EIGHTEENTH CONGRESS OF THE)
SENATE OF THE PHILIPPINES)
First Regular Session)

Senate
Office of the Secretary

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SENATE

S. No. 140

RECEIVED BY:

Introduced by **Senator Cynthia A. Villar**

AN ACT

TO STRENGTHEN THE RESILIENCY OF SMALL FARMERS AGAINST CLIMATE CHANGE AND EXTREME WEATHER RISKS BY ESTABLISHING THE REGULATORY FRAMEWORK AND PROGRAM FOR A FREE WEATHER INDEX-BASED CROP INSURANCE, PROVIDING THE SOURCE OF FUNDING THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Philippine is one of the most disaster-prone and climate-change vulnerable countries in the Asian region. Its geographic location places most of the agriculture production areas in the direct path of most typhoons that originate in the Western Pacific. The country is, thus, highly exposed to various hydro-meteorological hazards, including climate-change induced super-typhoons and storm surges.

Farmers in the Philippines are the poorest among the various economic sectors, mostly due to poor productivity and antiquated farm practices. But this is gravely exacerbated by the high risks brought about by weather disturbances and calamities. For instance, according to the Philippine Food Security Information System of the Philippine Statistical Authority, floods and typhoons from the year

2000 through 2012 wreaked havoc on rice and corn farms costing farmers up to P54.8 billion or an average of P4.2 billion per year. The Department of Agriculture reckons a total of P106.9 billion in weather damages for all crops for the ten-year period from 2000 – 2010. According to the Philippine Crop Insurance Corp. (PCIC), corn farmers alone have suffered cumulative losses of P7 billion over the three decades from 1982 – 2012 due to the many catastrophic typhoons, floods, droughts, plant diseases and pests wreaked havoc on their crops.[1]

The World Bank's Global Index Insurance Facility has noted that the "most powerful of recent typhoons, Yolanda, which struck in November 2013, damaged crops, property, buildings and infrastructure worth P361 billion (US$7.5 billion)" apart from the thousands of lives that were lost.[2] In 2015, The Climate Change Act of 2009 (RA 9729) has called for the design of relevant and appropriate risk-transfer instruments and coordination with local government units (LGUs) and private entities to address vulnerability to climate change impacts of regions, provinces, cities and municipalities. Likewise, the Philippine Disaster Risk Reduction and Management Act of 2010 (Republic Act No. 10121) sought to have "continuing budget appropriation on disaster risk reduction from national down to local levels towards building a disaster-resilient nation and communities" and "to lessen the impact of disaster, and facilitate resumption of normal social and economic activities."

An average farmer can lose up to P 50,000 a year in vanished productivity due to extreme weather events.[3] But we have yet to produce a tangible response that will help our farmers cope with climate change risks. It behooves the government, then, to introduce more effective disaster risk management and climate-change adaptation approaches to help farmers gain resiliency and the ability to financially recover faster, contribute to productivity, and safeguard the country's food security.

It is true that we have the Philippine Crop Insurance Corporation (PCIC), but so far, it has too few participants and very miniscule outreach compared with the total number of farmers that is supposed to be served. From 2013 up to 2017, Congress has been appropriating an average of P1.55 billion per year to subsidize

[1] http://www.philstar.com/headlines/2014/08/18/1358840/crop-insurance-program-shields-farmers-climate-change
[2] http://documents.worldbank.org/curated/en/608151490705770748/text/113748-BRI-PH-Philippines-Nov8-digital-PUBLIC.txt
[3] https://www.rappler.com/move-ph/issues/hunger/52992-climate-change-food-security-ph

the PCIC insurance premiums on up to 600,000 hectares of rice farms in a number of provinces. Still, against a total of almost P380 billion in palay production in 2014[4], the PCIC has been insuring only around P12.2 billion worth of crops annually or roughly 3% of potential insurable value.[5] In short, the greater number of our small farmers remain uninsured simply because of the inadequate resource base and outreach of the PCIC.

