

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

**NINETEENTH CONGRESS**  
First Regular Session

HOUSE BILL NO. **490**



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Introduced by Representative Stella Luz A. Quimbo

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**AN ACT INSTITUTING A NATIONAL UNEMPLOYMENT INSURANCE  
PROGRAM FOR THE PHILIPPINES AND APPROPRIATING FUNDS THEREFOR**

**EXPLANATORY NOTE**

For the month of April 2020, the Philippine Statistical Authority recorded an unemployment rate of 17.7 percent, the highest level recorded in the last six decades, brought about by the COVID-19 pandemic. This disruption, which caused the massive displacement of workers, underscored the importance of a national unemployment insurance program, which aims to provide cash assistance to displaced workers to prevent substantial reductions in consumption levels caused by job loss and support for job search activities.

***The Philippine Labor Force***

The Philippine labor force, defined as the population 15 years old and above who are either employed or unemployed, consisted of about 46 million individuals as of January 2022. The labor force had to endure extraordinary economic conditions due to the pandemic, where business and worker confidence was low, such as shrinking by about 7.6 percent in April 2020 when compared to the year before. The total number of employed and unemployed individuals as of January 2022 was about 43.02 and 2.92 million, respectively.

The unemployment rate has been steadily declining, from 7.35 percent in 2010 to 5.1 percent in 2019 (see Figure 1). Due to the effects of the COVID-19 pandemic, however, the unemployment rate in 2020 was abnormally high at about 10.3 percent. Further, the 2021 unemployment rates would indicate that the pandemic impaired the gains made by the country in the past decade. Government must take swift and appropriate action to ensure this would not be the case.

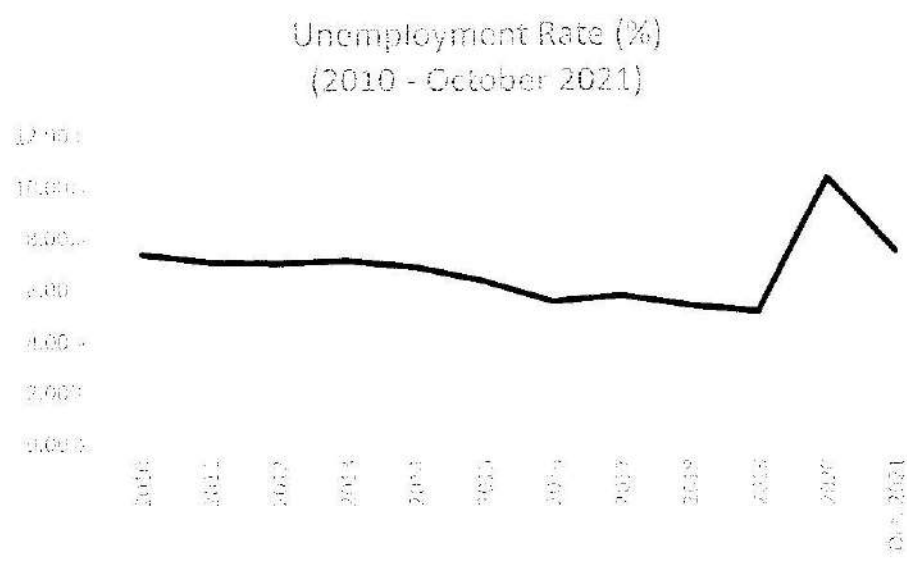
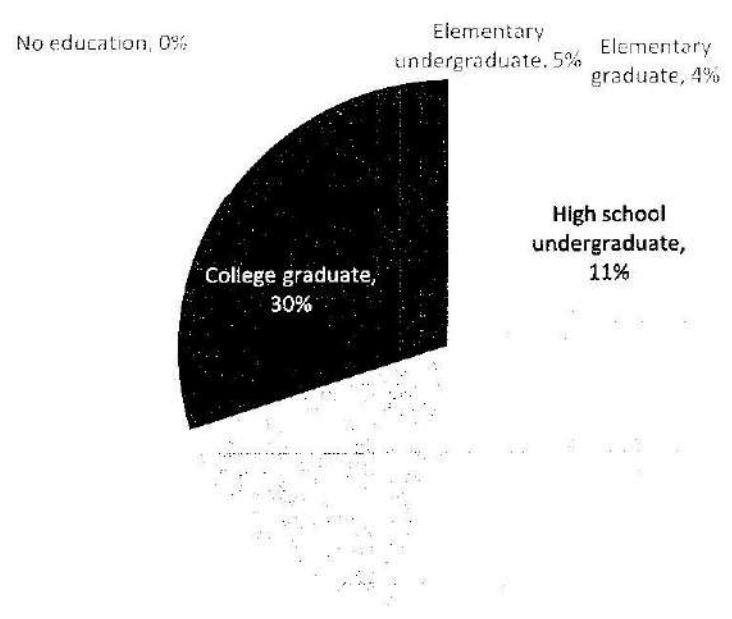


Figure 1. National Unemployment rate by year<sup>1</sup>

The behavior of the unemployed prior to the COVID-19 pandemic can be described as follows. Based on the 2016 Labor Force Survey, about 2.96% of the labor force or 41% percent of the unemployed were in the process of active job search at the time of interview. The average period of time that these individuals had been in the process of job search, as of the time of the interview, is four (4) weeks. About 96% of the jobseekers had been engaged in job search for a maximum of twelve (12) weeks. Moreover, as shown in Figure 2, college undergraduates and graduates account for close to 50% of all jobseekers. Individuals who had been in the job search process for over four (4) weeks also tend to be the better educated, indicating their willingness to wait for better job opportunities.



<sup>1</sup> Data sourced from the Philippine Statistics Authority

Figure 2. Distribution of Jobseekers, by highest educational attainment

Table 1 shows the profile of Filipino workers, by type of employment. Of the 41.75 million workers, wage and salary workers constitute the biggest sub-group (63.8 percent). About half of all workers (50.2%) are employed in private establishments, and of these, only 43% work for registered establishments, indicating that many belong to the informal economy and are not captured by social protection programs.

Another noteworthy observation is that 27.2 percent of private employees are non-regular workers, which include workers under fixed-term contracts, known as “endo” contracts. From Table 1, there are at least 3.499 million of these “endo” workers (i.e., casual and contractual/project-based), excluding the “endo” workers that are agency-hired and are deployed to private firms through service contracts. Using data from the integrated Survey on Labor and Employment (ISLE) of the Philippine Statistics Authority, there were 691 thousand agency-hired workers in 2016.

<b>Wage and salary workers</b>	<b>26,658,741</b>
Worked for private households	1,787,466
Worked for private establishment	20,980,482
Regular workers	15,283,052
Non-regular workers	5,697,430
Probationary workers	1,705,626
Casual workers	762,133
Contractual/project-based workers	2,737,156
Seasonal workers	385,954
Apprentices/learners	106,561
Worked for government or government corporation	3,784,039
Worked with pay in own family operated farm or business	106,755
<b>Self-employed without any paid employee</b>	<b>11,411,892</b>
Employer in own family-operated farm or business	1,125,821
Worked without pay in own family-operated farm or business (Unpaid family worker)	2,558,361
<b>Total</b>	<b>41,754,815</b>

Table 1. Number of Workers, by type of employment<sup>2</sup>

### **Objectives of Unemployment Insurance**

Unemployment insurance program seek to protect individuals against the risk of income loss caused by job loss, and provide support during the period of job search while maintaining incentives to proceed with job search. In determining the optimal amount of unemployment benefits, i.e., the weakening of job search intensity caused

<sup>2</sup> Source of basic data: Labor Force Survey and the Integrated Survey on Labor and Employment.

by the receipt of unemployment payouts. Other factors include the average duration of unemployment spells, including institutional factors.

