

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

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SENATE  
S. B. NO. 1042

BY:                     

=====  
Introduced by Senator Macapagal-Arroyo  
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EXPLANATORY NOTE

This measure proposes several meaningful amendments to Republic Act No. 1161 otherwise known as the Social Security Act, in order to institute reforms in the Social Security System to make it a more potent instrument for social justice, expanding SSS coverage and provide additional benefits to its members even as its resources are harnessed to contribute to the socio-economic development of the country.

Under the bill, the SSS is mandated to expand its coverage to include the self-employed such as farmers, fisherfolks, domestic helpers, casual and contractual workers and others in the informal sector.

It also increases the monthly SSS pension to not less than P1,000.00 for death and disability pensioners, P2,000.00 for retirement pensioners who have paid at least 240 monthly contributions, and P1,200.00 for those who have paid less than 240 monthly contributions with the proviso that the SSS may however increase the monthly pension benefits depending on its actuarial viability.

This bill also proposes the institution of structural reforms in the System. The public sector representative in the Commission should have as a qualification, adequate knowledge and experience on social security matters in order to infuse the Commission with a member who has an expertise on social security operations. Similarly, a woman representative is proposed to be included to represent labor because of the women's growing role in governance and the expansion of the SSS coverage now to include domestic helpers who are mostly women.

This bill likewise ordains the decentralization of SSS operation by establishing branches in the provinces and highly urbanized cities, and a representative office in every congressional district, or in municipalities where the volume of annual transaction averages nine thousand (9,000). This way, the System can effectively serve, with dispatch, its growing membership all over the country which presently number about 15 million.

In the context of the structural reforms of the System, the bill also directs that the SSS must furnish annually its members with a report on their membership contributions, obligations and investment portfolio in order to have transparency in its operations.

Regarding financial reform, the bill protects explicitly the SSS reserve funds against fund-raiding by the government as what has happened to the GSIS during the martial law regime. The bill seeks to prohibit any members' contribution or remittance to finance the operation of the national government or any of its agencies or instrumentalities, including government-owned and controlled corporations. The injunction is intended to protect the funds and properties of the members being held in trust by the System.

The third reform - the institution of more effective and stiff penal sanctions - is mandated under the bill to discourage any violation of the Social Security Law. For the present law, RA No. 1161, is more honored in the breach rather than followed, because of its minimal, if not, ineffective and light penalty scale.

In addition to the penalty for the non-remittance of contributions, a surcharge of five percent (5%) per month is proposed to be imposed on the erring employer. However, while the bill proposes the five percent (5%) surcharge for non-remittance of contributions, it also gives the said employer a grace period of six (6) months from the approval of this bill to settle his obligation in order to mitigate its sanctions, and generate, in the process, funds for the System.

Significantly, the bill also grants the employee damages equivalent to the accumulated pension due as of the date of settlement of the claim or to five (5) years pension whichever is higher, including the employee's pension in the event that the employer misrepresents the true date of employment of said employee. This provision is designed to further discourage the employer from falsifying the date of employment of the employee concerned which usually impairs the right of the employee to an earlier retirement or the enjoyment of the benefits thereunder.

The above reforms proposed by this measure are designed to make the Social Security System more responsive and accountable to its members.

In view of all the foregoing, approval of this bill is strongly recommended.

  
GLORIA MACAPAGAL-ARROYO  
Senator

TENTH CONGRESS OF THE REPUBLIC )  
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SENATE  
OFFICE OF THE SECRETARY

'95 AUG -3 P1:05

S E N A T E  
S. B. NO. 1042

===== RECEIVED BY: =====

Introduced by Senator Macapagal-Arroyo

AN ACT  
TO EXPAND THE COVERAGE AND BENEFITS OF THE MEMBERS OF THE SOCIAL SECURITY SYSTEM AND INSTITUTING REFORMS THEREIN, FURTHER AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED, AND FOR OTHER PURPOSES

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

SECTION 1. Section 2 of Republic Act No. 1161. as amended. is hereby further amended to read as follows :

"SEC. 2. Declaration of Policy. - It is the policy of the [Republic of the Philippines] STATE to establish, develop, promote and perfect a sound and viable tax-exempt social security [service] PROGRAM suitable to the needs of the people throughout the Philippines which shall provide (a) MEANINGFUL PROTECTION to covered [employees] INDIVIDUALS and their families protection against [the hazards of disability, sickness, old age and death, with a view of promoting their well-being in the spirit of] CONTINGENCIES RESULTING IN LOSS OF INCOME OR FINANCIAL DISTRESS (B) PROMOTE social justice AND (C) CONTRIBUTE TO THE SOCIO ECONOMIC DEVELOPMENT OF THE COUNTRY."

SEC. 2. Section 3 of Republic Act No. 1161, as amended, is hereby further amended to read as follows :

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"SEC. 3. Social Security System. - (a) To carry out the purposes of this Act, the Social Security System, HEREINAFTER REFERRED TO AS SSS, A CORPORATE BODY, with principle place of business in Metro Manila, Philippines, is hereby created. The SSS shall be DIRECTED AND CONTROLLED BY A SOCIAL SECURITY COMMISSION COMPOSED OF THE SECRETARY OF LABOR AND EMPLOYMENT, THE SSS ADMINISTRATOR AND SIX (6) APPOINTIVE MEMBERS, THREE (3) OF WHOM SHALL BE A WOMAN AND ONE FROM THE GENERAL PUBLIC WHOSE REPRESENTATIVE SHALL HAVE ADEQUATE KNOWLEDGE AND EXPERIENCE REGARDING SOCIAL SECURITY, TO BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES. THE CHAIRMAN OF THE COMMISSION SHALL BE DESIGNATED BY THE PRESIDENT FROM AMONG ITS MEMBERS.

"THE TERM OF APPOINTIVE MEMBERS SHALL BE THREE (3) YEARS: PROVIDED, THAT THE TERM OF THE FIRST SIX (6) APPOINTIVES OF THE COMMISSION SHALL RECEIVE ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00) PER DIEM FOR EACH MEETING ACTUALLY ATTENDED BY THEM : PROVIDED, THAT NO COMPENSATION SHALL BE PAID FOR MORE THAN EIGHT (8) MEETINGS A MONTH. EX-OFFICIO MEMBERS OF THE COMMISSION SHALL ALSO RECEIVE A PER DIEM OF ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00) AND ALL MEMBERS OF THE COMMISSION SHALL RECEIVE SEVEN HUNDRED PESOS (P700.00) PER HEARING ACTUALLY ATTENDED.

"(b) The general conduct of the operations and management functions of the SSS shall be vested in the administrator who shall serve as the chief executive officer immediately responsible for carrying out the program of the SSS and the policies of the Commission. The administrator shall be a person who has had previous experience in technical and administrative fields related to the purpose of this Act. He shall be appointed by the President of the Philippines and shall receive a salary to be fixed by the Commission with the approval of the President, payable from the funds of the SSS.

"(c) The Commission, upon the recommendation of the administrator shall appoint an actuary, and such other personnel as may be deemed necessary; BY ITSELF, fix their REASONABLE COMPENSATION, ALLOWANCES AND OTHER BENEFITS; prescribe their duties and establish such methods and procedures as may insure the efficient, honest and economical administration of the provisions and purposes of this Act: Provided, however, That the personnel of the SSS BELOW THE RANK OF MANAGER SHALL BE APPOINTED BY THE ADMINISTRATOR: PROVIDED, FURTHER, THAT THE PERSONNEL OF THE SSS shall be selected only from civil service eligibles and be subject to civil service rules and regulations: PROVIDED, FINALLY, THAT THE PERSONNEL OF THE SSS SHALL BE EXEMPT FROM THE PROVISIONS OF REPUBLIC ACT NO. 6758 AND REPUBLIC ACT NO. 7430."

SEC. 3. Section 4 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

- (A) THE COMMISSION. For the attainment of its main objectives as set forth in Section 2 hereof, the Commission shall have the following powers and duties:

"[(a)] (1) To adopt, amend and rescind, subject to the approval of the President, such rules and regulation as may be necessary to carry out the provisions and purposes of this Act.