To effectively reach and serve more of the country's five million small-hold farmers, provide them with greater resiliency, there is a need for the country to involve the private sector and adopt a more relevant strategy and also safeguard the food security of the broader rural population. Weather Index-based Crop Insurance (WIBCI) has become a very popular mode of providing risk transfer on the part of millions of farmers in a growing number of countries in Asia, Africa and Latin America.

Weather Index-based Corp Insurance is a unique insurance product based on the occurrence of breach of a weather-based parameter, which serves as legal proof of the occurrence of extremely adverse weather conditions and proxy for the expected crop damage. WIBCI is an innovation that requires less administrative costs in terms of selling the product, administering the policy coverage and monitoring over wide areas; it maximizes the use of relevant technologies and networks in order to reach out more and more farmers; and provides faster payout turn-around in the event of breach of the agreed parameters without need for bureaucratic processing by an adjuster. The hassle-free disbursement of claims is made possible through the use of technology and a widely distributed network of payment centers.

The required elements already exist in the country, but these need to be organized under a coherent policy framework and a conducive policy environment. The insurance contracts elaborating rates, terms and conditions requires strong collaboration among a variety of participants, including: meteorological agencies and/or satellite-based weather monitoring services; agriculture research institutions to do correlation research studies to validate crop sensitivity to specific weather disturbances; insurance service providers, including the PCIC; Local Government Units; and the farmers, themselves.

Another important component of Weather Index-based Crop Insurance is the support for re-insurance to provide a second layer of insurance support to help the originating insurance providers in absorbing shocks from disasters and in spreading out their risks. This enables originating insurance providers with predictable

[4] www.psa.gov.ph
[5] Computed based on data farmers registered as derived from PCIC website.

financial relief, greater capacity to insure more and more farmer clients and strengthen societal resilience.

The country has around 5.5 million small-hold farms dispersed in the various island groups, the majority of which are in Luzon, Mindanao, Negros and Panay Islands, and the MIMAROPA island group. Around 2.4 million farmers are into rice production, each tilling an average of 1.14 hectares or a total rice area of 2.88 million hectares.[6]

The bill aims to institute measures needed to effectively establish the weather index-based insurance service in the Philippines, ensure the access initially of the 2.4 million rice farmers to an innovation risk sharing arrangement aimed at enhancing their capacity to deal with extreme adverse weather events. The program will require around P5.8 billion per year to be initially sourced from the Risk Management Fund (Unprogrammed Appropriations) to potentially cover the FIBCI premiums for 2.8 million hectares of rice lands.

The need to provide an immediate tangible social safety net for the Filipino farmers cannot be over-emphasized.

Approval of this bill is urgently requested.

CYNTHIA A. VILLAR

[6] "Rice Farming in the Philippines: Facts and Opportunities." PowerPoint presentation by Bruce Tolentino, IRRI.September 2015.

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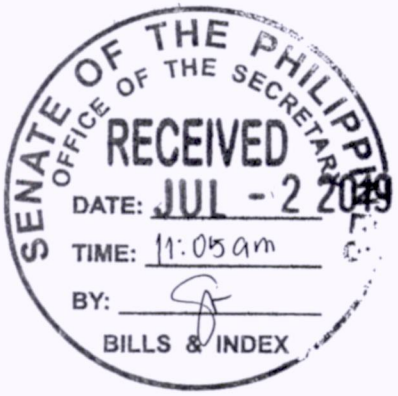

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Introduced by **SENATOR CYNTHIA A. VILLAR**

AN ACT

TO STRENGTHEN THE RESILIENCY OF SMALL FARMERS AGAINST CLIMATE CHANGE AND EXTREME WEATHER RISKS BY ESTABLISHING THE REGULATORY FRAMEWORK AND PROGRAM FOR A FREE WEATHER INDEX-BASED CROP INSURANCE, PROVIDING THE SOURCE OF FUNDING THEREFOR, AND FOR OTHER PURPOSES

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

Section 1. *Short Title.* – This Act shall be known as the "Free Index-Based Agriculture Insurance (FIBAI) Act of 2019."