Thus, unemployment insurance performs two roles. First, it smoothens consumption of individuals across periods of employment and unemployment, and prevents individuals from falling into episodic spells of poverty. Second, it performs a productivity-enhancing function (Weber 2010). In periods of economic decline, unemployment insurance “stores” idle labor outside the production process and restores it back to the production process at higher productivity levels when the economy has recovered, capacity is restored, and after job search has improved the employer-employee match. Moreover, in situations where firms repurpose capital or revise their business strategies, requiring downsizing of their workforce, the presence of unemployment insurance facilities such productivity-improving steps taken by firms.<sup>3</sup>

### ***Unemployment Benefits in the Philippines***

The Social Security System (SSS) and the Government Service Insurance System (GSIS) provide social security benefits including unemployment benefits to private and public sector employees, respectively. Based on the 2016 Annual Poverty Indicator Survey, of the 23.9 million workers in the private sector, 8.6 million reported that they were SSS members (36.2 percent). On the other hand, the survey indicates that of the 3.81 million government workers, 2.26 million (59.3 percent) reported having GSIS membership.

SSS members are entitled to “unemployment insurance or involuntary separation benefits” amounting to 50 percent of the average monthly salary credit for a maximum of 2 months as provided in Section 14-B of Republic Act No. 11199,<sup>4</sup> or about 10,000 pesos per month. On the other hand, for GSIS members, Section 12 of Republic Act No. 8291 provides similar unemployment benefits in the form of two monthly payments equivalent to 50 percent of the average monthly compensation.

The eligibility requirements for unemployment assistance under the SSS program include:

- a. A member is not over 60 years old;
- b. A member must have paid contributions to the SSS for at least 36 months, with at least 12 payments remitted in the last 18 months immediately preceding involuntary separation from work;
- c. A member must not have received an unemployment benefit in the three years prior to involuntary unemployment or separation; and
- d. A member must have been involuntarily separated from employment provided that such separation did not arise from fault or negligence of the employee and which may be attributed to any of, but not limited to, the following: (a) installation of labor-saving devices; (b) redundancy; (c)

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<sup>3</sup> Carter, et al. 2013. International Labour Organization. [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_229985.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_229985.pdf)

<sup>4</sup> Based on RA 11199, for the year 2020, the maximum monthly salary credit is 20,000 pesos

retrenchment to prevent loss; (d) closure or cessation of operation; or (e) disease/illness.

Based on Section 283 of the Labor Code, job losses due to serious business losses or closure brought about by natural disasters and economic downturns are also considered as “involuntary separation.” Specific circumstances of “involuntary separation” are also found in cases decided on by the Department of Labor and Employment such as the case of Luis Doble v. ABB, Inc/Initin Desai.<sup>5</sup> In addition, workers who stopped reporting for work due to serious insult by the employer or his representative on the honor and person of the employee, inhumane and unbearable treatment, the commission of an offense or crime against a worker or his family, and similar situations can likewise qualify for unemployment assistance. Finally, the benefit applies to all private sector workers, including household helpers and overseas Filipino workers who were laid off, terminated, or involuntarily separated from their work.

Other programs that provide unemployment benefits in the Philippines are identified in Weber (2010):

- Under Presidential Decree No. 422 or the Labor Code of the Philippines, employers are obliged to pay severance pay amounting to one month or at least one month pay per year of employment when an employment is terminated due to closure of establishment, reduction of personnel, or when an employee has been found suffering from a disease where his continued employment is prejudicial to his health and to that of his co-employees.
- Workers who are members of the Pag-IBIG fund are entitled to a loan up to 80 percent of accumulated savings as bridge financing for a period of unemployment
- Assistance of job facilitation are available for unemployed workers at Public Employment Service Offices found in every city and municipality.

### ***The need for a National Unemployment Insurance Program***

From January to April 2020, 4.864 million Filipinos lost their jobs. By the end of April, there were 12.97 million who had jobs but were not at work, largely due to forced business closures during the lockdown. Many of these 12.97 million workers are also at risk of job loss, owing to liquidity constraints faced by their employees by the end of the lockdown. This massive number of actual and potentially laid-off workers cannot be supported by the current programs providing unemployment assistance. The amount of assistance is limited, and the coverage of the programs is even more limited.

The current system of providing unemployment benefits can be described as:

- **Fragmented:** multiple agencies are involved in the provision of unemployment benefits
- **Non-inclusive:** government workers who are on a fixed term and contractual are not GSIS-covered; informal workers are excluded from any government program providing unemployment support; OFWs have special programs

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<sup>5</sup> Doble v. Desai, G.R. No. 215627, June 5, 2017.

under the OWWA but only relief assistance to displaced/laid-off OWWA members;

- Limited: a cross-country comparison shows that unemployment benefits available to Filipino workers are lower compared to its income comparators, particularly because unemployment benefits for private workers in the Philippines are capped at about minimum wage, whereas in other countries, benefits are based on actual pay (see Table 3). Moreover, there are limited mechanisms for intertemporal risk pooling, and no capacity to insure against unemployment of a massive scale.

Overall, the current system of unemployment assistance is unable to efficiently provide a sufficient scale of social protection of workers, especially when the causes of job loss are exogenous shocks of massive scale and causing a general economic downturn. Without a national unemployment insurance program that can pool risks of job loss and mobilize resources effectively, job losses arising from natural disasters, pandemics, and general economic downturns can cause sharp increases in poverty incidence. And because poverty has inter-generational impacts, without a national unemployment insurance program, development gains achieved by the government can easily be lost with exogenous economic shocks.

### ***The proposed National Unemployment Insurance Program***


This bill proposes the institutionalization of a National Unemployment Insurance Program which seeks to protect workers from the risk of substantial income loss and consumption reduction caused by job loss, at no fault of the worker by providing unemployment benefits for a period of time during which the unemployed individuals look for new jobs. The key features of the program are as follows:

- Compulsory participation by individuals who are formally employed in the private and public sectors;
- Voluntary participation by the self-employed and informal sector, encouraged through incentives;
- Progressive, income-based premium contributions;
- Shared premium contributions among the government, employer, and employee;
- Basic unemployment insurance benefits limited to at most 3 monthly payments, each payment equivalent to 80 percent of the worker's basic pay prior to separation of work;
- Additional benefits in the form of training, training allowances, and job counselling for the unemployed;
- Monitoring mechanisms to minimize adverse systemic effects such as moral hazard;
- The creation of a Philippine Job Insurance Corporation ("PhilJobs"), tasked to administer and implement the National Unemployment Insurance Program and designed to be administratively lean and efficient;
- The designation of SSS as the Interim Program Manager for a maximum of the first 5 years of the program existence;
- The creation of an Endowment Fund which will fully subsidize premium contributions for workers and employers on the first year of Program operations, as a form of economic stimulus; and

- The creation of a Reserve Fund which will perform, inter alia, the intertemporal risk pooling and allow sufficient benefit payouts during infrequent spells of massive unemployment.

A program with the above salient features is needed to increase the resilience of the Philippine economy. The COVID-19 pandemic has shown that workers are vulnerable to substantial reductions in income and the risk of falling into poverty. Moreover, the COVID-19 experience has shown that government dole-out programs are an inefficient way to provide social protection, especially if on a massive scale.

In view of the foregoing, the passage of this bill is earnestly sought.



