

JOINT DAR-PCIC MEMORANDUM CIRCULAR

No. 05

Series of 2019

Subject: Implementing Rules and Regulations (IRR) on the Agrarian Reform Beneficiaries-Agricultural Insurance Program (ARB-AIP) for FY2019 Implementation

I. Background

DAR as the lead implementing agency of the National Government to promote the welfare of Agrarian Reform Beneficiaries (ARBs) is tasked to implement program beneficiaries' development and, among others, initiate and facilitate support services provisions to ARBs. One of the key support services program of the DAR is to provide technical services, training, facilities & equipment, and access to credit to sustain their agricultural production and agri-enterprise development;

Presidential Decree 1467, as amended, mandates the PCIC to provide insurance protection to the country's agricultural producers particularly the subsistence farmers and fisherfolk against loss of their crops and non-crop agricultural assets due to natural calamities, plant diseases and pest infestations, and extreme weather events brought about by climate change. In 2013, DAR and PCIC implemented the ARB-Agricultural Insurance Program to cover the premium subsidy for the ARBs for agricultural insurance of farm investments by ARBs, allocating One Billion Pesos under GAA FY 2013.

Under the ARB-AIP, a total of 350,819 ARBs have been enrolled and covered a total of PhP 18.567 billion cover and total premium amounting to PhP 1.000 billion. With its initial implementation, there is still a need to cover more ARBs for the insurance subsidy. Hence, DAR requested an insurance fund amounting to One Billion Pesos (PhP 1,000,000,000.00) as initial insurance premium subsidy for ARBs from the PCIC's 2018 General Appropriations Act (GAA) in accordance with the provisions under House Bill No. 6686. The PhP 1,000,000,000.00, allocation is from the PhP 3,500,000,000.00 total Government Premium Subsidy (GPS) appropriated under GAA for FY 2019, for agricultural insurance coverage of farms and farm investments of ARBs listed in the Registry System for Basic Sectors in Agriculture (RSBSA);

II. Acronyms and Definition of Terms

Unless otherwise specified, the following acronyms and definition of terms and phrases shall be used in these rules and regulations:

1. Agricultural insurance - protection extended to farmers against losses in crops and livestock due to natural calamities as well as plant pests and diseases.
2. ARBs - Agrarian Reform Beneficiaries. Farmers and farm workers who were granted lands under Presidential Decree No. 27, R.A. 6657, and RA 9700, as amended, settlement and other land tenure improvement programs of DAR including those farmers under leasehold operations, provided that they are actually cultivating or managing the land awarded to them or the land under leasehold.
3. ARB-RSBA - ARB-Registry System for Basic Sector in Agriculture.
4. ARB Household Member - Agrarian Reform Beneficiary Household member. May refer to the: (a) spouse of an ARB, (b) son or daughter of an ARB fifteen years old and above, or (c) father or mother of an ARB, who is actually cultivating or managing the land awarded to the original ARB.
5. ARBO Agrarian Reform Beneficiaries Organization. Duly constituted organization/association whose majority (50 % + 1) of members are ARBs or ARB household members.
6. APCP - Agrarian Production Credit Program
7. Assured Farmer - A farmer whose crop is covered by crop insurance
8. CAP-PBD - Credit Assistance Program for Program Beneficiaries Development
9. CIC - Certificate of Insurance Cover. A document issued by PCIC or accredited underwriter to a farmer or group of farmers availing of crop insurance which serves as an evidence of insurance coverage.
10. DAR - Department of Agrarian Reform
11. DARPO - Department of Agrarian Reform Provincial Office
12. DARRO - Department of Agrarian Reform Regional Office
13. FO - Farmers Organization. Duly constituted organization/association composed primarily of farmers.
14. GAA - General Appropriations Act
15. Indemnity - The value of settlement or that portion of amount of cover at the precise time at which loss or damage occurred. This may be equal to or less than the cost of production inputs expended at time of loss.

