

SENATE

S. No. 1157

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INTRODUCED BY SENATORS MACAPAGAL, ALVAREZ, ROCO, SHAHANI,  
ROMULO, HERRERA, WEBB AND THE MEMBERS OF THE COMMITTEE  
ON AGRICULTURE AND FOOD

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AN ACT FURTHER AMENDING PRESIDENTIAL DECREE  
NO. 1467, AS AMENDED, OTHERWISE KNOWN AS THE  
CHARTER OF THE PHILIPPINE CROP INSURANCE  
CORPORATION (PCIC), IN ORDER TO MAKE THE CROP  
INSURANCE SYSTEM MORE STABLE AND MORE  
BENEFICIAL TO THE FARMERS COVERED THEREBY  
AND FOR THE NATIONAL ECONOMY

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

1           SECTION 1. *Title.* - This Act shall be known as the "Revised  
2 Charter of the Philippine Crop Insurance Corporation Act of 1995."

3           SEC. 2. *Declaration of Policy.* - It is the policy of the State to  
4 develop and support an adequate agricultural insurance program as a  
5 mechanism for managing the risks inherent in agriculture and stabilizing  
6 the financial fluctuations suffered by agricultural producers in case of loss  
7 on crops, including the agricultural facilities and related infrastructures  
8 with the end in view of encouraging lending institutions to extend credit  
9 to the agricultural sector.

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1           Considering that a major sector of our farming economy is com-  
2 posed of marginalized subsistence farmers, who by definition shall be  
3 farmers who depend primarily on farming for their subsistence and till  
4 their own land with the help of members of their household (hereinafter  
5 referred to as 'subsistence farmers'), it is likewise declared a policy of  
6 the State to extend to said farmers such subsidies as may be called for  
7 in order to bring the benefits of this program within their reach.

8           In pursuit of this policy, and in order to maximize the benefits under  
9 this program, the State shall encourage the formation, development and  
10 promotion of people's organization and/or associations such as coopera-  
11 tives as provided for by Section 23, Article II, Sections 15 and 16, Article  
12 XII, and Sections 15 and 16, Article XIII, of the 1987 Constitution, as  
13 service channels through which such benefits shall preferably be ex-  
14 tended.

15           SEC. 3. Section 1 of Presidential Decree No. 1467, as amended, is  
16 hereby further amended to read as follows:

17           "SEC. 1. *Creation of the Philippine Crop Insurance*  
18           *Corporation.* - There is hereby created a body corporate to be  
19 known as the "Philippine Crop Insurance Corporation"  
20 (PCIC and herein called the Corporation) which shall BE  
21 UNDER THE JURISDICTION OF THE INSURANCE  
22 COMMISSION IN ACCORDANCE WITH EXISTING  
23 LAWS AND SHALL BE ATTACHED TO THE  
24 DEPARTMENT OF AGRICULTURE FOR BUDGETARY  
25 PURPOSES. THE BUDGET OF THE PHILIPPINE CROP

1 INSURANCE CORPORATION SHALL BE SUBMITTED  
2 TO CONGRESS IN THE GENERAL APPROPRIATIONS  
3 ACT. THE PHILIPPINE CROP INSURANCE  
4 CORPORATION SHALL INSURE QUALIFIED  
5 FARMERS AGAINST LOSSES ARISING FROM  
6 NATURAL CALAMITIES, PLANT DISEASES, AND  
7 PEST INFESTATIONS. INITIALLY, THE PHILIPPINE  
8 CROP INSURANCE CORPORATION SHALL PROVIDE  
9 INSURANCE COVERAGE FOR PALAY CROPS,  
10 WITHOUT PREJUDICE TO THE INCLUSION OF  
11 OTHER CROPS, INCLUDING AGRICULTURAL  
12 FACILITIES, IMPLEMENTS, AND OTHER RELATED  
13 INFRASTRUCTURES, AS THE BOARD OF DIRECTORS  
14 OF THE PHILIPPINE CROP INSURANCE CORPORA-  
15 TION MAY DETERMINE. SUCH INSURANCE SHALL  
16 COVER, IN EVERY CASE, THE COST OF PRODUCTION  
17 INPUTS, THE VALUE OF THE FARMERS ON LABOR  
18 AND THOSE OF THE MEMBERS OF HIS HOUSE-  
19 HOLD, INCLUDING THE VALUE OF THE LABOR  
20 OF HIRED WORKERS, AND A PORTION OF THE  
21 EXPECTED YIELD AS THE BOARD OF DIRECTORS, IN  
22 ITS DISCRETION, DECIDE TO INSURE. [provide  
23 insurance protection to farmers against losses arising from  
24 natural disaster as well as plant diseases and pest infestation,  
25 initially to palay crops and later on the other crops] Such

1 insurance protection, however, shall exclude losses arising  
 2 from avoidable risks emanating from or due to THE  
 3 NEGLIGENCE [neglect], malfeasance or fraud  
 4 COMMITTED by the insured or any member of his immediate  
 5 farm household or employee or the failure of the insured to  
 6 follow proven farm practices and that the indemnity for such  
 7 losses shall not exceed at all times the cost borne by the  
 8 insured farmer in the production of the crop.