**STELLA LUZ A. QUIMBO, PhD**  
Representative  
Second District, Marikina City

Table 3. Unemployment insurance schemes in select ASEAN countries

Country	Coverage	Eligibility	Contributions	Benefits	Duration
Vietnam	Covers employees with permanent or open-ended contracts, for employers with at least 10 employees, including both private and state enterprises. Public service units and armed forces also covered.	<p>Paid contributions for at least 12 months within the last 24 months</p> <p>Registered for unemployment with the Employment Service Centre. Applied for insurance benefits within 15 working days since registration.</p> <p>Jobless for 15 working days after registration</p> <p>Not in receipt of pension.</p>	3% of earnings, shared equally between employer, employee, and government	60% of the average contributory earnings over the last 6 months, limited to 20 times the value of the minimum wages. Treatment same for involuntary and voluntary.	Varies from 3 to 12 months, depending on length of prior insured employment
Philippines	Private employees covered through SSS, public employees covered through GSIS	<p>SSS: Paid at least 36 contributions, 12 of which must be from the last 18 months; unemployment due to involuntary separation; not over 60 years of age</p> <p>GSIS: Paid contributions for at least 1 year but less than 15 years prior to separation; unemployment due to involuntary separation (abolition of position or reorganization)</p>	<p>SSS: Included in overall SSS premium, 12% of monthly salary credit (8% from employer, 4% from employee)</p> <p>GSIS: Included in GSIS integrated premium, based on monthly compensation (12% from employer, 9% from employee)</p>	<p>SSS: 50% of monthly average salary credit, maximum of P10,000</p> <p>GSIS: 50% of average monthly compensation in the last 3 years.</p>	<p>SSS: 2 months, once every 3 years</p> <p>GSIS: 2 months up to 6 months depending on number of prior contributions, where those entitled to more than 2 months shall receive two months' worth of benefits in the first payment.</p>

Country	Coverage	Eligibility	Contributions	Benefits	Duration
Malaysia	All employees employed under a contract of service or apprenticeship with an employer are covered, whether oral or in writing; but casual workers, public sector workers, domestic workers are excluded.	<p>Minimum 12 months of contribution (varies depending on number of claims)</p> <p>Unemployment due to following reasons: retrenched, resigned under a voluntary separation scheme, constructively dismissed, resigned due to threat to family or sexual harassment, resigned due to command to perform work outside scope of work which endangers safety, resigned due to force majeure, closure of workplace due to natural disaster, bankruptcy of workplace</p>	0.4% of pay shared equally between employers and employees, up to MYR 4,000 per month	<p>Job search allowance: 80% of covered wages the first month, 50% the second, 40% the third and fourth, and 30% of the fifth and sixth months.</p> <p>Also offers early re-employment incentive, training allowance</p>	Job search allowance: minimum of 3 months, up to 6 months
Thailand	All private sector workers are covered, except farmers, domestic workers, and those with pre-2004 benefit schemes.	<p>At least 6 months of contributions in the last 15 months</p> <p>Termination must not be due to job violation, criminal act, or illegal act</p> <p>Must be registered with Employment Office</p>	<p>1% of earnings, shared equally between employer and employees, with a cap on monthly maximum</p> <p>Plus 0.25% of earnings from government</p>	<p>50% of insured earnings, based on the highest paid 3 months in the last months before job loss, capped at a maximum daily benefit</p> <p>If voluntary, rate is 30%</p>	Up to 180 days for involuntary, up to 90 days for voluntary

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**AN ACT INSTITUTING A NATIONAL UNEMPLOYMENT INSURANCE  
PROGRAM FOR THE PHILIPPINES AND APPROPRIATING FUNDS THEREFOR**

*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 and cited as the "PhilJobs Act of  
2 2020"

3 **Chapter I. Guiding Principles and Objectives**

4 SECTION 2. *Declaration of Policy.* - It shall be the policy of the State that labor is  
5 affirmed as a primary social economic force. As such, the State shall protect the rights  
6 of workers and promote their welfare. During episodes of unemployment, the State  
7 shall provide assistance to displaced workers to ensure that consumption levels are  
8 not substantially reduced and that sufficient resources are available for job search or  
9 the identification of alternative means of livelihood. The purpose of unemployment  
10 insurance is to provide temporary and partial income replacement to insured persons  
11 who lose their jobs while they seek to obtain new employment.

12 SECTION 3. *Guiding Principles.* - In pursuit of a National Unemployment Insurance  
13 Program, this Act shall adopt the following guiding principles:

- 14 (a) *Universality:* provide all workers with assistance in the event of job loss, by  
15 temporarily replacing a portion of lost wages;  
16 (b) *Income smoothing:* ensure that all workers will not face substantial reductions  
17 in the consumption of goods for subsistence, especially during a period of  
18 unemployment;  
19 (c) *Job search support:* support displaced workers during job search while  
20 minimizing the moral hazard effects of unemployment benefits on job search  
21 efforts;

- 1 (d) Efficiency: effectively utilize available funds and ensure fund viability at all  
2 times;
- 3 (e) Progressivity: premium contributions will be based on ability to pay, as benefits  
4 will be based on earnings as of the time of involuntary separation; and
- 5 (f) Social solidarity: a whole-of-nation approach will be taken to attain the policy  
6 goals of this Act, including risk-sharing among workers with different  
7 employment status and a pro-active role of government in providing social  
8 protection for workers.

9 SECTION 4. *General Objectives.* - This Act seeks to:

- 10 (a) Provide all workers in the Philippines with a mechanism to protect them from  
11 the risk of income loss and consequently, consumption reduction when one is  
12 involuntarily separated from a job, and to provide support for job search;
- 13 (b) Create the National Unemployment Insurance Program (hereafter referred to  
14 as the "Program") to serve as the means to assist workers during an episode  
15 of unemployment;
- 16 (c) Establish the Philippine Job Insurance Corporation (PhilJobs, hereafter referred  
17 to as the "Corporation") that will administer the Program and ensure its  
18 continued long-term effectivity and viability.

19 **Chapter II. Definition of Terms**

20 SECTION 5. *Definition of Terms.* - For purposes of this Act, these terms are defined  
21 as follows:

- 22 (a) *Board* - refers to the Board of Directors of the Corporation;
- 23 (b) *Contribution* - the amount payable to the Fund by the government, member,  
24 and employer in accordance with Section 9 of this Act;
- 25 (c) *Employee* - includes any person who performs services for an employer in  
26 which either both mental or physical efforts are used and who receives  
27 compensation for such services; where there is an employer-employee  
28 relationship; *Provided*, That a self-employed worker shall be both the employee  
29 and employer at the same time;
- 30 (d) *Employer* - any person, natural or juridical, domestic or foreign, who carries on  
31 in the Philippines any trade, business, industry, undertaking, or activity of any  
32 kind and uses the services of another person who under his or her orders as  
33 regards the employment. For purposes of this Act, employer includes national  
34 government agencies, political subdivisions, local government units, branches,  
35 instrumentalities, and government owned and controlled corporations;
- 36 (e) *Eligible employee* - any member as defined herein who lost his or her gainful  
37 occupation through no fault of his or her own, is able to available to work, is  
38 actively seeking work, and has paid the minimum number of contributions as  
39 provided for in Section 15 (b) of this Act;

