

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

23 MAY -3 A11 :45

SENATE
S. No. 2118

RECEIVED BY: 

Introduced by Senator Christopher Lawrence "Bong" T. Go

AN ACT
EXPANDING THE SERVICES OF THE PHILIPPINE CROP INSURANCE CORPORATION AND ENCOURAGING PRIVATE SECTOR PARTICIPATION IN AGRICULTURAL INSURANCE, FURTHER AMENDING SECTION 1 AND SECTION 3.11 OF PRESIDENTIAL DECREE NO. 1467, CREATING THE PHILIPPINE CROP INSURANCE CORPORATION, AS AMENDED

EXPLANATORY NOTE

The Philippine Crop Insurance Corporation (PCIC) was founded to support farmers with insurance coverage against natural calamities, such as typhoons, floods, droughts, plant disease, pest infestations, and other disasters. The PCIS aims to assist the farmers in managing the risks associated with agricultural production and to provide them with a safety net against unexpected and inevitable losses.

Agriculture is the backbone of the Philippine economy as it plays a crucial role in guaranteeing food security for the people. However, natural disasters and calamities have had a significant impact on the agricultural sector in the country, resulting in losses of billions of pesos every year. It has also left our farmers and fisherfolk in a devastating state. According to the Philippine Statistics Authority (PSA), from 2010 to 2019, damages incurred due to natural extreme events and disasters amounted to P463 billion, of which agriculture posted the largest share with 62.7 percent or P290 billion.¹

¹ <https://psa.gov.ph/content/damages-due-natural-extreme-events-and-disasters-amounted-php-463-billion>

The government and other stakeholders need to work together to improve the resilience of the agricultural sector and reduce the impact of natural disasters on farmers and rural communities. By providing better insurance coverage and services to farmers, the government can help promote the growth and development of the agricultural sector, which is vital for the country's overall economic growth and development.

This bill seeks to improve the services of the PCIC and promote private sector contribution in agricultural insurance to help farmers manage the risks that are present in agricultural production. The bill also explicitly provides that the PCIC shall immediately cover all agricultural commodities and include other non-crop agricultural assets, such as livestock, aquaculture and fishery, agroforestry, forest plantations. Private sector organizations are also encouraged to assist farmers by offering reinsurance services for entities willing to offer agricultural insurance.

In view of the foregoing, the passage of this bill is earnestly sought.



SENATOR CHRISTOPHER LAWRENCE "BONG" T. GO

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

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

4 **"SEC. 1. *Creation of the Philippine Crop Insurance***
5 ***Corporation.*** – There is hereby created a body corporate to be known
6 as the "Philippine Crop Insurance Corporation" (PCIC and herein
7 called the Corporation) which shall be attached to the Department of
8 Agriculture for budgetary purposes. The Corporation shall insure
9 **[qualified]** farmers against losses arising from natural calamities,
10 plant diseases, and pest infestations. **[Initially,]** **[t]**he Corporation
11 shall provide insurance coverage for **ALL AGRICULTURAL**
12 **COMMODITIES, INCLUDING** palay crops, and **[later on to]** other
13 crops, without prejudice to the inclusion of other non-crop agricultural

1 assets, such as **[but not limited to] LIVESTOCK, AQUACULTURE**
2 **AND FISHERY, AGROFORESTRY, FOREST PLANTATIONS,**
3 machineries, equipment, transport facilities, and other related
4 infrastructures, as the Board of Directors of the Corporation may
5 determine. Such **[crop]** insurance shall cover, in every case, the cost
6 of production inputs, the value of the farmer's own labor and those of
7 the members of his household, including the value of the labor of hired
8 workers, and a portion of the expected yield as the Board of Directors,
9 in its discretion, decide to insure. Such insurance protection, however,
10 shall exclude losses arising from avoidable risks emanating from or
11 due to the negligence, malfeasance or fraud committed by the insured
12 or any member of his immediate farm household or employee **[or the**
13 **failure of the insured to follow proven farm practices]. THE**
14 **CORPORATION SHALL ALSO OFFER REINSURANCE SERVICES FOR**
15 **ENTITIES WILLING TO OFFER AGRICULTURAL**
16 **INSURANCE."**

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

19 "3.11. To generate internal funds by floating bonds, expansion
20 to other insurance lines, **INCLUDING REINSURANCE**
21 **AGREEMENTS WITH AGRICULTURAL COOPERATIVES,**
22 **FARMERS' ASSOCIATIONS, AND OTHER PRIVATE SECTOR**
23 **PARTICIPANTS IN THE AGRICULTURAL INSURANCE MARKET,**
24 and extending coverage to other areas of agriculture, **SUCH AS**
25 **LIVESTOCK, AQUACULTURE AND FISHERY, AGROFORESTRY,**
26 **OR FOREST PLANTATIONS,** in order to address **THE** insurance
27 needs of the target sector and to do and perform acts and things and
28 to exercise all the general powers conferred by law upon the
29 Corporation as are incidental or conducive to the attainment of the
30 objectives of the Corporation."

1 **Sec. 3. *Implementing Rules and Regulations.*** – Within sixty (60) days from the
2 approval of this Act, the PCIC and the Department of Agriculture, in consultation
3 with concerned stakeholders, shall formulate the rules and regulations necessary for
4 the effective implementation of this Act.

5 **SEC 4. *Separability Clause.*** - Any portion or provision of this Act that is
6 declared unconstitutional shall not have the effect of nullifying other portions or
7 provisions hereof as long as such remaining portions can still subsist and be given
8 effect in their entirety.

9 **SEC 5. *Repealing Clause.*** - All laws, ordinances, rules, regulations, other
10 issuances or parts thereof, which are inconsistent with this Act, are hereby repealed
11 or modified accordingly.

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

Approved,