

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**

Thirteenth Congress
Third Regular Session

House Bill No. 5746



Introduced by Honorable Catalino V. Figueroa

EXPLANATORY NOTE

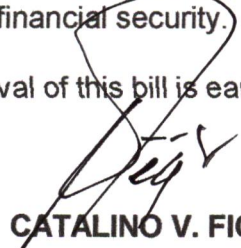
This bill seeks to create an Overseas Filipino Workers Insurance Corporation (OFWIC) designed to provide to millions of overseas Filipino workers and their families.

Overseas employment plays a very important role in the financial stability and economic growth of the country. It is the single most significant source of our foreign exchange reserves. It is but proper that the welfare of these overseas workers be given foremost consideration in the agenda of the government. They are often referred to as "modern heroes," yet many of them come home beaten and penniless, and worse lying-inside a wooden box, bitter victims of injustice in foreign lands.

This bill seeks, therefore, a timely and affirmative response to the needs, problems and desires of our Filipino brothers and sisters who, by force of circumstance, are working abroad. The establishment of an insurance corporation will afford them and their families security against the uncertainties of the future as well as the assurance of financial assistance should anything happen that renders them incapacitated to perform income generating labor.

This bill provides for comprehensive insurance program especially designed to suit the needs of overseas contract workers and their families. With millions of Filipino overseas workers, the Department of Labor and Employment or any of its agencies, may not be able to satisfactorily respond to their needs particularly in terms of financial security.

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


CATALINO V. FIGUEROA

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**AN ACT
ESTABLISHING THE OVERSEAS FILIPINO WORKERS INSURANCE
CORPORATION, APPROPRIATING FUNDS THEREFOR AND FOR OTHER
PURPOSES**

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

CHAPTER I

GENERAL PROVISIONS

SECTION 1. Short Title. – This Act shall be known as the “Overseas Filipino Workers Insurance Corporation Act of 2006.”

SECTION 2. Declaration of Policy. – It is hereby the policy of the State to protect and promote the welfare of the Filipino overseas workers and to develop innovative means to provide security designed to ensure their future as well as those of their families.

SECTION 3. Definition of Terms. – For purposes of this Act, the following terms shall mean:

- a) “Overseas Filipino Worker (OFW)” refers to a Filipino citizen who is employed or has been employed legally outside the Philippines;
- b) “Documented OFW” refers to an overseas contract worker with a valid contract of employment with a legitimate agency or employer and who possesses the necessary documents to work outside the Philippines;

- c) "Non-documented OFW" refers to overseas workers who do not have valid contracts or agreements of employment nor possess the necessary documents to work abroad;
- d) "Beneficiaries" refer to the dependent spouse of an OFW, his dependent children, whether legitimate or illegitimate, who are the primary beneficiaries. In their absence, the dependent parents shall be the secondary beneficiaries. In the absence of the foregoing, any other person designated by the OFW.

CHAPTER II

THE OVERSEAS FILIPINO INSURANCE CORPORATION

SECTION 4. Overseas Filipino Workers Insurance Corporation. – Pursuant to the foregoing policy, there is created a corporate body to be known as the Overseas Filipino Workers Insurance Corporation (OFWIC). The OFWIC shall provide financial security to overseas contract workers and their dependents. It shall also ensure and coordinate the economic viability and promotion of the welfare of overseas Filipino workers, as well as ensure the viability of the funds remitted by overseas workers.

THE OFWIC shall endeavor to strike a right balance in management and safekeeping of the funds remitted by the overseas Filipino workers while extending the benefits of the insurance programs and services to the rightful beneficiaries.

SECTION 5. Powers and Functions. – The OFWIC shall have the following powers and functions:

- a) Protect and promote the welfare of the OFWs and their dependents;
- b) Facilitate the implementation of the provisions of this Act providing insurance benefits to the OFWs and their dependents;
- c) Provide skills development services for OFWs and their dependents;
- d) Undertake studies and researches designed to enhance the social and economic well-being of the OFWs and their dependents;
- e) Develop, support and finance projects for the welfare of OFWs and their dependents;
- f) Receive in trust, legacies, gifts and donations, real or personal properties, as well as financial assistance, from local and foreign donor for its rationalization, to administer and dispose the same when necessary for the benefits of the OFWIC, subject to limitations, directions and instruction of the donors, if any. Such donations shall be exempted from taxes and shall be considered as deductible items from the income tax of the donors.
- g) Sue and be sued in its official name;

- h) Enter into and perform contracts, execute instruments, and determine the character of and necessity for its expenditures;
- i) Determine and keep its own system of accounts following the generally-accepted principles of accounting, as well as the forms and contents of its contracts and business documents;
- j) Acquire, in any lawful manner, such personal or real property or any interest therein, as it deems necessary or convenient in the transaction of its business, and hold, maintain, lease, or otherwise dispose of such property or any interest therein; and
- k) Exercise such other powers and perform other functions as are necessary to implement the provisions of this Act.

