

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 249



Introduced by
ACT TEACHERS Party-List Representative Antonio L. Tinio

EXPLANATORY NOTE

This measure seeks to revise the *Government Service Insurance System (GSIS) Act* (Republic Act No. 8291, as amended). This was House Bill 6904 from the Fifteenth Congress, approved on Third Reading by the House of Representatives in plenary on 5 June 2013 after a series of public hearings and consultations. It seeks to address some of the long-running concerns of GSIS members, many of whom suffered from years of mismanagement, poor record-keeping, irregular remittances, inefficient collection, lack of transparency, and outright abuse and corruption on the part of GSIS and the government agencies who are jointly responsible for maintaining and ensuring the continuing viability of the state pension fund.

In particular, this bill aims to strengthen the existing law by improving members' benefits and institutionalizing members' rights and responsibilities of agency employers, thus making regular remittance of premiums, reconciliation of records, and prompt processing of claims duly demandable and actionable rights. The penalty for responsible personnel of agency employers who fail to remit to the GSIS premium payments already deducted from the members is also increased, from a penalty for mere *estafa* under the current law to imprisonment from twelve (12) years and one day to twenty (20) years and a fine of Five hundred thousand pesos (P500,000.00) to Two million pesos (P2,000,000.00), plus absolute perpetual disqualification from holding public office. Where the offense is likewise attributable to heads of agencies, the penalty is higher.

Another improvement in this bill is the use of the total length of service as basis for the determination of a member's eligibility to receive benefits and the computation of the amounts thereof.

Salient provisions include:

1. Institutionalization of members' rights.

2. Broader representation in the Board of Trustees of actual members, with the addition of a Trustee from a leading teaching or nonteaching organization accredited by the CSC, another two coming from leading organizations of government employees including those in local government units (LGUs), and one to represent retirees.
3. Increased criminal and civil liabilities for erring officials/employees with regard to the deduction and remittance of premium payments of members.
4. Deletion of the qualifier "dependent for support upon member or pensioner" for beneficiaries under the survivorship benefit.
5. Provision of an option to unmarried members to designate a beneficiary in the absence of parents or children.

Approval of this bill is earnestly sought.



ANTONIO L. TINIO

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AN ACT
FURTHER STRENGTHENING THE GOVERNMENT SERVICE INSURANCE SYSTEM

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

SECTION 1. *Short Title.* This Act shall be known as the “***Revised Government Service Insurance System (GSIS) Act of 2013.***”

SECTION 2. *Declaration of Policy.* It is a declared policy of the State to provide, develop and promote a sound social security system responsive to the needs of its employees. Likewise, 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. Towards this end, the State shall:

- (a) Ensure the adoption of policies beneficial to GSIS members, paving the way for a responsible, integrated and transparent social security system;
- (b) Provide greater representation for members at the highest policy-making level of the GSIS;
- (c) Insulate the Social Insurance Fund (SIF) from dissipation due to the volatility of the global economy; and
- (d) Ensure that top-level officials of the GSIS are held accountable for mismanagement and inefficiencies in the delivery of services to members and beneficiaries.

A. DEFINITIONS

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

- (a) *GSIS* refers to the Government Service Insurance System created by Commonwealth Act No. 186.
- (b) *Board* refers to the Board of Trustees of the Government Service Insurance System.
- (c) *Employer* refers to the national government, its political subdivisions, branches, agencies or instrumentalities, including government-owned and -controlled corporations (GOCCs), and financial institutions with original charters, the Constitutional commissions and the judiciary.
- (d) *Employee or member* refers to any person receiving compensation while in the service of an employer as defined herein, whether by election or by appointment, irrespective of status of appointment, including barangay and sanggunian officials.
- (e) *Active member* refers to a member who is not separated from the service.
- (f) *Beneficiaries* shall be the following:
 - (1) For married members:
 - a. The legitimate spouse; and
 - b. The legitimate, legitimated, legally adopted child, including the illegitimate child, who is unmarried, not over the age of majority, or is over the age of majority but is considered a person with disability (PWD) and incapable of self-support due to a mental or physical impairment acquired prior to age of majority.
 - (2) For unmarried members:
 - a. The legitimate, legitimated, legally adopted child, including the illegitimate child, who is unmarried, not over the age of majority, or is over the age of majority but is considered a PWD and incapable of self-support due to a mental or physical impairment acquired prior to age of majority; or
 - b. In the absence of children, the parents: *Provided, however,* That the parents will no longer be considered as beneficiaries once the member marries and/or begets a child; or
 - c. In the absence of either (i) and (ii), a designated beneficiary who shall have the same qualifications and be entitled to the same benefits as a legitimate, legitimated, legally adopted or illegitimate child under paragraph (f)(1)(ii) of this Section: *Provided,* That the designation must be made before the member turns fifty (50) years old: *Provided, further,* That the designation can only be made once.
- (g) *Benefits* refer to those administered by the GSIS on behalf of its members, as found under Sections 14 to 38 of this Act, specifically: retirement, separation, unemployment, disability, death/funeral, survivorship and life insurance.
- (h) *Compensation* refers to 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.
- (i) *Contribution* refers to the amount payable to the GSIS by the member and the employer in accordance with Section 10 of this Act.

