

EIGHTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 6034

EXPLANATORY NOTE

On 14 November 1936, the Government Service Insurance System (GSIS) was created by virtue of Commonwealth Act (C.A.) No. 186 to ensure that government employees who devoted their lives to public service are taken care of upon retirement and amply protected in case of contingency or disability. To pursue this mandate, the GSIS Charter was amended by Presidential Decree (P.D.) No. 1146, Republic Act (R.A.) No. 660, R.A. No. 1616, and most recently, by R.A. No. 8291 (Revised GSIS Act of 1997).

This bill aims to introduce amendments to R.A. No. 8291 in order develop and promote the GSIS as a premier social insurance institution providing adequate and excellent social insurance benefits and non-life insurance needs to members, pensioners and stakeholders, ensure the adoption of policies that are beneficial to them and preserve and sustain the financial viability and actuarial solvency of the GSIS Fund.

As of 01 October 2019, there are 1,843,183 active members of the GSIS and 486,569 active pensioners who consist of 353,193 old age and 133,376 survivorship pensioners.

Government employees depend greatly on the GSIS' established processes in providing pension, life insurance, disability, employees' compensation, burial benefits, survivorship benefits and available loans to mitigate the effect of certain contingencies. In order for the State to safeguard public servants from the socio-economic impacts of old age, death, loss of job and disability, it is essential to review and amend R.A. No. 8291.

This bill introduces amendments to R.A. No. 8291 to make it more responsive to the changing needs of the GSIS, its members, pensioners and stakeholders. It highlights the significance of premium contributions of government employees, and supports their involvement in developing and making policies of the GSIS.

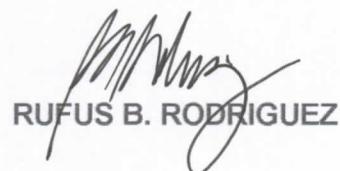
The bill also seeks to strengthen and clarify the corporate powers and authority granted to GSIS under R.A. No. 8291 relative to appointments of personnel, authority to approve GSIS' organizational and administrative structures and staffing patterns, to establish, fix, review, revise and adjust the appropriate compensation package, benefits, reasonable allowances, incentives, bonuses, privileges for the officers and employees of the GSIS, and budget autonomy, among others.

The bill likewise seeks to enhance and expand the reinsurance function of the GSIS by exempting the same from the provisions of R.A. No. 9184 (Government Procurement Reform Act) or any subsequent procurement law to allow foreign reinsurance entities to participate in the reinsurance of government properties and interests without being limited by the rigidity and other inflexible requirements of government procurement law, provided that the contract to be awarded shall be the most advantageous for the GSIS or Government of the Philippines guided by the principles of transparency and competitiveness.

Salient provisions include:

1. Emphasis on periods with paid premiums as basis for the computation of actual benefits payable;
2. Revision of the definition of Average Monthly Compensation (AMC);
3. Revision of the computation of the Basic Monthly Pension (BMP);
4. Clarification and rationalization of the survivorship benefits and eligibility therefor, including the pension of surviving spouse and dependent children, survivorship benefits of members in active service, and survivorship benefits of members not in active service;
5. Institutionalization of a sound and tax exempt social security system responsive to the needs of government employees, pensioners and stakeholders;
6. Enhancement and expansion of the reinsurance functions of the GSIS by exempting the same from the provisions of R.A. No. 9184 (Government Procurement Reform Act) or any subsequent procurement law to allow foreign reinsurance entities to participate in the reinsurance of government properties and interests without being limited by the rigidity and other inflexible requirements of government procurement law, provided that the contract to be awarded shall be the most advantageous for the GSIS or Government of the Philippines guided by the principle of transparency and competitiveness;
7. Exemption from Filing Fees and Government Procurement Law on Reinsurance Contracts;
8. Without need of approval or review by the President of the Philippines or named government agencies or instrumentalities, the GSIS shall continue to have the powers to:
 - a) Adopt or approve its annual and supplemental budget of receipts and expenditures including salaries and allowances of GSIS personnel;
 - b) Approve certain appointments in the GSIS;
 - c) Approve GSIS' organizational and administrative structures and staffing pattern; and
 - d) Exemption from Land Reform Program and other existing or future land and agrarian reform legislations.
9. Revised the composition of the Board of Trustees from eight (8) members to eleven (11) members.
10. All GSIS claims and benefits are now imprescriptible.

In light of the foregoing, the immediate passage of this bill is most earnestly sought.



RUFUS B. RODRIGUEZ

EIGHTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 6034

EXPLANATORY NOTE

THE REVISED CHARTER OF THE
GOVERNMENT SERVICE INSURANCE SYSTEM

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Title. – This Act shall be known as the "Revised GSIS Act."

SEC. 2. Declaration of Policy. – The State shall provide, develop and promote a sound and tax-exempt social security system responsive to the needs of its government employees, pensioners and stakeholders. Accordingly, the State shall review and strengthen policies that advance and protect the welfare of employees in the public sector and ensure their right to participate in policy and decision-making processes affecting their rights and benefits. Toward this end, the State shall:

- (a) Establish a premier and financially viable government social insurance institution providing excellent service to its members, pensioners and other constituents;
- (b) Ensure the adoption of policies beneficial to GSIS members, pensioners and other constituents, toward a responsible, integrated, autonomous, automated and transparent social security system;
- (c) Provide greater representation for members at the highest policy-making level of the GSIS; and
- (d) Preserve and sustain the fiscal stability of the System, financial viability and actuarial solvency of the fund and protect the rights and benefits of members. (n)

A. DEFINITIONS

SEC. 3. Definition of Terms. – Unless the context indicates otherwise, the following terms shall mean:

- (a) Active Member – A member who is not separated from the service.
- (b) Average Monthly Compensation (AMC) – The quotient arrived at after dividing the aggregate compensation received by the member during his/her last thirty-six (36) months of service, with premium payments, preceding his/her separation/retirement/disability/death by thirty-six (36) or by the number of months he/she received such compensation if he/she has less than thirty-six (36) months of periods with premium payments: *Provided*, That for the new entrant and those active members with less than fifteen (15) years with paid premiums in government service at the time of the effectiveness of this Act, the AMC shall be his/her quotient arrived at after dividing the aggregate compensation received by the member during his/her last sixty (60) months of service, with premium payments, preceding his/her separation/retirement/disability/death by sixty (60), or by the number of months he/she received such compensation if he/she has less than sixty (60) months of periods with premium payments. (n)

Provided further, that the AMC in no case exceed the amount and rate as may be respectively set by the Board under the rules and regulations implementing this Act as determined by the actuary of the GSIS.

(c) Benefits – Unless otherwise provided in this Act, Benefits shall refer to those administered by GSIS on behalf of its members, as found under Sections 11 to 34 of this Act, specifically: retirement, separation, unemployment, disability, funeral, survivorship and life insurance.

(d) Board – The Board of Trustees of the GSIS.

(e) Compensation – The basic pay or salary received by an employee, pursuant to his/her election or appointment, excluding per diems, bonuses, overtime pay, honoraria, allowances and any other emoluments received in addition to the basic pay which are not integrated into the basic pay under existing laws.

(f) Current Daily Compensation – For purposes of computing disability benefits, it refers to the actual daily compensation or the actual monthly compensation divided by the number of working days in the month of contingency but not to exceed twenty-two (22) working days.

(g) Disability – Any loss or impairment of the normal functions of the physical and/or mental faculties of a member which reduces or eliminates his/her capacity to continue any gainful occupation.

(h) Employer – The national government, its political subdivisions, branches, agencies or instrumentalities, including, government-owned or controlled corporations with or without original charters, and government financial institutions with original charters, the constitutional commissions and the judiciary.

(i) Employee or Member – Any person, receiving compensation as defined herein while in the service of the employer, whether by election or appointment, irrespective of status of appointment, including barangay and sanggunian officials.

(j) Gainful Occupation – Any productive activity that provides the member with income at least equal to the minimum compensation of government employees.

(k) GSIS – The Government Service Insurance System created by Commonwealth Act (C.A.) No. 186, as amended.

(l) Inactive Member – A member who is separated from the service, either by resignation, retirement, disability, dismissal, or retrenchment.

(m) Legal Heir - Refers to those heirs other than primary and secondary beneficiaries defined under this Act, who are entitled to succession as defined by law. For purposes of claiming benefits under this law, the GSIS shall only consider legal heirs up to 4th civil degree of consanguinity.

(n) New Entrant – refers to new government employees covered by this Act who enters government service after the effectivity of this Act.

(o) Periods with Paid Premiums (PPP) - Refers to the periods of service of a regular member while in government service for which the corresponding compulsory premium contributions were actually paid and remitted to the GSIS.

(p) Pensioner – Any person receiving old-age or permanent total disability pension or any person who has received retirement benefits: Provided, however, that one who is receiving survivorship pension benefits as defined in Sections 29 to 31 of this Act is not a pensioner.