"(2) TO CREATE AND ESTABLISH A 'PROVIDENT FUND' WHICH SHALL CONSIST OF CONTRIBUTIONS MADE BY BOTH THE SSS AND ITS OFFICERS OR EMPLOYEES, TO A COMMON FUND FOR THE PAYMENT OF BENEFITS TO SUCH OFFICERS AND EMPLOYEES OR TO THEIR HEIRS UNDER SUCH TERMS AND CONDITIONS AS THE COMMISSION MAY FIX.

"(3) IN CONNECTION WITH ANY OF THE INVESTMENTS AUTHORIZED UNDER SECTION 26 HEREOF, THE COMMISSION MAY COMPROMISE OR RELEASE, IN WHOLE OR IN PART, ANY CLAIM OR SETTLE LIABILITY TO SSS INVOLVING CERTAIN AMOUNTS, UNDER SUCH TERMS AND CONDITIONS AS IT MAY IMPOSE TO PROTECT

THE INTEREST OF THE SSS. UNLESS OTHERWISE PROVIDED BY LAW. THIS AUTHORITY TO COMPROMISE SHALL BE EXTENDED TO CLAIMS AGAINST THE SSS.

"(4) TO APPROVE, CONFIRM, PASS UPON OR REVIEW ANY AND ALL ACTIONS OF THE SSS ADMINISTRATOR AS IT MAY TAKE IN THE EXERCISE OF HIS POWERS AND DUTIES HEREINAFTER ENUMERATED.

"(B) THE SSS. THE SSS SHALL HAVE THE FOLLOWING POWERS AND DUTIES:

"[(b)] (1) To submit annually not later than March 31, a public report to the President of the Philippines and TO THE CONGRESS OF THE PHILIPPINES covering its activities in the administration and enforcement of this Act during the preceding year including information and recommendations on broad policies for the development and perfection of the program of the SSS.

"[(c)] (2) To require the actuary to submit a valuation report on the SSS benefit program every [five (5)] FOUR (4) years, or more frequently as may be necessary, and to undertake the necessary actuarial studies and calculations concerning increases in benefits and the financial stability of the SSS and to provide for the feasible increases in benefits and the addition of new ones under such rules and regulations as the Commission may adopt subject to the approval of the President: Provided, That the actuarial soundness of the reserve fund shall be guaranteed: Provided, further, That such increases in benefits shall not require any increase in the rate of contribution.

"[(d)] (3) To establish branches of the [System] SSS IN PROVINCES AND HIGHLY URBANIZED CITIES AND REPRESENTATIVE OFFICES IN EVERY CONGRESSIONAL DISTRICT OR wherever and whenever it may be expedient or necessary, and to inspect or cause to be inspected periodically such branches: PROVIDED, THAT THE SSS MAY ESTABLISH REPRESENTATIVE OFFICES IN MUNICIPALITIES WHERE THE VOLUME OF TRANSACTION AVERAGES ANNUALLY NINE THOUSAND (P9,000).

"[(e)] (4) To enter into agreements or contracts for such service and aid, as may be needed for the proper, efficient and stable administration of the [System] SSS.

"[(f)] (5) To adopt from time to time a budget of expenditures including salaries of personnel, against all funds available to the [System] SSS under this Act.

"[(g)] (6) To set up its accounting system and provide the necessary personnel therefor.

"[(h)] (7) To require reports, compilations and analysis of statistical and economic data and to make investigation as may be needed for the proper administration and development of the [System] SSS.

"(8) TO FURNISH ANNUALLY THE MEMBERS OF THE SBS A REPORT ON THE STATUS OF THEIR MEMBERSHIP CONTRIBUTIONS, OBLIGATIONS AND INVESTMENT PORTFOLIO.

"[(i)] (9) To acquire AND DISPOSE OF property, real or personal, which may be necessary or expedient for the attainment of the purposes of this Act.

"[(j)] (10) To acquire, receive, or hold, by way of purchase, expropriation or otherwise, public or private property for the purpose of undertaking housing projects preferably for the benefit of low-salaried employees and for the maintenance of hospitals and institutions for the sick, aged and infirm employees and immediate members of their families.

"[(k)] (11) to sue and be sued in court.

"[(l)] (12) To perform such other acts as it may deem appropriate for the proper enforcement of this Act.

SEC. 4. Paragraph (d) of Section 5 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(d) Execution of Decisions. - [Any decision or award of the

Commission after the same has become final and executory shall be enforced and executed in the same manner as the decisions of the Court of First Instance and the Commission shall have the power to issue] THE COMMISSION MAY, MOTU PROPRIO OR ON MOTION OF ANY INTERESTED PARTY, ISSUE A WRIT OR ORDER OF EXECUTION TO ENFORCE ANY OF ITS DECISIONS OR AWARDS AFTER IT HAS BECOME FINAL AND EXECUTORY, IN THE SAME MANNER AS THE DECISIONS OF REGIONAL TRIAL COURTS BY DIRECTING. the city or provincial sheriff WITH LEAVE OF COURT [or the sheriff whom it may appoint such writs of execution as may be necessary for the enforcement of such decision or award] TO ENFORCE AND EXECUTE SUCH FINAL DECISION OR AWARD and any person who shall fail or refuse to comply with the said decision, award, or writ, after being required to do so shall, upon application by the Commission AND AFTER NOTICE AND HEARING PURSUANT TO RULE 71 OF THE RULES OF COURT, be punished by the proper court for contempt."

SEC. 5. Section 7 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 7. Oaths, Witnesses, and Production of Records. - When authorized by the Commission, an official or employee thereof shall have the power to administer oaths OR [and] affirmation, take depositions, certify to official acts, and issue subpoena and subpoena duces tecum to compel the attendance of witnesses and the production of books, papers, correspondence, and other records deemed necessary as evidence in connection with any question arising under this Act. Any case of contumacy shall be dealt with in accordance with [the provisions of section five hundred eighty of the Administrative Code] LAW."

SEC. 6. Section 8 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 8. Terms Defined. - For the purposes of this Act the following terms shall, unless the context indicates otherwise, have the following meanings:



"(a) SSS - The Social Security System created by this Act.

"(b) Commission - The Social Security Commission as herein created.

"(c) Employer - Any person, natural or judicial, domestic or foreign, who carries on in the Philippines any trade, business, industry, undertaking or activity of any kind and uses the services of another person who is under his orders as regards the employment, except the government and any of its political subdivision, branches or instrumentalities, including corporations owned or controlled by the government: Provided, That a self-employed person shall be both employee and employer at the same time.

"(d) Employee - Any person who performs services for an employer in which either or both mental and physical efforts are used and who receives compensation for such services, where there is an employer-employee relationship: Provided, That ANY EMPLOYER ENGAGING THE SERVICES OF THE EMPLOYEES OF AN INDEPENDENT CONTRACTOR SHALL BE JOINTLY AND SEVERALLY LIABLE WITH SUCH INDEPENDENT CONTRACTOR FOR ANY VIOLATION OF THIS LAW: Provided, further, THAT a self-employed person shall be both employee and employer at the same time.

"(e) [Dependent] DEPENDENTS - [The] SHALL BE THE FOLLOWING: (1) THE LEGITIMATE SPOUSE DEPENDENT FOR SUPPORT UPON THE COVERED EMPLOYEE; (2) THE legitimate, legitimated or legally adopted [child] CHILDREN who [is] ARE unmarried, not gainfully employed, and not over 21 years of age, or over 21 years of age, provided that he is congenitally OR HAS BEEN PERMANENTLY INCAPACITATED WHILE STILL A MINOR and incapable of self-support [physically or mentally; the legitimate spouse dependent for support upon the employee; and] (3) the [illegitimate] parents WHO ARE wholly dependent upon the covered employee for regular support; AND (4) SUBJECT TO THE RESTRICTIONS IMPOSED ON LEGITIMATE CHILDREN, THE ILLEGITIMATE CHILDREN WHO ARE WHOLLY DEPENDENT UPON THE COVERED EMPLOYEE FOR REGULAR SUPPORT.