- 1 (f) *Formal sector employees* - workers with specific working hours and regular  
2 wages, wherein the worker's job is assured. These workers are employed by  
3 national government agencies, instrumentalities or government owned and  
4 controlled corporations or private sector enterprises and their employment is  
5 subject to standard labor legislation, taxation, social protection or entitlement to  
6 certain employment benefits;
- 7 (g) *Gainful occupation* - any productive activity that provides an employee as  
8 defined herein with income;
- 9 (h) *Informal sector workers* - those whose employment is not subject to standard  
10 labor legislation, taxation, social protection or entitlement to certain employment  
11 benefits such as but not limited to advance notice of dismissal, severance pay,  
12 paid annual or sick leave, for reasons, such as but not limited to, the worker or  
13 his or her job are undeclared; the job is casual or of a limited short duration; the  
14 hours of work or wage are below a certain threshold; or the employer is an  
15 unregistered enterprise;
- 16 (i) *Involuntary separation* - separation of a worker from employment or pre-  
17 termination of a contract of employment without his or her consent and without  
18 cause by the worker, for reasons including but not limited to installation of labor-  
19 saving devices, redundancy, retrenchment to prevent losses or the closing or  
20 cessation of operation of the establishment; disease as ground for termination;  
21 and termination by employee, as provided for by Articles 283, 284, and 285 of  
22 the Labor Code of the Philippines, or abolition of office or position or other  
23 similar cases for government employees occupying plantilla positions,  
24 respectively, or separation due to significant economic downturn or natural or  
25 human-induced calamities/disasters.

26  
27 In the case of probationary employees, pre-termination of contract by the  
28 employer for reason/s other than the failure to meet the regularization  
29 standards, as indicated in the employment contract, is not considered  
30 involuntary separation under this Act, except in the case of significant economic  
31 downturn or closure of the employer's business;

- 32 (j) *Member* - any worker who is an existing and current member of the Government  
33 Service Insurance System (GSIS) or the Social Security System (SSS) upon  
34 the effectivity of this Act or any worker who is not a member of the same but  
35 shall register with the Program. Member registration can either be compulsory  
36 or voluntary;
- 37 (i). *Compulsory member* - refers to any formal sector employee, receiving  
38 compensation while in the service of an employer as defined herein,  
39 whether the premiums have been paid successively or intermittently.  
40 Any member separated from employment and any member who  
41 becomes self-employed may opt to continue paying contributions as a  
42 voluntary member;
- 43 (ii). *Voluntary member* - includes informal sector workers, self-employed,  
44 and previous compulsory members who have become self-employed.

1 Voluntary members become compulsory members once they are  
2 employed by employers as defined herein;

3 (k) *Program Manager* - refers to Interim Program Manager as provided in Section  
4 8 of this Act or the Corporation as provided in Section 18 of this Act;

5 (l) *Unemployment Insurance Benefits Payments* - benefits in the form of monthly  
6 cash payments as provided for in Section 16 of this Act.

### 7 **Chapter III. The National Unemployment Insurance Program**

8 SECTION 6. *Establishment of the Program.* - There is hereby created a National  
9 Unemployment Insurance Program which shall provide assistance to workers during  
10 periods of unemployment to ensure that consumption levels are not substantially  
11 reduced and that sufficient resources are available for job search or alternative means  
12 of livelihood.

13 SECTION 7. *Coverage.* - The program shall cover all employees as defined in Section  
14 5 of this Act. All SSS and GSIS members are automatically covered by the Program.  
15 Workers who are neither SSS nor GSIS members, including but not limited to, workers  
16 in the informal sector shall be encouraged to join the Program through innovative  
17 approaches to be undertaken by the Program Manager, including information  
18 campaigns and the provision of incentives.

19 SSS and GSIS shall transfer membership data to the Program Manager upon  
20 execution of a data sharing agreement in compliance with the requirements of the  
21 Data Privacy Act of 2012.

22 Each member shall be assigned a unique PhilJobs number. For this purpose, the  
23 membership data from the SSS and GSIS shall be used for verification purposes of  
24 members.

25 The Corporation shall incorporate in their identification systems and databases the  
26 PhilSys Number of covered individuals as provided in Section 6 of the Philippine  
27 Identification System Act.

28 SECTION 8. *Interim Program Manager.* - The SSS shall manage the Program until  
29 five (5) years after the effectivity of this Act, or until such a time when the Program has  
30 demonstrated financial viability, whichever is earlier.

31 As Interim Program Manager, the SSS shall perform the powers and functions in  
32 Section 20 of this Act until such time that the Program is transferred to the Corporation.

33 SECTION 9. *Contributions.* - It shall be compulsory for the national government,  
34 members and employers to contribute to the Fund in accordance with a reasonable,  
35 equitable and progressive contribution schedule, to be determined by the Program  
36 Manager on the basis of applicable actuarial studies and in accordance with the  
37 following guideline.

1 The national government, employers, and employees shall equally share compulsory  
 2 premium contributions.

3 The risk-rated premium computations shall take into account factors such as: (i) the  
 4 probability of job loss, (ii) salary level, (iii) the program administration costs, and (iv)  
 5 type of employment, as follows:

- 6 (a) Formal sector employees, regardless of tenure status, shall pay monthly  
 7 contributions based on a contribution schedule to be actuarially determined by  
 8 the Program Manager: *Provided*, that their monthly contributions shall not  
 9 exceed one and one-half percent (1.5%) of their respective monthly salaries;
- 10 (b) Contributions from self-employed employees shall be based primarily on their  
 11 reported earnings; their monthly contributions shall not, however, exceed one  
 12 and one-half percent (1.5%) of their estimated actual net monthly income for  
 13 the preceding year;
- 14 (c) Contributions made by informal sector workers for the first year of membership  
 15 shall be lower than the minimum contributions set for formally employed  
 16 workers, as a form of incentive to formalize their employment.

17 A cap for maximum premium contributions shall be set by the Program Manager, to  
 18 be actuarially determined.

19 For the first year of Program implementation, the rate of monthly contribution is as  
 20 follows:

Salary Level	Private Employees				Government Employees			
	Monthly Contribution Rate	Monthly Government Share	Monthly Employer Share	Monthly Employee Share	Monthly Contribution Rate	Monthly Government Share	Monthly Employer Share	Monthly Employee Share
Up to 125,000 pesos	1/12 of 13.5%	1/12 of 4.5%	1/12 of 4.5%	1/12 of 4.5%	1/12 of 13.5%	1/12 of 4.5%	1/12 of 4.5%	1/12 of 4.5%
	Of basic pay	Of basic pay	Of basic pay	Of basic pay	Of basic pay	Of basic pay	Of basic pay	Of basic pay
Greater than 125,00 pesos	1,395 pesos	465 pesos	465 pesos	465 pesos	1,395 pesos	465 pesos	465 pesos	465 pesos

21 Unemployment insurance benefits under existing SSS and GSIS programs shall be  
 22 integrated with the Program created under this Act. SSS and GSIS shall continue the  
 23 provision of unemployment insurance benefits to classes of workers that are not  
 24 covered by this Act.

25 SECTION 10. *Duty to Contribute and Remit to the Unemployment Insurance Fund.* -  
 26 Premium contributions to the Fund shall be remitted by employers within ten (10) days  
 27 from the end of each month. The member's employer shall contribute one-third (1/3)  
 28 of each premium contribution at no cost to the member, and shall withhold one-third  
 29 (1/3) of the premium contribution from the member's monthly compensation. The  
 30 employer's obligation to remit to the Fund shall begin on the member's first month of

1 employment. The government's share of total contributions shall likewise be released  
2 to the Fund within ten (10) days from the end of each month.

3 The employer shall include in its annual appropriation the necessary amounts for its  
4 share of contributions indicated above.

