



HOUSE OF REPRESENTATIVES

H. No. 7387

BY REPRESENTATIVES SALCEDA, ONGCHUAN, PRIMICIAS-AGABAS, CAGAS, LEE, DY (F.), VERGARA, BORDADO, ESPARES, YAP (C.), CARI, SINGSON-MEEHAN, ROMERO, OLIVAREZ, TAN-TAMBU, ROMUALDO, RIVERA, VILLARICA, GARCIA (A.), GARCIA (M.A.), NISAY, KHO (W.), LARA, SOLON, BOSITA, TIENG, KHONGHUN, ESTRELLA, YAP (C.T.), VELOSO-TUAZON, DALIPE, MARCOS, LACSON-NOEL, BOLILIA, PUMAREN, ACIDRE, BARONDA, DELOS-SANTOS, OAMINAL, BONGALON, ORTEGA, ADVINCULA, PANALIGAN, SANTOS, SUANSING (M.A.), TEODORO, NOGRALES (M.I.), REVILLA (B.), ZAMORA (Y.M.), DOMINGO, ARBISON, VARGAS, ROQUE, ZAMORA (A.M.), ESCUDERO, TAN (K.M.), ACHARON, FORTES, SAULOG, LIBANAN, DAZA, HERRERA, ABALOS, MADRONA, ALVAREZ (M.), GO (M.), UNABIA, ALVAREZ (J.), CUA, RODRIGUEZ (R.), NAVA, DIMAPORO (M.K.), TANJUATCO, YU (D.G.), YU (J.V.) AND MARIANO-HERNANDEZ, PER COMMITTEE REPORT NO. 370

**AN ACT
EXPANDING THE SERVICES OF THE PHILIPPINE CROP
INSURANCE CORPORATION AND ENCOURAGING PRIVATE
SECTOR PARTICIPATION IN AGRICULTURAL INSURANCE,
FURTHER AMENDING PRESIDENTIAL DECREE NO. 1467, CREATING
THE PHILIPPINE CROP INSURANCE CORPORATION, AS AMENDED**

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

1 **SECTION 1.** It shall be the policy of the State to develop and support an
2 adequate agricultural insurance program as a mechanism for managing the risks
3 inherent in agriculture and stabilizing the financial fluctuations suffered by
4 agricultural producers in case of loss on all agricultural commodities, whether crops
5 or livestock, and including the agricultural facilities and related infrastructures, with
6 the end in view of encouraging lending institutions to extend credit to the
7 agricultural sector.

8 It shall also be the policy of the State to promote the modernization of the
9 agricultural sector by mitigating the risks inherent to the industry and which increase
10 the barriers to increased market participation in businesses related to agriculture.

1 Towards this end, the State shall encourage active private sector
2 participation in extending agricultural insurance to members of the agricultural
3 sector by allowing the Philippine Crop Insurance Corporation to undertake
4 reinsurance agreements with private sector agricultural insurers and to extend its
5 insurance services to livestock, aquaculture and fishery, agrofisbery, and forest
6 plantation insurance.

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

9 **“SEC. 1. *Creation of the Philippine Crop Insurance***
10 ***Corporation.*** – There is hereby created a body corporate to be known
11 as the “Philippine Crop Insurance Corporation” (PCIC and herein
12 called the Corporation) which shall be attached to the Department of
13 Agriculture for budgetary purposes. The Corporation shall insure
14 **[qualified]** farmers against losses arising from natural calamities,
15 plant diseases, and pest infestations. **[Initially,] [t]**The Corporation
16 shall provide insurance coverage for **ALL AGRICULTURAL**
17 **COMMODITIES, INCLUDING** palay crops, and **[later on to]** other
18 crops, without prejudice to the inclusion of other non-crop agricultural
19 assets, such as **[but not limited to] LIVESTOCK, AQUACULTURE**
20 **AND FISHERY, AGROFORESTRY, FOREST PLANTATIONS,**
21 machineries, equipment, transport facilities, and other related
22 infrastructures, as the Board of Directors of the Corporation may
23 determine. Such **[crop]** insurance shall cover, in every case, the cost
24 of production inputs, the value of the farmer’s own labor and those of
25 the members of his household, including the value of the labor of hired
26 workers, and a portion of the expected yield as the Board of Directors,
27 in its discretion, decide to insure. Such insurance protection, however,
28 shall exclude losses arising from avoidable risks emanating from or
29 due to the negligence, malfeasance or fraud committed by the insured
30 or any member of his immediate farm household or employee **[or the**
31 **failure of the insured to follow proven farm practices].**
32 **THE CORPORATION SHALL ALSO OFFER REINSURANCE**
33 **SERVICES FOR ENTITIES WILLING TO OFFER AGRICULTURAL**
34 **INSURANCE.”**

