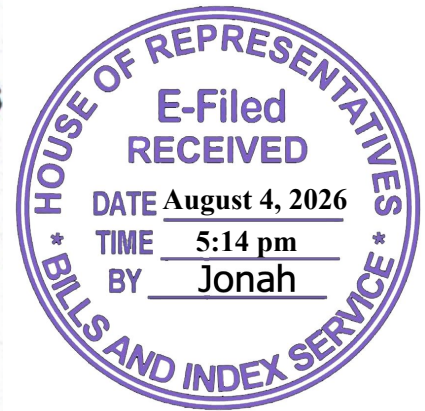


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 10592



Introduced by **REPRESENTATIVE MARCELINO 'MARCY' R. TEODORO**

EXPLANATORY NOTE

Every year, the Philippines faces about 20 typhoons alongside earthquakes, floods, and volcanic eruptions. These disasters destroy homes, ruin crops, damage infrastructure, and cost the government billions of pesos in repairs and rehabilitation. Instead of building long-term wealth, the country remains stuck in an expensive recurrent cycle of losing money to disasters and spending heavily just to recover.

This bill changes how we pay for disaster recovery.

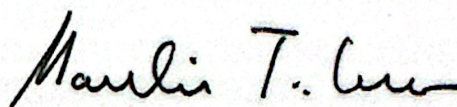
Instead of waiting for a disaster to strike and struggling to pull together emergency funds, this bill creates the National Disaster Risk Finance and Insurance (NDRFI) Framework. By integrating comprehensive risk assessment, layered financial instruments, prompt fund disbursement, institutional coordination, and capacity-building, this bill safeguards macroeconomic stability and protects the poorest and most vulnerable sectors from disaster-induced poverty traps. This framework sets up financial safety nets—like national insurance policies and dedicated reserve funds—*before* calamities happen.

Key benefits of this measure include:

- **Faster Emergency Relief:** Money is pre-approved so funds reach hit communities immediately after a disaster strikes.
- **Protecting the Economy:** Prevents natural disasters from wiping out local businesses, jobs, and national growth.

- **Shielding the Poor:** Keeps vulnerable families from falling deeper into poverty when disasters hit.
- **Smarter Government Spending:** Aligns Philippine disaster finance with proven global practices recommended by the World Bank and the United Nations, institutionalizing a disaster risk financing strategy tailored to the Philippine risk profile.

In view of the urgent necessity to protect national economic gains and build long-term fiscal resilience, the immediate passage of this bill is earnestly sought.



REP. MARCELINO "MARCY" TEODORO
1st District, Marikina City

1 Republic of the Philippines
2 HOUSE OF REPRESENTATIVES
3 Quezon City

4 TWENTIETH CONGRESS
5 Second Regular Session

6 HOUSE BILL NO. 10592

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11 Introduced by REP. MARCELINO "MARCY" R. TEODORO
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14 AN ACT
15 ESTABLISHING A NATIONAL DISASTER RISK FINANCE AND INSURANCE
16 FRAMEWORK AND APPROPRIATING FUNDS THEREFOR
17

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

20
21 SECTION 1. *Short Title.* – This Act shall be known as the "*National Disaster*
22 *Risk Finance and Insurance Framework Act.*"

23 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State
24 to strengthen national resilience and fiscal stability against disaster shocks by
25 establishing a comprehensive and inclusive National Disaster Risk Finance and
26 Insurance (NDRFI) Framework.

27 Toward this end, the State shall shift national and local risk governance from
28 reactive post-disaster funding to proactive financial preparedness. The State shall
29 deploy pre-arranged financial tools and insurance mechanisms to protect public
30 budgets, safeguard development gains, and ensure the rapid, transparent
31 disbursement of recovery funds for the protection of lives, livelihoods, businesses, and
32 vulnerable communities.

33 SEC. 3. *Definition of Terms.* – As used in this Act:

1 a) *Asset Management* refers to a set of interrelated and interacting
2 elements of an organization, whose function is to establish the asset management
3 policy and asset management objectives, and the processes needed to achieve those
4 objectives as defined under ISO 55000:2014

5 b) *Disaster* refers to a serious disruption of the functioning of a community
6 or a society involving widespread human, material, economic or environmental losses
7 and impacts, which exceeds the ability of the affected community or society to cope
8 using its own resources.

9 c) *Disaster Risk* refers to the potential losses in lives, health status,
10 livelihood, assets and services, which could occur to a particular community or society
11 over some specified future time period;

12 d) *Government* refers to the entire government structure and, as the
13 context may require, shall include local government units, national government
14 agencies, and government-owned and controlled corporations, whether considered
15 collectively or individually and separately.

16 **SEC. 4. National Disaster Risk Financing and Insurance Framework.** – The
17 Department of Finance, in coordination with the National Disaster Risk Reduction and
18 Management Council, the Climate Change Commission, and the Philippine Statistics
19 Authority, shall formulate and institutionalize a National Disaster Risk Financing and
20 Insurance Framework, hereinafter referred to as the "Framework."

21 The Framework shall constitute an integral component of national disaster risk
22 management to mitigate fiscal vulnerabilities and enhance financial resilience against
23 disaster shocks. It shall govern the formulation, coordination, and execution of all
24 disaster risk financing and insurance policies and instruments, and shall strictly adhere
25 to the following principles:

1 (a) *Ex-Ante* Financial Preparedness. – Prioritizing pre-arranged financial
2 instruments and contingent funding mechanisms prior to disaster occurrence to
3 minimize reliance on post-disaster budget realignments;

4 (b) Risk Layering. – Structuring financial instruments across distinct risk
5 thresholds, utilizing primary reserves for high-frequency, low-severity events and
6 deploying market-based risk transfer products, including sovereign insurance and
7 catastrophe bonds, for low-frequency, catastrophic events;

8 (c) Protection of Vulnerable Populations. – Directing financial protection
9 strategies toward poor and near-poor households to prevent disaster-induced poverty;

10 (d) Public-Private Risk Sharing. – Leveraging private sector capital,
11 underwriting capacity, and market innovation through public-private partnerships; and

12 (e) Fiscal Integrity and Alignment. – Adhering to the principles of fiscal
13 sustainability, risk-informed decision-making, equity, public transparency, and
14 consistency with national climate and disaster governance policies.