5 SECTION 11. *Incentives for Job Search.* - In determining the structure of premium  
6 contributions and benefits, the Program Manager shall introduce mechanisms that  
7 optimize incentives for job search, including but not limited to, the granting of additional  
8 cash allowances if job search is completed prior to 90 days after involuntary separation  
9 from work and the establishment of mechanisms for the monitoring of job search by  
10 displaced workers.

11 SECTION 12. *Endowment Fund.* - To provide a source for the initial funding of the  
12 Program under the administration of the Interim Program Manager, there is hereby  
13 established an Endowment Fund which shall be self-sustaining and shall subsequently  
14 consist of premium contributions, investment revenues, donations, bequests, grants  
15 and loans from domestic and/or foreign sources, government subsidy appropriations  
16 and other income accruing from the operations of the Program. For the initial  
17 organizational and operational requirements of the Program, there is hereby  
18 appropriated out of any fund in the National Treasury or other sources not otherwise  
19 appropriated the sum of Thirty Billion Pesos (P30,000,000,000.00).

20 The Endowment Fund shall also serve as a subsidy for workers and economic stimulus  
21 during the period of economic downturn caused by the COVID-19 pandemic. The  
22 Program Manager shall determine the initiation of charging of premium contributions  
23 to employers and employees, on the basis of general economic and labor market  
24 conditions.

25 All program administration costs to be incurred by the Interim Program Manager shall  
26 be charged against this Endowment Fund.

27 At the end of the first fiscal year of the Program's implementation, all funds remaining  
28 in the Endowment Fund shall be transferred to the Reserve Fund and shall be utilized  
29 in accordance with Section 14 of this Act.

30 SECTION 13. *Unemployment Insurance Fund.* - An Unemployment Insurance Fund  
31 ("Fund") will be created for purposes of financing the unemployment insurance  
32 benefits and the administration of the Program as provided in this Act.

33 SECTION 14. *Reserve Fund.* - To ensure that the Program has the capacity to provide  
34 sufficient unemployment insurance benefits during periods of unexpectedly high  
35 unemployment levels caused by general economic downturn, national disasters, or  
36 such other crises of massive scale, the Program shall, on an annual basis, set aside  
37 a portion of its funds as reserve funds, *Provided*, That a ceiling on reserve funds shall  
38 be actuarially determined, taking into consideration the need to provide for

1 extraordinary payments in the short- and long-run, *Provided, further*, That the balance  
2 of the Endowment Fund at the time of the creation of the Corporation shall form part  
3 of the Reserve Fund, *Provided, further*, That whenever there are Unemployment  
4 Insurance Fund balances at the end of the Corporation's fiscal year, either whenever  
5 premium contributions exceed unemployment insurance benefits or whenever there  
6 are unutilized portions of the reserved funds, the Program's benefits shall be increased  
7 in amounts, expanded in scope, or member contributions decreased prospectively in  
8 order to adjust expenditures or revenues to meet the required ceiling for reserve funds,  
9 *Provided, further*, That a portion of the reserve fund shall be set aside for purposes of  
10 short-term investments to earn an average annual income at prevailing rates of  
11 interest. The portion of reserve funds for investment purposes shall be known as the  
12 "Investment Reserve Fund" which shall be invested in any or all of the following:

- 13 (a) In bonds, securities, promissory notes or other evidence of indebtedness of the  
14 Government of the Philippines, or in bonds, securities, promissory notes, or  
15 other evidence of indebtedness to which the full faith, credit and unconditional  
16 guarantee of the Government of the Philippines is pledged: *Provided*, that at  
17 least fifteen percent (15%) of the investment reserve fund shall be invested for  
18 these purposes;
- 19 (b) In bonds, securities, promissory notes or other evidence of indebtedness of the  
20 Government of the Philippines, or any of its agencies or instrumentalities to  
21 finance domestic infrastructure projects such as roads, bridges, ports,  
22 telecommunications, and other similar projects: *Provided*, That the instruments  
23 issued by an agency or instrumentality of the government shall be guaranteed  
24 by the Government of the Philippines or any government financial institution or  
25 acceptable multilateral agency: *Provided, further*, That the Corporation shall  
26 have priority over the revenues of the projects: *Provided, finally*, That such  
27 investments shall not exceed thirty percent (30%) of the Investment Reserve  
28 Fund;
- 29 (c) In bonds, securities, promissory notes or other evidence of indebtedness of  
30 government financial institutions or government corporations with acceptable  
31 credit or guarantee: *Provided*, That such investments shall not exceed thirty  
32 percent (30%) of the Investment Reserve Fund;
- 33 (d) In bonds, securities, deposits, promissory notes or other evidence of  
34 indebtedness of any, bank doing business in the Philippines and in good  
35 standing with the BSP to finance loans to private corporations doing business  
36 in the Philippines, including schools, hospitals, small-and-medium scale  
37 industries, cooperatives and nongovernmental organizations, in which case the  
38 collaterals or securities shall be assigned to the Corporation, under such terms  
39 and conditions as the Board may prescribe: *Provided*, That in the case of bank  
40 deposits, they shall not exceed at any time the unimpaired capital and surplus  
41 or total private deposits of the depository bank, whichever is smaller: *Provided,*  
42 *further*, That said bank shall first have been designated as a depository for this  
43 purpose by the Monetary Board of the BSP: *Provided, finally*, That such

1 investments shall not exceed forty percent (40%) of the Investment Reserve  
2 Fund;

3 (e) In bonds, securities, promissory notes or other evidence of indebtedness of  
4 educational or medical institutions to finance the construction, improvement and  
5 maintenance of schools and hospitals and their equipment and facilities:  
6 *Provided*, That such investments shall not exceed ten percent (10%) of the  
7 Investment Reserve Fund;

8 (f) In real estate property, including shares of stocks involving real estate property,  
9 and investments secured by first mortgages on real estate property, and  
10 investments secured by first mortgages on real estate or other collaterals  
11 acceptable to the Corporation: *Provided*, That such projects and investments  
12 shall, in the determination of the Board, redound to the benefit of the  
13 Corporation, its members, as well as the general public: *Provided, further*, That  
14 investment in real estate property and joint ventures including shares of stocks  
15 involving real estate property, shall not exceed ten percent (10%) of the  
16 Investment Reserve Fund: *Provided, finally*, That investments in other income  
17 earning projects and investments secured by first mortgages or other collaterals  
18 shall not exceed 25% of the Investment Reserve Fund;

19 (g) In bonds, debentures, securities, promissory notes or other evidence of  
20 indebtedness of any prime corporation or multilateral institutions to finance  
21 domestic projects: *Provided*, That the issuing or assuming entity or its  
22 predecessors shall not have defaulted in the payment of interest on any of its  
23 securities and that during each of any three (3) including the last two (2) of the  
24 five (5) fiscal years next preceding the date of acquisition by the Corporation of  
25 such bonds, debentures or other evidence of indebtedness, the net earnings of  
26 the issuing or assuming institution available for its fixed charges, as defined in  
27 this Act, shall have been not less than one and one quarter times the total of its  
28 fixed charges for such year: *Provided, further*, That such investments shall not  
29 exceed forty percent (40%) of the Investment Reserve Fund;

30 (h) In preferred or common shares of stocks listed or to be listed in the stock  
31 exchange and other securities trading markets or options or warrants to such  
32 stock or, subject to prior approval of the BSP, such other risk management  
33 instruments of any prime or solvent corporation or financial institution created  
34 or existing under the laws of the Philippines with proven track record of  
35 profitability over the last three (3) years and payment of dividends at least once  
36 over the same period: *Provided*, That such investments shall not exceed forty  
37 percent (40%) of the Investment Reserve Fund;