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

3 "3.11. To generate internal funds by floating bonds, expansion
4 to other insurance lines, **INCLUDING REINSURANCE**
5 **AGREEMENTS WITH AGRICULTURAL COOPERATIVES,**
6 **FARMERS' ASSOCIATIONS, AND OTHER PRIVATE SECTOR**
7 **PARTICIPANTS IN THE AGRICULTURAL INSURANCE MARKET,**
8 and extending coverage to other areas of agriculture, **SUCH AS**
9 **LIVESTOCK, AQUACULTURE AND FISHERY, AGROFORESTRY,**
10 **OR FOREST PLANTATIONS,** in order to address **THE** insurance
11 needs of the target sector and to do and perform acts and things and
12 to exercise all the general powers conferred by law upon the
13 Corporation as are incidental or conducive to the attainment of the
14 objectives of the Corporation."

15 **SEC. 4.** Subsection 9.1, Section 9 of Presidential Decree No. 1467,
16 as amended, is hereby further amended by deleting the entire provision,
17 and in lieu thereof, insert the following:

18 "9.1. **THE POWERS OF THE PCIC SHALL BE VESTED IN**
19 **AND EXERCISED BY ITS BOARD OF DIRECTORS, COMPOSED**
20 **OF EIGHT (8) MEMBERS AS FOLLOWS:**

- 21 **1. SECRETARY OF FINANCE, AS EX OFFICIO CHAIRPERSON;**
- 22 **2. PRESIDENT OF THE PCIC AS EX OFFICIO VICE-**
23 **CHAIRPERSON;**
- 24 **3. PRESIDENT OF THE LANDBANK;**
- 25 **4. SECRETARY OF THE DEPARTMENT OF AGRICULTURE (DA);**
- 26 **5. ONE (1) REPRESENTATIVE FROM THE PRIVATE**
27 **INSURANCE INDUSTRY TO BE NOMINATED BY THE**
28 **SECRETARY OF FINANCE; AND**
- 29 **6. THREE (3) REPRESENTATIVES FROM THE SUBSISTENCE**
30 **FARMERS' SECTOR, PREFERABLY REPRESENTING**
31 **AGRARIAN REFORM BENEFICIARIES, COOPERATIVES, OR**
32 **ASSOCIATIONS COMING FROM LUZON, VISAYAS, AND**

1 MINDANAO, WHO SHALL BE SELECTED AND NOMINATED
2 BY THE DIFFERENT FARMERS' ORGANIZATIONS OR
3 COOPERATIVES."

4 SEC. 5. Subsection 9.4, Section 9 of Presidential Decree No. 1467, as
5 amended, is hereby further amended by deleting the entire provision, and in lieu
6 thereof, insert the following:

7 "9.4 THE CHAIRPERSON AND THE MEMBERS OF THE
8 BOARD SHALL EACH RECEIVE *PER DIEM* PURSUANT TO
9 EXISTING LAWS, FOR EACH MEETING OF THE BOARD
10 ACTUALLY ATTENDED: *PROVIDED*, THAT IN THE CASE OF
11 THE REPRESENTATIVES OF THE SUBSISTENCE FARMERS'
12 SECTOR, THE BOARD IS AUTHORIZED TO PROVIDE FUNDS
13 TO DEFRAY THE COST OF REASONABLE TRAVEL EXPENSES
14 AND, IF NECESSARY, SUBSISTENCE EXPENSES IN ADDITION
15 TO *PER DIEM*."

