



Republic of the Philippines
Department of Agriculture
AGRICULTURAL CREDIT POLICY COUNCIL
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7 August 2024

MEMORANDUM

FOR

: 
MA. CRISTINA G. LOPEZ
Officer-In-Charge

THRU

: 
NORMAN WILLIAM S. KRAFT
OIC- Deputy Executive Director

FROM

: 
ANNALYN R. GARAY
Chief, Program Monitoring Division

: 
ARLYN D. BANCUD
Project Officer I

SUBJECT : **Philippine Crop Insurance Corporation (PCIC) 2024 Q1 Status Report**

This is to submit to the Office of the Officer-In-Charge the Philippine Crop Insurance Corporation (PCIC) Status Report for the period January to March 2024. The report, provided by the Philippine Crop Insurance Corporation, includes the following highlights:

A. Insurance Coverage and Outreach

The Philippine Crop Insurance Corporation (PCIC) provided a total of ₱25.38 billion in insurance cover for the first quarter of 2024 under its various programs. The most insured commodity is rice, with total insurance amounting to ₱7.43 billion or 29.27% of the total insured amount. Insurance for rice also makes up 41.92% of the total number insured by PCIC (Table 1).

Also notable is the share of Credit and Life Term Insurance (CLTI) in PCIC's total portfolio for the period at 28.22% (₱7.16 billion) of the total insured amount. Individuals numbering 148,696 were provided with CLTI cover. They make up one in every five of the total number insured for the period. High uptake of CLTI is found to be due particularly to specific insurance products under this insurance line, such as the Accident and Dismemberment



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Security Scheme (ADSS) and Agricultural Producers Protection Plan (AP3), which are being bundled with other insurance programs.

The other commodities at the top of PCIC's portfolio in the first quarter of 2024 are coconut at 12.42% (₱3.15 billion) and livestock at 12.22% (₱3.10 billion). In terms of the number insured by PCIC, one out of ten is engaged in coconut (77,021 individuals) and 11.25% are engaged in livestock (82,775 individuals). The inclusion of some commodities in the top portfolio of PCIC is driven by the existence of strategic support initiatives to those sectors. For coconut farmers, for instance, the Coconut Farmers and Industry Trust Fund - Crop Insurance Program (CFITF-CIP) has allocated P300 million to the PCIC this year. This funding enables PCIC to provide free insurance coverage to coconut farmers across the regions. Similarly, in the livestock sector, there is targeted assistance particularly for swine raisers impacted by the African Swine Fever (ASF).

On the other hand, commodities with the least insurance cover for this period are sugarcane, tobacco, poultry, and fisheries. In the case of sugarcane, high resistance to weather conditions diminishes the perceived need for insurance. Tobacco, on the other hand, is cultivated in limited areas, leading to lower insurance demand. Most insured poultry raisers, meanwhile, are small-scale or subsistence farmers with only a few head per growing period, resulting in minimal insurance uptake. Additionally, many fisherfolks are unaware of the PCIC's fisheries insurance program, leading to low participation.



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**Table 1. PCIC Coverage and Outreach, by Insurance Product/Commodity, by Commodity
For the Period January- March 2024**

Commodity/Program	January-March 2024			
	Amount (P Million)	% Share	No. Insured	% Share
Rice	7,428.774	29.27	308,392	41.92
Corn	1,556.286	6.13	51,816	7.04
High value crops	1,643.587	6.48	46,076	6.26
Sugarcane	48.096	0.19	704	0.10
Coconut	3,151.097	12.42	77,021	10.47
Tobacco	142.096	0.56	4,652	0.63
Livestock	3,101.135	12.22	82,775	11.25
Poultry	16.636	0.07	147	0.02
Fisheries	96.133	0.38	3,248	0.44
Non-crop	1,034.559	4.08	12,178	1.66
Credit and Life Term Insurance	7,161.188	28.22	148,696	20.21
Total	25,379.587	100.00	735,705	100.00

Source: Philippine Crop Insurance Corporation (PCIC) 2024 1st Quarter Report.

B. Insurance Cover by Region

Close to half of the total amount of PCIC insurance cover in the first quarter of 2024 is concentrated in four regions: Region II with P4.53 billion (17.87%); Region VIII with P2.79 billion (10.99%); Region VII with P2.04 billion (8.04%); and Region VI with P2.01 billion (7.95%).

Correspondingly, these are the same regions with the most number insured: Region II with 117,018 individuals (15.91%); Region VIII with 95,656 individuals (13%); Region VII with 67,550 (9.18%); and Region VI with 42,925 individuals (5.83%).

