



HOUSE OF REPRESENTATIVES

H. No. 10365

BY REPRESENTATIVES DY (F.), MARCOS, OLIVAREZ, ROMUALDEZ (F.M.), ROMUALDEZ (A.J.), ACIDRE, BELTRAN, PRIMICIAS-AGABAS, KHO (E.), KHO (A.), LUISTRO, ESPARES, VERGARA, VILLAFUERTE (M.L.), VILLAFUERTE (V.R.L.), HORIBATA, RIDON, MARAÑON, YULO, SUNTAY, RODRIGUEZ (R.), RODRIGUEZ (M.), SALCEDA, SINGSON-MEEHAN, ROMUALDEZ (Y.M.), YAP (C.), YAP (A.), MATIBAG, HERNANDEZ (D.), CRUZADO, LEGACION, CRUZ (R.), DAZA, MARQUEZ, TANJUATCO, ODOCADO, ALBANO, ARENAS, DE VENECIA, AQUINO-MAGSAYSAY, PANALIGAN, GARCIA (K.H.), ROMAN, ANGELES, GONZALES (A.M.), TARRIELA, RIVERA, ANG, MERCADO, ADIONG, REVILLA (R.J.), PUNO, BENITEZ (J.M.), ORETA, ROMUALDO, GUINTU AND CAGAS

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

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

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

4
5 (a) Ensure food security, intensify food production, promote agricultural credit,
6 and broaden the coverage of agricultural insurance amidst the recurrence
7 of natural disasters and calamities, such as floods, typhoons, heavy rains,
8 drought, pests, and diseases that destroy crops, especially palay and other
9 grains necessary for food security;

10
11 (b) Alleviate the financial burden of farmers and fisherfolk due to losses arising
12 from destruction of their livelihood brought by disasters and calamities, keep
13 them away from indebtedness, enhance their credit standing, and provide

1 additional government support to farmers and fisherfolk to increase
2 agricultural production;

3
4 (c) Assist banks and financial institutions by enhancing their capabilities to
5 extend loans to farmers;

6
7 (d) Strengthen and expand the coverage of the Philippine Crop Insurance
8 Corporation to provide insurance protection to farmers and fisherfolk against
9 losses arising from natural calamities, fortuitous events, plant, livestock, and
10 fish diseases, and pest infestations; and

11
12 (e) Encourage active private sector participation in the agricultural insurance
13 industry through various public-private partnership arrangements that will
14 unlock vast financial, technological and other resources for expanding
15 agricultural insurance coverage in the country.

16
17 **SEC. 2.** Section 1 of Presidential Decree No. 1467, as amended, is hereby further
18 amended, to read as follows:

19
20 "Section 1. Creation of the Philippine Crop Insurance Corporation. – There is
21 hereby created a body corporate to be known as the "Philippine Crop Insurance
22 Corporation" (PCIC and herein called the Corporation) which shall be attached
23 to the Department of Agriculture for budgetary purposes. The Corporation shall
24 insure qualified farmers **AND FISHERFOLK** against losses arising from natural
25 calamities, **FORTUITOUS EVENTS**, plant, **LIVESTOCK, AND FISH** diseases,
26 and pest infestations.

27
28 ~~[Initially, the]~~ **THE** Corporation shall provide insurance coverage for palay
29 ~~[crops and later on to other crops without prejudice to the inclusion of other~~
30 ~~non-crop agricultural assets such as but not limited to machineries equipment,~~
31 ~~transport facilities and other related infrastructures, as the Board of Directors of~~
32 ~~the Corporation may determine]~~ **AND CORN CROPS, HIGH-VALUE CROPS,**
33 **LIVESTOCK, AQUACULTURE AND FISHERY PRODUCTS,**
34 **AGROFORESTRY CROPS AND FOREST PLANTATIONS; NON-CROP**
35 **AGRICULTURAL ASSETS SUCH AS MACHINERIES, EQUIPMENT,**
36 **TRANSPORT FACILITIES, AND OTHER RELATED INFRASTRUCTURE;**
37 **AND LIFE AND ACCIDENT TERM INSURANCE COVERAGE FOR**
38 **FARMERS AND FISHERFOLK. IT SHALL UTILIZE MODERN**
39 **TECHNOLOGIES IN ITS OPERATIONS AND OFFER PARAMETRIC OR**
40 **INDEX-BASED INSURANCE, AMONG OTHER INNOVATIVE INSURANCE**
41 **PRODUCTS.** Such ~~[crop]~~ **AGRICULTURAL** insurance shall cover, ~~[in every~~
42 ~~case]~~ **AS FAR AS PRACTICABLE**, the cost of production inputs, the market-
43 **VALUED** ~~[farmer's own]~~ **labor OF THE FARMER OR FISHERFOLK,** and
44 ~~[those of the]~~ members of ~~[his]~~ their household**S** including the value of the labor
45 of hired workers, and a portion of the expected yield as the Board of Directors
46 in its discretion, decide to insure. Such insurance protection, however, shall
47 exclude losses arising from avoidable risks emanating from or due to the
48 negligence, malfeasance, or fraud committed by the insured, or any member of
49 the immediate farm household or employee, or the failure of the insured to
50 follow proven farm practices. **THE CORPORATION SHALL LIKEWISE**