Sec. 2. *Declaration of Policy.* – It is the policy of the State to ensure food security, intensify food production, and increase climate resiliency of the country's agricultural communities by ensuring the availability of critical safety nets to help farmers and agricultural producers withstand the adverse impact of disastrous weather events, facilitate their prompt recovery from crop damage or crop devastation which have often led to uncompensated losses, heavy financial burden and unpaid debts.

Recognizing the increasing frequency and/or severity of droughts, fires, floods and storms, the Climate Change Act of 2009 (RA 9729) has sought to "create an enabling environment for the design of relevant and appropriate risk-sharing and risk-transfer instruments;" and to "coordinate with local government units (LGUs) and private entities to address vulnerability to climate change impacts of regions, provinces, cities and municipalities."

The Philippine Disaster Risk Reduction and Management Act of 2010 (RA No. 10121), has also declared in Section 2 thereof that it is the policy of the State, among others, to:

> a) *"Uphold the people's constitutional rights to life and property by addressing the root causes of vulnerabilities to disasters, strengthening the country's institutional capacity for disaster risk reduction and management and building the resilience of local communities to disasters including climate change impacts;"*
>
> *xxx*
>
> *c) "Incorporate internationally accepted principles of disaster risk management in the creation and implementation of national, regional and local sustainable development and poverty reduction strategies, policies, plans and budgets;"*
>
> *xxx*
>
> *h) "Institutionalize the policies, structures, coordination mechanisms and programs with continuing budget appropriation on disaster risk reduction from national down to local levels towards building a disaster-resilient nation and communities;" xx*

In view thereof, the State shall strengthen and harmonize government initiatives and programs to effectively address the weather and climate risks faced by small agricultural producers in the Philippines, and extend crop insurance coverage to ensure food security and stronger resiliency in crops and agricultural production.

In order to reach out and serve the greatest number Filipino farmers, fisher-folks and agricultural producers, the State shall encourage private insurance service providers to complement the government crop insurance programs by way of innovative risk sharing mechanisms, specifically weather index based crop insurance programs.

Sec. 3. *Definition of Terms*. As used in this Act, the following terms shall be defined as follows:

a) *Insurance* – is the service rendered by insurance providers to protect the insured clients against the probability of a large unexpected loss through the transfer and sharing of risks to compensate for unexpected but financially disastrous events. A contract of insurance is an agreement whereby one party – the insurance provider –undertakes for an agreed consideration to pay another party – the insured client/beneficiary – for loss, damage or liability arising from an agreed contingent event.

b) *Crop insurance* – is an insurance service to protect farmers and agriculture producers against financial losses and uncertainties brought about by crop failures, pests, extreme weather conditions and/or other causes beyond their control, as indicated in the insurance policy issued by the insurance provider/s to the client/s.

c) *Insurance Policy* – is a document or certification issued by the insurance provider/s to the insurance clients as proof that the latter is covered by an insurance service with the specified terms, premium costs, trigger event, payout benefits, and duration of coverage as indicated in the said document.

d) *Weather Index-based Insurance (WIBI)* – is an innovative insurance product that aims to provide prompt insurance payout against the incidence of extreme weather conditions through the use of scientifically measurable weather parameters such as rainfall, temperature, frost, humidity and/or other gauges as proxy for actual loss using transparent indicators of the occurrence of an adverse event.

e) *Payout* – the amount paid or to be paid by the insurance service provider on account of the occurrence of an agreed contingent event, such as the breach of an agreed lower or upper limit in weather indicators, as specified in an insurance contract.

f) *Triggers* – threshold measurement points for the selected weather index parameter or indicator at which the insurance contract starts to pay out.

g) *Reference Unit Area (RUA)* – is a contiguous geographical area such as a group of barangays, municipality or city as may be covered by or monitored through a Reference Weather Station (RWS).

