



SENATE

S. No. 43

'19 JUL -1 A11 :35

Introduced by Senator Ralph G. Recto

RECEIVED

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 March 2019 already reached P7.963 billion on May 2019, affecting some 247,610 farmers and 277,891 hectares of agricultural land¹. Typhoon Ompong brought about P 26.77 billion worth of damage to agriculture when it struck the country in September 2018². This is followed by Typhoon Rosita in November 2018, which caused P2.905 billion worth of damages to the agricultural areas in Regions I, II, III, and CAR³. These disasters take a great toll on Filipinos for they can disrupt livelihood and affect food production. The poor, particularly those engaged in agriculture, suffers 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 borrowing money at usurious rates. With the proceeds from crop insurance claims, the farmers will be able to immediately replant as soon as the 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 2017, PCIC only insured some 1,326,618 hectares of land and 1,697,577 farmers and paid claims worth

¹ National Disaster Risk Reduction and Management Council. (2019, May 3). Situational Report No. 20 re: Preparedness Measures and Effects of El Niño.

² National Disaster Risk Reduction and Management Council. (2018, October 6). Situational Report No. 57 re: Preparedness Measures and Effects of Typhoon "OMPONG" (I.N. MANGKHUT).

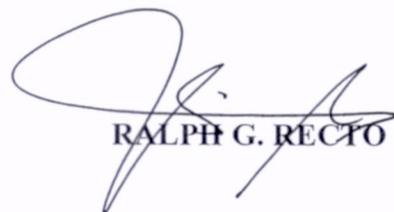
³ National Disaster Risk Reduction and Management Council. (2018, November 15). Situational Report No. 21 re: Preparedness Measures and Effects of Typhoon "ROSITA" (I.N. YUTU).

P1.937 billion to 241,096 farmers⁴. These figures revealed that in 2017, PCIC was only able to insure about 18.24% of agricultural land area and about 16.54% of agricultural workers⁵.

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 premium subsidies, the balance of premium payments is still a burden to many of our poor farmers and land tenants who could barely make both 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

⁴ Philippine Crop Insurance Corporation (2017). Annual Report 2017: Excellence in Governance for the Filipino Farmer. Quezon City: Philippine Crop Insurance Corporation

⁵ Figures for agricultural land area (7,271,446 hectares) taken from 2012 Census of Agriculture. Figures for agricultural workers (10,261,000) taken from 2017 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 "Comprehensive
2 Agrarian Reform Program Extension with Reforms" is hereby amended to read as follows:

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

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

12 "(a) x x x;

13 "x x x;

14 "(f) x x x; AND

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

21 "x x x."

1 **SEC. 2. Appropriations.** – The Secretary of Agriculture shall immediately include in the
2 Department’s program the needed operational requirement of this Act, the initial funding of which
3 shall be charged against the corporate fund of the PCIC. Thereafter, projections of the premium
4 subsidy requirement shall be submitted by the Philippine Crop Insurance Corporation (PCIC) to
5 the President, and shall be included in the annual General Appropriations Act.

6 **SEC. 3. Implementing Rules and Regulations.** – The Presidential Agrarian Reform Council,
7 the Department of Agriculture (DA), the PCIC, the Department of Agrarian Reform (DAR), and
8 the Department of Budget and Management (DBM) shall provide the necessary implementing
9 rules and regulations within thirty (30) days upon the approval of this Act. Such rules and
10 regulations shall take effect after its publication in at least two (2) newspapers of general
11 circulation.

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

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

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

20 Approved,