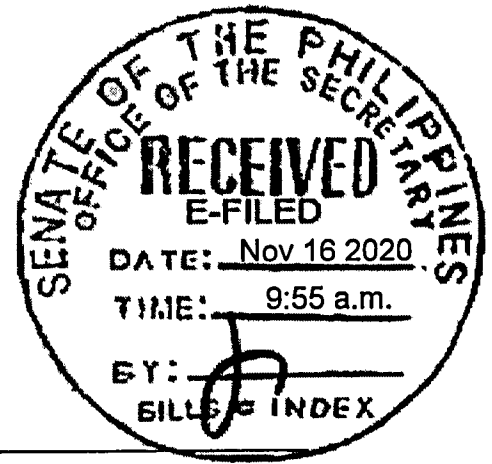


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

SENATE  
S.B. No. 1915



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Introduced by Senator Maria Lourdes Nancy S. Binay

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**AN ACT**  
**STRENGTHENING THE PHILIPPINE CROP INSURANCE CORPORATION,**  
**REPEALING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1467, AS**  
**AMENDED, ENTITLED "CREATING THE PHILIPPINE CROP INSURANCE**  
**CORPORATION PRESCRIBING ITS POWERS AND ACTIVITIES, PROVIDING**  
**FOR ITS CAPITALIZATION AND FOR THE REQUIRED GOVERNMENT**  
**PREMIUM SUBSIDY, AND FOR OTHER PURPOSES"**

**EXPLANATORY NOTE**

The Philippine Crop Insurance Corporation (PCIC) is a government owned and controlled corporation created by virtue of Presidential Decree (PD) No. 1467. PCIC is an attached agency of the Department of Agriculture and is the implementing agency of the government's agricultural insurance program. Its corporate mandate is to provide insurance protection to the country's agricultural producers particularly the subsistence farmers, against loss of their crops and/or non-crop agricultural assets on account of natural calamities such as typhoons, floods, droughts, earthquakes and volcanic eruptions, plant pests and diseases, and/or other perils.

The Philippine Constitution mandates that the State shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services. In line with this constitutional mandate, this bill facilitates the protection of farmers and fisherfolk by providing them insurance protection against losses, and the promotion of the agricultural industry by seeking to strengthen the PCIC. This proposed measure intends, among others, to expand the insurance coverage of PCIC and allows it to engage in index-based insurance and reinsurance policies, repealing for the purpose PD No. 1467, also known as the Charter of the Philippine Crop Insurance Corporation, as amended by PD No. 1733, which added penal sanctions to PD 1467, and Republic Act No. 8175 or the Revised Charter of the Philippine Crop Insurance Corporation Act of 1995.


This bill aims to: (1) extend insurance coverage not only to farmers but also to fisherfolk; (2) expand coverage to other types of crops that can be insured by the PCIC, from rice and corn only, to include high value commercial crops, livestock,

aquaculture and fishery, agroforestry, and forest plantations; (3) authorize the PCIC to extend life and accident insurance coverage for farmers, fisherfolk and their dependents; (4) strengthen the financial and organizational capacity of PCIC by increasing its authorized capital stock from P2 billion to P10 billion; (5) allows the PCIC to insure properties and facilities of the government used in agriculture-fishery-forestry projects, including reinsurance coverage underwritten by private and government insurance companies; and (6) increase the penalties against persons who institute spurious crop insurance claims or allow others to do so.

A strengthened PCIC will be able to further protect the interests of farmers and fisherfolk by providing them insurance protection against losses, thus, helping stabilize the income of agricultural producers and promoting the flow of credit in the countryside.

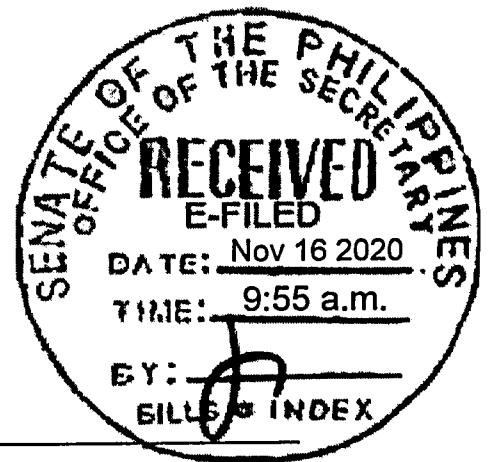
Despite the COVID-19 pandemic and the multitude of natural disasters that plague the country, the agriculture industry continues to perform and contribute to our national food security. Thus, in times of crisis, we need to help our farmers and fisherfolk have a sense of assurance that their livelihood is essential, and that they are protected as key players in the country's recovery, growth and development.

