



HOUSE OF REPRESENTATIVES

H. No. 11561

BY REPRESENTATIVES LARA, SUANSING (M.A.), ALBA, DY (F.), MARCOS, BENITEZ (A.), ABALOS, PADIERNOS, YAP (ERIC), ESCUDERO, BELTRAN, OLIVAREZ, ZUBIRI, YAMSUAN, ESPINA, VELOSO-TUAZON, FORTES, MARQUEZ, ARROGANCIA, TEODORO, CRUZ (A.), FRASCO, ORETA, RAMA, GARCIA (A.), BARONDA, SUNTAY, BONDOC, SAGARBARRIA, MOMO, POE, GONZALES (A.), RODRIGUEZ (R.), PANCHO, LAGDAMEO (M.Y.M.), LABADLABAD, ROQUE, CO, GATO, MACEDA, PUMAREN, SALCEDA, DE LIMA, TIANGCO, TAN (K.M.), TULFO (R.W.), TULFO (J.), SORIANO, BULUT-BEGTANG, CARI, YAP (EDVIC) AND ODUCAO

**AN ACT
ESTABLISHING A NATIONAL DISASTER RISK FINANCE AND INSURANCE
FRAMEWORK 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 “*National*
2 *Disaster Risk Finance and Insurance Framework Act.*”

3 SEC. 2. **Declaration of Policy.** – It is the declared policy of the State to
4 strengthen national resilience and fiscal stability against the impact of disasters.
5 To this end, the State shall develop and establish a National Disaster Risk Finance
6 and Insurance (NDRFI) Framework to reduce financial burdens from disasters,
7 protect development gains, build resilience by shifting from reactive to proactive
8 financial preparedness and expedite funding for recovery and fiscal stability.

1 SEC. 3. ***National Disaster Risk Financing and Insurance Framework.***

2 – The Department of Finance (DOF) shall, in coordination with the National
3 Disaster Risk Reduction and Management Council (NDRRMC), the Climate Change
4 Commission (CCC), and the Philippine Statistics Authority (PSA), develop and establish
5 a National Disaster Risk Financing and Insurance Framework, hereinafter referred
6 to as the Framework, which shall be an integral part of the disaster risk
7 management to decrease vulnerability and build financial resilience. The
8 Framework shall serve as a guide for the development, coordination and
9 implementation of disaster risk financing and insurance policies and instruments,
10 and must be:

11 (a) Proactive instead of reactive, focusing on having financial
12 arrangements in place before a disaster occurs, rather than relying solely on
13 reactive or post-disaster funding;

14 (b) Risk-layered or using different financial tools for different levels of
15 risk, such as government funds for minor events and risk transfer products like
16 insurance or catastrophe bonds for major catastrophes;

17 (c) Public-private partnerships driven, leveraging private sector
18 innovation with public sector reach; and

19 (d) Guided by the principles of fiscal sustainability, risk-based
20 decision-making, transparency and accountability and alignment with national
21 disaster risk management and climate policies.

22 SEC. 4. ***Components.*** – The Framework includes:

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

24 (b) Layered financial strategies for disasters of different frequency
25 and severity;

- (c) Budgetary instruments and contingency financing;
- (d) Insurance and risk transfer mechanisms;
- (e) Coverage of public assets and infrastructure; and
- (f) Post-disaster financial management and transparency mechanisms.

SEC. 5. ***Financial Tools.*** – The Framework must prioritize the establishment of financial arrangements before the occurrence of disasters, rather than relying solely on post-disaster funding, to proactively manage risk through financial products. The Framework must employ appropriate financial tools matched to different levels of risk, categorized as follows:

(a) Contingency fund or budgetary allocation for frequent low-impact events which allow governments to quickly fund emergency responses;

(b) Parametric insurance for medium-intensity events like typhoons, floods, earthquakes and similar *force majeure* events, allowing banks to pay out based on predefined triggers rather than actual damage assessments;

(c) Emergency credit lines from multilateral partners to ensure fiscal stability; and

(d) Catastrophe bonds and international risk pools for rare and high-impact disasters.

SEC. 6. ***Disaster Risk Financing and Insurance Program.*** – There is hereby established a National Disaster Risk Financing and Insurance Program, hereunder referred to as the Program, to provide immediate access to liquidity following disasters and other shocks. The Program shall be administered by the Disaster Risk Financing and Insurance Board created under Section 7 of this Act. All disbursements from the Program under this Act shall be subject to audit by the Commission on Audit (COA) in accordance with existing laws, rules, and regulations.

1 SEC. 7. **Disaster Risk Financing and Insurance Board.** – There is
2 hereby created a Disaster Risk Financing and Insurance Board, hereinafter
3 referred to as the Board, which shall be in charge of administering the National
4 Disaster Risk Financing and Insurance Program and in the formulation of policies
5 in the disbursement of funds for the effective implementation of this Act.

6 The Board is composed of the following:

- 7 (a) Secretary of Finance, as chairperson;
- 8 (b) Secretary of National Defense, as co-chairperson;
- 9 (c) Secretary of Budget and Management;
- 10 (d) Secretary of Social Welfare and Development;
- 11 (e) Secretary of the Interior and Local Government;
- 12 (f) Secretary of Science and Technology;
- 13 (g) Secretary of Economy, Planning and Development;
- 14 (h) Executive Director of the CCC;
- 15 (i) Civil Registrar General of the PSA;
- 16 (j) Commissioner of the Insurance Commission;
- 17 (k) Administrator of the Office of Civil Defense;
- 18 (l) CEO of the Philippine Crop Insurance Corporation;
- 19 (m) One (1) representative from the Banking Industry Association; and
- 20 (n) One (1) representative from Insurance Industry Association.