"(f) Compensation - All actual remuneration for employment, including the mandated cost of living allowance, as well as the cash value of any remuneration paid in any medium other than cash except that part of the remuneration in excess of P3,000.00 received during the month.

"(g) Monthly salary credit - The compensation base for contributions and benefits as indicated in the schedule in Sec. 18 of this Act.

"(h) Monthly - The period from one end of the last payroll period of the preceding month to the end of the last payroll period of the current month if compensation is on hourly, daily or weekly basis; if on any other basis, 'monthly' shall mean a period of one month.

"(i) Contribution - The amount paid to the SSS by the employee and by his employer in accordance with Sec. 18 of this Act.

"(j) Employment - any service performed by an employee for his employer, except -

"[(1) Agricultural labor when performed by a share or leasehold tenant or worker who does not work for an uninterrupted period of at least six months in a year;]

"[(2) Domestic service in a private home.]

"[(3)] (1) Employment purely casual and not for the purpose of occupation or business of the employer;

"[(4)] (2) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 years in the employ of his parents.

"[(5)] (3) Service performed on or in connection with an alien vessel by an employee if he is employed when such vessel is outside the Philippines..

"[(6)] (4) Service performed in the employ of the Philippine Government or instrumentality or agency thereof.

"[(7)] (5) Service performed in the employ of a foreign government or international organization, or their wholly-owned instrumentality: Provided, however, That this exemption notwithstanding, any foreign government, international organization, or their wholly-owned instrumentality employing workers in the Philippines, or employing Filipinos outside the Philippines may enter into an agreement with the Philippine government for the inclusion of such employees in the SSS except those already covered by their respective civil service retirement systems: Provided, further, That the terms of such agreement shall conform with the provisions of this Act on coverage and amount of payment of contributions and benefits: Provided, finally, That the provisions of this Act shall be supplementary to any such agreement.

"[(S) Such other services performed by temporary employees which may be excluded by regulation of the Commission. Employees of bona fide independent contractors shall not be deemed employees of the employer engaging the services of said contractors.]

"(k) Beneficiaries - The dependent spouse until he OR SHE remarries, [and] THE dependent LEGITIMATE, LEGITIMATED OR LEGALLY ADOPTED children AND THE DEPENDENT ILLIGITIMATE CHILDREN, who shall be the primary beneficiaries[.]: Provided, THAT THE DEPENDENT ILLEGITIMATE CHILDREN SHALL BE ENTITLED TO FIFTY PERCENT (50%) OF THE SHARE OF EACH LEGITIMATE, LEGITIMATED OR LEGALLY ADOPTED CHILDREN: PROVIDED, FURTHER, THAT IN THE ABSENCE OF THE DEPENDENT LEGITIMATE, LEGITIMATED OR LEGALLY ADOPTED CHILDREN, THE DEPENDENT ILLEGITIMATE CHILDREN SHALL BE ENTITLED TO ONE HUNDRED PERCENT (100%) OF THE BENEFITS. In [their] THE absence OF THE PRIMARY BENEFICIARIES, the dependent parents and I, subject to the restrictions imposed on dependent children,] the legitimate descendants [and illegitimate children who] shall be secondary beneficiaries. In the absence of any of the foregoing, any other person designated by the covered employee as secondary beneficiary.

"(l) Contingency - The retirement, death, permanent disability, injury or sickness of the covered employee.

"(m) Average monthly salary credit - The result obtained by dividing the sum of the monthly salary credits in the 60-month period immediately preceding the semester of contingency by the number of CALENDAR months of coverage in the same period, or the result obtained by dividing the sum of all the monthly salary credits paid prior to the semester of contingency by the number of calendar months of coverage in the same period, whichever is greater; except where the month of contingency falls within eighteen months from the month of coverage, in which case it is the result obtained by dividing the sum of all monthly salary credits paid prior to the month of contingency by the total number of calendar months of coverage in the same period: Provided, That, FOR PURPOSES OF THIS DEFINITION, 'CALENDAR MONTHS OF COVERAGE' SHALL INCLUDE THE MONTHS FOR WHICH NO CONTRIBUTIONS HAVE BEEN PAID: PROVIDED, FURTHER, That the DATE OF injury or sickness which caused the disability shall be deemed as the DATE of permanent disability for the purpose ONLY of computing the average monthly salary credit.

"(n) Average daily salary credit - The result obtained by dividing the sum of the six highest monthly salary credits in the 12-month period immediately preceding the semester of contingency by 180.

"(o) Semester - a period of two consecutive quarters ending in the quarter of contingency.

"(p) Quarter - A period of three consecutive calendar months ending on the last day of March, June, September and December.

"[(q) Replacement ratio - The sum of twenty percent and the quotient obtained by dividing three hundred by the sum of three hundred forty and the average monthly salary credit.]

"[(r)] (q) Credited years of service - For a member covered prior to January 1975, 1,975 minus the calendar year of coverage plus the number of calendar years in which six or more contributions have been paid from January 1975 up to the calendar year containing the semester prior to the contingency. For a member covered in or after January 1975, the number of calendar years in which six or more contributions have been paid from the year of coverage up to the calendar year containing in the semester prior to the contingency."

SEC. 7. Paragraph (b) of Section 12 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(b) The monthly pension shall in no case be less than [P800] ONE THOUSAND PESOS (P1,000) for death and disability pensioners and [P1,000] ONE THOUSAND TWO HUNDRED PESOS (P1,200) for retirement pensioners not paid in an aggregate amount of less than 60 times the monthly pension except to a secondary beneficiary: Provided, That [the monthly pension of surviving pensioners as of December 31, 1986 shall be increased by twenty percent] A MINIMUM MONTHLY PENSION OF TWO THOUSAND PESOS (P2,000) SHALL BE RECEIVED BY THOSE WHO HAD PAID AT LEAST TWO HUNDRED FORTY MONTHLY CONTRIBUTIONS: PROVIDED FURTHER, THAT THE SSS MAY INCREASE THE MONTHLY PENSION BENEFITS DEPENDING ON ITS ACTUAL VIABILITY."

SEC. 8. Section 12-A of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 12-A. Dependents' Pension - [The] WHERE MONTHLY PENSION IS PAYABLE ON ACCOUNT OF DEATH, TOTAL AND PERMANENT DISABILITY OR RETIREMENT, dependents' pension [shall be] equivalent to ten percent of the monthly pension SHALL ALSO BE PAID for each dependent LEGITIMATE, LEGITIMATED OR LEGALLY ADOPTED child, [but not exceeding five,] INCLUDING ILLEGITIMATE CHILDREN, CONCEIVED ON OR BEFORE THE DATE OF THE CONTINGENCY beginning with the youngest and without substitution."

SEC. 9. Section 12-B of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 12-B. Retirement Benefits. - (a) A covered employee who has paid at least 120 monthly contributions prior to the semester of retirement; and who (1) has reached the age of 60 years and is [not receiving monthly compensation of at least P300] ALREADY SEPARATED FROM EMPLOYMENT or (2) has reached the age of 65 years, shall be entitled for as long as he lives to the monthly pension: Provided, That [his dependents born before his retirement of a marriage subsisting when he was 57 years old shall be entitled to the dependents' pension] HE SHALL HAVE THE OPTION TO RECEIVE HIS FIRST FIVE MONTHLY PENSION IN A LUMP SUM.

"(b) A covered member who is 60 years old at retirement and who does not qualify for pension benefits under paragraph (a) above, shall be entitled to a lump sum benefit equal to the total contributions paid by him and on his behalf: Provided, That he is separated from employment and is not continuing payment of contributions to the SSS on his own.

"[(c) The monthly pension shall be reduced upon the reemployment of a retired employee who is less than sixty-five years old by an amount equivalent to one-half his earnings over Three Hundred Pesos. He shall again be subject to Sec. 18 and his employer to Sec. 19 of this Act.]

