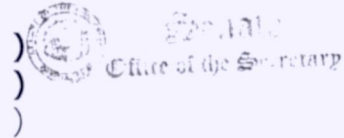


**EIGHTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES**  
First Regular Session



'19 JUL 17 P2:55

**SENATE**  
**S.B. NO. 572**

RECEIVED

Introduced by Senator Maria Lourdes Nancy S. Binay

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**AN ACT**  
**ESTABLISHING A MANDATORY CROP INSURANCE COVERAGE FOR**  
**SMALL FARMERS, PROVIDING FOR A NATIONAL GOVERNMENT**  
**SUBSIDY, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Article II, Section 9 of the 1987 Philippine Constitution provides:

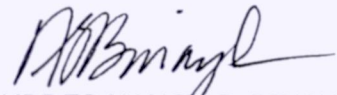
“The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.”

Farmers play a vital role in all aspects of our lives. They are responsible for the food we consume to feed our families every day as well as providing the resources that are necessary to produce clothing. Farming is critical to our society and therefore should be protected by the State.

The Philippines is exposed to a large number of typhoons annually as well as other natural complications like El Nino and La Nina, and pest infestations. Our agricultural production is highly affected by such disasters and calamities. Thus, Crop insurance is necessary in order to safeguard our farmers' livelihood from extreme weather conditions and other natural complications.

This proposed bill seeks to provide assistance to small farmers in their times of need by establishing a mandatory crop insurance program in order to ensure agricultural productivity and food security in our country.

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



MARIA LOURDES NANCY S. BINAY  
Senator

**SENATE**  
**S.B. NO. 572**

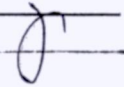
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**AN ACT**  
**ESTABLISHING A MANDATORY CROP INSURANCE COVERAGE FOR  
SMALL FARMERS, PROVIDING FOR A NATIONAL GOVERNMENT  
SUBSIDY, AND FOR OTHER PURPOSES**

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

1 Section 1. *Short Title.* – This Act shall be known as the “Crop Insurance  
2 Program for Small Farmers Act of 2019.”

3  
4 Sec. 2. *Declaration of Policy.* – It shall be the policy of the State to  
5 promote genuine inclusive growth and alleviate poverty. It is likewise the policy  
6 of the State to promote a just and dynamic social order that shall ensure  
7 prosperity, promote full employment, a rising standard of living and an improved  
8 quality of life for all.

9 In pursuit of this, the State shall develop a program that will ensure that  
10 farmers and their crops are protected from negative impacts of extreme  
11 weather/climate conditions, plant diseases and pest infestations, and other  
12 disasters, thereby protecting crop production, ensuring food security and  
13 farmers’ livelihood.

14  
15 Sec. 3. *Crop Insurance for Small Farmers Program.* – (a) The Department  
16 of Agriculture (DA) in coordination with the Philippine Crop Insurance

1 Corporation (PCIC) shall develop a special Crop Insurance Program for Small  
2 Farmers, guided by the following objectives:

- 3 (1) Promotion of food security through palay and other crop  
4 production;
- 5 (2) Provision of immediate support and protection to farmers incurring  
6 crop losses due to extreme conditions; and
- 7 (3) Alleviate the financial burden of farmers due to uncompensated  
8 losses.

9 (b) The Crop Insurance Program for Small Farmers shall operate under an  
10 insurance framework including, but not limited to, the following:

- 11 (1) The Philippine Atmospheric, Geophysical and Astronomical  
12 Services Administration (PAGASA) shall be the primary reference  
13 weather station from which observed weather parameter shall be  
14 obtained. Other reference weather stations may include other  
15 weather stations accredited by PAGASA;
- 16 (2) There shall be an identified trigger or threshold reference point to  
17 serve as a basis of measurement wherein in case of an occurrence  
18 of a breach the PCIC is obligated to indemnify and pay the  
19 required payout of the insured;
- 20 (3) Phases of crop growth shall be covered by the insurance where a  
21 separate trigger and payout may be determined;
- 22 (4) The payout or the insurance payment shall be based on a pre-  
23 determined schedule that takes into account the actual area  
24 planted; and
- 25 (5) Any breach of the threshold reference point shall be the basis of  
26 any payout. Declaration of a State of Calamity in a local  
27 government unit shall not be required to trigger the obligation of  
28 the PCIC to the insured farmers.

