

Message from the President.....	1
I. Highlights of Operation	2
II. DAR Article.....	20
III. Financial Statement.....	23
IV. Balance Sheet	24
V. Notes to Financial Statement	25
Board of Directors	31
Key Officers	32
* Head Office	
* Regional Offices	
Head Office and Regional Offices Directory.....	33



KASANGGA NG MAGSASAKA



Dear Development Partners:

The past year has been good to us twice over: participation in our programs has increased dramatically and we have sustained positive results in our financial operation. Both augur well for building our institutional resilience as well as that of the farmers and fisherfolk. As we all know, resilience, or the capacity to ride out disturbances, is a desired attribute for the crop insurance provider and its stakeholders, especially at this time, when climate change impacts are being felt in terms of never-before-experienced weather disturbances.

Our performances in 2013 are positive signals of increasing resilience of crop insurance operations in the country as well as of the insurance stakeholders, primarily the farmers and fisherfolk.

- The total number of farmers, fisherfolk and other agricultural workers covered by PCIC's insurance programs grew 138.80%, from 311,388 to 743,589.
- The size of farms insured expanded 134.06%, from 216,193 to 506,027 hectares.
- The amount of insurance cover allotted for those insured rose 177.65%, from P11.477 to P31.867 Billion.
- The amount of insurance premium generated shot up 187.40%, from P560.587 Million to P1.611 Billion.

On the institutional side, that is on the part of the PCIC, our agency earned an operating income worth P555.727 Million, reflecting an increase of 288.79% from the previous year. This result continued the trend started the previous year when the agency earned P142.939 Million, after more than a decade and a half in the red.

This, even as the Board instituted policies that expanded allowable coverage to older sets of stakeholders and provided enhanced privileges to the insured.

The biggest success factor for us during the year was the continued trust bestowed on us by our partners. Our old-time collaborators from the cooperatives, farm financing intermediaries and the rural banking sector continued to stick with us, and they shepherded new crop insurance adherents from among our farmers and fisherfolk, on top of the existing pool of farmers and fisherfolk that have been with them for some time. So did our partners among the national government agencies and the local government units (LGUs) and the official development assistance (ODA) community, namely the World Bank, German Technical Cooperation Agency and the UN-International Labor Organization which continued the effort at field testing for future policy decision on weather and yield index-based crop insurance.

We gained new partners though, the result of an effective marketing campaign of our agency staff. The biggest partner that we gained during the year was the Department of Agrarian Reform (DAR) that provided some P1 Billion in premium for the insurance coverage of the agrarian reform beneficiaries and their households in the whole country. Under the partnership called the "Agrarian Reform Beneficiaries-Agricultural Insurance Program," the partnership with DAR saw the biggest mass enrollment of farmers and their households that PCIC has ever done.

Not only did these partners help us improve in fulfilling our mandate to provide insurance coverage to as many farmers and fisherfolk as possible, they likewise provided us opportunity to shore up our financial position. We are proud to report that we continued to post significant positive income from our insurance operations at the national level and across the various regional offices.

Next year, we plan to sustain the positive results we generated this year by targeting a growth rate of 20% across the various operational indicators, namely: number of insured farmers, fisherfolk, and other qualified rural stakeholders; hectareage of farms covered and amount of insurance cover.

We expect to gain these increases even as we plan to engage fully the farmers and fisherfolk listed in the Registry System for Basic Sectors in Agriculture (RSBSA).

Thank you, and we look forward to another fruitful year of development work with you, particularly in building up further our capacity, and that of the farmers, fisherfolk and other stakeholders, to withstand weather and other natural disturbances, on the one hand, and administrative challenges, on the other.

Very truly yours,



ATTY. JOVY C. BERNABE
President

HIGHLIGHTS OF OPERATION 2013



Crop insurance is a risk-management instrument that allows crop and animal growers and their financiers to recoup losses resulting from natural calamities, including adverse weather, pest infestation and plant diseases, and encourages fund flow to the farming sector.

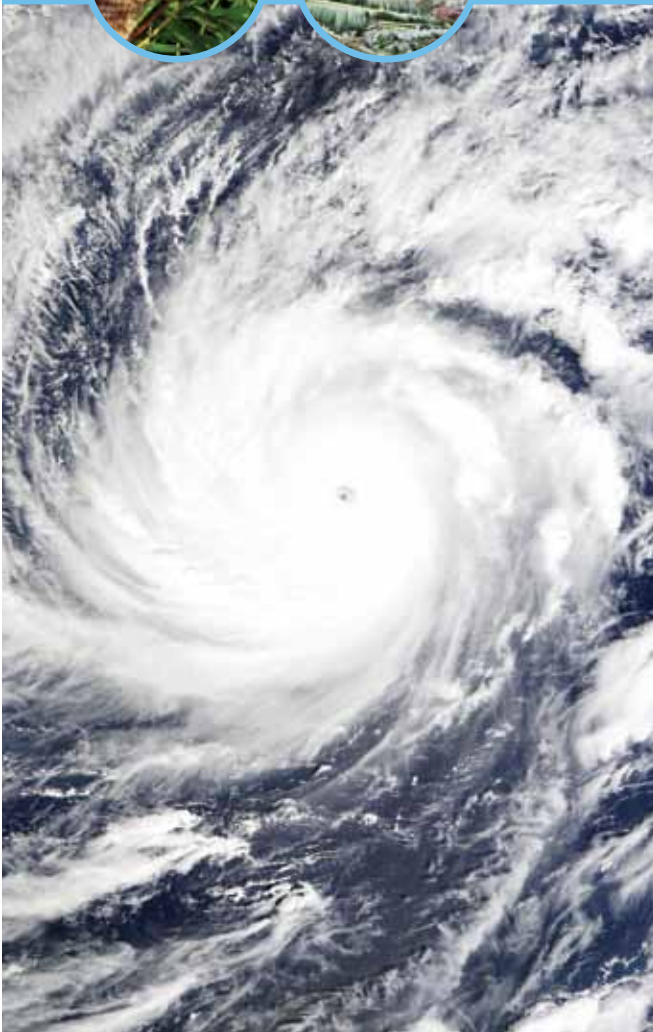
At this time when the impacts of climate change and the need for pump priming agriculture and fisheries as an important approach to more inclusive development are increasingly being felt, raising enrollment in crop insurance among farmers and fisherfolk is at the top of the rural development agenda.

In 2013, the Philippine Crop Insurance Corporation (PCIC), the country's sole agricultural insurance provider, proved very successful in this advocacy, turning in significantly high growth rates in its various insurance lines and other operational success indicators.

On the whole, the result of PCIC's operation in the previous year was to promote its own institutional resilience as well as the farming and fishing operations of those that it has supported with its insurance services.

Overall Program Results

The total number of farmers, fisherfolk and other agricultural workers covered by PCIC's insurance programs grew 138.80%, from 311,388 to 743,589. The size of farms insured expanded 134.06%, from 216,193 to 506,027 hectares. The



amount of insurance coverage allotted for those insured rose 177.65%, from P11.477 to P31.867 Billion. The amount of insurance premium generated increased 187.40%, from P560.587 Million to P1.611 Billion.

Among those insured during the year, 67,532 filed their claims and were paid a total of P539.081 Million, 138.43% more than the previous year's payouts.