"[(d)] (C) Upon the death of the retired employee pensioner, his primary beneficiaries, as of the date of his retirement shall be entitled to [100 percent of] RECEIVE the monthly pension [and his dependents to the dependents' pension]: Provided, That if he has no primary beneficiaries and he dies within 60 months from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to [bigger of (1) 20 times the monthly

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pension and/ the total monthly pensions [paid by the SSS] CORRESPONDING TO THE BALANCE OF THE FIVE-YEAR GUARANTEED PERIOD, excluding the dependents pension.

"(D) THE MONTHLY PENSION OF A MEMBER WHO RETIRES AFTER REACHING THE AGE OF SIXTY SHALL BE THE HIGHER OF EITHER : (1) THE MONTHLY PENSION COMPUTED AT THE EARLIEST TIME HE COULD HAVE RETIRED HAD HE BEEN SEPARATED FROM EMPLOYMENT OR CEASED TO BE SELF-EMPLOYED PLUS ALL ADJUSTMENTS THERETO OR (2) THE MONTHLY PENSION COMPUTED AT THE TIME WHEN HE ACTUALLY RETIRES."

SEC. 10. Section 13 of Republic Act No. 1161, as amended, is hereby further amended to read as follows :

"SEC. 13. Death Benefits. - Upon the DEATH OF A COVERED [EMPLOYEE'S] EMPLOYEE WHO HAD PAID AT LEAST THIRTY-SIX MONTHLY CONTRIBUTIONS PRIOR TO THE SEMESTER OF death, his primary beneficiaries shall be entitled to the monthly pension [and his dependents to the dependent's pension]: Provided, That [he has paid at least 36 monthly contributions prior to the semester of death:] IF HE HAS NO PRIMARY BENEFICIARIES, HIS SECONDARY BENEFICIARIES SHALL BE ENTITLED TO A LUMP SUM BENEFIT EQUIVALENT TO THIRTY-SIX TIMES THE MONTHLY PENSION; [Provided, further, That if the foregoing condition is not satisfied]. IF HE HAS NOT PAID THE REQUIRED THIRTY-SIX MONTHLY CONTRIBUTIONS, his primary or SECONDARY beneficiaries shall be entitled to a lump sum benefit to [35 times the monthly pension: Provided, further, That if he has no primary beneficiaries, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to 20 times the monthly pension: Provided, however, That the minimum death benefit shall not be less than the total contributions paid by him and his employer on his behalf nor less than P1,000: Provided, finally, That the beneficiaries of the covered employee who dies without having paid at least three monthly contri-

butions shall be entitled to the minimum benefit] THE MONTHLY PENSION TIMES THE NUMBER OF MONTHLY CONTRIBUTIONS PAID TO THE SSS OR EIGHT THOUSAND PESOS, WHICHEVER IS HIGHER."

SEC. 11. Section 13-A of Republic Act No. 1161, as amended, is hereby further amended, to read as follows:

"SEC. 13-A. Permanent Disability Benefits. - (a) Upon the [covered employee's] permanent total disability[, if such disability occurs after he had] OF A COVERED EMPLOYEE WHO HAS paid at least 36 monthly contributions prior to the semester of disability, he shall be entitled to the monthly pension [and his dependents to the dependent's pension]: Provided, That if [the disability occurs before] he has NOT paid THE REQUIRED 36 monthly contributions, [prior to the semester of disability,] he shall be entitled to a lump sum benefit equivalent to [35 times the monthly pension: Provided, further, That the minimum disability benefit shall not be less than the total contributions paid by him and his employer on his behalf nor less than P1,000: Provided, further, That a covered employee who becomes permanently totally disabled without having paid at least three monthly contributions shall be entitled to the minimum benefit: Provided, finally, That a] THE MONTHLY PENSION TIMES THE NUMBER OF MONTHLY CONTRIBUTIONS PAID TO THE SSS, OR EIGHT THOUSAND PESOS, WHICHEVER IS HIGHER. A member who (1) HAS received a lump sum benefit and (2) is re-employed not earlier than one year from the date of his disability shall again be subject to compulsory coverage and considered a new member.

"(b) [The monthly pension shall be reduced upon his reemployment by an amount equivalent to one half of his earnings over P300.] The monthly pension and dependents' pension shall be suspended upon his recovery from the permanent total disability, or his failure to present himself for examination at least once a year upon notice by the SSS.



"(c) Upon the death of the permanent total disability pensioner, his primary beneficiaries as of the date of disability shall be entitled to [100 percent of] RECEIVE the monthly pension [and his dependents to the dependent's pension]: Provided, That if he has no primary beneficiaries and he dies within 60 months from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to [the bigger of (1) 20 times the monthly pension or (2) the difference of 60 times the monthly pension and] the total monthly pensions [paid by the SSS] CORRESPONDING TO THE BALANCE OF THE FIVE-YEAR GUARANTEED PERIOD, excluding the dependents' pension.

"(d) The following disabilities shall be deemed permanent total:

- (1) Complete loss of sight of both eyes;
- (2) Loss of two limbs at or above the ankle or wrists;
- (3) Permanent complete paralysis of two limbs;
- (4) Brain injury resulting to incurable imbecility or insanity;

and

- (5) Such cases as determined and approved by the SSS.

"(e) If the disability is permanent partial, and such disability occurs before 36 monthly contributions have been paid prior to the semester of disability, the benefit shall be such percentage of the lump sum benefit described in the preceding paragraph with due regard to the degree of disability as the Commission may determine.

"(f) If the disability is permanent total and such disability occurs after 36 monthly contributions have been paid prior to the semester of disability, the benefit shall be the monthly pension for permanent total disability payable not longer than the period designated in the following schedule:

COMPLETE AND PERMANENT	NUMBER OF
LOSS OF USE OF	MONTHS
One thumb	10
One index finger	8
One middle finger	6
One ring finger	5
One little finger.	3
One big toe	6
One hand	39
One arm	50
One foot	31
One leg	46
One ear	10
Both ears	20
Hearing of one ear	10
Hearing of both ears	50
Sight of one eye	25

"(g) The percentage degree of disability which is equivalent to the ration that the designated number of months of compensability bears to 75, rounded to the next higher integer, shall not be additive for distinct, separate and unrelated permanent partial disabilities, but shall be additive for deteriorating and related permanent partial disabilities, to a maximum of 100 percent, in which case the employee shall be deemed as permanently totally disabled.

"(H) IN CASE OF PARTIAL PERMANENT DISABILITY, THE MONTHLY PENSION BENEFIT SHALL BE GIVEN IN LUMP SUM IF IT IS PAYABLE FOR LESS THAN TWELVE MONTHS.

"(I) FOR THE PURPOSE OF ADJUDICATING RETIREMENT, DEATH AND TOTAL PERMANENT DISABILITY PENSION BENEFITS, CONTRIBUTIONS SHALL BE DEEMED PAID FOR THE MONTHS DURING WHICH THE COVERED EMPLOYEE RECEIVED PARTIAL

DISABILITY PENSION PROVIDED, THAT SUCH CONTRIBUTIONS SHALL BE BASED ON HIS LAST CONTRIBUTION PRIOR TO HIS DISABILITY.

"(J) SHOULD A COVERED EMPLOYEE WHO IS ON PARTIAL DISABILITY PENSION RETIRES OR DIES, HIS DISABILITY PENSION SHALL CEASE UPON HIS RETIREMENT OR DEATH."

SEC. 12. Section 13-B of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 13-B Funeral Benefit. - A funeral grant of [P6,000] TWELVE THOUSAND PESOS shall be paid to help defray the cost of funeral expenses upon the death of a covered member, permanently totally disabled employee or retiree."