(q) Permanent Partial Disability – Accrues or arises upon the irrevocable loss or impairment of certain portion/s of the physical faculties, despite which the member is able to pursue a gainful occupation.

(r) Permanent Total Disability – Accrues or arises when recovery from the impairment mentioned in Section 3(u) is medically remote.

(s) Primary beneficiaries – The legal dependent spouse until he/she remarries and the dependent children.

(t) Secondary beneficiaries – The dependent parents and legitimate descendants other than the dependent children.

(u) Temporary Total Disability – Accrues or arises when there is impairment of physical and/or mental faculties which can be rehabilitated and/or restored to their normal functions.

(v) Total Assets – As used under this Act, refers to the value of total assets as appearing in the GSIS' statements of financial position.

(w) Total Length of Service – The number of years in government service, regardless of status of employment, with or without premium contributions, to be used in determining the eligibility of a member for retirement under this Act. The term service shall include full-time service with compensation; *Provided*, That part-time and other services with compensation may be included under such rules and regulations as may be prescribed by the GSIS.

B. MEMBERSHIP IN THE GSIS

SEC. 4. Compulsory Membership. – (a) All government personnel, officers and employees, whether elective or appointive, irrespective of status of appointment, provided they are receiving fixed monthly compensation and have not reached the mandatory retirement age of 65 years, are compulsorily covered as members of the GSIS and shall be required to pay contributions;

(b) Contractual and casual employees who have an employee-employer relationship with a government agency are also compulsorily covered;

(c) An employee who is already in the government service and reaches the mandatory retirement age of 65 but whose service has been extended by the Civil Service Commission (CSC) for the purpose of completing the fifteen (15) years of service required under Republic Act (R.A.) No. 8291 to qualify for retirement benefits;

(d) The following are not members of the GSIS:

- (1) Barangay officials and other government officials who are not receiving fixed monthly compensation;
- (2) Personnel who are not receiving fixed monthly compensation and/or do not have monthly regular hours of work;
- (3) Personnel covered by contract of service including consultancy and job order, where no employee-employer relationship exists between the individual and the employer; and

(4) Uniformed personnel of the Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Fire Protection (BFP) and Bureau of Jail Management and Penology (BJMP).

(e) The following, who are covered by separate retirement schemes, are also required to remit regular monthly contributions to the GSIS for their life insurance policies in order to answer for their life insurance benefits defined under this Act:

- (1) Members of the constitutional bodies;
- (2) Members of the judiciary, including those with equivalent ranks;
- (3) Members of the National Prosecution Service;
- (4) Members of the Public Attorney's Office; and
- (5) All others who are or may be subsequently covered by a separate retirement law.

SEC. 5. Optional Membership. – The following shall be given the option to continue their membership in GSIS, even beyond the mandatory retirement age of 65:

(a) An official elected to public office before age 65 but who will reach the mandatory retirement age of 65 during his/her term shall be allowed to continue paying life and retirement premiums until the end of his/her term, including any periods of re-election or election to another public office: *Provided*, That such period/s of re-election or election are continuous;

(b) An official appointed by the President of the Philippines to public office before age 65 for a fixed term and with a fixed monthly compensation, but who will reach the mandatory retirement age of 65 during his/her tenure shall be allowed to continue paying life and retirement premiums until the end of his/her tenure, including any period/s of term extension or re-appointment to another office: *Provided*, That the period/s of extension or re-appointment is/are continuous;

(c) Non-presidential appointees whose services are extended pursuant to special laws such as, but not limited to, R.A. No. 8292 (Higher Education Modernization Act of 1997) and R.A. No. 9500 (University of the Philippines Charter of 2008). The appointee shall be given an option to continue paying premium contributions upon reaching the age of 65 until the end of his/her extended service;

(d) An official or employee who holds a co-terminus or highly confidential position who reaches the age of 65 years, and whose services are considered automatically extended until the expiration of the employee's or official's appointment or until the employee's or official's services are earlier terminated shall be allowed to continue paying life and retirement premiums until the end of his/her tenure; and

(e) An official or employee whose period of government service is extended by appropriate authorities and who continues to pay his/her life and retirement premiums until the end of his/her tenure.

SEC. 6. Effect of Separation from the Service. – A member separated from the service either by resignation, retirement, disability, dropping from the rolls, dismissal from the service or retrenchment, or those who are qualified for compulsory retirement but opted not to continue membership in the GSIS shall be deemed an inactive member of the system. An inactive member shall be eligible to whatever benefits he/she has already qualified for in the event of any contingency compensable under this Act.

C. SOURCES OF FUNDS

SEC. 7. Contributions –

(a) It shall be mandatory for the member and the employer to pay the monthly contributions specified in the following schedule:

<i>Monthly Compensation</i>	<i>Percentage of Monthly Compensation Payable by Member</i>	<i>Employer</i>
I. Maximum Average Monthly Compensation (AMC) Limit and Below	9.0%	12.0%
II Over the Maximum AMC Limit		
-Up to the Maximum AMC Limit	9.0%	12.0%
-In Excess of the AMC Limit	2.0%	12.0%

Members who are excluded from compulsory retirement coverage as enumerated under Section 4(e) of this Act shall pay three percent (3%) of their monthly compensation as personal share, and their employers a corresponding three percent (3%) for their life insurance coverage.

(b) It shall be mandatory and compulsory for all employers to include in their annual appropriations the necessary amounts for the payment of its share of the contributions indicated above, plus any additional premiums that may be required on account of the hazards or risks of its employees' occupation .

(c) The appropriate penal, civil and administrative sanctions under Section 66 of this Act shall be imposed upon employers who fail to include the payment of contributions in their annual appropriations or otherwise fail to remit the accurate/exact amount of contributions on time, or delay the remittance of premium contributions to the GSIS. The heads of offices and agencies shall be administratively liable for non-remittance or delayed remittance of premium contributions to the GSIS.

SEC. 8. Collection and Remittance of Contributions. – (a) The employer shall report to the GSIS the names of all its employees, their corresponding employment status, positions, salaries and such other pertinent information, including subsequent changes therein, if any, as may be required by the GSIS. The employer shall deduct each month from the monthly salary or compensation the contributions payable by him/her in accordance with the schedule prescribed in the rules and regulations implementing this Act and the loan amortizations of each employee.

(b) Each employer shall remit directly to the GSIS the employees' and employers' contributions and loan amortizations within the first ten (10) days of the calendar month following the month to which the contributions apply. The collection and remittance by the employer of the contributions and loan amortizations to the GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees.

(c) All outstanding government share premium contributions which were not paid by any government office or agency, including interest, shall be included in the annual budget and shall be remitted automatically by the Department of Budget and Management (DBM) to the GSIS.

(d) The deduction and remittance by the employer of loan amortizations due to the GSIS shall, at all times, take priority over and above the deductions and payment of any and all obligations and payment of any and all obligations of the member due to private creditors.
(6a)

SEC. 9. Penalties on Delayed Remittances – Agencies which delay the remittance of the *monthly premium contributions* and other amounts due the GSIS shall be charged a penalty in the form of interest per month or a portion thereof as may be prescribed by the Board but not less than two percent (2%) simple interest. Such interest shall be paid by the employers concerned.

SEC. 10. Government Guarantee - The Government of the Republic of the Philippines hereby guarantees the fulfillment of the obligations of the GSIS to its members as and when they fall due and accepts general responsibility for the solvency of the GSIS.

D. BENEFITS

SEC. 11. Determination of Amount of Benefits. – (a) The computation of total length of service for the purpose of determining a member's eligibility to the retirement benefits payable under this Act shall be based on the service rendered starting from the date of assumption of office by virtue of a valid appointment or election, including periods of service at different times under one or more employer/s, those performed overseas under the authority of the Republic of the Philippines, and those which may be prescribed by the GSIS in coordination with the CSC.

(b) The computation of actual benefits payable under this Act shall be based on periods with paid premiums.

For the purpose of this Section, the term service shall include full-time service with compensation: *Provided*, That part-time and other services with compensation may be included under such rules and regulations as may be prescribed by the GSIS. (10a)

RETIREMENT BENEFITS

SEC. 12. General Conditions for Entitlement. – A member who retires from service shall be entitled to the retirement benefits enumerated in Section 13(a) hereof: *Provided*, That the member:

- (a) Has rendered at least fifteen (15) years of service;
- (b) Is at least sixty (60) years of age; and
- (c) Is not receiving a monthly pension benefit from permanent total disability under this Act.

SEC. 13. Retirement Benefits. –

(a) Retirement benefit shall either be:

(1) Lump sum payment equivalent to sixty (60) months of the member's basic monthly pension (BMP) payable at the time of retirement plus an old-age pension benefit equal to the basic monthly pension payable monthly for life, starting upon expiration of the five-year (5) period covered by the cash payment; or

(2) Cash payment equivalent to eighteen (18) months of the member's basic monthly pension plus monthly pension for life payable immediately starting from date of retirement.

