

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

HOUSE OF REPRESENTATIVES
4537

H. B. No. _____



Introduced by Rep. Vilma Santos-Recto
6th District of Batangas

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

EXPLANATORY NOTE

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

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

In the past, however, there have been a number of stories of misery, disappointment and desperation from many GSIS members. There were reported complaints of delays in the receipt of payment for claims, non-updating and non-reconciliation of members' records and contributions, and inefficiency in providing services, among others. These problems in one way or another have caused additional burden to its members.

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

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

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

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

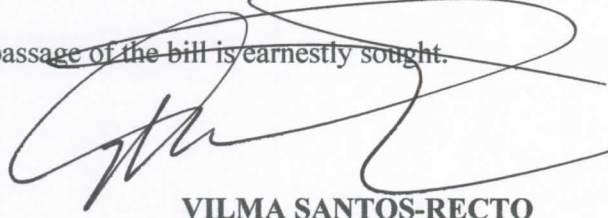
The proposed law likewise provides limitation on foreign investments so that investible funds of the GSIS can be made available in the local market to finance priority programs and projects of the government.

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

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

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

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

A large, stylized handwritten signature in black ink, consisting of several loops and flourishes, positioned above the printed name.

VILMA SANTOS-RECTO

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

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

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

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

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

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

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

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

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

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

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

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

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

7 "xxx

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

9 (a) the legitimate spouse dependent for support upon the member or pensioner;

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

15 "xxx."

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

18 (a) Right to Courteous and Responsive Service

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

25 (b) Right to Information

- 26 1. To be informed of the laws, regulations, policies or programs affecting the
27 members' rights, benefits, obligations, and privileges, including
28 amendments or changes thereto;
- 29 2. To be provided with copies of GSIS policies and regulations pertaining to
30 benefits and claims administration;
- 31 3. To be informed of the various modes and options in availing benefits;

4. To receive accurate and updated membership data, records and information, including records of premium remittances and loan payments, among others;
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 the mode of retirement, among the different applicable retirement laws and be allowed to change the preferred mode: *Provided*, That the retirement pension package has not yet been received;
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.

(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.

(e) Right to be Heard

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

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

- 4 1. To be provided special access lanes;
- 5 2. To be prioritized in the processing and releasing of claims and benefits;
- 6 3. To be given preference in the dissemination of information pertaining to
7 policies; and
- 8 4. To be accorded leniency in the submission of documents: *Provided, That*
9 there is substantial compliance with the requirements prescribed by GSIS.

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

- 12 1. To remit employees' and employers' contributions to the GSIS within the
13 prescribed time mandated by the GSIS Act;
- 14 2. To provide promptly documents from the agency required to facilitate the
15 processing of documents and claims;
- 16 3. To provide additional documents as necessary to reconcile the records of
17 accounts; and
- 18 4. To inform GSIS, through their agency authorized officers, of any update
19 pertaining to personal or service records that may affect the processing of
20 claims and benefits.

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

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

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

29 "Sec. 28. *Prescription.* – Claims for benefits under this Act [~~except for life~~
30 ~~and retirement~~] shall be imprescriptible.

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

33 "Sec. 30. *Settlement of Disputes.* – The GSIS **AND THE REGIONAL**
34 **TRIAL COURT (RTC)** shall have original and [~~exclusive~~] **CONCURRENT**

1 jurisdiction to settle any dispute arising under this Act and any other laws
2 administered by the GSIS.

3 "xxx."

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

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

14 "xxx."

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

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

18 "xxx

19 "(j) In foreign mutual funds and in foreign currency deposits or foreign
20 currency-denominated debts, non-speculative equities and other financial instruments
21 or other assets issued in accordance with existing laws of the countries where such
22 financial instruments are issued: *Provided*, That these instruments or assets are listed
23 in bourses of respective countries where these instruments or assets are issued:
24 *Provided, further*, That the issuing company has proven track record of profitability
25 over the last three (3) years and payment of dividends at least once over the same
26 period: **PROVIDED, FINALLY, THAT NOT MORE THAN FIVE PERCENT**
27 **(5%) OF THE ABOVE-MENTIONED FUNDS SHALL BE INVESTED**
28 **ABROAD."**

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

31 "Sec. 42. *The Board of Trustees; Its Composition; Tenure and Compensation.*

32 – The corporate powers and functions of the GSIS shall be vested in and exercised by
33 the Board of Trustees composed of the President and General Manager of the GSIS
34 and [~~eight (8)~~] **TEN (10)** 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), **THE SECRETARY OF THE DEPARTMENT OF EDUCATION (DepEd), THE CHAIRPERSON OF THE CIVIL SERVICE COMMISSION (CSC)**, another two (2) shall represent the leading organizations or associations of government employees/retirees, **AND** another four (4) from the banking, finance, investment, and insurance sectors, and one (1) recognized member of the legal profession who at the time of appointment is also a member of the GSIS. The Trustees shall elect from among themselves a Chair~~man~~**PERSON** while the President and General Manager of the GSIS shall automatically be the vice-chair~~man~~**PERSON**.

“xxx.”

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

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

“xxx

“(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.

“xxx.”

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

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

“xxx.”

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

3 "Sec. 52. *Penalty.* – xxx

4 "xxx

5 "(j) Failure of the **PRESIDENT AND GENERAL MANAGER AS WELL**
6 **AS** Members of the GSIS Board, including the chair[~~man~~]PERSON and the vice-
7 chair[~~man~~]PERSON, to comply with the provisions of paragraphS **(R) AND (w)** of
8 Section 41 **AND SECTION 49** hereof, shall subject them to imprisonment of not less
9 than six (6) months nor more than one (1) year or a fine of not less than [~~Five~~] **TEN**
10 thousand pesos (~~P[5]~~ **10,000.00**) nor more than [~~Ten~~] **TWENTY** thousand pesos
11 (~~P[40]~~ **20,000.00**) without prejudice to any civil or administrative liability which may
12 also arise therefrom[-]: **PROVIDED, THAT IN CASE GSIS FAILS TO COMPLY**
13 **WITHOUT VALID AND JUSTIFIABLE REASON WITH THE**
14 **REQUIREMENTS REFERRED TO IN SECTION 49 OF THIS ACT, A**
15 **PENALTY OF NOT MORE THAN TWO PERCENT (2%) SIMPLE**
16 **INTEREST SHALL BE CHARGED PER MONTH FROM GSIS: PROVIDED,**
17 **HOWEVER, THAT IN CASE THE RELEASE OF THE RETIREMENT**
18 **BENEFITS REFERRED TO IN SECTION 49 OF THIS ACT COULD NOT BE**
19 **ACCOMPLISHED DUE TO FORCE MAJEURE AND OTHER**
20 **INSUPERABLE CAUSES, THE PENALTY OF IMPRISONMENT AND FINE**
21 **IMPOSED UNDER THIS PARAGRAPH SHALL NOT APPLY.**

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

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

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

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

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

Approved,