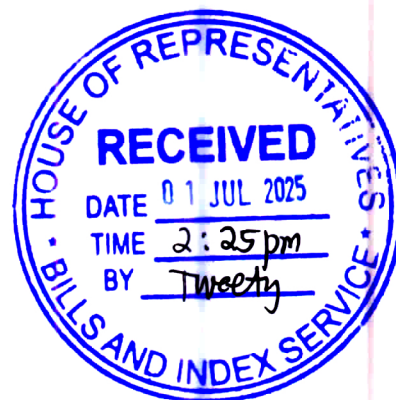


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 853



Introduced by **Representative MARK ANTHONY G. SANTOS**

EXPLANATORY NOTE

Under the Article II Section 18 of the 1987 Philippine Constitution, it is the declared policy of the State that labor is a primary social economic force. The state shall protect the right of workers and promote their welfare.

During the Covid-19 Pandemic, a lot of workers were affected by the closing of businesses and we saw the need to provide displaced workers with assistance to help them meet their daily expenses and provide resources for them to find new employment or alternative livelihood.

This bill aims to enhance the SSS and GSIS provision for unemployment insurance. It seeks to create the Labor Insurance Corporation and establish an Unemployment Insurance Program to help workers, whether in the formal or informal labor sector, who have been involuntarily separated from work.

Hence approval of this bill is earnestly sought.

MARK ANTHONY G. SANTOS
Representative, Lone District of Las Piñas

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **853**

Introduced by **Representative MARK ANTHONY G. SANTOS**

**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 as the "LABOR INSURANCE ACT
2 OF 2025"

3 SECTION 2. *Declaration of Policy.* - It is the policy of the State that labor is affirmed
4 as a primary social economic force. As such, the State shall protect the rights of
5 workers and promote their welfare. During episodes of unemployment, the State shall
6 provide assistance to displaced workers and provide temporary income replacement
7 to insured persons who lose their jobs while they seek to obtain new employment.

8 SECTION 3. *Definition of Terms.* - For purposes of this Act, these terms are defined
9 as follows:

10 (a) *Board* - refers to the Board of Directors of the Corporation;

11 (b) *Contribution* - the amount payable to the Fund by the government, member,
12 and employer in accordance with Section 9 of this Act;

13 (c) *Employee* - includes any person who performs services for an employer in
14 which either both mental or physical efforts are used and who receives
15 compensation for such services; where there is an employer-employee
16 relationship; *Provided*, That a self-employed worker shall be both the employee
17 and employer at the same time;

18 (d) *Employer* - any person, natural or juridical, domestic or foreign, who carries on
19 in the Philippines any trade, business, industry, undertaking, or activity of any
20 kind and uses the services of another person who under his or her orders as
21 regards the employment. For purposes of this Act, employer includes national

- 1 government agencies, political subdivisions, local government units, branches,
2 instrumentalities, and government owned and controlled corporations;
- 3 (e) *Eligible employee* - any member as defined herein who lost his or her gainful
4 occupation through no fault of his or her own, is able to available to work, is
5 actively seeking work, and has paid the minimum number of contributions as
6 provided for in Section 11 (b) of this Act;
- 7 (f) *Formal sector employees* - workers with specific working hours and regular
8 wages, wherein the worker's job is assured. These workers are employed by
9 national government agencies, instrumentalities or government owned and
10 controlled corporations or private sector enterprises and their employment is
11 subject to standard labor legislation, taxation, social protection or entitlement to
12 certain employment benefits;
- 13 (g) *Gainful occupation* - any productive activity that provides an employee as
14 defined herein with income;
- 15 (h) *Informal sector workers* - those whose employment is not subject to standard
16 labor legislation, taxation, social protection or entitlement to certain employment
17 benefits such as but not limited to advance notice of dismissal, severance pay,
18 paid annual or sick leave, for reasons, such as but not limited to, the worker or
19 his or her job are undeclared; the job is causal or of a limited short duration; the
20 hours of work or wage are below a certain threshold; or the employer is an
21 unregistered enterprise;
- 22 (i) *Involuntary separation* - separation of a worker from employment or pre-
23 termination of a contract of employment without his or her consent and without
24 cause by the worker, for reasons including but not limited to installation of labor-
25 saving devices, redundancy, retrenchment to prevent losses or the closing or
26 cessation of operation of the establishment; disease as ground for termination;
27 and termination by employee, as provided for by Articles 283, 284, and 285 of
28 the Labor Code of the Philippines, or abolition of office or position or other
29 similar cases for government employees occupying plantilla positions,
30 respectively, or separation due to significant economic downturn or natural or
31 human-induced calamities/disasters.
- 32
- 33 In the case of probationary employees, pre-termination of contract by the
34 employer for reason/s other than the failure to meet the regularization
35 standards, as indicated in the employment contract, is not considered
36 involuntary separation under this Act, except in the case of significant economic
37 downturn or closure of the employer's business;
- 38 (j) *Member* - any worker who is an existing and current member of the Government
39 Service Insurance System (GSIS) or the Social Security System (SSS) upon
40 the effectivity of this Act or any worker who is not a member of the same but
41 shall register with the Program. Member registration can either be compulsory
42 or voluntary;
- 43 (i). *Compulsory member* - refers to any formal sector employee, receiving
44 compensation while in the service of an employer as defined herein,

whether the premiums have been paid successively or intermittently. Any member separated from employment and any member who becomes self-employed may opt to continue paying contributions as a voluntary member;

