

SA PAGLABAN SA KAHIRAPAN AT GUTOM, CROP INSURANCE KATULONG SA PAGBANGON.

PHILIPPINE CROP INSURANCE CORPORATION
7/F BUILDING A, NIA COMPLEX, EDSA, DILIMAN, QUEZON CITY





HTTPS://WWW.FACEBOOK.COM/PCICPH



RMG@PCIC.GOV.PH



HTTP://PCIC.GOV.PH



PCIC QR CODE

DEPARTMENT OF AGRICULTURE PHILIPPINE CROP INSURANCE CORPORATION



ANNUAL REPORT 2014

ENSURING FINANCIAL STABILITY & EXERCISING GREATER SOCIAL RESPONSIBILITY



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Increased government subsidy for the farmers and our resolute drive to attain sustainable institutional growth underpinned our operations in 2014. The twin strategic approaches uplifted our operational results and helped us fulfill more vigorously our institutional mandate of providing insurance protection to our stakeholders, specially the small farmers and fisherfolk.

During the year, we attained the following:

- Raised participation in our insurance programs by 23.43% to 917,814 farmers and fisherfolk, about 54.61% of which are rice and corn farmers:
- Increased premium income by 69.24% to P2.727 Billion;
- Expanded area of insured farms by 56.55% to 792,208 hectares;
- Increased insurance coverage by 11.78% to P35.621 Billion; and
- Serviced claims worth 36.98% more than the previous year to P738.453 Million.

We achieved all this while realizing a net profit of some P200.165 Million.

In an inspired move, the National Government, through the Department of Agriculture (DA) and the Philippine Crop Insurance Corporation (PCIC), increased social protection for the farmers and fisherfolk by providing free full premium subsidy to the poorest among them as listed in the Registry System for Basic Sectors in Agriculture (RSBSA). RSBSA is the most recent initiative to create a national database of basic information on farmers, farm labors and fisherfolk, that includes a listing of their names and that of their households.

The RSBSA-based subsidy contributed to the enrollment of 42.97% of farmers and fisherfolk who participated across the various insurance lines. It added on significantly to the insurance production generated by our continuing and bourgeoning partnership with our private sector partners, including farmers' cooperatives, lending institutions, credit agencies, and non-government organizations, as well as the Local Government Units and national government agencies (NGAs).

The RSBSA subsidy contributed in large measure to our continuing positive Corporate bottom line, enabling us to attain a position where we would be able to remit dividends to the National Government and contribute more to the national development effort. It sent the message that farmers' and fisherfolk's welfare, apart from improved food productivity and security, is a top development concern.

Even as we vastly improved in the operations arena, we continued to strengthen our institutional capacity to sustain institutional excellence. We clarified, defined, and sharpened our institutional strategy map, according to the requirements of our stakeholders. We successfully renewed our ISO certification. We have implemented the system for the automated processing of claims that hopefully would enable to shorten further the turn-around time from filing of claims to payment of indemnities.

We are looking towards continuing our journey along the path of growth and development next year. As most plans go, this is a tall order; but we believe that we have built a strong and able institution and stakeholder network that will help us make good on these targets.

Even as congratulations are in order, we therefore appeal for your continued support and cooperation. Only our strong bond with each other over the mission to establish a sustainable crop insurance system will pull us through.

Very truly yours,

ATTY. JOYY C. BERNABI

President





HIGHLIGHTS OF OPERATIONS

I. KEY OPERATING RESULTS

The results of the agency's operations point to a strong institutional performance that further solidified the trend toward enhancing the resiliency of the PCIC and the agricultural insurance system in the country.

Insurance Production

The total number of farmers who availed themselves of PCIC's various insurance lines during the year reached 917,814. This is 23.43% more than the past year's count of 743,589. Of the year's enrollees, 501,215, or 54.61%, were rice and corn farmers, the main agricultural insurance stakeholders.

The premium income from crop insurance increased by 69.24% to some P2.727 Billion. The highest increases were contributed by livestock insurance, at 381.41%; fisheries, 140% and corn, 119.86%.

The farm area covered grew by 56.55% to 792,208 hectares. Corn and high-value commercial crops contributed the biggest and posted 121.21% and 174.96% growth, respectively.

The total amount of insurance coverage reached P35.621 Billion, reflecting a year-on-year increase of 11.78%.

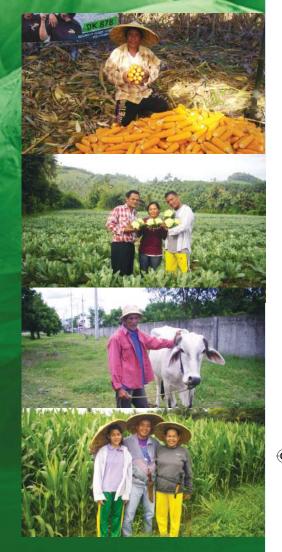
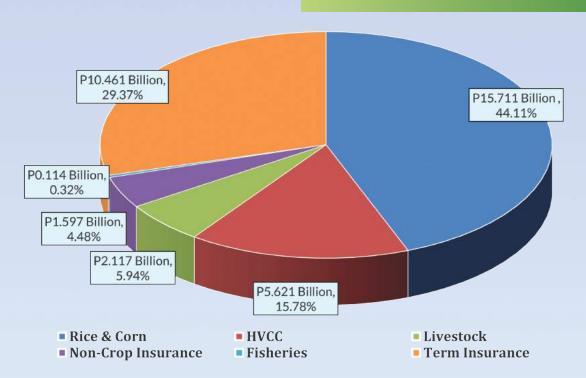


Table 1. INSURANCE PRODUCTION ACCOMPLISHMENT, 2014 VS. 2013

	Number of Farmers		Amount of Cover (Php M)		Premium (Php M)		No. of Ha.	
Insurance Lines	2014	.vs 2013 (%) Inc/(Dec)	2014	.vs 2013 (%) Inc/(Dec)	2014	.vs 2013 (%) Inc/ (Dec)	2014	.vs 2013 (%) Inc/ (Dec)
Rice	396,415	29.92	12,393.904	48.29	1,466.683	49.41	530,548.23	32.92
Corn	104,800	133.44	3,316.810	116.28	655.548	119.86	132,602.94	121.21
Rice & Corn Combined	501,215	43.20	15,710.714	58.53	2,122.231	65.83	663,151.17	44.45
HVCC	84,418	280.72	5,620.944	53.75	398.719	64.63	129,057.19	174.96
Livestock	99,185	411.16	2,116.845	316.87	160.778	381.41		
Non-Crop Insurance	11,882	393.44	1,597.130	39.76	12.113	94.77		
Term Life Insurance	220,526	(35.52)	10,460.869	(36.97)	29.946	(38.04)		
Fisheries	588	(92.24)	114.133	60.89	2.921	140.02		
Total	917,814	23.43	35,620.635	11.78	2,726.708	69.24	792,208.36	56.55



Graph 1. INSURANCE PRODUCTION PER PRODUCT LINE (by Amount of Cover)

By amount of cover, rice and corn accounted for the bulk, at 44.11% or P15.711 Billion. This was followed by term insurance, which accounted for 29.37%, or P10.461 Billion. In order of magnitude, the other lines accounted for amounts and rations, as follows: HVCC, 15.78% or P5.621 Billion; livestock, 5.94% or P2.117 Billion; non-crop insurance, 4.48% or P1.597 Billion and fisheries, 0.32% or P0.114 Billion.

II. NEW PROGRAMS

New programs, combined with enhanced outputs of existing ones, pushed insurance production to its strong end last year. These new programs were the RSBSA Agricultural Insurance Program (RSBSA-AIP), DA Food Staples Sufficiency Program (FSSP), Yolanda Rehabilitation Insurance Program, DAR-Agrarian Production Credit Program (APCP) and the DAR-LandBank CAP-PBD Insurance Program.

