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SENATE

S. No. 420

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Introduced by Senator Herrera  
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EXPLANATORY NOTE

The mechanism of social security should operate to provide a covered employee benefits reasonably adequate to make him keep pace with the times and sustain a life of dignity.

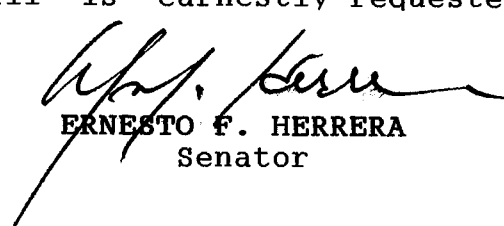
This Bill enhances the concept of social security benefits by institutionalizing certain loan facilities into the package of benefits under the Social Security System (SSS) for availments by covered employees who may be qualified under the law. The development of this concept proceeds from the basic premise that the primary beneficiary of the funds of the SSS should be no other than the covered employees themselves - the persons for whom the SSS was created and the Fund established in the first place.

In pursuing the purpose of this Bill, the employee's right to be granted a loan by the SSS should not be dependent on the failure or refusal by the employer to remit the contributions required by law nor on his refusal or failure to pay or amortize the loans granted to the employer or the applicant's co-employees. After all, the need for such loan does not cease to exist just because of a willful or negligent act or omission attributable to persons other than him.

From the traditional concept of social security service as a protection against contingencies or the hazards of disability, sickness, old age and death, there should evolve a broader and more contemporary social security mechanism that should include as additional benefits the right of employees to salary loans, educational loans, emergency loans or such other similar loans as the SSS may provide considering the intention or policy of the law.

But while this needed evolution of the concept is necessary, the loans should still earn the appropriate interest that may be charged by the SSS on the principal considering precisely its actuarial concerns vis-a-vis the policy of the SSS law.

The passage of this Bill is earnestly requested.

  
ERNESTO F. HERRERA  
Senator

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

S E N A T E

s. No. 420

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Introduced by Senator Herrera  
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AN ACT  
TO FURTHER ENHANCE THE SOCIAL SECURITY BENEFITS OF EMPLOYEES  
COVERED BY THE SOCIAL SECURITY SYSTEM BY INSTITUTIONALIZING  
CERTAIN LOAN FACILITIES AS INTEGRAL PART OF THE BENEFITS  
THEREUNDER, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 1161,  
AS AMENDED, OTHERWISE KNOWN AS THE "SOCIAL SECURITY LAW"

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

1 SECTION 1. Republic Act No. 1161, as amended, is  
2 hereby further amended by incorporating a new Section after  
3 Section 14-A to read as follows:

4 "SEC. 14-B LOAN BENEFITS. - A COVERED  
5 EMPLOYEE WHO HAS PAID AT LEAST TWELVE (12) MONTHLY  
6 CONTRIBUTIONS SHALL BE ENTITLED TO APPLY AND BE  
7 GRANTED SALARY LOANS, EDUCATIONAL LOANS, EMERGENCY  
8 LOANS OR SUCH OTHER SIMILAR LOANS AS MAY BE  
9 INCLUDED AS PART OF THE SOCIAL SECURITY PROGRAM OF  
10 THE SSS: PROVIDED, THAT ANY FAILURE OR REFUSAL TO  
11 REMIT BY THE EMPLOYER OF THE CONTRIBUTIONS  
12 PRESCRIBED BY THIS ACT OR TO PAY ANY LOAN OR ITS  
13 AMORTIZATION GRANTED TO THE EMPLOYER OR TO SOME OF  
14 HIS EMPLOYEES SHALL NOT PREJUDICE THE RIGHT OF HIS  
15 OTHER COVERED EMPLOYEES TO THE BENEFITS UNDER THIS  
16 SECTION".

17 SEC. 2. Repealing Clause. - All laws, presidential  
18 decrees, executive orders, rules or regulations or parts  
19 thereof inconsistent with this Act are hereby repealed or  
20 modified accordingly.

S. No. \_\_\_\_\_

1           **SEC. 3. Effectivity Clause.** - This Act shall take  
 2 effect fifteen (15) days after its publication in the  
 3 Official Gazette or in at least two (2) national newspapers  
 4 of general circulation, whichever comes earlier.

Approved,

[I.bill13]  
 CAV:jrb