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

  
**MARIA LOURDES NANCY S. BINAY**

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
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1 **AN ACT**

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7 **PREMIUM SUBSIDY, AND FOR OTHER PURPOSES"**

8  
9 *Be it enacted by the Senate and House of Representatives of the Philippines in*  
10 *Congress assembled:*

11  
12 SECTION 1. *Short Title.* - This Act shall be known as the "Philippine Crop Insurance  
13 Corporation Act."

14  
15 SECTION 2. *Declaration of Policy.* - It is the policy of the State to provide support to  
16 agriculture through adequate financial, production, marketing, and other support  
17 services. Towards this end, the State shall:

- 18  
19 (a) Ensure food security, intensify food production, promote agricultural  
20 credit, and broaden the coverage of mandatory crop insurance amidst  
21 the recurrence of disaster and calamities, natural or otherwise, such as  
22 floods, typhoons, heavy rains, and drought that destroy crops, especially  
23 palay and other grains and crops necessary for food security;  
24  
25 (b) Alleviate the financial burden of farmers due to uncompensated losses  
26 arising from destruction of crops wrought by disasters and calamities,  
27 keep farmers away from indebtedness, enhance farmers credit standing  
28 and provide farmers additional government support to increase  
29 agricultural production;  
30  
31 (c) Assist banks and financial institutions by enhancing their capabilities to  
32 extend loans to farmers; and  
33  
34 (d) Strengthen the organizational capability and expand the coverage of the  
35 Philippine Crop Insurance Corporation in providing insurance protection

1 to farmers and fisherfolk against losses arising from natural calamities,  
2 fortuitous events, plants and fish diseases, and pest infestations.

3  
4 **SECTION 3. *Philippine Crop Insurance Corporation.*** - The Philippine Crop Insurance  
5 Corporation, hereinafter referred to as the Corporation, a government-owned  
6 corporation established pursuant to Presidential Decree No. 1467, as amended, with  
7 its principal place of business in Metro Manila, shall continue to provide insurance  
8 protection to farmers and fisherfolk against losses arising from natural calamities,  
9 fortuitous events, plants and fish diseases, and pest infestations.

10  
11 The Corporation shall provide insurance coverage for palay and corn crops, high-value  
12 commercial crops, livestock, aquaculture and fishery products, agroforestry crops, and  
13 forest plantations; non-crop agricultural assets such as machineries, equipment,  
14 transport facilities and other related infrastructure; and life and accident term  
15 insurance coverage for farmers and fisherfolk. The crop insurance shall cover, in every  
16 case, the cost of production inputs, the value of the farmer's or fisherfolk's own labor  
17 and members of the household including the value of the labor of hired workers, and  
18 a portion of the projected value of the crops. Such insurance coverage shall exclude,  
19 however, losses arising from avoidable risks emanating from or due to the negligence  
20 malfeasance or fraud committed by the insured or any member of the immediate farm  
21 household or employee, or the failure of the insured to follow proven farm practices.

22  
23 The Corporation shall also insure properties and facilities which are owned or used by  
24 government agencies involved in agri-fishery-forestry projects or activities and  
25 government-financed agri-fishery-forestry projects. It shall also provide reinsurance  
26 coverage to agri-fishery-forestry properties and facilities underwritten by private and  
27 government insurance companies, and weather index-based insurance and  
28 reinsurance for palay and corn crops, high-value commercial crops, livestock,  
29 aquaculture and fishery products, agroforestry crops, and forest plantations.

