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MEMORANDUM

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SUBJECT: Philippine Crop Insurance Corporation (PCIC) 2024 Q2 Status Report

This is to report on the Accomplishments and Status of the Philippine Crop Insurance Corporation (PCIC) Program, based on the submission provided by PCIC as of June 30, 2024. It highlights the following key achievements:

PHILIPPINE CROP INSURANCE CORPORATION

For the Period January-June 2024 Report

A. Insurance Coverage and Outreach

The Philippine Crop Insurance Corporation (PCIC) reported a total of ₱57.18 billion in insurance coverage across its various programs for the period January-June 2024.¹ The Credit and Life Term Insurance (CLTI) product accounts for the most coverage, reaching a total insured amount of ₱13.81 billion. This is almost one-fourth (24.15%) of the overall amount insured by PCIC for the period January to June 2024. Additionally, CLTI accounts for 27.4% of the total insured individuals under PCIC (Table 1).

A substantial portion of PCIC's total portfolio during this period is also made up of insurance coverage for coconut, which constitutes 21.95% (₱12.55 billion) of the total insured amount. Coverage for coconut was expanded to include 299,522 individuals. The high demand for coconut insurance is attributed to the strong promotion of the Coconut Farmers and Industry Trust Fund - Crop Insurance Program (CFITF-CIP), for which PCIC received a ₱300 million allocation in 2024 for free insurance to coconut farmers.

Rice and livestock also remained prominent commodities in PCIC's portfolio in the second quarter of 2024, accounting for 19.21% (₱10.99 billion) and 13.77% (₱7.87 billion) of the total amount insured, respectively. PCIC insured 445,512 individuals engaged in rice farming, while 215,113 individuals, or 13.23%, were involved in livestock production. The inclusion of these commodities in PCIC's top portfolio is largely driven by strategic support initiatives targeting these sectors.

For instance, rice has traditionally been the core of PCIC's insurance program. This is further supported by government funding, allowing PCIC to offer free insurance coverage to rice farmers registered in the Registry System for Basic Sectors in Agriculture (RSBSA). Similarly, in the livestock sector, there is focused assistance for swine raisers, especially those affected by the African Swine Fever (ASF).

On the other hand, the commodities with the lowest insurance coverage during this period are fisheries, sugarcane, poultry, and tobacco. According to PCIC, many fisherfolk remain unaware of the insurance programs. On the other hand, sugarcane's high resilience to varying weather conditions reduces the perceived need for insurance, as farmers face fewer climate-related risks. Meanwhile, most insured poultry raisers are small-scale or subsistence farmers who manage only

¹ *PCIC Report January-June 2024* (2024), submitted by the Actuarial Research and Product Valuation Department on October 18, 2024.



a few animals, resulting in relatively low insurance uptake. Regarding tobacco, cultivation is limited only to select regions, thus resulting in comparatively lesser demand for insurance.

**Table 1. PCIC Coverage and Outreach, by Insurance Product/Commodity, by Commodity
As of June 30, 2024**

Commodity/Program	January-June 2024			
	Amount (Million)	% Share	No. Insured	% Share
Rice	10,985.020	19.21	445,512	27.40
Corn	5,218.912	9.13	199,716	12.28
High value crops	3,683.916	6.44	112,847	6.94
Sugarcane	233.520	0.41	3,579	0.22
Coconut	12,554.039	21.95	299,522	18.42
Tobacco	164.810	0.29	5,271	0.32
Livestock	7,874.895	13.77	215,113	13.23
Poultry	171.692	0.30	496	0.03
Fisheries	284.434	0.50	7,824	0.48
Non-crop	2,200.432	3.85	41,652	2.56
Credit and Life Term Insurance	13,811.789	24.15	294,679	18.12
Total	57,183.459	100.00	1,626,211	100.00

Source: Philippine Crop Insurance Corporation (PCIC) 2024 2nd quarter Report

B. Insurance cover by Region

More than half of PCIC's total insurance coverage for the second quarter of 2024 is concentrated in four regions: Region IV-A with ₱370.89 billion (15.79%), Region II with ₱301.41 billion (12.84%), Region VII with ₱301.12 billion (12.82%), and Region VIII with ₱253.76 billion (10.81%).