RSBSA-AIP

The RSBSA stands for the Registry System for Basic Sectors in Agriculture. It was a pioneering attempt led by the Department of Budget and Management (DBM), Department of Agriculture (DA) and statistical agencies to come up with a comprehensive list of the farmers and fisherfolk in the country. "Basic sectors" is a term that refers to 14 social sectors identified in policy, particularly the Social Reform and Poverty Alleviation Act of 1997 (Republic Act 8425), as those that host the marginalized and the poor in the country. There are 14 of such sectors, and these include the farmers, fisherfolk and indigenous people. Under the RSBSA insurance program, the National



Government appropriated Php1.183 billion in premium subsidy fund, pursuant to FY 2014 General Appropriations Act (RA 10633), to be used exclusively for the full (100%) cost of insurance premiums of the subsistence farmers and fisherfolk listed in the RSBSA. The 75 provinces covered in this program were as follows:

- Abra
- Agusan del Norte
- Agusan del Sur
- Aklan
- Albay
- Antique
- Apayao
- Aurora
- Bataan
- Batanes
- Batangas
- Benguet
- Biliran
- Bohol
- Bukidnon
- Bulacan
- Cagayan
- Camarines Norte
- Camarines Sur
- Camiguin
- Capiz
- Catanduanes
- Cavite
- Cebu
- Compostela Valley
- Davao del Norte
- Davao del Sur

- Davao Oriental
- Dinagat Islands
- Eastern Samar
- Guimaras
- Ifugao
- Ilocos Norte
- Ilocos Sur
- Iloilo
- Isabela
- Kalinga
- La Union
- Laguna
- Lanao del Norte
- Leyte
- Marinduque
- Masbate
- Misamis Occidental
- Misamis Oriental
- Mt. Province
- Negros Occidental
- Negros Oriental
- North Cotabato
- Northern Samar
- Nueva Ecija
- Nueva Vizcaya
- Occidental Mindoro
- Oriental Mindoro

- Palawan
- Pampanga
- Pangasinan
- Quezon
- Quirino
- Rizal
- Romblon
- Samar
- Sarangani
- Siquijor
- Sorsogon
- South Cotabato
- Southern Levte
- Sultan Kudarat
- Julian Rudarat
- Surigao del Norte
- Surigao del Sur
- Tarlac
- Zambales
- Zamboanga del Norte
- Zamboanga del Sur
- Zamboanga Sibugay

By year end, 394,403 farmers in various crop sectors were covered by the program. This number contributed to the number of insured in rice and corn, high-value crops, livestock, non-crop assets and fisheries.



PCIC Regional Office II holds training/orientation seminar on RSBSA Agricultural Insurance Program on April 15, 2014 (right picture). PCIC Regional Office XI distributes indemnity checks to RSBSA farmers of Lupon, Davao Oriental on November 14, 2014 (left picture).









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DA-LandBank Sikat Saka Program

Designed and instituted to support the DA's food staples sufficiency program, this program provides a direct lending window for production loans from LandBank and other support services from partner agencies. As part of the program, the PCIC offers full (100%) premium subsidy for the rice crop insurance coverage of the subsistence farmers availing loans under the program. According to program design, it is available in 45 rice producing provinces, namely: Agusan del Sur, Aklan, Albay, Antique, Bataan, Bohol, Bukidnon, Bulacan, Cagayan, Camarines Sur, Capiz, Davao del Norte, Davao del Sur, Ilocos Norte, Ilocos Sur, Iloilo, Isabela, Kalinga, La Union, Laguna, Lanao del Norte, Lanao del Sur, Leyte, Maguindanao, Masbate, Negros Occidental, North Cotabato, Northern Samar, Nueva Ecija, Nueva Vizcaya, Occidental Mindoro, Oriental Mindoro, Palawan, Pampanga, Pangasinan, Quezon, Sorsogon, South Cotabato, Sultan Kudarat, Tarlac, Western Samar, Zambales, Zamboanga del Norte, Zamboanga del Sur, and Zamboanga Sibugay. In 2014, 9,074 farmers were provided rice insurance cover.

NIA Third Cropping

Implemented by the PCIC in partnership with the National Irrigation Administration (NIA), the program provides rice crop protection insurance and incentives to marginalized farmers as a way to encourage farmers to plant from August to September, in support of the DA's food staples self-sufficiency effort. In 2014, 1,709 farmers were provided insurance policies.

Weather-Adverse Rice Areas (WARA) Insurance Program

WARA is a subsidized crop insurance program provided to DA-identified rice farmers planting in weather-adverse rice areas to proactively cover their losses in cases of weather disturbances and unfavorable changes in agro-climatic condition, particularly excessive rains and flooding. Covered provinces were as follows: Pangasinan, La Union, Ilocos Sur, Ilocos Norte, Abra, Benguet, Mountain Province, Cagayan, Isabela, Quirino, Nueva Vizcaya, Kalinga, Apayao, Ifugao, Bataan, Bulacan, Pampanga,



Tarlac, Zambales, Nueva Ecija, Aurora, Quezon, Cavite, Laguna, Batangas, Rizal, Quezon, Occidental Mindoro, Oriental Mindoro, Romblon, Marinduque, Palawan, Antique, Aklan, Iloilo, Negros Occidental, Guimaras, Capiz, Leyte, Southern Leyte, Biliran, Western Samar, Northern Samar, Eastern Samar, Zamboanga Del Sur, Zamboanga Sibugay, Zamboanga Del Norte, Zamboanga City, Misamis Occidental, Agusan Del Norte, Agusan Del Sur, Misamis Oriental, Surigao Del Norte, Surigao Del Sur, Dinagat Islands, Bukidnon, Camiguin, North Cotabato, Sultan Kudarat, Lanao Del Norte, and Lanao Del Sur. In 2014, the PCIC covered a total of 84,994 farmers under the carry over funds from 2013 and WARA 2014 funds.



PCIC Regional Office XI distributes indemnity checks to WARA recipients of the drought-stricken province of Tantangan, South Cotabato on May 27, 2014.

DAR-APCP and DAR-LANDBANK CAP-PBD

The other programs that contributed to insurance production were the Agrarian Production Credit Program (APCP) and DAR-LandBank Credit Assistance Program for Program Beneficiaries Development (CAP-PBD) Insurance Program. APCP is a five year credit and capacity development program for addressing the credit needs of agrarian reform beneficiaries (ARBs) for various economic projects, such as agricultural crop production, agri-enterprise and livelihood projects. It caters to new ARBs whose organizations are not yet qualified to participate in regular lending programs of LandBank. It also addresses the credit needs of existing ARBs who are not yet borrowing from the formal credit market. CAP-PBD provides credit assistance to non-bank eligible ARB cooperatives and farmers' associations towards capacitating them to become bank-eligible organizations. Interventions include institutional and enterprise development coupled with provision of small loans. Under the special insurance project that supports these programs, PCIC provides full (100%) premium subsidy for the cost of insurance coverage of ARB participating in APCP and CAP-PBD Programs. In 2014, 7,477 ARBs engaged in rice, corn, high value crops, and livestock were assisted under these programs.







In 2014, the PCIC targeted government premium subsidy level at P2.048 Billion. Actual subsidy applied reached P2.436 Billion, reflecting a utilization rate of about 118.96%. The excess subsidy required of P388.209 Million was treated as premium discount sourced from the corporate fund.

Table 2. GOVERNMENT PREMIUM SUBSIDY UTILIZATION

	Government Premium Subsidy/ PCIC Premium Subsidy (Discount)						
Insurance Programs	2014 Target (Php M)	Discount/ Utilized (Php M)	% Utilization	Available Balance			
PCIC Regular	263.771	258.029	97.82	5.742			
DA FSSP	305.347	221.547	72.56	83.800			
RSBSA	1,183.771	1,684.198	142.27	(500.427)			
Yolanda Rehab Program	228.016	220.069	96.51	7.947			
APCP & CAP-PBD	67.000	52.271	78.02	14.729			
Grand-total	2,047.905	2,436.114	118.96	(388.209)			

The utilization of government subsidy by broad classifications of the various PCIC programs in 2014 is summarized as follows:

PCIC Regular Programs

The target PCIC premium discount/subsidy for rice and corn crop insurance programs for the twelve-month period ended December 31, 2014 was P263.771 Million. PCIC premium discount/subsidy utilization reached P258.029 Million or 97.82%.

DA FSSP

The rice crop insurance policies issued for the LBP-DA SikatSaka, NIA Third Cropping, and Weather Adverse Rice Areas programs for the twelve-month period ended December 31, 2014 reached P2.064 Billion amount of cover and utilized P180.717 Million DA-GPS and P40.830 Million PCIC premium discount/subsidy for DA-LBP SikatSaka Rice program. Accomplishment in terms of subsidy application was 72.56%.

