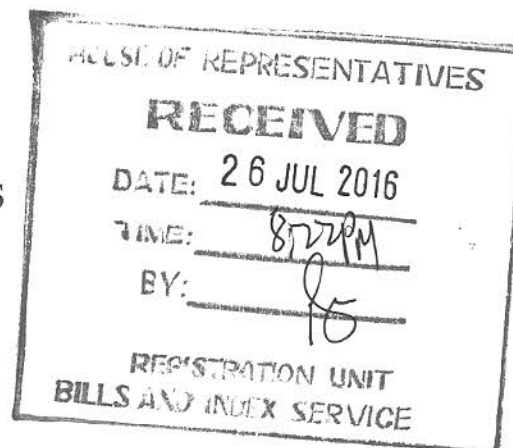


REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 1989



INTRODUCED BY HONORABLE RANDOLPH S. TING

EXPLANATORY NOTE


This bill seeks to require the insurance of all government properties with the General Insurance Fund, amending for the purpose Republic Act (RA) No. 656, as amended, otherwise known as the "*Property Insurance Law*."

The Property Insurance Law, as amended by Presidential Decree No. 245, established the General Insurance Fund which is administered by the Government Service Insurance System (GSIS). The law requires the national, provincial, city, and municipal governments, except the municipal governments below first class, to insure their properties with the General Insurance Fund against any insurable risk as provided in Property Insurance Law and to pay the premiums thereon. Under RA 656, as amended, the term "*government*" refers to the national, provincial, city, or municipal government, agency, commission, board or enterprises owned or controlled by the government. However, the law makes it only optional for municipalities below first class to insure their properties subject to the rules and regulations issued by the GSIS.

Every year, at least 19 typhoons enter the Philippine area of responsibility and several of these typhoons are destructive. Recent experiences have shown us the importance of having our government properties insured. When *Typhoon Yolanda* struck our country in November 2013, many government infrastructure in the path of the typhoon were destroyed. Many of these infrastructure were owned by the different government offices and various municipalities. Unlike agencies of the national government which insured their properties and were indemnified by the GSIS for damages wrought by *Typhoon Yolanda*, many of the damaged properties belong to municipalities below first class which were not insured. Municipal governments have appealed for financial assistance not only to address the impact of the disaster to their constituents but also to be able to repair or rebuild damaged government properties in their jurisdiction.

Local government units (LGUs), particularly the municipalities, have to rely on appropriations from the national government, financial assistance from donors, and their already stretched budgets to be able to finance the repair, rehabilitation, or re-construction of their damaged properties. This common experience of municipalities of suffering the brunt of several typhoons and other disasters, whether natural or human-induced, makes it imperative for municipalities below first class to insure their respective properties. It is to their best interest if their properties are insured rather than be exposed to the risk of non-indemnification in case of damage during a disaster.

In view of the foregoing, approval of this bill is earnestly sought.



RANDOLPH S. TING
Representative
3rd District of Cagayan

“Section 5. Every government[, except a municipal government below first class,] is hereby required to insure its properties, with the Fund against any insurable risk herein provided and pay the premiums thereon, which, however, shall not exceed the premiums charged by private insurance companies: *Provided, however,* That the System reserves the right to disapprove the whole or a portion of the amount of insurance applied for: *Provided, further,* That such property or part thereof as may not be insurable or acceptable for insurance may be insured with any private insurance company. [A municipal government below first class may upon

1 application insure its properties in the Fund under such rules and
2 regulations as the System may prescribe.]”

3 SEC. 2. Within ninety (90) days from the approval of this Act, the
4 Government Service Insurance System, as the administrator of the General
5 Insurance Fund established pursuant to the *Property Insurance Law*, as amended,
6 shall promulgate the necessary rules and regulations for the effective
7 implementation of this Act.

8 SEC. 3. This Act shall take effect fifteen (15) days after its publication in the
9 *Official Gazette* or in a newspaper of general circulation.

10 Approved,