These regions also have the highest number of insured individuals. Region II leads with 246,216 insured (15.14%), followed by Region VIII with 193,856 (11.92%), Region VII with 179,444 (11.03%), and Region VI with 120,357 individuals (7.40%).



The high insurance coverage in Region IV-A and Region VIII is primarily driven by the mass enrolment of coconut farmers under the CFITF-CIP, particularly in Quezon Province. In Region II, the increased insurance activity is attributed to strengthened partnerships with LGUs, which provide insurance coverage for farmers through the Credit and Life Term Insurance (CLTI) and Accident and Dismemberment Security Scheme (ADSS) programs. Meanwhile, Region VII has significant coverage for cattle and swine under the livestock program.

On the other hand, the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) has the lowest insurance coverage, with only ₱1.305 billion (0.06%) and 1,430 individuals (0.09%) insured. This underscores the need for targeted interventions to improve insurance awareness and accessibility in regions like BARMM.

Table 2. PCIC Coverage and Outreach, by Region
As of June 30,2024

Region	For the Period January-June 2024			
	Amount (PM)	% Share	No. of Insured	% Share
CAR	47,069.052	2.00	45,596	2.80
I	93,935.181	4.00	75,342	4.63
II	301,406.488	12.84	246,216	15.14
III	139,650.345	5.95	84,917	5.22
IV-A	370,896.115	15.79	98,465	6.05
IV-B	189,601.090	8.07	85,423	5.25
V	134,714.083	5.74	117,204	7.21
VI	106,372.960	4.53	120,357	7.40
VII	301,118.700	12.82	179,444	11.03
VIII	253,761.814	10.81	193,856	11.92
IX	101,154.269	4.31	114,936	7.07
X	44,709.203	1.90	47,472	2.92
XI	84,799.851	3.61	75,428	4.64
XII	98,769.056	4.21	69,518	4.27
XIII	79,017.489	3.36	70,607	4.34
BARMM	1,305.160	0.06	1,430	0.09
All Regions	2,348,280.856	100.00	1,626,211	100.00

Source: Philippine Crop Insurance Corporation (PCIC) 2024 2nd quarter Report

C. Insurance Claims, Loss Ratio, and Damage Rate

With a total insurance coverage of ₱57.2 billion and total premiums collected amounting to ₱2.14 billion. PCIC's Damage Rate, or the percentage of total claims paid relative to the overall coverage, stands at 2.26%. The low rate reflects a relatively low level of exposure to risk for PCIC and, therefore, shows a conservative risk management position.

On the other hand, the claims paid to farmers and fishers who suffered losses amount to a total of ₱1.29 billion, which remains lower than the premiums collected. The Loss Ratio, or the ratio of claims paid to premiums earned, is only at 0.54. Therefore, for every peso of premium earned, the corporation disburses only fifty-four centavos in indemnity claims. The fact that claims payouts are well within a manageable proportion of total premiums collected reflects sustainability of PCIC's insurance program.

Table 3. Damage and Loss Ratio
As of June 30, 2024

	Jan-June
Amount of cover (PM)	57,183.46
Amount of premiums (PM)	2,414.98
Claims paid (PM)	1,292.50
Damage rate (%)^{1/}	2.26
Loss ratio (%) ^{2/}	0.54

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

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

Source: Philippine Crop Insurance Corporation (PCIC) 2024 2nd quarter Report

Table 4 presents a detailed breakdown of PCIC insurance claims payments by commodity and program for the second quarter of 2024. The data reveals that most payments (58.76%) went to indemnity claims under the Rice Program. Total claims for rice reached ₱759.42 million, benefiting 151,951 individuals, which represents 69.16% of all PCIC indemnity claimants during this period. For rice insurance, the Damage Rate stood at 6.91%, while the Loss Ratio was 0.69.