Overall, the PCIC earned an operating income worth P555.727 Million, reflecting an increase of 288.79% from the previous year. This result continued the trend which started in the previous year when the agency earned P142.940 Million, after more than a decade and a half in the red.

Expanding the Partnerships



Undoubtedly, the main reason for these outstanding results was PCIC's effective nurturing of its existing partnerships for crop insurance promotion as well as the generation of new ones during the year.

The PCIC continued to build partnerships with institutions mandated to provide support service to farmers and fisherfolk as a way of broadening the coverage of its insurance programs. A mutually beneficial arrangement, such partnerships increase PCIC's investment funds for insurance and leverage the partner institutions' capacity to provide the mandated services to their stakeholders.

Three (3) such agreements were forged by PCIC with the Local Government Units (LGUs), namely: Davao del Norte, Negros Occidental and Isabela.

On February 19, 2013, it signed an agreement with the Provincial Government of Davao del Norte. Under this agreement, the LGU allocated some P1.340 Million from its budget to provide insurance coverage to some 2,000 hectares of ricelands during the dry season ending in April 2013. Davao del Norte's investment supported its agricultural development thrust that upholds the national government's food sufficiency program.

HIGHLIGHTS OF OPERATION



Signing of the Memorandum of Agreement between PCIC President Bernabe and Gov. Rodolfo P. del Rosario of Davao del Norte. Looking on are PCIC Directors Alex DG. Suarez, Dioscoro A. Granada and Epifanio A. Maniebo, National Irrigation Administration (NIA) Regional Manager Modesto G. Membreve, Asst. Provincial Agriculturist Dr. Anastacia Notarte, and Davao del Norte Federation of Irrigators Association (DDNFIA) President Saturnino D. Simbajon.

On October 7, 2013, PCIC sealed an agreement with the Provincial Government of Isabela that enabled the rollout of the latter's BRO-Paneguro Sa Pananim Program in the province during the year's wet-cropping season. This partnership provided insurance to rice and corn farmers tilling some 2,780 hectares and 1,391 hectares, respectively. The Provincial Government of Isabela allocated some P3.483 Million for the program.

On November 14, 2013, a similar agreement was signed with the Provincial Government of Negros Occidental. This provided for the transfer of some P5 Million in LGU funds for the project entitled "Provision of Insurance Coverage for all Agri-Fishery Projects/Programs under the Negros First Food Security Program through Premium Subsidy Scheme for Crop Year 2013 Onward."



Negros Occidental Governor Alfredo G. Marañon, Jr. hands over a check amounting to P5 Million to PCIC President Bernabe to fund the Expanded Negros First Universal Crop Insurance Program (NFUCIP) on November 14, 2013 in Bacolod City, witnessed by DA Secretary Proceso J. Alcala and Senator and Chairperson of the Senate Committee on Agriculture and Food Cynthia A. Villar.

Six (6) partnership agreements for insurance protection were drawn up with national government agencies, namely: the Department of Agrarian Reform (DAR), the Philippine Rice Research Institute (PhilRice), the National Agricultural and Fishery Council (NAFC), the Department of Agriculture-Regional Field Offices, the Bureau of Fisheries and Aquatic Resources (BFAR) and the Philippine Coconut Authority (PCA).

On January 15, 2013, the PCIC and the DAR sealed their agreement to jointly implement the landmark Agrarian Reform Beneficiaries-Agricultural Insurance Program (ARB-AIP). Through the ARB-AIP, DAR put up P1 Billion insurance support for the ARBs and members of their households. The agreement marked the first time that the DAR included insurance coverage among its support services for the ARBs, and constituted the biggest mass enrollment generated by the PCIC for its various insurance programs (please see special story for more details).

On April 15, 2013, the PCIC signed an agreement with the NAFC for the implementation of the "DA-NAFC-PCIC Insurance Partnership" which aimed to provide accident and dismemberment insurance to select private-sector members of the agricultural and fishery councils (AFCs) and agency partners in its banner livelihood intervention programs for the rural poor. The AFCs are government and private partnership councils at the regional, provincial, city and municipal levels, organized and operating under the direct aegis of the NAFC. They stand as participatory forums for discussing and agreeing on steps to resolve issues, problems and constraints farmers, fisherfolk and allied workers face in working to develop agriculture and fisheries. Specifically covered were 2,435 AFC chairpersons, regional and provincial AFC coordinators at the DA regional offices and LGUs, coordinators of the Livelihood Enhancement for Agricultural Development (LEAD) program, and the regional and provincial sector chairpersons. The NAFC allocated some P121,750 for the insurance premiums.



DA Secretary Proceso J. Alcala, DAR Undersecretary Jerry E. Pacturan, and PCIC President Bernabe during the PCIC-DAR signing ceremony at DA's Bureau of Soils and Water Management Convention Hall.

In 2013, the PCIC signed an agreement with DA's regional offices for the insurance coverage of some 311,672 hectares of land. Delineated as project areas under the "Weather Adverse Rice Areas (WARA) Insurance Program for 2013." DA provided some P167.235 Million for the insurance partnership.

On May 30, 2013, the PCIC inked an agreement with the BFAR to provide insurance, particularly the Fisheries Insurance Program, for projects of BFAR. BFAR undertook to promote the PCIC to the beneficiaries and partners of its programs and projects.



BFAR Director Asis G. Perez and PCIC President Bernabe lead the signing of the Memorandum of Understanding for the BFAR-PCIC partnership on Fisheries Insurance. Witnessed by (back row, L-R): BFAR 7 Regional Director Andres M. Bojos, PCIC 7 Regional Manager Cresencio V. Deligero, Jr., PCIC Dir. Alex DG. Suarez, PCIC Dir. Dioscoro A. Granada and PCIC Acting VP CBAG Antonio S. Uy, II.

HIGHLIGHTS OF OPERATION

On August 28, 2013, the Philippine Coconut Authority agreed to act as PCIC's partner and coordinator for insurance programs among coconut farmers and producers. PCIC is encouraging the enrollment for crop insurance among the coconut farmers, as well as insurance for their life and limbs.



PCA Administrator Euclides G. Forbes and PCIC President Bernabe sign Memorandum of Understanding for insurance coverage of the coconut farmers in the country. DA Secretary Proceso J. Alcala and PCIC Directors Epifanio A. Maniebo and Alex DG. Suarez and Acting SVP Norman R. Cajucom look on.

Enrollment by Insurance Line

2013 was a banner year for PCIC in terms of enrollment of farmers in its seven insurance lines. The total number of insured farmers, fisherfolk and agricultural workers were distributed as follows: rice, 305,120 farmers; corn, 44,893; high value crops, 22,173; livestock, 19,404; fisheries, 7,575; non-crop insurance, 2,408; and term life insurance, 342,016.

Four insurance lines achieved more than the targeted number of farmers: rice at 161.09%; fisheries, 240.78%; non-crop, 171.39% and term insurance, 230.36%. The three lines that barely reached the targets were livestock at 96.07% only, corn at 95.98%, and high value commercial crop, with only 25.30%. Nevertheless, the combined enrollment for rice and corn, the main crops that PCIC is mandated to cover, increased by 148.20% reaching 350,013.

