



HOUSE OF REPRESENTATIVES

H. No. 6883

BY REPRESENTATIVES BELLO, BAG-AO, DE VENECIA, AUMENTADO,
PALMONES, LAPUS, AGGABAO, YAP (A.), SYJUCO, FABIAN, GUANLAO,
AND RODRIGUEZ (R.), PER COMMITTEE REPORT NO. 2664

AN ACT STRENGTHENING THE PHILIPPINE CROP INSURANCE
CORPORATION, AMENDING FOR THE PURPOSE
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. Section 1 of Presidential Decree No. 1467, as amended, is
2 hereby further amended to read as follows:

3 “SECTION 1. *Creation of the Philippine Crop Insurance*
4 *Corporation.* – There is hereby created a body corporate to be
5 known as the ‘Philippine Crop Insurance Corporation’ (PCIC
6 and herein called the Corporation) which shall be attached to the
7 Department of Agriculture [for budgetary purposes]. The
8 Corporation shall insure qualified farmers AND FISHERFOLK
9 against losses arising from natural calamities, FORTUITOUS
10 EVENTS, plant AND FISH diseases and pest infestations.

1 [Initially,] T[t]he Corporation shall provide insurance coverage
2 for palay AND CORN crops, HIGH-VALUE COMMERCIAL CROPS,
3 LIVESTOCK, AQUACULTURE AND FISHERY PRODUCTS,
4 AGROFORESTRY CROPS AND FOREST PLANTATIONS; [and later
5 on to other crops without prejudice to the inclusion of other] on-
6 crop agricultural assets such as but not limited to machineries
7 equipment, transport facilities and other related infrastructures,
8 AND LIFE AND ACCIDENT TERM INSURANCE COVERAGE FOR
9 FARMERS AND FISHERFOLK, as the Board of Directors of the
10 Corporation may determine. Such crop insurance shall cover, in
11 every case, the cost of production inputs, the value of the
12 farmer's AND FISHERFOLK'S own labor and those of the
13 members of his household, including the value of the labor of
14 hired workers, and a portion of the expected yield as the Board
15 of Directors in its discretion, decide to insure. Such insurance
16 protection, however, shall exclude losses arising from avoidable
17 risks emanating from or due to the negligence, malfeasance or
18 fraud committed by the insured or any member of his immediate
19 farm household or employee or the failure of the insured to
20 follow proven farm practices.

21 "THE CORPORATION SHALL ALSO INSURE
22 PROPERTIES AND FACILITIES WHICH ARE OWNED AND/OR
23 USED BY GOVERNMENT AGENCIES INVOLVED IN
24 AGRI-FISHERY-FORESTRY PROJECTS/ACTIVITIES AND
25 GOVERNMENT-FINANCED AGRI-FISHERY-FORESTRY PROJECTS.
26 THE CORPORATION SHALL ALSO PROVIDE REINSURANCE
27 COVERAGE TO AGRI-FISHERY-FORESTRY PROPERTIES AND

1 **FACILITIES UNDERWRITTEN BY PRIVATE AND GOVERNMENT**
2 **INSURANCE COMPANIES.”**

3 SEC. 2. Subsections 3.5. and 3.11. of Section 3 of Presidential Decree
4 1467, as amended, are hereby further amended to read as follows:

5 “SEC. 3. *Powers.* – The Corporation shall have the
6 following powers:

7 “x x x

8 “3.5. To insure the [rice production] **PRODUCE** of farmers
9 **AND FISHERFOLK** against loss, damage and destruction caused
10 by natural calamities such as typhoons, floods, drought,
11 earthquake, volcanic eruptions, rodents, vermins, disease, insects
12 and other pests; and to carry on any business necessary, related
13 to, and expedient for the above purpose;

14 “x x x

15 “3.11. To generate internal funds by floating bonds,
16 expansion to other insurance lines and extending coverage to
17 other areas of agriculture, **LIVESTOCK, AQUACULTURE AND**
18 **FISHERY, AGROFORESTRY AND FOREST PLANTATIONS** in order
19 to address **THE** insurance needs of the target sector and to do and
20 perform acts and things and to exercise all the general powers
21 conferred by law upon the Corporation as are incidental or
22 conducive to the attainment of the objectives of the
23 Corporation.”

24 SEC. 3. Section 5 of Presidential Decree No. 1467, as amended, is
25 hereby further amended to read as follows:

26 “SEC. 5. *Rate of Premium and its Sharing.* – The rate of
27 premium, as well as the allocated sharing thereof by the farmers,

1 THE FISHERFOLK, the lending institutions, the Government of
2 the Republic of the Philippines (herein called the Government)
3 and other parties, shall be determined by the Board of Directors
4 of the Corporation: *Provided*, That the share of the Government
5 in the premium cost in the form of premium subsidy, shall be
6 limited to subsistence farmers AND FISHERFOLK: *Provided*,
7 *however*, That each of these subsistence farmers is cultivating
8 not more than seven (7) hectares OF FARMLANDS AND EACH
9 FISHERFOLK IS CULTIVATING NOT MORE THAN FIVE (5)
10 HECTARES OF THE FISHPOND, SEAWEED, OYSTER OR MUSSEL
11 FARM by themselves or with the help of the labor of the members
12 of their households or hired labor, the premium rate and sharing
13 to be determined by the Board of Directors subject to approval
14 by the President of the Philippines: *Provided, further*, That the
15 premium share of the subsistence farmer OR FISHERFOLK shall
16 be reasonably affordable by him. *Provided, furthermore*, That
17 the Government shall share in the premium cost only in
18 insurance coverage against unforeseen and unavoidable risks
19 such as, but not limited to typhoons, droughts, outbreaks of pests
20 and diseases: *Provided, finally*, That premium subsidy and/or
21 insurance benefits shall upon the accumulation of surplus funds,
22 be increased to such amount as may be determined by the Board
23 taking into consideration that the Corporation has been
24 established not only for profit but mainly to help the insured in
25 their direct hours of need.”