9 SEC. 4. Section 5 of Presidential Decree No. 1467, as amended, is  
 10 hereby further amended to read as follows:

11 “SEC. 5. *Rate of Premium and Its Sharing.* - The rate  
 12 of premium, as well as the allocated sharing thereof by the  
 13 farmers, the lending institutions, the Government of the  
 14 Republic of the Philippines (herein called the Government)  
 15 and other parties, shall be determined by the Board of  
 16 Directors of the Corporation: *PROVIDED, THAT THE*  
 17 *SHARE OF THE GOVERNMENT IN THE PREMIUM*  
 18 *COST, IN THE FORM OF PREMIUM SUBSIDY, SHALL*  
 19 *BELIMITED TO SUBSISTENCE FARMERS: PROVIDED,*  
 20 *HOWEVER, THAT EACH OF THESE SUBSISTENCE*  
 21 *FARMERS IS CULTIVATING NOT MORE THAN SEVEN*  
 22 *(7) HECTARES BY THEMSELVES OR WITH THE HELP*  
 23 *OF THE LABOR OF THE MEMBERS OF THEIR*  
 24 *HOUSEHOLD OR HIRED LABOR, THE PREMIUM RATE*  
 25 *AND SHARING TO BE DETERMINED BY THE BOARD*

1 OF DIRECTORS subject to approval by the President of the  
 2 Philippines: *PROVIDED, FURTHER*, THAT THE PREMIUM  
 3 SHARE OF THE SUBSISTENCE FARMER SHALL BE  
 4 REASONABLY AFFORDABLE BY HIM: *PROVIDED,*  
 5 *FURTHERMORE*, THAT THE GOVERNMENT SHALL  
 6 SHARE IN THE PREMIUM COST ONLY IN INSURANCE  
 7 COVERAGE AGAINST UNFORESEEN AND  
 8 UNAVOIDABLE RISKS SUCH AS, BUT NOT LIMITED  
 9 TO, TYPHOONS, DROUGHTS, OUTBREAKS OF PESTS  
 10 AND DISEASES: *PROVIDED, FINALLY*, THAT PREMIUM  
 11 SUBSIDY AND/OR INSURANCE BENEFITS SHALL,  
 12 UPON THE ACCUMULATION OF SURPLUS FUNDS, BE  
 13 ~~INCREASED~~ TO SUCH AMOUNT AS MAY BE  
 14 DETERMINED BY THE BOARD, TAKING INTO  
 15 CONSIDERATION THAT THE CORPORATION HAS  
 16 BEEN ESTABLISHED NOT ONLY FOR PROFIT BUT  
 17 MAINLY TO HELP THE INSURED IN THEIR DIREST  
 18 HOURS OF NEED.”

19 SEC. 5. A new sub-section, numbered 6.3 shall be added to Section  
 20 6 of Presidential Decree No. 1467, as amended, to read:

21 “6.3 UNAPPROPRIATED AND/OR UNRELEASED  
 22 GOVERNMENT PREMIUM SUBSIDY FOR POLICIES  
 23 WRITTEN FOR THE PERIOD FROM MAY 1, 1981 UP TO  
 24 THE APPROVAL OF THIS ACT COMPUTED ON THE  
 25 BASIS OF PREMIUM RATES AND SHARING

1 PREVIOUSLY APPROVED BY THE PRESIDENT OF THE  
2 PHILIPPINES AS AUTHORIZED BY LAW SHALL BE  
3 PROGRAMMED FOR PAYMENT BY THE  
4 GOVERNMENT WITHIN A PERIOD OF TEN (10) YEARS  
5 FROM THE APPROVAL OF THIS ACT, AND THE  
6 YEARLY SUMS SHALL BE INCLUDED IN THE  
7 BUDGETARY APPROPRIATIONS FOR SUBMISSION TO  
8 CONGRESS, STARTING THE FISCAL YEAR  
9 FOLLOWING APPROVAL HEREOF, IN ADDITION TO  
10 THE PREMIUM SUBSIDY REQUIREMENT FOR THE  
11 YEAR INVOLVED.”