The reason for the increase in insurance production during the year was the enrollment of agrarian reform beneficiaries under the ARB-AIP. Under the

ARB-AIP, over 350,819 ARBs or members of their households cultivating some 213,056 hectares of arable lands and raising some 19,800 farm animals were provided premium subsidy (please see special story about this program).

Rice and Corn

For rice and corn in particular, the increase in the number of insurance policy holders can be traced to:

- 1) the continuous participation of the cooperatives, farmer associations and similar organizations, and lending conduits participating in the Land Bank of the Philippines (LBP) rice and corn production loan programs.
- 2) DA's rice programs and other partnerships, which the PCIC sustains, also contributed in a major way to the insurance production, namely:
 - a) Sikat Saka, NIA's Third Cropping program, and the WARA program.

- b) Alalay Sa Kaunlaran, Inc. (ASKI), which provided production loans to an increased number of farmers in Regions I, II, III and IIIA;
- c) Tulay Sa Pag-unlad, Inc. (TSPI), which also posted an increased number of farmers taking out loans in Region I, II, III, IIIA, IV, V and X;
- d) First Valley Bank which had more borrowers coming from Regions IX, X and XII;
- e) The participation of the Philippine North Banking Corporation and La Filipina Uygongco Corporation in the corn insurance programs;
- f) The ongoing partnership with the Provincial Government of Isabela and CREDO in Region II and the Nueva Ecija Provincial Government, and other LGUs.

High-Value Commercial Crops

The high-value commercial crop insurance line was shored up by the participation of the TSPI in the insurance program.

Livestock

In livestock insurance, the major sources of growth were the continued participation of the National Dairy Authority (NDA) which renewed insurance protection for its herd and the enrollment of the DVF Dairy Farm in Region III-A and the Mindanao Rural Development Program livestock projects in Regions X and XI.

Non-Crop Agricultural Assets

In non-crop insurance, growth was driven by the increased coverage of the Land Bank of the Philippines (LBP)-funded projects through LIBI and the enrollment of the properties and facilities of the PCA in Regions IV and IX, as well as the DA-RFUs in Regions VI and VIII and those of the DA's attached agencies in Region VII, namely: NIA and BFAR.

Term Insurance Program

In the term insurance program, growth was propelled by the participation of the NAFC in the accident and dismemberment scheme for its private sector partners that are members of the Agricultural and Fishery Councils, as well as the Agricultural Training Institute for its cadre of extension workers. Other significant contributors were the Department of the Interior and Local Government and LGUs in Pangasinan and La Union, and the Provincial Government of Cebu, which renewed insurance coverage under the Integrated Farming Systems Development Program (IFSDP). Likewise, there was significant number of cooperatives and irrigators associations that availed themselves of the Loan Repayment Protection Plan in Region II.

Fisheries

The Fisheries Insurance Program of PCIC was boosted by the continuous participation of Southern Negros Agri-Fisheries Multi-Purpose Cooperative (SONAMCO) of Negros Oriental.

Other Results

The size of farms insured rose 134.06%, from 216,193 to 506,027 hectares. Of these lands, 399,145 hectares were ricelands; 59,945 hectares were cornlands and 46,937 were planted with high value crops.

The amount of the allotted insurance coverage was up by 177.65% from P11.477 to P31.867 Billion.

The amount of insurance premium generated grew by 187.40%, from P560.587 Million to P1.611 Billion.

Full details of the insurance production effort are shown in Table 1.

HIGHLIGHTS OF OPERATION

Table 1. Insurance Production Accomplishments, 2013 vs. 2012

Insurance Lines	Number of Farmers			Amount of Cover		Premium		Area	
	2013	2012	.vs 2012 (%) Inc/ (Dec)	Amount (Php M)	.vs 2012 (%) Inc/ (Dec)	Amount (Php M)	.vs 2012 (%) Inc/ (Dec)	No. of Ha.	.vs 2012 (%) Inc/ (Dec)
Rice	305,120	136,339	123.795	8,357.810	114.43	981.622	123.37	399,145	109.31
Corn	44,893	20,027	124.162	1,533.540	228.02	298.168	256.26	59,945	159.97
Rice & Corn Combined	350,013	156,366	123.842	9,891.350	126.59	1,279.790	144.63	459,090	114.77
HVCC	22,173	1,221	1,715	3,656.010	8,709.87	242.188	16,187.02	46,937	1,827.91
Livestock	19,404	13,575	42.939	507.801	97.14	33.397	157.49		
Non-Crop Insurance	2,408	2,627	(8.337)	1,142.787	53.12	6.219	31.37		
Term Insurance Plan	342,016	134,973	153.396	16,597.700	174.60	48.332	171.03		
Fisheries	7,575	2,626	188.462	70.939	220.556	1.217	187.03		
Total	743,589	311,388	138.798	31,866.587	177.65	1,611.143	187.40	506,027	134.06

Special Program Results

Contributing to the overall favorable results of the PCIC were two special programs, namely the DA's banner Food Self-Sufficiency Programs (FSSP) and the Piloting of Index-Based Insurance Programs that PCIC supports.

FSSP

The FSSP has three subprograms, namely: the Sikat Saka Rice Program, NIA Early Cropping Rice Program and the Weather Adverse Rice Areas (WARA) Program.

These three programs contributed 111,518

farmers to the total enrollment during the year. Of this number, 3,931 were participants of Sikat Saka; 2,235 of NIA Program; and 105,352 of WARA.

Total insurance coverage provided stood at P1.076 Billion. The size of area insured was 126,203 hectares.

Among the participants, 11,452 were provided indemnity worth P27.262 Million for damage to some 17,620.84 hectares.

Table 2 provides more information about PCIC's participation in the FSSP.

Table 2. PCIC's Accomplishments in FSSP

PROGRAM	PRODUCTION			CLAIMS		
	No. of Farmers Insured	Amount of Cover (PM)	Area Insured (Ha.)	Number of Claimants	Indemnity Paid (PM)	Area Affected (Ha.)
Sikat Saka	3,931	299.528	6,810	330	3.423	488.04
NIA	2,235	57.266	3,152	691	3.707	859.54
WARA	105,352	718.813	116,241	10,431	20.132	16,273.26
GRAND TOTAL	111,518	1,075.607	126,203	11,452	27.262	17,620.84

Index-based insurance pilots

A continuing effort since 2011, the development of index-based insurance is a PCIC initiative being undertaken in cooperation with official development agencies and farmer groups. Two index-based insurance programs are being piloted, namely the Weather-Index Based Insurance (WIBI) and the Area-Based Yield Index (ARBY).

In 2013, the PCIC completed Cycles 4 and 5 of the WIBI pilots in Agusan del Norte, where 347 farmers participated and were therefore enrolled in the insurance program. These farmers cultivate some 488

hectares and were provided an insurance coverage worth P6.863 Million. Among the participants, 38 filed claims and were duly paid a total of P606,993. The ARBY pilots in Leyte were disrupted by Typhoon Yolanda.

Table 3 provides other details on the PCIC and the development of the WIBI.