RSBSA Insurance Program

The target government premium subsidy (GPS) for RSBSA Agricultural Insurance Program for the twelve-month period ended December 31, 2014 was P1,183.771 Million. While the utilized GPS for the seventy-five (75) DBM-identified provinces was P1.684 Billion or 142.27% of the target.



The insurance policies issued for the Yolanda Rehab Program for the twelve-month period ended December 31, 2014 reached Php 3.235 Billion amount of insurance cover. Utilized was P220.069 Million in PCIC discount/subsidy, reflecting utilization rate of 96.51%.

APCP and CAP-PBD Programs

The insurance policies issued for the APCP and CAP-PBD Programs for the twelve-month period ended December 31, 2014 reached P465.176 Million amount of insurance cover. It required a subsidy worth P52.271 Million in terms of combined PCIC discount. Against the target for the year, subsidy application reached 78.02%.

IV. CLAIMS PAID

The total claims paid to farmers amounted to P738.453 Million, an increase of P199.372 Million, or 36.98%, from the same period in the previous year. Main causes for claims were pests and diseases and natural calamities. This resulted in total damage rate, or the ratio of total claims over total amount of cover, computed at 2.07%, reflecting an increase of 0.38 from the previous year, as well as total loss ratio, or the ratio of claims over premium, computed at 0.27 which is 0.06 less than the previous year.

Table 3. CLAIMS PAID FOR CY 2014

	CLA	IMS PAID (PN	DIFFERENCE INCREASE/DECREASE		
Insurance Programs	DEC 2	014	DEC 2013		%
	Number of Farmers	Indemnity	Indemnity	Amount (PM)	
Rice	68,591	512.545	379.334	133.212	35.12
Corn	16,447	169.233	68.388	100.845	147.46
Rice & Corn Combined	85,038	681.778	447.722	234.057	52.28
HVCC	1,732	31.028	24.169	6.859	28.38
Livestock	484	10.026	16.698	-6.672	-39.96
NCI	365	9.330	43.456	-34.126	-78.53
TIP	232	5.681	7.037	-1.356	-19.27
Fisheries	4	0.610	0	0.610	0
TOTAL	87,855	738.453	539.081	199.372	36.98



Table 4. DAMAGE RATE AND LOSS RATIO

INSURANCE LINES	CLAIMS PAID (PM)	AMOUNT OF COVER	PREMIUM (PM)	FOR THE TWELVE- MONTH PERIOD ENDED DEC. 31, 2014				
				DAMAGE	RATE (%)	LOSS RATIO		
				2013	2014	2013	2014	
Rice	512.545	12,393.904	1,466.683	4.54	4.14	0.39	0.35	
Corn	169.233	3,316.810	655.548	4.46	5.10	0.23	0.26	
Rice & Corn Combined	681.778	15,710.714	2,122.231	4.53	4.34	0.35	0.32	
HVCC	31.028	5,620.944	398.719	0.66	0.55	0.10	0.08	
Livestock	10.026	2,116.845	160.778	3.29	0.47	0.50	0.06	
NCI	9.330	1,597.130	12.113	3.80	0.58	6.99	0.77	
TIP	5.681	10,460.869	29.946	0.04	0.05	0.15	0.19	
Fisheries	0.610	114.133	2.921	0.00	0.53	0.00	0.21	
TOTAL	738.453	35,620.635	2,726.708	1.69	2.07	0.33	0.27	
Increase	0.	38	-0.0	06				



DA Sec. Proceso J. Alcala and PCIC Regional Office XI Regional Manager Bonifacio Pales distribute indemnity checks to SUMIFRU banana farmers affected by Tropical Depression Agaton in Nabunturan, Compostela Valley on March 6, 2014.



PCIC Regional Office V hands over indemnity checks to Typhoon Glenda-affected farmers of Albay and Camarines Sur, Legaspi City on September 10, 2014.



PCIC distributes indemnity checks to the farmer beneficiaries of Cebu Provincial Government Agri-Fisheries Insurance Program in Naga City, Cebu on October 23, 2014 with Cebu Governor Hilario Davide III.



PCIC Regional Office II awards indemnity checks to farmers affected by Typhoons Luis and Mario in Tuguegarao City on October 8, 2014.

Data on the rice and corn claims show that the total damage rate stood at 4.34%. Natural calamities accounted for a damage rate of 2.51% while damage rate traced to pests and diseases accounted for 1.83%.



Table 5. REASONS FOR INCREASE/(DECREASE) OF CLAIMS PAID (by Cause of Claims Filed Under Rice and Corn Insurance Programs)

		CLAIMS	S PAID		REASONS FOR INCREASE/REMARKS		
Cause of Loss		Dec. 2013	Increase/(Decrease)				
500.00 31 2000	Dec. 2014		Amount PM	%	59.53% Increased Production in 2014 vs. 2013		
					Certain claims due to typhoon Yolanda on November 8, 2013 in Regions VI, VII & VIII were paid in 2014.		
Typhoon/Flood	phoon/Flood 302.147 265.335 36.812	36.812	312 13.87	Losses caused by flooding due to occurrence of heavy rainfall in Region III, and typhoons Agaton, Basyang, Caloy, Glenda, Luis, Mario, & Queenie, Ruby & Seniang in Luzon, Visayas and Mindanao regions.			
Drought	92.119	46.264	45.855	99.12	Occurrence of drought in Regions II, IV, VII & X.		
					Increased rat infestation due to rat migration from flooded areas.		
Pests & Diseases	287.514	136.123	151.391	111.22	Prevalence of stemborer infestation in Regions III-A, IV, VIII & IX.		
				Stalk rot incidence in Regions IX & X.			
TOTAL	681.780	447.722	234.058	52.28			

V. STATEMENT OF UNDERWRITING PROFIT

The underwriting profit-net of PCIC premium discount for twelve-month period ended December 31, 2014 amounted to P916.629 Million.

Table 6. UNDERWRITING PROFIT

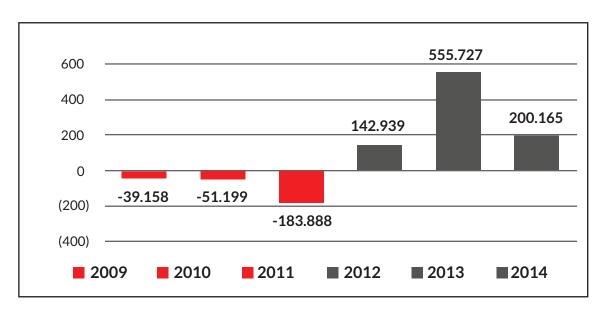
		Difference				
PARTICULARS		Increase/(Decrease)				
	Dec. 2014	% To Total Dec. 2013		% To Total	Amount (PM)	%
Premium Income	2,726.708	100.00	1,611.143	100.00	1,115.565	69.24
Less: Claims Paid	738.453	27.08	539.081	33.46	199.372	36.98
Underwriting Profit before PCIC Premium Discount	1,988.255	72.92	1,072.062	66.54	916.193	85.46
Less: PCIC Premium Discount	1,071.626		61.181		1,010.445	1,651.57
Underwriting Profit - Net of PCIC Premium Discount	916.629	33.62	1,010.880	62.74	(94.252)	(9.32)





VI. RESULTS OF FINANCIAL OPERATION

PCIC operations resulted in a profit of P200.165 Million, about 63.98% less than the previous year. Nonetheless, it continued the trend starting in 2012 of positive results in the agency's financial operations. It augurs well for how the agency will face the otherwise daunting challenges ahead in managing the agricultural insurance system that is so sorely needed by the Filipino farmers and fisherfolk.



Graph 2. NET INCOME/(LOSS) FOR CYs 2009-2014 (in Million Pesos)

On top of all these, the PCIC, for the first time after 34 years of existence, remitted a total of P100.083 Million worth of dividends to the National Government. In part, this feat, unprecedented in the PCIC's corporate history, was a result of the year's good spread of risk in utilizing the P1.183 Billion premium subsidy provided by the National Government for the insurance of subsistence farmers and fisherfolk listed in the RSBSA.

In addition to the good spread of risk, the sustained PCIC partnership with cooperatives, farmers' organization and various lending institutions and the free agricultural insurance provided under the DA FSSP and Yolanda Rehabilitation Program were contributory factors to the exceptional operational outcomes.

