

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

House Bill No. 977

HOUSE OF REPRESENTATIVES	
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Introduced by **Rep. LAWRENCE LEMUEL H. FORTUN**

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### EXPLANATORY NOTE

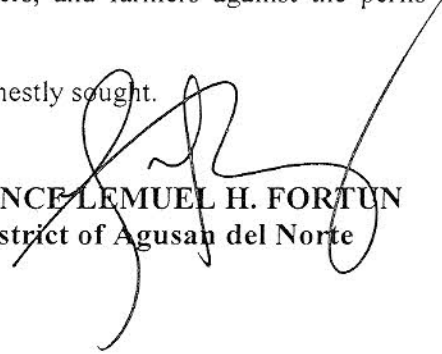
In a report entitled "The Human Cost of Weather Related Disasters (1995-2015)" of the Centre for Research on the Epidemiology of Disasters and the United Nations Office for Disaster Risk Reduction, the Philippines has been identified as ranking 4<sup>th</sup> with the highest of affected people by weather related disasters in the world. The Asian region has been recognized as a disaster prone area in the world. Furthermore, weather related disasters have been affected by extreme weather conditions with its corresponding number of fatalities and destruction.

The report identifies flooding as constituting 47% of all weather related disasters and has affected 2.3 Billion people with 95% of the individuals in Asia. In the latest trend, urban areas are severely impacted with the extreme weather conditions especially flooding. In the Philippines, Typhoon Haiyan has caused more than 6000 deaths, in excess of 200,000 injured and more than a thousand missing. The damage to homes, buildings, commercial structures, roads, seaports, airports, utilities, flood control structures, school building and other infrastructures have resulted in a total damage cost of Php89,598,068, 634,88.

The country needs to protect Filipinos and their families from devastating financial costs by providing persons who are already living in flood prone areas the opportunity to purchase flood insurance and access to more adequate limits of coverage that they may be indemnified for their losses in flood disasters.

This Bill was filed by Senator Miriam Defensor Santiago in the 14<sup>th</sup> and 16<sup>th</sup> Congresses as a response to the need for a means of protection of Filipinos from the devastating financial burden of losses incurred due to flooding. This bill is timely and responsive in providing adequate protection to homeowners, small business owners, and farmers against the perils of flood losses.

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

  
**LAWRENCE LEMUEL H. FORTUN**  
1<sup>st</sup> District of Agusan del Norte

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**AN ACT**  
**INSTITUTING A NATIONAL FLOOD INSURANCE PROGRAM**

1           **Section 1. *Short Title.*** - This Act shall be known as the “National Flood  
2 Insurance Act.”

3  
4           **Section 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to  
5 promote the general welfare by providing the property owners with government  
6 insurance protection against losses from flooding. The insurance is an alternative to  
7 disaster assistance to meet the escalating costs of repairing damage to residential and  
8 other buildings and their contents. It is in the public interest for persons already living in  
9 flood-prone areas to have both an opportunity to purchase flood insurance and access to  
10 more adequate limits of coverage so that they will be identified for their losses in the  
11 event of future flood disasters.

12  
13           **Section 3. *Definitions.*** – In this Act, the term –

- 14           (a) “Agency” means the National Flood Insurance Agency;  
15           (b) “Agricultural commodities” means agricultural commodities and livestock;  
16           (c) “Agricultural structure” means any structure used exclusively in connection  
17                 with the production, harvesting, storage, raising, or drying of agricultural  
18                 commodities;  
19           (d) “Director” means the administrator of the National Flood Insurance Program;  
20           (e) “Financial assistance” means any form of loan, grant, guaranty, insurance,  
21                 payment, rebate, subsidy, disaster assistance loan or grant, or any other form  
22                 of direct or indirect assistance from the government;  
23           (f) “Financial assistance for acquisition or construction purposes” means any  
24                 form of financial assistance which is intended in whole or in part for the  
25                 acquisition, construction, reconstruction, repair, or improvement of any  
26                 publicly or privately owned building, and for any machinery, equipment,

