

S E N A T E

S. No. 1157

Introduced by Senators Macapagal, Alvarez, Roco, Shahani,
Herrera and the Members of the Committee

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
2 "Revised Charter of the Philippine Crop Insurance
3 Corporation Act of 1995."

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

13 Considering that a major sector of our farming economy
14 is composed of marginalized small-scale/subsistence farmers,
15 it is likewise declared a policy of the State to extend to
16 said farmers such subsidies as may be called for in order to
17 bring the benefits of this program within their reach.

18 In pursuit of this policy, and in order to maximize the
19 benefits under this program, the State shall encourage the
20 formation, development and promotion of people's
21 organization and/or associations such as cooperatives as
22 provided for by Section 23, Article II, Sections 15 and 16,

1 Article XII, and Sections 15 and 16, Article XIII, of the
2 1987 Constitution, as service channels through which such
3 benefits shall preferably be extended.

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

6 "SEC. 1. *Creation of the Philippine Crop*
7 *Insurance Corporation.* - There is hereby created a
8 body corporate to be known as the "Philippine Crop
9 Insurance Corporation" (PCIC and herein called the
10 Corporation) which shall BE UNDER THE
11 JURISDICTION OF THE INSURANCE COMMISSION IN
12 ACCORDANCE WITH EXISTING LAWS AND SHALL BE
13 ATTACHED TO THE DEPARTMENT OF AGRICULTURE FOR
14 BUDGETARY PURPOSES. THE BUDGET OF THE PHILIPPINE
15 CROP INSURANCE CORPORATION SHALL BE SUBMITTED TO
16 CONGRESS IN THE GENERAL APPROPRIATIONS ACT. THE
17 PHILIPPINE CROP INSURANCE CORPORATION SHALL
18 provide insurance protection to farmers against
19 losses arising from natural disaster as well as
20 plant diseases and pest infestation, initially to
21 palay crops and later on the other crops INCLUDING
22 THE AGRICULTURAL FACILITIES AND RELATED
23 INFRASTRUCTURES. SUCH INSURANCE SHALL COVER SUCH
24 OTHER CROPS AS THE BOARD OF DIRECTORS OF THE
25 CORPORATION MAY INCLUDE, AND SHALL COVER THE COST
26 OF PRODUCTION INPUTS, INCLUDING THE FARMER'S OWN
27 LABOR, THAT OF THE MEMBERS OF HIS HOUSEHOLD AND
28 PAID LABOR AS WELL AS PORTIONS OF EXPECTED YIELD,
29 AS DETERMINED BY THE BOARD OF DIRECTORS OF THE
30 CORPORATION. Such insurance protection, however,
31 shall exclude losses arising from avoidable risks
32 emanating from or due to THE NEGLIGENCE [neglect],
33 malfeasance or fraud COMMITTED by the insured or
34 any member of his immediate farm household or

1 employee or the failure of the insured to follow
2 proven farm practices and that the indemnity for
3 such losses shall not exceed at all times the
4 cost borne by the insured farmer in the
5 production of the crop.