VII. SUPPORT TO OPERATIONS

Board Actions

PCIC'S participation and corresponding actions in the various special insurance programs were enabled by certain PCIC Board decisions, as follows:

- Board Resolution No. 2014-059. The resolution supplemented PCIC Board Resolution No. 2013-047 and provided for the continued provision of 50% premium discount on palay and corn insurance programs by allocating some P183.771 Million;
- Board Resolution No. 2014-028 which authorized free agricultural insurance program for ARBs who availed themselves of credit and other services under the Agrarian Production Credit Program







- Board Resolution No. 2014-013, issued on February 28, 2014, authorized free agricultural insurance for Typhoon Yolanda-affected areas, specifically Region VI and Region VII, which were allocated P30 Million and P50 Million, respectively;
- Board Resolution No. 2014-060 allocated an additional P100 Million for free insurance to farmers and fisherfolk affected by Typhoon Yolanda in PCIC Region VIII;
- Board Resolution No. 2014-025 issued on April 24, 2014 expanded assistance to Typhoon Yolanda affected areas, specifically to PCIC Region VII which was allocated P8.016 Million; and
- Board Resolution No. 2014-042 and Board Resolution No. 2014-071 which approved the additional allocation of a total of P40 Million premium subsidy for free insurance of farmers and fisherfolk in municipalities located in northern part of Cebu province affected by Typhoon Yolanda.

Product Enhancements

In its continuing effort to improve its insurance products and services toward making them more responsive to the capacities and needs of its stakeholders, the PCIC continuously reviews its products' features and designs and make adjustments or enhancements accordingly. In 2014, the following changes and improvements were introduced:

- The loss cap for rice black bug infestation under non-epidemic occurrence was increased from 10% to 25% under the Rice Crop Insurance Program;
- Tornado was included as one of the perils covered in the Rice, Corn and High Value Crop Insurance Programs;
- Insurable age for horse-draft/working was lowered to one (1) year from the previous policy of three (3) years;
- A 0.07% discounted premium rate (without commissions and incentives) was provided for ADSS of all LGUs providing premium subsidy for subsistence farmers and fisherfolk;
- Indemnity factor for Rice and Corn Crop Insurance Programs was revised and increased;
- The cover ceiling for rice crop insurance for inbred and hybrid rice varieties commercial production under the DA SikatSaka shall be ₱50,000 per hectare;
- Claims settlement and related underwriting procedures under PCIC Manual of Operations for Rice and Corn Crop Insurance were amended and improved;
- The number of days required on the submission of Notice of Loss (NOL) for natural calamities was raised from 10 calendar days to 20 calendar days from occurrence of loss and before the insured crop is harvested;
- The number of days required on the submission of NOL for drought, pests and diseases was reduced from 20 calendar days to 10 calendar days from occurrence of loss and before the insured crop is harvested; and
- A Special Livestock Commercial Mortality Insurance Cover for broiler and layer was instituted.





Organizational Structure Adjustments

To ensure broader reach of its products and services, and speed up assistance to its stakeholders, the PCIC has established 27 extension offices in the various regions. Their regional distribution and locations are as follows:

Table 7. PCIC EXTENSION OFFICES

PCIC REGIONAL	PROVINCE	LOCATION
OFFICE		ESC/IIISI1
1	Ilocos Sur	Brgy. 2, Bantay, Ilocos Sur
_	Abra	Transferred to Bantay, Ilocos Sur
	Apayao	NIA-WAAIS, Libertad, Abulug, Cagayan
	Kalinga	OPA Bulanao, Tabuk City, Kalinga
2	Isabela	a) NIA District Office, Batal, Santiago, Isabelab) NIA District Office, San Manuel, Isabela
	Nueva Vizcaya	Office of the Provincial Agriculturist, Bayombong, Nueva Vizcaya
	Cagayan	NIA MPIS Bulala, Camalaniugan, Cagayan
3A	Baler, Aurora	2nd Floor Aurora Bank Bldg., Baler, Aurora
4	Odiongan, Romblon	DAR Provincial Office, Odiongan, Romblon
5	Tugbo, Masbate	Alerta Building, Tugbo, Masbate
	Aklan	Poblacion Banga, Kalibo, Aklan
6	Capiz	Bilbao St., Roxas City, Capiz
	Negros Occidental	ACP Handumanan Bldg., Corner Burgos St. and San Juan St., Bacolod City, Negros Occidental
	Bohol	PAO Building, Tagbilaran City, Bohol
7	Cebu	Dalaguete Extension Office, ATI-DFFTC Bldg., Fr. Sarmiento St., Poblacion, Dalaguete, Cebu
,	Cebu	Bantayan Island Extension Office, Old Agriculture Office Building, PoblacionBantayan, Cebu
	Siquijor	Siquijor Extension Office, PAO Building, Helen, Larena, Siquijor
	Leyte	PEO Ormoc, Devaras Compound, Sesame St., Brgy. Cogon, Ormoc City
	Biliran	PEO Biliran, OPAS Naval, Brgy. Calumpang, Naval, Biliran
0	Southern Leyte	PEO Sogod, Benita Faelnar Circumferential Road, Brgy. Zone 5, Sogod, Southern Leyte
8	Eastern Samar	PEO Borongan, OPAS Borongan, Brgy. Alangalang, Borongan City
	Northern Samar	PEO Catarman, Provincial Agriculturist Office, Dalakit, Catarman, Northern Samar
	Western Samar	PEO Catbalogan, OPAS Catbalogan, Brgy. Guindapunan, Catbalogan, Samar
9	Dipolog City	DA RFO Satellite Office, ECOPARK, Upper Torno, Dipolog City
10	Butuan City	2nd Floor, RALPT Bldg., Langihan Road, Butuan City
11	Davao Del Norte	RABE Subdivision, Tagum, Davao del Norte
12	Sultan Kudarat	DA-OMA LGU Lebak, Poblacion Lebak, Sultan Kudarat





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PCIC Regional Office XI Extension Office in Tagum City



Maintenance of Partnerships and Networks

The PCIC continued to maintain business linkages with institutions and sectors that help it broaden the reach of its products and services among the farmers, fisherfolk and their allied workers in the government and private sector. These links and partners include lending institutions, cooperatives, farmers' organizations, LGUs, national government agencies and research institutions.



• LGU: Cebu Provincial Government;



PCIC signs a Memorandum of Agreement with Cebu Provincial Government on October 1, 2014.

 Cooperatives and Irrigators Associations: Abuyog St. Francis Xavier Credit Cooperative, Basak-Layog Agricultural Multi-Purpose Cooperative and Fatima Multi-Purpose Cooperative, and CCT (Center for Community Transformation) Credit Cooperative;



PCIC signs a Memorandum of Agreement with Region VIII Cooperatives in Tacloban City on December 3, 2014.

 Private enterprise: Quezon City-based Social Enterprise Development Partnerships, Inc. (SEDPI) which has agreed to act as underwriter, and CAL's Poultry Supply Corporation in Iloilo City; and



PCIC signs MOA with CAL's Poultry Supply Corporation in Iloilo City on November 6, 2014.

NGAs: ADSS coverage of regional, provincial and municipal agricultural and fishery council (AFC) members of the National Agricultural and Fishery Council (NAFC, now PCAF or Philippine Council for Agriculture and Fisheries); DA Regional Field Units III, IIIA, V, VII, X, XII for delivery of premium subsidy; and People's Credit and Finance Corporation (PCFC) for underwriting arrangements and insurance coverage of loans.

The PCIC has likewise signed an agreement with the Philippine Institute for Development Studies (PIDS), a government think-tank connected with the National Economic and Development Authority (NEDA) for the conduct of various policy studies and impact assessments of various aspects of PCIC operation.

VIII. WIBI PILOT-TESTING

In addition, the PCIC has continued its pilot-test of the Weather Index-Based Insurance (WIBI) through a project entitled "Scaling-Up Risk Transfer Mechanisms for Climate Vulnerable Agriculture-Based Communities in Mindanao." It is jointly undertaken by the PCIC, DA and the United Nations Development Programme (UNDP). The project aims to reduce poverty by strengthening the resilience of vulnerable agriculture-based rural communities in Mindanao through climate risk transfer mechanisms and productivity enhancement measures. The project was designed to address the two types of climate risk: increasing variability in climate and climate-change induced natural disasters. The strategy is to expand the WIBI on-ground tests that have been conducted by the PCIC with various other bilateral and multilateral aid agencies over the last four years, to at least 2,000 households in Mindanao. The project will likewise introduce, disseminate and strengthen, as case may be, disaster risk capacities at the community level in the project areas.