27 fixtures, and furnishings contained or be contained therein, and shall include  
28 the purchase or subsidization of mortgage or mortgages;

29 (g) "Flood insurance policy" means a flood insurance policy issued under this  
30 Act;

31 (h) "Improved real estate" means a real estate upon which a building is located;

32 (i) "Lender" means a lending institution or a government agency lender;

33 (j) "Lending institution" means any bank, savings and loan association, credit  
34 union, credit association, or similar institution;

35 (k) "Program" means the National Flood Insurance Program established under  
36 this Act; and

37 (l) "Task force" means the Flood Insurance Task Force.

38  
39 **Section 4. National Flood Insurance Agency.** – (a) There is hereby established  
40 National Flood Insurance Agency to administer and implement the National Flood  
41 Insurance Program under this Act.

42 (b) The agency shall be headed by a Director to be appointed by the President of  
43 the Philippines;

44 (c) The agency shall be an attached agency of the Department of Finance.

45  
46 **Section 5. National Flood Insurance Program.** – (a) There is hereby  
47 established National Flood Insurance Program which will enable interested persons to  
48 purchase insurance against loss resulting from physical damage to or loss of real property  
49 or personal property related thereto arising from any flood occurring in the Philippines.

50 (b) The National Flood Insurance Program established pursuant to subsection (a)  
51 of this section shall enable the purchase of insurance to cover the cost of implementing  
52 measures that are consistent with land use and control measures established by a local  
53 government unit for –

54 (1) properties that are repetitive loss structures;

55 (2) properties that are substantially damaged structures; and

56 (3) properties that sustained flood damage on multiple occasions, if the Director  
57 determines that it is cost-effective and in the best interests of the National Flood  
58 Insurance Fund to require the implementation of such measures.

59  
60 (c) In carrying out the flood insurance program the Director shall, to the  
61 maximum extent practicable, encourage and arrange for (1) appropriate financial  
62 participation and risk sharing in the program by insurance companies and other insurers;  
63 and (2) other appropriate participation, on other than risk-sharing basis, by insurance

64 companies and other insurers, insurance agents and brokers, and insurance adjustment  
65 organization, in accordance with this Act.

66

67 **Section 6. *Supplemental Forms.*** – (a) In General – Not later than six (6)  
68 months after the date of enactment of this Act, the Director shall develop supplemental  
69 forms to be issued in conjunction with the issuance of a flood insurance policy that set  
70 forth, in simple terms –

- 71 (1) the exact coverage being purchased by a policyholder;  
72 (2) any exclusion from coverage that apply to the coverage purchased;  
73 (3) an explanation, including illustrations, of how lost items and damages will be  
74 valued under the policy at the time of loss;  
75 (4) the number and peso values of claims filed under a flood insurance policy  
76 over the life of the property, and the effect, under this Act, of the filing of any  
77 further claims under a flood insurance policy with respect to that property;  
78 and  
79 (5) any other information that the Director determines will be helpful to  
80 policyholders in understanding the flood insurance coverage.

81 (b) Distribution - The forms developed under subsection (a) shall be given (1) all  
82 holders of a food insurance policy at the time of purchase and renewal; and (2)  
83 insurance companies and agents that are authorized to sell flood insurance  
84 policies.

85

86 **Section 7. *Acknowledgement Form.*** – (a) In General. – Not later than six (6)  
87 months after the date of enactment of this Act, the Director shall develop an  
88 acknowledgment form to be signed by the purchaser of a flood insurance policy that  
89 contains –

- 90 (1) an acknowledgment that the purchaser has received a copy of the  
91 standard flood insurance policy, and any forms developed under  
92 section 5; and  
93 (2) an acknowledgment that the purchaser has been told that the contents  
94 of a property or dwelling are not covered under the terms of the  
95 standard flood insurance policy, and that the policyholder has the  
96 option to purchase additional coverage for such contents.

97 (b) Distribution - Copies of an acknowledgment form to be signed by the  
98 purchaser and the Director.

99