1 **ENTER INTO PUBLIC-PRIVATE PARTNERSHIPS (PPPs) WITH ENTITIES**
2 **WILLING TO OFFER AGRICULTURAL INSURANCE.”**

3
4 **SEC. 3.** Subsection 3.11 of Section 3 of Presidential Decree No. 1467, as amended,
5 is hereby further amended to read as follows:
6

7 “3.11. To generate internal funds by floating bonds, expansion to other
8 insurance lines and extending coverage to other areas of agriculture,
9 **INCLUDING ENTERING INTO PPPs, JOINT VENTURES, OR SIMILAR**
10 **ARRANGEMENTS, WITH AGRICULTURAL COOPERATIVES, FARMERS’**
11 **ASSOCIATIONS, AND OTHER PRIVATE SECTOR PARTICIPANTS IN THE**
12 **AGRICULTURAL INSURANCE MARKET**, in order to address THE insurance
13 needs of the target sector and to do and perform acts and things and to exercise
14 all the general powers conferred by law upon the Corporation as are incidental
15 or conducive to the attainment of [the] ITS objectives [of the Corporation].”:
16 **PROVIDED, THAT ALL SUCH FINANCING ACTIVITIES AND PPP**
17 **ARRANGEMENTS SHALL COMPLY WITH THE POLICIES, GUIDELINES,**
18 **AND APPROVAL PROCESSES PRESCRIBED BY THE GOVERNANCE**
19 **COMMISSION FOR GOCCS (GCG), THE DEPARTMENT OF FINANCE**
20 **(DOF), AND OTHER RELEVANT OVERSIGHT AGENCIES.”**
21

22 **SEC. 4.** Section 4 of Presidential Decree No. 1467, as amended, is hereby further
23 amended, to read as follows:
24

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

1 ELIGIBILITY ARE ALIGNED WITH GOVERNMENT OBJECTIVES TO
2 ENSURE THE SUSTAINABILITY OF THE AGRICULTURAL INSURANCE
3 PROGRAM, AS MAY BE PERIODICALLY REVIEWED BY THE BOARD
4 BASED ON SOCIO-ECONOMIC DATA AND SUBJECT TO GUIDELINES
5 ISSUED BY THE DEPARTMENT OF AGRICULTURE AND THE GCG.”
6

7 **SEC. 5.** Section 5 of Presidential Decree No. 1467, as amended, is hereby further
8 amended, to read as follows:
9

10 “Section 5. Rate of Premium and its Sharing. – The rate of premium, as well as
11 the allocated sharing thereof by the farmers, **FISHERFOLK**, [the] lending
12 institutions, the Government of the Republic of the Philippines (herein called
13 the Government) and other parties, shall be determined by the Board of
14 Directors of the Corporation: *Provided*, That the share of the Government in the
15 premium cost in the form of premium subsidy, shall be limited to subsistence
16 farmers: *Provided, however*, That each of these subsistence farmers is
17 cultivating not more than ~~[seven (7)]~~ **THREE (3)** hectares, **SUBJECT TO**
18 **PERIODIC REVIEW BASED ON SOCIO-ECONOMIC CONDITIONS**, [by
19 themselves] **WHETHER PERSONALLY** or with the ~~[-help of the labor of the]~~
20 **ASSISTANCE OF HOUSEHOLD** members [of their households] or hired
21 labor, **WITH** the premium rate and sharing to be determined by the Board of
22 Directors ~~[subject to approval by the President of the Philippines]~~: *Provided,*
23 *further*, That the premium share of the subsistence farmer, **IF ANY**, shall be
24 reasonably affordable ~~[by him]~~: *Provided, furthermore*, That the Government
25 shall share in the premium cost only [in] **FOR** insurance coverage against
26 unforeseen and unavoidable risks such as, but not limited to typhoons,
27 droughts, outbreaks of pest and diseases: *Provided, finally*, That premium
28 subsidy and/or insurance benefits shall upon the accumulation of surplus funds,
29 be increased to such amount as may be determined by the Board taking into
30 consideration that the Corporation has been established not only for profit but
31 ~~[mainly to help]~~ **PRIMARILY TO ASSIST** the insured in ~~[their direct hours]~~
32 **TIMES** of need.”
33