(b) Unless the service is allowed under Section 5 of this Act or extended by appropriate authorities, retirement shall be compulsory for an employee at sixty-five (65) years of age: *Provided*, That if the employee has less than fifteen (15) years of service, he/she may be allowed to continue in the service in accordance with existing civil service rules and regulations.

SEC. 14. Computation of the Basic Monthly Pension (BMP). –

(a) The basic monthly pension is equal to two and one half percent (2.5%) multiply by the Average Monthly Compensation multiply by the periods with paid premiums: *Provided*, That the basic monthly pension shall not exceed ninety percent (90%) of the Average Monthly Compensation.

(b) For the new entrant and those active members with less than fifteen (15) years with paid premiums in government service at the time of effectivity of this Act, the basic monthly pension is equal to two percent (2%) multiply by the Average Monthly Compensation multiply by the periods with paid premiums: *Provided*, That the basic monthly pension shall not exceed eighty percent (80%) of the Average Monthly Compensation.

(c) The basic monthly pension (BMP) may be adjusted upon the recommendation of the GSIS' Actuary and the GSIS President and General Manager (PGM), and approved by the Board of Trustees in accordance with the rules and regulations prescribed by the GSIS.

SEC. 15. Periodic Pension Adjustment. – The monthly pension of all pensioners including all those receiving survivorship pension benefits shall be periodically adjusted as may be recommended by the GSIS Actuary and the GSIS PGM, and approved by the Board of Trustees of GSIS in accordance with the rules and regulations prescribed by the GSIS.

SEPARATION BENEFITS

SEC. 16. General Conditions for Entitlement. – A member who separates from the service before he/she is eligible for retirement under Section 12 of this Act shall be entitled to the separation benefits enumerated in Section 17 hereof: *Provided*, That the member:

- (a) Has rendered at least three (3) years of service; and
- (b) Is not receiving a monthly pension benefit from permanent total disability under this Act.

SEC. 17. Separation Benefits. – The separation benefit shall be paid as follows:

(a) If the member has rendered at least three (3) years but less than fifteen (15) years of service at the time of resignation or separation, he/she shall be entitled to a one-time cash payment equivalent to one hundred percent (100%) of his/her Average Monthly Compensation for each year of service that he/she paid premium contributions, but not less than Twelve thousand pesos (Php12,000). The one-time cash payment shall be payable immediately or upon reaching sixty (60) years of age, at the option of the member: *Provided*, That the Average Monthly Compensation of new entrants in government service is equivalent to the average salary received by the member during the last five (5) years of service with paid premiums;

(b) If the member has rendered at least fifteen (15) years of service but is below sixty (60) years of age at the time of resignation or separation, he/she shall be entitled to a one-time cash payment equivalent to eighteen (18) times his/her basic monthly pension at the time of resignation or separation, plus an old-age pension benefit equal to the basic monthly pension payable monthly for life upon reaching the age of sixty (60).

SEC. 18. Effect of Re-Employment in Government Service after Separation. – All services credited for retirement, resignation or separation for which corresponding benefits have been paid under this Act or other laws shall in all cases and without any exception, be excluded in the computation of service in case of reinstatement in government service and subsequent retirement or separation which is compensable under this Act. Notwithstanding any other laws and rules and regulations to the contrary, no refund or return of any applicable retirement or separation benefits previously availed and received shall be allowed for purposes of including the prior government services credited for retirement, resignation or separation where benefits have already been paid to the total years of government service in case of subsequent retirement or separation.

UNEMPLOYMENT BENEFITS

SEC. 19. General Conditions for Entitlement. – A member who is separated from the service due to the abolition of his/her office or position resulting from reorganization shall be entitled to the unemployment benefits enumerated in Section 20 hereof: *Provided*, That the member:

- (a) Has been paying the required premium contributions for at least one (1) year prior to separation;
- (b) Has no pending application of separation benefits or has not been paid the voluntary separation benefit equivalent to one-time cash payment or 18 times the basic monthly pension, should he/she opt to avail of the same; and
- (c) Has not availed of any early retirement program as a result of his/her office's reorganization.

SEC. 20. Unemployment or Involuntary Separation Benefits – Unemployment benefits shall be computed as fifty percent (50%) of the Average Monthly Compensation of the member, payable in accordance with the following schedule:

Contributions Made	Benefit Duration
1 year but less than 3 years	2 months
3 or more years but less than 6 years	3 months
6 or more years but less than 9 years	4 months
9 or more years but less than 11 years	5 months
11 or more years but less than 15 years	6 months

The first payment shall be equivalent to two (2) monthly benefits. A seven (7) day waiting period shall be imposed on succeeding monthly payments.

All accumulated unemployment benefits paid to the employee during his/her entire membership with the GSIS shall be deducted from voluntary separation benefits.

The GSIS shall prescribe the detailed guidelines in the operationalization of this Section in the rules and regulations implementing this Act.

PERMANENT DISABILITY BENEFITS

SEC. 21. General Conditions for Entitlement. – A member who suffers permanent disability for reasons not due to his/her grave misconduct, notorious negligence, habitual intoxication, or willful intention to kill himself/herself or another, shall be entitled to the disability benefits provided for in this Act: *Provided*, that he/she was in the service at the time of disability.

SEC. 22. Types of Disability Benefits. – There are two (2) types of permanent disability, which shall be determined by the GSIS based on established medical standards: (a) permanent total disability and (b) permanent partial disability.

SEC. 23. Permanent Total Disability Benefits. –

(a) The following disabilities shall be deemed permanent and total:

- (1) Complete loss of sight of both eyes;
- (2) Loss of two (2) limbs at or above the ankle and wrist;
- (3) Permanent complete paralysis of two (2) limbs;
- (4) Complete loss of hearing of both ears;
- (5) Brain injury resulting in physical incapacity, incurable imbecility or insanity; and
- (6) Such other cases as may be determined by the Board of Trustees.

(b) The member shall receive a monthly income benefit for life equal to the basic monthly pension effective from the date of disability.

(c) A cash payment equivalent to eighteen (18) times his/her basic monthly pension shall also be given if the member is in the service at the time of disability and he/she has paid a total of at least one hundred eighty (180) monthly contributions.

(d) A member cannot enjoy the monthly income benefit for permanent disability and old-age retirement simultaneously.

(e) If a member does not satisfy the conditions stated under Section 21 hereof but has rendered at least three (3) years of service at the time of his/her disability, he/she shall be advanced the cash payment equivalent to one hundred percent (100%) of his/her Average Monthly Compensation for each year of service he paid contributions, but not less than Twelve Thousand Pesos (Php12,000.00) which should have been his/her separation benefit.

(f) Unless the member has reached the minimum retirement age at the time of disability, his entitlement to permanent total disability benefit shall be suspended when:

(1) He/she recovers from disability as determined by the GSIS, whose decision shall be final and binding; or

(2) He/she fails to undergo medical examination when required by the GSIS.

PERMANENT PARTIAL DISABILITY BENEFITS

SEC. 24. Permanent Partial Disability Benefits. —

(a) The following disabilities shall be deemed permanent partial:

1. SCHEDULED - Complete and permanent loss of the use of:

- (i) Any finger
- (ii) Any toe
- (iii) One arm
- (iv) One hand
- (v) One foot
- (vi) One leg
- (vii) One or both ears
- (viii) Hearing of one or both ears
- (ix) Sight of one eye

2. NON-SCHEDULED - Such other cases as may be determined by the GSIS.

(b) The member shall receive a cash payment in accordance with a schedule of disabilities to be prescribed by the GSIS.

TEMPORARY TOTAL DISABILITY BENEFITS

SEC. 25. General Conditions for Entitlement. — An active member whose injuries result in temporary incapacity to work or to engage in any occupation shall be entitled to the temporary total disability benefit provided for in this Act.

SEC. 26. Temporary Total Disability Benefit. — (a) A member who suffers temporary total disability for reasons not due to any of the conditions enumerated in Section 21 hereof shall be entitled to seventy-five percent (75%) of his/her current daily compensation for each day or fraction thereof of temporary disability benefit not exceeding one hundred twenty (120) days in one calendar year after exhausting all his/her sick leave credits and collective

bargaining agreement sick leave benefits, if any, but not earlier than the fourth day of his/her temporary total disability: Provided, That:

- (1) he/she is in the service at the time of his/her disability; or
- (2) if separated, he/she has rendered at least three (3) years of service and has paid at least six (6) monthly contributions in the twelve-month period immediately preceding his/her disability.

Provided, however, That a member cannot enjoy the temporary total disability benefit and sick leave pay simultaneously: Provided, further, That if the disability requires more extensive treatment that lasts beyond one hundred twenty (120) days, the payment of the temporary total disability benefit may be extended by the GSIS but not to exceed a total of two hundred forty (240) days.