Table 3. Accomplishments of WIBI Pilots

PLACE (REGION 10)	PILOT TESTING PERIOD	PRODUCTION			CLAIMS	
		No. of Farmers Insured	Amount of Cover (PM)	Area Insured (Ha.)	Number of Claimants	Indemnity Paid (PM)
Agusan del Norte	Cycle 1 (June 2011 to Oct. 2011)	154	4.045	167.00	102	1.242
Agusan del Norte	Cycle 2 (Dec. 2011 to April 2012)	173	4.263	253.00	-	-
Agusan del Norte	Cycle 3 (June 2012 to Oct. 2012)	177	3.682	246.00	-	-
Agusan del Norte	Cycle 4 (Dec. 2012 to April 2013)	184	3.360	255.00	24	0.410
Agusan del Norte	Cycle 5 (June 2013 to Oct. 2013)	163	3.503	233.00	14	0.197
GRAND TOTAL		851	18.853	1,154.00	140	1.849

Claims and Payments

Among those insured during the year, 67,532 filed claims and were paid a total of P539.081 Million that was 138.43% more than the previous year's payouts. These results reflected in turn 1.69 % damage rate, computed based on the ratio of indemnity paid and amount of insurance coverage, and 0.33 loss ratio, computed as a ratio of indemnity paid and premiums paid.

The summary of claims paid by insurance lines and how they compare with the previous year is contained in Table 4.

Table 4. Claims Paid

INSURANCE LINES	CLAIMS PAID (PM)			DIFFERENCE INCREASE/ (DECREASE)		FOR THE TWELVE-MONTH PERIOD ENDED DEC. 31,2013			
	DECEMBER 2013		DEC. 2012	AMOUNT (PM)	(%)	DAMAGE RATE (%)		LOSS RATIO	
	Number of Farmers	Indemnity	Indemnity			2012	2013	2012	2013
Rice	58,372	379.334	185.857	193.447	104.10	4.77	4.54	0.42	0.39
Corn	7,449	68.388	27.393	40.995	149.66	5.86	4.46	0.33	0.23
Rice & Corn Combined	65,821	447.722	213.250	234.472	109.95	4.89	4.53	0.41	0.35
HVCC	1,037	24.169	0.906	23.263	2,576.66	2.18	0.66	0.61	0.10
Livestock	460	16.698	6.389	10.309	161.36	2.48	3.29	0.49	0.50
NCI	25	43.456	1.525	41.935	2,749.84	0.20	3.80	0.32	6.99
TIP	189	7.037	4.022	3.015	74.96	0.07	0.04	0.23	0.15
Fisheries	0	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00
TOTAL	67,532	539.081	226.091	312.989	138.43	1.97	1.69	0.40	0.33
2013 vs. 2012 (Decrease)						(0.28)		(0.07)	

HIGHLIGHTS OF OPERATION

The number of farmers and indemnity paid by insurance program and by source of funds is contained in Table 5.

Table 5. Insurance Claims Payment by Program

Insurance Program	Number of Farmers	Indemnity (Php M)	Damage Rate (%)	Loss Ratio
PCIC Regular				
Rice	35,561	251.4	7.86	0.74
Corn	5,332	42.76	8.22	0.46
Combined Rice & Corn	40,893	294.16	7.91	0.68
HVCC	327	12.602	45.96	7.45
Livestock	440	16.487	7.56	1.22
Non-Crop Insurance	25	43.456	3.84	8.38
Term Life Insurance	176	6.7	0.1	0.36
Fisheries	0	0	0	0
Sub-total	41,861	373.405	3.05	0.79
DA Rice Program				
LBP Sikat Saka	330	3.423	1.14	0.1
NIA Third Cropping*	691	3.707	6.47	0.85
WARA	10,431	20.132	2.8	0.28
Sub-total	11,452	27.262	2.53	0.25
DAR-ARB-AIP (May -Dec. 2013 Insurance Coverage)				
Rice	11,359	100.672	2.47	0.19
Corn	2,117	25.628	2.53	0.12
HVCC	710	11.566	0.32	0.05
Livestock	20	0.211	0.07	0.01
ADSS	13	0.337	0.004	0.05
Sub-total	14,219	138.414	0.75	0.14
GRAND TOTAL	67,532	539.081	1.69	0.33

*Spill-over of last year's insurance production.

The causes of the losses according to intensity of the sustained damages were typhoons and floods from December 2012 (Quinta and Pablo, especially in Region X) and Typhoons Besing, Creseng, Labuyo, Maring, Santi and the epic Yolanda in 2013; droughts in sporadic areas; pests and diseases, particularly rat infestation around the country and the Stemborer infestation wherein Region IX was most gravely affected.

The amount of claims paid for rice and corn insurance programs by cause of loss is shown in Table 6.

Table 6. Total Rice and Corn Claims Paid

Cause of Loss	CLAIMS PAID				REASONS FOR INCREASE
	Dec. 2013	Dec. 2012	Increase/ (Decrease)		177.65% Increased Production in 2013 vs. 2012
			Amount (PM)	(%)	
Typhoon/Flood	265.335	110.983	154.352	139.08	Certain claims due to typhoons Quinta & Pablo in December 2012 in RO X were paid in 2013. Floods due to continuous monsoon rains and typhoons Besing, Creseng, Labuyo, Maring, Santi & Yolanda in all Regional Offices.
Drought	46.264	10.247	36.017	351.49	Drought in eastern part of Pangasinan & Ilocos Norte (RO I), Echague, Reina Mercedes, Cauayan, Ilagan & Aurora, Isabela and Rizal, Cagayan (RO II), Tarlac (RO III), Occidental Mindoro (RO IV), Bohol (RO VII) Bukidnon and Misamis Oriental (RO X).
Pests & Diseases	136.122	92.019	44.103	47.93	Increased rat infestation in areas with continuous cropping (without fallow period due to DA-NIA Third Cropping Rice Program) (ROs II, III, IIIA, IV, V, VII, VIII, IX, X & XII). Prevalence of Stemborer infestation and stalk rot incidence in RO IX.
TOTAL	447.721	213.249	234.472	109.95	

In a sustained effort to promote the benefits of participants in insurance programs, the PCIC occasionally hands out indemnity checks during special events or community programs. In 2013, it mounted seven (7) such public events.

- 1) On January 24, it distributed indemnity checks worth P19.858 Million to 1,498 farmers from Region III in the Clark Special Economic Zone.
- 2) On June 16, it distributed indemnity payments worth P6.613 Million to farmers from Laguna and Mindoro in San Juan City.
- 3) On September 13, on the occasion of the Grand Harvest Festival in Santiago, Isabela, Agriculture Secretary Proceso J. Alcala spearheaded the awarding of payments

worth P1 Million to farmers groups from Isabela.

- 4) On August 8, the same event was held in Cabbaroguis, Quirino province, where P9.35 Million was paid out to 531 ARBs.
- 5) On November 10, at the PCIC Regional Office III, a check worth P1.385 Million was handed out to the Cabago Irrigators Association.
- 6) On November 27, nearly P600,000 was paid out to ARBs in Region XI and to a cooperative in Region XII.
- 7) Finally, on December 6, in Cebu City, in quick response to a mega-calamity, some P9.563 Million was paid out to livestock and poultry raisers in Northern Cebu whose livestock were ravaged by Typhoon Yolanda.

HIGHLIGHTS OF OPERATION



DA Secretary Alcala with PCIC VP CBAG Uy and RM Deligero distribute P813,240.00 worth of indemnity checks to Yolanda-wrecked farmers in Northern Cebu. Among them is Mr. Jose Mari Chan Miranda, seen here receiving the check from Secretary Alcala during the Livestock and Poultry Stakeholders Forum in Cebu City on December 6, 2013.



