

Republic of the Philippines
House of Representatives
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **436**

HOUSE OF REPRESENTATIVES
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**Introduced by Hon. Anthony M. Bravo
and Hon. Sabiniano S. Canama
COOP-NATCCO PARTYLIST**

EXPLANATORY NOTE

The Philippine Crop Insurance Corporation (PCIC) is a government owned and controlled corporation created under PD 1467. It was later amended by PD 1733 and further amended by RA 8175. It is the implementing agency of the government's agricultural insurance program. PCIC is an attached agency of the Department of Agriculture and its principal mandate is to provide insurance protection to farmers against losses arising from natural calamities, plant diseases and pest infestations of their crops.

The problem with the PCIC is that it has continually failed to adequately protect our subsistence farmers from the rigors of calamities, often paying far less than what the actual value of the projected harvest is. This bill seeks to amend the PCIC Charter to require a payment between the range of 80% to a hundred percent of the actual value of the projected harvest of our farmers. It is only by properly compensating the farmers will we fully protect their interest and those of their families. This is very much needed at present and in the years to come considering the devastation brought about by climate change which has led to stronger typhoons and more unpredictable weather patterns.

In light of the foregoing, the immediate passage of this bill is earnestly requested.



HON. ANTHONY M. BRAVO



HON. SABINIANO S. CANAMA

1 decide to insure. Such insurance protection, however, shall exclude losses
2 arising from avoidable risks emanating from or due to the negligence,
3 malfeasance or fraud committed by the insured or any member of his
4 immediate farm household or employee or the failure of the insured to follow
5 proven farm practices.

6 THE CORPORATION SHALL ALSO INSURE PROPERTIES AND
7 FACILITIES WHICH ARE OWNED OR USED BY GOVERNMENT
8 AGENCIES INVOLVED IN AGRI-FISHERY-FORESTRY
9 PROJECTS/ACTIVITIES AND GOVERNMENT-FINANCED AGRI-
10 FISHERY-FORESTRY PROJECTS. THE CORPORATION SHALL
11 PROVIDE REINSURANCE COVERAGE TO AGRI-FISHERY-
12 FORESTRY PROPERTIES AND FACILITIES UNDERWRITTEN BY
13 PRIVATE AND GOVERNMENT INSURANCE COMPANIES.”

14 SEC. 2. Subsections 3.5 and 3.11 of Section 3 of Presidential Decree No. 1467, as
15 amended, are hereby further amended to read as follows:

16
17 “SEC. 3. Powers. - The Corporation shall have the following powers:

18 x x x

19 3.5. To insure the [rice production] CROPS of farmers AND
20 FISHERFOLK against loss, damage and destruction caused by natural
21 calamities such as typhoons, floods, drought, earthquake, volcanic
22 eruptions, rodents, vermin[s], diseases, insects and other pests; and to
23 carry on any business necessary, related to and expedient for the
24 above purpose;

25 x x x

26 3.11. To generate internal funds by floating bonds, [expansion to
27 other] EXPANDING THE CORPORATION’S insurance lines and
28 extending coverage to other areas of agriculture[,] SUCH AS
29 LIVESTOCK, AQUACULTURE, FISHERY, AGROFORESTRY,
30 AND FOREST PLANTATIONS in order to address insurance needs
31 of the target sector and to do and perform acts and things and to
32 exercise all the general powers conferred by law upon the Corporation
33 as are incidental or conducive to the attainment of the objectives of
34 the Corporation.”

35

36 SEC. 3. Section 5 of Presidential Decree No. 1467, as amended, is hereby further
37 amended to read as follows:

1 following approval hereof, in addition to the premium subsidy
2 requirement of the year involved.

3 x x x

4 6.5 [Ten percent (10%) of the net earnings of] THE Philippine
5 Charity Sweepstakes Office (PCSO) [from its lotto operation shall be
6 earmarked from] SHALL CONTRIBUTE A YEARLY AMOUNT
7 OF FIVE MILLION PESOS (P5,000,000.00) FROM ITS CHARITY
8 FUND TO the Crop Insurance Program and said amount shall be
9 directly remitted by the PCSO to the Corporation YEARLY [every
10 six (6) months] until the [amount of] UNRELEASED PREMIUM
11 SUBSIDY [government subscription] is fully paid.”

12
13 SEC. 5. Subsections 8.1, 8.3, 8.4.1, 8.4.3, and 8.5 of Section 8 of Presidential Decree
14 No. 1467, as amended, are hereby further amended to read as follows:

15 “SEC. 8. Capital Stock. -

16 8.1. The authorized capital stock of the Corporation is TEN BILLION
17 PESOS (P10,000,000,000.00) [Two billion pesos (P2,000,000,000)]
18 divided into SEVENTY-FIVE MILLION (75,000,000) [Fifteen
19 Million (15,000,000)] common shares with a par value of One
20 hundred pesos (P100.00) each share, which shall be fully subscribed
21 by the Government and TWENTY-FIVE MILLION (25,000,000)
22 [Five Million (5,000,000)] preferred shares with a par value of One
23 hundred pesos (P100.00) per share which shall have the features as
24 provided in Section 8.4 hereof and shall be issued in accordance with
25 the provisions of Section 8.5 hereof.

