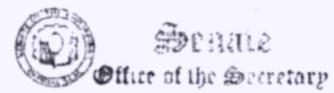


EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S. No. 754

*19 JUL 24 P 4:36

RECEIVED BY

Introduced by Senator Ralph G. Recto

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**AN ACT
INSTITUTIONALIZING THE RIGHTS OF GOVERNMENT SERVICE
INSURANCE SYSTEM (GSIS) MEMBERS, PROVIDING THEM ADDITIONAL
REPRESENTATION IN THE GSIS BOARD, ENSURING PROMPT PAYMENT OF
ALL THEIR BENEFITS AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Today, there are approximately 1.4 million government employees in the country. They are the hardworking civil servants whom we engage whenever we avail of services from various government agencies. They serve with honor and competence despite grueling workloads, uncomfortable work conditions and meager salaries.

In recognition of the valuable services rendered by the government workforce, the Government Service Insurance System (GSIS) was established through Republic Act (R.A.) No. 8291, otherwise known as the Government Insurance Act of 1997, to respond to the needs of the growing bureaucracy. Under this law, the GSIS is mandated to insure its members against the occurrence of certain contingencies in exchange to their monthly premium contributions. Indeed, through time, GSIS members and their dependents have relied primarily on the benefits and claims from the GSIS as an additional resource to meet financial needs.

In the past, however, there have been a number of stories of misery, disappointment and desperation from many GSIS members. There were reported complaints of delays in the receipt of payment for claims, non-updating and non-reconciliation of members' records and contributions, and inefficiency in providing

services, among others. These problems in one way or another have caused additional burden to its members.

In order to alleviate the problems encountered by the members of the GSIS, this bill amends certain provisions of R.A. No. 8291 by institutionalizing a Members' Rights which perhaps is the first of its kind in the world as far as government pension systems are concerned. In addition to their rights under existing laws, the GSIS members are granted specific rights such as: *a) Right to courteous and responsive service; b) Right to information; c) Right to GSIS benefits; d) Right to expeditious processing of claims, e) Right to be heard; and, f) Special Rights for the elderly.*

The bill not only strengthens members' rights but, as an added feature, it also spells out the responsibilities of the agency. This provision aims to address inefficiency and negligence of government agencies as employers in remitting contributions to the GSIS. Under the bill, it is the main responsibility of the agencies to remit employees and employer's contributions to the GSIS within the prescribed time and in the prescribed format. The agencies concerned are also required to promptly produce the documents generated by the agency and required to facilitate the processing of a member's claim from GSIS.

The prescriptive period in claiming of benefits is also lifted to allow members or their designated beneficiaries to claim GSIS benefits for an indefinite period.

This bill also grants the Regional Trial Court (RTC) to have concurrent jurisdiction over disputes arising from the grant of benefits provided by the law. Hence, GSIS members will now have an alternative venue aside from the GSIS should they opt to appeal decisions on their claims for benefits.

The proposed law likewise provides limitation on foreign investments so that investible funds of the GSIS can be made available in the local market to finance priority programs and projects of the government.

Additional representation for members in the GSIS board is also provided in this bill. The Secretary of Education and Chairperson of the Civil Service Commission shall be additional members of the board to further strengthen the representation of teachers who compose approximately 60% of the GSIS membership and to promote the welfare of the civil servants.

Lastly, in order to protect the rights of GSIS members, the bill adds penal provisions for violations of the law.

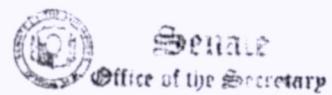
While this bill is not expected to address all the problems of the GSIS, it is a measure geared towards achieving a healthier and more responsive insurance system that provides the benefits and services that our civil servants rightfully deserve.

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

A handwritten signature in black ink, appearing to read "Ralph G. Recto". The signature is fluid and cursive, with the name clearly legible in the center.

//mksbc

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AN ACT

**INSTITUTIONALIZING THE RIGHTS OF GOVERNMENT SERVICE
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ALL THEIR BENEFITS AND FOR OTHER PURPOSES**

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

1 Section 1. *Short Title.* – This Act shall be known as the "GSIS Members'
2 *Rights and Benefits Act*".

3 Sec. 2. *Declaration of Policy.* – It is a declared policy of the State to provide,
4 develop and promote a sound social security system responsive to the needs of its
5 workers.

6 The State shall review and strengthen policies that advance and protect the
7 welfare of workers in the public sector.

8 The Constitution guarantees the right of all workers to participate in policy
9 and decision-making processes affecting their rights and benefits as may be
10 provided by law.