16. LTI-PBD - Land Tenure Improvement-Program Beneficiaries Development. The two main programs of DAR under the Comprehensive Agrarian Reform Program.
17. Loss - Any damage to insured crop, livestock or agricultural asset.
18. Multi-risks Cover - This is the type of crop insurance which covers crop losses due to natural calamities as well as plant pests and diseases.
19. NCT - National Coordinating Team
20. NL - Notice of Loss.
21. PCIC - Philippine Crop Insurance Corporation
22. PS - Program Secretariat
23. RCT - Regional Coordinating Team
24. Self-Financed Farmer - Any farmer who does not obtain agricultural loan from any lending institution, NGOs or government entities.
25. Underwriting - The process wherein the insurer undertakes the risk associated or exposure to insure and how to insure them.
26. Underwriter/Underwriting Agent - Any lending institution, person, organization, association, or entity authorized in writing by DA-PCIC to receive and process application for crop insurance, collect and remit premiums, and issue corresponding Certificate of Insurance Cover (CIC).

III. General Guidelines

The Implementing guidelines on the utilization of PhP 1.00 billion insurance premium subsidy fund allocation from PCIC, GAA for ARB-AIP shall follow the implementing guidelines of PCIC.

IV. Program Objectives

The ARB-AIP aims to provide ARBs and ARB household members with crop insurance subsidy to:

1. Mitigate and transfer the risks brought about by agricultural losses due to pest and disease infestations and the impact of weather shocks as a result of climate change and other natural calamities; and
2. Enhance the agricultural productivity of ARBs and ARB household members; and

V. Roles and Responsibilities of DAR and PCIC

A. Department of Agrarian Reform (DAR) Provincial Office

1. ARB Identification and Underwriting Procedures:

The DAR through the Provincial Office identifies ARBs and ARB household members listed in the RSBSA within his/her area of jurisdiction who are eligible for free insurance coverage; and endorses and transmits documents to DA-PCIC Regional Office (RO) or PCIC Extension Office (PEO) for coverage under DA-PCIC's RSBSA insurance program through its Regional Offices (ROs) and/or its PCIC Extension Office (PEOs).

2. Claims Procedures:

Assists ARBs in the preparation of requirements for indemnity claims and ensure the timely submission thereof and other pertinent reports to PCIC through its ROs and PEOs; and assists PCIC in the conduct of claims adjustment and field inspection/verification on notices of loss and claims filed by ARBs.

3. Provision of Capacity Building for ARBs/ARB Organizations and DAR Implementors

The program shall provide capacity building activities for ARBs and their organizations, as well as DAR implementors particularly on underwriting and claims adjustment. This strategy shall enhance ARB enrollment in agricultural insurance as entry point for membership expansion.

4. Other Responsibilities:

Designates the Regional/Provincial ARB-AIP focal persons who shall be tasked to facilitate enrolment of ARBs for insurance coverage, conduct of capacity development activities, and submission of progress reports to DAR-SSO through BARBD.

B. DA-Philippine Crop Insurance Corporation (DA-PCIC)

1. Provide agricultural insurance coverage to qualified ARBs and ARB household members listed in the RSBSA;
2. Accepts the coverage underwritten by the designated DAR underwriters but reserves the right to disapprove coverage not in accordance with underwriting rules and regulations of the DA-PCIC;
3. Issues insurance policy to ARBs and ARB household members upon approval of the application for agricultural insurance coverage;
4. Facilitates field assessment and settlement of claims within twenty (20) days upon submission of complete documents for claims; and
5. Furnishes DAR with monthly status report on the utilization of the allocated fund.

VI. Program Coordinating Team

To ensure effective program implementation, the following teams shall be created:

1. PCIC-DAR ARB-AIP Operations Team (ARB-AIP-OT). The ARB-AIP-OT shall have the following functions:

- a. Implement agricultural insurance program for ARBs;
- b. Recommend solutions on issues or concerns relative to program implementation; and
- c. Conduct regular meetings and special meetings as needed.