The second-largest claims payment, totaling ₱258.82 million, was for corn. Corn indemnity claimants, numbering 43,859, accounted for 19.96% of all PCIC claims beneficiaries. For corn insurance, both the Damage Rate (4.96%) and Loss Ratio (0.50) are lower compared to those for rice insurance.

The third-largest claims payment by PCIC during this period was for high-value crops (HVC), amounting to ₱148.18 million. This represents 11.46% of the total indemnity payments for the quarter. Despite the significant payment, the number of HVC indemnity beneficiaries is relatively

low, with only 15,800 claimants, accounting for just 7.19% of the total beneficiaries. While the Damage Rate for HVC insurance stands at 4.02%, the Loss Ratio is notably higher at 0.81, surpassing both rice and corn insurance.

On the other hand, the lowest claims payments were recorded for sugarcane, coconut, tobacco, poultry, and fisheries. Notably, poultry had the smallest claims payout, totaling just ₱0.073 million, distributed among only four beneficiaries. These commodities also have the lowest Loss Ratios and Damage Rates. Similarly, low Loss Ratios and Damage Rates were observed in Non-Crop Insurance (NCI) and Credit and Life Term Insurance (CLTI).

Table 4. Insurance Claims Paid, by Program/Commodity
As of June 30, 2024

Commodity/Product	Farmer Beneficiaries		Indemnity/ Claims Paid		Damage Rate (%)	Loss Ratio
	No.	%	Amount (PB)	%		
Rice	151,951	69.16	759.421	58.76	6.91	0.69
Corn	43,859	19.96	258.818	20.02	4.96	0.50
HVC	15,800	7.19	148.180	11.46	4.02	0.81
Sugarcane	171	0.08	2.643	0.20	1.13	0.23
Coconut	455	0.21	2.378	0.18	0.02	0.01
Tobacco	582	0.26	2.782	0.22	1.69	0.34
Livestock	5,600	2.55	99.214	7.68	1.26	0.33
Poultry	4	0.00	0.073	0.01	0.04	0.00
Fisheries	439	0.20	1.935	0.15	0.68	0.38
NCI	236	0.11	2.807	0.22	0.13	0.08
CLTI	603	0.27	14.244	1.10	0.10	0.47
TOTAL	219,700	100.00	1,292.495	100.00	5.09	1.08

Source: Philippine Crop Insurance Corporation (PCIC) 2024 2nd quarter Report

D. Insurance Claims, By Type of Peril

The data in Table 5 indicates that pest infestation was the leading cause of insurance claims during the period. Total indemnity payments due to pests amounted to ₱504.812 million, representing more than one-third (39%) of all indemnities. Rice was the most affected commodity, with claims totaling ₱410.360 million, accounting for more than half (54.03%) of pest-related indemnities. Corn was also significantly impacted, with claims amounting to ₱70.286 million, or 13.92% of pest-related payments. Correspondingly, most insurance claimants (57%) were those affected by pests, totaling 124,304 individuals. The impact of pests, particularly on rice and corn, highlights the urgent need for advising and implementing the adoption of more effective pest management strategies and preventative measures.

Drought is the second leading cause of indemnity payments, amounting to ₱459.656 million and representing 36.09% of the total indemnities paid in the 2nd quarter of 2024. The rice sector received the highest payments for drought at ₱208.69 million, accounting for 45.4% of total drought-related payments. Other significant beneficiaries include the corn sector with ₱164.41 million (35.77%) and high-value crops (HVC) with ₱81.94 million (17.83%). The 56,781 claimants for drought make up 25.87% of all insurance claimants for the period. The high incidence of indemnities due to drought during this period is due to the El Niño episode that was experienced in the Philippines from 2023 until the second half of 2024.