- (j) *Current daily compensation* 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.
- (k) *Average Monthly Compensation (AMC)* refers to the quotient arrived at after dividing the aggregate compensation received by the member during his/her last thirty-six (36) months of service 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 service: *Provided*, That the average monthly compensation shall 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.
- (l) *Revalued average monthly compensation* refers to an amount equal to one hundred seventy percent (170%) of the first One thousand pesos (P1,000.00) of the average monthly compensation plus one hundred percent (100%) of the average monthly compensation in excess of One thousand pesos (P1,000.00).
- (m) *Pensioner* refers to any person receiving old-age or permanent total disability pension or any person who has received the retirement benefits: *Provided*, however, That one who is receiving survivorship pension benefits as defined in Sections 33 to 36 of this Act is not considered a pensioner.
- (n) *Disability* refers to any loss or impairment of the normal functions of the physical and/or mental faculty of a member which reduces or eliminates his/her capacity to continue with his/her current gainful occupation.
- (o) *Permanent partial disability* accrues or arises due to the complete and permanent loss of certain portions of the physical faculties, resulting in the disability to work for a limited period of time.
- (p) *Permanent total disability* accrues or arises due to injury or disease causing complete, irreversible and permanent incapacity that will permanently disable a member to work or to engage in the same occupation resulting in loss of income.
- (q) *Temporary total disability* accrues or arises when the impaired physical and/or mental faculties can be rehabilitated and/or restored to their normal functions; but such disability shall result in temporary incapacity to work or to engage in any occupation.
- (r) *Total length of service* refers to 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 and the computation of actual benefits payable under this Act.
- (s) *Total income* refers to the amount of profit derived from the GSIS' operations and investments: *Provided*, That compulsory and optional premium contributions to the SIF from both employers and employees shall not form part of the GSIS' total income.

B. MEMBERSHIP IN THE GSIS

SECTION 4. *Compulsory Membership.* (a) All government personnel, whether elective or appointive, irrespective of status of appointment: *Provided*, That they are receiving fixed monthly compensation and have not reached the mandatory retirement age of sixty-five

(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 beyond the mandatory retirement age of sixty-five (65) but whose appointment in government service has been approved by the Office of the President of the Philippines or has been extended by the Civil Service Commission (CSC) for the purpose of completing the fifteen (15) years of service required under Republic Act No. 8291 to qualify for retirement benefits.

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

- (1) Uniformed personnel of the Armed Forces of the Philippines (AFP), the Philippine National Police (PNP), the Bureau of Fire Protection (BFP) and the Bureau of Jail Management and Penology (BJMP);
- (2) Barangay, sanggunian and other government officials who are not receiving fixed monthly compensation;
- (3) Government employees covered by separate retirement schemes, as enumerated under Section 4(e) of this Act; and
- (4) Personnel who are not receiving fixed monthly compensation and/or do not have monthly regular hours of work.

(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; and
- (4) All others who are or may be subsequently covered by a separate retirement law.

SECTION 5. *Optional Membership.* The following shall be given the option to continue their membership in the GSIS, even beyond the mandatory retirement age of sixty-five (65):

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

- (c) An official or employee who holds a coterminus or highly confidential position who reaches the age of sixty-five (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.

SECTION 6. *Effect of Separation from the Service.* A member separated from the service either by resignation, retirement, disability, dismissal from the service or retrenchment shall be deemed an inactive member of the system. An inactive member shall be entitled to whatever benefits he/she has qualified for in the event of any contingency compensable under this Act.

SECTION 7. *Members' Rights.* In addition to their rights under existing laws, the members shall have the following rights:

- (a) Right to courteous and responsive service:

- (1) To be considered a GSIS member from the first day of government service;
- (2) To be provided prompt and accurate service;
- (3) To be accorded respect by the executives and employees of the GSIS; and
- (4) To be afforded comfortable and customer-friendly facilities when transacting with the GSIS;

- (b) Right to information:

- (1) To be informed of the laws, regulations, policies or programs affecting the members' rights, benefits, obligations and privileges, including amendments or changes thereto;
- (2) To be informed of GSIS policies and regulations pertaining to benefits and claims administration;
- (3) To be informed of the various modes and options in availing themselves of benefits;
- (4) To receive accurate and updated membership data, records and information, including records of premium remittances and loan payments;
- (5) To have GSIS data and records protected from unauthorized, unlawful or improper disclosure; and
- (6) To be informed in advance of documents required to facilitate transaction, processing period and updated status of claims or loan applications;

- (c) Right to GSIS benefits:

- (1) To receive on time the benefits the member has qualified to even after separation from the service;
- (2) To avail of a mode of retirement from among the different applicable retirement laws and to be allowed to change the chosen mode: *Provided*, That the member has met the qualifications required under the chosen mode: *Provided, further*, That the pension has not yet been received or paid;
- (3) To be protected against discrimination and thus receive the same benefits and privileges granted other members similarly situated; and

- (4) To receive benefits exempt from all taxes, fees, charges and duties of all kinds except for unpaid personal premium contributions and monetary liabilities due to the fund;

(d) Right to expeditious processing of claims:

- (1) To claim and receive on time benefits provided under applicable laws;
- (2) To exhaust all legal remedies under existing laws; and
- (3) To be protected from diminution of benefits that may arise with the passage of a subsequent law or regulation; and

(e) Right to be heard:

- (1) To be represented in the GSIS governing Board of Trustees (Board);
- (2) To participate in meaningful exchanges of views, dialogues and fora conducted by the GSIS without fear of reprisal;
- (3) To be consulted on the policies and programs to be implemented by the GSIS;
- (4) To convey grievances and be accorded immediate response; and
- (5) To transact business with the GSIS in person.

