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SENATE

S. No. 799

RECEIVED BY: 

Introduced by Senator Ralph G. Recto

AN ACT
AUTHORIZING THE GRANT OF A FULL CROP INSURANCE COVERAGE TO QUALIFIED BENEFICIARIES OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM AMENDING FOR THE PURPOSE SECTION 14 OF REPUBLIC ACT NO. 9700, OTHERWISE KNOWN AS THE "COMPREHENSIVE AGRARIAN REFORM PROGRAM EXTENSION WITH REFORMS"

Explanatory Note

Over the past years, the Philippines suffered extreme weather events such as heavy rains, typhoons and droughts that were more intense than what had been normally experienced. The Department of Agriculture (DA) estimates that the agricultural damage wrought by the El Niño Southern Oscillation Phenomenon since February 2015 already reached P5.32 billion in February of this year¹, P1.34 billion of which was incurred during its peak months of January and February². Typhoon Nona brought about P4.33 billion worth of damage to agriculture when it struck the country in December 2015³. This is after Typhoon Pablo caused about P11 billion worth of damages a month earlier, P9.69 billion of which was suffered by the agricultural areas in Regions I, II, III, IV-A, IV-B, V and CAR⁴. These disasters take a great toll on Filipinos for they can disrupt livelihood and affect food production. The poor, more particularly those engaged in agriculture suffer the most because their household and livelihood are usually located in areas most vulnerable to natural hazards and calamities.

Crop insurance is one of the government's instruments in mitigating agricultural risks and addressing the consequence of calamities on the agricultural sector. As a risk management tool, crop insurance provides two advantages. One, it makes losses more bearable by providing immediate financial support so affected farmers would have better options than waiting for the next planting season or resorting to borrow money at usurious rates. With the sum of money paid, the farmers are able to immediately replant as soon as weather and soil condition permits. Two, it provides a mechanism to mitigate the effects of calamities on crop production, sustaining not only the farmer's family income, but the country's food security as well.

In the Philippines, the Philippine Crop Insurance Corporation (PCIC) implements and manages the government program on agricultural insurance. However, the participation of agricultural workers in the government agricultural insurance program remained low. In 2014, PCIC only insured some 792,208 hectares of land and 917,814 farmers and paid claims worth

¹ Miraflor, M. B. (2016, March 12). El Niño causes P5-B losses to agriculture. *Manila Bulletin*.

² Domingo, R.W. (2016, March 3). El Niño damage rises to P4.77B. *Philippine Daily Inquirer*.

³ National Disaster Risk Reduction and Management Council. (2015, December 24). Situational Report No. 19 re: Preparedness Measures and Effects of Typhoon "NONA" (I.N. MELOR).

⁴ National Disaster Risk Reduction and Management Council. (2015, November 3). Situational Report No. 26 re: Preparedness Measures and Effects of Typhoon "LANDO" (I.N. KOPPU).

P738.45 million to 87,855 farmers⁵. These figures revealed that in 2014, PCIC was only able to insure about 11% of farm areas and about 8.8% of agricultural workers⁶.

One of the reasons for the low farmer participation in crop insurance is the premium required to participate in the program. Although government extends assistance through insurance subsidies, the balance of premium payments is still a burden to many of our poor farmers. Poor farmers and land tenants could barely make ends meet, let alone take insurance policies for their crops.

This bill seeks to address this predicament by providing the qualified beneficiaries of the Comprehensive Agrarian Reform Program a full crop insurance coverage. It sustains the policy enshrined in the Comprehensive Agrarian Reform Program which states that the welfare of the landless farmers and farm workers will receive the highest consideration to promote social justice and to move the nation toward sound rural development and industrialization. Ultimately, this bill seeks to contribute in helping every Filipino farmer rise out of poverty.

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



RALPH G. RECTO

/mdg

⁵ Philippine Crop Insurance Corporation (2014). Annual Report 2014: Ensuring Financial Stability & Exercising Greater Social Responsibility.

⁶ Figures for agricultural land area (7,190,087 hectares) taken from 2012 Census of Agriculture. Figures for agricultural workers (10,405,000) taken from 2014 Labor Force Estimates.

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

1 SECTION 1. Section 14 of Republic Act No. 9700, otherwise known as the
2 "Comprehensive Agrarian Reform Program Extension with Reforms" is hereby amended to read
3 as follows:

4 "Sec. 14. Section 37 of Republic Act No. 6657, as amended, is hereby further amended
5 to read as follows:

6 "Sec. 37. *Support Services for the Agrarian Reform Beneficiaries.* - The
7 State shall adopt the integrated policy of support services delivery to
8 agrarian reform beneficiaries. To this end, the DAR, the Department of
9 Finance, and the Bangko Sentral ng Pilipinas (BSP) shall institute
10 reforms to liberalize access to credit by agrarian reform beneficiaries.
11 The PARC shall ensure that support services for agrarian reform
12 beneficiaries are provided, such as:

13 "(a) xxx ;

14 "xxx;

15 "(f) xxx; AND

16 "**(G) FULL CROP INSURANCE COVERAGE TO FARMER BENEFICIARIES.**
17 **COMPENSABLE LOSSES INCLUDE NATURAL CALAMITIES SUCH AS**
18 **TYPHOON, FLOOD, DROUGHT, EARTHQUAKE AND VOLCANIC ERUPTION,**
19 **PLANT DISEASES AND PEST INFESTATIONS. THE TERM OF INSURANCE IS**
20 **FROM PLANTING UP TO EXPECTED DATE OF HARVEST.**

21 "xxx."

22 **SEC. 2. Appropriations.** - The Secretary of Agriculture shall immediately include in the
23 Department's program the needed operational requirement of this Act, the initial funding of

1 which shall be charged against the corporate fund of the PCIC. Thereafter, projections of the
2 premium subsidy requirement shall be submitted by the Philippine Crop Insurance Corporation
3 (PCIC) to the President, and shall be included in the annual General Appropriations Act.

4 **SEC. 3. *Implementing Rules and Regulations.*** – The Presidential Agrarian Reform
5 Council, the Department of Agriculture (DA), the PCIC, and the Department of Agrarian Reform
6 (DAR) shall provide the necessary implementing rules and regulations within thirty (30) days
7 upon the approval of this Act. Such rules and regulations shall take effect after they have been
8 made and shall be published in at least two (2) newspapers of general circulation.

9 **SEC. 4. *Separability Clause.*** – If any provision, section or part of this Act shall be
10 declared unconstitutional or invalid, such judgment shall not affect, invalidate or impair any
11 other provisions, sections or parts hereof.

12 **SEC. 5. *Repealing Clause.*** – All laws, acts, decrees, executive orders, issuances, and rules
13 and regulations or parts thereof which are contrary to and inconsistent with this Act are hereby
14 repealed, amended or modified accordingly.

15 **SEC. 6. *Effectivity.*** - This Act shall take effect fifteen (15) days following its publication
16 in at least two (2) newspapers of general circulation or the Official Gazette.

17 Approved,