11 In the pursuit of these policies, the State shall:

12 (a) Ensure the adoption of policies beneficial to GSIS members paving
13 the way for a responsible, integrated and transparent social security system;

14 (b) Provide greater representation for members at the highest policy-
15 making level of the GSIS;

16 (c) Insulate the Social Insurance Fund (SIF) from dissipation due to
17 the volatility of the global economy;

1 (d) Ensure that top-level officials of the GSIS are held accountable for
2 mismanagement and inefficiencies in the delivery of services to members and
3 beneficiaries; and

4 (e) Provide GSIS members and beneficiaries alternative venues in the
5 settlement of disputes.

6 Sec. 3. Section 2 of Republic Act No. 8291, otherwise known as "The
7 Government Service Insurance Act of 1997" is hereby amended to read as follows:

8 *"Sec. 2. Definition of Terms.* – Unless the context otherwise indicates,
9 the following terms shall mean:

10 "xxx

11 "(f) Dependents – Dependents shall be the following:

12 (a) the legitimate spouse dependent for support upon the member or
13 pensioner; (b) legitimate, legitimated legally adopted child, including
14 the illegitimate child, who is unmarried, ~~[not gainfully employed]~~ not
15 over the age of majority, or is over the age of majority but
16 incapacitated and incapable of self-support due to mental or physical
17 ~~[defect]~~ **DISABILITY** acquired prior to the age of majority; and (c)
18 the parents dependent upon the member for support;

19 "xxx."

20 Sec. 4. *Members' Rights.* – In addition to their rights under existing laws, the
21 members shall have the following rights:

22 (a) Right to Courteous and Responsive Service

- 23 1. To be considered a GSIS member from the first day of government
24 service;
- 25 2. To be provided prompt and accurate service;
- 26 3. To be accorded respect by the executives and employees of the
27 GSIS; and
- 28 4. To be afforded comfortable and customer-friendly facilities when
29 transacting with the GSIS.

30 (b) Right to Information

- 1 1. To be informed of the laws, regulations, policies or programs
2 affecting the members' rights, benefits, obligations, and privileges,
3 including amendments or changes thereto;
- 4 2. To be provided with copies of GSIS policies and regulations
5 pertaining to benefits and claims administration;
- 6 3. To be informed of the various modes and options in availing
7 benefits;
- 8 4. To receive accurate and updated membership data, records and
9 information, including records of premium remittances and loan
10 payments, among others;
- 11 5. To have GSIS data and records protected from unauthorized,
12 unlawful or improper disclosure; and
- 13 6. To be informed in advance of documents required to facilitate
14 transaction, processing period and updated status of claims or loan
15 applications.

16 (c) Right to GSIS Benefits

- 17 1. To receive on time the benefits the member has qualified to even
18 after separation from the service;
- 19 2. To avail the mode of retirement, among the different applicable
20 retirement laws and be allowed to change the preferred mode:
21 *Provided*, That the retirement pension package has not yet been
22 received;
- 23 3. To be protected against discrimination and thus receive the same
24 benefits and privileges granted other members similarly situated;
25 and
- 26 4. To receive benefits exempt from all taxes, fees, charges and duties
27 of all kinds.

28 (d) Right to Expedited Processing of Claims

- 29 1. To claim and receive on time benefits provided under applicable
30 laws;
- 31 2. To exhaust all legal remedies under existing laws; and

- 1 3. To be protected from diminution of benefits that may arise with the
2 passage of a subsequent law or regulation.

3 (e) Right to be Heard

- 4 1. To be represented in the GSIS governing Board;
5 2. To participate in meaningful exchange of views in dialogues and
6 fora conducted by GSIS without fear of reprisal;
7 3. To be consulted on the policies and programs to be implemented
8 by the system;
9 4. To convey grievances and be accorded immediate response; and
10 5. To transact business with the GSIS in person or through electronic
11 access points.

12 Sec. 4-A. *Special Rights for the Elderly, Disabled and Seriously-Ill Members, Beneficiaries and Pensioners.* – The following special rights are to be afforded to the elderly, disabled and seriously-ill members, beneficiaries and pensioners, to wit:

- 13 1. To be provided special access lanes;
14 2. To be prioritized in the processing and releasing of claims and
15 benefits;
16 3. To be given preference in the dissemination of information
17 pertaining to policies; and
18 4. To be accorded leniency in the submission of documents: *Provided,*
19 That there is substantial compliance with the requirements
20 prescribed by GSIS.