SECTION 6. Board of Trustees. – The corporate powers and functions of the OFWIC shall be vested in and exercised by the Board of Trustees, hereinafter referred to as the Board, which shall be composed of a Chairman and six (6) members, all of whom shall be appointed by the President of the Philippines from the nominees submitted by the concerned group. Of the six members, one (1) shall come from the land-based workers group; one (1) from the seamen or sea-based group; one (1) from the women's sector; one (1) from the management group; and two (2) from the general public.

SECTION 7. Duties of the Board of Trustees. – The Board of Trustees shall have the following duties:

- a) Adopt, amend and rescind such rules and regulations as maybe necessary to carry out the provisions and purposes of this Act;
- b) Enter into agreements or contracts for such service and aid, as maybe needed for the proper and effective administration of the OFWIC;
- c) Approve the annual and supplemental budget of receipts and expenditures of the OFWIC, and authorize such operating and capital expenditures and disbursements of the OFWIC as maybe necessary or proper for the effective management, operation and administration of the OFWIC, upon recommendation of the Administrator;
- d) Determine and fix the monthly contributions of the OFWs;
- e) Approve the OFWIC organizational and administrative structures and staffing pattern, and establish, fix, review, revise and adjust the appropriate compensation package for the officers and employees of the OFWIC, upon recommendation of the Administrator;
- f) Approve and adopt guidelines affecting investments, settlement of claims, disposition of acquired assets, development of livelihood projects and the enforcement of the provisions of this Act; and
- g) Perform such acts as necessary for the proper implementation of this Act.

SECTION 8. Chairman. – The Chairman shall have the authority and responsibility of exercising the powers and functions of the OFWIC. He shall be designated by the President of the Philippines and shall receive the compensation, allowances and other emoluments received by a cabinet secretary.

The Chairman shall exercise the following powers and functions:

- a) Issue rules and regulations to carry out the objectives and purposes of the OFWIC;
- b) Administer fund resources and fix yearly appropriations of the OFWIC;
- c) Determine and fix the amount of contributions of employers of land-based and sea-based OFWs with the approval of the Board.
- d) Coordinate all policies and programs relating to OFWS and their families; and
- e) Undertake consultations with members of the Cabinet and other government officials concerning matters affecting the welfare of OFWs and their families; and
- f) Exercise such other powers and perform such other functions as maybe necessary to carry out the provisions of this Act.

SECTION 9. Administrator. The general conduct of the operation and management function of the OFWIC shall be vested in the Administrator to be appointed by the Board who shall serve as chief executive officer immediately responsible for carrying out the programs of the OFWIC and the policies of the Board of Trustees. The administrator, subject to the approval of the Board, shall appoint the FWIC personnel, remove, suspend or otherwise discipline them for cause in accordance with existing laws, rules and regulations, and prescribe their duties and qualifications to the end that only competent persons may be employed.

SECTION 10. Service Offices. – The OFWIC shall have the following service offices:

- a) Administrative Service Office which shall be responsible for providing the OFWIC with services relating to personnel, records, informations, supplies and equipment;
- b) Legal Service Office which shall provide legal assistance and represent overseas workers in all matters affecting their social security;
- c) Financial and Management Service Office which shall provide the OFWIC with advise and assistance on budgetary, financial and management matters; and
- d) Planning Service Office which shall provide the OFWIC wit services relating to planning, programming, project

development including development policies, and such programs and priorities as are warranted by domestic and international development.

SECTION 11. Insurance Commission. – The Insurance Commissioner, or his authorized representatives, shall make an examination of the financial condition and methods of transacting business of the OFWIC at least once (1) every three (3) years and the report of said examination shall be submitted to the Board and copies thereof furnished to the Office of the President of the Philippines and both Houses of Congress within five (5) days after the close of examination: *Provided*, That for each examination the OFWIC shall pay the Office of the Insurance Commissioner an amount equal to the actual expenses incurred by the said office in the conduct of the examination, including the salaries of the examiners and of the actuary of such examination for the actual time spent.

CHAPTER III

COVERAGE

SECTION 12. – Scope of Coverage. – This Act shall apply to all OFWs who are duly registered with the Philippine Overseas Employment Agency, including their beneficiaries and dependents.

SECTION 13. Compulsory Coverage. – The membership in the OFWIC shall be compulsory on all OFWs: *Provided, however*, That an OFW who is a member of a social security system or any other benefit plan under existing laws shall have the option to continue the same and shall be entitled to any benefit or benefits accruing therefrom.

The OFW shall, upon acceptance of employment abroad, sign a membership contract with the OFWIC a copy of which shall be submitted to the Philippine Overseas Employment Agency and the Bureau of Immigration and Deportation.

SECTION 14. Date of Coverage. – Compulsory coverage of the OFW under the OFWIC shall take effect on the first day of his employment in the foreign land.