PCIC and Project Management Office (PMO) of WIBI Mindanao Project hold its 1st TWG Meeting in Quezon City on November 20, 2014.



PCIC and UNDP conduct Annual Planning Workshop and inception Meeting for WIBI Mindanao Project in Mandaluyong City on November 27 to 28, 2014.

IX. GENERAL ADMINISTRATION AND SUPERVISION

In 2014, the PCIC management carried out key steps to continue to strengthen and enhance the capacities of the organization to carry out its mandate.

Strategy Map

In compliance with the requirements of the Governance Commission for Government-Owned and Controlled Corporations (GOCCs), the PCIC crafted its strategy map and formulated its manual of corporate governance. The strategy map details the various objectives of the corporation and their inter-relation toward establishing its institutional value to the stakeholders.





PCIC and GCG sign the Performance Agreement for 2015 at GCG Head Office in Makati City on September 1, 2014.

Standardization and Enhancement Processes

The PCIC has started instituting the PCIC Automation of Business System (PABS) - Computerized Check Printing System towards continued improvement of process efficiency in its operations. The Check Processing and Printing System Module is a computer-aided processing and printing of checks for payment of claim indemnities. The module is designed to facilitate fast and accurate processing and printing of checks for approved claims and enable immediate release of payment of claim indemnities to farmers or their assignees.





PCIC Regional Office II launches Automated Check Processing System in Tuguegarao City on October 8, 2014.

The PCIC likewise sustained its effort at standardizing all its processes. Toward this end, it gained ISO recertification on May 6, 2014.



Aiming to continue its effort to build high-performing personnel among its workforces, the PCIC, through its head and regional offices conducted employee training programs year-round in 2014.

• Orientation for Marketing Services Division and Claims Adjustment Division encoders

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PCIC Regional Office III conducts an orientation for Marketing Services Division and Claims Adjustment Division encoders on April 30, 2014.

• Training and workshop seminars for Reserve Corps of Adjusters (RCA)







PCIC Regional Office III conducts training and workshop seminars for Reserve Corps of Adjusters in Bulacan, Pampanga and Tarlac City on May 15, 22 and 29, respectively.





• Gender and Development Seminars





PCIC Regional Office XI conducts Gender and Development Seminar in Sarangani Province on June 10-11, 2014.



- Updates and refresher course on underwriting procedures, April 2014
- Updates and refresher course for claims adjustment and settlement procedures, May 2014
- Supervisory Development Course (SDC), June 2014
- Management and Supervisory Skills for Managers, July 2014
- Seminar on the Procurement of Goods and Services, August 2014
- Accounting Updates and Seminar/Workshop on Gender-Responsiveness Development Planning (GRP) for Visayas and Mindanao Sector, February 19-21, 2014
- Re-orientation Seminar-Workshop on High Value Commercial Crop Insurance Program, September 16, 2014
- Civil Service Commission (CSC) Supervisory Development Course (SDC) Track 1, October 21-24, 2014
- Seminar/Workshop on Gender and Development Planning and Budgeting (GPB) for Visayas and Mindanao Sectors, November 20-21, 2014 and
- Orientation/Re-orientation Course and GAD Sensitivity Training, December 10-12, 2014

X. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Exercising a sense of social responsibility toward the community and the environment, the PCIC conducted CSR activities in the whole country.

• PCIC assisted Typhoon Yolanda-affected UP Tacloban Students who were billeted at the Kalayaan Residence Hall, UP Diliman on January 3, 2014;





- PCIC gave 100% government premium subsidy to Typhoon Yolanda-affected farmers of Regions VI and VIII as per Board Resolution No. 2014-013, February 28, 2014;
- PCIC gave 100% government premium subsidy to Typhoon Yolanda-affected farmers and fisherfolk of Region VII as per Board Resolution No. 2014-025, April 24, 2014; and
- PCIC Head Office and Regional Offices conducted tree planting activities.











Blessing and Inauguration of New Office

PCIC Regional Office (RO) I transfers to a spacious office at the 3rd Floor of S & P Bldg., Nancayasan, Urdaneta City, Pangasinan in February 2014. PCIC President Jovy C. Bernabe and PCIC BOD Chairman Dioscoro A. Granada lead the ribbon cutting ceremony.



Training for Reserve Corps of Adjusters (RCA)



A total of 46 trainees attend the seminar workshop for RCA in September 2014. Part of the workshop is the field visitation and hands-on training on claims adjustment.

Indemnity Check Distribution in Various Provinces of Regions I and CAR



Awarding of indemnity checks amounting to Php1.81M to ninety-six (96) Agrarian Reform Beneficiaries (ARBs) squash farmers in Umingan, Pangasinan whose crops were damaged by Typhoon Maring.



P0.648M worth of indemnity payment for ARBs from various municipalities of Benguet whose crops were damaged by Typhoon Odette.



Distribution of P0.465M indemnity payment for the damaged high value crops of ARBs in various municipalities of Mt. Province.



Check distribution in Santa, Ilocos Sur amounting to P 1.683M to ARBs whose rice and corn crops were damaged by Typhoon Maring and drought, respectively.



Awarding of indemnity checks in Mangatarem, Pangasinan amounting to P5.911M for ARBs whose crops were damaged by Typhoon Maring.

Launching of RSBSA in Various Provinces







Lagawe, Ifugao

Luna, Apayao

Santiago City, Isabela

Indemnity Check Distribution





PCIC RO II pays a total of P92.753M to 11,961 farmer-claimants under various insurance programs of PCIC, indicating an increase of 35.64% on amount of indemnity and 25.40% increase in number of paid farmer beneficiaries compared to previous year.

Implementation of PHILCCAP-WIBCI



Peñablanca, Cagayan



ye Pr

Tuguegarao City, Cagayan

Launching of the PhilCCAP-WIBCI insurance product on May 22, 2014 after almost three years of pilot-testing in Cagayan Province.

Expansion of Networks





Partnership with cooperatives and new ASKI branches

Information Caravan





Information caravan for farmers and fisherfolk in areas covered by the regional office.

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Orientation on Agricultural Insurance Programs for Farmers and Fisherfolk Listed in the RSBSA



RSBSA Agricultural Insurance Program briefing in the province of Bataan among the Municipal Agriculturists, Agricultural Technologists and Office of the Provincial Agriculturist (OPA) staff with Provincial Agriculturist Imelda Inieto on August 28, 2014 in Balanga City, Bataan.



A briefing on RSBSA Agricultural Insurance Program for the Municipal Agriculturists, Agricultural Technologists and Office of the Provincial Agriculturist (OPA) staff with Bulacan Provincial Agriculturist Ma. Gloria Carrillo on August 22, 2014 in Malolos City, Bulacan.

Tree Planting in Bagac, Bataan



As part of Corporate Social Responsibility, PCIC RO III officers and staff plant along the provincial highway of Brgy. Banawang, Bagac, Bataan on June 26, 2014.

Continued Partnership with LBP Lending Centers



Regional Managers of PCIC ROs III and III-A and Department Managers of Bataan/Zambales, Bulacan, Pampanga and Tarlac Lending Centers hold a dialogue on August 20, 2014 in the City of San Fernando, Pampanga to update each other on their accomplishments and new programs.

Participation in Kabisig Trade Fair at SM City Clark, Angeles City, Pampanga





Kabisig Trade Fair held at the SM City Clark in Angeles City, Pampanga on October 28-31, 2014. Various government agencies participate in the trade fair to discuss their mandates and programs and to showcase government programs and projects.

Region 3A

Extensive Info-Dissemination and Marketing Campaigns



PCIC RO III-A Regional Manager Melba P. Manalo explains special programs to members of Rural Banks and other NGOs.



MSD OIC Mario G. Lumibao meets with farmer-borrowers of Tulay Sa Pag-unlad Inc. (TSPI) Cabanatuan to discuss agricultural insurance programs.

Indemnity Distribution



Farmer-beneficiaries show off their indemnity checks.

- Claims payment for the year amounted to P39.551 Million for 5,118 farmer-beneficiaries.
- The RO insured 42,418 farmers with an amount of cover of P1.952 Billion and P164.73 Million in premium collections.