12 SEC. 6. Subsections 8.1 and 8.3 of Presidential Decree No. 1467,  
13 as amended, are hereby further amended to read as follows:

14 “8.1. The authorized capital stock of the Corporation is  
15 [Seven hundred fifty million pesos (P750,000,000.00)] TWO  
16 BILLION PESOS (P2,000,000,000.00) divided into [Five  
17 million (5,000,000)] FIFTEEN MILLION (15,000,000)  
18 common shares with a par value of One hundred pesos  
19 (P100.00) each share, which shall be fully subscribed by the  
20 Government; and [Two million five hundred thousand  
21 (2,500,000.00)] FIVE MILLION (5,000,000) PREFERRED  
22 [common] shares with a par value of One hundred pesos  
23 (P100.00) per share, which shall have the features as provided  
24 in Section 8.4 hereof and shall be issued in accordance with  
25 the provisions of Section 8.5 hereof.”

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1           “8.3 The [remaining] ADDITIONAL common capital  
2 stock of [Two hundred fifty million pesos (P250,000,000.00)]  
3 ONE BILLION PESOS (P1,000,000,000.00) shall be fully  
4 subscribed by the Government and the necessary funds shall  
5 be appropriated BY CONGRESS UNLESS OTHERWISE  
6 PROVIDED BY EXISTING LAWS: *PROVIDED,*  
7 *HOWEVER,* THAT ANY OR ALL OF THESE SHARES OF  
8 STOCK MAY BE SUBSCRIBED BY PRIVATE PERSONS  
9 WITH THE APPROVAL OF THE COMMITTEE ON  
10 PRIVATIZATION. [programmed, and paid by the proper  
11 office, entity or agency of the government as the financial  
12 needs of the Corporation shall require and until the authorized  
13 capital stock is fully paid up.]

14           “8.4 THE ADDITIONAL COMMON CAPITAL  
15 STOCK SHALL NOT BE USED, IN ANY CASE, TO  
16 EXPAND THE PRESENT MANPOWER OF THE  
17 CORPORATION.”

18           SEC. 7. A new section is hereby inserted between Sections 8 and  
19 9 of Presidential Decree No. 1467, as amended, designated as Section 8-  
20 A, which read as follows:

21           “Sec. 8-A. IN ORDER TO SPREAD THE RISK OF  
22 ~~THE CORPORATION, THE PHILIPPINE CROP~~  
23 INSURANCE IS HEREBY AUTHORIZED TO SEEK  
24 REINSURANCE PROTECTION WHENEVER IT MAY  
25 BE AVAILABLE.”

1           SEC. 8. Sub-sections 9.1 and 9.4 of Section 9 of Presidential Decree  
2 No. 1467, as amended, are hereby further amended to read as follows:

3           “SEC. 9.1 The power of the Corporation shall be vested  
4 in and exercised by a Board of Directors composed of  
5 SEVEN (7) MEMBERS WITH THE SECRETARY OF  
6 AGRICULTURE AS CHAIRMAN, THE PRESIDENT OF  
7 THE CORPORATION AS VICE CHAIRMAN, AND  
8 FIVE (5) OTHER MEMBERS TO BE SELECTED FROM  
9 THE COOPERATIVE AND FARMER’S ORGANIZATION,  
10 THE PRIVATE INSURANCE SECTOR, AND THE  
11 AGRICULTURAL DEVELOPMENT SECTOR. OF THE  
12 FIVE (5) MEMBERS TO BE APPOINTED, TWO (2)  
13 SHALL BE APPOINTED FOR ONE (1) YEAR, TWO (2)  
14 FOR TWO (2) YEARS AND ONE (1) FOR THREE (3)  
15 YEARS. THERE SHOULD BE AN ADVISORY COUNCIL  
16 COMPOSED OF FIVE (5) MEMBERS CONSISTING OF  
17 THE FOLLOWING: THE SECRETARY OF FINANCE,  
18 THE SECRETARY OF AGRARIAN REFORM, THE  
19 SECRETARY OF BUDGET AND MANAGEMENT, THE  
20 PRESIDENT OF THE LAND BANK, AND THE  
21 EXECUTIVE DIRECTOR OF THE AGRICULTURAL  
22 CREDIT AND POLICY COUNCIL. [nine (9) members and  
23 made up of the following: The Secretary of Finance, the  
24 Secretary of Agriculture, the President of the Land Bank of the  
25 Philippines, the Secretary of Agrarian Reform, the Secretary



1 of Labor, the Secretary of National Defense, the Budget  
2 Commission and the President of the Corporation, and in  
3 addition, a nominee of the Secretary of Finance, preferably  
4 representing the private insurance industry. The Chairman of  
5 the Board of Directors shall be appointed by the President  
6 from among the members of the Board of Directors; and that]  
7 The President of the Corporation shall be *ex-officio* Vice  
8 Chairman who, as such shall assist the Chairman and act in  
9 his stead in case of absence or incapacity. In case of absence  
10 or incapacity of both the Chairman and the Vice-Chairman,  
11 the Board of Directors shall designate a temporary Chairman  
12 from among its members.”