(ii). *Voluntary member* - includes informal sector workers, self-employed, and previous compulsory members who have become self-employed. Voluntary members become compulsory members once they are employed by employers as defined herein;

(k) *Program Manager* - refers to Interim Program Manager as provided in Section 6 of this Act or the Corporation as provided in Section 14 of this Act;

(l) *Unemployment Insurance Benefits Payments* - benefits in the form of monthly cash payments as provided for in Section 12 of this Act.

SECTION 4. *Establishment of the Program.* - There is hereby established a National Unemployment Insurance Program which shall provide assistance to workers during periods of unemployment. It shall be administered by the Labor Insurance Corporation (LIC) as provided in Section 14 hereof.

SECTION 5. *Coverage.* - The program shall cover all employees as defined in Section 3 of this Act. All SSS and GSIS members are automatically covered by the Program. Workers who are neither SSS nor GSIS members, including but not limited to, workers in the informal sector shall be encouraged to join the Program.

SSS and GSIS shall transfer membership data to the Labor Insurance Corporation (LIC) upon execution of a data sharing agreement in compliance with the requirements of the Data Privacy Act of 2012.

The Corporation shall incorporate in their identification systems and databases the PhilSys Number of covered individuals as provided in Section 6 of the Philippine Identification System Act. Covered individuals shall be assigned a separate LIC member.

SECTION 6. *Interim Program Manager.* - The SSS shall manage the Program until five (5) years after the effectivity of this Act, or until such a time when the Program has demonstrated financial viability, whichever is earlier.

As Interim Program Manager, the SSS shall perform the powers and functions under the Unemployment Insurance Program until it is transferred to the Corporation.

SECTION 7. *Contributions.* - It shall be compulsory for the national government, members and employers to contribute to the Fund in accordance with a reasonable, equitable and progressive contribution schedule, to be determined by the Program Manager.

The national government, employers, and employees shall equally share compulsory premium contributions, as follows:

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

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

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

SECTION 8. *Endowment Fund.* - To provide a source for the initial funding of the Program under the administration of the Interim Program Manager, there is hereby established an Endowment Fund which shall be self-sustaining and shall subsequently consist of premium contributions, investment revenues, donations, bequests, grants and loans from domestic and/or foreign sources, government subsidy appropriations and other income accruing from the operations of the Program. For the initial organizational and operational requirements of the Program, there is hereby appropriated out of any fund in the National Treasury or other sources not otherwise appropriated the sum of Thirty Billion Pesos (P30,000,000,000.00).

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

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

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

1 SECTION 9. *Unemployment Insurance Fund.* - An Unemployment Insurance Fund
2 ("Fund") will be created for purposes of financing the unemployment insurance
3 benefits and the administration of the Program as provided in this Act.

4 SECTION 10. *Reserve Fund.* - To ensure that the Program has the capacity to provide
5 sufficient unemployment insurance benefits during periods of unexpectedly high
6 unemployment levels caused by general economic downturn, national disasters, or
7 such other crises of massive scale, the Program shall, on an annual basis, set aside
8 a portion of its funds as reserve funds, *Provided*, That a ceiling on reserve funds shall
9 be actuarially determined, taking into consideration the need to provide for
10 extraordinary payments in the short- and long-run, *Provided, further*, That the balance
11 of the Endowment Fund at the time of the creation of the Corporation shall form part
12 of the Reserve Fund, *Provided, further*, That whenever there are Unemployment
13 Insurance Fund balances at the end of the Corporation's fiscal year, either whenever
14 premium contributions exceed unemployment insurance benefits or whenever there
15 are unutilized portions of the reserved funds, the Program's benefits shall be increased
16 in amounts, expanded in scope, or member contributions decreased prospectively in
17 order to adjust expenditures or revenues to meet the required ceiling for reserve funds.

18 No portion of the Reserve Fund shall accrue to the General fund of the National
19 Government or to any of its agencies or instrumentalities, including government-
20 owned or -controlled corporation.

