

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 4732



Introduced by Representative JOEY SARTE SALCEDA

AN ACT MANDATING THE INSURANCE OF ALL
GOVERNMENT PROPERTIES AND INTEREST WITH THE GSIS,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Each year, numerous typhoons enter the Philippines Area of Responsibility and several of these typhoons are but catastrophic. In recent events, numerous experiences have shown us the significance of having our government properties insured. Last December 2016, Typhoon Nina struck the heart of the Bicol Region and its neighbors in our country. Several government infrastructures were devastated by the catastrophic typhoon and numerous infrastructures were owned by different government offices and various municipalities. In the case of the national government agencies, their properties were insured and indemnified by the GSIS for damages wrought by the typhoon. However, most of the damaged properties belonged to municipalities were not insured. Municipal administrations have appealed for financial aid not only to address the impact of the disaster to their citizens but also to rehabilitate government properties that were damaged within their jurisdiction.

Evidently, these municipalities have to rely on appropriations from the national government, financial aid from donors, and their strained budgets to fund the rehabilitation of their damaged properties. This common experience of municipalities of suffering the brunt of several typhoons and other disasters makes it imperious for municipalities to insure their respective properties. It is in their superlative interest if their properties were to be insured than be unprotected to the risk of non-indemnification in case of damage during a natural calamity. Hence, mandating the insurance of all government properties and interest with the Government Service Insurance System is a must in developing and promoting a sound social security system by means of indemnifying or compensating the Government for any damage, or loss of, its properties due to fire, earthquake, typhoon, or other natural catastrophes. This bill seeks to propose a provision mandating universal insurance of public school buildings whose premiums shall

by the NDRRMF in the GAA and whose claims proceeds shall be automatically released to the town or city where the school building is located, or to the barangays whose population is higher than 2,500 based on the latest PSA census.

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

A handwritten signature in black ink, appearing to read 'JOEY SART', enclosed within a large, loopy oval shape.

REP. JOEY SARTE SALCEDA

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

SECTION 1. *Short Title.* - This Act shall be known as the "Property Insurance Law of 2016."

SECTION 2. *Purpose.* - In order to indemnify or compensate the Government as defined in this Act for any damage to, or loss of, its properties due to fire, earthquake, typhoon, or other natural catastrophes there is hereby established the "General Insurance Fund" (hereinafter the "Fund"), which shall consist of all moneys resulting from the liquidation of the insurance constituted in section three hundred forty of the Revised Administrative Code and from premiums and other incomes.

SECTION 3. *Administration of the Fund / Powers Granted to the GSIS.* - The administration of the Fund is hereby placed under the Government Service Insurance System with the following authority:

(a) to engage in the business and operation of all kinds of insurance and reinsurance and all other forms of undertaking to indemnify any person or party against loss, damage, or liability, including third party liability, arising from unknown or contingent events, except life insurance, subject to pertinent Bangko Sentral ng Pilipinas rules, regulations and policies;

(b) to reinsure with insurance and reinsurance companies in the Philippines and abroad, under such terms and conditions that may be mutually agreed upon, any excess risk the GSIS may deem advisable, subject to pertinent Bangko Sentral ng Pilipinas rules, regulations and policies;

(c) to issue policies denominated in any foreign currency;

(d) to issue surety and/or in any performance bonds both in Philippine peso and/or in foreign currency, provided that the amount of the bond to be issued on any one risk or undertaking shall be limited to ten per centum (10%) of the net worth of the General Insurance Fund, and that the excess over said limit shall be reinsured with domestic and/or foreign insurance and reinsurance companies; Provided, That the Fund's bonding exposure in any foreign currency shall be covered by a minimum amount of foreign exchange assets in accordance with rules and regulations to be formulated by the System in consultation with the Insurance Commission subject to Bangko Sentral ng Pilipinas rules, regulations and policies;

(e) to insure all insurable assets serving as collaterals for loans extended by government financial institutions;

(f) to prescribe necessary rules and regulations, including such incidental powers as are necessary for its operation;

(g) to appoint personnel, who are certified as eligible by the Civil Service Commission, prescribe their duties, and fix their remuneration.

SECTION 4. *Definitions.* - For the purposes of this Act –

(a) “GSIS” means the Government Service Insurance System created under Commonwealth Act Numbered One hundred and eighty-six, as amended by Presidential Decree (P.D.) No. 1146 and further amended by Republic Act (R.A.) No. 8291, otherwise known as the “GSIS Act of 1997”.

(b) “Fund” means the “General Insurance Fund” created under this Act.

(c) “Property” includes vessels and craft, motor vehicles, machineries, permanent buildings, properties stored therein, including contents, furniture, fixtures, equipment, improvements or in buildings rented by the Government, or properties in transit.

(d) The word “Government” as used in this Act refers to the national, provincial, city, or municipal government, agency, commission, board or enterprises owned or controlled by the Government and other agency, department, bureau, office, instrumentalities, and chartered institution of government, as defined under Section 2 of E.O. No. 292.

(e) “Insurable interest” means every interest in property, whether real or personal, or any relation thereto, or liability in respect thereof, of such nature that a contemplated peril might directly indemnify the insured. Accordingly, the insurable interest of government parent, subsidiary and acquired asset corporations, including government financial institutions, as these corporations are defined in Presidential Decree No. 2029, shall also extend to their physical assets which by declared policy of the government are required to be privatized.

SECTION 5. Every Government is hereby required to insure with or secure insurance from the GSIS on or of all properties or assets, contracts or agreements, causes or rights of action, or other insurable interests, to the extent of the interests of the government, with the Fund against any insurable risk herein provided and pay the premiums thereon, which, however, shall not exceed the premiums charged by private insurance companies.