30  
31 **SECTION 4. *Powers and Functions.*** - The Corporation shall continue to exercise the  
32 following powers and functions:

- 33  
34 (a) Prescribe, repeal, and alter its own by-laws;  
35  
36 (b) Adopt and use a corporate seal;  
37  
38 (c) Sue and be sued;  
39  
40 (d) Have continuous succession until dissolved by law;  
41  
42 (e) Determine its operating policies and issue such rules and regulations as  
43 may be necessary to implement the crop insurance scheme;  
44  
45 (f) Insure the crops of farmers, and fishpond, seaweed, oyster, or mussel  
46 farm of fisherfolk against loss, damage and destruction caused by  
47 rodents, vermin, diseases, insects and other pests, and natural  
48 calamities such as typhoons, floods, droughts, earthquakes, volcanic

1 eruptions; and to carry on any business necessary, related to and  
2 expedient for the above purpose;

3  
4 (g) Insure in the Philippines or abroad all or any risks of the Corporation;

5  
6 (h) Purchase or otherwise acquire ownership and manage all parts of the  
7 business, property and liabilities of any person or company carrying on  
8 any business which the Corporation is authorized to carry on or possess;

9  
10 (i) Acquire by purchase or otherwise acquire ownership of and to invest in,  
11 hold, sell, or otherwise dispose of stocks or bonds or any interest in  
12 either, or any obligation or evidence of indebtedness of any corporation,  
13 domestic or foreign, or the bonds or other obligations or evidence of  
14 indebtedness, of any person, firm or corporation; and as owner of such  
15 stocks, bonds or interest therein, or other obligations or evidence of  
16 indebtedness, to exercise the rights, powers and privileges of ownership,  
17 including the right to vote thereon or consent in respect thereto for any  
18 and all lawful purposes;

19  
20 (j) Purchase, or otherwise acquire, sell, lease, convey, mortgage,  
21 encumber, and otherwise deal with any property, real or personal or any  
22 interest therein; extend credit on the security of real estate or movable  
23 property; exercise easement right or privilege over or in respect to any  
24 property, real or personal as may be permitted by law and as may be  
25 reasonable or necessary to carry out the purposes for which the  
26 Corporation is formed or as may or hereafter be permitted by law;

27  
28 (k) Establish branches whenever it may be expedient and necessary; and

29  
30 (l) Generate internal funds by floating bonds, expanding the Corporation's  
31 insurance lines to include agricultural guarantee loans, and extending  
32 coverage to other areas of agriculture, such as livestock, aquaculture,  
33 fishery, agroforestry, and forest plantations, in order to address  
34 insurance needs of the target sector and exercise all the general powers  
35 conferred by law upon the Corporation or incidental to the attainment of  
36 the objectives of the Corporation.

37  
38 SECTION 5. *Board of Directors.* - (a) The powers of the Corporation shall be vested in  
39 and exercised by a Board of Directors, hereinafter referred to as the Board, composed  
40 of seven (7) members as follows:

41  
42 (1) President of the Land Bank of the Philippines;

43  
44 (2) President of the Philippine Crop Insurance Corporation;

45  
46 (3) Secretary of Agriculture;

1 (4) Representative from the private insurance industry to be  
2 nominated by the Secretary of Finance;

3  
4 (5) Three (3) representatives from the farmers' sector,  
5 preferably representing agrarian reform beneficiaries,  
6 cooperatives, or organizations coming from Luzon, Visayas, and  
7 Mindanao, who shall be selected and nominated by the different  
8 farmers' organizations or cooperatives.

9  
10 The respective nominees of the private insurance industry and the  
11 farmers' sector shall be appointed by the President of the  
12 Philippines. The chairperson of the Board shall be appointed by  
13 the President of the Philippines from among the members of the  
14 Board. The president of the Corporation shall also be  
15 appointed by the President of the Philippines and shall be ex officio  
16 vice chairperson who shall assist the chairperson and act in the  
17 chairperson's stead in case of the latter's absence or incapacity.

18  
19 In case of absence or incapacity of both the chairperson and the  
20 vice chairperson, the Board shall designate a temporary  
21 chairperson from among its members. Except for the president of  
22 the Land Bank of the Philippines and the Secretary of Agriculture,  
23 all members of the Board, including the president of the  
24 Corporation, shall be appointed by the President of the Philippines  
25 within a reasonable period of time after the approval of this Act;

26  
27 (b) The regular members of the Board may designate their respective  
28 alternates to attend the meetings, and act as members of the Board in  
29 their absence or incapacity;

30  
31 (c) The Board shall meet regularly at least twice a month or as often as the  
32 exigencies of the Corporation's affairs demand. The presence of at least  
33 five (5) members constitutes a quorum necessary for the transaction of  
34 any business. The Board may be convoked either by the chairperson or,  
35 in the chairperson's absence, by the vice chairperson;

36  
37 (d) The chairperson and the members of the Board shall each receive per  
38 diem pursuant to existing law for each meeting of the Board personally  
39 attended: Provided, That in the case of the representatives of farmers'  
40 sector, the Board is authorized to determine reasonable traveling and, if  
41 necessary, subsistence expenses in going to and returning from the  
42 Board meetings to be disbursed to them in addition to their per diem.