Farmer-Orientation on AIP-RSBSA Program





Discussion on RSBSA Programs with farmers in various barangays of Talavera, Nueva Ecija



Expansion of Linkages



PCIC RO IV Regional Manager Pablo Rocela signs Memorandum of Agreement (MOA) with New Batong Malake Public Market MPC (NBMPM MPC), Batong Malake, Los Baños, Laguna on January 4, 2014.



MOA signing with Benacorn Corporation in Alaminos, Laguna on June 26, 2014

Indemnity Check Distribution



Distribution of indemnity checks to farmers at the Municipal Hall, General Trias, Cavite on August 20, 2014.

Joint Conferences and Consultative Meetings



Joint PCIC-DAR-LBP Conference on APCP, CAP PBD and Agricultural Fisheries Financing Program at PCIC RO IV on August 28, 2014.



Consultative Meeting with TSPI on various issues and concerns in the implementation of Agricultural Insurance Programs at PCIC RO IV on September 23, 2014.

Conduct of Trainings and Seminars



Reserved Corps of Adjusters (RCAs) trainings in Masbate, Camarines Sur and Sorsogon.



Gender Sensitivity Training in Bacacay, Albay on August 27, 2014.

Information Dissemination in Various Forums and Summits



PCIC RO V Regional Manager Corazon SM. Realubit attends the Naga City Government-sponsored 2014 Agricultural Summit on May 28, 2014.



Conduct of meeting and dialogue with farmers of the 3rd District of Camarines Sur represented by Congresswoman Leni Robredo.

Indemnity Check Distribution



DA Sec. Proceso J. Alcala and PCIC RO V distribute indemnity checks to farmers affected by Typhoon Glenda.

Opening of PCIC Extension Office



PCIC Extension Office (PEO) in Cagba, Tugbo, Masbate City.





Free Agricultural Insurance for Provinces Affected by Typhoon Yolanda





Launching of agricultural insurance programs for subsistence farmers and fisherfolk in provinces affected by Typhoon Yolanda on April 25, 2014.

Indemnity Check Distribution



Distribution of indemnity checks amounting to P2.3 Million to LORRI ARB's Abaca Farmers of Libacao, Aklan under the Agricultural Insurance Program for ARBs on January 15, 2014.

Tree Planting Activity



PCIC RO VI conducts tree planting activity at Nueva Valencia, Guimaras.

WIBCI Product Launching





Launching of the PhilCCAP Feasibility Study on Weather Index Based Crop Insurance (WIBCI) at Dumangas, Iloilo on May 29, 2014

Establishment of PCIC RO VI's Extension Offices







Bacolod Capiz

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PCIC and DA Sec. Proceso J. Alcala's visit Bantayan Island, Cebu



PCIC VP CBAG Antonio S. Uy II and RO VII staff discuss the PCIC agricultural insurance programs to DA Sec. Proceso J. Alcala during his visit in Bantayan Island, Cebu on February 25, 2014.



Training on Crop Insurance Underwriting & Claims Adjustment





Training for Barangay Extension Workers of Asturias, Cebu on insurance underwriting and claims procedures.

Indemnity Check Distributions



Distribution of indemnity checks to Typhoon Yolanda affected farmers and livestock growers of Bogo City, Daanbantayan, Tabogon, San Remegio and Tabuelan in the Province of Cebu on March 13, 2014.



A farmer beneficiary of Cebu Provincial Government's Agri-Fishery Insurance Programs in Asturias, Cebu, receives her indemnity check.

2014 Midyear Operations Review



PCIC RO VII officers and employees participate in the 2014 Midyear Operations Review on May 30 to June 1, 2014.

Claims Adjustment of Damaged Banana Plantation



VP-CBAG Uy II and PCIC RO VII Insurance Adjusters conduct claims adjustment on Banana Plantation damaged by Typhoon Ruby in Carmen, Cebu.

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Indemnity Check Distribution

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Distribution of indemnity checks to farmers affected by Typhoon Yolanda on March 5, 2014.

PCIC RO VIII Regional Manager Dominico S. Digamon hands over claims payment checks for farmers and fisherfolk to DA RFU 8 Asst. Dir. Wilson Cerbito on August 27, 2014.



Opening of PCIC RO VIII Extension Offices



Blessing of PEO in Ormoc City on August 27, 2014

Six (6) Provincial Extension Offices in the following provinces:

- Leyte
- Southern Leyte
- Biliran
- Western Samar
- Eastern Samar
- Northern Samar

Memoranda of Agreement with Cooperatives

Cementing of the Memoranda of Agreement with Abuyog St. Francis Xavier Credit Cooperative (AFFCCO), Basak Layug Agricultural MPC and Fatima MPC on December 3, 2014.









The PCIC RO IX has insured around 66,000 farmers and their families in its 2014 operation, and this was made possible by the National Government's trust in providing PCIC P1.183 Billion worth of premium subsidy for farmers and fisherfolk in the RSBSA.

Indemnity Check Distribution



RSBSA farmer beneficiaries accompanied by their Farmer Leader Bonifacio Corpuz receive their indemnity checks at the PCIC RO IX Office.



PCIC RO IX Regional Manager Luther Romeo C. Salting hands over the indemnity checks to RSBSA-listed farmers of Sergio Osmeña, Zamboanga del Norte whose corn farms were damaged by typhoons Luis & Mario.

Launching of PABS Automated Check Processing and Printing



PCIC RO IX Officers and staff display the four-meter long PABS-generated indemnity checks.



Participation in various farmers' fora and conventions





PCIC RO X attends and participates in different farmers' fora, conventions and other gatherings initiated by PCIC program partners and LGU officials.



PCIC RO X Regional Manager Rosa M. Gatinao and MSD Acting Chief Roy Arthur P. Alamban present the PCIC insurance programs during the Farmers and Fisherfolk Forum in Siargao on June 16, 2014. Also in photo are DA Usec. Bernadette Romulo-Puyat, DA CARAGA RD Edna Mabeza, Surigao del Norte Governor Sol Matugas and PCIC IU Ernesto Chavez.

Indemnity Check Distribution



PCIC SVP Norman R. Cajucom, RO X Regional Manager Rosa M. Gatinao and DAR CARAGA RD Faisar Mambuay present indemnity check to ARB beneficiaries during the 26th CARP Anniversary celebration in Butuan City on June 10, 2014.



Rice farmers of Balingasag, Misamis Oriental with Ms. Ruth Capinpuyan, IU, show off their indemnity checks as payment for crop losses brought about by Tropical Storm "Senyang" on December 29, 2014.

Joint Conference with DA, DAR and LBP Lending Centers





PCIC RO XI, DA, LBP and DAR Regions XI and XII hold a joint conference on the implementation of the Agrarian Production Credit Program (APCP) and Credit Assistance Program for Program Beneficiaries Development (CAP-PBD) on September 4, 2014 at the Training Center of the LBP Regional Office in Bajada, Davao City.

Claims Payment Distribution

Distribution of P55.1 Million claims payment to calamity affected farmers and fisherfolk registering a 189% increase over total indemnity paid in 2013.



Distribution of Indemnity Checks to RSBSA beneficiaries in Lupon, Davao Oriental on November 14, 2014.



Ceremonial distribution of claims payment to farmers of Alabel, Sarangani Province on July 25, 2014.

Information Dissemination and Conduct of Dialogue with Farmers



PCIC RO XI Regional Manager Bonifacio Pales discusses the PCIC agricultural insurance programs during a dialogue with agricultural stakeholders and DA Sec. Proceso J. Alcala.



Information campaign on PCIC agricultural insurance programs with farmers and fisherfolk in various barangays.







Region 12

Orientation on Agricultural Insurance Programs of PCIC

In 2014, PCIC RO XII conducts 147 farmer-briefings featuring its seven product lines through meetings and assemblies, in partnership with NIA, DA XII, DA-LGUs, LBP, ATI, and other line agencies. Through these activities, a total of 2,478 farmers were oriented about PCIC programs.

To maintain the ascent of its insurance production, insure more farmers, and to realize PCIC's corporate vision of serving as a key factor for a vibrant and progressive rural economy in the country, PCIC XII perseveres to persuade more farmers and to widen the area covered by its insurance services.







Farmer-Orientation in Baroy, Lanao del Norte

Claims Payment Distribution in Various Provinces

PCIC RO XII's expansion of insurance services resulted in the upshot in number of claimants. For 2014, a total indemnity of P69.970 Million was paid out to 7,185 farmers, an increase of some 365.64% and 198.88%, respectively, compared to 2013's accomplishment.