15 **SEC. 5. *Components.*** – The Framework includes:

16 (a) Disaster risk assessment and fiscal risk analysis;

17 (b) Layered financial strategies for disasters of different frequency and
18 severity;

19 (c) Budgetary instruments and contingency financing;

20 (d) Insurance and risk transfer mechanisms;

21 (e) Protection of households, businesses, and vulnerable groups;

22 (f) Coverage of public assets and infrastructure; and

23 (g) Post-disaster financial management and transparency mechanisms.

1 **SEC. 6. *Financial Tools.*** – The Framework shall mandate the pre-
2 arrangement of disaster risk financing instruments to transition national risk
3 management from post-disaster response to ex-ante financial preparedness.

4 Financial instruments under the Framework shall be risk-layered according to
5 event frequency and severity:

6 (a) Budgetary Appropriations. – Primary contingency funds for high-frequency,
7 low-impact events to support immediate emergency relief;

8 (b) Parametric Insurance. – Market-based risk transfer products triggered by
9 pre-determined physical parameters for medium-intensity natural hazards;

10 (c) Catastrophe Risk Transfer. – Catastrophe bonds, insurance-linked
11 securities, and international risk pooling arrangements for rare, high-impact disaster
12 events; and

13 (d) Contingent Financing. – Emergency credit lines with international financial
14 institutions to preserve national liquidity and fiscal stability.

15 **SEC. 7. *Disaster Risk Financing and Insurance Fund.*** – There is hereby
16 established a National Disaster Risk Financing and Insurance Fund, hereunder
17 referred to as the Fund, to provide immediate liquidity for disaster risk financing and
18 insurance mechanisms under this Act. The Fund shall be administered by the Disaster
19 Risk Financing and Insurance Board created under Section 7 of this Act. All
20 disbursements from the Fund under this Act shall be subject to audit by the
21 Commission on Audit in accordance with existing laws, rules, and regulations.

22 **SEC. 8. *Disaster Risk Financing and Insurance Board.*** – There is hereby
23 created under the Department of Finance a Disaster Risk Financing and Insurance
24 Board, hereinafter referred to as the Board, which shall be in charge of administering

1 the National Disaster and Insurance Fund and in the formulation of policies in the
2 disbursement of funds for the effective implementation of this Act.

3 The Board is composed of the following:

- 4 a) Secretary of Finance, as chairperson;
- 5 b) Secretary of National Defense, as co-chairperson;
- 6 c) Secretary of Budget and Management;
- 7 d) Secretary of Social Welfare and Development;
- 8 e) Secretary of the Interior and Local Government;
- 9 f) Executive Director of the Climate Change Commission;
- 10 g) Civil Registrar General of the Philippine Statistics Authority;
- 11 h) Commissioner of the Insurance Commission; and
- 12 i) Administrator of the Office of Civil Defense, as members.

13 The members of the Board may designate a representative in case of failure to
14 attend its meeting.

15 The chairperson and members of the Board or their respective representatives
16 are entitled to *per diem*, allowances, and incentives for each meeting actually attended
17 at such amount as may be fixed by the Board subject to existing laws, rules and
18 regulations.

19 A majority of the members of the Board constitutes a quorum for the conduct of
20 business.

21 Any member of the Board who represents, belongs to, or has a direct interest
22 in an agency that is a requesting party, beneficiary, insured entity, or claimant in any
23 matter pending before the Board shall immediately disclose such interest and recuse
24 themselves from all deliberations and voting thereon. Such disclosure and recusal
25 shall be explicitly recorded in the official minutes of the meeting.

SEC. 9. Appropriations. – An initial fund of Twenty billion pesos (P20,000,000,000.00) is hereby allocated to the Disaster Risk Financing and Insurance Fund for the effective implementation of this Act, which shall be charged against the current appropriations of the Department of Finance.

Thereafter, such amount as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 10. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the Secretary of Finance shall, in coordination and consultation with the Secretaries of National Defense, Budget and Management, Social Welfare and Development, Interior and Local Government, Executive Director of the Climate Change Commission, Civil Registrar General of the Philippine Statistics Authority, Commissioner of the Insurance Commission, Administrator of the Office of Civil Defense, and insurance stakeholders, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 11. 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 ten (10) members, with five (5) members from the Senate and the other five (5) members from the House of Representatives. The committee will be jointly chaired by the Chairperson of the Senate Committee on Environment, Natural Resources and Climate of the senate and the Chairperson of the Committee on Disaster Resilience of the House of Representatives. The remaining four (4) other members, including one (1) member from the minority, from each chamber, are to be designated by the Senate President and the Speaker of the House of Representatives, respectively.

SEC. 11. Separability Clause. – If any provision of this Act is declared

1 unconstitutional or invalid, the remaining parts or provisions not affected shall remain
2 in full force and effect.

3 **SEC. 12. *Repealing Clause.*** – All other laws, decrees, ordinances, executive
4 orders, rules and regulations, other issuances, or parts thereof, which are inconsistent
5 with this Act are hereby repealed or modified accordingly.

6 **SEC. 13. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
7 publication in the *Official Gazette* or in a newspaper of general circulation.

8 Approved,