SECTION 8. *Special Rights for the Elderly, PWDs and Seriously-ill Members, Pensioners and Beneficiaries.* The following special rights are to be afforded to the elderly, PWDs and seriously-ill members, pensioners and beneficiaries:

- (a) To be provided special access lanes;
- (b) To be prioritized in the processing and releasing of claims and benefits;
- (c) To be given preference in the dissemination of information pertaining to policies;
- (d) To be provided specialized services necessary to ensure equal access for PWDs such as sign language interpreters, copies of policies in Braille for the visually-impaired, regional language interpreters, and others; and
- (e) To be accorded leniency in the submission of documents.

SECTION 9. *Agencies/Employers' Responsibilities.* The government agencies covered by this Act, as employers, shall have the following responsibilities:

- (a) To deduct and remit employees' and employers' contributions to the GSIS within the prescribed time mandated by law;
- (b) To promptly provide documents required to facilitate the processing of claims;
- (c) To provide additional documents as necessary to reconcile the records of accounts; and
- (d) To promptly inform the GSIS, through their Agency Authorized Officers (AAOs) of any update pertaining to personal or service records that may affect the processing of their employees' claims and benefits.

C. SOURCES OF FUNDS

SECTION 10. *Contributions.* (a) It shall be mandatory for the member and the employer to pay the monthly contributions specified in the following schedule:

	Percentage of Monthly Compensation Payable By	
Monthly Compensation	Member	Employer
	9%	12%

Members who are excluded from compulsory retirement coverage as enumerated under Section 4(d) 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) The employer shall include in its annual appropriation the necessary amounts for 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) It shall be mandatory and compulsory for all employers to include the payment of contributions in their annual appropriations. The appropriate penal, civil and administrative sanctions under Section 65 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.

SECTION 11. *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 of each employee the contribution payable by him/her in accordance with the schedule prescribed in the rules and regulations implementing this Act.

(b) Each employer shall remit directly to the GSIS the employees' and employers' contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contributions 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 shall be included in the annual budget and shall be remitted automatically by the Department of Budget and Management (DBM) to the GSIS.

SECTION 12. *Interests on Delayed Remittances.* Agencies which delay the remittance of any and all monies due the GSIS shall be charged interest as may be prescribed by the Board but not more than two percent (2%) simple interest per month. Such interest shall be paid by the employers concerned.

SECTION 13. *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.

D. BENEFITS

SECTION 14. *Determination of Amount of Benefits.* (a) The computation of total length of service for the purpose of determining a member's eligibility to the benefits payable under this Act shall be based on the service rendered starting from the date of original appointment/election, including periods of service at different times under one (1) or more employers, those performed overseas under the authority of the Republic of the Philippines, and those that 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 the total length of service: *Provided, however,* That computation of benefits prior to June 24, 1997 shall be based on the period/s of service when required premium contributions were paid: *Provided, further,* That computation of benefits of members not compulsorily covered prior to June 24, 1997 shall be based on the period/s of service when premium contributions were paid.

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.

RETIREMENT BENEFITS

SECTION 15. *General Conditions for Entitlement.* A member who retires from service shall be entitled to the retirement benefits enumerated in Section 16(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 at the time of retirement; and
- (c) Is not receiving a monthly pension benefit for permanent total disability.

SECTION 16. *Retirement Benefits.*

- (a) Retirement benefit shall either be:
 - (1) Cash 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 BMP payable monthly for life, starting upon the expiration of the five (5)-year guaranteed period covered by the cash payment; or
 - (2) Cash payment equivalent to eighteen (18) months of the member's BMP plus monthly pension for life payable immediately with no five (5)-year guarantee.
- (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 with at least fifteen (15) years of service: *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.

SECTION 17. *Computation of the Basic Monthly Pension.* (a) The BMP is equal to:

- (1) Thirty-seven and one-half percent (37.5%) of the revalued average monthly compensation; plus

(2) Two and one-half percent (2.5%) of said revalued average monthly compensation for each year of service in excess of fifteen (15) years: *Provided*, That the BMP shall not exceed ninety percent (90%) of the average monthly compensation.

(b) The BMP may be adjusted upon the recommendation of the GSIS actuary, the President and General Manager of the GSIS, the Board of Trustees of the GSIS, and approved by the President of the Philippines in accordance with the rules and regulations prescribed by the GSIS.