Indemnities were handed to farmers through check distribution programs organized by PCIC and the hosting LGUs to manifest their strong partnership and sincere support to the corporation's goal of serving as a pillar for the farmers.



Indemnity Check Distribution in Alamada, Cotabato



Claims Check Distribution in Tacurong City, Sultan Kudarat



Indemnity check distribution at Brgy. Liliongan, Carmen, Cotabato





Claims Check Distribution in LGUs Isulan and Kapatagan of Lanao del Norte

PHILIPPINE CROP INSURANCE CORPORATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2014 (In Philippine Pesos)

	Note	2014	2042
INCLIDANCE DREMILING	Note	2014	2013
INSURANCE PREMIUMS	_	0.540.077.040	4 000 005 740
National Government Share	7	2,519,876,340	1,230,335,743
Farmers & Institutions-Traditional Lines		217,848,838	325,838,831
Farmers & LIs-Term/Life Insurance		32,172,758	31,383,069
Farmers & LIs-Non-Crop Insurance		6,756,522	6,162,195
Farmers & LIs-Livestock Insurance		13,377,583	11,572,625
Farmers & LIs-High Value Crops		21,862,660	1,426,886
Farmers & LIs-Fisheries		1,374,617	1,217,033
Total		2,813,269,318	1,607,936,382
Add/(Deduct) Premium Reserve		(410,494,497)	(251,977,764)
Premium Discounts	9	(1,076,775,014)	(61,181,241)
Premium Refund		(242,273)	(424,488)
NET PREMIUMS		1,325,757,534	1,294,352,889
UNDERWRITING EXPENSE			
Insurance Benefits	8	737,231,499	538,157,990
Reinsurance Premiums Ceded Treaty/Facultative		804,833	11,016,238
Commission Expense		46,769,772	23,048,264
Death Benefits		1,684,534	1,190,000
Honoraria/Incentive to Claims Adjuster		458,904	22,851
Honoraria/Incentive to Agricultural Technician		4,812	243,655
Total Underwriting Expense		786,954,354	573,678,998
NET UNDERWRITING INCOME		538,803,180	720,673,891
OTHER INCOME		42,863,572	37,470,943
GROSS OPERATING INCOME		581,666,752	758,144,834
OPERATING EXPENSES			
Personal Services		125,046,978	107,982,435
Maintenance and Other Operating Expenses		137,304,763	92,95 8,345
Financial Expense		5,988,615	1,476,890
Total Operating Expense		268,340,356	202,417,670
Net Income before Reserve for			
Indemnity Fluctuations		313,326,396	555,727,164
Less: Provisions for Indemnity Fluctuations		113,161,000	-
NET INCOME/(LOSS)		200,165,396	555,727,164

FINANCIAL STATEMENT

PHILIPPINE CROP INSURANCE CORPORATION STATEMENT OF FINANCIAL POSITION

December 31, 2014 (In Philippine Pesos)

	Note	2014	2013
ASSETS			
Current assets			
Cash and cash equivalents		685,678,496	858,845,095
Receivables - current	2	353,311,333	212,100,030
Other current assets		4,037,173	4,041,865
		1,043,027,002	1,074,986,990
Non-current assets			
Receivables - non-current, net	3	327,991,417	332,737,541
Financial investments held-to-maturity	4	1,764,529,053	836,490,968
Property and equipment, net		53,614,960	27,280,517
Other Assets		16,280	9,974
		2,146,151,710	1,196,519,000
TOTAL ASSETS		3,189,178,712	2,271,505,990
LIABILITIES			
Current liabilities	_		
Accounts payable	5	357,132,688	241,911,798
Inter-agency payable		4,907,035	2,803,287
Other current liabilities		807,917	959,253
		362,847,640	245,674,338
Nicos como de Pala Pro-			
Non-current liabilities			
Due to other national government	6	68,061,488	105 020 202
agencies Due to other funds	0		185,829,293
		865,323	1,541,448
Deferred credits		354,899,108	77,775,769
Reserve for unearned premium		770,134,064	337,737,014
		1,193,959,983	602,883,524
TOTAL LIABILITIES		1,556,807,623	848,557,862
EQUITY		1,632,371,089	1,422,948,128
TOTAL LIABILITIES AND EQUITY		3,189,178,712	2,271,505,990

PHILIPPINE CROP INSURANCE CORPORATION NOTES TO FINANCIAL STATEMENTS (All amounts in Philippine Peso 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, 2014 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

This account consists of the following:

	2014	2013
Premium receivable a/	342,502,850	203,502,907
Interest receivable-bonds	6,551,008	5,213,636
Due from other funds - Special Revolving Trust Fund (SRTF)	4,257,475	3,383,487
Total	353,311,333	212,100,030

a/ Premium receivable due from:

	2014	2013
National Government	233,446,927	200,848,204
Lending institutions	2,259,201	2,117,723
Other Lines	106,777,366	289,388
Farmers	19,356	247,592
Total	342,502,850	203,502,907

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:

	2014	2013
Premium receivable-arrearages National Government (NG)	315,664,677	315,664,677
Other receivables	19,071,672	19,025,373
Less: Allowance for doubtful accounts	6,744,932	1,952,509
	12,326,740	17,072,864
	327,991,417	332,737,541

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:

	2014	2013
Receivables/disallowances/charges	11,691,819	11,605,227
Pool of livestock insurers	367,620	367,620
Due from officers and employees	151,230	151,802
Advances to officers and employees	75,168	41,130
Others	6,785,835	6,859,594
	19,071,672	19,025,373

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

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

This account represents investments in the following:

	2014	2013
Investment in Bonds -LBP	1,512,519,401	484,375,268
Investment in Bonds -BTr	249,893,952	150,000,000
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	173,200
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
Investment in Lower Tier 2 Subordinated Notes from LBP		200,000,000
	1,764,529,053	836,490,968



NOTES TO FINANCIAL STATEMENT

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

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

P 99,893,952.40- Investment in BTr Bonds with term of 9.16 years at 3.250 per cent interest rate will mature on August 15, 2023

P1,028,144,133- Various Investment in LBP Fixed Treasury Notes

5. ACCOUNTS PAYABLE

This account consists of the following:

	2014	2013
Business lines	195,313,656	132,994,495
Non-business lines	161,819,032	108,917,303
	357,132,688	241,911,798

6. DUE TO OTHER NATIONAL GOVERNMENT AGENCIES (NGAs)

This account consists of the following:

	2014	2013
Commission on Audit (COA)	59,844,012	89,089,682
Agricultural Credit Policy Council-Gintong Ani Program (ACPC-GAP)		76,077,816
Others	8,217,476	20,661,795
	68,061,488	185,829,293

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.

For the year 2014, the approved GPS amounted to Php1,183.771 million representing 100% cost of insurance premium of farmers listed under the Registry System for Basic Sectors in Agriculture (RSBSA).

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NOTES TO FINANCIAL STATEMENT

8. INSURANCE BENEFITS

This represents Losses/Claims paid for the period amounting to P737.231 Million as follows:

Insurance Lines	Regular	High Value	Livestock	Term	Non-Crop	Fisheries
Amount (PM)	648.656	60.217	9.584	6.244	11.808	0.722

9. PREMIUM DISCOUNT

This represents amount of premium discounts granted to assured farmers/lending institutions/Gov't.

	2014	2013
National Government	1,061,535,711	46,564,744
Farmers	14,492,206	14,138,671
Lending Institutions	747,097	477,826
	1,076,775,014	61,181,241

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, 2014, 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 separate 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.