Manager Ericson Esta and Area Manager Joel Respicio of Alalay sa Kaunlaran Inc. (ASKI) receive the indemnity payment from DA Secretary Alcala and PCIC President Bernabe.

Damages and Claims due to Yolanda

In November 2013, Typhoon Yolanda, the strongest typhoon to hit land in any part of the world, cut a wide swath of destruction mainly across the Visayas, including some parts of Luzon and Mindanao. As of December 31, 2013 the PCIC has paid out a total of P100.701 Million to 5,214 farmers whose crops were damaged by Yolanda.

Table 7 and 8 show the number of farmers and the indemnity that PCIC paid, by region and by PCIC insurance program.

Table 7. Typhoon Yolanda Claims Payments by Region

Region	Claims Payments	
	No. of Farmers	Amount Paid (Php M)
Region IV	546	6.377
Region V	161	1.608
Region VI	1,752	13.207
Region VII	1,819	30.977
Region VIII	793	46.631
Region X	9	0.130
Region XI	102	1.495
Region XIII	32	0.275
TOTAL	5,214	100.701

Table 8. Typhoon Yolanda Claims Payments per Program

PCIC PRODUCT LINE	No. of Farmers	Amount Paid (Php M)
Rice	2,684	25.026
Corn	1,352	8.414
HVCC	862	15.598
Livestock	17	0.118
NCI	286	50.841
TIP	13	0.704
TOTAL	5,214	100.701

Government Premium Subsidy and Utilization

In 2013, the PCIC managed P1.308 Billion in government premium subsidy. Of this amount, P183.771 Million was for PCIC's mandated insurance programs in rice and corn, P124.363 Million was for DA's Rice Program, and P1 Billion came from the DAR's ARB-AIP for rice, corn, high value crops, livestock and ADSS. Due to increased participation, premiums applied topped the amount budgeted by 2.61%, equivalent to P34.134 Million. The premiums needed in the PCIC's regular insurance lines breached the budget by 16.35%, or P30.05 Million while that of the DAR's ARB-AIP overshot the budget by 1.94%, or P19.436 Million. The insurance component of the DA's Rice Program showed that premium needed was lower than the budget by 12.35%, equivalent to available unused balance of P15.353 Million (please see Table 9).

Table 9. Government Premium Subsidy and Utilization

Insurance Program	Number of Farmers	Number of Area/ Head/ Policy	Amount of Cover (Php M)	Gross Premiums (Php M)	Government Premium Subsidy			
					2013 Target (Php M)	Utilized (Php M)	% Utilization	Available Balance
PCIC Regular (12 months)								
Rice	90,590	142,014	3,199.372	339.925	165	169.876	102.96	(4.876)
Corn	19,681	23,926	520.098	91.136	18.771	43.946	234.12	(25.175)
Combined Rice & Corn	110,271	165,940	3,719.471	431.061	183.771	213.882	116.35	(30.05)
HVCC	840	584	27.421	1.427				
Livestock	8,407	48,109	218.221	11.63	-			
Non-Crop Insurance	2,408	2,251	1,142.79	6.219				
Term Life Insurance	151,751	11,261	7,044.80	31.143	-			
Fisheries	7,575	75	70.939	1.217	-			
Sub-total	281,252		12,223.639	482.697	183.771	213.822	116.35	(30.05)
DA Rice Insurance Program (12 months/1 year)								
LBP Sikat Saka	3,931	6,810	299.528	38.222	29.854	38.222	128.03	(8.368)
NIA Third Cropping	2,235	3,152	57.266	0.775	15.255	0.775	5.08	14.48
Weather Adverse Rice Areas	105,352	116,241	718.813	70.013	79.254	70.013	88.34	9.241
Sub-total	111,518	126,203	1,075.607	109.010	124.363	109.010	87.65	15.353
DAR-ARB-AIP (8 months – May to December 2013)								
Rice	103,012	130,929	4,082.829	532.688	543.326	532.688	98.04	10.638
Corn	25,212	36,020	1,013.441	207.032	303.546	207.032	68.2	96.514
HVCC	21,333	46,107	3,628.589	240.761	131.083	240.761	183.67	(109.678)
Livestock	10,997	19,800	289.580	21.766	22.045	21.766	98.73	0.279
ADSS	190,265	10,238	9,552.899	17.189	-	17.189	100.00	(17.189)
Sub-total	350,819		18,567.340	1,019.436	1,000.000	1,019.436	101.94	(19.436)
Grand-total	743,589		31,866.586	1,611.143	1,308.134	1,342.268	102.61	(34.134)

Statement of Underwriting Profit

Underwriting profit during the year, computed as the difference between the premiums generated and the claims paid, stood positive at P1.072 Billion, a staggering 220.5% or P737.565 Million more than the previous year. All regional offices of PCIC posted underwriting profits. Table 10 shows the particulars of the underwriting operations.

Table 10. Underwriting Profit

PARTICULARS	AMOUNT (PM)						REMARKS
	DEC. 2013	% To Total	DEC. 2012	% To Total	DIFFERENCE INCREASE / (DECREASE)		
					AMOUNT (PM)	(%)	
Prem. Income	1,611.143	100	560.587	100	1,050.555	187.40	
Less: Claims Paid	539.081	33.46	226.091	40.33	312.990	138.44	For rice and corn, actual damage rate (DR) for pests and diseases is 1.30% only. The ave. premium rate (PR) for pests and diseases for both rice and corn is 3.80%, a savings of 2.50% which is equivalent to Php 247.284 million. Further, the DR for natural calamities is 2.82%, while the average PR is 8.93, a savings of 6.11%, equivalent to Php 604.361 million
Underwriting Profit	1,072.062	66.54	334.496	59.67	737.565	220.50	All Regional Offices registered an underwriting profit.

Overall, the PCIC earned an operating income worth P555.727 Million, continuing the trend started the previous year when the agency earned P142.939 Million after more than a decade and a half in the red. The income growth rate stood at 288.79%.

General Administration and Supervision

Products Enhancement

In a continuing effort to enhance its core services, the PCIC Board approved the adjustments in the design of certain programs during the year.

On February 28, 2013, through Board Resolution No. 2013-003, it resolved an increase in coverage ceilings for commercially produced rice crops, particularly the inbred and hybrid varieties, from P39,000 to P41,000 and from P42,000 to P50,000, respectively. The effectivity of the new rates was set retroactively on February 4, 2013.

Likewise, the age limit for enrollees in the Accident and Dismemberment Security Scheme was raised from 75 to 80 years old, effective immediately. The new policy was approved through Resolution No. 2013-018 dated July 25, 2013.

Similar adjustment was made in the livestock insurance scheme. In Resolution No. 2013-021 dated August 30, 2013, the Board allowed insurance coverage for farms with at least 50 broilers, pullets or layers; and increased age limit of insurable carabao, cattle and horse from 12 to 17 years, and from 5 to 7 years for goat and sheep.

In the Accident and Dismemberment Insurance Program, the Board instituted the policy that all individuals insured shall be granted burial benefit worth P2,000 regardless of cause of death, provided these individuals are not covered by any other death benefits from other PCIC insurance

lines, like the rice and corn crop insurance programs. This new policy was stipulated in Board Resolution No. 2013-031 dated October 24, 2013.