h) *Reference Weather Station (RWS)* – a specified meteorological station for each insurance contract as the named reference station from which the observed weather parameter/s shall be principally obtained. This may be a particular weather facility of the Philippine Atmospheric Geo-Physical and Astronomical Services Administration (PAGASA), or any public or private WMO-compliant private weather station, and/or any satellite-based weather observation service recognized by international re-insurance providers.

i) *Weather index risk analysts or weather calculator agents* – are information support professionals who specialize in meteorological, climatological and/or weather sciences, providing expert scientific studies, technical information, computer models and/or maintenance of automatic weather stations calibrated for use in the forecasting and validation of weather occurrences and also in risk and

actuarial analyses for weather index-based insurance programs; Provided, that: said professionals shall register, whether as individuals or corporate entities, with the Insurance Commission as third party professional meteorological and weather information service providers subject to technical standards provided for by PAGASA in terms of those engaged in the calibration of automatic weather stations.

j) *Small Farmer/Producer* – is a farmer whose total combined farm-holdings cover an area of not more than five hectares.

Sec. 4. *Free Index-Based Agriculture Insurance Framework.* – There is hereby established a nationwide Free Weather Index-based Agricultural Insurance (FIBAI) Program that shall operate under the following policy framework:

4.1 Weather Index-Based Insurance Product. The typical core features of an index-based insurance product shall be present in a crop insurance contract under the Program, as follows:

4.1.1 An agreed weather reference index, such as, but not limited to rainfall (mm), wind speed (kilometers per hour) and temperature (degrees) whose quantification is provided for each Reference Unit Area and for which data is monitored, reported and validated by an independent third party weather information service provider such as PAGASA or DOST-ASTI, IC-registered professional weather information services using and maintaining automatic weather stations, or any satellite-based weather observation service recognized by international re-insurance providers.

4.1.2 A Reference Weather Station as the named meteorological station from which the observed weather parameter shall be obtained and in the event of failure, a fall back methodology maybe utilized for the validation of a weather index occurrence.

4.1.3 A Trigger - Reference Point_on the agreed index parameter the occurrence of which activates the insurance payout;

4.1.4 A Payout or lump sum insurance payment amount based on apre-determined schedule that takes into account the actual area planted and growth phase of the crop.

4.1.5 Phases of Crop Growth or Crop Cultivation that will be covered by specific terms of the insurance – which may refer to a separate trigger and partial payout for each phase of vegetative growth or crop cultivation stage, or a threshold indicator for one whole cropping or growing period.

4.2 Insurance Service Providers. The FIBAI Program shall be open to all government and private sector insurance and re-insurance providers that will be accredited based on the policies and guidelines to be formulated by the FIBAI Project Management Office created under this Act. Weather Index-Based Agriculture Insurance providers shall be under the regulatory supervision of the Insurance Commission.

4.3 Stakeholders and Participants. The main beneficiaries of the FIBAI program shall be the Filipino farmers and agriculture and fisheries producers or farmers' cooperatives, who shall register with their respective Local Government Units (LGUs) for the particular crop or production insurance program offered by the LGU through accredited insurance providers. The LGUs may set aside supplemental local funds to complement the premium subsidies that will be provided by the national government. The beneficiary farmers may also pay premium for added insurance features that may be offered by providers.

4.4 No Need for Calamity Declaration. Any breach of the insurance parameters as stated in the FIBAI policy contracts shall be the sole trigger or basis for any payout and shall not require the declaration of a state of calamity by the LGU in order to trigger the obligation of the insurer to the insured farmers/producers.