(b) The temporary total disability benefit shall in no case be less than Seventy pesos (Php70.00) a day.

(c) The notices required of the member and the employer, the mode of payment, and the other requirements for entitlement to temporary total disability benefits shall be provided in the rules and regulations to be prescribed by the GSIS.

SEC. 27. Non-scheduled Disability. – For injuries or illnesses resulting in a disability not listed in the schedule of partial/total disability provided herein, the GSIS shall determine the nature of the disability and the corresponding benefits therefor.

DEATH BENEFITS

SEC. 28. Funeral Benefit. – The amount of funeral benefit shall be determined and specified by the GSIS in the rules and regulations implementing this Act but which shall not be less than Thirty Thousand Pesos (Php30,000.00): *Provided*, That it may be adjusted after every five (5) years upon recommendation of the GSIS Actuary and the GSIS PGM and approved by the Board in accordance with the rules and regulations prescribed by the GSIS. The funeral benefit shall be paid upon the death of any of the following:

- (a) A member who:
 1. died while in active service; or
 2. although separated from government service, is or would have been entitled to future separation or retirement benefits under Section 17 ("Separation Benefits") or Section 13 ("Retirement Benefits") of this Act, respectively, and the rule on constructive filing shall apply in case there is also a filed claim for survivorship benefit.
 3. retired under R.A. No. 1616 prior to 24 June 1997 with at least 20 years of service, regardless of age; or
 4. retired under R.A. No. 1616 on or after 24 June 1997, with at least 20 years of service, and is at least 60 years of age at the time of his/her retirement.

- (b) An old-age or disability pensioner.

SURVIVORSHIP BENEFITS

SEC. 29. General Entitlement to Survivorship Benefits. – When a member or pensioner dies, the qualified beneficiaries, shall be entitled to the following survivorship benefits, whichever is applicable.

SEC. 30. Survivorship Pension. – The survivorship pension shall consist of:

(a) The basic survivorship pension which is fifty percent (50%) of the basic monthly pension but shall not be more than fifty percent (50%) of the current Step 8 salary of an Undersecretary. The cap on the survivorship pension may be reviewed every five (5) years by the Board, upon recommendation of the GSIS Actuary and the GSIS PGM, and approved by the Board of Trustees in accordance with the rules and regulations prescribed by the GSIS, by considering the issuances on the salary standardization law.

(b) The dependent children's pension equivalent to ten percent (10%) of the basic monthly pension for each child not exceeding fifty percent (50%) of the basic monthly pension but which shall not be more than fifty percent (50%) of the current Step 8 salary of an Undersecretary.

(c) The maximum amount of basic survivorship pension prevailing at the time of death of the member or pensioner shall apply. Any subsequent increase in the Step 8 salary of an Undersecretary will not result in any adjustment to the survivorship pension already being received.

(d) The survivorship pension shall not be guaranteed yearly adjustments due to inflation.

- (1) Cash payment equivalent to eighteen (18) months BMP; or
- (2) Cash payment equivalent to one hundred percent (100%) of the AMC for every period with paid premiums but not less than Twelve Thousand Pesos (Php12,000.00).

SEC. 31. Death of a Member. – Upon the death of a member, the qualified beneficiaries shall be entitled to:

(a) Survivorship pension: Provided, That the deceased:

- (1) Was in the service at the time of his death and has rendered at least fifteen (15) years of period with paid premiums (PPP); or
- (2) If separated from the service, has at least fifteen (15) years of PPP.

(b) The survivorship pension plus a cash payment equivalent to eighteen (18) months BMP: Provided, That the deceased was in the service at the time of his death with at least fifteen (15) years of PPP;

(c) A cash payment equivalent to one hundred percent (100% of the AMC for each year of period with paid premiums, but not less than Twelve Thousand Pesos (P12,000.00): Provided, That the deceased member was in the service at the time of his death or if separated from the service, has at least three (3) years of PPP.

The survivorship pension shall be paid as follows:

(a) when the dependent spouse is the only survivor, he/she shall receive the basic survivorship pension for life or until he/she remarries, cohabits, or engages in a common-law relationship;

(b) when only the dependent children are the survivors, they shall be entitled only to the dependent children's pension for a maximum of five (5) children for as long as they are qualified, counted from the youngest and without substitution;

(c) when the survivors are the dependent spouse and the dependent children, the dependent spouse shall receive the basic survivorship pension for life or until he/she remarries, cohabits, or engages in a common-law relationship, and the dependent children shall receive the dependent children's pension;

(d) when the dependent spouse and dependent children are already receiving the basic survivorship pension and dependent children's pension, respectively, any subsequent death, emancipation or disqualification of any one of them shall not entitle the other beneficiaries to the forfeited share;

(e) when the retiree dies before reaching sixty (60) years of age but has already received the separation benefit in the form of cash payment equivalent to 18 months BMP, the survivorship pension shall be paid effective from the date of death;

(f) when the pensioner dies within the 5-year period after receiving the five-year lump sum, the survivorship pension shall be paid only after the expiration of the said five-year period.

Survivorship Benefits of Members in Active Service

(a) If at the time of death, a member was in the service and had rendered at least fifteen (15) years of PPP:

(1) His/her primary beneficiaries shall receive the survivorship pension and cash payment equivalent to eighteen (18) times the BMP; or

(2) In the absence of primary beneficiaries, his/her secondary beneficiaries shall receive the cash payment equivalent to 18 times the BMP; or

(3) In the absence of the primary and secondary beneficiaries, the legal heirs of the member shall receive the cash payment equivalent to 18 times the BMP;

(b) If at the time of death, the member was in the service with less than fifteen (15) years of PPP; his primary beneficiaries shall receive the cash payment equivalent to 100% of the AMC for every PPP.

Survivorship Benefits of Inactive Members

(a) Survivors of members who retired under retirement laws not administered by the GSIS shall not receive any survivorship benefits;

(b) Primary beneficiaries of inactive members who have at least fifteen (15) years of PPP shall receive the survivorship pension only;

(c) Primary beneficiaries of inactive members who have at least three (3) years of PPP but less than fifteen (15) years and were less than sixty (60) years of age at the time of death shall receive a cash benefit/payment equivalent to 100% of the deceased inactive member's AMC for every year PPP, but not less than Php12,000;

(d) Primary beneficiaries of inactive members who have less than fifteen (15) years of PPP and were at least sixty (60) years of age at the time of separation from the service, shall not be entitled to receive survivorship benefits. However, if the member has not yet received separation benefit within four (4) years after his/her separation, the primary beneficiaries shall receive the cash benefit equivalent to 100% of the inactive member's AMC for every year of PPP, but not less than Php12,000.

LIFE INSURANCE BENEFITS

SEC. 32. Compulsory Life Insurance. – All employees, except for those enumerated under Section 4(e) of this Act, shall, under such terms and conditions as may be promulgated by the GSIS, be compulsorily covered with life insurance, which shall automatically take effect on the date of their employment.

SEC. 33. Dividends. – An annual dividend may be granted to all members of the GSIS whose life insurance is in force for at least one (1) year in accordance with a dividend allocation formula to be determined by the GSIS.

SEC. 34. Optional Insurance. – Subject to the rules and regulations prescribed by the GSIS, a member may apply for insurance and/or pre-need coverage embracing life, health, hospitalization, education, memorial plans, and such other plans as may be designed by the GSIS, for himself/herself and/or his/her dependents. Any employer may likewise apply for group insurance coverage for its employees. The payment of the premiums/installments for optional insurance and pre-need products may be made by the insured or his/her employer and/or any person acceptable to the GSIS.

NON-LIFE INSURANCE

SEC. 35. Insurance and Reinsurance. – In line with its mandate under R.A No. 656 as amended and other related laws, the GSIS shall engage in all kinds of insurance and reinsurance and all other forms of undertaking to indemnify any person or party against loss, damage, or liability, including third party liability, arising from unknown or contingent event, properties or assets, contracts or agreements, causes or rights of action, or other insurable interests, to the extent of the interests of the government, against any insurable risk.

The GSIS shall have the authority to secure reinsurance support for government insurable interest or part thereof from any financially sound and capable domestic reinsurance corporation, foreign corporation that is authorized to transact reinsurance business in the Philippines in accordance with R.A. No. 10607, or from any insurance institution owned and operated by a foreign insurance entity; *Provided*, That in the award of reinsurance contracts, the GSIS shall be exempt from the provisions of R.A. No. 9184 or any subsequent procurement law and shall ensure that the contract to be awarded shall be the most advantageous for the GSIS or Government of the Philippines guided by the principle of transparency and competitiveness thru the adoption of its own rules and regulations; *Provided further*, that the GSIS shall have the authority to determine the required capitalization and financial reserve of interested entities. Provided, finally that the GSIS shall submit an annual report on its insurance or reinsurance operations to the insurance commission for monitoring purposes only.