In fisheries insurance, the ice-ice disease in seaweeds was included as one of the risks covered pursuant to Board Resolution No. 2013-041, dated December 11, 2013.

Finally, on December 18, 2013, through Resolution No. 2013-049, the Board approved the discounted premium rates for poultry, broiler and pullet/layer.

Human Resource Enhancement

As part of its sustained organizational development effort, the PCIC conducted five training and workshop sessions during the year. On April, 19, 2013, selected personnel from the Head Office and Regional Offices took part in the Trainers' Training which was conducted in Iloilo City. In July, 2013, a total of 32 staff members from Regions VI, VII and VIII were trained in the newly launched PCIC Automated Business Systems (PABS) and systems operation; in August, 2013, the same training was given for 28 staff members from Regions XI and XII held in Koronadal City as well as for 29 staff members from Regions IX and X which was held in Cagayan de Oro City. Lastly, a seminar-workshop on gender-responsive development planning was conducted in Pampanga with 29 participants from Head Office, Regions III, IV and V.



Participants to the Train-the-Trainers' Training held in Iloilo City on April 17-19, 2013.

Corporate Social Responsibility

Pursuant to its Corporate Social Responsibility (CSR) program which started last year, PCIC conducted a simultaneous nationwide tree-planting program to mark its 32nd foundation anniversary on May 8. The Head Office, led by President Bernabe, along with the officers and staff of Regions I, III, IIIA and IV planted 500 kamias and 600 tibig trees in a one-hectare area managed by the Subic Bay Metropolitan Authority. The area is covered by the DENR-led National Greening Program. The DENR provided the seedlings free of charge. Other PCIC Regional Offices, in coordination with their DENR counterpart, likewise planted trees in solidarity with this advocacy; Regions VI and XI took on a Mangrove reforestation area.



The Head Office personnel, along with the officers and staff of Regions I, III, IIIA and IV plant 500 kamias and 600 tibig trees along the hills of Subic, Bataan.

PCIC Region II tree planting at Brgy. Cadaanan, Solana, Cagayan.



PCIC Region V tree planting at Brgy. Igang, Bacacay, Albay.



PCIC Region VI mangrove planting at Brgy. San Francisco, Barotac, Viejo, Iloilo.

HIGHLIGHTS OF OPERATION



PCIC Region VII tree planting at Macaas, Catmon, Cebu.



PCIC Region VIII tree planting at Brgy. 92, Apitong, Tacloban City.



PCIC Region IX tree planting at Padap, Dao, Pagadian City.



PCIC Region X tree planting at Malasag, Cugman, Cagayan de Oro City.



PCIC Region XI mangrove planting at Sitio Asnalang, Brgy. Arangay Tinoto, Maasim, Sarangani.



PCIC Region XII tree planting at Sta. Cruz, Aleosan, Cotabato.

Looking Forward

In 2014, the PCIC will continue to forge ahead to broadening its reach among the farmers, fisherfolk and their institutional partners. The agency plans to increase by 20% all of the following indicators: the number of insured to 879,185; the number of hectares covered to 860,420; amount of insurance outlay to P45,870.10 Million.

The PCIC plans to engage fully the farmers and fisherfolk listed in the Registry System for Basic Sectors in Agriculture (RSBSA).

In an effort to really reach out to the farmers, PCIC will put up Provincial Extension Offices, manned at the normal business hours and catering much to the farmers' needs, like filing of applications and notices of loss.

The PCIC is seeking more LGU partnerships similar to Cebu's Integrated Farming Systems Development Program (IFSDP) that proves to be a success, as well as partnerships with more National Government Agencies whose mandate is for the betterment of the agricultural sector.

The PCIC is thus looking forward to the fulfillment of the Philippine Development Plan while perpetuating good corporate governance, especially in the Key Result Areas of the Government's Social Contract.



Crop insurance enhances support service to agrarian reform beneficiaries

Agrarian Reform Beneficiaries- Agricultural Insurance Program

On January 15, 2013, the Department of Agriculture (DA), through the Philippine Crop Insurance Corporation (PCIC), forged an agreement with the Department of Agrarian Reform (DAR) to provide insurance protection to Agrarian Reform Beneficiaries (ARBs).

This landmark partnership, called the “Agrarian Reform Beneficiaries-Agricultural Insurance Program (ARB-AIP),” immensely enhanced the existing array of support services provided to the ARBs.

The ARB-AIP put up some P1 Billion in premium subsidy which enabled the mass enrollment of the ARBs in the DA-PCIC’s various insurance programs and protect them against farm losses due to diseases and pest infestations, extreme weather events and other natural calamities. It also provided for insurance protection for the household members of the ARBs against loss of life and limb.

The program recognizes the increasing need for insurance coverage for the ARBs as both social safety net and climate change adaptation measure for the farmers and their families, considered among the country’s needy social sectors.

Through the ARB-AIP, around P18.567 Billion worth of protection is made available to the ARBs by the DA-PCIC.

Program results in 2013

ARB-AIP has provided crop insurance to 350,819 individuals. Of this number 160,554 were farmers, who gained protection against loss for their standing crops and livestock while the balance of 190,265 were the same farmers and their household members, who were provided accident and dismemberment security scheme. The size of insured farms reached 213,056 hectares planted to rice, corn and high value crops. Some 19,800 head of poultry and livestock were likewise insured. On the whole, some P18.567 Billion worth of coverage was allocated during the year.

By end-December, 14,219 of the beneficiaries suffered actual losses in terms of standing crops in over 24,422 hectares, 22 heads of livestock and 13 counts of personal injury and damage or



PCIC and DAR conduct series of conferences and seminars on “Agrarian Reform Beneficiaries – Agricultural Insurance Program”.

complete loss of assets. The PCIC paid the farmers a total of P138.414 Million in indemnity payments.

Under the ARB-AIP, each beneficiary is provided protection coverage for up to three hectares and up to three types of insurance coverage only. Three hectares is the maximum size of farm that ARB can get under the Comprehensive Agrarian Reform Program. The insurance protection is good for two cropping seasons.

The program beneficiaries must be participants of key DAR programs, like the Agrarian Reform Connectivity and Economic Support Service (ARCESS), Agrarian Production Credit Program (APCP), Credit Assistance Program for Program Beneficiaries Development (CAP-PBD) and Microfinance Capacity Development in Agrarian Reform Areas. The program participants were identified by DAR.

To continuously shore up its capacity to provide broad and effective protection to farmers, DA-PCIC

has adopted the strategy of partnership with private institutions, official development agencies, and government agencies, including local government units, to expand insurance protection coverage for farmers and their assets, as well as the agency assets that enable the agencies to support the farmers. The partnership with DAR is its biggest and broadest enterprise to date and the ARB-AIP remains the biggest insurance program ever implemented by the DA-PCIC.

Next Steps

The intents and the initial results of the ARB-AIP are compelling enough to continue and expand the program for ARBs in the years ahead.

Moreover, crop insurance, specifically under the ARB-AIP, will reinforce and sustain the welfare impacts of the other support services provided by the DAR to the agrarian reform beneficiaries, including farm equipment and facilities turned over to farmers and fisherfolk.