High insurance coverage in Region II is mainly for rice and corn. However, the high incidence of insurance in Region VIII is due to expanded coverage of insurance for coconut. On the other hand, Regions VI and VII exhibit high insurance coverage for several reasons. In Region VI, the Credit and Life Term Insurance (CLTI) program significantly contributes to this trend,



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alongside non-crop insurance (NCI) options, such as coverage for poultry houses, which provide comprehensive protection for farmers. Meanwhile, Region VII also has high insurance uptake primarily due to its sizeable livestock and swine production industry.

On the other hand, the BARMM (Bangsamoro Autonomous Region in Muslim Mindanao) is the region with the least insurance coverage from PCIC, with only ₱13.996 million (0.06%) and 398 individuals (0.05%). This indicates a need for targeted interventions to enhance insurance awareness and accessibility in areas such as the BARMM.

Table 2. PCIC Coverage and Outreach, by Region
For the Period January- March 2024

Region	For the Period January- March 2024			
	Amount (PM)	% Share	No. of Insured	% Share
CAR	561.182	2.21	20,469.00	2.78
I	1,023.172	4.03	38,880.00	5.28
II	4,536.447	17.87	117,018.00	15.91
III	1,490.272	5.87	34,006.00	4.62
IV-A	1,018.923	4.01	30,590.00	4.16
IV-B	1,926.481	7.59	39,932.00	5.43
V	1,892.204	7.46	69,364.00	9.43
VI	2,017.515	7.95	42,925.00	5.83
VII	2,040.235	8.04	67,550.00	9.18
VIII	2,789.568	10.99	95,656.00	13.00
IX	1,503.703	5.92	40,487.00	5.50
X	635.756	2.50	20,356.00	2.77
XI	1,180.761	4.65	32,577.00	4.43
XII	1,648.104	6.49	44,884.00	6.10
XIII	1,101.269	4.34	40,613.00	5.52
BARMM	13.996	0.06	398.00	0.05
All Regions	25,379.588	100.00	735,705	100.00

Source: Philippine Crop Insurance Corporation (PCIC) 2024 1st Quarter Report.



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C. Insurance Claims, Loss Ratio, and Damage Rate

Total premiums collected by PCIC for the period stood at ₱1.19 billion (Table 3). Of this, ₱368.77 million was paid out in claims to farmers who suffered losses.

Loss Ratio or the ratio of claims paid to premiums earned, is therefore .31. This means that for every peso of premium earned, the corporation paid out 31 centavos to indemnity claims. That claims payouts are staying within a manageable fraction of the total premiums collected, though, is an indicator of sustainability for PCIC's insurance program.

On the other hand, Damage Rate or total claims paid as a percentage of the total amount of coverage is 1.45%. This indicator, meanwhile, suggests a very low level of exposure to risk for PCIC.

**Table 3. Damage and Loss Ratio
For the Period January-March 2024**

Amount of cover (PM)	25,379.59
Amount of premiums (PM)	1,194.77
Claims paid (PM)	368.77
Damage rate (%) ^{1/}	1.45
Loss ratio ^{2/}	.31

^{1/}Damage Rate = Claims Paid/Amount of Cover

^{2/}Loss Ratio = Claims Paid/Premiums Earned

Source: Philippine Crop Insurance Corporation (PCIC) 2024 1st Quarter Report.

D. Insurance Claims, By Commodity

Table 4 provides a breakdown of insurance claims payments by PCIC across commodities and programs for the first quarter of 2024. The breakdown shows that most of the payments (64.33%) were for indemnity claims under the Rice Program. The total claims payments for rice amounted to ₱237.23 million benefitting 71.27% (48,353) of the total number of PCIC indemnity claimants for the period. For rice insurance, the Damage Rate is 3.19%, while the Loss Ratio is .32.



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The next largest claims payment at one-fifth (₱76.47 million) of the total amount paid was for corn. The total number of indemnity claimants for corn (14,278) make up 21.04% of the total number of PCIC claims beneficiaries. For corn insurance, though, both the Damage Rate (4.91%) and Loss Ratio (.49) are higher relative to rice insurance.

The third highest amount of claims payments (P19.21 million) made by PCIC during the period was for high value crops (HVC). Payments for HVC make up 5.21% of the total indemnity payments for the quarter. The number of HVC indemnity beneficiaries, though, is only 2,600, making up only 3.83% of the total claimants for the period. The HVC insurance Damage Rate (1.17%) and Loss Ratio (.23) are better (lower) compared to both rice and corn insurance.

On the other hand, the lowest claims payments were in sugarcane, coconut, and tobacco. Sugarcane, particularly, had the smallest amount of claims payment at only ₱0.041 million to only 7 beneficiaries. Correspondingly, these are also the commodities with the lowest Loss Ratios and Damage Rates.

Low Loss Ratios and Damage Rates are likewise observed for both Non-Crop Insurance (NCI) and Credit and Life Term Insurance (CLTI).