Sec. 5. *Program Administration.* – There is hereby created a FIBAI Program Management Office (PMO) under the Office of the President (OP) that will focus on

establishing the needed coordination mechanisms to implement the program, and popularizing farmers' regular use of Weather Index-Based Crop Insurance. The FIBAI-PMO shall:

a. Coordinate with the various stakeholders, including the Department of Agriculture, National Disaster Risk Reduction & Management Council (NDRRMC), Local Government Units (LGUs), farmers' groups, insurance service providers and the scientific community, on the widest possible implementation of the FIBAI program based on the rules and guidelines formulated by the FIBAI Oversight Board;

b. Establish and maintain, a Weather Risk Data Center for index-based agriculture insurance, which information may be obtained from various sources, including PAGASA, records of the Philippine Crop Insurance Corporation, DOST-ASTI's Project NOAH, UP-Los Banos' Project SARAI, agriculture colleges and universities, other government research institutions, and commercial sources such as satellite-based weather monitoring services;

c. Monitor, in coordination with the Insurance Commission, the progress and concerns of all index-based agriculture insurance providers in the country;

d. Ensure that the insurance pools, insurance companies and other providers of ancillary services are registered with the Insurance Commission.

e. Coordinate with the municipalities and cities and farmers' cooperative federations that are eligible to undertake the FIBAI Program in order to facilitate their access, registration and participation to the FIBAI Program as group insurance clients/beneficiaries.

f. Undertake, in partnership with the scientific communities, the development and conduct of relevant studies on other crops and agriculture produce as well as on other innovative modes of risk management that will encourage participation in index-based insurance and re-insurance; and

g. Oversee, monitor and ensure compliance by the relevant parties in the implementation of the Program and the provisions of the index-based insurance and re-insurance contracts following guidelines issued by the Insurance Commission.

The PMO shall be headed by an Executive Director, to be appointed by the President, who shall formulate the agency's organization structure, strategic and operational plans, and annual budgets which shall not exceed 2% of the total premium subsidies to be allotted for each fiscal year for approval and endorsement by the FIBAI Oversight Board. The PMO shall ensure adherence to the Micro-Agri Policy Framework adopted by the Insurance Commission.

Sec. 6. *FIBAI Oversight Board.* – An Oversight Board shall convene at least twice a year to monitor and oversee the operation of the FIBAI program and the administration of all index-based agriculture insurance in the country. This shall be composed of the heads of the following institutions and agencies, or their designated permanent representatives:

1. Insurance Commission, to serve as Chairman
2. Department of Agriculture
3. Department of Interior and Local Government
4. Cooperatives Development Authority
5. National Disaster Risk Reduction and Management Council (NDRRMC)
6. Department of Science and Technology
7. Three (3) farmers, representing farmer organizations or farmer cooperative federations from the country's three major island groups - to be appointed by the President of the Philippines, and
8. Three (3) representatives from the insurance industry, including the Philippine Crop Insurance Corporation and two (2) from the private sector representing the non-life insurance industry.

The Board shall have the following functions:

a. Confirm or approve the organization plans, strategic and operational plans, and annual budgets to be submitted in the developed, managed, and monitored by PMO, with the end in view of ensuring proper and transparent implementation of the Program with the widest possible outreach for small farmers;

b. Confirm the rules and guidelines for the implementation and monitoring of index-based crop insurance programs, taking into account actuarially sound insurance and re-insurance principles;

c. Fix and regularly update the maximum levels of insurance coverage levels and maximum premiums that can be used as basis for subsequent budgets of the FIBAI and other related programs; and

d. Prepare, through the PMO, an annual report on the implementation and extent of availment by farmers and LGUs of the FIBAI program.

Sec. 7. *Role of PAGASA and Other Weather Information Providers.* – The Philippine Atmospheric Geophysical and Astronomical Service Administration (PAGASA), consistent with its mandates under the PAGASA Modernization Act of 2015 (or RA No. 10692), shall provide adequate, up-to-date, and timely information on atmospheric, astronomical, and other weather related phenomena as well as assessments pertinent to climate change adaptation programs, such as weather index-based insurance.

PAGASA, and other weather science research institutions and climate institutes in state universities, shall continue to conduct and publish relevant weather damage and crop yield correlation research and other scientific studies, prepare computerized analytical systems, and accessible weather information analysis of future climate scenarios, among others.

PAGASA may partner with relevant scientific organizations, research institutes and/or private sector entities for the implementation of specialized services and cost recovery programs and may collect a minimal service fee for its weather data certifications.