No property and/or insurable interest of the Government, or any part or portion thereof, shall be covered by or insured with, and no bonds to the extent of such interest shall be obtained from, any entity, firm, person, corporation, or partnership, or any other juridical person other than the GSIS. Provided, however, That the GSIS reserves the right to disapprove the whole or a portion of the amount of insurance applied for: Provided, further, That such property or part thereof as may not be insurable or acceptable for insurance may be insured with any private insurance company.

SECTION 6. *Collection and payment of premiums.* - In accordance with such rules and regulations as the GSIS may prescribe under section three of this Act, the premiums on insurance under section five hereof shall be paid to the GSIS by the government concerned.

SECTION 7. *Custody of Statistical Data for Determination of Risk and Rates of Premiums.* -

(a) There shall be collected, classified, analyzed, and kept under the custody of the GSIS such statistical data as may be necessary for the proper determination of risks and rates of premiums for the issuance of properties herein defined.

(b) The records and accounts of the Fund shall be kept separate and distinct from those of other funds of the System.

(c) During the month of October of each year, the GSIS shall submit to the President of the Philippines a report of the operations of the Fund during the preceding year.

SECTION 8. The Chairman of the Commission on Audit or his/her authorized representative, and the Government Corporate Counsel shall be the ex-officio auditor and legal adviser and consultant of the Fund, respectively. The Chairman of the Commission on Audit, or his/her authorized representative, shall submit to the System soon after the close of each fiscal year audited statements showing its financial condition and progress for the fiscal year just closed and the actuary shall likewise make an actuarial examination and valuation of the fund.

SECTION 9. *Government Guarantee.* - The Government of the Republic of the Philippines hereby guarantees the fulfillment of the obligations of the Fund when and as they shall become due.

SECTION 10. *Inventory of Government Property.* - Upon approval of this Act, the GSIS shall require the inventory of the properties belonging to the Government with the corresponding appraised values, and advise the Government concerned of the total premiums each shall pay to the Fund.

SECTION 11. *Duty to Include Premiums for Insurance of Government Properties in Annual Appropriations.* - Each Government as defined herein shall include in its annual appropriation the amount necessary to cover the premiums for the insurance of its properties and other properties with government insurable interest during each fiscal period and pay the same immediately to the GSIS as provided in section ten hereof.

SECTION 12. *Penal Provisions.* -

(a) Failure of heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions to insure the properties and insurable interest of Government shall be a ground for the filing of administrative disciplinary action against the erring officer(s) and/or employee(s). Such erring officer(s) and/or employee(s) shall, after hearing and due proceedings, be penalized with suspension from the service without pay from six (6) months to one (1) year, at the discretion of the disciplining authority.

(b) Failure of heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions to comply with the submission of the inventory under Section 10 of this Act, despite demand, within the periods prescribed under the Implementing Rules and Regulations (IRR), or to comply with any provision of this Act shall be a ground for the filing of administrative disciplinary action against the erring officer(s) and/or employee(s). Such erring officer(s) and/or employee(s) shall, after hearing and due proceedings, be penalized with suspension from the service without pay from six (6) months to one (1) year, at the discretion of the disciplining authority.

(c) Failure of heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions to include in the annual budget the amount corresponding to the premium payments for the insurance of the properties and insurable interest of the Government, shall be a ground for the filing of administrative disciplinary action against the erring officer(s) and/or employee(s). Such erring officer(s) and/or employee(s) shall, after hearing and due proceedings, be penalized with suspension from the service without pay from six (6) months to one (1) year, at the discretion of the disciplining authority.

(d) The heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the payment of premiums due the GSIS who shall fail, refuse or delay the payment, turnover, settlement or delivery of such accounts to the GSIS within sixty (60) days from the time that the same shall have been due and demandable shall be liable administratively. Such erring officer(s) and/or employee(s) shall, after hearing and due proceedings, be penalized with suspension from the service without pay from six (6) months to one (1) year, at the discretion of the disciplining authority.

(e) Any employee who appropriates or keeps premiums payable or deliverable to the GSIS, or takes or misappropriates or uses the same for any purpose other than authorized by this Act, or permits another person to take, misappropriate or use of premiums 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 suffer the penalties provided in Article 217 of the Revised Penal Code, and in addition, shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

(f) Any employee who, fails to settle the premiums payable or deliverable to the GSIS within sixty (60) days from the date they should have been paid under Section 6, shall be presumed to have misappropriated such premiums and shall suffer the penalties provided in Article 315 of the Revised Penal Code, and in addition, shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

(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 thousand pesos (P5,000.00) nor more than Twenty thousand pesos (P20,000.00) or imprisonment of not less than six (6) years and one (1) day to twelve (12) years, or both, at the discretion of the court.

(h) For the charges or complaints referred to in this section, the liabilities therein set forth shall be construed as waiver of the State of its immunity from suit, hence, the above-mentioned officials and/or personnel may not invoke the defense of non-suability of the State.

SECTION 13. *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 not later than ninety (90) days after the approval of this Act.

SECTION 14. *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 15. *Separability Clause.* - Should any provision of this Act or any part thereof be declared invalid, the other provisions, so far as they are separable from the invalid ones, shall remain in force and effect.

SECTION 16. *Repealing Clause.* - Republic Act No. 656, and Chapter sixteen of the Revised Administrative Code, as amended, are hereby repealed; Provided, that the properties insured under the Property Insurance Fund shall continue to be governed by existing law until they shall have been insured anew with the fund under the provisions of this Act.

All 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 17. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.