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

8 "SEC. 5. *Rate of Premium and Its Sharing.* -
9 The rate of premium, as well as the allocated
10 sharing thereof by the farmers, the lending
11 institutions, the Government of the Republic of
12 the Philippines (herein called the Government) and
13 other parties, shall be determined by the Board of
14 Directors of the Corporation: *PROVIDED*, THAT THE
15 SHARE OF THE GOVERNMENT IN THE PREMIUM COST, IN
16 THE FORM OF PREMIUM SUBSIDY, SHALL BE LIMITED ONLY
17 TO SUBSISTENCE FARMERS, WHO BY DEFINITION SHALL BE
18 FARMERS WHO DEPEND PRIMARILY ON FARMING FOR THEIR
19 SUBSISTENCE AND TILL THEIR OWN LAND WITH THE HELP
20 OF MEMBERS OF HIS HOUSEHOLD: *PROVIDED*, *HOWEVER*,
21 THAT THESE SUBSISTENCE FARMERS ARE CULTIVATING NOT
22 MORE THAN SEVEN (7) HECTARES BY HIMSELF OR WITH
23 THE HELP OF THE LABOR OF THE MEMBERS OF HIS
24 HOUSEHOLD OR HIRED LABOR, THE PREMIUM RATE AND
25 SHARING TO BE DETERMINED BY THE BOARD OF DIRECTORS
26 subject to approval by the President of the
27 Philippines: *PROVIDED*, *FURTHER*, THAT THE PREMIUM
28 SHARE OF THE SMALL-SCALE/SUBSISTENCE FARMER SHALL
29 BE REASONABLY AFFORDABLE BY HIM: *PROVIDED*,
30 *FURTHERMORE*, THAT THE GOVERNMENT SHALL SHARE IN
31 THE PREMIUM COST ONLY IN INSURANCE COVERAGE
32 AGAINST UNAVOIDABLE RISKS SUCH AS, BUT NOT LIMITED
33 TO, TYPHOONS, DROUGHTS, OUTBREAKS OF PESTS AND
34 DISEASES: *PROVIDED*, *FINALLY*, THAT PREMIUM SUBSIDY

1 AND/OR INSURANCE BENEFITS SHALL, UPON THE
2 ACCUMULATION OF SURPLUS FUNDS, BE INCREASED TO
3 SUCH AMOUNT AS MAY BE DETERMINED BY THE BOARD,
4 TAKING INTO CONSIDERATION THAT THE CORPORATION HAS
5 BEEN ESTABLISHED NOT ONLY FOR PROFIT BUT MAINLY TO
6 HELP THE INSURED IN THEIR DIREST HOURS OF NEED.

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

10 "6.3 UNAPPROPRIATED AND/OR UNRELEASED
11 GOVERNMENT PREMIUM SUBSIDY FOR POLICIES WRITTEN
12 FOR THE PERIOD FROM MAY 1, 1981 UP TO THE APPROVAL
13 OF THIS ACT COMPUTED ON THE BASIS OF PREMIUM RATES
14 AND SHARING AS PREVIOUSLY APPROVED BY THE
15 PRESIDENT OF THE PHILIPPINES AS AUTHORIZED BY LAW
16 SHALL BE PROGRAMMED FOR PAYMENT BY THE GOVERNMENT
17 WITHIN A PERIOD OF TEN (10) YEARS FROM THE
18 APPROVAL OF THIS ACT, AND THE YEARLY SUMS SHALL BE
19 INCLUDED IN THE BUDGETARY APPROPRIATIONS FOR
20 SUBMISSION TO CONGRESS, STARTING THE FISCAL YEAR
21 FOLLOWING APPROVAL HEREOF, IN ADDITION TO THE
22 PREMIUM SUBSIDY REQUIREMENT FOR THE YEAR
23 INVOLVED."

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

27 "8.1. The authorized capital stock of the
28 Corporation is [Seven hundred fifty million pesos
29 (₱750,000,000.00)] TWO BILLION FIFTEEN MILLION
30 PESOS (₱2,000,000,000.00) divided into [Five
31 million (5,000,000)] FIFTEEN MILLION
32 (15,000,000.00) common shares with a par value of
33 One hundred pesos (₱100.00) each share, which
34 shall be fully subscribed by the Government; and

1 [Two million five hundred thousand
2 (2,500,000.00)] FIVE MILLION (5,000,000.00)
3 PREFERRED [common] shares with a par value of One
4 hundred pesos (P100.00) per share, which shall
5 have the features as provided in Section 8.4
6 hereof and shall be issued in accordance with the
7 provisions of Section 8.5 hereof."