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

23 The chairperson and members of the Board or their respective
24 representatives are entitled to *per diem*, allowances, and incentives for each

1 meeting actually attended at such amount as may be fixed by the Board subject
2 to applicable DBM guidelines and existing laws, rules and regulations.

3 A majority of the members of the Board constitutes a quorum for the
4 conduct of business.

5 Any member whose agency is the requesting agency, direct beneficiary,
6 insured party, or claimant in a matter before the Board shall disclose such interest
7 and shall inhibit from deliberation and voting on that matter. Such inhibition shall
8 be recorded in the minutes.

9 SEC. 8. ***Powers and Functions of the DRFIB.*** – The DRFIB shall be
10 empowered with policymaking, coordination, monitoring and evaluation functions,
11 as follows:

12 (a) Develop a strategic and comprehensive NDRFI Framework, which
13 shall ensure a streamlined, seamless, responsive, and timely financing for
14 disaster-related repair, reconstruction, mitigation, and rehabilitation of public
15 assets through both non-insurance and insurance financing mechanisms.

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

20 (b) Promote policies which shall attract, develop, and expand domestic
21 and overseas investment and capital for disaster-risk related financing;

22 (c) Conduct relevant valuation, analysis, risk modeling, and forecasting
23 of public asset-related data to identify, develop, and enhance DRFI policies;

24 (d) Ensure the data integrity of the National Asset Registry System;

1 (e) Formulate macro-level risk strategies and oversee the comprehensive
2 insurance of public assets, critical infrastructure, and government properties, which shall
3 be executed and underwritten through the General Insurance Fund administered by the
4 Government Service Insurance System (GSIS) pursuant to Republic Act No. 656, as
5 amended: *Provided*, That the Board shall approve the global portfolio layer parameters,
6 enabling the GSIS to tap international reinsurance markets or issue catastrophe bonds
7 for high-intensity sovereign risk transfer;

8 (f) Review and approve the proposed insurance policies to be entered
9 by the government;

10 (g) Develop and establish insurance claim guidelines;

11 (h) Develop and maintain an integrated, centralized, and interoperable
12 digital claims management module which shall track, facilitate, and record said claims;

13 (i) Provide guidelines and criteria for funding under the NDRFI:
14 *Provided*, That after evaluation and approval of the funding request, the DRFIB
15 shall authorize the release of funds from the same;

16 (j) Provide guidelines for the monitoring, evaluation, and auditing of the
17 utilization of public asset financing from all applicable sources as provided under
18 subsection (a) of this section;

19 (k) Submit annual monitoring and evaluation reports on the utilization of public
20 asset financing from all applicable sources to the COA;

21 (l) Create additional plantilla positions and/or subordinate offices as
22 may be necessary to perform the functions of the DRFIB, subject to the evaluation
23 and approval of the DBM in accordance with the Civil Service and other pertinent
24 laws, rules and regulations;

1 (m) Ensure guidelines, criteria, and relevant processes in relation to
2 DRFIB are standardized and non-redundant as far as practicable to cut
3 bureaucratic red tape and ensure swift service delivery; and

4 (n) Perform such other functions and implement additional policies as
5 may be necessary for the effective implementation of this Act.

6 SEC. 9. **Appropriations.** – The initial amount for the implementation of
7 this Act shall be charged against the current year's appropriations of the
8 DOF. Thereafter, such amount shall be included under the DOF annual General
9 Appropriations Act.

10 SEC. 10. **Implementing Rules and Regulations.** – Within ninety (90)
11 days from the effectivity of this Act, the Secretary of Finance shall, in coordination
12 and consultation with the Secretaries of National Defense, Budget and
13 Management, Social Welfare and Development, Interior and Local Government,
14 Executive Director of the CCC, Civil Registrar General of the PSA, Commissioner
15 of the Insurance Commission, Administrator of the Office of Civil Defense, and
16 insurance stakeholders, promulgate the necessary rules and regulations for the
17 effective implementation of this Act.

18 SEC. 11. **Congressional Oversight Committee.** – There is hereby
19 created a Congressional Oversight Committee to monitor and oversee the
20 implementation of the provisions of this Act. The Committee shall be composed of
21 ten (10) members, with five (5) members from the Senate and five (5) members
22 from the House of Representatives. The Committee will be jointly chaired by the
23 Chairperson of the Senate Committee on Environment, Natural Resources and
24 Climate Change and the Chairperson of the Committee on Disaster Resilience of
25 the House of Representatives. The remaining four (4) other members from each

1 chamber are to be designated by the Senate President and the Speaker of the
2 House of Representatives, respectively. The Minority shall have one (1)
3 representative from each chamber and shall be entitled to pro rata representation.

4 SEC. 12. **Separability Clause.** – If any provision of this Act is declared
5 unconstitutional or invalid, the remaining parts or provisions not affected shall
6 remain in full force and effect.

7 SEC. 13. **Repealing Clause.** – All laws, executive orders, issuances,
8 rules, and regulations, or parts thereof, inconsistent with the provisions of this Act
9 are repealed or modified accordingly.

10 SEC. 14. **Effectivity.** – This Act shall take effect fifteen (15) days after its
11 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,