The Team shall be composed of the following:

- a. Chairperson - Senior Vice President, PCIC
- b. Co-Chairperson - Undersecretary for Support Services, DAR
- c. Members - Finance Manager, PCIC
BDMD Manager, PCIC
ARPVD Manager, PCIC
PMIO Manager, PCIC
BARBD Director IV, DAR
BARBD Asst. Director, DAR

2. Program Secretariat (PS). The PS shall have the following functions:

- a. Provide technical support to the ARB-AIP-OT;
- b. Ensure that policies, operational systems, procedures and guidelines approved by the PCIC Management and ARB-AIP-OT are implemented;
- c. Install and maintain a monitoring and evaluation system for the program;
- d. Facilitate the necessary support to field implementers; and
- e. Conduct regular quarterly meetings and special meetings, as needed;
- f. Submits regular reports to the ARB-AIP-OT.

The PS shall be composed of the following:

- a. Chairperson - Designated Representative, PCIC
- b. Co-Chairperson - CARPO, BARBD-RCMD, DAR
- c. Members - Two (2) Representatives, PCIC
Two (2) Representatives, BARBD-DAR
One (1) Technical Staff, SSO-DAR

3. PCIC-DAR Regional Coordinating Team (RCT). The RCT shall have the following functions:

- a. Coordinate the overall ARB-AIP implementation in the region;
- b. Resolve and operational and site-specific issues and concerns in the implementation of the ARB-AIP in accordance with existing implementing rules and regulation;
- c. Recommend to the Operations Team new implementing rules and regulation to execute the operation of the program;
- d. Monitor regional program performance;
- e. Conduct regular quarterly meeting and special meetings, as needed; and
- f. Submits regular reports to the PS.

The RCT shall be composed of the following:

- a. Chairperson - Regional Manager, PCIC
- b. Co-Chairperson - Regional Director, DAR
- c. Members - COD of Marketing and Sales Division, PCIC
COD of Claims and Adjustment Division, PCIC
COD of Administrative and Finance Division, PCIC
Chief, Regional PBD Division, DAR

The RCT shall organize a Regional Program Secretariat (RPS) headed by the Regional PCIC representative with members composed of IT Focal Point Person from PCIC and DAR Regional Focal Point Person and other members designated by the RCT, as the need arises.

Expenses for meetings, monitoring, evaluation, and other activities of the ARB-AIP-OT, PS and RCTs shall be charged against the funds of PCIC, subject to government accounting and auditing rules and regulations.

VII. Program Monitoring

A program monitoring system shall be established by DAR and PCIC to track the progress of program implementation as well as generate feedback from the field level to the program management regarding the efficiency and effectiveness of the program's delivery system. The program monitoring system shall include the following:

1. Progress Monitoring and Reporting

- a. PCIC shall prepare and submit regular reports to the ARB-AIP-OT on the status of insurance coverage, premium payments, program fund balance and indemnity payments;
- b. Periodic field validation/visits may be conducted by DAR and PCIC to ascertain the qualitative accomplishments vis-a-vis the quantitative performance.
- c. The periodic reports shall be the basis for planning and policy enhancements.

2. Conduct of Program Coordinating Team (PCT) Meetings

Regular and special meetings of the PCT shall be conducted to update the key implementers with the program status as well as resolve issues related to program implementation.

3. The program implementation shall form part of the performance evaluation of DAR and PCIC.

VIII. Amendments

The IRR may be amended upon agreement of both parties.

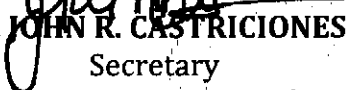
IX. Separability

Any provision in this IRR or application of such to any circumstance is held invalid, the remainder of this IRR shall not be affected.

X. Effectivity

This Joint Memorandum Circular shall take effect upon signing by both parties and shall remain in full force and effect until 31 December 2019, unless extended or terminated.

8 March 2019, Quezon City



ATTY. JOHN R. CASTRICIONES
Secretary

Department of Agrarian Reform

Department of Agrarian Reform
Office of the Secretary



ISU-19-06888


ATTY. JOVY C. BERNABE
President
Philippine Crop Insurance Corporation