8 "8.3 The [remaining] ADDITIONAL common
9 capital stock of [Two hundred fifty million pesos
10 (₱250,000,000.00)] ONE BILLION PESOS
11 (₱1,000,000,000.00) shall be fully subscribed by
12 the Government and the necessary funds shall be
13 appropriated BY CONGRESS UNLESS OTHERWISE PROVIDED
14 BY EXISTING LAWS: *PROVIDED, HOWEVER, THAT ANY OR*
15 *ALL OF THESE SHARES OF STOCK MAY BE SUBSCRIBED BY*
16 *PRIVATE PERSONS WITH THE APPROVAL OF THE COMMITTEE*
17 *ON PRIVATIZATION. [programmed, and paid by the*
18 *proper office, entity or agency of the government*
19 *as the financial needs of the Corporation shall*
20 *require and until the authorized capital stock is*
21 *fully paid up.] "*

22 "8.4 THE ADDITIONAL COMMON CAPITAL STOCK
23 SHALL NOT BE USED, IN ANY CASE, TO EXPAND THE
24 PRESENT MANPOWER OF THE CORPORATION."

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

28 "Sec. 8-A. A STATE REINSURANCE FUND FOR
29 AGRICULTURAL INSURANCE IN THE AMOUNT OF FIVE
30 HUNDRED MILLION PESOS (₱500,000,000.00) SHALL BE
31 CREATED EXCLUSIVELY TO ANSWER FOR A PROPORTION OF
32 ALL LOSSES IN EXCESS OF RISK (PURE) PREMIUMS UNDER
33 THE CORPORATION'S INSURANCE PROGRAM FOR
34 SMALL FARMERS. THE FUND SHALL BE ADMINISTERED BY

1 THE DEPARTMENT OF AGRICULTURE AND SHALL BE FUNDED
2 BY THE NATIONAL GOVERNMENT THROUGH ANNUAL
3 BUDGETARY ALLOCATIONS OF ONE HUNDRED MILLION PESOS
4 (₱100,000,000.00) STARTING WITH THE CALENDAR YEAR
5 IMMEDIATELY FOLLOWING THE APPROVAL OF THIS ACT AND
6 EVERY YEAR THEREAFTER UNTIL THE FULL AMOUNT IS
7 COMPLETED. THE MECHANICS OF CLAIMS AGAINST THE
8 FUND AND TO WHAT EXTENT THE FUND SHALL BE LIABLE
9 SHALL BE DETERMINED JOINTLY BY THE DEPARTMENT OF
10 AGRICULTURE AND THE CORPORATION, SUBJECT TO
11 APPROVAL BY THE PRESIDENT OF THE PHILIPPINES. ANY
12 CLAIM AGAINST THE FUND SHALL BE PAID TO THE
13 INSURED, HIS HEIRS OR SUCCESSORS IN INTEREST IN
14 THE SOONEST POSSIBLE TIME"

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

18 "SEC. 9.1 The power of the Corporation shall
19 be vested in and exercised by a Board of Directors
20 composed on TEN (10) members and made up of the
21 following: THE SECRETARY OF AGRICULTURE AS
22 CHAIRMAN, The Secretary of Finance, [the Secretary
23 of Agriculture] the President of the Land Bank of
24 the Philippines, the Secretary of Agrarian Reform,
25 [the Secretary of Labor, the Secretary of National
26 Defense], the [Budget Commission] SECRETARY OF
27 BUDGET AND MANAGEMENT, [and] the President of the
28 Corporation, A REPRESENTATIVE FROM [and in
29 addition, a nominee of the Secretary of Finance,
30 preferably representing] the private insurance
31 industry, TO BE NOMINATED BY THE SECRETARY OF
32 FINANCE AND THREE (3) REPRESENTATIVES FROM THE
33 SMALL-SCALE/SUBSISTENCE FARMERS SECTOR TO
34 REPRESENT THE THREE (3) MAIN REGIONS OF THE