The PCIC Region XI completes the two-day seminar with forty five (45) participants on DA-PCIC Programs for the Reserve Corps of Adjusters (RCAs) of the Department of Agrarian Reform Region XI on May 21-22, 2013 in Davao City.



The Philippine Crop Insurance Corporation (PCIC) Regions XI and XII and the Department of Agrarian Reform (DAR) Regions XI and XII conducts a two-day Joint Conference/Orientation of Agrarian Reform Beneficiaries - Agricultural Insurance Program (ARB-AIP) on March 14-15, 2013 in General Santos City.



President Bernabe leads the Head Office Officers and Regional Managers on revisiting the annual goals and plans and checking the progress of agricultural insurance operations during the PCIC 2013 Mid-Year Planning Conference in Tagaytay City on July 18-19, 2013, which was also used as venue to discuss the updates and issues on DAR-PCIC Agrarian Reform Beneficiaries – Agricultural Insurance Program. Dr. Alice Alma C. Bungay of the UP Manila delivered a lecture on livestock and poultry management as additional input.



On October 8, 2013 at Cabbaroguis, Quirino Province, the PCIC Region II, headed by Regional Manager Edna S.P. Marallag, distributes indemnity checks to 531 Agrarian Reform Beneficiaries (ARBs) in the amount of P9,350,245 for crop losses due to typhoon Labuyo. DAR-RO II Regional Director Marjorie P Ayson, DAR-RO II PARO Arthur E. Faeldon, and Quirino Governor Junie E. Cua with other LGU leaders witnessed the event.

As a social protection measure, crop insurance should be provided to farmers and fisherfolk. Government agencies, including the Local Government Units, that have the means to provide such support should be encouraged to do so.

Finally, crop insurance is a potent adaptation measure for climate change, recognized as such by the community and international development agencies, and more importantly, recommended by local policy statements and plans on climate change, particularly those by the Climate Change Commission and the Department of Agriculture.



PHILIPPINE CROP INSURANCE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the Year Ended December 31, 2013
(In Philippine Peso)

	2013	2012
INSURANCE PREMIUMS		
National Government Share	1,230,335,743	239,323,936
Farmers & Institutions-Traditional Lines	325,838,831	281,864,016
Farmers & LIs-Term/Life Insurance	31,383,069	18,143,898
Farmers & LIs-Non-Crop Insurance	6,162,195	4,705,470
Farmers & LIs-Livestock Insurance	11,572,625	13,381,387
Farmers & LIs-High Value Crops	1,426,886	1,476,480
Farmers & LIs-Fisheries	1,217,033	423,958
TOTAL	1,607,936,382	559,319,145
Add/(deduct): Premium reserve	(251,977,764)	879,813
Premium discounts	(61,181,241)	(3,446,453)
Premium refund	(424,488)	(473,941)
NET PREMIUMS	1,294,352,889	556,278,564
UNDERWRITING EXPENSE		
Insurance Benefits	538,157,990	227,103,791
Reinsurance Premiums Ceded Treaty/Facultative	11,016,238	18,717,758
Commission Expense	23,048,264	4,540,475
Death Benefits	1,190,000	745,000
Honoraria/Incentive to Claims Adjuster	22,851	7,785
Honoraria/Incentive to Agricultural Technician	243,655	94,303
TOTAL UNDERWRITING EXPENSE	573,678,998	251,209,112
NET UNDERWRITING INCOME	720,673,891	305,069,452
OTHER INCOME	37,470,943	29,270,900
GROSS OPERATING INCOME	758,144,834	334,340,352
OPERATING EXPENSES		
Personal Services	107,982,435	103,657,967
Maintenance and Other Operating Expenses	92,958,345	86,337,923
Financial Expense	1,476,890	1,404,670
TOTAL OPERATING EXPENSE	202,417,670	191,400,560
NET INCOME/(LOSS)	555,727,164	142,939,792

PHILIPPINE CROP INSURANCE CORPORATION STATEMENT OF FINANCIAL POSITION (UNAUDITED)

December 31, 2013
(In Philippine Peso)

	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	858,845,095	352,114,911
Receivables - current	212,100,030	160,725,659
Other current assets	4,041,865	4,915,439
	1,074,986,990	517,756,009
Non-current assets		
Receivables - non-current, net	332,737,541	334,360,545
Financial investments held-to-maturity	836,490,968	396,668,900
Property and equipment, net	27,280,517	22,386,958
Other Assets	9,974	9,974
	1,196,519,000	753,426,377
TOTAL ASSETS	2,271,505,990	1,271,182,386
LIABILITIES		
Current liabilities		
Accounts payable	241,911,798	103,931,412
Inter-agency payable	2,803,287	2,894,730
Other current liabilities	959,253	666,012
	245,674,338	107,492,154
Non-current liabilities		
Due to other national government agencies	185,829,293	167,537,885
Due to other funds	1,541,448	953,009
Deferred credits	77,775,769	32,692,536
Reserve for unearned premium	337,737,014	85,020,162
	602,883,524	286,203,592
TOTAL LIABILITIES	848,557,862	393,695,746
EQUITY	1,422,948,128	877,486,640
TOTAL LIABILITIES AND EQUITY	2,271,505,990	1,271,182,386

PHILIPPINE CROP INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS
(All amounts in Philippine Pesos unless otherwise stated)

1. ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial statements of the Corporation are as follows:

1.1 Basis of preparation

The accompanying financial statements of PCIC for the period ended December 31, 2013 have been prepared by applying accounting policies in accordance with the Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) to achieve a fair presentation of the financial statements.

PCIC is a going concern entity which financial statements have been prepared on accrual basis, except when stated otherwise, and in accordance with the historical cost convention. The presentation and classification of item in the financial statements shifted from New Government Accounting System (NGAS) to PFRS.

Comparative information has been presented in respect of the previous period for all amounts reported in the financial statements.

2. RECEIVABLES – CURRENT

	2013	2012
Premium receivable a/	203,502,907	152,034,117
Interest receivable-bonds	5,213,636	4,293,308
Due from other funds - Special Revolving Trust Fund (SRTF)	3,383,487	4,398,234
	212,100,030	160,725,659

a/ Premium receivable due from:

	2013	2012
National Government	200,848,204	148,354,280
Lending institutions	2,117,723	2,557,461
Non-crop	289,388	799,402
Farmers	247,592	322,974
	203,502,907	152,034,117

NOTES TO FINANCIAL STATEMENT

Premium Receivable-National Government represents the amount of unreleased share of government in the total insurance premiums.

3. RECEIVABLES – NON – CURRENT, NET

This account consists of the following:

	2013	2012
Premium receivable-arrearages National Government (NG)	315,664,677	315,664,677
Other receivables	19,025,373	20,648,377
Less: Allowance for doubtful accounts	1,952,509	1,952,509
	17,072,864	18,695,868
	332,737,541	334,360,545

The premium receivable pertains to the cumulative premium subsidy arrearages from the NG when RA No. 8175 was enacted in 1995. This consists of unappropriated and/or unreleased government premium subsidy for policies written for the period from May 1, 1981 up to 1995. The receivable was programmed for payment by the NG within a period of ten years from 1996. The account also includes unpaid Government Premium Share from 1996 to 2011.

