



**JOINT DAR-PCIC MEMORANDUM CIRCULAR**

No. 24

Series of 2020

**Subject: Implementing Rules and Regulations (IRR) on the Agrarian Reform  
Beneficiaries-Agricultural Insurance Program (ARB-AIP) for FY 2020  
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 programs 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.

Since the pilot implementation of the ARB-AIP in 2013, some 500,000 ARBs continuously enroll under the program. For 2019, DAR requested an insurance fund amounting to One Billion Pesos (PhP 1,000,000,000.00) as insurance premium subsidy for ARBs from the PCIC's 2019 General Appropriations Act (GAA) in accordance with the provisions under House Bill No. 6686. The PhP 1 Billion allocation is from the PhP 3,500,000,000.00 total Government Premium Subsidy (GPS) appropriated under GAA for FY 2010, 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, livestock and non-crop agricultural assets due to natural calamities, force majeure 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-RSBSA - ARB-Registry System for Basic Sectors 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 of members are ARBs or ARB household members.
6. APCP - Agrarian Production Credit Program
7. Assured Farmer - A farmer whose crop, livestock or non-crop agricultural asset is covered by insurance.
8. BLTI – Bureau of Land Tenure Improvement of DAR
9. CAP-PBD - Credit Assistance Program for Program Beneficiaries Development
10. 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.
11. DAR - Department of Agrarian Reform
12. DARPO - Department of Agrarian Reform Provincial Office
13. DARRO - Department of Agrarian Reform Regional Office
14. FO - Farmers Organization. Duly constituted organization/association composed primarily of farmers.

15. FOO – Field Operations Office of DAR
16. FOD – Field Operations Division of DAR
17. GAA - General Appropriations Act
18. 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.
19. Insured – The object of insurance as specified in the CIC/insurance policy.
20. Loss - Any damage to insured crop, livestock or agricultural asset.
21. LTI-PBD - Land Tenure Improvement-Program Beneficiaries Development. The two main programs of DAR under the Comprehensive Agrarian Reform Program.
22. LTID – Land Tenure Improvement Division of DAR
23. 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.
24. NCT – National Coordinating Team
25. NL - Notice of Loss
26. PBDD – Program Beneficiaries Development Division of DAR
27. PCIC - Philippine Crop Insurance Corporation
28. PS - Program Secretariat
29. RCT - Regional Coordinating Team
30. Self-Financed Farmer - Any farmer who does not obtain agricultural loan from any lending institution, NGOs or government entities.
31. Solicitor – Shall refer to any person, natural or juridical duly authorized by PCIC to facilitate and mobilize enrollment of ARBs and/or ARB household members. He/she shall not be authorized, however to collect premiums nor issue insurance policies/Certificate of Insurance Cover (CICs) for and in behalf of PCIC.
32. Underwriting - The process wherein the insurer undertakes the risk associated or exposure to insure and how to insure them.
33. Underwriter/Underwriting Agent - Any lending institution, person, organization, association, or entity authorized in writing by PCIC to receive and process application

for crop insurance, collect and remit premiums, and issue corresponding Certificate of Insurance Cover (CIC).

### **1. 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.

### **2. Program Objectives**

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

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

## **III. Roles and Responsibilities of DAR and PCIC**

### **A. Department of Agrarian Reform (DAR)**

#### **1. Regular Updating of List of ARBs for Inclusion in the RSBSA Master List**

The DAR Provincial Offices through the Regional Offices shall regularly submit and update list of newly covered ARBs to the Management Information Systems Service (MISS) for inclusion in the RSBSA List.

#### **2. Identification of Qualified ARBs and ARBOs**

The DAR through its 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;

Likewise, the DARPO identified agrarian reform beneficiaries' organizations (ARBOs) who are at least with ITeMA<sup>1</sup> Level 4 to be developed as solicitors/underwriters in coordination with PCIC. The duly accredited ARBO solicitor/underwriter shall facilitate the enrollment and transmission of all required documents to concerned PCIC Regional Office (RO) or PCIC Extension Office (PEO) for coverage under PCIC's RSBSA insurance program through its Regional Offices (ROs) and/or its PCIC Extension Offices (PEOs).

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<sup>1</sup> Refers to Information Technology-Enabled Organizational Maturity Assessment

### **3. Underwriting Procedures:**

Ensure that the Certificate of Insurance Cover (CIC) or Insurance Policy Certificate (IPC) be issued to the ARBs and/or ARB household members upon receipt and approval of the application for insurance coverage.