43  
44 SECTION 6. *Powers and Functions of the Board of Directors.* - The Board shall exercise  
45 the following powers and functions:

46 (a) Implement the provisions and purposes of this Act;  
47

- 1 (b) Formulate and adopt policies and plans, and promulgate rules and  
2 regulations for the management, operation and conduct of the affairs  
3 and business of the Corporation and, for this purpose, may limit or refuse  
4 insurance in any area or on any farmer because of the risk involved or  
5 may expand the subject of insurance coverage to crops other than palay.  
6 Provided, That such coverage on other crops shall be approved by the  
7 President of the Philippines;  
8  
9 (c) Borrow funds from local and international financing sources or  
10 institutions and issue bonds up to five (5) times the value of its  
11 authorized capital stock for the purpose of financing the programs and  
12 projects deemed vital for the attainment of the Corporation's goals and  
13 objectives;  
14  
15 (d) Enter into, make, and execute contracts of any kind or nature as may be  
16 necessary, or incidental to the accomplishment of the purposes of the  
17 Corporation;  
18  
19 (e) Approve the budget of the Corporation and fix the reasonable  
20 compensation of its personnel: Provided, That the Board shall have  
21 exclusive and final authority to promote, transfer, assign or reassign  
22 personnel of the Corporation and these personnel actions are deemed  
23 made in the interest of the service and not disciplinary, any provision of  
24 existing law to the contrary notwithstanding;  
25  
26 (f) Establish policies and guidelines for employment on the basis of merit,  
27 technical competence and moral character, and approve a staffing  
28 pattern of personnel defining their powers and duties; and  
29  
30 (g) Exercise the general powers mentioned in Republic Act No. 11232,  
31 otherwise known as the "Revised Corporation Code of the Philippines,"  
32 insofar as these are not inconsistent or incompatible with the provisions  
33 of this Act.  
34

35 **SECTION. 7. *Management.*** - The management of the Corporation shall be vested in  
36 the president of the Corporation who shall be a person of known integrity and  
37 competence in technical and executive fields related to the purposes of this Act. The  
38 president of the Corporation shall be appointed by the Board and shall not be removed  
39 except for cause. There shall also be vice presidents as the Board may decide, to be  
40 appointed by the Board. The president of the Corporation shall exercise the following  
41 powers and duties:  
42

- 43 (b) Execute and administer the policies, plans and programs, and the rules  
44 and regulations approved or promulgated by the Board;  
45  
46 (c) Submit for the consideration of the Board such policies, plans and  
47 programs deemed necessary to carry out the provisions and purposes of  
48 this Act;

1  
2 (d) Direct and supervise the operations and internal administration of the  
3 Corporation and, for this purpose, to delegate some or any powers and  
4 duties to subordinate officials; and

5 (e) Recommend to the Board the appointment, promotions, transfer,  
6 assignment, reassignment, demotion, dismissal and compensation of  
7 personnel, and to exercise such other powers and perform such other  
8 duties as may be directed by the Board.  
9

10 SECTION 8. *Who Shall be Insured.* - Participation in the insurance for palay and other  
11 crops essential for food security, as determined by the Department of Agriculture,  
12 shall be compulsory upon all farmers. For other crops, participation shall be  
13 compulsory upon all farmers obtaining production loans under the supervised credit  
14 program, and optional on the part of self-financed farmers, provided they agree to  
15 place themselves under the supervision of agricultural production technicians.  
16

17 As used in this Act, the term supervised credit program refers to the production credit  
18 program wherein the farmer who obtained production loans agrees in writing to apply  
19 proven farm practices necessary to conserve the land, improve its fertility, increase its  
20 production, and abide by the approved farm plan and budget jointly prepared by such  
21 farmer and the duly accredited supervised credit technician.  
22

23 The term supervision of agricultural production technician refers to the supervision  
24 undertaken by agricultural production technicians who are duly accredited by the  
25 appropriate government agencies concerned, as required under the supervised credit  
26 system.  
27