29

1           Sec. 4. *Terms and Conditions.* – Within ninety (90) days after the  
2 effectivity of this Act, the Department of Agriculture (DA) in coordination with the  
3 Philippine Crop Insurance Corporation (PCIC), and in consultation with the  
4 Insurance Commission (IC) shall formulate the terms and conditions which shall  
5 govern a comprehensive insurance scheme for the benefit of the farmers. The  
6 terms and conditions shall be published in the Official Gazette or in a newspaper  
7 of general circulation in the Philippines.

8  
9           Sec. 5. *Insured Farmers under the Crop Insurance Program for Small*  
10 *Farmers and Premium Subsidy.* – (a) All farmers of palay and other crops owning  
11 or cultivating eight (8) hectares of farmland and below shall automatically be  
12 covered by the Crop Insurance Program for Small Farmers. Subsidy for insurance  
13 premiums shall be determined by the following qualifications:

14           (1) For farmers owning or cultivating five (5) hectares of farmland  
15           and below, the National Government shall fully subsidize their  
16           insurance premiums; and

17           (2) For farmers owning or cultivating more than five (5) hectares but  
18           not exceeding eight (8) hectares of farmland, the National  
19           Government shall only cover and subsidize fifty percent (50%) of  
20           their insurance premiums.

21           (b) The DA together with the Department of Agrarian Reform (DAR) and  
22 PCIC, in coordination with local government units, shall develop, maintain and  
23 annually update a database of farmers covered under this Program, and  
24 determine their qualifications as to the type of subsidy covered;

25           (c) The DA and PCIC shall develop a system for the processing and  
26 payment of the fifty percent (50%) insurance premiums not covered by National  
27 Government subsidy. Such premium may be paid in money or in a quantity of  
28 paddy the value of which shall be equal to the amount of the premium due to  
29 the farmer, such value being computed according to the current market price of  
30 the crop as determined by the DA.

1 (d) All farmers covered under this Act shall be deemed to have entered  
2 into a contract of insurance with the National Government through the PCIC; and

3 (e) Small farmers who are currently covered by an existing crop insurance  
4 shall have an option to choose whether to remain under their existing crop  
5 insurance or be covered by the Crop Insurance Program for Small Farmers.

6

7 *Sec. 6. Rate of Premium.* – The rate of premium shall be determined by  
8 the Board of Directors of the Philippine Crop Insurance Corporation (PCIC)  
9 subject to the approval by the President of the Philippines.

10

11 *Sec. 7. Source of Funding.* – In accordance with Section 5(a) of this Act,  
12 insurance premiums of small farmers shall be subsidized by the National  
13 Government. The funding for this Program shall be deemed appropriated from  
14 the funds of the Department of Agriculture.

15 Initially, the premium subsidy for the first year of implementation shall be  
16 drawn on a month-to-month basis, depending on the actual amount of insurance  
17 underwritten by the PCIC. Subsequently, projections of the premium subsidy  
18 shall be submitted to the PCIC to the President, and upon the approval of the  
19 President shall be included in the National Expenditure Program.

20

21 *Sec. 8. Claim to Indemnity.* – In cases where the identified trigger or  
22 threshold reference point has been breached, the insured person shall submit a  
23 written claim to indemnity in respect of losses incurred to the municipal  
24 agriculturist. The municipal agriculturist shall then forward the written claim to  
25 indemnity to the PCIC.

26 The payment of indemnity shall be in accordance with the terms and  
27 conditions set forth by the DA and PCIC under Section 4 of this Act.

28

29 *Sec. 9. Implementing Rules and Regulations.* – The Department of  
30 Agriculture, and the Philippine Crop Insurance Corporation, in consultation with

1 relevant government agencies and instrumentalities, shall provide the necessary  
2 implementing rules and regulations within sixty (60) days upon the approval of  
3 this Act. Such rules and regulations shall take effect after they have been made  
4 and shall be published in at least two (2) newspapers of general circulation.

5

6       Sec. 10. *Separability Clause.* – If any provision of this Act is declared  
7 invalid or unconstitutional, the remaining parts or provisions not affected shall  
8 remain valid and subsisting.

9

10       Sec. 11. *Repealing Clause.* – All laws, acts, decrees, executive orders,  
11 issuances, and rules regulations or parts thereof which are contrary to and  
12 inconsistent with this Act are hereby repealed, amended or modified accordingly.

13

14       Sec. 12. *Effectivity Clause.* – This Act shall take effect fifteen (15) days  
15 after its publication in the Official Gazette or in two (2) newspapers of general  
16 circulation.

Approved,