### **4. 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.

### **4. Provision of Capacity Building for ARBs/ARB Organizations and DAR Implementors**

The program shall provide related 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.

### **5. Other Responsibilities:**

Designates the Regional/Provincial ARB-AIP point-persons who shall be tasked to prepare plans and strategies to facilitate program implementation. Specifically, the DAR shall ensure the attainment of the annual targets and submission of regular progress reports to DAR-SSO through BARBD.

## **B. Philippine Crop Insurance Corporation (PCIC)**

1. Provides agricultural insurance coverage to qualified ARBs and/or ARB household members listed in the RSBSA;
2. Accepts the coverage underwritten by the accredited solicitors/underwriters but reserves the right to disapprove coverage not in accordance with underwriting rules and regulations of the PCIC;
3. Issues insurance policy to ARBs and/or ARB household members upon approval of the application for agricultural insurance coverage;
4. Spearheads the conduct of trainings related to Underwriting and Claims Adjustment Procedures, among others;
5. Facilitates field assessment and settlement of claims upon submission of complete claims documents;
6. Initiates coordinative meeting between DAR and PCIC regarding program implementation; and
7. Furnishes DAR with regular status report and list of assured ARBs/ARB household member on the implementation of the program.

#### IV. 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:

Chairperson	:	Senior Vice President, PCIC
Co-Chairperson	:	Undersecretary for Support Services, DAR Vice President, CBAG-PCIC
Members	:	Finance Manager, PCIC BDMD Manager, PCIC ARPVD Manager, PCIC PMIO Manager, PCIC BARBD Director IV, DAR BARBD Assistant Director, DAR BLTI, 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;
  - e. Conduct regular quarterly meetings and special meetings, as needed; and
  - f. Submit regular reports to the ARB-AIP-OT.

The PS shall be composed of the following:

Chairperson	:	Designated Representative, PCIC
Co-Chairperson	:	CARPO, BARBD-RCMD, DAR
Members	:	Two (2) Representatives, PCIC Two (2) Representatives, BARBD-DAR One (1) Technical Staff, SSO-DAR One (1) BLTI Technical Staff, 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 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. Formulate annual targets/plans, strategies to attain targets and monitor regional program performance;
  - e. Conduct regular quarterly meeting and special meetings, as needed; and

f. Submit regular reports to the OT, copy furnished the PS.

The RCT shall be composed of the following:

Chairperson	:	Regional Manager, PCIC
Co-Chairperson	:	Regional Director, DAR
Members	:	COD of Marketing and Sales Division, PCIC COD of Claims and Adjustment Division, PCIC COD of Administrative and Finance Division, PCIC Chief, Regional FOD and/or PBDD, DAR Chief, Regional LTID, DAR

The RCIT 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 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/DAR, subject to government accounting and auditing rules and regulations.

## **V. Program Incentives**

Any individual person, or organization who will perform the function of solicitor/underwriter for this program shall be provided with service fee in accordance with PCIC's existing RSBSA Implementing Guidelines, subject to government accounting and auditing rules and regulations.

## **VI. Program Monitoring**

A program monitoring system shall be established by DAR and PCIC to track the progress of the 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;
  - i. Periodic field validation/visits may be conducted by DAR and PCIC to ascertain the qualitative accomplishments vis-a-vis the quantitative performance.
  - ii. The periodic reports shall be the basis for planning and policy enhancements.

### **b. 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.

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

**VII. Amendments**

The IRR maybe amended upon agreement of both parties.

**VIII. Separability**


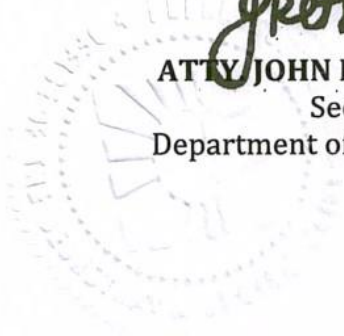
Any provision in this IRR or application of such to any circumstance is held invalid, the remainder of this IRR shall not be affected.

**IX. Effectivity**

This Joint Memorandum Circular shall take effect upon signing by both parties and shall remain in full force and effect until 31 December 2020, unless extended or terminated. Signed **October 1, 2020**, Quezon City.



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