Diseases were the third major reason for indemnity payments in the 2nd quarter. Payments due to diseases amounted to ₱171.54 million, or 13.74% of the total indemnity payments for the period. Most of these payments (₱56.98 million) were made to those with rice insurance. The remaining payments, totaling ₱114.56 million, were for insurance claims from corn, HVC, and livestock, which accounted for 66.78% of indemnity payments related to diseases. The major pest that affected corn was corn borer, while anthracnose and other fungal diseases were the major problems for HVC. On the other hand, livestock were mainly affected by pneumonia and African Swine Fever (ASF). Insurance claimants due to diseases (23,322) represent 10.63% of the total claimants.

Typhoons and floods represent the fourth largest cause of indemnity payments. The total amount of indemnities paid due to typhoons (i.e., Agathon and Carina), and flood damage is ₱94.80 million, accounting for 7.44% of the total indemnities disbursed in the 2nd quarter of 2024. By commodity, the rice sector incurred the highest indemnity payments, totaling ₱83.39 million, representing 87.97% of all payments related to typhoon and flood damage. Other major payouts went to the High-Value Crops (HVC) sector, which received ₱6.34 million (6.68%), and the corn sector, which received ₱5.07 million (5.34%). Regarding claimants, the 12,907 recipients of indemnities due to typhoons and flood-related losses comprise 5.88% of the total insurance claimants.

Table 5. Claims By Type of Perils
as of June 30, 2024

Commodity	Type of Perils	No. of Claimants	Indemnity (PhP M)
RICE			
	Pest	107,164	410.360
	Typhoon/Flood	10,464	83.387
	Drought	24,696	208.694
	Disease	10,419	56.980
	Sub-total	152,743	759.421
CORN			
	Drought	24,092	164.409
	Pest	15,099	70.286
	Disease	3,857	19.058
	Typhoon/Flood	902	5.065
	Sub-total	43,950	258.818
HIGH-VALUE CROPS			

	Disease	5,767	42.412
	Drought	7,621	81.943
	Typhoon/Flood	1,540	6.335
	Pest	2,041	24.166
	Other (Accidental/ Wildfire, Smog, etc.)	106	1.126
	Sub-total	17,075	155.982
LIVESTOCK			
	Disease	3,279	53.093
	Accident	1,154	13.585
	Drought	372	4.61
	Flood	1	0.01
	Others (Snakebites, poisoning, etc.)	887	27.99
	Sub-total	5,693	99.288
	TOTAL	219,461 ^{1/}	1,273.509 ^{1/}

Source: Philippine Crop Insurance Corporation (PCIC) 2024 2nd 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.

E. Issues and Challenges

The Philippine Crop Insurance Corporation (PCIC) proactively implements strategies to enhance its insurance programs and address emerging challenges. Key initiatives include collaborating with Local Government Units (LGUs) to redirect disaster funds as premium subsidies, leveraging advanced technologies such as satellite and drone systems for improved data collection and product innovation, and managing African Swine Fever (ASF) outbreaks through strict compliance with inter-agency guidelines and close coordination with LGUs. As outlined in PCIC's 2024 2nd Quarter Report, these efforts aim to strengthen service delivery, promote resilience, and ensure the sustainability of agricultural insurance. These issues and challenges submitted by the Actuarial Research and Product Valuation Department.

Issues and Challenges of Agricultural Insurance For the period January-June 2024

Name of Product Line	Issues/Challenges	Plans to address these Issues/Challenges
All Insurance Lines	Limited budget for the fully subsidized insurance program	To forge more partnerships with Local Government Units and encourage them to allocate available funds of the LGU (i.e., disaster funds) to be used as premium subsidy for the insurance coverage of their farmer constituents (e.g., the case of PLGU Cebu and PLGU Negros Occidental).
	Limited data and weather	Explore with development partners other weather and climate data sources such as

Livestock Insurance	infrastructure for insurance product development	satellite technology, and other ground data sources like drone technology. Development partners can provide PCIC with capacity building and technical assistance.
	Outbreak of African Swine Fever	Strictly comply with the inter-agency guidelines on the SWINE Repopulation Insurance Program and continue close coordination with LGUs for proper monitoring and control of areas affected by ASF.

Source: Philippine Crop Insurance Corporation (PCIC) 2024 2nd Quarter Report.