26 SEC. 4. Subsections 6.3. and 6.5. of Section 6 of Presidential Decree
27 No. 1467, as amended, are hereby further amended to read as follows:

1 “SEC. 6. *Premium Subsidy.* –

2 “x x x

3 “6.3. Unappropriated and/or unreleased government
4 premium subsidy for policies written for the period from
5 May 1, 1981 up to [the approval of this Act] **DECEMBER 31,**
6 **2011** computed on the basis of premium rates and sharing
7 previously approved by the President as authorized by law shall
8 be programmed for payment by the Government [within a period
9 of ten (10) years from the approval of this Act,] and the yearly
10 sums shall be included in the budgetary appropriations for
11 submission to Congress, starting the fiscal year following
12 approval hereof, in addition to the premium subsidy requirement
13 for the year involved.

14 “x x x

15 “6.5. [Ten percent (10%) of the net earnings of the] **THE**
16 **Philippine Charity Sweepstakes Office (PCSO) [from its lotto**
17 **operation shall be earmarked for] SHALL CONTRIBUTE A**
18 **YEARLY AMOUNT OF FIVE MILLION PESOS (P5,000,000) FROM**
19 **ITS CHARITY FUND TO the Crop Insurance Program and said**
20 **amount shall be directly remitted by the PCSO to the**
21 **Corporation [every six (6) months] YEARLY until the [amount of**
22 **government subscription] UNRELEASED PREMIUM SUBSIDY is**
23 **fully paid.”**

24 SEC. 5. Subsections 8.1., 8.3., 8.4.1., 8.4.3., and 8.5. of Section 8 of
25 Presidential Decree No. 1467, as amended, are hereby further amended to read
26 as follows:

1 SEC. 8. *Capital Stock.* –

2 “8.1. The authorized capital stock of the Corporation is
3 **[Two billion pesos (P2,000,000,000)] TEN BILLION PESOS**
4 **(P10,000,000,000)** divided into **[Fifteen million (15,000,000)]**
5 **SEVENTY-FIVE MILLION (75,000,000)** common shares with a par
6 value of One hundred pesos (P100) each share, which shall be
7 fully subscribed by the Government and **[Five million**
8 **(5,000,000)] TWENTY-FIVE MILLION (25,000,000)** preferred
9 shares with a par value of One hundred pesos (P100) per share
10 which shall have the features as provided in Section 8.4 hereof
11 and shall be issued in accordance with the provisions of Section
12 8.5 hereof.

13 “x x x

14 “8.3. The additional common capital stock of **[One**
15 billion pesos (P1,000,000,000)] **SIX BILLION PESOS**
16 **(P6,000,000,000)** shall be fully subscribed by the Government
17 and the necessary funds shall be appropriated by Congress unless
18 otherwise provided by existing laws: *Provided, That Congress*
19 shall provide, on an annual basis, **[at least fifty percent (50%) of]**
20 the needed capital, until the authorized capital stock is fully paid
21 up.

22 “x x x

23 “8.4.1. Preferred as to dividends at a minimum of **[six**
24 per cent (6%)] **ONE AND ONE-HALF PERCENT (1.5%) OR THE**

1 PREVAILING 360-DAY TREASURY BILL RATE AT THE TIME OF
2 DECLARATION OF DIVIDENDS, WHICHEVER IS HIGHER;

3 "x x x

4 "8.4.3. NON-Participating;

5 "x x x

6 "8.5 [The preferred shares] AT LEAST FIVE HUNDRED
7 MILLION (500,000,000) PREFERRED SHARES SHALL BE
8 SUBSCRIBED AND PAID FOR BY THE LAND BANK OF THE
9 PHILIPPINES. THE BALANCE OF THE PREFERRED SHARES may
10 be available for sale or to subscription by the general public."

11 "x x x."

12 SEC. 6. Section 8-A. of Presidential Decree No. 1467, as amended, is
13 hereby further amended to read as follows.

14 "SEC 8-A. *RESERVE FUND FOR CATASTROPHIC LOSSES.*

15 -- A State reserve fund for catastrophic losses in the amount of
16 Five hundred million pesos (P500,000,000) shall be created
17 exclusively to answer for the proportion of all losses in excess of
18 risk (pure) premiums under the Corporation's Crop Insurance
19 Program for small farmers AND FISHERFOLK. THE FUND MAY
20 BE INCREASED SUBJECT TO THE APPROVAL OF THE
21 PRESIDENT. The Fund shall be administered by a government
22 financial institution to be designated by the Corporation's Board
23 of Directors. Such sum as may be necessary for the purpose
24 shall be funded by the National Government through the annual
25 General Appropriations Act starting the calendar year
26 immediately following the approval of this Act and every year
27 thereafter until the full amount is completed. The mechanics of

1 claims against the fund and to what extent the Fund shall be
2 liable shall be determined jointly by the financial institution
3 administering the Fund, subject to the approval by the
4 President.”

5 SEC. 7. *Separability Clause* – If any provision or part hereof is held
6 unconstitutional or invalid, the other provisions not affected shall remain in full
7 force and effect.

8 SEC. 8. *Repealing Clause*. – All laws, executive orders and other
9 issuances or parts thereof inconsistent with this Act are hereby repealed or
10 modified accordingly.

11 SEC. 9. *Effectivity*. – This Act shall take effect fifteen (15) days after
12 its complete publication in at least two (2) newspapers of general circulation.

Approved,