34 **SEC. 6.** Subsection 2.2 of Section 2 of Presidential Decree No. 1467, as amended, is
35 hereby further amended, to read as follows:
36

37 Section 2. Place of Business and Term of Existence.
38

39 2.1 xxx :

40 2.2 ~~The term of legal existence of Corporation shall be fifty (50) years from and~~
41 ~~after the date of the approval of this Decree.~~

42 **“CORPORATE TERM. THE PHILIPPINE CROP INSURANCE**
43 **CORPORATION (PCIC) SHALL HAVE A PERPETUAL TERM OF**
44 **EXISTENCE, UNLESS OTHERWISE PROVIDED BY LAW: PROVIDED,**
45 **THAT THE CONTINUED EXISTENCE OF THE CORPORATION SHALL BE**
46 **SUBJECT TO THE PERFORMANCE EVALUATION BY THE GCG, IN**
47 **ACCORDANCE WITH REPUBLIC ACT NO. 10149 AND OTHER**
48 **APPLICABLE LAWS, RULES, AND REGULATIONS.**

1 THE CORPORATION SHALL REMAIN OPERATIONAL ONLY UPON A
2 DETERMINATION BY THE GCG THAT IT IS RELEVANT, EFFICIENT,
3 FINANCIALLY VIABLE, AND CONSISTENT WITH NATIONAL
4 DEVELOPMENT POLICIES AND PRIORITIES. FOR THIS PURPOSE, THE
5 GCG SHALL CONDUCT PERIODIC PERFORMANCE REVIEWS AND
6 IMPACT ASSESSMENTS, INCLUDING BUT NOT LIMITED TO THE
7 CORPORATION'S FINANCIAL PERFORMANCE, SERVICE DELIVERY
8 EFFICIENCY, RISK MANAGEMENT SYSTEMS, AND CONTRIBUTION TO
9 AGRICULTURAL DEVELOPMENT AND FOOD SECURITY.

10
11 IN THE EVENT THAT THE GCG DETERMINES THAT THE CORPORATION
12 IS NO LONGER NECESSARY, VIABLE, OR EFFECTIVE IN ACHIEVING ITS
13 MANDATE, IT MAY RECOMMEND TO THE PRESIDENT OF THE
14 PHILIPPINES THE REORGANIZATION, MERGER, CONSOLIDATION,
15 ABOLITION, OR PRIVATIZATION OF THE CORPORATION, SUBJECT TO
16 EXISTING LAWS AND DUE PROCESS REQUIREMENTS.

17
18 THE BOARD OF DIRECTORS SHALL BE ACCOUNTABLE FOR ENSURING
19 THAT THE CORPORATION MEETS THE PERFORMANCE STANDARDS
20 SET BY THE GCG AS A CONDITION FOR ITS CONTINUED CORPORATE
21 EXISTENCE.

22
23 NOTHING IN THIS SECTION SHALL BE CONSTRUED TO DIMINISH THE
24 POWER OF CONGRESS TO AMEND, REPEAL, OR OTHERWISE MODIFY
25 THE CORPORATE EXISTENCE OF THE CORPORATION THROUGH
26 SUBSEQUENT LEGISLATION."

27
28 **SEC. 7. *Separability Clause.*** – If any provision of this Act is declared unconstitutional,
29 the remainder hereof not otherwise affected shall remain in full force and effect.

30
31 **SEC. 8. *Repealing Clause.*** – All laws, decrees, orders, resolutions, instructions and
32 rules and regulations or parts thereof which are inconsistent with this Act are hereby
33 deemed repealed or modified accordingly.

34
35 **SEC. 9. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
36 in the *Official Gazette* or in a newspaper of general circulation.

Approved,