

LOAN REPAYMENT PROTECTION PLAN

Loan Repayment Protection Plan (LRP²) is an insurance protection for agricultural producers, fisherfolk and other agricultural stakeholders that guarantees the payment of the face value or the amount of the released agricultural loans or agri-related microfinance or livelihood loans upon the death or total permanent disability of the insured borrower.

I. ELIGIBILITY

Any individual or group of borrowers whose age ranges from eighteen (18) to eighty (80) years old who availed of agricultural loans.

II. PERIOD OF INSURANCE COVERAGE

- **Duration** – Maximum of one (1) year or less than a year, as the term of the loan specifies.
- **Commencement** – Date of initial loan release or the approval of application by PCIC whichever is later.
- **Termination** – Will terminate on whichever is earliest of the following dates:
 1. Full payment of the loan;
 2. Maturity of the loan;
 3. Expiry of the policy; or
 4. Default of premium payment (For staggered payment, default is reckoned ten (10) days after the premium amortization due date).

III. COVERED RISKS

Death or total and permanent disability of the insured resulting from:

- Accident;
- Natural Causes; and
- Murder or assault

IV. PRINCIPAL SUM AND PREMIUM

The amount of insurance is equal to the amount of the approved loan of the borrower or the full amount of the loan including legitimate interest thereof, subject to the following limits:

| Limit of Amount of Insured Loan, Required Documents and Approving Authority | | |
|---|---|--------------------------|
| Loan Limit (Php) | Required Documents | PCIC Approving Authority |
| ≤ 300,000 (Non-medical limit) | • Application and Health Statement | Regional Office |
| > 300,000 to 500,000 | • Application and Health Statement • Medical Certificate | Regional Office |
| > 500,000 | | Head Office |

Notes:

1. Medical certificate must be from a licensed medical practitioner/physician.
2. Non-compliance with the required medical examination shall automatically limit the sum insured to the non-medical limit as stated above.

| Premium Rate and Premium Discount as % of Approved Loan/Sum Insured | | | |
|---|--------------|------------------------------|---------------|
| Term of Loan (No. of Mos.) | Premium Rate | Discount for Group Coverage | |
| | | No. of Members | Discount |
| ≤ 3 | 0.375 | 15 to 25 26 to 40 > 40 | 5 10 15 |
| 4 | 0.500 | | |
| 5 | 0.625 | | |
| 6 | 0.750 | | |
| 7 | 0.875 | | |
| 8 | 1.000 | | |
| 9 | 1.125 | | |
| 10 | 1.250 | | |
| 11 | 1.375 | | |
| 12 | 1.500 | | |

Notes: Premiums are inclusive of taxes

V. EXCLUDED RISKS

Death or total permanent disability caused by any of the following:

- War, invasion, act of foreign enemy, hostilities or warlike operations, mutiny, terrorism, riot, civil commotion, strike, civil war, rebellion, revolution and insurrection, and atomic fission or radioactive contamination;
- Intentionally self-inflicted injuries, suicide or any attempt thereof, while sane or insane;
- Vehicular accidents while driving under the influence of liquor or prohibited drugs;
- Rendering military and paramilitary services;
- Engagement in hazardous sports or occupation;
- Illegal acts of the insured;
- Engagement in aviation other than as a passenger in a commercial flight;
- Abortion, except when pursued as a medical intervention; and
- Incidents occurring before the effectivity and after the expiry of the insurance coverage as indicated on the Certificate of Cover.

VI. BENEFITS AND LIMITS OF LIABILITY

In case of death or total permanent disability of the insured, PCIC pays the face value of the loan, provided that the said amount is actually released; otherwise, the limit of liability shall be the actual amount released including legitimate interest, if applicable.

VII. BENEFICIARIES

Payment of claim shall be made to the lending institution/cooperative where the loan was obtained. The payment shall be applied to liquidate and settle the outstanding obligation of the insured borrower. Any excess shall be paid by the lending institution/cooperative to the primary beneficiary of the borrower. If the primary beneficiary is rendered ineligible, the secondary beneficiary shall be the recipient. If the beneficiary is a minor, the appointed trustee is the payee.

VIII. APPLICATION OF INSURANCE

- **Where to file** – Lending Institution, Cooperative, PCIC Regional Office (RO), and/or PCIC Extension Office (PEO).
- **When to file** – Before loan release.
- **Documents Required** – Filled-out Application and Health Statement Form, and Medical Certificate, if applicable.

IX. NOTICE OF CLAIM

In case of Total Permanent Disability

The lending/institution/cooperative/underwriting agent, the immediate member of his family, or the insured himself, as the case may be, shall file a notice of claim (NC) in writing to the PCIC RO or PEO not later than forty five (45) calendar days from the time of total permanent disability.

In case of Death

The lending institution/cooperative/underwriting agent or the immediate member of his family shall file a notice of claim (NC) in writing to the PCIC RO or PEO not later than forty five (45) calendar days from the time of death.

X. SUBMISSION OF CLAIM DOCUMENT

Within ninety (90) calendar days from the death or total permanent disability of the insured, the following claim documents should be submitted:

In case of Death

- a. Death Certificate duly signed & sealed by the Local Civil Registrar;
- b. Birth Certificate or any legally valid proof of age of the deceased borrower;
- c. Claimant Statement Form to be accomplished by the Manager of the concerned lending institution/cooperative;
- d. Medical Certificate;
- e. Police report, if the cause of death is by accident or by violent means; and
- f. Other documents such as sworn affidavit of two (2) disinterested persons as may be required by PCIC.

In case of Total Permanent Disability

- a. Medical Certificate by the attending physician and certified machine copy of complete medical/ hospital records;
- b. Claimant Statement Form to be accomplished by the Manager of the concerned lending institution/ cooperative;
- c. Police report, if the cause of disability is by accident or by violent means; and
- d. Other documents as may be required by PCIC

A claim shall be settled not later than thirty (30) calendar days from the submission of complete claim documents to the PCIC RO, PEO or accredited underwriting agent.

XI. MISCELLANEOUS PROVISIONS

Disappearance

Disappearance per se of the insured is not compensable. However, if death of the insured alleged to have disappeared is proven or established later to have occurred during the term of cover, the claim maybe given due course.

Voidance & Cancellation Clause

The policy shall be voided and cancelled by the PCIC upon occurrence of any of the following during the effectivity of the policy, and after notice thereof to the insured/lending institution/cooperative:

- a. Conviction of a crime, thus, increasing the hazard insured against;
- b. Discovery of fraud or material misrepresentation; and
- c. Discovery of willful, reckless acts or omissions that increase the hazard insured against.

In case of cancellation, the insured is not entitled to any premium refund for the unexpired term.

Civil Code 1250 Waiver Clause

It is hereby declared and agreed that the provision of Article 1250 of the Civil Code of the Philippines (Republic Act No. 386) which reads "In case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment...." shall not apply in determining the extent of liability under the provisions of this policy.

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"Sa Paglaban sa Kahirapan at Gutom,
Crop Insurance, Katulong sa Pagbangon."



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