13 “9.4 The Chairman and the members of the Board shall  
14 each receive a *per diem* of [Three hundred pesos (P300.00)]  
15 ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00)  
16 for each MEETING [session] of the Board PERSONALLY  
17 attended, but in no case to exceed [Three thousand pesos  
18 (P3,000.00)] SEVENTHOUSAND FIVEHUNDRED PESOS  
19 (P7,500.00) a month: *PROVIDED, HOWEVER, THAT IN*  
20 *THE CASE OF THE PRIVATE SECTOR*  
21 *REPRESENTATIVES, THE BOARD IS AUTHORIZED TO*  
22 *DETERMINE REASONABLE TRAVELING AND, IF*  
23 *NECESSARY, SUBSISTENCE EXPENSES IN GOING TO*  
24 *AND RETURNING FROM SAID BOARD MEETINGS TO*  
25 *BE DISBURSED TO THEM IN ADDITION TO THEIR*

1           *PER DIEM.*”

2           SEC. 9. A new Section is hereby inserted between Sections 11 and  
3 12 of Presidential Decree No. 1467, as amended, designated as Section 11-  
4 A, which shall read as follows:

5                   “SEC. 11-A *SETTLEMENT OF CLAIMS.* -

6                   “11-A.1 CLAIMS FOR INDEMNITY AGAINST THE  
7 CORPORATION SHALL BE SETTLED BY THE  
8 CORPORATION'S REGIONAL MANAGER CONCERNED  
9 OR THE APPROPRIATE OFFICER TO WHOM HE MAY  
10 DELEGATE THE FUNCTION. HOWEVER, IF IN THE  
11 OPINION OF THE REGIONAL MANAGER THE CLAIM  
12 IS NOVEL, DIFFICULT OR CONTROVERSIAL, THE  
13 MATTER MAY BE ELEVATED BY THE REGIONAL  
14 MANAGER TO THE PRESIDENT OF THE  
15 CORPORATION FOR DECISION.

16                   “11-A.2 THE CLAIMANT AGGRIEVED BY THE  
17 DECISION OF THE REGIONAL MANAGER MAY  
18 WITHIN THIRTY (30) DAYS FROM RECEIPT OF THE  
19 DECISION REQUEST FOR RECONSIDERATION  
20 THEREOF, AND IF NOT SATISFIED THEREWITH, MAY  
21 ELEVATE THE MATTER TO THE PRESIDENT OF THE  
22 CORPORATION.

23                   “11-A.3 CLAIMS FOR INDEMNITY SHALL BE  
24 SETTLED WITHIN FORTY-FIVE (45) CALENDAR DAYS  
25 FROM THE DATE OF RECEIPT BY THE PHILIPPINE

1 CROP INSURANCE OFFICE OF PROPERLY  
2 DOCUMENTED PROOF OF LOSS.

3 "11-B. *NO CLAIM BENEFITS.* - ANY INSURED  
4 FARMER WHO HAS NOT FILED ANY CLAIM DURING  
5 THE IMMEDIATELY PRECEDING THREE (3) CROP  
6 SEASONS SHALL BE ENTITLED TO A NO-CLAIM  
7 BENEFIT OF AT LEAST TEN PERCENT (10%) OF HIS  
8 PREMIUM SHARE PAID FOR SAID CROP SEASONS TO  
9 BE DEPOSITED IN A TRUST FUND AND TO BE  
10 MANAGED BY THE PCIC. SUCH TRUST FUND MAY BE  
11 USED TO FINANCE PREMIUM REBATE, PREMIUM  
12 CREDIT APPLICABLE TO THE IMMEDIATE CROP  
13 SEASONS, AS DETERMINED BY THE BOARD OF  
14 DIRECTORS OF PCIC.

15 SEC. 9-A. Section 15 of Presidential Decree No. 1467, as amended,  
16 is hereby further amended to read as follows:

17 "SECTION 15. *Utilization of Profits.* - The profits of  
18 the Corporation shall be determined on the calendar year basis  
19 and the manner of its distribution shall be determined by the  
20 LAW. [Board of Directors]

21 SEC. 9-B. All provisions of Presidential Decree No. 1467  
22 inconsistent with this Act are hereby repealed.

23 SEC. 10. This Act shall take effect fifteen (15) days after its  
24 complete publication in at least two (2) newspapers of general circulation.

Approved,