38 (i) In domestic or foreign mutual funds in existence for at least three (3) years:  
39 *Provided*, That such investments shall not exceed forty percent (40%) of the  
40 Investment Reserve Fund: *Provided, further*, That investments in foreign mutual  
41 funds shall not exceed one percent (1%) of the Investment Reserve Fund in the  
42 first year which shall be increased by one percent (1%) of each succeeding  
43 year, but in no case shall it exceed fifteen percent (15%) of the Investment  
44 Reserve Fund;

- 1 (j) In foreign currency deposits or investment-grade rate foreign currency-  
2 denominated debts, prime and nonspeculative equities, and other BSP  
3 approved financial instruments or other assets issued in accordance with the  
4 existing laws of the countries where such financial instruments are issued:  
5 *Provided*, That these instruments or assets are listed in bourses of the  
6 respective countries where these instruments or assets are issued: *Provided*,  
7 *further*, That the issuing company has proven track record of profitability over  
8 the last three (3) years and payment of dividends at least once over the same  
9 period: *Provided, finally*, That such investments shall not exceed one percent  
10 (1%) of the Investment Reserve Fund in the first year which shall be increased  
11 by one percent (1%) for each succeeding year, but in no case shall it exceed  
12 fifteen percent (15%) of the Investment Reserve Fund;
- 13 (k) In loans secured by such collaterals like cash, pensions, government securities  
14 or guarantees of multilateral institutions including loans to pensioners:  
15 *Provided*, That such investments shall not exceed thirty percent (30%) of the  
16 Investment Reserve Fund; and
- 17 (l) In other BSP approved investment instruments with the same intrinsic quality  
18 as those enumerated in paragraphs (a) to (k) hereof, subject to the policies and  
19 guidelines which the Board may formulate.

20 No portion of the Reserve Fund or income thereof shall accrue to the General fund of  
21 the National Government or to any of its agencies or instrumentalities, including  
22 government-owned or -controlled corporations, except as may be allowed under this  
23 Act: *Provided*, That no portion of the Investment Reserve Fund shall be invested for  
24 any purpose or any instrument, institution or industry over and above the prescribed  
25 cumulative ceilings as follows:

- 26 (a) 60% in private securities;  
27 (b) 5% in housing;  
28 (c) 30% in real estate related investments;  
29 (d) 30% in government financial institutions and corporations;  
30 (e) 15% in any particular industry;  
31 (f) 7.5% in foreign-currency denominated investments;  
32 (g) 5% in private-sponsored infrastructure projects without guarantee;  
33 (h) 5% in private and government sponsored projects with guarantee;  
34 (i) 5% in private and government sponsored infrastructure projects.

35 SECTION 15. *Eligibility*. - A worker shall be eligible for unemployment benefits under  
36 the Program if they meet the following requirements:

- 37 (a) The worker is a "member" as defined under Section 5 (j) of this Act;  
38 (b) The member has paid at least 6 monthly contributions in the 12-month period  
39 prior to separation from work;  
40 (c) The member was involuntarily separated from employment as defined in  
41 Section 5(i) of this Act;

1 (d) The member has undergone job counselling provided by the Program or by its  
2 accredited partners, and has signed an agreement with the Corporation to  
3 commence active job search, the compliance of which will be determined and  
4 monitored by the Corporation; and

5 (e) The member has submitted an affidavit duly signed and notarized indicating  
6 availability and willingness to work at any time after the filing of claims for  
7 unemployment benefits.

8 SECTION 16. *Unemployment Insurance Benefit Payments.* - Unemployment  
9 insurance benefits amounting to eighty percent (80%) of the member's basic monthly  
10 pay at their last employment, shall be paid to the eligible worker on the 30<sup>th</sup> day of  
11 unemployment. A second and third payment of equivalent amounts shall be given on  
12 the 60<sup>th</sup> and 90<sup>th</sup> day of unemployment, respectively, as applicable, *Provided* that  
13 monthly benefits per beneficiary shall not to exceed the cap of one hundred thousand  
14 pesos (P100,000.00), subject to regular review by the Program Manager, based on  
15 actuarial studies, *Provided, further,* That unemployment insurance benefit payments  
16 shall cease upon the completion of the job search, or 90 days after involuntary  
17 separation from employment, whichever is earlier, *Provided, further,* That the Program  
18 Manager is authorized to provide incentives for the completion of job search prior to  
19 90 days after the involuntary separation from employment, *Provided, further,* That the  
20 Program Manager is authorized to adjust the amount of benefits defined in this Section  
21 on the basis of labor market conditions and as validated by actuarial studies pursuant  
22 to Section 19 (e) of this Act, *Provided, finally,* That sufficient consultation with the  
23 Department of Labor and Employment and labor groups is conducted prior to any such  
24 adjustment.

25 SECTION 17. *Government-provided Unemployment Benefits.* - In addition to  
26 unemployment insurance benefit payments as defined in Section 5 of this Act, the  
27 Program shall facilitate the provision of additional unemployment benefits, at no  
28 additional cost to members:

29 (a) Training or re-tooling programs by TESDA;

30 (b) Job search assistance, including the provision of localized information on job  
31 market opportunities, job matching, and identification of education and training  
32 opportunities by Public Employment Service Offices;

33 (c) Other training or re-tooling programs or job search assistance services  
34 accredited by the Corporation.

35 The Corporation shall enter into agreements with the relevant government agencies  
36 or private entities to ensure the effective and efficient provision of training and re-  
37 tooling programs and other forms of job search assistance for unemployed members  
38 to improve their chances for reemployment.

1 The Program shall provide members with a training allowance to cover the cost of  
2 attending their chosen training program, including training fees and transportation,  
3 subject to the member's compliance with training program requirements.

4 The Corporation shall include in its annual appropriation a provision for training  
5 allowance of members.

#### 6 **Chapter IV. The Philippine Job Insurance Corporation**

7 SECTION 18. *Establishment of the Corporation.* - There is hereby created a Philippine  
8 Job Insurance Corporation, which shall manage and administer the Program and its  
9 funds at such point in time that the fund viability has been established, not later than  
10 5 years after the effectivity of the Act. In the discharge of its mandated responsibilities  
11 under this Act, the Corporation shall function and operate as an independent and  
12 accountable government-owned and controlled corporation within the corporate  
13 governance standards and principles of Republic Act No. 10149, except as may be  
14 otherwise provided herein.