SECTION 18. *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 approved by the Board in accordance with the rules and regulations prescribed by the GSIS.

SEPARATION BENEFITS

SECTION 19. *General Conditions for Entitlement.* A member who separates from the service before he/she is eligible for retirement under Section 15 of this Act shall be entitled to the separation benefits enumerated in Section 20 hereof: *Provided*, That the member:

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

SECTION 20. *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, 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 he/she paid contributions, but not less than Twelve thousand pesos (P12,000.00). 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 is equivalent to the average salary received by the member during the last three (3) years of service; and
- (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 BMP at the time of resignation or separation, plus an old-age pension benefit equal to the BMP payable monthly for life upon reaching the age of sixty (60).

SECTION 21. *Effect of Reemployment in Government Service after Separation.* All service credited for retirement, resignation or separation for which corresponding benefits have been paid under this Act or other laws shall 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.

UNEMPLOYMENT BENEFITS

SECTION 22. *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 23 hereof: *Provided, That* the member:

- (a) Has been paying the required contributions for at least one (1) year prior to separation;
- (b) Has not been paid the voluntary separation benefit equivalent to one-time cash payment or eighteen (18) times the BMP, should he/she opt to avail of the same before reaching the age of sixty (60); and
- (c) Has not availed of any early retirement program as a result of his/her office's reorganization.

SECTION 23. *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
One (1) year but less than three (3) years	Two (2) months
Three (3) or more years but less than six (6) years	Three (3) months
Six (6) or more years but less than nine (9) years	Four (4) months
Nine (9) or more years but less than eleven (11) years	Five (5) months
Eleven (11) or more years but less than fifteen (15) years	Six (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

SECTION 24. *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 is in the service at the time of disability or has paid a total of at least one hundred eighty (180) monthly contributions prior to his/her disability, if already separated from the service.

SECTION 25. *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.

SECTION 26. *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 incurable imbecility or insanity; and
- (6) Such other cases as may be determined by the GSIS.

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

(c) A cash payment equivalent to eighteen (18) times his/her BMP 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 24 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/she paid contributions, but not less than Twelve thousand pesos (P12,000.00) which should have been his/her separation benefit.

(f) Unless the member has reached the minimum retirement age at the time of disability, his/her 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.

SECTION 27. *Effect of Reemployment on the Disability Benefits Being Received.* (a) Entitlement to permanent total disability benefit shall continue in the event of reemployment and the member's new salary grade, rank or position is lower than that of his/her previous employment prior to his/her disability: *Provided*, That the member has properly informed the GSIS of his/her reemployment.

(b) The disability benefits to be received after reemployment shall be adjusted by the GSIS; to be computed as the difference between the amount of the existing disability benefit and the member's salary from his/her new employment.

(c) Failure by the member to inform the GSIS of the reemployment shall result in the suspension of disability benefits being received.

PERMANENT PARTIAL DISABILITY BENEFITS

SECTION 28. *Permanent Partial Disability Benefits.* (a) The following disabilities shall be deemed permanent partial:

- (1) Complete and permanent loss of the use of:
 - (i) Any finger;
 - (ii) Any toe;
 - (iii) One (1) arm;
 - (iv) One (1) hand;
 - (v) One (1) foot;
 - (vi) One (1) leg;
 - (vii) One (1) or both ears;
 - (viii) Hearing of one (1) ear; and
 - (ix) Sight of one (1) eye; and
- (2) Such other cases as may be determined by the GSIS.
 - (a) The member shall receive a cash payment in accordance with a schedule of disabilities to be prescribed by the GSIS.

TEMPORARY TOTAL DISABILITY BENEFITS

SECTION 29. *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 benefits provided for in this Act.

SECTION 30. *Temporary Total Disability Benefit.* (a) A member shall be entitled to seventy-five percent (75%) of his/her current daily compensation for each day or fraction thereof of temporary total disability benefit not exceeding one hundred twenty (120) days in one (1) 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, 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 One hundred sixty-five pesos (P165.00) a day subject to periodic review every three (3) years.
- (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.

SECTION 31. *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

SECTION 32. *Funeral Benefit.* The amount of funeral benefit shall be determined and specified by the GSIS in the rules and regulations but shall not be less than Thirty thousand pesos (P30,000.00): *Provided*, That it shall be adjusted after five (5) years upon proper recommendation by the GSIS President and General Manager and approved by the Board and shall be paid upon the death of any of the following:

- (a) An active member as defined under Section 3(e) of this Act; or
- (b) A member who has been separated from the service, but who may be entitled to future benefit pursuant to Section 6 of this Act; or
- (c) A pensioner, as defined in Section 3(m) of this Act; or
- (d) A retiree who at the time of his/her retirement was of pensionable age under this Act but who opted to retire under Republic Act No. 1616.

SURVIVORSHIP BENEFITS

SECTION 33. *General Entitlement to Survivorship Benefits.* When a member or pensioner dies, the qualified beneficiaries shall be entitled to the survivorship benefits provided under Sections 34 to 36, subject to the conditions therein provided for.