The PCIC will be in-charge in pilot testing the feasibility study of weather index-based crop insurance. As of December 31, 2014, the total expenses incurred in the implementation of the program is P5,711,895, broken down as follows:



NOTES TO FINANCIAL STATEMENT

Particulars	Amount
Agricultural Expenses	2,530,990
Other MOOE	491,974
Professional and Technical Expenses	666,730
Representation	693,006
Materials and Office supplies	344,238
Traveling Expenses	455,411
Other Agricultural supplies	48,000
Depreciation Expense	397,830
Communication and Postage	41,439
Fuel and Lubricants	31,085
Internet Expense	7,613
Delivery Expense	990
Repairs and Maintenance	2,039
Bank Charges	550
Total	5,711,895

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BOARD OF DIRECTORS



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ADMINISTRATIVE DEPARTMENT

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OFFICER-IN-CHARGE - REGION I

MS. EDNA SP. MARALLAG

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MS. MYRNA F. BALINGIT

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REGIONAL MANAGER II - REGION IX

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REGIONAL MANAGER II - REGION X

MR. BONIFACIO V. PALES

REGIONAL MANAGER II - REGION XI

MR. ELIAS S. CATULONG

REGIONAL MANAGER II - REGION XII

DIRECTORY



OFFICE OF THE PRESIDENT Tel. No.: 497-8133 Telefax: 441-0667 op@pcic.gov.ph



OFFICE OF THE SENIOR VICE PRESIDENT Telefax: 441-1324 Email: osvp@pcic.gov.ph



SUPPORT SERVICES GROUP Tel. No.: 441-1320 ssg@pcic.gov.ph



CORPORATE BUSINESS AFFAIRS GROUP Telefax: 441-1324 cbag@pcic.gov.ph



FINANCE DEPARTMENT Tel. No.: 332-8087 acctg@pcic.gov.ph



ADMINISTRATIVE DEPARTMENT Telefax: 441-1325 administrative@pcic.gov.ph

DIRECTORY



Actuarial Research and Product Valuation Department (ARPVD) and Business Development and Marketing Department (BDMD)

Tel No.: 441-1324

arpvd@pcic.gov.ph and marketing@pcic.gov.ph



COMMISSION ON AUDIT Telefax: 441-1327



REGIONAL OFFICE I 3rd Floor, S and P North Bldg., Nancayasan, Urdaneta City., Pangasinan 2428 Telefax: (075) 632-2787 ro1@pcic.gov.ph



REGIONAL OFFICE II 2/F LBP Building, Bagay Road, San Gabriel Village, Tuguegarao City, Cagayan 3500 Phone: (078) 844-1940, Fax: (078) 846-9151 ro2@pcic.gov.ph



REGIONAL OFFICE III 2/F Garcia Building, cor. Villa Corazon, Mc Arthur Highway, San Agustin, City of San Fernando, Pampanga 2000 Telefax: (045) 961-5717 ro3@pcic.gov.ph



REGIONAL OFFICE III-A 2/F CBNE Building, Maharlika Highway, Cabanatuan City 3100 Phone: (044) 600-2080, Fax: (044) 958-9845 ro3a@pcic.gov.ph

DIRECTORY



REGIONAL OFFICE IV 2/F Kristine Business Center, Chipeco St. corner P. Burgos St., Calamba City, Laguna 4207 TeleFax: (049) 545-5943 ro4@pcic.gov.ph



REGIONAL OFFICE V 2/F DBP Bldg., Quezon Avenue, Dinagaan, Legazpi City 4500 Phone: (052) 480-6095, Fax: (052) 480-3567 ro5@pcic.gov.ph



REGIONAL OFFICE VI 2/F Regional Science Laboratory Building, Dept. of Agriculture, Fort San Pedro, Iloilo City 5000 Phone: (033) 333-2650, Fax: (033) 337-1598 ro6@pcic.gov.ph



REGIONAL OFFICE VII
2/F DBP Building, Osmeña Boulevard, Cebu City 6000
Phone: (032) 412-3443
Fax: (032) 253-8686
ro7@pcic.gov.ph



REGIONAL OFFICE VIII
3/F F. Mendoza Realty Complex, 141 Sto. Niño St.,
Tacloban City 6500
Phone: (053) 321-3013, Fax: (053) 523-4104
ro8@pcic.gov.ph



REGIONAL OFFICE IX
Regional Complex, F.S. Pajares Avenue,
Pagadian City 7016
Phone (062) 214-1737, Fax (062) 214-1802
ro9@pcic.gov.ph



REGIONAL OFFICE X 3/F One Montecarlo Building Annex, Corrales-Hayes St., Cagayan de Oro City 9000 Phone: (088) 851-1273, Fax: (088) 857-2983 ro10@pcic.gov.ph



REGIONAL OFFICE XI 2/F SCGCC Building, Alunan Avenue, Koronadal City, South Cotabato 9506 Phone: (083) 228-2556, Fax: (083) 228-3902 ro11@pcic.gov.ph



REGIONAL OFFICE XII
2/F Plaza Madonna Building, NDMC Compound, Quezon
Avenue, Midsayap, North Cotabato 9410
Phone: (064) 521-0817
Fax: (064) 229-8202
ro12@pcic.gov.ph



MANDATE

Presidential Decree No. 1467, as amended by Presidential Decree No. 1733 and Republic Act 8175, tasks the PCIC to provide insurance protection to the country's agricultural producers, particularly the subsistence farmers, against loss of their crop and non-crop agricultural assets on account of natural calamities, such as typhoons, floods, droughts, earthquakes and volcanic eruptions, plant pests and diseases and/or other perils.

MISSION

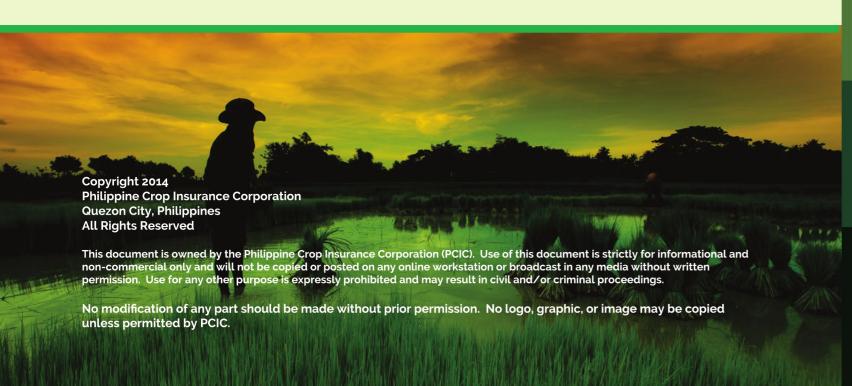
PCIC is an agricultural insurer committed to help stabilize the income of agricultural producers and promote the flow of credit in the countryside by:

- Providing insurance protection to qualified farmers and other agricultural stakeholders against losses of their crops and produce, including their farm machineries and equipment, transport facilities and related infrastructure arising from natural calamities, pests and diseases, and other perils beyond their effective control; and
- Extending innovative and client responsive insurance packages and other services thru people's organizations, including farmers' cooperatives, agricultural lenders and service providers.

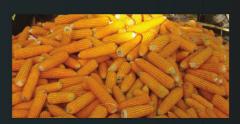
VISION

We envision the Philippine Crop Insurance Corporation as:

- A viable service-oriented government institution attending to every insurance need of subsistence farmers and other agricultural stakeholders with utmost professionalism, integrity and efficiency;
- A corporate body working with a strong network of insurance and agricultural intermediaries in the spirit of partnership and oneness of purpose; and
- A key factor in realization of a vibrant and progressive rural economy where Filipino farmers work with peace of mind under the protective mantle of crop insurance.

















INSURANCE LINES

RICE CROP INSURANCE

An insurance protection extended to farmers against losses in rice crops due to natural calamities as well as plant pests and diseases.

CORN CROP INSURANCE

An insurance protection extended to farmers against losses in corn crops due to natural calamities as well as plant pests and diseases.

HIGH-VALUE CROP INSURANCE

An insurance protection extended to farmers against losses in high-value commercial crops due to natural calamities and other perils such as pests and diseases.

NON-CROP AGRICULTURAL ASSET INSURANCE

An insurance protection extended to farmers against loss of their non-crop agricultural assets like warehouses, rice mills, irrigation facilities and other farm equipment due to perils such as fire and lightning, theft, and earthquake.

LIVESTOCK INSURANCE

An insurance protection for livestock raisers against loss of carabao, cattle, horse, swine, goat, sheep, poultry and game fowls and animals due to accidental death or diseases.

FISHERIES INSURANCE

An insurance protection extended to fish farmer/fisherfolk/growers against losses in unharvested crop or stock in fisheries farms due to natural calamities and fortuitous events.

CREDIT & LIFE TERM INSURANCE PACKAGES

- AGRICULTURAL PRODUCERS PROTECTION PLAN
- LOAN REPAYMENT PROTECTION PLAN
- ACCIDENT AND DISMEMBERMENT SECURITY SCHEME