28 SECTION 9. *Rate of Premium, Sharing, and Amount of Indemnity.* - The rate of  
29 premium, as well as the allocated sharing thereof of farmers, fisherfolk, lending  
30 institutions, the Government of the Republic of the Philippines, hereinafter referred to  
31 as the Government, and other parties, shall be determined by the Board: Provided,  
32 That the share of the Government in the premium cost in the form of premium subsidy  
33 shall be limited to subsistence farmers and fisherfolk: Provided, however, That each  
34 of these subsistence farmers is cultivating not more than seven (7) hectares of  
35 farmlands and each fisherfolk is cultivating not more than five (5) hectares of fishpond,  
36 seaweed, oyster, or mussel farm by themselves or with the help of the labor of the  
37 members of their households or hired labor, the premium rate and sharing to be  
38 determined by the Board: Provided, further, That the premium share of the  
39 subsistence farmer or fisherfolk shall be reasonably affordable: Provided, furthermore,  
40 That the Government shall share in the premium cost only in insurance coverage  
41 against unforeseen and unavoidable risks such as typhoons, droughts, rainfall,  
42 outbreaks of pests and diseases: Provided, finally, That premium subsidy or insurance  
43 benefits shall, upon the accumulation of surplus funds, be increased to such amount  
44 as may be determined by the Board, taking into consideration that the Corporation  
45 has been established not only for profit but mainly to help Filipino farmers and  
46 fisherfolk. The amount of indemnity shall be determined by the Board, which shall  
47 consider the value of the potential harvest for crops at the ripening stage of growth;



1 actual cost of production inputs already applied at the time of loss per farm plan and  
2 budget, subject to limits stipulated in the policy contract; pro-rated cost of the  
3 harvested crops; the salvage value, if any, and the percentage of yield loss.

4 SECTION 10. *Premium Subsidy.* - (a) The required premium subsidy from the  
5 Government, as determined by the Board and approved by the President of the  
6 Philippines, shall be deemed appropriated from the funds of the National Treasury not  
7 otherwise appropriated, and shall be drawn, on a month-to-month or other periodic  
8 basis, depending upon the actual amount of insurance underwritten by the  
9 Corporation. For this purpose, the Corporation shall bill the Government the sum of  
10 money corresponding to the computed amount of subsidy.

11  
12 (b) Yearly projections of the premium subsidy shall be submitted by the  
13 Corporation to the President of the Philippines, and upon approval, shall  
14 be included in the Government's budgetary appropriations.

15  
16 (c) Calamity funds earmarked by the Government shall include a certain  
17 percentage for crop insurance and shall be released to and administered  
18 by the Corporation.

19  
20 (d) Ten percent (10%) of the net earnings of the Philippine Charity  
21 Sweepstakes Office from its lotto operation shall be earmarked for the  
22 crop insurance program and said amount shall be directly remitted  
23 by the Philippine Charity Sweepstakes Office to the Corporation every  
24 six (6) months until the amount of Government subscription is fully  
25 paid.

26  
27 SECTION 11. *Capital Stock.* - (a) The authorized capital stock of the Corporation is  
28 Ten billion pesos (P10,000,000,000.00) divided into seventy-five million (75,000,000)  
29 common shares with a par value of One hundred pesos (P100.00) each share, which  
30 shall be fully subscribed by the Government and twenty-five million (25,000,000)  
31 preferred shares with a par value of One hundred pesos (P100.00).

32  
33 (b) The common capital stock of One billion five hundred million pesos  
34 (P1,500,000,000.00) having been fully paid to the Corporation, the  
35 balance of Six billion pesos (P6,000,000,000.00) subscribed by the  
36 Government shall be appropriated annually by Congress unless  
37 otherwise provided by existing laws.

38  
39 (c) The preferred shares are entitled to a preference over common shares  
40 in any declaration of dividends. They shall also be given priority in the  
41 distribution of assets in the event of liquidation of the Corporation. They  
42 shall have the following specific features:

43  
44 (1) Preferred as to dividends at a minimum of one and one-half percent  
45 (1.5%) or the prevailing three hundred sixty (360)-day treasury bill  
46 rate at the time of declaration of dividends, whichever is higher;

- (2) Cumulative;
- (3) Nonparticipating;
- (4) Nonvoting;
- (5) Dividends thereon shall be exempt from income tax;
- (6) Redeemable at the option of the Corporation at the prevailing book value but in no case less than par after five (5) years from issuance thereof; and
- (7) Transferable.