16 SEC. 6. Section 11-B of Presidential Decree No. 1467, as amended, is
17 hereby further amended by deleting the entire provision, and in lieu thereof,
18 insert the following:

19 "SEC. 11-B. *NO CLAIM BENEFITS.* – ANY INSURED
20 FARMER WHO HAS NOT FILED ANY CLAIM DURING THE
21 IMMEDIATELY PRECEDING THREE (3) CROP SEASONS, OR
22 ANY INSURED FISHPOND OR FISH CAGE OPERATOR WHO
23 HAS NOT FILED ANY CLAIM DURING THE IMMEDIATELY
24 PRECEDING THREE (3) HARVEST SEASONS, SHALL BE
25 ENTITLED TO A NO-CLAIM BENEFIT OF AT LEAST TEN
26 PERCENT (10%) OF HIS PREMIUM SHARE PAID FOR SAID
27 CROP SEASONS TO BE DEPOSITED IN A TRUST FUND AND
28 TO BE MANAGED BY THE CORPORATION. SUCH TRUST
29 FUND MAY BE USED TO FINANCE PREMIUM REBATE OR
30 PREMIUM CREDIT APPLICABLE TO THE IMMEDIATELY
31 FOLLOWING CROP SEASONS AS DETERMINED BY THE
32 BOARD OF DIRECTORS."

1 **SEC. 7.** Section 14 of Presidential Decree No. 1467, as amended, is hereby
2 amended by deleting the entire provision, and in lieu thereof, insert the
3 following:

4 **"SEC. 14. INTER-AGENCY LINKAGES. – TO SUPPORT AND**
5 **PROMOTE THE OPERATIONS OF THE CORPORATION, ALL**
6 **GOVERNMENT DEPARTMENTS, BUREAUS, OFFICES,**
7 **AGENCIES AND INSTRUMENTALITIES, NATIONAL OR LOCAL,**
8 **ALL LENDING INSTITUTIONS, GOVERNMENT OR PRIVATE,**
9 **NOW OR HEREAFTER ENGAGED IN THE SUPERVISED CREDIT**
10 **PROGRAM TO FARMERS AND FISHERFOLK, AND SUCH**
11 **OTHER PUBLIC OR PRIVATE ENTITIES AS MAY BE CALLED**
12 **UPON BY THE CORPORATION, SHALL ACT AS COOPERATING**
13 **AGENCIES TO THE CORPORATION, AND FOR THIS PURPOSE,**
14 **ARE HEREBY DIRECTED TO DESIGN THEIR POLICIES,**
15 **PROGRAMS, RULES AND REGULATIONS SO AS TO ATTUNE**
16 **AND SYNCHRONIZE THEM WITH THE OBJECTIVES OF**
17 **THE CORPORATION."**

18 **SEC. 8.** Section 17-A of Presidential Decree No. 1467, as amended, is
19 hereby amended by deleting the entire provision, and in lieu thereof, insert the
20 following:

21 **"SEC. 17-A. PENAL PROVISIONS. – THE CLAIMANT OR**
22 **ANY PERSON WHO THROUGH MALFEASANCE, MISFEASANCE**
23 **OR NONFEASANCE ALLOWS A SPURIOUS CLAIM TO BE PAID,**
24 **INCLUDING THE CLAIMANT HIMSELF, SHALL UPON FINAL**
25 **CONVICTION, BE PUNISHED BY IMPRISONMENT OF NOT LESS**
26 **THAN THREE (3) YEARS BUT NOT MORE THAN EIGHT (8)**
27 **YEARS OR A FINE OF NOT LESS THAN ONE HUNDRED**
28 **THOUSAND PESOS (P100,000) BUT NOT MORE THAN SIX**
29 **HUNDRED THOUSAND PESOS (P600,000), OR BOTH, AT THE**
30 **DISCRETION OF THE COURT. THE PCIC PERSONNEL WHO**
31 **ALLOWED THE COMMISSION OF THE OFFENSE SHALL, IN**
32 **ADDITION, BE DISMISSED FROM OFFICE, AND FORFEIT ALL**
33 **PRIVILEGES AND BENEFITS WHICH MAY ACCRUE TO SUCH**
34 **PERSONNEL."**

1 **SEC. 9.** If any provision or part hereof is held unconstitutional or invalid, the
2 remainder of the law, or the provisions not otherwise affected shall remain valid
3 and subsisting.

4 **SEC. 10.** Any provision of Presidential Decree No. 1467, as amended, and
5 all other laws inconsistent herewith are hereby repealed or modified accordingly.

6 **SEC. 11.** This Act shall take effect fifteen (15) days after its complete
7 publication in a newspaper of general circulation.

Approved,