SECTION 34. *Survivorship Pension.* The survivorship pension shall consist of:

- (a) The basic survivorship pension which is fifty percent (50%) of the BMP but shall not be more than fifty percent (50%) of the maximum step salary of an Undersecretary. The cap on the survivorship pension may be reviewed every five (5) years by the Board, based on the recommendations of the GSIS actuary, by considering the issuances on the salary standardization law; and
- (b) The children's pension not exceeding fifty percent (50%) of the BMP.

The maximum amount of basic survivorship pension prevailing at the time of death of the member or pensioner shall apply. Any subsequent increase/s in the maximum step salary of an Undersecretary will not result in any adjustment to the survivorship pension already being paid.

SECTION 35. *Death of a Member.* Upon the death of a member, the qualified beneficiaries shall be entitled to survivorship benefits, which shall be paid as follows:

- (a) If, at the time of death, a married member was in active service and has rendered at least fifteen (15) years of service:
 - (1) The legitimate spouse, if he/she is the sole beneficiary, shall receive the cash payment equivalent to eighteen (18) multiplied by (x) the BMP and the basic survivorship pension for life;
 - (2) The qualified children, as defined under Section 3(f)(1)(ii) hereof, are the only beneficiaries; they shall be entitled to pension equivalent to ten percent (10%) of the BMP for each child but not to exceed fifty percent (50%) of the BMP; and

- (3) When the survivors are the legitimate spouse and the qualified children, the legitimate spouse shall receive the cash payment equivalent to eighteen (18) multiplied by (x) the BMP and the basic survivorship pension, and the qualified children shall receive the children's pension mentioned in the preceding paragraph (2).
- (b) If, at the time of death, the unmarried member was in the active service and has rendered at least fifteen (15) years of service:
- (1) The qualified children, as defined under Section 3(f)(2)(i) hereof, are the only beneficiaries; they shall be entitled to pension equivalent to ten percent (10%) of the BMP for each child but not to exceed fifty percent (50%) of the BMP;
 - (2) The parent/s, if they are the only qualified beneficiaries, shall receive the cash payment equivalent to eighteen (18) multiplied by (x) the BMP; and
 - (3) In the absence of a child and the parent/s, the designated beneficiary, as defined under Section 3(f)(2)(iii) hereof, if he/she is the only qualified beneficiary, shall receive the cash payment equivalent to eighteen (18) multiplied by (x) the BMP: *Provided, however,* That if the designated beneficiary is a child, he/she shall be entitled to pension equivalent to ten percent (10%) of the BMP until he/she reaches the age of majority.
- (c) If, at the time of death, the member was in active service with less than fifteen (15) years of service, the qualified beneficiaries shall receive the cash payment equivalent to one hundred percent (100%) of the AMC for every year of service but not less than Twelve thousand pesos (P12,000.00), to be computed in accordance with Section 14 of this Act.
- (d) If, at the time of death, the member was separated from the service, the qualified survivors shall be entitled to:
- (1) The survivorship pension if the inactive member has at least fifteen (15) years of service; or
 - (2) The cash payment equivalent to one hundred percent (100%) of the AMC for every year with paid contributions, but not less than Twelve thousand pesos (P12,000.00) if the inactive member has at least three (3) years but less than fifteen (15) years of service, was less than sixty (60) years old at the time of death and has not yet received his/her separation benefit from the GSIS.

SECTION 36. *Death of a Pensioner.* Upon the death of an old-age pensioner or a member receiving the monthly income benefit for permanent disability, the qualified beneficiaries shall be entitled to the survivorship pension defined in Section 34 of this Act, subject to the provisions of Section 35 hereof. When the pensioner dies within the five (5)-year guaranteed period covered by the cash payment, the survivorship pension shall be paid only after the expiration of the said period.

LIFE INSURANCE BENEFITS

SECTION 37. *Compulsory Life Insurance.* All employees, except for those enumerated under Section 4(d) 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.

SECTION 38. *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.

SECTION 39. *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.

SECTION 40. *Reinsurance.* The GSIS may reinsure any of its interests or part thereof with any private company or reinsurer whether domestic or foreign: *Provided*, That the GSIS shall submit an annual report on its reinsurance operations to the Insurance Commission.

E. ADJUDICATION OF CLAIMS AND DISPUTES

SECTION 41. *Prescription.* Claims for benefits administered by the GSIS as defined under Section 3(g) of this Act shall not prescribe: *Provided, however*, That a claim based on a contingency which occurred prior to the effectivity of this Act shall not be covered.

SECTION 42. *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 to his/her right to demand the payment of benefits, proceeds and claims from the GSIS.

SECTION 43. *Settlement of Disputes.* The GSIS shall have original and exclusive jurisdiction to settle any dispute regarding claims and benefits arising under this Act and any other laws administered by the GSIS.

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 their last pleading. 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.

SECTION 44. Appeals. Decisions of the Board shall be appealable to the Court of Appeals or the Supreme Court. The appeal shall not stay the execution of the award or decision unless ordered by the Court of Appeals or by the Supreme Court.

SECTION 45. 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.