The accredited index-based insurance service providers may also opt to partner with or subscribe to recognized satellite-based weather information service agencies as their alternative source and basis for determining the weather thresholds and risk levels. Insurance providers utilizing satellite-based weather information services shall report to the FIBAI-PMO details on the objectivity and reliability of such weather information facilities. The assistance of meteorological information support professionals may be sought to calculate and analyze the risk levels or provide computations to complement the data from weather stations of PAGASA and DOST facilities and other monitored public or privately-owned weather sensors.

Sec. 8. *Role of Local Government Units.* – The FIBAI Program shall be implemented by city and municipal LGUs for the farmers and farm crops within their areas of jurisdiction. The LGU shall campaign and advocate for the FIBAI program as a group or community crop insurance facility and conduct information and education programs with the help of their barangay officials and representatives of participating insurance providers. The farmers shall formally register with the Municipal or City Agriculturist at least 45 days prior to the start of crop planting. The participating insurance institution shall provide the group insurance policy through the LGU and, in turn, the LGU shall distribute the appropriate sub-policy contracts to the beneficiary farmers for their respective free weather index crop insurance, indicating the name of the farmer and crop to be insured, farm area and location, start of planting and expected harvest schedule and their estimated cost of production using their latest expected prices of farm inputs.

The Municipal or City Agriculturist and the insurance provider shall electronically collate the farmers' insurance information and submit these to FIBAI-PMO at least 20 days prior to the start of the planting season.

Sec. 9. *Role of Insurance Pool.* – All non-life insurance companies duly licensed by the Insurance Commission shall participate in the FIBAI program through an Agri-Insurance pool. The structure and operations guidelines of the said pool

shall be approved by the Insurance Commission. The Agri-Insurance pool shall be composed of local, duly licensed and compliant insurance companies who will subscribe in the pool a minimum of one (1%) of the required statutory net worth.

Section 10. *Free Premium and Source of Funding.* – To subsidize the free premiums of farmers under the FIBAI Program, the amount of Six Billion pesos (P6.0 billion) shall be set aside from their current year's unprogrammed Risk Management Fund and/or from the unutilized or unreleased portions of the National Disaster Risk Reduction Funds to form the initial *FIBAI Premium Subsidy Fund.* Henceforth, this FIBAI Premium Subsidy Fund shall be included as an additional line item in subsequent annual national appropriations, as a separate component of the Climate Change adaptation and disaster risk mitigation, the amount of which shall be automatically augmented in proportion to the applicable inflation rate adopted by the Development Budget Coordinating Council for the ensuing year.

The insurance premium subsidies for the crops and farms of the insured farmers shall be securely transmitted electronically to the selected insurance provider or insurance pool based upon the submission of the lists and data of insured farmers by the LGUs and/or CDA-accredited cooperative federations to the PMO; Provided that the average premium subsidy amount for the insurance coverage of the pool will not exceed six percent (6%) of the average cost of production of the totality of covered crops. Premium remittance shall be made within thirty (30) days from confirmation by FIBAI-PMO of the covered farms and farmers.

The insurance service providers shall immediately submit reports to the concerned LGU and the FIBAI-PMO on their covered farms and insurance clients for the relevant Reference Unit Areas. The insurance providers may independently conduct marketing activities to advertise and popularize their insurance services.

Sec. 11. *Climate Risk Mitigation Fund for Small Farmers.* – There is hereby created a *Climate Risk Mitigation Fund for Small Farmers* to be managed by the FIBAI-PMO. Any and all unutilized amounts under the FIBAI program for any given year shall accrue to this Fund and may be used to further enhance index-based crop

insurance in the country such as any of, but not limited to the following purposes: institution and capacity building in the various regions of the country, information and education campaigns for all agriculture-based municipalities and cities, the enhancement and updating of the weather risk analytics centers, and improvement of communication and coordination between and among the key stakeholders, especially the small farmers.