For purposes hereof, insurable interest shall mean every interest in property, whether real or personal, or any relation thereto, or liability in respect thereof, of such nature that a contemplated peril might directly damnify the insured.

It shall also refers to those interest in which the government or government agency has a relation or connection with, or concern in it including but not limited to Overseas Filipino Workers, such that the said government or government agency will derive pecuniary benefit or advantage from its preservation and will suffer pecuniary loss or damage from its destruction, termination or injury by the happening of the event insured against.

It may consist in an existing interest, inchoate interest founded on an existing interest, or an expectancy, coupled with an existing interest in that out of which the expectancy arises.

Accordingly, the insurable interest of government, parent, subsidiary and acquired asset corporations, including government financial institutions, as these corporations are

defined in Presidential Decree (P.D.) No. 2029, shall also extend to their physical assets which by declared policy of the government are required to be privatized.

E. ADJUDICATION OF CLAIMS AND DISPUTES

SEC. 36. Prescription. – Upon the effectivity of this Act, all benefits due as defined under Section 3(c) of this Act shall not prescribe.

SEC. 37. Facility of Payment. – The GSIS shall prescribe rules and regulations to facilitate payment of benefits, proceeds and claims for benefits under this Act and any other laws administered by the GSIS. Payments made by the GSIS prior to its receipt of an adverse claim, to a beneficiary or claimant subsequently found not entitled thereto, shall not bar the legal and eligible recipient from his/her right to demand the payment of benefits, proceeds, and claims from the GSIS.

SEC. 38. Settlement of Disputes. – The GSIS shall have original and exclusive jurisdiction to settle any disputes or issues including but not limited to claims and benefits arising under this Act, C.A. No. 186, as amended, R.A. No. 8291 and other laws administered by the GSIS, including its implementing rules and regulations, policies and guidelines.

The Board may designate any member of the Board or official of the GSIS who is a lawyer, to act as hearing officer to receive evidence, make findings of fact and submit recommendations together with all the documentary and testimonial evidence, to the Board within thirty (30) working days from the time the parties have closed their respective evidence and filed and submitted their last pleading or other requested documents. The Board shall decide the case within thirty (30) days from the receipt of the hearing officer's findings and recommendations. The cases heard directly by the Board shall be decided within thirty (30) working days from the time they are submitted by the parties for decision. (30)

SEC. 39. Appeals. – Decisions of the Board shall be appealable to the Court of Appeals. The appeal shall not stay the award, order or decision sought to be reviewed unless ordered by the Court of Appeals or by the Supreme Court.

SEC. 40. Execution of Decision. – When no appeal is perfected and there is no order to stay by the Board, by the Court of Appeals, or by the Supreme Court, any decision or award of the Board shall be enforced and executed in the same manner as decisions of the Regional Trial Court. For this purpose, the Board shall have the power to issue to the city or provincial sheriff or its appointed sheriff such writs of execution as may be necessary for the enforcement of such decision or award, and any person who shall fail or refuse to comply with such decision, award, writ or process after being required to do so shall, upon application by the GSIS, be punished for contempt.

SEC. 41. Oaths, Witnesses, and Production of Records. – When authorized by the Board, an official or employee of the GSIS shall have the power to administer oath and affirmation, take depositions, certify to official acts, and issue *subpoena ad testificandum* and *subpoena duces tecum* to compel the attendance of witnesses and the production of books, papers, correspondences and other records deemed necessary as evidence in connection with any question arising under this Act. Any case of contumacy shall be dealt with in accordance with the provisions of Section 580 of the Revised Administrative Code.

F. FUNDS OF THE GSIS

SEC. 42. Funds. – The GSIS shall administer the Social Insurance Fund, which consists of all contributions payable under Section 7 of this Act together with the earnings and accruals thereon. Said Fund shall be used to finance the benefits administered by the GSIS under

this Act. In addition, the GSIS shall administer the following funds, to be known collectively as the "GSIS-Administered Funds":

- (a) The Optional Insurance Fund for the insurance coverage described in Section 34 hereof,
- (b) The Employees' Compensation Insurance Fund created under P.D. No. 626, as amended,
- (c) The General Insurance Fund created under R.A. No. 656, as amended; and
- (d) Such other special funds existing or that may be created for special groups or persons rendering services to the government.

The GSIS shall maintain the required reserves for each fund to guarantee the fulfillment of its obligations under this Act.

The funds administered by the GSIS shall not be used for purposes other than those provided for under this Act, any prior or subsequent laws, issuances and rules and regulations to the contrary notwithstanding.

No portion of the funds of the GSIS or income thereof shall accrue to the general fund of the national government and its political subdivisions, instrumentalities and other agencies including government-owned and controlled corporations.

SEC. 43. Deposits and Disbursements. – All revenues collected and all accruals thereto shall be deposited, administered and disbursed in accordance with law. A maximum expense loading of two percent (2%) of the total assets may be disbursed for administrative and operational expenses except as may be otherwise recommended by the GSIS Actuary and the GSIS PGM, and approved by the Board of Trustees of GSIS in accordance with the rules and regulations prescribed by the GSIS.

SEC. 44. Investment of Funds. – The funds of the GSIS which are not needed to meet the current obligations may be invested under such terms and conditions and rules and regulations as may be prescribed by the Board: *Provided*, That investments shall optimize the requirements of liquidity, safety, security and yield as embodied in formal investment policy guidelines approved by the Board in order to ensure the actuarial solvency of the funds of the GSIS: *Provided, further*, That the GSIS shall submit an annual report on all investments made to both Houses of Congress of the Philippines. The funds may be invested in the following:

- (a) Interest-bearing or zero-coupon bonds or securities or other evidence of indebtedness of the Government of the Philippines;
- (b) Interest-bearing or zero-coupon deposits or securities in any domestic bank doing business in the Philippines: *Provided*, That in the case of such deposits, these shall not exceed at any time the unimpaired capital and surplus or total private deposits of the depository bank, whichever is smaller: *Provided, further*, That said bank has prior designation as a depository for the purpose by the Monetary Board of the Bangko Sentral ng Pilipinas;
- (c) Short-and-medium term loans to members such as salary, policy, educational, emergency, and other similar loans;
- (d) Bonds, securities, promissory notes or other evidence of indebtedness of educational or medical institutions to finance the construction, improvement and maintenance of schools and hospitals;
- (e) Real estate property including shares of stocks involving real estate property and investments secured by first mortgages on real estate or other collaterals acceptable to the

GSIS: *Provided*, That such investments shall, in the determination of the Board, redound to the benefit of the GSIS, its members, as well as the general public;

(f) Debt instruments and other securities traded in secondary markets;

(g) Loans to, or in bonds, debentures, promissory notes or other evidence of indebtedness of any solvent corporation created or existing under the laws of the Philippines;

(h) Common and preferred stocks of any solvent corporation or financial institution created or existing under the laws of the Philippines listed in the stock exchange subject to the requirements of liquidity, safety, security, and expected returns as embodied in formal investment policy guidelines approved by the Board;

(i) Domestic mutual funds including investments related to the operations of mutual funds; and

(j) Foreign mutual funds and in foreign currency deposits or foreign currency-denominated debts, non-speculative equities and other financial instruments or other assets issued in accordance with existing laws of the countries where such financial instruments are issued: *Provided*, further That the issuing company has proven track record of profitability over the last 3 years.

SEC. 45. Records and Reports. – The GSIS shall keep and cause to manage such records as may be necessary for the purpose of making actuarial studies, calculations and valuations of the funds of the GSIS including such data needed in the computation of rates of disability, mortality, morbidity, separation and retirement among the members and any other information useful for the adjustment of the benefits of the members. The GSIS shall maintain appropriate books of accounts to record its assets, liabilities, income, expenses, receipts and disbursements of funds and other financial transactions and operations.

SEC. 46. Examination and Valuation of the Funds. – The GSIS shall make a periodic actuarial examination and valuation of its funds in accordance with accepted actuarial principles and best practices.

SEC. 47. Exemption from Tax, Legal Process and Lien. - It is hereby reaffirmed as a State policy that the actuarial solvency of all the funds of the GSIS, including GSIS Administered Funds, shall be preserved and maintained at all times and that contribution rates necessary to sustain the benefits under this Act shall be kept as low as possible in order not to burden the members of the GSIS and their employers.