SEC. 13. Section 14 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 14. Sickness Benefit. - (a) A covered employee who has paid at least three monthly contributions in the 12-month period immediately preceding the onset of sickness OR INJURY and is confined THEREFOR for more than three days in a hospital or elsewhere with the Commission's approval shall, for each day of compensable confinement or fraction thereof, be paid by his employer, or the SSS, if such person is unemployed, [an allowance] A DAILY SICKNESS BENEFIT equivalent to 90 percent of his average daily salary credit, subject to the following conditions:

"[(1) In no case shall the total amount of such daily allowance be less than P100 or exceed P100 in 1991; P125 in 1992; and P150 in 1993, nor paid longer than 120 days in one calendar year; nor shall any unused portion of the 120 days of sickness benefit granted under this section be carried forward and added to the total number of compensable days allowable in the subsequent year;]

"[(2)] (No employee] THE DAILY SICKNESS BENEFIT shall NOT be paid [any sickness benefit] for more than 240 days on account of the same confinement; and

"[(3)] (2) The employee shall notify his employer of the fact of his sickness or injury within five calendar days after the start of his confinement unless such confinement is in a hospital or the employee became sick or was injured while working or within the premises of the employer in which case notification to the employer is not necessary: Provided, That if the member is unemployed he shall directly notify the SSS of his confinement within five calendar days after the start thereof unless such confinement is in a hospital in which case notification is also not necessary: Provided, further, That in cases where notification is necessary, the confinement shall be deemed to have started not earlier than the fifth day immediately preceding the date of notification."

SEC. 14. Section 14-A of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 14-A. Maternity Leave Benefit. - A covered female employee who has paid at least three monthly [maternity] contributions in the 12-month period immediately preceding the semester of her childbirth, abortion, or miscarriage [and who is currently employed] shall be paid a daily maternity benefit equivalent to 100 percent of her average daily salary credit for [45] SIXTY DAYS OR SEVENTY-EIGHT DAYS IN CASE OF CEASARIAN DELIVERY, subject to the following conditions:

"(a) That the employee shall have notified her employer of her pregnancy and the probable date of her childbirth which notice shall be transmitted to the SSS in accordance with the rules and regulations it may provide.

"(b) The FULL payment shall be [advanced] MADE by the [employer in two equal installments] SSS within thirty days from the filing of the maternity leave application.

"(c) That payment of daily maternity benefits shall be a bar to the recovery of sickness benefits provided by this Act for the same [compensable] period [45 days for the same childbirth, abortion or

miscarriage] FOR WHICH DAILY MATERNITY BENEFITS HAVE BEEN RECEIVED.

"(d) That the maternity benefits under this section shall be paid only for the first four deliveries after March 13, 1973;

"[(e) That the SSS shall immediately reimburse the employer of 100 percent of the amount of maternity benefits advanced to the employee by the employer upon receipt of satisfactory proof of such payment and legality thereof.]

"[(f)] (E) That if an employee should give birth or suffer abortion or miscarriage without the required contributions having been remitted for her by her employer to the SSS, or without the latter having been previously notified by the employer of the time of the pregnancy, the employer shall pay to the SSS damages equivalent to the benefits which said employee would otherwise have been entitled to [and the SSS shall in turn pay such amount to the employee concerned]."

SEC. 15. Section 15 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 15. Non-transferability of Benefits. - The SSS shall pay the benefits provided for in this ACT to such persons as may be entitled thereto in accordance with the provisions of this Act: Provided, that the beneficiary who is a national of a foreign country which does not extend benefits to a Filipino beneficiary residing in the Philippines, or which is not recognized by the Philippines, shall not be entitled to receive any benefit under this Act: Provided, further, That if the recipient is a minor or a person incapable of administering his own affairs, the Commission shall appoint a representative under such terms and conditions as it may deem proper: Provided, further, That such appointment shall not be necessary in case the recipient is under the custody of or living with the parents or spouse of the employee in which case the benefits shall be

paid to such parents or spouse, as representative payee of the recipient. Such benefits are not transferable and no power of attorney or other document executed by those entitled thereto, in favor of any agent, attorney or any other person for the collection thereof on their behalf shall be recognized, except when they are physically unable to collect personally such benefits: Provided, further, That in case of death benefits, if no beneficiary qualifies under this Act, said benefits shall be paid to the legal heirs in accordance with the law of secession: Provided, FURTHERMORE, THAT THE RIGHT TO INSTITUTE THE NECESSARY ACTIONS OR CLAIM FOR BENEFITS MAY BE COMMENCED WITHIN TWENTY (20) YEARS FROM THE TIME THE BENEFIT ACCRUES: PROVIDED, finally, that notwithstanding any law to the contrary, the payment of benefits under this Act shall bar the recovery of similar benefits under Title II of Book IV of the Labor Code of the Philippines, as amended, during the period of such payment for the same contingency, and conversely."

SEC. 16. A new section designated as Section 15-A is hereby added to read as follows:

"SEC. 15-A. PAYMENT OF BENEFITS. - THE SSS SHALL PROMPTLY PAY THE BENEFITS PROVIDED FOR IN THIS ACT TO SUCH PERSONS AS MAY BE ENTITLED THERETO IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT: PROVIDED, THAT IN THE PAYMENT OF RETIREMENT BENEFITS, ALL RETIRING MEMBERS SHALL RECEIVE THEIR RETIREMENT GRATUITIES AND OTHER APPURTENANT BENEFITS ON THEIR LAST DAY OF SERVICE FROM THE OFFICE WHERE THEY WORK: PROVIDED, FURTHER, THAT AFTER TWO YEARS OF CONTINUOUS SERVICE AN HAVING PAID HIS PREMIUMS TO THE SSS FOR THE SAME PERIOD, HIS EMPLOYER AND THE SSS ARE DEEMED BARRED FROM REQUIRING THE RETIREE TO PRODUCE DOCUMENTS SUCH AS BUT NOT LIMITED TO BIRTH CERTIFICATES OF THE RETIREE OR HIS WIFE AND CHILDREN, MARRIAGE CONTRACT, SERVICE RECORDS, ANY CLEARANCES AND OTHERS, ALL OF WHICH SHALL BE CONSIDERED ALREADY ON

FILE IN THE EMPLOYERS OFFICE AND AND WITH THE SSS."

SEC. 17. Section 16 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 16. Exemption from Tax, Legal Process and Lien. - All laws to the contrary, notwithstanding the SSS and all its assets and properties, all contributions collected and all accruals thereto and income or investments earnings therefrom as well as all supplies, equipment, papers or documents which may be required in connection with the operation or execution of this Act shall be exempt from any tax, assessment, fee, charge, or customs or import duty; and all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the covered employee to the SSS. NO LAW, RULES, REGULATIONS, OPINIONS OR ANY tax measure HERETOFORE OR hereafter enacted OR PROMULGATED shall apply to the SSS, unless it expressly revokes the declared policy of the State in Section 2 hereof granting tax-exemption to the SSS. Any tax assessment against, and still unpaid by the SSS shall be null and void."

SEC. 18. Section 18 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 18. Employee's Contribution. - (a) Beginning as of the last day of the calendar month when an employee's compulsory coverage takes effect and every month thereafter during his coverage takes effect and every month thereafter during his employment, the employer shall deduct and withhold from such employee's monthly salary, wage, compensation or earnings, the employee's contribution in an amount corresponding to his salary, wage, compensation, or earnings during the month in accordance with the following SCHEDULE:

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Salary Bracket Number	Range of Compensation	Monthly			
		Salary Credit	Monthly Contribution		
			Employer/	Employee/	Total
I	P1- 1099.99	P1000	P50.70	P33.30	P84.00
II	1100-1749.99	1500	76.00	50.00	126.00
III	1750-2249.99	2000	101.30	66.70	168.00
IV	2250-2749.99	2500	126.60	83.30	210.00
V	2750-3249.99	3000	152.00	100.00	252.00
VI	3250-3749.99	3500	177.30	116.70	294.00
VII	3750-4249.99	4000	202.70	133.30	336.00
VIII	4250-4749.99	4500	228.00	150.00	378.00
IX	4750-5249.00	5000	253.30	166.70	420.00
X	5250-4749.99	5500	278.70	183.30	462.00
XI	5750-OVER	6000	304.00	200.00	504.00

"The tabulated schedule for the monthly contribution of the self-employed, INCLUDING FARMERS and FISHERMEN, and voluntary members shall be as follows:

Salary Bracket Number	Monthly Range of Compensation	Monthly	
		Salary Credit	Monthly Contribution
I	P900-1099.99	P1000	P80.00
II	1100-1749.99	1500	120.00
III	1750-2249.99	2000	160.00
IV	2250-2749.99	2500	200.00
V	2750-3249.99	3000	240.00
VI	3250-3759.99	3500	280.00
VII	3750-4249.99	4000	320.00
VIII	4250-4749.99	4500	360.00
IX	4750-5249.99	5000	400.00
X	5250-5749.99	5500	440.00
XI	5750-OVER	6000	480.00



The MINIMUM AND maximum [covered earnings or compensation of all SSS members shall be limited to P4,000 per month for 1991, P5,000 per month for 1992, and P6,000 per month for 1993, as] MONTHLY SALARY CREDITS provided in the foregoing schedules [unless otherwise provided] MAY BE FIXED FROM TIME TO TIME by the [Social Security] Commission through rules and regulations taking into consideration actuarial calculations and rate of benefits."