Sec. 12. *Exemption from the Procurement Law (R.A. 9184).* – The procurement of weather index-based crop insurance services under this Act shall be exempt from the coverage of Republic Act 9184, provided, that:

a) The insurance provider is comprised of a pool of insurance companies formed as a joint venture with capitalization that is at least equal to the amount of premium to be collected;

b) The insurance to be procured is a group insurance policy for a composite set of farmer clients within a municipality or a set of barangays;

c) The insured farms have been mapped and are within coverage of a Reference Weather Station or a satellite remote sensing service;

d) Validation services of an independent third party weather information meteorological calculator agents is registered with the Insurance Commission; and

e) The composite set of barangays, municipalities, provinces and/or regions are packaged with a balanced profile of high risk and low risk areas, as may be approved or coordinated by the FIBAI-PMO.

Services to be provided by actuarial professionals, calculator agents and/or specialized weather risk analysts accredited by the FIBAI-PMO and IC shall also be exempt from R.A. 9184, provided that their professional fees shall not exceed 6% of the insurance premium.

Sec. 13. Tax Exemptions. All premium payments paid for index-based insurance contracts registered with the LGUs and coordinated with the FIBAI-PMO

shall be exempt from VAT and other relevant transaction taxes, including Documentary Stamp Taxes.

Sec. 14. *Mandatory Agri-Insurance Quota.* – All non-life insurance companies authorized to do business in the Philippines are mandated to subscribe to the insurance pool or to ensure that a minimum of five percent (5%) of their gross written premiums shall be in the agriculture sector.

Sec. 15. *Penalty Clause.* – The Insurance Commission shall strictly monitor the compliance of all non-life insurance institutions with respect to the Agri-Insurance Quota as provided for in the preceding section. Administrative sanctions and other penalties shall be imposed by the Commission for non-compliance with the provisions of this Act, which shall be equivalent to two percent (2%) of the premium value of non-compliance with the Agri-Insurance Quota based on their total insured interests for the year.

For the agricultural areas and communities covered under the FIBAI Program, the elected LGU officials and key administrative officers, including but not limited to the Mayor, Vice Mayor, Municipal/City Administrator, Municipal/City Agriculturist, Treasurer, and Accountant shall be administratively liable for non-implementation of the weather index insurance for their constituent farmers, subject to Book V-Title I-Subtitle A-Chapter 7 (Discipline) of the Administrative Code (E.O. No. 292)under its Civil Service Commission Subtitle, as amended, and Rule XI (Penalties) under the Code of Conduct and Ethical Standards for Public Officials and Employees, (RA No. 6713).

Sec. 16. Transitory Provisions. – The FIBAI Program shall initially cover the staple crops, namely: rice and corn farms, in the Top 30 rice and corn producing provinces of the preceding year based on data from the Philippine Statistical Authority. This is without prejudice to including farmers in more provinces, municipalities and contiguous areas as the FIBAI-PMO, LGUs and that the insurance providers may be able to coordinate.

Within a period of five years from the approval of this Act, the PMO shall coordinate and partner with the scientific community and relevant research and academic institutions on the development of weather risk models for crop yield and crop damage based on Philippine climate information and data and other studies to widen the coverage of weather index-based insurance to other agriculture crops and livestock.

Sec. 17. *Implementing Rules and Regulations.* – Within sixty days from the effectivity of this Act, the Insurance Commissioner shall convene the FIBAI Oversight Board to formulate and adopt the Implementing Rules and Regulations of this Act within the ensuing period of three months. The IC shall initially provide secretariat support to the Board, pending the establishment of the FIBAI-PMO which shall then become the secretariat of the Board.

Sec. 18. *Separability Clause.* – If any portion of provision of this Act is declared unconstitutional or invalid, the remainder of this Act or any provisions hereof not affected thereby shall continue to be in force and effect.

Sec. 19. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, rule or regulation inconsistent or contrary to the provisions of this Act is hereby repealed or modified accordingly.

Sec. 20. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or a newspaper of general circulation.

Approved,