



#### **Comments on House Bills No. 3534**

**House Bill No. 3534: An Act Amending Presidential Decree No. 1467, As Amended by Republic Act No. 8175, otherwise known as the revised charter of the Philippine Crop Insurance Corporation Act**  
Introduced by Rep. Rossana Vergara

The intentions of the Bill 3534 are good. The problems it aims to address are very real. However, there are financial implications for PCIC.

- If covers increases, then probably the premium might increase. The premium may rise to levels that make it unattractive or unaffordable to farmers.
- If cover approaches or equals to 100%, there may be tendency of farmers to decide under the influence of moral hazard. That is, they take risks that they would have avoided and the insurance coverage been lesser.

I suggest a detailed feasibility study be conducted first before the bill is passed.

#### **Comments on House Bills No. 567**

**House Bill No. 567: An Act Amending Republic Act No. 8178 to provide for a subsidy for the Philippine Crop Insurance Corporation**  
Introduced by Rep. Sabiniano Canama and Rep Anthony Bravo

Given favorable findings of the impact of crop insurance (PIDS DP 2016-43), it seems crop insurance is a program worth pursuing.

May I suggest that the 10% earmarking but allocated solely to the capital fund of PCIC, and shall cease when capitalization target has been reached. The target can be set in conjunction with another Senate bill in this regard, or some other target based on a feasibility study regarding appropriate capitalization level of PCIC. This way PCIC can obtain reliable but time-bound financing of its capital requirement.