21 SECTION 11. *Eligibility.* - A worker shall be eligible for unemployment benefits under
22 the Program if they meet the following requirements:

- 23 (a) The worker is a "member" as defined under Section 3 (j) of this Act;
- 24 (b) The member has paid at least 6 monthly contributions in the 12-month period
25 prior to separation from work;
- 26 (c) The member was involuntarily separated from employment as defined in
27 Section 3 (i) of this Act;
- 28 (d) The member has undergone job counselling provided by the Program or by its
29 accredited partners, and has signed an agreement with the Corporation to
30 commence active job search, the compliance of which will be determined and
31 monitored by the Corporation; and
- 32 (e) The member has submitted an affidavit duly signed and notarized indicating
33 availability and willingness to work at any time after the filing of claims for
34 unemployment benefits.

35 SECTION 12. *Unemployment Insurance Benefit Payments.* - Unemployment
36 insurance benefits amounting to eighty percent (80%) of the member's basic monthly
37 pay at their last employment, shall be paid to the eligible worker on the 30th day of
38 unemployment. A second and third payment of equivalent amounts shall be given on
39 the 60th and 90th day of unemployment, respectively, as applicable, *Provided* that
40 monthly benefits per beneficiary shall not to exceed the cap of one hundred thousand

pesos (P100,000.00), subject to regular review by the Program Manager, based on actuarial studies, *Provided, further*, That unemployment insurance benefit payments shall cease upon the completion of the job search, or 90 days after involuntary separation from employment, whichever is earlier, *Provided, further*, That the Program Manager is authorized to provide incentives for the completion of job search prior to 90 days after the involuntary separation from employment, *Provided, further*, That the Program Manager is authorized to adjust the amount of benefits defined in this Section on the basis of labor market conditions and as validated by actuarial studies pursuant to Section 19 (e) of this Act, *Provided, finally*, That sufficient consultation with the Department of Labor and Employment and labor groups is conducted prior to any such adjustment.

SECTION 13. *Government-provided Unemployment Benefits.* - In addition to unemployment insurance benefit payments as defined in Section 5 of this Act, the Program shall facilitate the provision of additional unemployment benefits, at no additional cost to members:

- (a) Training or re-tooling programs by TESDA;
- (b) Job search assistance, including the provision of localized information on job market opportunities, job matching, and identification of education and training opportunities by Public Employment Service Offices;
- (c) Other training or re-tooling programs or job search assistance services accredited by the Corporation.

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

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

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

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

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

- 3 (a) To administer the National Unemployment Insurance Program according to the
4 provisions of this Act;
- 5 (b) To formulate, adopt, amend, and/or rescind such rules and regulations as may
6 be necessary to carry out the overall objectives of the Program and the other
7 provisions of this Act;
- 8 (c) Receive complaints, institute investigations, facilitate or enable settlement of
9 complaints through the use of alternative dispute resolution processes,
10 adjudicate, award indemnity on matters affecting any LIC member. That in
11 resolving any complaint or investigation (except where amicable settlement is
12 reached by the parties), the Board shall act as a collegial body. However, the
13 Chairperson shall only vote in case of a tie.
- 14 (d) To formulate and implement guidelines to determine contribution, benefits, and
15 disbursement arrangements, among others, in order to effectively implement
16 the objectives of this Act, *Provided*, That the Program may have different
17 contributions and benefits that are proportionately calculated, and which must
18 be fair, equitable, and actuarially sound and viable;
- 19 (e) To conduct continuing actuarial and statistical studies and valuations to
20 determine the financial condition of the Program, and to take into consideration
21 such studies and valuations in the determination and readjustment of benefits,
22 contributions, premium rates, among others;
- 23 (f) To authorize cooperatives registered with the Cooperative Development
24 Authority or associations registered with the appropriate government agency to
25 act as collection agents with respect to Program members, *Provided*, That the
26 Corporation shall accredit the cooperative or association, *Provided, further*,
27 That the person authorized to collect are bonded;
- 28 (g) To approve restructuring proposals for the payment of due but unremitted
29 contributions under such terms and conditions as it may be prescribe;
- 30 (h) Any law to the contrary notwithstanding, to condone, enter into a compromise,
31 or release, in whole or in part, such penalties imposed upon delinquent
32 contributions regardless of the amount involved under such valid terms and
33 conditions it may be prescribe through rules and regulations when the financial
34 position of the employer or worker demonstrates a clear inability to pay the
35 assessed delinquency arising from economic crisis, serious business losses or
36 financial reverses, or resulting from natural calamity or man-made disaster
37 without fault on the part of the employer or worker, *Provided*, That the
38 Corporation shall institute a condonation of penalties of delinquent employers
39 or workers under Republic Act No. 10361, subject to such rules and regulations
40 it may provide;
- 41
- 42 (i) To collect, deposit, administer, and disburse the Unemployment Insurance
43 Fund in accordance with the provisions of this Act;

