



Republic of the Philippines  
**Department of Agriculture**  
Office of the Secretary  
Elliptical Road, Diliman, Quezon City

FISHERIES ADMINISTRATIVE)  
ORDER NO. 215 :  
Series of 2001 .....

SUBJECT: Insurance for aquaculture crops/stocks.

Pursuant to Section 54 of R.A. No. 8550, and Rules 54.1 and 54.2 of the Department of Agriculture (DA) Administrative Order No. 3, Series of 1998, the following guideline on the insurance of crops/stocks in fishponds, fish cages, fish pens and other aquaculture projects is hereby promulgated for the information and guidance of all concerned.

**SECTION 1. Scope and Coverage.** – This guideline shall govern the implementation of an insurance program for unharvested crops/stocks in fishponds, fish cages and fish pens including seaweed farms and other aquaculture projects.

**SECTION 2. Definition.** – Unless otherwise specified, the following terms shall be construed as follows:

- a. *Aquaculture Farm.* – refers to areas where fishponds, fish cages, fish pens, hatcheries and other aquaculture projects are located.
- b. *Assured.* – A fish farmer whose stock is covered by crop insurance.
- c. *BFAR* – refers to the Bureau of Fisheries and Aquatic Resources.
- d. *Crops/stocks.* – refers to the fish/fishery aquatic products in fishponds, fishpens, fishcages and other aquaculture projects.
- e. *DA.* – refers to the Department of Agriculture.
- f. *DENR* – refers to the Department of Environment and Natural Resources
- g. *Fish cage.* – An enclosure which is either stationary or floating; made up of nets, or screen sewn or fastened together and installed in the water with an opening at the surface or covered and held in place by a wooden/bamboo posts or various types of anchors and floats.
- h. *Fishpen.* – An artificial enclosure constructed within a body of water for culturing fish and fishery/aquatic resources, made up of poles closely arranged in an enclosure with wooden materials, screen or nylon netting to prevent escape of fish.
- i. *Fishpond.* – A land-based facility enclosed with earthen or stone materials to impound water for growing fish..
- j. *Force majeure.* – An event or effect that cannot be reasonably anticipated or controlled such as typhoon, earthquake, volcanic eruption and other natural disasters.
- k. *Fortuitous events.* – Events or circumstances that happen without intention or premeditation such as accidental fire and similar events.
- l. *Insurance contract.* – An agreement whereby one undertakes in consideration of a premium, to indemnify another against loss, damage or liability arising from risks covered.
- m. *Insurance.* – Protection against loss of stock and/or other eligible properties of assured fish farmers on account of fortuitous events and *force majeure*.
- n. *Natural disasters.* – Any of the following natural calamities: typhoon, flood, drought, earthquake and volcanic eruption.
- o. *PCIC.* – The Philippine Crop Insurance Corporation, a government corporation created and operating under Presidential Decree No. 1467, as amended by Republic Act No. 8175.

- p. *Properties*. – Fishponds, fish cages, fish pens, hatcheries, seaweed farms and other aquaculture projects and post-harvest facilities, including but not limited to ice plants and cold storage.

**SECTION 3. Risks Covered.** – There shall be a Limited Cover against crop/stock loss due to natural disasters and an Extended Cover against loss of crop/stock and other eligible properties due to fortuitous events and *force majeure*/natural calamities.

**SECTION 4. Exclusions.** – The following losses not covered are those arising from:

- a. Insects, mites, pests and diseases;
- b. Intentional destruction/killing whether by order of an official body or otherwise;
- c. Any measure resorted to by the government in the larger interest of the public. Avoidable risks emanating from or due to neglect of the Assured/non-compliance with accepted farm management practices by the Assured or person authorized by him to work and care for the stock;
- d. Malicious or willful act of the Assured or any employee of the Assured;
- e. Theft and robbery, pillage, sequestration, strike or other commotion, war, invasion, acts of foreign enemies, hostilities (with or without declaration of war), civil war, rebellion, revolution, insurrection and military or usurped power;
- f. Ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;
- g. Radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
- h. Oil spill; and
- i. Any cause or risk not specified in Section 3.

**Those occurring:**

- a. Prior to the effectivity of insurance;
- b. Beyond the scheduled dates of harvest; and
- c. After harvest of the crop/stock.

**SECTION 5. Object of Insurance.** – The object of insurance shall be the unharvested crop/stock cultured in the fish farm/aquaculture farm.

**SECTION 6. Amount of Cover.** – For the stocks, the insurance shall cover the cost of production inputs per Farm Plan and Budget plus an additional amount of cover (at the option of the farmer) of up to a maximum of twenty per cent (20%) thereof (2 months after stocking) to cover portion of the value of the expected yield subject to the cover ceiling approved by the PCIC Board.

**SECTION 7. Term of Insurance Coverage.** – For the stock, the insurance coverage shall be from stocking up to harvest.

**SECTION 8. Premium Rate.** – The premium shall be market-rated and shall be borne by the insured. The premium rate shall be determined by the PCIC.