Sec. 19. Section 19-A of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 19-A. Contributions of the Self-employed. - The contributions to the SSS of the self-employed shall be determined in accordance with Section 18 of this Act: Provided, That the average monthly net earnings BEFORE INCOME TAX RETURNS FOR THE YEAR PRECEDING his registration with the SSS shall be considered as his monthly compensation and he shall pay both the employer and employee contributions.

"[Net earnings as understood under this section shall be the net income from his business or profession as reflected in the income tax return for the immediately preceding year, excluding rental income, dividend, interest investments and the like or all types of incomes which are not derived from his business registered with the SSS or from the practice of his profession.]

"The average monthly net earnings declared by the self-employed member at the time of his registration shall remain the basis of his monthly salary credit, unless he makes, at the start of the year, another declaration of his average monthly earnings based on his income tax returns for the immediately preceding year, in which case such latest declaration becomes the new basis of his monthly salary credit.

SEC. 20. Section 22 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 22. Remittance of Contributions. - (a) The contributions imposed in the preceding section shall be remitted to the SSS within the first seven days of each calendar month following the month for which they are applicable or within such time as the Commission may prescribe. Every employer required to deduct and remit such contributions shall be liable for their payment and if any contribution is not paid to the SSS as herein prescribed, he shall pay besides the contribution a penalty thereon of [three] FIVE percent per month from the date the contribution falls due until paid. If deemed expedient and advisable by the Commission, the collection and remittance of contributions shall be made quarterly or semi-annually in advance by their respective employers: Provided, That upon separation of an employee, any contribution so paid in advance but not due shall be credited or refunded to his employer.

"(b) The contributions payable under this Act in cases where an employer refuses or neglects to pay the same shall be collected by the SSS in the same manner as taxes are made collectible under the National Internal Revenue Code, as amended. Failure or refusal of the employer to pay or remit the contributions herein prescribed shall not prejudice the right of the covered employee to the benefits of the coverage.

"The right to institute the necessary action against the employer may be commenced within twenty (20) years from the time delinquency is known or the assessment is made by the SSS [or from the time the benefits accrues, as the case may be].

"(c) Should any person, natural or juridical default in any payment of contributions, the Commission may also collect the same in either of the following ways:

"(1) By an action in court, which shall hear and dispose of the case in preference to any other civil action; or

"(2) By issuing a warrant to the sheriff of any province or city commanding him to levy upon and sell any real personal property of the debtor. The sheriff's sale by virtue of said warrant shall be governed by the same procedure prescribed for executions against property upon judgments by a court of record.

:(d) The last complete record of montly contributions paid by the employer or the average of the monthly contributions paid during the past three years as of the date of filing of the action for collection shall be presumed to be the monthly contributions payable by and due from the employer to the SSS for each of the unpaid month, unless contradicted and overcome by other evidence: Provided, That the SSS shall not be barred from determining and collecting the true and correct contributions due the SSS even after full payment pursuant to this paragraph, nor shall the employer be relieved of his liability under Sec. 28 of this Act.

"(e) For purposes of this section, any employer who is delinquent or has not remitted all the monthly contributions due and payable may within six (6) months from the [issuance of this Executive Order] APPROVAL OF THIS ACT remit said contributions to the SSS and submit the corresponding collection lists herefor without incurring the prescribed [three] FIVE percent penalty SUBJECT TO THE RULES AND REGULATIONS WHICH THE SSS MAY PROVIDE. In case the employer fails to remit to the SSS the said contributions within the six-month grace period, the penalty of [three] FIVE percent shall be imposed from the time the contributions first became due as provided in paragraph (a) of this section."

SEC. 21. Section 24 of Republic Act No. 1161, as amended, is hereby further to read as follows:

"SEC. 24. Employment Records and Reports. - (a) Each employer shall immediately report to the SSS the names, ages, civil status, occupations, salaries and dependents of all his employees who are subject to compulsory coverage: Provided, That if an employee subject to compulsory coverage should die or become sick or disabled or reach the age of sixty without the SSS having previously received any report or written communication about him from his employer, the said employer shall pay to the SSS damages equivalent to the benefits to which said employee would have been entitled had his name been reported on time by the employer to the SSS, except that in case of pension benefits, the employer shall be liable to pay the SSS damages equivalent TO THE ACCUMULATED PENSION DUE AS OF THE DATE OF SETTLEMENT OF THE CLAIM OR to THE five year's pension, WHICHEVER IS HIGHER, including dependents' pension: Provided, further, That if the contingency occurs within 30 days from the date of employment, the employer shall be relieved of his liability for damages.

"(b) Should the employer misrepresent the true date of employment of [his employees] THE EMPLOYEE or remit to the SSS contributions which are less than those required in this Act[, ] OR FAIL TO REMIT ANY CONTRIBUTION DUE PRIOR TO THE DATE OF CONTINGENCY resulting in a reduction of benefits, [the] SUCH employer shall pay to the SSS damages [to the extent of such reduction] EQUIVALENT TO THE DIFFERENCE BETWEEN THE AMOUNT OF BENEFIT TO WHICH THE EMPLOYEE OR HIS BENEFICIARY IS ENTITLED HAD THE PROPER CONTRIBUTIONS BEEN REMITTED TO THE SSS AND THE AMOUNT PAYABLE ON THE BASIS OF THE CONTRIBUTIONS ACTUALLY REMITTED: PROVIDED, THAT IF IN SUCH A CASE, THE EMPLOYEE OR HIS BENEFICIARY IS ENTITLED TO PENSION BENEFITS, THE DAMAGES SHALL BE EQUIVALENT TO THE ACCUMULATED PENSION DUE AS OF THE DATE OF SETTLEMENT OF THE CLAIM OR TO THE FIVE YEARS' PENSION, WHICHEVER IS HIGHER, INCLUDING DEPENDENTS' PENSION.

"In addition to the liability mentioned in the preceding paragraphs (a) and (b) hereof, the employer shall also be liable for the payment of the corresponding unremitted contributions and penalties thereon.

"(c) The records and reports duly accomplished and submitted to the SSS by the employee or the employer, as the case may be shall be kept confidential by the SSS except in compliance with a subpoena duces tecum issued by the courts, shall not be divulged without the consent of the administrator or any official of the SSS duly authorized by him, shall be presumed correct as to the data and other matters stated therein, unless the necessary corrections to such records and reports have been properly made by the parties concerned before the right to the benefit being claimed accrues, and shall be made the basis for the adjudication of the claim. If as a result of such adjudication the SSS in good faith pays a monthly pension to a beneficiary who is inferior in right to another beneficiary or with whom another beneficiary is entitled to share, such payments shall discharge the SSS from liability unless and until such other beneficiary notifies the SSS of his claim prior to the payments.

