department of Budget and Management (DBM), the Bangko Sentral ng Pilipinas (BSP), the Department of Information and Communications Technology (DICT), and other concerned agencies, shall promulgate the rules and regulations necessary for the effective implementation of this Act.

SECTION 9. Separability Clause. — If any provision or part of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 10. Repealing Clause. — All laws, executive orders, administrative orders, rules, and regulations, or parts thereof, inconsistent with the provisions of this Act, including relevant provisions of Presidential Decree No. 1467 and Republic Act No. 8175, are hereby repealed, amended, or modified accordingly.

SECTION 11. 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.