1 COUNTRY, LUZON, VISAYAS AND MINDANAO WHO SHALL BE
2 SELECTED AND NOMINATED BY THE DIFFERENT FARMERS'
3 ORGANIZATIONS FROM THEIR RESPECTIVE REGIONS. THE
4 NOMINEES OF THE PRIVATE INSURANCE INDUSTRY AND
5 THAT OF THE FARMERS SECTOR SHALL BE SUBMITTED TO
6 AND APPOINTED BY THE PRESIDENT OF THE PHILIPPINES.
7 [The Chairman of the Board of Directors shall be
8 appointed by the President from among the members
9 of the Board of Directors; and that] The President
10 of the Corporation shall be *ex-officio* Vice
11 Chairman who, as such shall assist the Chairman
12 and act in his stead in case of absence or
13 incapacity. In case of absence or incapacity of
14 both the Chairman and the Vice-Chairman, the Board
15 of Directors shall designate a temporary Chairman
16 from among its members."

17 9.4 The Chairman and the members of the Board
18 shall each receive a *per diem* of [Three hundred
19 pesos (P300.00)] ONE THOUSAND PESOS (P1,000.00)
20 for each MEETING [session] of the Board PERSONALLY
21 attended, but in no case to exceed [Three thousand
22 pesos (P3,000.00)] FIVE THOUSAND PESOS (P5,000.00)
23 a month: *PROVIDED, HOWEVER, THAT IN CASE OF THE*
24 *REPRESENTATIVES OF THE SMALL-SCALE/SUBSISTENCE*
25 *FARMERS SECTOR, THE BOARD IS AUTHORIZED TO*
26 *DETERMINE REASONABLE TRAVELING AND SUBSISTENCE*
27 *EXPENSES IN GOING TO AND RETURNING FROM SAID BOARD*
28 *MEETINGS TO BE DISBURSED TO THEM IN ADDITION TO*
29 *THEIR PER DIEM."*

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

1 "SEC. 11-A SETTLEMENT OF CLAIMS. -

2 "11-A.1 CLAIMS FOR INDEMNITY AGAINST THE
3 CORPORATION SHALL BE SETTLED BY THE CORPORATION'S
4 REGIONAL MANAGER CONCERNED OR THE APPROPRIATE
5 OFFICER TO WHOM HE MAY DELEGATE THE FUNCTION.
6 HOWEVER, IF IN THE OPINION OF THE REGIONAL MANAGER
7 THE CLAIM IS NOVEL, DIFFICULT OR CONTROVERSIAL,
8 THE MATTER MAY BE ELEVATED BY THE REGIONAL MANAGER
9 TO THE PRESIDENT OF THE CORPORATION FOR DECISION.

10 "11-A.2 THE CLAIMANT AGGRIEVED BY THE DECISION
11 OF THE REGIONAL MANAGER MAY WITHIN THIRTY (30) DAYS
12 FROM RECEIPT OF THE DECISION REQUEST FOR
13 RECONSIDERATION THEREOF, AND IF NOT SATISFIED
14 THEREWITH, MAY ELEVATE THE MATTER TO THE
15 PRESIDENT OF THE CORPORATION.

16 "11-B. NO CLAIM BENEFITS. - ANY INSURED
17 FARMER WHO HAS NOT FILED ANY CLAIM DURING THE
18 IMMEDIATELY PRECEDING THREE (3) CROP SEASONS SHALL
19 BE ENTITLED TO A NO-CLAIM BENEFIT OF AT LEAST TEN
20 PERCENT (10%) OF HIS PREMIUM SHARE PAID FOR SAID
21 CROP SEASONS TO BE DEPOSITED IN A TRUST FUND AND
22 TO BE MANAGED BY THE PCIC. SUCH TRUST FUND MAY BE
23 USED TO FINANCE PREMIUM REBATE, PREMIUM CREDIT
24 APPLICABLE TO THE IMMEDIATE CROP SEASONS, PURCHASE
25 OF PREFERRED SHARES OF STOCK CERTIFICATES OF THE
26 CORPORATION, AS DETERMINED BY THE BOARD OF
27 DIRECTORS OF PCIC.

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

Approved,