(d) At least Five hundred million pesos (P500,000,000.00) of preferred shares shall be subscribed and paid for by the Land Bank of the Philippines. The balance of the preferred shares may be available for sale or subscription by the general

**SECTION 12. *Reserve Fund for Catastrophic Losses.*** - A State Reserve Fund, herein referred to as the Fund, for catastrophic losses in the amount of Five hundred million pesos (P500,000,000.00) shall be created exclusively to answer for the proportion of all losses in excess of risk (pure) premium under the Corporation's Crop Insurance Program for small farmers and fisherfolk. The Fund may be increased subject to the approval of the President of the Philippines, and shall be administered by a government financial institution to be designated by the Corporation's Board.

Such sum as may be necessary for the purpose shall be funded by the Government through the annual General Appropriations Act. The mechanics of claims against the Fund and to what extent the Fund shall be liable shall be determined jointly with the financial institution administering the Fund, subject to the approval by the President of the Philippines.

**SECTION 13. *Reinsurance.*** - In order to spread the risk of the Corporation, the Corporation is authorized to seek reinsurance protection whenever it may be available.

**SECTION 14. *Settlement of Claims.*** - (a) Claims for indemnity against the Corporation shall be settled by the Corporation's regional manager or the appropriate officer to whom the function is delegated. However, if in the opinion of the regional manager the claim is novel, difficult, or controversial, the matter may be elevated by the regional manager to the president of the Corporation for decision.

(b) The claimant aggrieved by the decision of the regional manager may, within thirty (30) days from receipt of the decision, request for reconsideration thereof, and if not satisfied therewith, may elevate the matter to the president of the Corporation;

1 (c) Any party aggrieved by a decision, order or ruling of the president of the  
2 Corporation may appeal said decision, order, or ruling to the  
3 Corporation's Board; and  
4

5 (d) Any claim not acted upon within sixty (60) days from submission of  
6 complete claim documents to the Corporation shall be considered  
7 approved.  
8

9 SECTION 15. *No Claim Benefits.* - Any insured farmer or fisherfolk who has not filed  
10 any claim during the immediately preceding three (3) crop seasons, or any insured  
11 fishpond or fish cage operator who has not filed any claim during the immediately  
12 preceding three (3) harvest seasons shall be entitled to a no-claim benefit of at least  
13 ten percent (10%) of premium share paid for said crop seasons to be deposited in a  
14 trust fund and to be managed by the Corporation. Such trust fund may be used to  
15 finance premium rebate or premium credit applicable to the immediately following  
16 crop seasons as determined by the Board of the Corporation.  
17

18 SECTION 16. *Commission on Audit.* - The chairperson of the Commission on Audit  
19 shall be the ex officio auditor of the Corporation.  
20

21 SECTION 17. *Legal Counsel.* - The Corporation shall have its own legal department,  
22 the chief and members of which shall be appointed by the Board.  
23

24 SECTION 18. *Interagency Linkages.* - To support and promote the operations of the  
25 Corporation, all government departments, bureaus, agencies and  
26 instrumentalities, national or local, all lending institutions, government or private, now  
27 or hereafter engaged in the supervised credit program to farmers and fisherfolk, and  
28 such other public or private entities as may be called upon by the Corporation, shall  
29 act as cooperating agencies to the Corporation and, for this purpose, are hereby  
30 directed to design their policies, programs, rules and regulations so as to attune and  
31 synchronize them with the objectives of the Corporation.  
32

33 All lending institutions granting production loans for palay, corn and other crops under  
34 the supervised credit program of the Government shall automatically act as  
35 underwriters for and on behalf of the Corporation. As such, they shall receive and  
36 process applications for insurance coverage, approve those found in order, and collect  
37 premiums therefor. Premiums so collected, together with the premium payable by  
38 the lending institution itself, shall be remitted to the Corporation in the manner and  
39 within such period as may be prescribed by the Corporation.  
40

41 SECTION 19. *Utilization of Profits.* - The profits of the Corporation shall be determined  
42 on a calendar year basis and the manner of its distribution shall be determined by law.  
43

44 SECTION 20. *Exemption from Taxes.* - In furtherance of the achievement of the  
45 purposes of this Act, the Corporation shall continue to be exempted to the extent  
46 allowed by national policy from all national, provincial, municipal, and city taxes and  
47 assessments now enforced: Provided, That the exemption shall apply only to such

1 taxes and assessments for which the Corporation itself would otherwise be liable and  
2 shall not apply to taxes and assessments payable by persons or other entities doing  
3 business with the Corporation.

