



## HOUSE OF REPRESENTATIVES

H. No. 8561

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INTRODUCED BY HONORABLE DE VENECIA, JR., ENVERGA, AUMENTADO, BAGATSING (A.), VILLAR, JR., LACSON, GOLEZ, DRAGON, PLAZA, ADIONG, DEL MAR, DAMASING, ROMERO, JAVIER (R.), TAJON, ABLAN, JR., ZUBIRI, JR., RAMIRO, MADRONA, MATTI, SATOR, BAGATSING, JR., PANCHO, REYES, FIGUEROA, ISIDRO, MERCADO, BAKUNAWA, MONFORT, CALALAY, CRUZ-DUCUT, DAZA, DEL ROSARIO, LIBAN, LOBREGAT, GONZALEZ (R.), RODRIGUEZ, PEREZ (H.), RAMIREZ, FUGOSO, ALMENDRAS, JR., ESPINA, FAJARDO (M.O.), AVILA, QUIMPO, ANGARACASTILLO, DEJON, SR., MONTEMAYOR, JOAQUIN, RUIZ, TAÑADA, LORENZO-VILLAREAL, GULLAS, CUENCO, CHIPECO, JR., DEFENSOR, LOPEZ (J.), JALOSJOS, SALALIMA, ALMARIO, SERAPIO, PALMA GIL, VILLAVIZA, DINGLASAN, JR., VIOLAGO, SILVERIO, GORDON, JR., MAMBA, ABAD, OLEGARIO, SR., COSALAN, LUCIANO, ZAPATA, SHAHANI, ABAYA (A.), DY, JR., LAZATIN, BRAGANZA, TAGLE, LAUDICO, CANDAZO, GUANZON (R.S.), CLAUDIO, DIAZ (A.), SAN BUENAVENTURA, TY, BALINDONG, MONTILLA, BAUTISTA, SR., ANTONINO, CARLOTO, CAPPLEMAN, DEQUIÑA, MUARIP, ANTONIO, NAVARRO, JR., PAREDES, JR., RAMA, SR., CATANE, CABILAO, SARMIENTO (A.), GILLEGO, TUAZON, LORETO, BADELLES, SR., DOMINGUEZ, BELMONTE, JR., TAMMANG, DIAZ (R.), TILANDUCA, ASPIRAS, AQUINO (F.), MANGOTARA, ACOSTA, TEVES, GONZALES II, PADILLA, ARROYO, DUAVIT, ABAYA (P.), LLORENTE, JR., UNAS, GARCIA (E.), DILANGALEN, ANDAYA (R.), SINGSON, VERCELES, JR., PEREZ, JR., PUNZALAN, JR., OSMEÑA, CUA,



1 (b) "Board" - the Board of Trustees of the Government  
2 Service Insurance System.

3 (c) "Employer" - the national government, its political  
4 subdivisions, branches, agencies or instrumentalities, including  
5 government-owned or -controlled corporations and financial  
6 institutions with original charters, Constitutional Commissions, and  
7 the Judiciary.

8 (d) "Employee or member" - any person receiving  
9 compensation while in the service of an employer as defined herein,  
10 whether by election or appointment, irrespective of status of  
11 appointment, including barangay and *sanggunian* officials.

12 (e) "Active member" - a member who is not separated from  
13 the service.

14 (f) "Dependents" - dependents shall be the following: (a) the  
15 legitimate spouse dependent for support upon the member or  
16 pensioner; (b) the legitimate, legitimated or legally adopted child,  
17 including the illegitimate child, who is unmarried, not gainfully  
18 employed, not over the age of majority, or is over the age of majority  
19 but incapacitated and incapable of self-support due to a mental or  
20 physical defect acquired prior to age of majority; and (c) the parents  
21 dependent upon the member for support.

