

LETTER OF INSTRUCTIONS NO. 1075, October 21, 1980

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TO:

The Minister, Ministry of Agriculture
The Minister, Ministry of Agrarian Reform
The Minister, Ministry of National Defense
The Minister, Ministry of Local Governments
The Director, National Media Production Center
The Presidents/General Managers, All lending

Institutions (government and private)
Participating in the Government's
Supervised Credit Program

All City and Municipal Mayors
The Governor, Central Bank of the Philippines
The President, Philippine Crop Insurance Corporation

WHEREAS, under Presidential Decree No. 1467, the Philippine Crop Insurance Corporation (PCIC) was created to provide insurance protection to farmers against crop losses arising from natural disasters as well as plant diseases and pest infestations;

WHEREAS, considering the important role of crop insurance in the prosecution of the government's food production program, it is imperative that all agencies concerned (government and private) cooperate and assist in the implementation of the crop insurance scheme to ensure attainment of its objectives; and

WHEREAS, in order to facilitate the operationalization of the crop insurance system, there is need to define the specific involvement therein of certain agencies.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order the following:

1.

The Ministry of Agriculture shall

1.1.

Include among the duties and responsibilities of its agricultural production technicians that of assisting farmers in the preparation of their applications for loans and/or crop insurance and in the monitoring and reporting of farm activities for crop insurance purposes;

1.2.

Assign its representatives as members of the teams of adjusters to be organized by PCIC to undertake claims adjustment work; and

1.3.

Include topics on crop insurance in the educational campaign programs of farmers associations/groups under its supervision in the barrio and barangay levels.

2.

The Ministry of Agrarian Reform shall -

2.1

Assist the PCIC in the identification of farmers, farm ownership and farm location; and

2.2.

Assign its representatives as members of the teams of adjusters to be organized by PCIC to undertake claims adjustment work.

3.

The Ministry of National Defense shall, in times of natural disasters or occurrence of crop damage, assist the PCIC by making available to it such transportation and communications equipment and other facilities of the Armed Forces of the Philippines as may be necessary to enable PCIC to assess crop damage and effect claims settlement within the shortest possible time.

4.

All City and Municipal Mayors shall assist farmers who suffered crop losses in the filing of Notices of Loss with the PCIC proper office.

5.

The National Media Production Center shall assist the PCIC in designing its promotional and campaign materials, and in projecting the objectives and purposes of crop insurance.

6.

All lending institutions (government and private participating in the government's supervised credit program shall -

6.1

See to it that all farmers obtaining production loans under the supervised credit program are covered by crop insurance;

6.2.

Act as agents of the PCIC in the underwriting and payment of crop insurance, subject to such rules, regulations, guidelines and procedures as PCIC may adopt from time to time.

Pursuant to this, they shall:

6.2.1.

accept, process and approve or deny applications for crop insurance from borrowing and non-borrowing farmers;

6.2.2.

collect premium payments from farmers applying for crop insurance;

6.2.3.

issue PCIC-prescribed Certificates of Insurance Cover to individual farmers covered by a master insurance policy, and

6.2.4.

receive and transmit to the PCIC Regional Office concerned all claims for losses of insured farmers;

6.3.

Remit to the PCIC all premium payments (both of the farmers and of the lending institutions shares thereof) for crop insurance within the period prescribed by the PCIC;

6.4.

Make payments to insured farmers of insurance proceeds; and

6.5.

Open their books of accounts and other pertinent records to the PCIC or its duly authorized representatives for the purpose of checking verifying, and auditing insurance premium payments and remittance thereof; and other documents and papers pertinent to crop insurance coverage of the insured farmers.

7.

The Central Bank of the Philippines, in the exercise of its supervisory authority, shall -

7.1.

Include, as part of the rules and regulations governing the operations of lending institutions participating in the government's supervised credit program, the roles and functions of these lending institutions in the implementation of crop insurance;

7.2.

Include as part of the regular examination of these lending institutions the determination of their compliance with the law, rules and regulations on crop insurance, especially on the compulsory coverage of all borrowing farmers under the supervised credit program, and the collection and remittance of premium payments, and inform the PCIC of any violations thereof; and

7.3.

Impose the following sanctions upon lending institutions, their directors and/or officers, for any willful failure or refusal to comply with the law or rules and regulations on crop insurance, or for any commission of irregularities in the discharge of their functions in the implementation of the crop insurance system:

7.3.1.

Fines not in excess of five hundred pesos a day;

7.3.2.

Suspension or, after due hearing, removal of directors and/or officers;

7.3.3.

Suspension of branching privilege;

7.3.4.

Suspension of rediscounting privilege;

7.3.5.

Suspension of authority to operate; and

7.3.6.

Other sanctions as provided for under existing laws.

8.

Whenever necessary, the PCIC may, in accordance with Section 14 of Presidential Decree No. 1467, enter into separate linkage agreements with the said agencies for the purpose of further defining the particular areas of cooperation and coordination between them.

Done in the City of Manila, this 21st day of October, in the Year of Our Lord, Nineteen hundred and Eighty.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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