



'16 SEP 26 P2:16

SENATE

S.B. No. 1171

RECEIVED BY: 

Introduced by Senator Francis N. Pangilinan

**AN ACT TO PROVIDE COMPENSATION TO FARMERS WHO SUFFER FROM RECURRENT DISASTERS AND CALAMITIES, TO SUSTAIN AGRICULTURAL CREDIT AND FINANCING, AND TO ENSURE FOOD SECURITY, BY MAKING INSURANCE MANDATORY FOR PALAY AND OTHER ESSENTIAL CROPS, AMENDING FOR THE PURPOSE SECTION 4 OF PRESIDENTIAL DECREE NO. 1467, AS AMENDED BY REPUBLIC ACT NO. 8175, OR THE "REVISED CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC) ACT OF 1995," AND FOR OTHER PURPOSES**


**EXPLANATORY NOTE**

Agriculture remains the backbone of the Philippine economy. In 2014, it accounted for 11.3 percent of the country's gross domestic product (World Bank) and 30.5 percent (11.8 million persons) of total employment (PSA). About two-thirds of the population is directly or indirectly involved in agriculture.

Despite the vastness of the sector, however, farmers are among the poorest in the country. According to the Philippine Statistics Authority (PSA), poverty incidence in 2014 among farmers is at 40.7 percent, next to fishermen whose poverty incidence is at 43.2 percent. Contributing to the prevalence of poverty among farmers are the persistent typhoons and other natural disasters that batter the country almost annually, severely affecting production that is mostly their sole source of income.

According to the Philippine Crop Insurance Corporation (PCIC), about P333.93 million worth of crops, mostly palay, were insured in 30 provinces. This amount is equivalent to only 3% of almost P10 billion damaged crops affected by the worsening state of nature as an effect of the climate change phenomenon. Hence, it is vital for the government to assist farmers through the expansion of the coverage of mandatory crop insurance.

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

  
**FRANCIS N. PANGILINAN**  
Senator

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OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC) ACT OF 1995,"  
AND FOR OTHER PURPOSES

*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 "Expanded Crop Insurance Act of  
2     2016."

3     **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to:

- 4         1. Ensure food security, intensify food production, promote agricultural credit and  
5         broaden the coverage of mandatory crop insurance, especially amidst the  
6         recurrence of disasters and calamities, natural or otherwise, including floods,  
7         typhoons, heavy rains, and drought, which destroy crops, especially palay and  
8         others necessary for food security;
- 9         2. Alleviate the financial burden of farmers due to uncompensated losses arising  
10        from the destruction of crops brought by disasters and calamities, keep them  
11        away from perpetual indebtedness, enhance their credit standing, and provide  
12        additional government support to increase agricultural production; and
- 13        3. Assist banks and financial institutions, not to constrict their loaning capabilities,  
14        and kindle their willingness to extend loans to farmers.



1       **SEC. 3. Amendment of the Revised Charter of the Philippine Crop Insurance**  
2       **Corporation.** – Section 4 Presidential Decree No. 1467, otherwise known as the Charter  
3       of the Philippine Crop Insurance (PCIC), as amended by Republic Act No. 8175 or the  
4       “Revised Charter of the PCIC Act of 1995,” is hereby further amended, to read as follows:

5               **“SECTION 4. WHO SHALL BE INSURED. – PARTICIPATION IN THE**  
6       **INSURANCE FOR PALAY AND OTHER CROPS DETERMINED TO BE**  
7       **ESSENTIAL FOR FOOD SECURITY SHALL BE COMPULSORY UPON ALL**  
8       **FARMERS. IN CASE FARMERS ARE FINANCIALLY INCAPABLE, THE**  
9       **NATIONAL FOOD AUTHORITY (NFA) SHALL SECURE CROP INSURANCE**  
10       **FOR THEM. THE NFA SHALL PAY FOR THE INSURANCE PREMIUM AND**  
11       **SHALL BECOME AT LEAST A FIFTY PERCENT (50%) BENEFICIARY OF THE**  
12       **INSURANCE PROCEEDS OR CLAIM. FOR ALL OTHER CROPS,**  
13       [P]participation [in the palay crop insurance] shall be compulsory upon all farmers  
14       obtaining production loans [for palay] under the supervised credit program, and  
15       optional on the part of self-financed farmers provided they agree to place  
16       themselves under the supervision of agricultural production technicians. The term  
17       “supervised credit program” as used in this Decree shall mean the production  
18       credit program wherein the farmer who obtained production loans [for palay] agree  
19       in writing that he will apply proven farm practices necessary to conserve the land,  
20       improve its fertility and increase its production, and abide by the approved farm  
21       plan and budget jointly prepared by him and the duly accredited supervised credit  
22       technician. The term “supervision of agricultural production technician” shall mean  
23       the supervision undertaken by agricultural production technicians who are duly  
24       accredited by the appropriate government agencies concerned, as required under  
25       the supervised credit system.

26               xxx”

27       **SEC. 4. Implementing Rules.** – Within sixty (60) days after the effectivity of this Act,  
28       the Secretary of the Department of Agriculture (DA), the Administrator of the NFA and the  
29       President of the PCIC shall be constituted into a Committee mandated to issue the  
30       Implementing Rules and Regulations of this Act.

31       **SEC. 5. Separability Clause.** – If any provision of this Act, or parts thereof, is declared  
32       unconstitutional, the same shall not affect the validity and effectivity of the other portions.

1       **SEC. 6. *Repealing Clause.*** – All laws, executive orders, presidential decrees,  
2       proclamations, rules, regulations, issuances and enactments or parts thereof inconsistent  
3       with this Act are hereby repealed or modified accordingly.

4       **SEC. 7. *Effectivity.*** – This Act shall take effect fifteen (15) days from its complete  
5       publication in the Official Gazette or in a newspaper of general circulation in the  
6       Philippines, whichever comes earlier.

*Approved,*