SECTION 46. 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

SECTION 47. Funds. The GSIS shall administer the Social Insurance Fund, which consists of all contributions payable under Section 10 of this Act together with the earnings and accruals thereon. The 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 39 hereof;
- (b) The Employees' Compensation Insurance Fund created under Presidential Decree No. 626, as amended;
- (c) The General Insurance Fund created under Act 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. The Board may allocate an amount not exceeding fifty percent (50%) of the unassigned surplus from any of the GSIS-Administered Funds, except the Employees' Compensation Insurance Fund, to the Social Insurance Fund: *Provided*, That the amount shall be used solely to meet the required reserves to fulfill the obligations of the GSIS to its members: *Provided, further*, That it is approved by the President of the Philippines, upon the recommendation of the Governance Commission for Government-Owned and -Controlled Corporations (GCG).

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 except as may be allowed under this Act.

SECTION 48. *Deposits and Disbursements.* All revenues collected and all accruals thereto shall be deposited, administered and disbursed in accordance with the law. A maximum expense loading of twelve percent (12%) of the yearly total income and 0.7% of the total net assets may be disbursed for administrative and operational expenses except as may be otherwise approved by the President of the Philippines on the basis of actuarial and management studies.

SECTION 49. *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) In interest-bearing or zero-coupon bonds or securities or other evidence of indebtedness of the Government of the Philippines;
- (b) In 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) In short-and-medium term loans to members such as salary, policy, educational, emergency, stock purpose plan and other similar loans: *Provided*, That the GSIS shall lend no less than forty percent (40%) of the investible fund of the GSIS Social Insurance Fund for these purposes;
- (d) In 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) In 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) In debt instruments and other securities traded in the secondary markets;
- (g) In 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) In 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) In domestic mutual funds including investments related to the operations of mutual funds; and
- (j) In foreign mutual funds and in foreign currency deposits or foreign currency-denominated debts, nonspeculative equities and other financial instruments or other assets issued in accordance with existing laws of the countries where such financial instruments are issued: *Provided*, That these instruments or assets are tradable and/or listed in a duly recognized exchange: *Provided, further*, That not more than ten percent (10%) of the investible funds shall be invested abroad.

SECTION 50. *Records and Reports.* The GSIS shall keep and cause to keep 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.

SECTION 51. *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.

SECTION 52. *Exemption from Tax, Legal Process and Lien.* It is hereby reaffirmed as a State policy that the actuarial solvency of the funds of the GSIS 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 its funds and increase the contribution rate necessary to sustain the benefits of this Act. Accordingly, notwithstanding any law to the contrary, the GSIS, its assets, revenues (including all accruals thereto), transactions and benefits paid shall remain exempt from all forms and kinds of direct or indirect taxes, assessments, fees, charges or duties imposed by the national or local government. These exemptions shall continue unless expressly, specifically and categorically revoked or repealed, and any assessment against the GSIS as of the approval of this Act is hereby considered paid and cancelled. 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 neither 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 referred to herein as an essential factor to maintain or protect the solvency of the fund, notwithstanding and independently of the guarantee of the national government to secure such solvency or liability.

The funds and/or the properties of the GSIS referred to herein shall be exempt from attachment, garnishment, execution, levy or other processes issued by the courts, quasi-judicial agencies or administrative bodies including the Commission on Audit (COA) disallowances. The benefits, sums or monies corresponding to the benefits under this Act shall likewise be exempt from attachment, garnishment, execution, levy or other processes issued based on financial obligations or liability of any member, including any pecuniary accountability arising from or caused or occasioned by his/her 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.

G. ADMINISTRATION

SECTION 53. *Implementing Body.* The GSIS, as created under Commonwealth Act No. 186, shall implement the provisions of this Act.

SECTION 54. *Powers and Functions of the GSIS.* The GSIS shall exercise the following powers and functions:

- (a) Formulate, adopt, amend and/or rescind such rules and regulations as may be necessary to carry out the provisions and purposes of this Act, as well as the effective exercise of the powers and functions, and the discharge of duties and responsibilities of the GSIS, its officers and employees: *Provided, That* these implementing rules and regulations shall not contravene the provisions of this Act nor shall it result in the diminution of any benefit provided by law;
- (b) Adopt or approve the annual and supplemental budget of receipts and expenditures including salaries and allowances of the GSIS personnel and 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;
- (c) Invest the funds of the GSIS, directly or indirectly, in accordance with the provisions of this Act;
- (d) Acquire, 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, readjust the benefits, contributions, premium rates, interest rates or the allocation or reallocation 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;
- (i) Carry on any other lawful business whatsoever in pursuance of, or in connection with the provisions of this Act;