21 Sec. 5. *Agency's/Employer's Responsibilities.* – The government agencies
22 covered by the GSIS Act, as employers, shall have the following responsibilities:

- 23 1. To remit employees' and employers' contributions to the GSIS within
24 the prescribed time mandated by the GSIS Act;
25 2. To provide promptly documents from the agency required to
26 facilitate the processing of documents and claims;
27 3. To provide additional documents as necessary to reconcile the
28 records of accounts; and

1 4. To inform GSIS, through their agency authorized officers, of any
2 update pertaining to personal or service records that may affect the
3 processing of claims and benefits.

4 Sec. 6. Section 7 of Republic Act No. 8291, otherwise known as "The
5 Government Service Insurance Act of 1997" is hereby amended to read as follows:

6 "Sec. 7. *Interests on Delayed Remittances.* – Agencies which delay the
7 remittance of any and all monies due the GSIS shall be charged interests as
8 may be prescribed by the Board but not[less] **MORE** than two percent (2%)
9 simple interest per month. Such interest shall be paid by the employers
10 concerned."

11 Sec. 7. Section 28 of Republic Act No. 8291, otherwise known as "The
12 Government Service Insurance Act of 1997" is hereby amended to read as follows:

13 "Sec. 28. *Prescription.* – Claims for benefits under this Act [except for
14 life and retirement] shall [prescribe after four (4) years from the date of
15 contingency] **BE IMPREScriptible.**"

16 Sec. 8. Section 30 of Republic Act No. 8291, otherwise known as "The
17 Government Service Insurance Act of 1997" is hereby amended to read as follows:

18 "Sec. 30. *Settlement of Disputes.* – The GSIS **AND THE REGIONAL
19 TRIAL COURT (RTC)** shall have original and [exclusive] **CONCURRENT**
20 jurisdiction to settle any dispute arising under this Act and any other laws
21 administered by the GSIS.

22 "xxx."

23 Sec. 9. Section 31 of Republic Act No. 8291, otherwise known as "The
24 Government Service Insurance Act of 1997" is hereby amended to read as follows:

25 "Sec. 31. *Appeals.* – Appeals from any decision or award of the Board
26 **OR RTC** shall be governed by [Rules 43 and 45 of] **THE PERTINENT
27 RULES FOUND IN** the 1997 Rules of Civil Procedure [adopted by the
28 Supreme Court on April 8, 1997 which will take effect on July 1, 1997]:
29 *Provided*, That pending cases and those filed prior to July 1, 1997 shall be
30 governed by the applicable rules of procedure: *Provided, further*, That the
31 appeal shall take precedence over all other cases except criminal cases when
32 the penalty of life imprisonment or death or *reclusion perpetua* is imposable.

1 "xxx."

2 Sec. 10. Section 36 of Republic Act No. 8291, otherwise known as "The
3 Government Service Insurance Act of 1997" is hereby amended to read as follows:

4 "Sec. 36. *Investment of Funds.* – xxx

5 "xxx

6 "(j) In foreign mutual funds and in foreign currency deposits or foreign
7 currency-denominated debts, non-speculative equities and other financial
8 instruments or other assets issued in accordance with existing laws of the
9 countries where such financial instruments are issued: *Provided*, That these
10 instruments or assets are listed in bourses of respective countries where
11 these instruments or assets are issued: *Provided, further*, That the issuing
12 company has proven track record of profitability over the last three (3) years
13 and payment of dividends at least once over the same period: **PROVIDED,**
FINALLY, THAT NOT MORE THAN FIVE PERCENT (5%) OF THE
ABOVE-MENTIONED FUNDS SHALL BE INVESTED ABROAD."

14 Sec. 11. Section 42 of Republic Act No. 8291, otherwise known as "The
15 Government Service Insurance Act of 1997" is hereby amended to read as follows:

16 "Sec. 42. *The Board of Trustees; Its Composition; Tenure and*
17 *Compensation.* – The corporate powers and functions of the GSIS shall be
18 vested in and exercised by the Board of Trustees composed of the President
19 and General Manager of the GSIS and [eight-(8)] **TEN (10)** other members
20 to be appointed by the President of the Philippines, one (1) of whom shall be
21 either the President of the Philippine Public School Teachers Association
22 (PPSTA) or the President of the Philippine Association of School
23 Superintendents (PASS), **THE SECRETARY OF THE DEPARTMENT OF**
24 **EDUCATION (DepEd), THE CHAIRPERSON OF THE CIVIL SERVICE**
25 **COMMISSION (CSC)**, another two (2) shall represent the leading
26 organizations or associations of government employees/retirees, **AND**
27 another four (4) from the banking, finance, investment, and insurance
28 sectors, and one (1) recognized member of the legal profession who at the
29 time of appointment is also a member of the GSIS. The Trustees shall elect
30 from among themselves a Chair[man]**PERSON** while the President and
31

1 General Manager of the GSIS shall automatically be the vice-
2 chair[man]**PERSON**.

3 "xxx."