The account Other receivables – non-current consists of the following:

	2013	2012
Receivables/disallowances/charges	11,605,227	11,642,199
Pool of livestock insurers	367,620	367,620
Due from officers and employees	151,802	111,619
Advances to officers and employees	41,130	76,122
Others	6,859,594	8,450,817
	19,025,373	20,648,377

Receivables/disallowances/charges include amount due from public/private individuals/entities for audit disallowances which have become final and executory.

4. FINANCIAL INVESTMENT HELT-TO-MATURITY - NON-CURRENT

This account represents investments in the following:

	2013	2012
Investment in Bonds -LBP	484,375,268	94,625,000
Investment in Lower Tier 2 Subordinated Notes from LBP	200,000,000	200,000,000
Investment in Bonds -BTr	150,000,000	100,000,000
Asia Pacific Rural and Agricultural Credit Association (APRACA)	1,500,000	1,500,000
Cooperative Insurance System of the Philippines (3,000 shares @ P100)	300,000	300,000
Phil. Long Distance Telephone Company (10,140 shares @ P10 per share)	173,200	101,400
Club Filipino	100,000	100,000
Pool of Livestock Insurers	40,000	40,000
Eastern Visayas Telephone Company, Inc. (50 shares @ P50 per share)	2,500	2,500
	836,490,968	396,668,900

P 94,625,000- Investment in LBP Bonds with term of 5.45 years at 7.0 per cent interest rate will mature on January 27, 2016

P 389,750,268- Investment in LBP Bonds with term of 4.54 years at 2.125 per cent interest rate will mature on May 23, 2018

Investment in Lower Tier 2 Subordinated Notes from LBP consists of 7.25 per cent Unsecured Subordinated Notes Due 2019, Callable with Step-Up in 2014 with the following details:

Name of Noteholder	Philippine Crop Insurance Corporation		
Security Account Number:	68111000152	Face Value of Note	P200,000,000
Interest Rate:	7.25 per cent	Maturity Date	June 9, 2019
Trade Date:	June 5, 2009	Settlement Date	June 9, 2009
Selling Agent/Market Maker:	LBP EDSA NIA Road		
Tax Identification Number:	000-188-065-000		

P 50,000,000- Investment in BTr Bonds with term of 5.5 years at 3.125 per cent interest rate will mature on May 5, 2019

P 100,000,000- Investment in BTr Bonds with term of 10 years at 7.375 per cent interest rate will mature on March 3, 2021

5. ACCOUNTS PAYABLE

This account consists of the following:

	2013	2012
Business lines	132,994,495	8,740,257
Non-business lines	108,917,303	95,191,155
	241,911,798	103,931,412

6. DUE TO OTHER NATIONAL GOVERNMENT AGENCIES (NGAs)

This account consists of the following:

	2013	2012
Commission on Audit (COA)	89,089,682	86,049,435
Agricultural Credit Policy Council-Gintong Ani Program (ACPC-GAP)	76,077,816	76,077,816
Others	20,661,795	5,410,634
	185,829,293	167,537,885

7. GOVERNMENT PREMIUM SHARE (GPS)

This represents the share of the Government in the premiums. Insurance premiums for palay and corn are being shared by the farmers, lending institution and the government. The premium rating and the corresponding share of the Government was approved by the President of the Philippines.

The approved GPS for the year 2013 is P183.771 Million, and an additional P1 Billion for the Agrarian Reform Beneficiaries.

8. INSURANCE BENEFITS

This represents Losses/Claims paid for the period amounting to P538.158 Million as follows:

Insurance Lines	Regular	High Value	Livestock	Term	Non-Crop
Amount (PM)	447.723	23.600	16.508	7.057	43.270

9. PREMIUM DISCOUNT

This represents amount of premium discounts granted to assured farmers/lending institutions/Gov't. in accordance with PCIC policy.

	2013	2012
National Government	46,564,744	
Farmers	14,138,671	2,733,520
Lending Institutions	477,826	712,932
	61,181,241	3,446,452

10. CAPITAL STOCK

Under RA No. 8175, authorized Capital Stock of PCIC increased from P750 Million to P2 Billion divided into 15 million common shares each with a par value of P100 for government subscription, and 5 million preferred shares also with a par value of P100 per share.

As of December 31, 2013, the Corporation's paid-up capital stood at P1.351 Billion. This consists of 12,509,544 shares of common stock with a par value of P100 per share subscribed by the National Government and 1 million shares of preferred stock with a par value of P100 per share subscribed by the Land Bank of the Philippines.

11. PHILIPPINE CLIMATE CHANGE ADAPTATION PROJECT (PHILCCAP)

On June 29, 2012, PCIC received funds amounting to P4,191,000 to be used for the implementation of the Philippine Climate Change Adaptation Project (PhilCCAP), a pilot grant project funded by the World Bank which aims to develop and demonstrate approaches that will enable targeted communities to adapt to the potential impacts of climate variability and change in the Philippines.

The PCIC will provide and maintain accounting and financial records for PhilCCAP funds transferred separately from its regular books of accounts, which shall be made available for inspection by the DA officials, its COA Auditor and authorized representatives of World Bank.

NOTES TO FINANCIAL STATEMENT

The PCIC is in-charge of pilot testing the feasibility study of weather index-based crop insurance. As of December 31, 2013, the total expenses incurred in the implementation of the program is P4,765,493, broken down as follows:

PARTICULARS	AMOUNT
Agricultural Expenses	2,236,630
Other MOOE	545,634
Professional and Technical Expenses	519,274
Representation	483,891
Materials and Office supplies	369,530
Traveling Expenses	282,356
Training Expense	163,410
Depreciation Expense	112,987
Communication and Postage	24,974
Fuel and Lubricants	17,595
Internet Expense	8,162
Repairs and Maintenance	700
Bank Charges	350
TOTAL	P 4,765,493



**BERNADETTE
ROMULO-PUYAT**

DA Undersecretary for
Special Concerns
and Supervising
Usec. for PCIC



DIOSCORO A. GRANADA

Acting Chairman
and Board Member
Mindanao Farmers'
Sector



**ATTY. JOVY C.
BERNABE**

Vice-Chairman
President,
Philippine Crop
Insurance
Corporation



GILDA E. PICO

Board Member
President,
Land Bank of the
Philippines



JOVITA M. CORPUZ

Board Member
Executive Director,
Agricultural Credit Policy
Council



**EPIFANIO A.
MANIEBO**

Board Member
Private Insurance
Industry



ALEX DG. SUAREZ

Board Member
Luzon Farmers' Sector



JUAN V. BORRA, JR.

Board Member
Visayas Farmers'
Sector

KEY OFFICERS

HEAD OFFICE

ATTY. JOVY C. BERNABE

PRESIDENT

NORMAN R. CAJUCOM

ACTING SENIOR VICE-PRESIDENT
REGIONAL MANAGEMENT GROUP

SEGUNDO H. GUERRERO, JR.

ACTING VICE-PRESIDENT
SUPPORT SERVICES GROUP

ANTONIO S. UY II

ACTING VICE-PRESIDENT
OFFICE OF THE CORPORATE
BUSINESS AFFAIRS GROUP

ATTY. FRANCISCO C. CANTRE

ATTORNEY VI
OFFICE OF THE GENERAL COUNSEL

NOMER D. VIRAY

OFFICER-IN-CHARGE
FINANCE DEPARTMENT

RASEL C. DELA CRUZ

OFFICER-IN-CHARGE
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