- (j) Have one (1) or more offices in and outside of the Philippines, and to conduct its business and exercise its powers throughout and in any part of the Republic of the Philippines and/or in any or all foreign countries, states and territories: *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 CSC rules and regulations: *Provided*, That all positions in the GSIS shall be governed by a compensation and position classification system and qualifications standards approved by the 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;
- (n) Design and adopt an Early Retirement Incentive Plan (ERIP) and/or financial assistance for the purpose of retirement for 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 Republic Act No. 7699, otherwise known as the Portability Law;
- (q) Have the power to float proper instrument to liquefy long-term maturity by pooling funds for short-term secondary market;
- (r) Submit annually, not later than June 30, a public report to the President of the Philippines and the Congress of the Philippines regarding its activities in the administration and enforcement of this Act during the preceding year including information and recommendations on Board policies for the development and perfection of the programs of the GSIS;
- (s) Maintain a provident fund, which consists of contributions made by both the GSIS and its officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it 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) Any provision of law to the contrary notwithstanding, to authorize the payment of extra remuneration to the officials and employees directly involved in the collection and/or remittance of contributions, loan repayments and other monies

due to the GSIS at such rates and under such conditions as it may adopt: *Provided*, That the best interest of the GSIS shall be observed thereby;

- (v) Determine, fix and impose interest upon unpaid premiums due from employers and employees;
- (w) Ensure the collection or recovery of all indebtedness, liabilities and/or accountabilities, including unpaid premiums or contributions in favor of the GSIS arising from any cause or source whatsoever, 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. The GSIS shall identify, develop and implement specific indicators in connection with the collection or recovery of indebtedness, liabilities and/or accountabilities which shall include the compliance rate of the GSIS in filing cases against erring officials of government agencies;
- (x) 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 socioeconomic takeoff and maintain continued growth; and
- (y) Exercise such powers and perform such other acts as may be necessary, useful, incidental or auxiliary to carry out the provisions of this Act, or to attain the purposes and objectives of this Act.

SECTION 55. *The Board of Trustees.* The corporate powers and functions of the GSIS shall be vested in and exercised by the Board of Trustees composed of the President and General Manager of the GSIS and eight (8) other members to be appointed by the President of the Philippines, one (1) of whom shall be either the President of the Philippine Public School Teachers Association (PPSTA) or the President of the Philippine Association of School Superintendents (PASS); another one (1) shall come from a leading teaching or nonteaching organization duly accredited by the CSC; another two (2) shall represent the leading organizations of government employees, including those in local government units (LGUs); one (1) shall represent the leading organization of retirees; one (1) shall be a recognized member of the legal profession who at the time of appointment is also a member of the GSIS; and two (2) shall be individuals with expertise in banking, finance, investment and insurance. The Trustees shall elect from among themselves a chairperson while the President and General Manager of the GSIS shall automatically be the vice chairperson. The Trustees shall hold office for one (1) year, until successors are duly appointed, as provided for in Republic Act No. 10141, otherwise known as the Governance Act. Vacancy, other than through the expiration of the term, shall be filled for the unexpired term only. The members of the Board shall be entitled to a *per diem* of Two thousand five hundred pesos (P2,500.00) for each board meeting actually attended by them, but not to exceed Ten thousand pesos (P10,000.00) a month and reasonable transportation and representation allowances as may be fixed by the Board.

SECTION 56. *Powers and Functions of the Board of Trustees.* The Board of Trustees shall have the following powers and functions:

- (a) To formulate the policies, guidelines and programs to effectively carry out the purposes of this Act;
- (b) To 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 the duties and responsibilities of the GSIS, its officers and employees;
- (c) Upon the 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;
- (d) Upon the recommendation of the President and General Manager, to approve the GSIS' organizational and administrative structures and staffing pattern subject to existing civil service laws, rules and regulations, and to establish, fix, review, revise and adjust the appropriate compensation package for the 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 Republic Act No. 6758, otherwise known as the Salary Standardization Law, and Republic Act No. 7430, otherwise known as the Attrition Law;
- (e) To 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 to the contrary notwithstanding, to compromise or release, in whole or in part, any claim or settle liability to the GSIS, regardless of the amount involved, under such terms and conditions as it may impose for the best interest of the GSIS;
- (g) To 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) To determine, fix and impose interest upon unpaid or unremitted premiums and/or contributions; and
- (i) To do and perform any and all acts necessary, proper or incidental to the attainment of the purposes and objectives of this Act.

SECTION 57. *Positions in the GSIS.* 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 GSIS President and General Manager shall be assisted by one (1) or more executive vice presidents, senior vice presidents, vice presidents and managers in addition to the usual supervisory and rank and file positions who shall be appointed and removed by the

President and General Manager with the approval of the Board, in accordance with the existing CSC rules and regulations.

SECTION 58. Powers and Duties of the President and General Manager. The President and General Manager of the GSIS 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 cause, in accordance with the existing CSC rules and regulations, and prescribe their duties and qualifications to the end that only competent persons may be employed.

SECTION 59. Auditor. (a) The Chairperson of the COA shall be the *ex officio* auditor of the GSIS and may assign the necessary personnel to assist the Chairperson of the COA in the performance of his/her duties.

(b) The Chairperson 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.

SECTION 60. Legal Counsel. The Government Corporate Counsel shall be the legal adviser and consultant of the GSIS, but the GSIS may assign 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: *Provided, however,* That the present legal services group in the GSIS shall serve as its in-house legal counsel.

SECTION 61. 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 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.

The report of said examination shall be submitted to the Board and considered by the GSIS in the formulation of guidelines affecting insurance coverage of government properties. Copies thereof shall likewise be furnished to the Office of the President and both Houses of Congress of the Philippines within five (5) days after the close of examination.