15 SECTION 19. *Powers and Functions.* - The Corporation shall have the following  
16 powers and functions:

- 17 (a) To administer the National Unemployment Insurance Program according to the  
18 provisions of this Act;
- 19 (b) To formulate, adopt, amend, and/or rescind such rules and regulations as may  
20 be necessary to carry out the overall objectives of the Program and the other  
21 provisions of this Act;
- 22 (c) Receive complaints, institute investigations, facilitate or enable settlement of  
23 complaints through the use of alternative dispute resolution processes,  
24 adjudicate, award indemnity on matters affecting any PhilJobs member. That in  
25 resolving any complaint or investigation (except where amicable settlement is  
26 reached by the parties), the Board shall act as a collegial body. However, the  
27 Chairperson shall only vote in case of a tie.
- 28 (d) To formulate and implement guidelines to determine contribution, benefits, and  
29 disbursement arrangements, among others, in order to effectively implement  
30 the objectives of this Act, *Provided*, That the Program may have different  
31 contributions and benefits that are proportionately calculated, and which must  
32 be fair, equitable, and actuarially sound and viable;
- 33 (e) To conduct continuing actuarial and statistical studies and valuations to  
34 determine the financial condition of the Program, and to take into consideration  
35 such studies and valuations in the determination and readjustment of benefits,  
36 contributions, premium rates, among others;
- 37 (f) To authorize cooperatives registered with the Cooperative Development  
38 Authority or associations registered with the appropriate government agency to  
39 act as collection agents with respect to Program members, *Provided*, That the

1 Corporation shall accredit the cooperative or association, *Provided, further,*  
2 That the person authorized to collect are bonded;

3 (g) To approve restructuring proposals for the payment of due but unremitted  
4 contributions under such terms and conditions as it may be prescribe;

5 (h) Any law to the contrary notwithstanding, to condone, enter into a compromise,  
6 or release, in whole or in part, such penalties imposed upon delinquent  
7 contributions regardless of the amount involved under such valid terms and  
8 conditions it may be prescribe through rules and regulations when the financial  
9 position of the employer or worker demonstrates a clear inability to pay the  
10 assessed delinquency arising from economic crisis, serious business losses or  
11 financial reverses, or resulting from natural calamity or man-made disaster  
12 without fault on the part of the employer or worker, *Provided,* That the  
13 Corporation shall institute a condonation of penalties of delinquent employers  
14 or workers under Republic Act No. 10361, subject to such rules and regulations  
15 it may provide;

16  
17 To determine that the powers under his provision are reasonably exercised, the  
18 Corporation shall submit to the Office of the President, the Senate, and the  
19 House of Representatives an annual report on the exercise of said powers  
20 under this provision, stating the following facts, among others: names and  
21 addresses of those whose penalty delinquencies have been subjected to  
22 compromise or condonation, amount involved, amount compromised or  
23 condoned, underlying reasons and justifications for compromise or  
24 condonation;

25 (i) To collect, deposit, invest, administer, and disburse the Unemployment  
26 Insurance Fund in accordance with the provisions of this Act;

27 (j) To submit to the President of the Philippines and to both Houses of Congress  
28 its Annual Report which shall contain the status of the Fund, its total collections,  
29 disbursements, reserves, average cost to eligible workers, unemployment  
30 statistics, any requests for additional appropriation, and other data pertinent to  
31 the implementation of the Program, and publish as synopsis of such report in  
32 at least two (2) newspapers of general circulation and on its website;

33 (k) To require the Chief Actuary to submit a valuation report on the Program every  
34 two (2) years, or more frequently as may be necessary, and to undertake the  
35 necessary actuarial studies and calculations concerning adjustment in benefits,  
36 contributions, among others;

37 (l) To organize its office, fix the compensation of and appoint personal as may be  
38 deemed necessary and upon the recommendation of the president of the  
39 Corporation;

40 (m) To enter into agreements or contracts for such service and aid as may be  
41 needed for the proper, efficient, and stable administration of the Program,  
42 including but not limited to partnerships with public and private entities for the  
43 efficient delivery of job counselling, skills training, and job placement services,  
44 among others;

- 1 (n) To receive and manage grants, donations, and other forms of assistance;
- 2 (o) To sue and be sued in court;
- 3 (p) To adopt or approve the annual and supplemental budget of receipts and  
4 expenditures including salaries and allowances of the Corporation's personnel,  
5 against all funds available to the Corporation under this Act, and to authorize  
6 such capital and operating expenditures and disbursement of the Program as  
7 may be necessary and proper for the effective management and operation of  
8 the Program;
- 9 (q) To set up its accounting system and provide the necessary personnel therefor;
- 10 (r) To enter into the necessary agreements with existing insurance programs or  
11 any other entity, enterprise, corporation, or partnership for the benefit of  
12 members transferring between systems;
- 13 (s) To perform such other acts as it may deem appropriate for the proper  
14 implementation and enforcement of this Act.

15 SECTION 20. *Board of Directors.* - The Corporation shall be governed by a Board of  
16 Directors hereinafter referred to as the Board, composed of the following:

- 17 (a) Secretary of Labor and Employment, as the *ex officio* Chairperson,
- 18 (b) SSS President and Chief Executive Officer as Vice Chairperson,
- 19 (c) Director General of the National Economic and Development Authority, as *ex*  
20 *officio* member,
- 21 (d) Six (6) appointive members, three (3) of whom shall represent employers'  
22 groups, and three (3) shall represent labor groups, all of whom shall be  
23 appointed by the President.

24 All those in the Board shall be on known competence, probity, integrity and recognized  
25 expertise in any of the field of insurance, social security, investment, finance,  
26 economics, management, law, actuarial science, or similar fields, with at least ten (10)  
27 years of managerial or leadership experience. The six (6) members representing  
28 workers and employer groups shall be chosen from among the nominees of  
29 employees and employers' organization respectively, as endorsed by the Governance  
30 Commission for GOCCs following the fit and proper rule and standards on integrity,  
31 experience, education, training, and competence. The term of office of the regular  
32 appointive members of the Board shall be three (3) years, which can be extended for  
33 another term of three (3) years, *Provided*, That the terms for the first six (6) appointive  
34 members shall be one (1), two (2), and three (3) years for every two (2) Directors,  
35 respectively, notwithstanding Section 17 of the GCG Law, *Provided, further*, That they  
36 shall continue to hold office until their successors shall have been appointed and duly  
37 qualified. All vacancies prior to the expiration of the term shall be filled for the  
38 remaining unexpired term only.

39 SECTION 21. *Staffing.* - The extent and size of the Corporation shall take into account  
40 the size of the Program membership, functional distribution, workload, span of control,  
41 type, and variety of skills required. The Corporation's staffing structure should promote

1 focused use of limited resources on core functions and program structure. In the  
2 creation of the staffing structure, the Board shall:

- 3 (a) Determine the number of positions required based on the size of the Program
- 4 membership, functions, and program structure of the Corporation;
- 5 (b) Determine the skills and competencies required to perform the core functions;
- 6 (c) Observe an optimal ratio between technical and administrative positions; and
- 7 (d) Determine the extent of functions that can be efficiently performed by
- 8 outsourced services.

9 SECTION 22. *Settlement of Disputes.* - Any dispute arising under this Act with respect  
10 to contributions, penalties, benefits, and any other matter related thereto shall be  
11 cognizable by the Board, and any case filed with respect hereto shall be heard by the  
12 Board and decided within the period provided for under Republic Act No. 1103 (Ease  
13 of Doing Business and Efficient Government Service Delivery Act of 2018) after the  
14 submission of the evidence. The filing, determination and settlement of disputes shall  
15 be governed by the rules and regulations promulgated by the Board.

16 Any decision of the Board in the absence of an appeal therefrom as herein provided  
17 shall become final and executory after fifteen (15) days from receipt of notice of  
18 decision, and judicial review thereof shall be permitted only after any party claiming to  
19 be aggrieved thereby has exhausted his remedies before the Board. The Board shall  
20 be deemed to be a party to any judicial action involving any such decisions, and may  
21 be represented by an attorney employed by the Board, or when requested by the  
22 Board, by the Solicitor General or any public prosecutor.

23 SECTION 23. *Appeals.* - Appeals from any decision of the Board shall be governed  
24 by Rules 43 and 45 of the 1997 Rules of Civil Procedure. The appeal shall not stay  
25 the execution of the decision unless ordered by the Board, Court of Appeals or by the  
26 Supreme Court and the Appeal shall be without prejudice to the special civil action of  
27 certiorari when proper.

