



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



PRESS RELEASE
2 February 2022

IC LAUDS FIRST PUBLIC-PRIVATE CO-INSURANCE AGREEMENT ON AGRICULTURE INSURANCE

In a statement released today, Insurance Commissioner Dennis Funa lauded the Philippine Crop Insurance Corporation (PCIC) and CARD Pioneer Microinsurance, Inc. (CPMI), as they are set to execute a co-insurance agreement on agriculture insurance during a virtual signing ceremony scheduled tomorrow, 3 February 2022. Reportedly, Commissioner Funa will be attending the virtual event to witness the execution of the agreement.

“During the past years, the PCIC has solely provided multi-peril crop insurance for various types of agricultural commodities and the Government has subsidized insurance premiums for the benefit of small farmers in the country. Despite this, insurance coverage among farmers in the Philippines is still low. Clearly, there is a need to address the protection gap in the agricultural sector, considering its exposure to severe and frequent disasters,” Commissioner Funa stated.

Thus, I am very much delighted and excited with this public-private sector initiative, which really is the first of its kind. The Insurance Commission (IC) is confident that this co-insurance agreement will kindle the expansion of agriculture insurance in the country,” added Commissioner Funa.

Under the agreement, PCIC and CPMI will be sharing the risks underwritten for each insurance policy in the ratio of 70:30. CPMI will be the lead insurer and PCIC will be the co-insurer under the arrangement. Also, CPMI will offer PCIC’s agriculture insurance products to farmers using its network of distribution channels.

In addition, PCIC will provide capacity-building support to CPMI in the areas of underwriting, policy administration, actuarial matters, and claims management. Meanwhile, CPMI will attempt to increase agricultural insurance penetration by focusing on high-value crops in selected regions where PCIC has limited coverage.

It will be recalled that in 2018, the Asian Development Bank (ADB) conducted a roundtable discussion on the interest and potential role of the private sector in agriculture insurance under the Financial Inclusion Strengthening Framework Technical Assistance project (TA 9166 PH). As a result of the discussions, the IC spearheaded the creation of a cross-sectoral technical working group that led to CPMI indicating interest to partner with PCIC. In 2020, talks between CPMI and PCIC on the

potential co-insurance agreement ensued; and the parties have now finalized the terms and conditions of their agreement.

The IC is expected to regulate the implementation of the co-insurance agreement under following Circular Letter (CL) No. 2021-60 dated 15 October 2021, which provides for “Guidelines on the Adoption of a Regulatory Sandbox Framework for Piloting Agriculture Insurance”. Notably, ADB aided the IC in the formulation of CL No. 2021-60.

“Indeed, this collaboration between the PCIC and CPMI will immensely benefit the local agricultural sector, which annually suffers massive losses due to disasters. By addressing the need for more affordable and effective products through this co-insurance agreement, this innovative public-private partnership between PCIC and CPMI will greatly contribute to the sustainable development of agricultural insurance in the Philippines, which, in turn, enables us to move closer to our collective vision of bridging the country’s insurance protection gap,” highlighted Commissioner Funa.



ATTY. ALWYN FRANZ P. VILLARUEL

Media Relations Officer

afp.villaruel@insurance.gov.ph