

constitutional, the validity of other provisions shall not be affected thereby.

SEC. 10. This Act shall take effect upon approval.

Done in the City of Manila this 8th day of October, in the year of Our Lord, nineteen hundred and eighty.

PRESIDENTIAL DECREE NO. 1733

AMENDING PRESIDENTIAL DECREE NO. 1467 CREATING THE "PHILIPPINE CROP INSURANCE CORPORATION" BY ADDING PENAL SANCTIONS THEREIN.

WHEREAS, under Presidential Decree No. 1467, the Philippine Crop Insurance Corporation was created to provide insurance protection to farmers against losses arising from natural disasters, as well as plant diseases and pest infestation;

WHEREAS, it is the policy of the state to provide integration of the system of crop insurance into the country's economic and social development and for this reason has made the participation therein compulsory for all farmers obtaining production loans for palay under the supervised credit program;

WHEREAS, the effective implementation of the compulsory requirement of the law requires the full support and cooperation of lending institutions participating in the government's supervised credit program;

WHEREAS, to insure the attainment of the objective of the law, there is a need to strengthen Presidential Decree No. 1467 by defining therein the duties and obligations of the said lending institutions and providing penal sanctions for violation of the provisions of said decree;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order:

SECTION 1. Section 4 of Presidential Decree No. 1467 is hereby amended to read as follows:

"SECTION 4. *Who shall be insured.*—Participation in the palay crop insurance shall be compulsory for all farmers obtaining production loans for palay under the supervised credit program and optional on the part of self-financed farmers provided that they agree to place themselves under the supervision of agricultural production technicians. No lending institution shall approve or grant production loan for palay under the supervised credit program unless the same is covered by a crop insurance pursuant to this Decree. The term "supervised credit program" as used in this Decree shall mean the production credit program wherein the farmer who obtained production loans for palay agrees in writing that he will apply proven farm practices necessary to conserve the land, improve its fertility and increase its production, and abide by the approved farm plan and budget jointly prepared by him and the duly accredited supervised credit technician. The term "supervision of agricultural production technician" shall mean the supervision undertaken by agricultural production technicians who are duly accredited by the appropriate government agencies concerned, as required under the supervised credit system."

SECTION 2. A new section is inserted between Sections 14 and 15 of the said Decree, to be designated as Section 14-A which shall read as follows:

"SECTION 14-A. All lending institutions granting production loans for palay under the supervised credit program of the government shall automatically act as underwriters for and on behalf of the corporation. As such, they shall receive and process applications for insurance coverage; approve those found in order and collect premiums therefor. Premiums so collected, together with the premium payable by the lending institution itself, shall be remitted to the corporation in the manner and within such period as may be prescribed by the corporation."

SECTION 3. A new section is inserted between Sections 18 and 19, to be designated as Section 18-A, which shall read as follows:

"SECTION 18-A. Any person or entity granting production loan for palay under the supervised credit program of the government without requiring crop insurance therefor or having collected premiums from farmers, would fail to remit the same within the time and place specified in the rules and regulations of the corporation shall, upon conviction, be punished by a fine not exceeding Ten Thousand Pesos (P10,000.00) or imprisonment of not exceeding six (6) months, or both, at the discretion of court.

"Any person or entity who shall violate any provision of this Decree or any rules or regulations issued for its implementation, for which no penalty is provided, shall be deemed guilty of a penal offense, and upon conviction, be punished by a fine not exceeding Five Thousand Pesos (P5,000.00) or imprisonment of two (2) months, or both, at the discretion of the court.

"Whenever any violation of the provisions of this section is committed by a corporation or association, or by a government office or entity, the executive officer or officers of said corporation, association or government office or entity who shall have knowingly permitted, or failed to prevent, said violation shall be held liable as principal."

SECTION 4. All existing laws, rules and regulations which are inconsistent herewith are hereby repealed or amended accordingly.

SECTION 5. This Decree shall take effect immediately.

Done in the City of Manila, this 21st day of October in the year of Our Lord nineteen hundred and eighty.