26 x x x

27 8.3 The additional common capital stock of SIX BILLION PESOS
28 (P6,000,000,000.00) [One Billion pesos (P1,000,000,000)] shall be
29 fully subscribed by the Government and the necessary funds shall be
30 appropriated by Congress unless otherwise provided by existing laws:
31 *Provided*, That Congress shall provide, on an annual basis, [at least
32 fifty percent (50%) of] the needed capital, until the authorized capital
33 stock is fully paid up.

34 8.4 The preferred shares shall be entitled to a preference over
35 common shares in any declaration of dividends. They shall also be

1 given priority in the distribution of assets in the event of liquidation of
2 the Corporation. They shall have the following specific features:

3 8.4.1 Preferred as to dividends at a minimum of ONE AND
4 ONE-HALF PERCENT (1.5%) OR THE PREVAILING 360-
5 DAY TREASURY BILL RATE AT THE TIME OF
6 DECLARATION OF DIVIDENDS, WHICHEVER IS
7 HIGHER [six percent (6%)].

8 x x x

9 8.4.3 NON-Participating;

10 x x x

11 8.5 AT LEAST FIVE HUNDRED MILLION PESOS
12 (P500,000,000.00) OF PREFERRED SHARES SHALL BE
13 SUBSCRIBED AND PAID FOR BY THE LAND BANK OF THE
14 PHILIPPINES. THE BALANCE OF the preferred shares may be
15 available for sale or to subscription by the general public.”

16 SEC. 6. Section 8-A of Presidential Decree No. 1467, as amended, is hereby
17 amended, to read as follows:

18 “SEC. 8-A. RESERVE FUND FOR CATASTROPHIC LOSSES. - A
19 state reserve fund for catastrophic losses in the amount of Five Hundred
20 Million Pesos (P500,000,000.00) shall be created exclusively to answer for
21 the proportion of all losses in excess of risk (pure) premium under the
22 Corporation’s Crop Insurance Program for small farmers AND
23 FISHERFOLK. THE FUND MAY BE INCREASED SUBJECT TO THE
24 APPROVAL OF THE PRESIDENT. The Fund shall be administered by a
25 government financial institution to be designated by the Corporation’s Board
26 of Directors. Such sum as may be necessary for the purpose shall be funded
27 by the National Government through the annual General Appropriations Act
28 starting the calendar year immediately following the approval of this Act and
29 every year thereafter until the full amount is completed. The mechanics of
30 claims against the Fund and to what extent the Fund shall be liable shall be
31 determined jointly by the financial institution administering the Fund, subject
32 to the approval by the President.”

33 SEC. 7. Subsection 9.1 of Section 9 of Presidential Decree No. 1467, as amended, is
34 hereby further amended, to read as follows:

1 “SEC. 9. Board of Directors. -

2 9.1. The powers of the Corporation shall be vested in and exercised
3 by a Board of Directors now composed of seven (7) members and
4 made up of the following: the President of the Land Bank of the
5 Philippines (LBP), the President of the Corporation, the
6 SECRETARY OF THE DEPARTMENT OF AGRICULTURE (DA)
7 [Executive Director of the Agricultural Credit Policy Council
8 (ACPC)], a representative from the private insurance industry to be
9 nominated by the Secretary of Finance and three (3) representatives
10 from the subsistence farmers sector, preferably representing agrarian
11 reform beneficiaries/cooperatives/ associations coming from Luzon,
12 Visayas, and Mindanao, who shall be selected and nominated by the
13 different farmers organizations and/or cooperatives. The respective
14 nominees of the private insurance industry and the farmer’s sector
15 shall be submitted to and appointed by the President. The chairman
16 of the Board of Directors shall be appointed by the President from
17 among the members of the Board of Directors. The President of the
18 Corporation shall also be appointed by the President and shall be ex-
19 officio vice chairman who shall assist the chairman and act in his
20 stead in case of absence or incapacity. In case of absence or
21 incapacity of both the chairman and the vice chairman, the Board of
22 Directors shall designate a temporary chairman from among its
23 members. Except for the President of the LBP and the SECRETARY
24 OF THE DA [Executive Director of the Agricultural Credit Policy
25 Council (ACPC)], all members of the Board of Directors, including
26 the President of the Corporation, shall be appointed by the President
27 within a reasonable period of time after the approval of this Act.”

28 SEC. 8. Separability Clause.— If any provision or part hereof is held unconstitutional
29 or invalid, the other provisions not affected shall remain in force and effect.

30 SEC. 9. Repealing Clause.— All laws, executive orders, and other issuances or parts
31 thereof inconsistent with this Act are hereby repealed or modified accordingly.

32 SEC. 10. Effectivity. – This Act shall take effect fifteen (15) days after its
33 publication in the Official Gazette or in a newspaper of general circulation.

34 Approved,