H. GENERAL PROVISIONS

SECTION 62. Dispensation of Social Insurance Benefits. (a) The GSIS shall release the retirement benefits to the employee within thirty (30) days from the actual date of retirement: *Provided,* That all requirements are submitted to the GSIS at least ninety (90) days prior to the effective date of the retirement.

(b) The GSIS shall not process nor adjudicate retirement claims under Republic Act No. 1616 which function shall be vested in the agencies concerned, who shall process and pay the

gratuities of their employees. The GSIS shall process and adjudicate only the refund of retirement premium under Republic Act No. 910. The Board shall adopt the proper rules and procedures for the implementation of this provision.

SECTION 63. *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 on 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 property or acquired assets to determine its 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.

SECTION 64. *Government Assistance to the GSIS.* The GSIS may call upon any employer for such assistance as may be necessary in the discharge of its duties and functions.

I. SANCTIONS

SECTION 65. *Penalty.* (a) The heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including GOCCs 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 been due and demandable shall, upon conviction by final judgment, suffer the penalties of imprisonment of not less than twenty (20) years nor more than thirty (30) years and a fine of not less than Five hundred thousand pesos (P500,000.00) nor more than Five million pesos (P5,000,000.00) and, in addition, shall suffer absolute perpetual disqualification from holding public office and 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 to deduct the monthly contributions of the employee shall, upon conviction by final judgment, suffer the penalties of imprisonment from twelve (12) years and one (1) day to twenty (20) years and a fine of not less than Five hundred thousand pesos (P500,000.00) nor more than Two million pesos (P2,000,000.00) 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 it should have been remitted under Section 11(b) shall be presumed to have misappropriated such contribution or loan amortization and shall, upon conviction by final judgment, suffer the penalties of imprisonment from twelve (12) years and one (1) day to twenty (20) years and a fine of not less than Five hundred thousand pesos (P500,000.00) nor more than Two million pesos (P2,000,000.00) 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 to 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 be punished by a fine of not less than Five hundred thousand pesos (P500,000.00) nor more than Two million pesos (P2,000,000.00) and by imprisonment of not less than twelve (12) years and one (1) day to twenty (20) years 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 be punished by a fine of not less than Five hundred thousand pesos (P500,000.00) nor more than Two million pesos (P2,000,000.00) and by imprisonment of not less than six (6) years and one (1) day to twelve (12) years and, in addition, shall suffer absolute perpetual disqualification from holding public office.

(f) Whoever shall obtain or receive any money or check invoking any provision of this Act or any agreement hereunder, without being entitled thereto with the intent to defraud any member, any employer, the GSIS or any third party, shall be punished by a fine of not less than Five hundred thousand pesos (P500,000.00) nor more than One million pesos (P1,000,000.00) and by imprisonment of not less than six (6) years and one (1) day to twelve (12) years and such other accessory penalties as may be provided by law.

(g) Whoever fails or refuses to comply with the provisions of this Act or with the rules and regulations adopted by the GSIS shall be punished by a fine of not less than Five hundred thousand pesos (P500,000.00) nor more than One million pesos (P1,000,000.00) and by imprisonment of not less than six (6) years and one (1) day to twelve (12) years and such other accessory penalties as may be provided by law.

(h) The officers and/or personnel referred to in paragraph (a) of this Section shall be liable not only criminally but also civilly 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 liabilities therein set forth shall be construed as waiver of the State of its immunity from suit; hence, the abovementioned offices and/or personnel may not invoke the defense of non-suability of the State.

(j) In the event of failure of the members of the Board, the President and General Manager and/or other officials of the GSIS to comply with their duties and obligations under this Act, they shall be subjected to suspension of not less than six (6) months nor more than one (1) year or a fine of not less than Five hundred thousand pesos (P500,000.00) nor more than Two million pesos (P2,000,000.00) without prejudice to any criminal, civil or administrative liability which may also arise therefrom.

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.

SECTION 66. *Implementing Rules and Regulations.* The implementing rules and regulations to carry out the provisions of this Act shall be adopted and promulgated by the GSIS, in consultation with the GCG not later than ninety (90) days after the approval of this Act.

SECTION 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 and letters of instructions not otherwise specifically inconsistent with the provisions of this Act.

SECTION 68. *Exclusiveness of Benefits.* Whenever other laws provide similar benefits for the same contingencies covered by this Act, the member who qualifies for these 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.

SECTION 69. *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.

SECTION 70. *Separability Clause.* Should any provision of this Act or any part hereof be declared invalid, the other provisions in so far as these are separable from the invalid ones shall remain in force and effect.

SECTION 71. *Repealing Clause.* Presidential Decree No. 1146, Republic Act No. 8291, Presidential Decree No. 712 and Section 9 of Republic Act No. 656, as amended by Presidential Decree No. 245, are hereby expressly repealed. All other laws and any other law or parts of law specifically inconsistent herewith are hereby repealed or modified accordingly: *Provided*, That the rights under the 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.

SECTION 72. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,