4  
5 SECTION 21. *Penal Provisions.* - (a) Any person who, through malfeasance,  
6 misfeasance or nonfeasance, allows a spurious claim to be paid, including the  
7 claimant, shall, upon final conviction, be punished by imprisonment of not less than  
8 three (3) years but not more than eight (8) years or a fine of not less than One  
9 hundred thousand pesos (P100,000.00) but not more than Six hundred thousand  
10 pesos (P600,000.00), or both, at the discretion of the court. The personnel of the  
11 Corporation who allowed the commission of the offense shall, in addition, be dismissed  
12 from office, and forfeit all privileges and benefits which may accrue to such personnel.

13 (b) Any person or entity granting production loan for palay under the supervised  
14 credit program of the Government without requiring crop insurance therefor  
15 or having collected premiums from farmers, who fails to remit the same within  
16 the time and place specified in the rules and regulations of the Corporation  
17 shall, upon conviction, be punished by a fine not exceeding Ten thousand pesos  
18 (P10,000.00) or imprisonment of not exceeding six (6) months, or both, at the  
19 discretion of court.

20  
21 (c) Any person or entity who violates any provision of this Act or any rule or  
22 regulation issued for its implementation, for which no penalty is provided, shall  
23 be deemed guilty of a penal offense and, upon conviction, be punished by a  
24 fine not exceeding Five thousand pesos (P5,000.00) or imprisonment of two  
25 (2) months, or both, at the discretion of the court. Whenever any violation of  
26 the provisions of this Section is committed by a corporation or association, or  
27 by a government office or entity, the executive officer or officers of said  
28 corporation, association, or government office or entity who shall have  
29 knowingly permitted, or failed to prevent said violation, shall be held liable as  
30 principal.

31  
32 SECTION 22. *Applicability of Presidential Decree No. 612, as Amended.* - The  
33 provisions of Presidential Decree No. 612, as amended, otherwise known as the  
34 "Insurance Code," insofar as they are not in conflict or inconsistent with or repugnant  
35 to the provisions of this Act shall apply to the Corporation.

36  
37 SECTION 23. *Term of Existence and Periodic Review.* - The Corporation's term of legal  
38 existence, which was set to last for fifty (50) years starting from the date of approval  
39 of Presidential Decree No. 1467 on June 11, 1978, shall continue and is hereby  
40 affirmed. To ensure the Corporation's continuing relevance, the Board shall undertake  
41 periodic review of the Corporation's activities and shall submit to both Houses of  
42 Congress at least once a year a report which shall include, among others, a  
43 recommendation for improving services to the target sectors and the financial viability  
44 of the Corporation.

45  
46 SECTION 24. *Transitory Provisions.* - The members of the Board representing the  
47 private insurance industry and the three (3) representatives from the farmers' sector

1 shall, in an interim capacity, continue to exercise their powers and functions as part  
2 of the Board and carry out the provisions of this Act without need of new appointments  
3 until a new Board is constituted and organized.  
4

5 To prevent disruption in the delivery of services of the Corporation pending the full  
6 implementation of this Act, the Corporation shall continue to operate and provide  
7 services to its clients while all officials and employees of the Corporation shall continue  
8 to perform their duties and functions, and receive their corresponding salaries and  
9 benefits. The approval of this Act shall not cause any demotion in rank or diminution  
10 of salary, benefits, and other privileges of the incumbent personnel of the Corporation:  
11 Provided, That qualified officers and employees may voluntarily elect for retirement  
12 or separation from service and are entitled to the benefits under existing laws.

13 SECTION 25. *Separability Clause.* - If any provision or part of this Act is held  
14 unconstitutional or invalid, the other parts or provisions not affected shall remain in  
15 full force and effect.  
16

17 SECTION 26. *Repealing Clause.* - Presidential Decree No. 1467, as amended by  
18 Presidential Decree No. 1733, and Republic Act No. 8175 are hereby repealed. All  
19 other laws, executive orders, and other issuances or parts thereof inconsistent with  
20 this Act are hereby repealed or modified accordingly.  
21

22 SECTION 27. *Effectivity.* - This Act shall take effect fifteen (15) days after its complete  
23 publication in the Official Gazette or in a newspaper of general circulation.

Approved,