1           (g) "Primary beneficiaries" - the legitimate dependent spouse  
 2 until he or she remarries, and the dependent legitimate, legitimated  
 3 or legally adopted children and the dependent illegitimate children:  
 4 *Provided*, That the dependent illegitimate children shall be entitled  
 5 to fifty percent (50%) of the share of each legitimate, legitimated or  
 6 legally adopted children: *Provided, further*, That in the absence of  
 7 dependent legitimate, legitimated or legally adopted children of the  
 8 member, his dependent illegitimate children shall be entitled to one  
 9 hundred percent (100%) of the benefits.

10           (h) "Secondary beneficiaries" - the dependent parents of the  
 11 member and any other person designated by the member as his  
 12 secondary beneficiary.

13           (i) "Compensation" - the basic pay or salary received by an  
 14 employee pursuant to his election or appointment, excluding *per*  
 15 *diems*, bonuses, overtime pay, honoraria, allowances and other  
 16 emoluments received in addition to the basic pay but which are not  
 17 integrated therein under existing laws.

18           (j) "Contribution" - the amount payable to the GSIS by the  
 19 member and the employer in accordance with Section 5 of this Act.

20           (k) "Current daily compensation" - the actual daily  
 21 compensation, or the actual monthly compensation divided by the  
 22 number of working days in a month of contingency but not exceeding

1 twenty-two (22) days.

2 (l) "Average monthly compensation" - the quotient after  
3 dividing the aggregate compensation received by the member during  
4 his last thirty-six (36) months of service preceding his death,  
5 separation, disability or retirement by thirty-six (36), or by the  
6 number of months he received such compensation if he has less than  
7 thirty-six (36) months of service: *Provided*, That initially the average  
8 monthly compensation shall not exceed Seven thousand pesos  
9 (₱7,000.00) effective January Nineteen hundred and ninety-seven  
10 (1997): *Provided, however*, That it shall be increased by One  
11 thousand pesos (₱1,000.00) every year thereafter until the maximum  
12 average monthly compensation limit shall have been phased out.

13 (m) "Revalued average monthly compensation" - an amount  
14 equal to one hundred seventy percent (170%) of the first One  
15 thousand pesos (₱1,000.00) of the average monthly compensation  
16 plus one hundred percent (100%) of the average monthly  
17 compensation in excess of One thousand pesos (₱1,000.00).

18 (n) "Lump sum" - the full actual amount of the basic monthly  
19 pension multiplied by sixty (60).

20 (o) "Pensioner" - any person receiving old-age pension or  
21 permanent total disability pension or any person who has received  
22 the lump sum excluding one receiving survivorship pension benefits

1 as defined in Section 20 of this Act.

2 (p) "Gainful occupation" - any productive activity that provided  
3 the member with income at least equal to the minimum  
4 compensation of government employees.

5 (q) "Disability" - any loss or impairment of the normal  
6 functions of the physical and/or mental faculties of a member which  
7 reduces or eliminates his or her capacity to continue with or engage  
8 in any gainful occupation.

9 (r) "Total disability" - complete incapacity to continue with the  
10 present employment or engage in any gainful occupation due to the  
11 loss or impairment of the normal functions of the physical and/or  
12 mental faculties of the member.

13 (s) "Permanent total disability" - accrues or arises when  
14 recovery from the impairment mentioned in Section 2(q) is  
15 medically remote.

16 (t) "Temporary total disability" - accrues or arises when the  
17 impaired physical and/or mental faculties can be rehabilitated  
18 and/or restored to their normal functions.

19 (u) "Permanent partial disability" - accrues or arises upon the  
20 irrevocable loss or impairment of certain portion or portions of the  
21 physical faculties, despite which the member is able to pursue a  
22 gainful occupation.

**B. MEMBERSHIP IN THE GSIS**

1  
2           **SEC. 3. *Compulsory Membership.*** - Membership in the GSIS  
3 shall be compulsory for all employees receiving compensation and  
4 who have not reached the compulsory retirement age, irrespective of  
5 employment status: *Provided, however,* That contractuels who have  
6 no employer and employee relationship with the agencies they serve  
7 shall be exempted from the coverage: *Provided, further,* That  
8 members of the Armed Forces of the Philippines and the Philippine  
9 National Police shall also be exempted from the coverage hereof  
10 after they have settled their financial obligations with the GSIS.