**SECTION 9. Eligibility for Insurance.** – Duly licensed owners/operators of fishponds, fish cages, fish pens and aquaculture farms which culture/produce selected fish species such as milkfish, shrimps, groupers snappers, tilapia, mudcrab, and seaweeds, may qualify for coverage under this program.

**SECTION 10. Policy Conditions**

- a. The Assured shall be either the owner/co-owner/operator of the insured fishfarm/ aquaculture farm, property, facility or a duly recognized fish farmers organization directly or indirectly in custody of and actively involved in the management of such fish farm/aquaculture farms, property, facility but should such fishfarm/property/facility cease to be in the custody of the Assured or part with any interest in it whatsoever, whether temporarily or permanently, the insurance for the fishfarm/aquaculture farm, property or facility shall terminate automatically.
- b. The Assured shall at all times exercise all reasonable care and precaution for protection of his stock/property/facility; follow proven package of technology, comply with the Code of Practice for Aquaculture promulgated by DA/BFAR and provide the same care and attention as if no insurance had been in effect.
- c. The Assured shall permit the authorized representatives of PCIC at all times to inspect the insured fish farm property and facility; furnish any information which may be required and comply with all requirements applicable to the concerned industry under the rules and regulations stipulated by the Department of Agriculture and the Department of Environment and Natural Resources, municipal, provincial or other concerned authorities.
- d. In the event of any peril affecting the stocks, the Assured shall take all reasonable steps to minimize the loss and to safeguard the fishfarm/aquaculture farm/property/facility from further loss or damage and to maintain it in efficient condition. Also, the Assured shall forthwith send a notice of loss to PCIC within two (2) days from the occurrence of loss.
- e. The insurance policy shall be void and all premiums paid shall be forfeited to PCIC in the event of misrepresentation, improper description or non-disclosure of any material facts.
- f. If any claim shall be in any respect fraudulent or if any deceitful means or devices are used by the Assured or by anyone acting on his behalf to obtain benefit from the policy, all benefits under the policy shall be forfeited.

**SECTION 11. Assignment of Insurance.** – Insurance may be assigned as follows:

- a. For borrowing fish farmers/growers, the insurance policies may be assigned to the lending institution/lending conduit (LI/LC) where the loans are obtained to the extent of the ratable proportion of the loan to the total amount of cover.
- b. In the case of member borrowers of Fish Farmers Organization (FFO)/NGOs proceeds of indemnity may be assigned to the LI/LC where said FFOs/NGOs obtained their production loans, which were relented to their members, also, the extent of the ratable proportion of the loan to the total amount of cover.
- c. In all cases, i.e., for borrowing and self-financed fish farmers/growers, the assignment of the policy shall require the prior consent of PCIC, provided, that in no case shall the assignee be an employee of PCIC and/or an employee of BFAR or the spouse or relative within the second degree of the said employee.

**SECTION 12. Supplementary Provisions.** – Supplemental guidelines, manuals or amendments to effect smooth implementation of this insurance program shall be issued by PCIC on as needed basis and whenever necessary. To operationalize this, a Fisheries Insurance Management Committee (FIMC) shall be created to be composed of BFAR and PCIC, which shall be authorized among others to call on other concerned sectors, agencies and institutions on matters pertaining to the program. To this effect, a Memorandum of Agreement (MOA) shall be executed between BFAR and PCIC defining the roles and responsibilities of both parties including the functions and authorities of the FIMC in the utilization of funds under Section 14.


**SECTION 13. Transitory Provisions.** – Pending the completion of the Fisheries Insurance Guidelines, all provisions of this Order shall be subject to amendment or revisions based on the supplemental guidelines as agreed by the FIMC. All revisions shall be circulated to all concerned.

**SECTION 14. Operating Funds.** – For this Order to be fully implemented, the DA shall allocate and release to BFAR an initial operating fund of P50 Million within sixty (60) days upon signing of the MOA to be executed by BFAR and PCIC. Subsequently, BFAR shall include in its annual budget at least P30 Million to sustain the program that may be increased as needed by the program. This Fund shall be administered by PCIC to cover the operation of the Program including the expenses of FIMC subject to accounting and auditing rules and regulations.

**SECTION 15. Pilot Projects.** – The Program shall be implemented nationwide to initially pilot test three (3) areas: Luzon, Visayas and Mindanao. For this purpose, the type and site of the project shall be determined by FIMC.

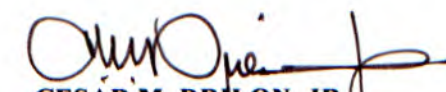
**SEC. 16. Effectivity.** – This order shall take effect fifteen (15) days after its publication in the Official Gazette and/or in two (2) newspapers of general circulation and fifteen (15) days after its registration with the Office of the National Administrative Register.

ISSUED this 17<sup>th</sup> day of September, 2001 at Quezon City, Metropolitan Manila, Philippines.

  
LEONARDO Q. MONTEMAYOR  
Secretary

Recommended by:

  
MALCOLM I. SARMIENTO, JR.  
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