28 SECTION 24. *Execution of Decision.* - When no appeal is perfected and there is no  
29 order to stay by the Board, Court of Appeals or by the Supreme Court, any decision of  
30 the Board shall be enforced and executed in the same manner as decisions of the  
31 Regional Trial Court. For this purpose, the Board shall have the power to issue to the  
32 city or provincial or its appointed sheriff such writs of execution as may be necessary  
33 for the enforcement of such decision, and any person who shall fail or refuse to comply  
34 with such decision, writ or process after being required to do so, shall, upon application  
35 by the Board, be punished for contempt.

36 SECTION 25. *Exemption from Tax, Legal Process and Lien and Government*  
37 *Guarantee.* - It is hereby declared to be the policy of the State that the actuarial  
38 solvency of the funds of the Program shall be preserved and maintained at all times  
39 and that contribution rates necessary to sustain the benefits under this Act shall be

1 kept as low as possible in order not to burden the members and their employers. Taxes  
2 imposed tend to impair the actuarial solvency of its funds and increase the contribution  
3 rate necessary to sustain the benefits of this Act. Accordingly, notwithstanding any  
4 laws to the contrary, the Corporation, its assets, revenues including all accruals  
5 thereto, and benefits paid, shall be exempt from all taxes, assessments, fees, charges,  
6 or duties of all kinds. These exemptions shall continue unless expressly and  
7 specifically revoked and any assessment against the Corporation as of the approval  
8 of this Act are hereby considered paid. Consequently, all laws, ordinances,  
9 regulations, issuances, opinions or jurisprudence contrary to or in derogation of this  
10 provision are hereby deemed repealed, superseded and rendered ineffective and  
11 without legal force and effect.

12 Moreover, these exemptions shall not be affected by subsequent laws to the contrary  
13 unless this section is expressly, specifically and categorically revoked or repealed by  
14 law and a provision is enacted to substitute or replace the exemption referred to herein  
15 as an essential factor to maintain or protect the solvency of the fund, notwithstanding  
16 and independently of the guaranty of the national government to secure such solvency  
17 or liability.

18 The funds and/or properties referred to herein as well as the benefits, sums or monies  
19 corresponding to the benefits under this Act shall be exempt from attachment,  
20 garnishment, execution, levy or other processes issued by the courts, quasi-judicial  
21 agencies or administrative bodies including Commission on Audit (COA)  
22 disallowances and from all financial obligations of the members, including his  
23 pecuniary accountability arising from or caused or occasioned by his exercise or  
24 performance of his official functions or duties, or incurred relative to or in connection  
25 with his position or work except when his monetary liability, contractual or otherwise,  
26 is in favor of the Corporation.

27 Further, the benefits prescribed in this Act shall not be diminished and to guarantee  
28 said benefits the Government of the Republic of the Philippines accepts general  
29 responsibility for the solvency of the Corporation.

## 30 **Chapter V. Appropriations**

31 **SECTION 26. *Appropriations.*** - An appropriation of Thirty Billion pesos  
32 (P30,000,000,000.00) is hereby appropriated for the SSS as Interim Program  
33 Manager, as the amount necessary for the creation of the Endowment Fund as  
34 provided for in Section 12. Subsequently, the funds necessary for the continuous and  
35 effective operation of the Program shall be included in the General Appropriations Act  
36 (GAA), including the national government's share in the premium contributions and  
37 funds for the provision of allowances for training programs and job search assistance.

## 38 **Chapter VI. Penal Provisions**

1 SECTION 27. - The Program Manager or responsible officer of the Corporation who  
2 fails or refuses to comply with the provisions of this Act or with its implementing rules  
3 and regulations shall be punished by a fine not less than fifty thousand pesos (P  
4 50,000.00) nor more than two hundred thousand pesos (P200,000.00), or by  
5 imprisonment of not less than six (6) years and one day to twelve (12) years, or both,  
6 at the discretion of the court.

7 SECTION 28. - The Program Manager or responsible officer of the Corporation who  
8 takes or misappropriates the contribution for the Fund or permits another person to  
9 take, misappropriate or use said contribution through consent, abandonment or  
10 negligence shall be punished by a fine not less than fifty thousand pesos (P 50,000.00)  
11 nor more than two hundred thousand pesos (P200,000.00), or by imprisonment of not  
12 less than six (6) years and one day to twelve (12) years, or both, at the discretion of  
13 the court.

14 SECTION 29. - Any employer who after deducting the monthly contribution of  
15 members, fails to remit the same to the Corporation within the period prescribe in this  
16 Act shall be presumed to have taken the same shall suffer the penalties provided in  
17 Article 315 of the Revised Penal Code.

18 SECTION 30. - The heads of the offices of the national government, its political  
19 subdivisions, branches, agencies and instrumentalities, including government-owned  
20 or controlled corporations and government financial institutions, and the personnel of  
21 such offices who are involved in the collection contributions who shall fail, refuse or  
22 delay the payment, turnover, remittance or delivery of such accounts, upon conviction  
23 by final judgement, suffer the penalties of imprisonment of not less than one (1) year  
24 nor more than five (5) years and a fine of not less than fifty thousand pesos  
25 (P50,000.00) nor more than two hundred thousand pesos (P200,000.00), and in  
26 addition shall suffer absolute perpetual disqualification from holding public office and  
27 from practicing any profession or calling licensed by the government.

28 The officers and/or personnel referred in this section shall be liable not only criminally  
29 but also civilly to the member concerned in the form of damages as provided for in the  
30 Civil Code of the Philippines.

31 SECTION 31. - The officers and the personnel of private companies who are involved  
32 in the collection contributions who shall fail, refuse or delay the payment, turnover,  
33 remittance or delivery of such accounts, upon conviction by final judgement, suffer the  
34 penalties of imprisonment of not less than one (1) year nor more than five (5) years  
35 and a fine of not less than fifty thousand pesos (P50,000.00) nor more than two  
36 hundred thousand pesos (P200,000.00) and shall also be civilly liable to the member  
37 concerned in the form of damages provided for in the Civil Code of the Philippines.

38 **Chapter VII. Miscellaneous Provisions**

1 SECTION 32. *Oversight Provision.* - Congress shall conduct a regular review of the  
2 Program, which shall entail a systemic evaluation of the Program's performance and  
3 impact. Every two years, an independent review shall be undertaken by an expert  
4 third-party, at a cost to be shouldered by the Program, and whose results shall be  
5 submitted to the Committees of the Senate and the House of Representatives which  
6 have legislative jurisdiction over the Program.

7 SECTION 33. *Implementing Rules and Regulations.* - Within forty five (45) days from  
8 the effectivity of this Act, the SSS as Interim Program Manager shall formulate the  
9 rules and regulations necessary for the implementation of this Act, in consultation with  
10 the DOLE and NEDA.

11 SECTION 34. *Information Campaign.* - An intensive public information campaign shall  
12 be undertaken by the SSS prior to the implementation of the rules and regulations of  
13 this Act.

14 SECTION 35. *Separability Clause.* - If any provision of this Act is declared  
15 unconstitutional or invalid, the remainder of the provisions thereof not affected shall  
16 remain in force and effect.

17 SECTION 36. *Repealing Clause.* - All laws, executive orders, administrative rules and  
18 regulations or parts thereof which are inconsistent with the provisions of this Act are  
19 hereby amended, modified, or repealed accordingly.

20 SECTION 37. *Effectivity Clause.* - This Act shall take effect immediately upon its  
21 publication in a newspaper of general circulation or in the Official Gazette.

22 *Approved,*