4 Sec. 12. Section 43 of Republic Act No. 8291, otherwise known as "The
5 Government Service Insurance Act of 1997" is hereby amended to read as follows:

6 *"Sec. 43. Powers and Functions of the Board of Trustees. – xxx*

7 "xxx

8 "(d) upon the recommendation of the President and General Manager, to
9 approve the GSIS' organizational and administrative structures and staffing
10 pattern[.] **SUBJECT TO EXISTING CIVIL SERVICE LAWS, RULES AND**
11 **REGULATIONS** and to establish, fix, review, revise and adjust the
12 appropriate compensation package for the officers and employees of the GSIS
13 with reasonable allowances, incentives, bonuses, privileges and other benefits
14 as may be necessary or proper for the effective management, operation and
15 administration of the GSIS, which shall be exempt from Republic Act No.
16 6758, otherwise known as the Salary Standardization Law and Republic Act
17 No. 7430, otherwise known as the Attrition Law.

18 "xxx."

19 Sec. 13. Section 49 of Republic Act No. 8291, otherwise known as "The
20 Government Service Insurance Act of 1997" is hereby amended to read as follows:

21 *"Sec. 49. Dispensation of Social Insurance Benefits. – (a) The GSIS*
22 *shall pay the retirement benefits to the employee on his last day of service in*
23 *the government: Provided, That all requirements are submitted to the GSIS*
24 *[within a reasonable period] **SIXTY (60) DAYS** prior to the effective date of*
25 *the retirement;*

26 "xxx."

27 Sec. 14. Section 52 of Republic Act No. 8291, otherwise known as "The
28 Government Service Insurance Act of 1997" is hereby amended to read as follows:

29 *"Sec. 52. Penalty. – xxx*

30 "xxx

31 **"(j) Failure of the PRESIDENT AND GENERAL MANAGER AS WELL**
32 **AS** Members of the GSIS Board, including the chair[man]**PERSON** and the

1 vice-chair[man]**PERSON**, to comply with the provisions of paragraph**S (R)**
2 **AND** (w) of Section 41 **AND SECTION 49** hereof, shall subject them to
3 imprisonment of not less than six (6) months nor more than one (1) year or a
4 fine of not less than [Five] **TEN** thousand pesos (**P[5] 10,000.00**) nor more
5 than [Ten]**TWENTY** thousand pesos (**P[±10]20,000.00**) without prejudice to
6 any civil or administrative liability which may also arise therefrom[.]:
7 **PROVIDED, THAT IN CASE GSIS FAILS TO COMPLY WITHOUT VALID**
8 **AND JUSTIFIABLE REASON WITH THE REQUIREMENTS REFERRED**
9 **TO IN SECTION 49 OF THIS ACT, A PENALTY OF NOT MORE THAN**
10 **TWO PERCENT (2%) SIMPLE INTEREST SHALL BE CHARGED PER**
11 **MONTH FROM GSIS: PROVIDED, HOWEVER, THAT IN CASE THE**
12 **RELEASE OF THE RETIREMENT BENEFITS REFERRED TO IN SECTION**
13 **49 OF THIS ACT COULD NOT BE ACCOMPLISHED DUE TO FORCE**
14 **MAJEURE AND OTHER INSUPERABLE CAUSES, THE PENALTY OF**
15 **IMPRISONMENT AND FINE IMPOSED UNDER THIS PARAGRAPH**
16 **SHALL NOT APPLY.**

17 "Criminal actions arising from violations of the provisions of this Act
18 may be commenced by the GSIS or by the aggrieved member, either under
19 this Act or, in appropriate cases, under the Revised Penal Code[.] **AND**
20 **OTHER SPECIAL LAWS.**

21 Sec. 15. *Implementing Rules and Regulations.* – The implementing rules and
22 regulations to carry out the provisions of this Act shall be adopted and promulgated
23 by the GSIS, in consultation with the Civil Service Commission (CSC) not later than
24 ninety (90) days after the approval of this Act.

25 Sec. 16. *Separability Clause.* – If any part or provision of this Act shall be held
26 to be unconstitutional or invalid, other parts or provisions hereof which are not
27 affected shall continue to be in full force and effect.

28 Sec. 17. *Repealing Clause.* – All laws, decrees, executive orders, rules and
29 regulations, or parts thereof which are inconsistent with this Act are hereby
30 repealed, amended or modified accordingly.

1 Sec. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its
2 publication in the *Official Gazette* or in at least two (2) newspapers of general
3 circulation.

Approved,