Taxes imposed on the GSIS tend to impair the actuarial solvency of all of its funds and increase the contribution rate necessary to sustain the benefits under this Act. Accordingly, notwithstanding any laws to the contrary, the GSIS, including GSIS wholly owned and controlled corporations and its subsidiaries, whether as a direct taxpayer, collecting or remitting agent, all of its funds, including the non-life and property insurance funds and those that GSIS is mandated to administer under special laws, assets, properties, all contributions collected, including all accruals thereto, all revenues, income or investment earnings therefrom including all accruals thereto, transactions and benefits paid, as well as all supplies, equipment, papers or documents shall remain and be exempt from any and all forms and kinds of direct or indirect taxes, including output and input Value Added Taxes (VAT) and Documentary Stamp Taxes (DST), assessments, fees, charges, customs or import duty or duties imposed by the national or local government and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process, whatsoever, either before or after receipt by the person or persons entitled thereto. These exemptions shall continue unless expressly, specifically, and categorically revoked or

repealed, and any tax assessment imposed against the GSIS as of the approval of this Act or subsequent thereto is shall be null and void and considered paid and cancelled. No tax measure of whatever nature enacted shall apply to the GSIS unless it expressly and categorically revokes the declared policy of the State in this Act and in this Section granting tax-exemption to the GSIS. Consequently, all laws, ordinances, regulations, issuances, opinions or jurisprudence contrary to or in derogation of this provision are hereby deemed repealed, superseded and rendered ineffective and without legal force and effect.

The exemptions provided herein shall not be affected nor derogated by subsequent laws to the contrary unless this Section is expressly, specifically, and categorically revoked or repealed by law and a provision is enacted to substitute or replace the exemption herein referred as an essential factor to maintain and/or protect the solvency of the fund, notwithstanding and independently of the guarantee of the national government to secure such solvency or liability.

All funds, including the non-life and property insurance funds and those that GSIS is mandated to administered under special laws, and/or the properties of the GSIS referred to herein shall be exempt from attachment, garnishment, execution, levy, seizure or any other legal or equitable processes issued by the courts, quasi-judicial agencies or administrative bodies including Commission on Audit (COA) disallowances.

All the benefits, sums or monies corresponding to the benefits under this Act shall likewise be exempt from attachment, garnishment, execution, levy, seizure or any other legal or equitable processes issued by the courts, quasi-judicial agencies or administrative bodies including COA disallowances, based on financial obligations or liability of any member, including any pecuniary accountability arising from or caused or occasioned by exercise or performance of his/her official functions or duties, or incurred relative to or in connection with his/her position or work except when his/her monetary liability, contractual or otherwise, is in favor of the GSIS.

Sec. 48. Exemption from Filing Fees and Government Procurement Law on Reinsurance Contracts - The GSIS shall be exempted from payment of filing fees in any courts, quasi-judicial agencies or administrative bodies.

The selection by the GSIS of reinsurer and the award of reinsurance contracts pursuant to Section 35 of this Act and other applicable laws shall be exempted from the provisions of R.A. No. 9184, otherwise known as the Government Procurement Reform Act or any subsequent procurement law. Provided, that the GSIS shall prescribe its own rules and regulations guided by the principles of transparency and competitiveness and shall ensure that the contract to be awarded shall be the most advantageous for the GSIS or Government of the Philippines.

G. ADMINISTRATION

SEC. 49. Implementing Body. – The GSIS shall implement the provisions of this Act.

SEC. 50. Powers and Functions of the GSIS. – The GSIS shall exercise the following powers and functions:

(a) Formulate, adopt, amend or rescind rules and regulations necessary to carry out the provisions and purposes of this Act;

(b) Adopt or approve the annual and supplemental budget of receipts and expenditures including salaries and allowances of the GSIS personnel; to authorize such capital and operating expenditures and disbursements of the GSIS as may be necessary and proper for the effective management and operation of the GSIS without need of approval or review by the President of the Philippines, DBM, Governance Commission for GOCCS (GCG), COA or other government agencies or instrumentalities, notwithstanding any laws, rules, regulations and other issuances to the contrary and the same shall not be

affected by subsequent laws, rules, regulations and issuances to the contrary unless this provision is expressly, specifically and categorically revoked or repealed by law.

Consequently, this provision shall apply retroactively and all laws, ordinances, regulations, issuances, opinions or jurisprudence contrary to or in derogation of this provision are hereby repealed, superseded and rendered ineffective and without legal force and effect.

(c) Invest the funds of the GSIS, directly or indirectly, in accordance with the provisions of this Act;

(d) Acquire, develop, utilize or dispose of, in any manner recognized by law, real or personal property in the Philippines or elsewhere necessary to carry out the purposes of this Act;

(e) Conduct continuing actuarial and statistical studies and valuations to determine the financial condition of the GSIS and, taking into consideration such studies, and valuations and the limitations herein provided, re-adjust the benefits, contributions, premium rates, the formula or the terms and conditions relative to benefits and claims, interest rates or the allocation or re-allocation of the funds to the contingencies covered;

(f) Have the power of succession;

(g) Sue and be sued;

(h) Enter into, make, perform and carry out contracts of every kind and description with any person, firm or association or corporation, domestic or foreign in accordance with law: *Provided*, That the procurement by the GSIS of infrastructure projects, goods, consulting services, and reinsurance shall be exempt from the provisions of R.A. No. 9184; *Provided, further*, That, in the procurement of said infrastructure projects, goods, consulting services and reinsurance, the GSIS shall be governed by the same principles of transparency, competitiveness, simplicity, accountability and public monitoring as enumerated under Section 3 of R.A. No. 9184.

(i) Engage in any lawful business in pursuance of and in furtherance of the provisions of this Act;

(j) Have one or more offices, conduct its business and exercise its powers within and outside the Philippines: *Provided*, That the GSIS shall maintain a branch office in every province where there exists a minimum of fifteen thousand (15,000) membership;

(k) Borrow funds from any source, private or government, foreign or domestic, only as an incident to the securitization of housing mortgages of the GSIS and on account of its receivables from any government or private entity;

(l) Invest, own or otherwise participate in equity in any establishment, firm or entity;

(m) Approve appointments in the GSIS, except appointments to positions which are policy determining, primarily confidential or highly technical in nature according to the qualification standards and rules and regulations set by the GSIS PGM and Board provided hereinafter: *Provided*, That all positions in the GSIS shall be permanent in nature unless otherwise indicated, and belong to the second level and not classified as part of the Career Executive Service, and shall be governed by a compensation and position classification system and qualifications standards approved by the GSIS Board based on a comprehensive job analysis and audit of actual duties and responsibilities: *Provided, further*,

That the compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to the periodic review by the Board no more than once every four (4) years without prejudice to yearly merit reviews or increases based on productivity and profitability; and which shall be unqualifiedly and absolutely exempted from any form of approval or review by the President of the Philippines, DBM, GCG, COA or other government agencies or instrumentalities, notwithstanding any laws, rules, regulations and other issuances to the contrary and the same shall not be affected by subsequent laws, rules, regulations and issuances to the contrary unless this provision is expressly, specifically and categorically revoked or repealed by law.

Consequently, this provision shall apply retroactively and all laws, ordinances, regulations, issuances, opinions or jurisprudence contrary to or in derogation of this provision are hereby repealed, superseded and rendered ineffective and without legal force and effect.

(n) Design and adopt an Early Retirement Incentive Plan (ERIP) and/or financial assistance for the purpose of retirement of its own personnel;

(o) Fix and periodically review and adjust the rates of interest and other terms and conditions for loans and credits extended to members or other persons, whether natural or juridical;

(p) Enter into agreement with the Social Security System or any other entity, enterprise, corporation or partnership for the benefit of members transferring from one system to another subject to the provisions of R.A. No. 7699, otherwise known as the "Portability Law";

(q) Float proper instrument to liquefy long term maturity by pooling funds for short-term secondary market;

(r) Not later than June 30 of each year, publish and submit to the President of the Philippines and Congress an annual report regarding its activities relative to the administration and implementation of this Act including information and recommendations on policies relating to functions and operations of the GSIS;

(s) Maintain a provident fund, which consists of contributions from both the GSIS and its employees and their earnings, for the payment of benefits to such employees or their heirs under such terms and conditions as the GSIS may prescribe;

(t) Approve and adopt guidelines affecting investments, insurance coverage of government properties, settlement of claims, disposition of acquired assets, privatization or expansion of subsidiaries, development of housing projects, increased benefit and loan packages to members and the enforcement of the provisions of this Act.

(u) Determine, fix and impose interest on unpaid premiums due from employers and employees;

(v) Ensure the collection or recovery of all indebtedness, liabilities and/or accountabilities, including unpaid premiums or contributions in favor of the GSIS due from all obligors, whether public or private. The GSIS shall demand payment or settlement of the obligations referred to herein within thirty (30) days from the date the obligation becomes due, and in the event of failure or refusal of the obligor or debtor to comply with the demand, to initiate or institute the necessary or proper actions or suits, criminal, civil or administrative or otherwise, before the courts, tribunals, commissions, boards, or bodies of proper jurisdiction within thirty (30) days reckoned from the expiry date of the period fixed in the demand within which to pay or settle the account;

(w) Design and implement programs that will promote and mobilize savings and provide additional resources for social security expansion and at the same time afford individual members appropriate returns on their savings/investments. The programs shall be so designed as to spur socio-economic take-off and maintain continued growth; and

(y) Exercise such powers and perform such acts as may be necessary, useful, incidental or auxiliary to carry out the provisions and attain the purposes and objectives of this Act.