SECTION 15. Separation from Employment. – When a covered OFW is separated from employment, his obligation to pay contributions arising from the employment shall cease at the end of the month of separation, but he shall be credited with all contributions paid and shall be entitled to all benefits provided in this Act.

CHAPTER IV

SOURCES OF FUNDS

SECTION 16. Contributions. – It shall be mandatory for the members of the OFWIC to pay, at his option, monthly, quarterly, semi-annually or annually, contributions or premiums in accordance with the schedule prepared by the Chairman and approved by the Board.

SECTION 17. – Contributions and Interests. – a) Sea-based OFW. – The agency concerned shall report to the OFWIC the names of all OFWs processed and deployed by such agency. It shall remit to the OFWIC the contributions of the OFWs within the first ten (10) days of the calendar month following the month to which the contributions apply;

b) Land-based OFW. – The representative of the OFW shall pay the OFWIC, through the designated banks, the premium payments or contributions in accordance with the schedule approved by the Board; and

c) Interest on Delayed Remittances. – Delay in remittance or payment of any and all monies due the OFWIC shall be charged interests as maybe prescribed by the Board but not less than two percent (2%) simple interest per month.

CHAPTER V

BENEFITS

SECTION 18. Lump sum Payment. – A member of the OFWIC who shall reach the retirement age of sixty (60) years shall be entitled to a lump sum amount equivalent to five times the amount of his total contributions.

SECTION 19. Death Benefit. – Upon the death of a covered OFW, his primary beneficiaries shall be entitled to a lump sum amount equivalent to five times the amount of his total contributions.

SECTION 20. Permanent Disability Benefit. – When a covered OFW suffers from a permanent total disability, he shall be entitled to a lump sum benefit equivalent to five times the amount of his total contributions.

SECTION 21. Funeral Benefit. – The beneficiaries of a deceased OFW shall be given a cash grant in the amount of Twenty-Five Thousand Pesos (Php25,000.00) to help defray funeral and other related expenses.

SECTION 22. Injury and Sickness Benefit. – An injured or sick OFW who has paid at least three (3) monthly contributions in the twelve (12) monthly period immediately preceding the semester of sickness or injury and is confined in a hospital for more than three (3) days, shall be entitled to medical and hospitalization benefits: *Provided*, That he shall notify the OFWIC of the fact of his sickness or injury within five (5) calendar days after the start of his confinement.

SECTION 23. Repatriation Benefit. – In case the OFW is caught in war or disaster, or suffers an illness, and is repatriated for such causes, he shall be entitled to an amount equivalent to three times his total contributions.

CHAPTER VI

SERVICES

SECTION 24. Economic Services. – In an effort to assist OFWs or their families uplift their living condition, the OFWIC shall offer the following economic services:

a. Expanded Livelihood Service such as, but not limited to:

i) Loan which offers maximum loanable amount equivalent to two times their total contributions with an interest rate of not more than six percent (6%) *per annum* without any collateral or security;

ii) Small and Medium Enterprise Financing which provides for a collateralized livelihood loan facility in the amount equivalent to three times the total amount of their contributions, but not more than Fifty Thousand Pesos (Php50,000.00);

iii) Impact Projects, which are open to cooperatives of OFWs for financing of livelihood projects that can generate employment opportunities as well assist OFWs or their families embark on small and medium scale business ventures;

iv) Wholesale Lending Services under the Integrated Return Program for OFWs, which are designed to spread out and facilitate the livelihood programs through non-government organizations and countryside financing institutions;

b. *Kabuhayan* Program geared towards providing livelihood programs to returning OFWs through:

i) Training and retaining referrals to the Technical Education and Skills Development Authority and to the Livelihood Corporation of the Philippines;

- ii) Referrals to the Landbank of the Philippines (LBP), Development Bank of the Philippines (DBP) and the Livelihood Corporation of the Philippines for livelihood applications.
 - iii) Referrals to the LBP and DBP for investment counseling.
- c. Loan Packages Service which offers emergency cash up to Twenty Thousand Pesos (Php20,000.00) according to salary scale as a family assistance loan.
- d. Medicare Service which provides medical related services for OFWs in cooperation with concerned government agencies. Assistance shall be provided to entitled OFWs in the amount of Ten Thousand Pesos (Php10,000.00) when the injury or sickness is sustained as a result of employment provided that the OFWIC is duly notified of such fact.
- e. Psychological and Social Well-being Service which shall help OFWs cope with anxieties, adjustment problem, perplexities, apprehensions and other distressing psychological factors which they encounter on their return home.

CHAPTER VII

FINAL PROVISIONS

SECTION 25. Funding. – The Overseas Workers Welfare Administration is hereby mandated to allocate from the OFW Welfare Fund the amount of Five Hundred Million Pesos (Php500,000,000.00) for the initial capitalization of the Overseas Filipino Workers Insurance Corporation.

SECTION 26. Repealing Clause. – All laws, decrees, executive orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SECTION 27. Separability Clause. – If any portion of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall continue in full force and effect.

SECTION 28. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulations.

Approved,