"(d) Every employer shall keep true and accurate work records for such period and containing such information as the Commission may prescribe, in addition to an 'Annual register of New and Separated Employees' which shall be secured from the SSS wherein the employer shall enter on the first day of employment or on the effective date of separation, the names of the persons employed or separated from employment, their SSS numbers, and such other data that the Commission may require and said annual register shall be submitted to the SSS in the month of January of each year. Such records shall be open for inspection by the SSS or its authorized representatives quarterly or as often as the SSS may require.

"The SSS may also require each employer to submit with respect to the persons in his employ, reports needed for the effective administration of this Act.

"(c) Effective July 1, 1973, each employer shall require as a condition to employment, the presentation of a registration number secured by the prospective employee from the SSS in accordance with such procedure as the SSS may adopt: Provided, That in case of employees who have earlier been assigned registration numbers by virtue of a previous employment, such numbers originally assigned to them should be used for purposes of this section: Provided, further, That the issuance of such registration numbers by the SSS shall not exempt the employer from complying with the provisions of paragraph (a) of this section.

"(f) Notwithstanding any law to the contrary, microfilm, OR OPTICAL DISK AND OTHER SIMILAR ARCHIVAL MEDIA copies of original SSS records, OR COPIES OF SUCH RECORDS AND REPORTS, duly certified by the official custodian thereof, shall have the same evidentiary value as the originals and be admissible as evidence in all legal proceedings."

SEC. 22. Section 26 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 26. Investment of Reserve Funds. - All revenues of the SSS that are not needed to meet the current administrative and operational expenses incidental to the carrying out of this Act shall be accumulated to a fund to be known as the 'Reserve Fund': PROVIDED, THAT NO PORTION OF THE RESERVE FUND OR INCOME THEREOF SHALL ACCRUE TO THE GENERAL FUND OF THE NATIONAL GOVERNMENT OR TO ANY OF ITS AGENCIES OR INSTRUMENTALITIES, INCLUDING GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS, EXCEPT AS MAY BE ALLOWED UNDER THIS LAW. Such portions of the Reserve Fund as are not needed to meet the current benefit obligations thereof shall be invested to earn an average annual

income of at least [nine] TWELVE percent and shall be known as the 'Investment Reserve Fund' which shall be invested in any or all of the following:

"(a) In interest-bearing bonds, [or] securities OR OTHER EVIDENCES OF INDEBTEDNESS of the government of the Philippines, or IN bonds, [or] securities, [for the payment of the interest and principal] PROMISSORY NOTES AND OTHER EVIDENCES OF INDEBTEDNESS to which the FULL faith and credit AND UNCONDITIONAL GUARANTEE of the Republic of the Philippines pledged.

"(b) In interest-bearing deposits AND LOANS TO or securities in, OR PROMISSORY NOTES OR OTHER EVIDENCES OF INDEBTEDNESS OF, any domestic bank doing business in the Philippines: Provided, That IN THE CASE OF such deposits, THESE shall not exceed at any time the unimpaired capital and surplus or total private deposits of the depository bank, whichever is smaller: Provided, further, That said bank shall first have been designated as a depository for this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas; Provided, finally, That such investment in deposits or securities shall be equitably distributed to all designated banks].

"[(c) In loans or interest-bearing advances to the national government for the construction of permanent toll bridges, toll roads or government office buildings in accordance with actuarial considerations and the conditions prescribed by the law in such cases: Provided, That the tolls shall be collected by the SSS for a reasonable fee.]

"[(d)] (C) IN LOW INTEREST-BEARING ADVANCES OR SUBSCRIPTION OF FINANCIAL INSTRUMENTS TO THE SHELTER AGENCIES OF THE NATIONAL GOVERNMENT, FOR INDIVIDUAL, OR group housing projects giving UTMOST priority to the low-income groups, [up to a maximum of 90 percent of the appraised value of the properties to be mortgaged by the borrowers,]

in loans for the construction and the maintenance of hospitals and institutions for the sick, aged and infirmed members and their families, referred to in Section 4[(j)] (B) (9) of this Act[: Provided, That such investment shall not exceed 30 percent of the Investment Reserve Fund.],

"[(e) In] AND IN short and medium term loans to covered employees such as salary, educational, LIVELIHOOD, calamity and emergency loans: Provided, That not LESS than [10] FORTY percent of the Investment Reserve Fund at any time shall be invested for [this purpose] THESE PURPOSES.

"[(f)] (D) In REAL ESTATE INVESTMENTS AND IN other income-earning projects and investments secured by first mortgages on real estate OR OTHER collaterals [which,] ACCEPTABLE TO THE sss: PROVIDED, THAT SUCH PROJECTS AND INVESTMENTS SHALL, in the determination of the Commission, [shall] redound to the benefit of the SSS, its members, as well as the public welfare: Provided, FURTHER, That any such investments shall be made with due diligence and prudence to earn the highest possible interest consistent with safety: PROVIDED, FINALLY, THAT SUCH INVESTMENTS SHALL NOT EXCEED TEN PERCENT OF THE INVESTMENT RESERVE FUND.

"[(i)] (E) In LOANS TO, OR IN bonds, debentures, PROMISSORY NOTES or other evidences of indebtedness of any solvent corporation or institution, INCLUDING COOPERATIVES, created or existing under the laws of the Philippines: Provided, That the issuing, assuming or guaranteeing entity or its predecessors shall not have defaulted in the payment of interest on any of its securities and that during each of any three including the last two of the five fiscal years next preceding the date of THE LOAN OR THE acquisition by the SSS of such bonds, debentures, PROMISSORY NOTES or other evidences of indebted-



ness, the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges, as hereinafter defined, shall have been not less than one and one-quarter times the total of its fixed charges for such year: Provided, further, That such investment shall not exceed 10 percent of the Investment Reserve Fund.

"As used in this section, the term 'net earnings available for fixed charges' shall mean net income after deducting operating and maintenance expenses, taxes other than income taxes, depreciation and depletion; but excluding extraordinary non-recurring items of income or expense appearing in the regular financial statement of the issuing, assuming or guaranteeing institution. The term 'fixed charges' shall include interest on funded and unfunded debt, amortization of debt discount, and rentals for leased properties.

"[(j)] (F) In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines: Provided, That the issuing, assuming or guaranteeing entity or its predecessors has paid regular dividends upon its preferred or guaranteed stocks or a period of at least three years next preceding the date of investment in such preferred or guaranteed stocks: Provided, further, That if the stocks are guaranteed, the amount of stocks so guaranteed is not in excess of 50 per centum of the amount of the preferred or common stocks, as the case may be. of the issuing corporations: Provided, furthermore, That if the corporation or institution has not paid dividends upon its preferred stocks, the corporation or institution has sufficient retained earnings to declare dividends for at least two years on such preferred stock; Provided, finally, That such investment shall not exceed ten percent of the Investment Reserve Fund.], "AND IN COMMON STOCK OPTIONS OR WARRANTS TO COMMON STOCKS OF ANY SOLVENT CORPORATION OR INSTITUTION CREATED OR EXISTING UNDER THE LAWS OF THE PHILIPPINES LISTED IN THE STOCK

EXCHANGE WITH PROVEN TRACK RECORD OF PROFITABILITY AND PAYMENT OF DIVIDENDS OVER THE LAST THREE (3) YEARS IN COMMON STOCKS OF A NEWLY-ORGANIZED CORPORATION ABOUT TO BE LISTED IN THE STOCK EXCHANGES: PROVIDED, THAT SUCH DULY ORGANIZED CORPORATION IS HIGHLY VIABLE AND WILL ENGAGE IN PROJECTS WITH HIGH SOCIAL AND ECONOMIC IMPACT ON THE COUNTRY: PROVIDED, FURTHER, THAT SUCH DOMESTIC CORPORATIONS SHALL HAVE BEEN RATED A, DOUBLE A'S OR TRIPLE A'S BY AUTHORIZED ACCREDITED DOMESTIC RATING AGENCIES OR BY THE SSS OR IN MUTUAL FUNDS INCLUDING ALLIED INVESTMENTS: PROVIDED, FURTHERMORE, THAT INVESTMENTS IN PREFERRED OR IN COMMON STOCKS OF ANY CORPORATION SHALL NOT EXCEED 15% OF TOTAL OUTSTANDING PREFERRED COMMON SHARES OF SUCH CORPORATION: PROVIDED, FINALLY, THAT SUCH INVESTMENTS IN PREFERRED MUTUAL FUNDS OR COMMON SHARES INCLUDING WARRANTS AND OPTIONS SHALL NOT EXCEED OF THE INVESTMENT RESERVE FUND.