SEC. 51. *The Board of Trustees.* – The corporate powers and functions of the GSIS shall be vested in and exercised by the Board composed of the President and General Manager of the GSIS and ten (10) other members to be appointed by the President of the Philippines. Of these, five (5) shall be active or retired members of the GSIS: at least two (2) shall be a representative from the teachers recommended by the Philippine Public School Teachers Association (PPSTA), the Philippine Association of School Superintendents (PASS), or by a leading national organization of teachers; at least two (2) shall be from the leading organizations or associations of government employees/retirees who possess the ethics, experience and competence to represent the needs of their sectors; and one (1) shall be a member of the legal profession who at the time of appointment is also a member of the GSIS. The remaining five (5) shall be recognized individuals from any of the following fields of expertise: banking and finance, investment, insurance, law, human resources, audit, management and information technology. The Trustees shall elect from among themselves a Chairman and a President and General Manager, who shall automatically be the vice-chairman.

The Trustees, except the President and General Manager who shall cease as trustee upon his/her separation, shall hold office for six (6) years without reappointment, unless sooner removed or separated, or until their successors are duly appointed and qualified: *Provided*, That the vacancy, other than through the expiration of the term, shall be filled for the unexpired term only. The members of the Board (Trustees) shall be considered as officers, and are members of the GSIS, subject to the conditions and eligibility of compulsory membership of the GSIS.

SEC. 52. *Powers and Functions of the Board of Trustees.* – The Board shall have the following powers and functions:

(a) Formulate policies, guidelines and programs to effectively carry out the purposes of this Act;

(b) Promulgate such rules and regulations as may be necessary or proper for the effective exercise of the powers and functions as well as the discharge of duties and responsibilities of the GSIS, its officers and employees;

(c) Upon recommendation of the President and General Manager, to approve the annual and supplemental budget of receipts and expenditures of the GSIS, and to authorize such operating and capital expenditures and disbursements of the GSIS as may be necessary or proper for the effective management, operation and administration of the GSIS without need of review or approval by the President of the Philippines, DBM, GCG, COA or other government agencies or instrumentalities and notwithstanding any provision of law, rules and regulations and any other issuances to the contrary unless this Section is expressly, specifically and categorically revoked or repealed by law. Consequently, this provision shall apply retroactively and all laws, ordinances, regulations, issuances, opinions or jurisprudence contrary or in derogation of this provision are hereby repealed, superseded and rendered ineffective and without legal force and effect.

(d) Upon the recommendation of the President and General Manager, to approve the GSIS' organizational and administrative structures and staffing pattern, and to establish, fix, review, revise and adjust compensation packages of officers and employees of the GSIS

with reasonable allowances, incentives, bonuses, privileges and other benefits as may be necessary or proper for the effective management, operation and administration of the GSIS, which shall be exempt from R.A. No. 6758, otherwise known as the "Salary Standardization Law," R.A No. 7430, otherwise known as the "Attrition Law" and R.A. No. 10149 otherwise known as the "GOCC Governance Act of 2011"; *Provided*, That all positions in the GSIS shall be permanent in nature unless otherwise indicated, and belong to the second level and not classified as part of the Career Executive Service. These powers and functions shall be exercised without need of review or approval by the President of the Philippines, DBM, GCG or other government agencies or instrumentalities and notwithstanding any provision of law, rules and regulations and any other issuances to the contrary unless this Section is expressly, specifically and categorically revoked or repealed by law. Consequently, this provision shall apply retroactively and all laws, ordinances, regulations, issuances, opinions or jurisprudence contrary or in derogation of this provision are hereby repealed, superseded and rendered ineffective and without legal force and effect;

(e) Fix and periodically review and adjust the rates of interest and other terms and conditions for loans and credits extended to its members or other persons, whether natural or juridical;

(f) The provision of any law, rules and regulations and issuances to the contrary notwithstanding, to compromise, release, condone or write off from the books of accounts, in whole or in part, without need of prior approval from and by the President of the Philippines, COA, Congress of the Philippines, or other agencies, any claim or settle liability, for or against the GSIS, including, interests, penalties and surcharges imposed upon delinquent premium contributions and loan amortizations and any civil liability to GSIS, regardless of the amount involved under such terms and conditions as the Board may find acceptable and practicable in accordance with applicable laws rules and regulations, subject to the Board's best business judgment and the best interest of the GSIS;

(g) Approve and adopt guidelines affecting investments, insurance coverage of government properties, settlement of claims, disposition of acquired assets, development of housing projects, increased benefit and loan packages to members, and the enforcement of the provisions of this Act;

(h) Determine, fix and impose interest on unpaid or unremitted premiums and/or contributions; and

(i) Perform any and all acts necessary and proper to attain the purposes and objectives of this Act.

SEC. 53. Appointment and Qualifications of the President and General Manager and Other Personnel – The President and General Manager of the GSIS shall be its Chief Executive Officer and shall be appointed by the President of the Philippines. He/she shall be a person with management and investments expertise necessary for the effective performance of his/her duties and functions under this Act.

The President and General Manager shall be assisted by one or more senior executive vice-presidents, executive vice-presidents, senior vice-presidents, vice-presidents and managers in addition to the usual supervisory and rank and file positions all of whom shall be appointed pursuant to the qualification standards and rules and regulations set by the President and General Manager and the Board of Trustees and removed only for just and valid cause by the President and General Manager with the approval of the Board without undermining their security of tenure.

SEC. 54. Powers and Duties of the President and General Manager – The President and General Manager shall, among others, execute and administer the policies and resolutions approved by the Board and direct and supervise the administration and operations of the GSIS. The President and General Manager, subject to the approval of the Board, shall appoint the personnel of the GSIS, remove, suspend or otherwise discipline them for valid and just causes, in accordance with existing Civil Service rules and regulations, and

prescribe their duties and qualifications to the end that only competent persons may be employed.

All appointments and plantilla positions in the GSIS shall be permanent in nature unless otherwise indicated, and belong to the second level and not classified as part of the Career Executive Service. These plantilla positions shall not be arbitrarily abolished without any valid and just causes.

SEC. 55. The Senior Executive Vice Presidents and Executive Vice Presidents - Within the guidelines and limits of authority established by policies of the GSIS, the Senior Executive Vice Presidents and Executive Vice Presidents shall, among others, provide overall direction in the delivery of effective, efficient and quality services to members, pensioners, and/or other constituents. He/she shall also have the overall direction in the integration of functions of various operational and/or support services to ensure synergy, uniform and consistent application of policies, guidelines and management systems to achieve established objectives and targets.

The position of Executive Vice President shall be permanent in nature, unless otherwise indicated, and belong to the second level and not classified as part of the Career Executive Service. The plantilla position of Executive Vice President shall not be arbitrarily abolished without any valid and just causes.

SEC. 56. Auditor. – (a) The Chairman of the COA shall be the ex-officio auditor of the GSIS. For this purpose, he/she may appoint a representative, who shall be the auditor of the GSIS, and the necessary personnel to assist said representative in the performance of his/her duties.

(b) The Chairman of the COA or his/her authorized representative shall submit to the Board soon after the close of each calendar year an audited statement showing the financial condition and progress of the GSIS for the calendar year just ended.

SEC. 57. Legal Counsel. – The Legal Services Group (LSG) of the GSIS shall be the legal counsel of the GSIS. The LSG shall be headed by a Chief Legal Counsel, who shall be the head counsel of the GSIS with a permanent and highly technical plantilla position. The Chief Legal Counsel enjoys security of tenure and may not be removed except for a just and valid cause.

The GSIS may refer to the Office of the Government Corporate Counsel (OGCC) cases for legal action or trial, issues for legal opinions, preparation and review of contracts/agreements and others, as the GSIS may decide or determine from time to time.

The GSIS may, subject to approval by the proper court, deputize any personnel of the Legal Services Group to act as special sheriff in the enforcement of writs and processes issued by the court, quasi-judicial agencies or administrative bodies in cases involving the GSIS.

SEC. 59. Powers of the Insurance Commission. – The Insurance Commissioner or his/her authorized representatives shall make an examination of the financial condition of the GSIS at least once every three (3) years; Provided, however, That the GSIS shall pay the Office of the Insurance Commissioner an amount equal to the actual expenses incurred by said Office in the conduct of the examination, including the salaries of the examiners and the actuary of such examination for the actual time spent.

The report of said examination shall be submitted to the Board furnishing the Office of the President and both Houses of Congress copies thereof within five (5) days after the close of examination.