- (j) To submit to the President of the Philippines and to both Houses of Congress its Annual Report which shall contain the status of the Fund, its total collections, disbursements, reserves, average cost to eligible workers, unemployment statistics, any requests for additional appropriation, and other data pertinent to the implementation of the Program, and publish as synopsis of such report in at least two (2) newspapers of general circulation and on its website;
- (k) To require the Chief Actuary to submit a valuation report on the Program every two (2) years, or more frequently as may be necessary, and to undertake the necessary actuarial studies and calculations concerning adjustment in benefits, contributions, among others;
- (l) To organize its office, fix the compensation of and appoint personal as may be deemed necessary and upon the recommendation of the president of the Corporation;
- (m) To enter into agreements or contracts for such service and aid as may be needed for the proper, efficient, and stable administration of the Program, including but not limited to partnerships with public and private entities for the efficient delivery of job counselling, skills training, and job placement services, among others;
- (n) To receive and manage grants, donations, and other forms of assistance;
- (o) To sue and be sued in court;
- (p) To adopt or approve the annual and supplemental budget of receipts and expenditures including salaries and allowances of the Corporation's personnel, against all funds available to the Corporation under this Act, and to authorize such capital and operating expenditures and disbursement of the Program as may be necessary and proper for the effective management and operation of the Program;
- (q) To set up its accounting system and provide the necessary personnel therefor;
- (r) To enter into the necessary agreements with existing insurance programs or any other entity, enterprise, corporation, or partnership for the benefit of members transferring between systems;
- (s) To perform such other acts as it may deem appropriate for the proper implementation and enforcement of this Act.

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

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

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

16 SECTION 17. *Settlement of Disputes.* - Any dispute arising under this Act with respect
17 to contributions, penalties, benefits, and any other matter related thereto shall be
18 cognizable by the Board, and any case filed with respect hereto shall be heard by the
19 Board and decided within the period provided for under Republic Act No. 1103 (Ease
20 of Doing Business and Efficient Government Service Delivery Act of 2018) after the
21 submission of the evidence. The filing, determination and settlement of disputes shall
22 be governed by the rules and regulations promulgated by the Board.

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

30 SECTION 18. *Appeals.* - Appeals from any decision of the Board shall be governed
31 by Rules 43 and 45 of the 1997 Rules of Civil Procedure. The appeal shall not stay
32 the execution of the decision unless ordered by the Board, Court of Appeals or by the
33 Supreme Court and the Appeal shall be without prejudice to the special civil action of
34 certiorari when proper.

35 SECTION 19. *Execution of Decision.* - When no appeal is perfected and there is no
36 order to stay by the Board, Court of Appeals or by the Supreme Court, any decision of
37 the Board shall be enforced and executed in the same manner as decisions of the
38 Regional Trial Court. For this purpose, the Board shall have the power to issue to the
39 city or provincial or its appointed sheriff such writs of execution as may be necessary
40 for the enforcement of such decision, and any person who shall fail or refuse to comply

1 with such decision, writ or process after being required to do so, shall, upon application
2 by the Board, be punished for contempt.

3 SECTION 20. *Appropriations.* - An appropriation of Thirty Billion pesos
4 (P30,000,000,000.00) is hereby appropriated for the SSS as Interim Program
5 Manager, as the amount necessary for the creation of the Endowment Fund as
6 provided for in Section 12. Subsequently, the funds necessary for the continuous and
7 effective operation of the Program shall be included in the General Appropriations Act
8 (GAA), including the national government's share in the premium contributions and
9 funds for the provision of allowances for training programs and job search assistance.

10 SECTION 21. *Oversight Provision.* - Congress shall conduct a regular review of the
11 Program, which shall entail a systemic evaluation of the Program's performance and
12 impact. Every two years, an independent review shall be undertaken by an expert
13 third-party, at a cost to be shouldered by the Program, and whose results shall be
14 submitted to the Committees of the Senate and the House of Representatives which
15 have legislative jurisdiction over the Program.

16 SECTION 22. *Implementing Rules and Regulations.* - Within forty five (45) days from
17 the effectivity of this Act, the SSS as Interim Program Manager shall formulate the
18 rules and regulations necessary for the implementation of this Act, in consultation with
19 the DOLE and NEDA.

20 SECTION 23. *Separability Clause.* - If any provision of this Act is declared
21 unconstitutional or invalid, the remainder of the provisions thereof not affected shall
22 remain in force and effect.

23 SECTION 24. *Repealing Clause.* - All laws, executive orders, administrative rules and
24 regulations or parts thereof which are inconsistent with the provisions of this Act are
25 hereby amended, modified, or repealed accordingly.

26 SECTION 25. *Effectivity Clause.* - This Act shall take effect immediately upon its
27 publication in a newspaper of general circulation or in the Official Gazette.

28 *Approved,*