**Table 4. Insurance Claims Paid, by Program/Commodity
For the Period January-March 2024**

Commodity/Product	Farmer Beneficiaries		Indemnity/ Claims Paid		Damage Rate (%)	Loss Ratio
	No.	%	Amount (PB)	%		
Rice	48,353	71.27	237.233	64.33	3.19	0.32
Corn	14,278	21.04	76.471	20.74	4.91	0.49
HVC	2,600	3.83	19.206	5.21	1.17	0.23
Sugarcane	7	0.01	0.041	0.01	0.08	0.02
Coconut	115	0.17	0.514	0.14	0.02	0.01
Tobacco	90	0.13	0.485	0.13	0.34	0.07
Livestock	1,916	2.82	29.642	8.04	0.96	0.25
Fisheries	199	0.29	0.363	0.10	0.38	0.05
NCI	102	0.15	1.016	0.28	0.10	0.08
CLTI	186	0.27	3.797	1.03	0.05	0.24
TOTAL	67,846	100.00	368.768	100.00	1.45	0.31

Source: Philippine Crop Insurance Corporation (PCIC) 2024 1st Quarter Report.



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E. Insurance Claims, By Type of Peril

Data shown in Table 5 suggests that pests are the overall biggest reason for insurance claims for the period. Total indemnities paid due to pests is P179.08 million or almost 50% of the total indemnity payments. The commodity with the most claims payments due to pests is rice at P141.77 million or 79% of the total amount of indemnity payments due to this reason. The other commodity most affected by pests is corn with claims payments amounting to P33.88 million or 19% of the amount of payments due to pests. Correspondingly, most of the insurance claimants (65%) are made up of those who were affected by pests (43,970). The severe impact of pests on production, especially for rice and corn, as reflected by the data on the amount and number of indemnity payments underscores the need for more effective pest management strategies and measures.

Drought is the second leading cause of indemnity payments, amounting to P74.41 million and representing 20.17% of the total indemnities paid in the first quarter of 2024. The corn sector received the highest payments for drought at P35.019 million, accounting for 47.06% of total drought-related payments. Other significant beneficiaries include the rice sector with P33.99 million (46%) and high-value crops (HVC) with P4.7 million (6.3%). The 9,751 claimants for drought make up 14.4% of all insurance claimants for the period. The high incidence of indemnities due to drought during this period is linked to the occurrence of El Niño.

Typhoons and floods are the third major reason for indemnity payments in the first quarter. The amount of payments due to typhoons and floods reached P55.04 million or 15.13% of the total amount of indemnity payments for the period. Most of the payments due to this reason (P47.54 million or 86.4%) were again made to those with insurance for rice. The rest of the payments due to typhoons and floods are because of insurance claims coming from both HVC and corn (P7.5 million), which make up 13.6% of the indemnity payments due to this reason. Insurance claimants due to typhoons and floods (7,209) make up 11% of the total number of insurance claimants.

Diseases constitute the fourth biggest cause of indemnity payments. The total amount of indemnity payments due to diseases is P43.36 million, which makes up 11.92% of the total amount of indemnities paid in the first quarter of 2024. By commodity, the biggest amount of indemnity payments due to diseases is in the livestock sector at P17.23 million. This includes losses resulting from the African Swine Fever (ASF). Indemnities due to livestock diseases make up almost 40% of the total amount of payments due to diseases. Other major beneficiaries of indemnity payments for diseases are rice (P13.92 million) and HVC (P8.3 million). Payments to rice make up 32% and payments to HVC make up 19% of the total



indemnity payments for diseases. All the claimants for diseases (6,078) make up 9% of the total number of insurance claimants for the period.

Table 5. Claims By Type of Perils
as of March 31, 2024

Commodity	Type of Perils	No. of Claimants	Indemnity (PhP M)
RICE			
	Pest	35,712	141.769
	Typhoon/Flood	5,780	47.541
	Drought	4,148	33.999
	Disease	2,961	13.924
	Sub-total	48,353	237.233
CORN			
	Drought	5,023	35.019
	Pest	7,785	33.882
	Disease	858	3.902
	Typhoon/Flood	624	3.669
	Sub-total	14,278	76.471
HIGH-VALUE CROPS			
	Disease	1,015	8.298
	Drought	526	4.702
	Typhoon/Flood	804	3.820
	Pest	473	3.426
	Sub-total	2,812	20.245
LIVESTOCK			
	Disease	1,244	17.232
	Accident	407	4.498
	Drought	54	.690
	Flood	1	.010
	Others (Snakebites, poisoning, etc.)	241	7.212
	Sub-total	1,947	29.642
TOTAL		67,390 ^{1/}	363.591 ^{1/}

Source: Philippine Crop Insurance Corporation (PCIC) 2024 1st Quarter Report.

1/ The total number of claimants and indemnities does not include Fisheries, Non-Crop Insurance (NCI), or Credit and Life Term Insurance (CLTI) categories.