(G) IN FOREIGN CURRENCY OR FOREIGN CURRENCY DENOMINATED FINANCIAL INSTRUMENTS OR OTHER ASSETS AUTHORIZED UNDER BANGKO SENTRAL REGULATIONS AND ISSUED IN ACCORDANCE WITH EXISTING LAWS OF THE COUNTRIES WHERE SUCH FINANCIAL INSTRUMENTS ARE ISSUED: PROVIDED, THAT THESE INSTRUMENTS OR ASSETS ARE LISTED IN BOURSES OF THE RESPECTIVE COUNTRIES WHERE THESE FINANCIAL INSTRUMENTS ARE ISSUED: PROVIDED, FURTHER, THAT SUCH INVESTMENTS WILL BE DONE WITH DUE DILIGENCE AND PRUDENCE TO EARN THE HIGHEST POSSIBLE INTEREST CONSISTENT WITH SAFETY: PROVIDED, FINALLY, THAT SUCH INVESTMENTS SHALL NOT EXCEED TEN PERCENT (10%) OF THE INVESTMENT RESERVE FUND.";

SEC. 23. Paragraphs (g) and (h) of Section 26 of Republic Act No. 1161, as amended, are hereby redesignated as paragraphs (a) and (b), respectively, of a new section designated as Section 26-A, to read as follows:

"SEC. 26-A. MORTGAGOR INSURANCE ACCOUNT. - [(g)] (A) As part of its investment operation, the SSS shall act as insurer of all or part of its interests on SSS properties, properties mortgaged to the SSS.

for this purpose, the SSS shall establish a separate account to be known as the 'Mortgagors' Insurance Account'. All amounts received by the SSS in connection with the aforesaid insurance operations shall be placed in the Mortgagors' Insurance Account. The assets and liabilities of the Mortgagors' Insurance Account shall at all times be clearly identifiable and distinguishable from the assets and liabilities in all other accounts of the SSS. Notwithstanding any provision of law to the contrary, the assets held in the Mortgagors' Insurance Account shall not be chargeable with the liabilities arising out of any other business the SSS may conduct but shall be held and applied exclusively for the benefit of the owners or beneficiaries of the insurance contracts issued by the SSS under this paragraph.

"[(h)] (B) The SSS may insure any of its interests or part thereof with any private company or reinsurer. The Insurance Commission or its authorized representatives shall make an examination into the financial condition and methods of transacting business of the SSS at least once in two years, but such examination shall be limited to the insurance operation of the SSS as authorized under this section and shall not embrace the other operations of the SSS; and the report of said examination shall be submitted to the Commission and a copy thereof shall be furnished the Office of the President of the Philippines within a reasonable time after the close of the examination: Provided, That for each examination, the SSS shall pay to the Insurance Commission an amount equal to the actual expenses of the Insurance Commission in the conduct of the examination, including the salaries of the examiners and of the actuary of the Insurance Commission who have been assigned to make such examination for the actual time spent in said examination: Provided, further, That the general law on insurance promulgated thereunder shall have supplementary application insofar as it is not in conflict with the SSS Law and its rules and regulation."

SEC. 24. Section 28 of Republic Act No. 1161, as amended, is hereby amended to read as follows:

"SEC. 28. Penal Clause. - (a) Whoever, for the purpose of causing any payment to be made under this Act, or under an agreement thereunder, where none is authorized to be paid, shall make or cause to be made false statement or representation as to any compensation paid or received or whoever makes or causes to be made any false statement of a material fact in any claim for any benefit payable under this Act, or application for loan with the SSS, or whoever makes or causes to be made any false statement, representation, affidavit or document in connection with such claim or loan, shall suffer the penalties provided for in Art. 172 of the Revised Penal Code.

"(b) Whoever shall obtain or receive any money or check under this Act or any agreement thereunder, without being entitled thereto with intent to defraud any covered employee, employer or the SSS, shall be fined not less than [P500] THREE THOUSAND PESOS nor more than [P5,000] TEN THOUSAND PESOS and imprisoned for not less than [six months] THREE YEARS AND ONE DAY nor more than [one year] SIX YEARS.

"(c) Whoever buys, sells, offers for sale, uses, transfers or takes or gives in exchange, or pledges or gives in pledges, except as authorized in this Act or in regulations made pursuant thereto, any stamp, coupon, ticket, book or other device, prescribed pursuant to Section 23 hereof by the Commission for the collection or payment of contributions required herein, shall be fined not less than [P800] THREE THOUSAND PESOS nor more than [P5,000] FIFTEEN THOUSAND PESOS, or imprisoned for not less than [six months] THREE YEARS AND ONE DAY nor more than [one year] SIX YEARS, or both, at the discretion of the court.

"(d) Whoever, with intent to defraud, alters, forges, makes or counterfeits any stamp, coupon, ticket, book or other device

prescribed by the Commission for the collection or payment of any contribution required herein, or uses, sells, lends, or has in his possession any such altered, forged, or counterfeited materials, or makes, uses, sells or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book or other device, shall be fined not less than [P1,000] THREE THOUSAND PESOS nor more than [P10,000] FIFTEEN THOUSAND PESOS, or imprisoned for not less than [one year] THREE YEARS AND ONE DAY nor more than [five] SIX years, or both, at the discretion of the court.

"(e) Whoever fails or refuses to comply with the provisions of this Act or with the rules and regulations promulgated by the Commission, shall be punished by a fine of not less than [P500] THREE THOUSAND PESOS nor more than [P5,000] FIFTEEN THOUSAND PESOS, or imprisonment for not less than [one year] SIX YEARS, or both, at the discretion of the court: Provided, That where the violation consists in failure or refusal to register employees or himself, in case of the covered self-employed, or to deduct contributions from employees' compensation and remit the same to the SSS, the penalty shall be a fine of not less than [P500] FIVE THOUSAND PESOS nor more than [P5,000] TWENTY THOUSAND PESOS and imprisonment for not less than six [months] YEARS AND ONE DAY nor more than [one year] TWELVE YEARS.

"(f) If the act or omission penalized by this Act be committed by an association, partnership, corporation or any other institution, its managing head, directors or partners shall be liable to the penalties provided in this Act for the offense.

"(g) Any employee of the System who receives or keeps funds or property belonging, payable or deliverable to the System and who shall appropriate the same, or shall take or misappropriate or shall consent, or through abandonment or negligence shall permit any other persons to take such property of funds, wholly or partially, or shall

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otherwise be guilty of misappropriation of such funds or property, shall suffer the penalties provided in Art. 217 of the Revised Penal Code.

"(h) Any employer who after deducting the monthly contributions or loan amortization from his employee's compensation, fails to remit the said deductions to the SSS within 30 days from the date they became due shall be presumed to have misappropriated such conditions or loan amortizations and shall suffer the penalties provided in Art. 315 of the Revised Penal Code.

"(i) Criminal action arising from a violation of the provisions of this Act may be commenced by the SSS or the employee concerned either under this Act or in appropriate cases under the Revised Penal Code: Provided, that such criminal action may be filed by the SSS in the city or municipality where the SSS provincial or regional office is locate if the violation was committed within its territorial jurisdiction or in Metro Manila, at the option of the SSS."

SEC. 25. Repealing Clause. - All laws, proclamations, executive orders, rules and regulations or any part thereof inconsistent with the provision of this amendatory Act are hereby correspondingly modified or repealed.

SEC. 26. Separability Clause. - If any provision of this Act is held invalid, the other provisions not affected thereby shall remain valid.

SEC. 27. Effectivity Clause. - This Act shall be effective upon its approval.

Approved,