H. GENERAL PROVISIONS

SEC. 60. Dispensation of Social Insurance Benefits. – (a) The GSIS shall release the retirement benefits to the employee within twenty (20) working days from the actual date of

retirement or date of filing of application, whichever comes later: *Provided*, That all requirements are submitted to the GSIS within a reasonable period prior to the effective date of retirement.

(b) The GSIS shall not process or adjudicate retirement claims under R.A. No. 1616 except refund of retirement premiums and R.A. No. 910. Instead all agencies concerned shall process and pay the gratuities of their employees. The Board shall adopt the proper rules and procedures for the implementation of this provision.

SEC. 61. Development and Disposition of Acquired Assets. – The GSIS shall have the right to develop and dispose of its acquired assets obtained in the ordinary course of its business. To add value to, improve profitability of and/or enhance the marketability of an acquired asset, the GSIS may further develop/renovate its assets, either with its own capital or through a joint venture arrangement with private companies or individuals.

The GSIS may sell its acquired assets in accordance with existing COA rules and regulations for an amount not lower than the current market value of the property. For this purpose, the GSIS shall conduct an annual appraisal of its properties or acquired assets to determine their current market value. All notices of sale shall be published in newspapers of general circulation.

No injunction or restraining order issued by any court, commission, tribunal or office shall bar, impede or delay the sale and disposition by the GSIS of its acquired assets except on questions of ownership and national or public interest.

SEC. 62. Exemption from Land Reform Program. - The GSIS acquired assets shall be exempted or excluded from the coverage of the following:

- (a) Comprehensive Agrarian Reform Program (CARP) as provided under R.A. No. 6657, as amended, in relation to Executive Order (E.O.) No. 407;
- (b) Land Reform as provided under P.D. No. 27; and
- (c) Other existing or future land and agrarian reform legislations.

SEC. 63. Expropriation. No entity whether private or public may expropriate any GSIS property without the express consent or approval of the GSIS President and General Manager, the GSIS Board of Trustees, the Secretary of Finance and the President of the Philippines.

SEC. 64. Government Assistance to the GSIS. – The GSIS may call upon any officer or employee of any department, bureau or office, subdivision, agency or instrumentality of the Government, including government-owned or controlled corporations and local governments for such assistance as may be necessary in the discharge of its duties and functions.

I. SANCTIONS

Sec. 65. Penalty – (a) Heads of offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the collection of premium contributions, loan amortization and other accounts due the GSIS who shall fail, refuse or delay the payment, turnover, remittance or delivery of such accounts to the GSIS, within thirty (30) days from the time that the same shall have become due and demandable, shall upon conviction by final judgment, suffer the penalties of imprisonment of not less than twenty (20) years but not more than thirty (30) years and a fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than Five Million Pesos (Php5,000,000.00) and, in addition, shall suffer the penalty of absolute perpetual disqualification from holding public office and/or other accessory penalties as may be provided by law.

(b) The treasurer, finance officer, cashier, disbursing officer, budget officer or other official or employee who fails to include in the annual budget the amount corresponding to

the employer and employee contributions, or who fails or refuses or delays to remit to the GSIS by more than thirty (30) days from the time such amount becomes due and demandable, or fails to deduct the monthly contributions of the employee shall, upon conviction by final judgment, suffer the penalties of imprisonment of not less than twelve (12) years but not more than twenty (20) years, and a fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than Two Million Pesos (Php2,000,000.00) and, in addition, shall suffer absolute perpetual disqualification from holding public office.

(c) Any employee, who after deducting the monthly contribution or loan amortization from a member's compensation, fails to remit the same to the GSIS within thirty (30) days from the date they should have been remitted under Section 11(b) hereof shall be presumed to have misappropriated such contribution or loan amortization and shall, upon conviction by final judgment, suffer the penalties of imprisonment of not less than twelve (12) years but not more than twenty (20) years and a fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than Two Million Pesos (Php2,000,000.00) and, in addition, shall suffer absolute perpetual disqualification from holding public office.

(d) Any employee or member who receives or keeps fund or property belonging, payable or deliverable to the GSIS and appropriates the same, or takes or misappropriates or uses the same for any purpose other than that authorized by this Act, or permits another person to take, misappropriate or use said fund or property by expressly consenting thereto, or through abandonment or negligence, or is otherwise guilty of the misappropriation of said fund or property, in whole or in part shall, upon conviction by final judgment, suffer the penalties of imprisonment of not less than twelve (12) years but not more than twenty (20) years and a fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than Two Million Pesos (Php2,000,000.00) and, in addition, shall suffer absolute perpetual disqualification from holding public office.

(e) Any person found to have participated directly or indirectly in the commission of fraud, collusion, falsification, or misrepresentation in any transaction with the GSIS whether for himself/herself or for some other persons shall, upon conviction and final judgment, suffer the penalties of imprisonment of not less than six (6) years but not more than twelve (12) years and a fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than Two Million Pesos (Php2,000,000.00) and, in addition, suffer absolute perpetual disqualification from holding public office.

(f) Any person who shall willfully, wrongfully and fraudulently obtain or receive any money or check invoking any provision of this Act or any agreement thereunder, without being entitled thereto, shall, upon final judgment, suffer the penalties of imprisonment of not less than six (6) years but not more than twelve (12) years and a fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than One Million Pesos (Php1,000,000.00) and such other accessory penalties as may be imposed by law.

(g) Any person who fails or refuses to comply with the provisions of this Act or with the rules and regulations adopted by the GSIS shall, upon final judgment, suffer the penalties of imprisonment of not less than six (6) years but not more than twelve (12) years and a fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than One Million Pesos (Php1,000,000.00) and such accessory penalties as may be provided by law.

(h) The officers and personnel referred to in paragraph (a) of this Section shall also be civilly liable to the GSIS or to the employee or member concerned in the form of damages, including surcharges and interests.

(i) For the charges or complaints referred to in paragraph (a) of this Section, the penalties therein set forth shall be construed as an agreement to waive any claim to sovereign immunity from suit or legal proceedings. Thus, abovementioned officials and personnel may not invoke the defense of non-suability of the State. Waiver of the State of its immunity from suit, hence, the above-mentioned offices officials and/or personnel may not invoke the defense of non-suability of the State.

Criminal and civil actions arising from violations of the provisions of this Act may be commenced by the GSIS or by the aggrieved member, either under this Act or, in appropriate cases, under the Revised Penal Code and other special laws.

SEC. 66. *Implementing Rules and Regulations.* — Within ninety (120) days from the effectivity of this Act, the GSIS shall promulgate such rules and regulations as may be necessary to carry out the provisions of this Act.

SEC. 67. *Non-impairment of Benefits, Powers, Jurisdiction, Rights, Privileges, Functions and Activities.* — Nothing in this Act shall be construed to repeal, amend or limit any provision of existing laws, Presidential Decrees, Letters of Instructions, not otherwise specifically inconsistent with the provisions of this Act.

SEC. 68. Exclusiveness of Benefits. — Whenever other laws provide similar benefits for the same contingencies covered by this Act, the member who qualifies to the benefits shall have the option to choose which benefits will be paid to him/her. However, if the benefits provided by the law chosen are less than the benefits provided under this Act, the GSIS shall pay only the difference.

SEC. 69. *Non-Conversion of Mode of Retirement.* — No change in the mode of retirement chosen shall be allowed once the proceeds, or a portion thereof, of the member's retirement claim under a particular law have been credited to the account of the member or received by the member.

SEC. 70. *Appropriations.* — The amount necessary to carry out the provisions of this Act shall be included in the respective budgets of the agencies in the national government obligation program of the year following its enactment into law and thereafter.

SEC. 71. *Separability Clause.* — Should any provision of this Act or any part thereof be declared invalid, the other provisions, so far as they are separable from the invalid ones, shall remain in force and effect.

SEC. 72. *Repealing Clause.* — C.A. 186, P.D. No. 1146, as amended by R.A. No. 8291, P.D. No. 712, and Section 9 of R.A. No. 656, as amended by P.D. No. 245, Section 86 (r) of R.A. 10963 [Tax Reform for Acceleration and Inclusion (TRAIN) Act], are hereby expressly repealed. The provisions of R.A. No. 9184 otherwise known as "Government Procurement Reform Act" and R.A. No. 10149 otherwise known as the "GOCC Governance Act of 2011" are hereby modified accordingly. All other laws, decrees, executive orders, rules and regulations or parts thereof which are contrary to or specifically inconsistent with the provisions of this Act are hereby repealed or amended accordingly: *Provided*, That the rights under existing laws, rules and regulations vested upon or acquired by an employee who is already in the service as of the effectivity of this Act shall remain in force and effect: *Provided, further*, That subsequent to the effectivity of this Act, a new employee or an employee who has previously retired or separated and is reemployed in the service shall be covered by the provisions of this Act.

SEC. 73. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,