11           All members of the GSIS shall have life insurance, retirement,  
12 and all other social security protection such as disability,  
13 survivorship, separation and unemployment coverage: *Provided,*  
14 That the members of the Constitutional Commissions and the  
15 Judiciary shall have life insurance only.

16           **SEC. 4. *Effect of Separation from the Service.*** - A member  
17 separated from the service shall continue to be a member and shall  
18 be entitled to whatever benefits he has qualified to in the event of  
19 any contingency compensable under this Act.

**C. SOURCES OF FUNDS**

20  
21           **SEC. 5. *Contributions.*** - (a) It shall be mandatory for the  
22 member and his employer to pay to the GSIS the monthly  
23 contributions specified in the following schedule:

=====

1	:		:	Percentage of	:
2	:		:	Monthly Compensation:	
3	:	Monthly Compensation	:	Payable by	:
4	:		:	-----	:
5	:		:	Member : Employer	:
6	:	=====	:	=====	:
7	:		:		:
8	:	I. Maximum Average Monthly	:		:
9	:	Compensation (AMC) Limit	:		:
10	:	and Below	:	9.0% : 12.0%	:
11	:		:		:
12	:	II. Over the Maximum AMC Limit	:		:
13	:		:		:
14	:	- Up to the Maximum AMC Limit	:	9.0% : 12.0%	:
15	:		:		:
16	:	- In excess of the AMC Limit	:	2.0% : 12.0%	:
17	:		:		:
18	:	=====	:		:

19        *Provided, however,* That initially, the monthly contribution  
20 payable by the GSIS members shall be equal to seven percent (7%)  
21 of the monthly compensation covered by the average monthly  
22 compensation limit and below effective January Nineteen hundred



1 and ninety-seven (1997), to be increased by one percent (1%) every  
 2 year thereafter until it shall have reached nine percent (9%) by the  
 3 year Nineteen hundred and ninety-nine (1999) plus two percent  
 4 (2%) of the monthly compensation above the average monthly  
 5 compensation limit.

6 The members of the Constitutional Commissions and the  
 7 Judiciary shall pay three percent (3%) of their monthly  
 8 compensation as personal share, and their employers a  
 9 corresponding three percent (3%) share for their life insurance  
 10 coverage.

11 (b) The employer shall include in its annual appropriation the  
 12 amount necessary for its share of the contributions indicated above,  
 13 plus any additional premiums that may be required on account of  
 14 the hazards or risks of its employees' occupation.

15 (c) It shall be mandatory and compulsory for all employers to  
 16 include in their annual appropriations the amount necessary for the  
 17 payment of the contributions to the GSIS. Penal sanctions shall be  
 18 imposed upon employers who fail to include the payment of  
 19 contributions in their annual appropriations or otherwise fail to  
 20 remit the accurate or exact amount of contributions on time, or  
 21 delay the remittance of premium contributions to the GSIS. The  
 22 heads of offices and agencies shall be administratively liable for non-  
 23 remittance or delayed remittance of premium contributions to the

1 GSIS.

2 SEC. 6. *Collection and Remittance of Contributions.* - The  
 3 employer shall report to the GSIS the names of all its employees,  
 4 their corresponding employment status, positions, salaries, and such  
 5 other pertinent information as may be required by the GSIS. The  
 6 employer shall deduct each month from the monthly salary or  
 7 compensation of each employee the contribution payable by him in  
 8 accordance with the schedule to be prescribed in the rules and  
 9 regulations implementing this Act.

10 Each employer shall remit directly to the GSIS the employees'  
 11 and employers' contributions within the first ten (10) days of the  
 12 calendar month following the month to which the contributions  
 13 apply. The remittance by the employer of the contributions to the  
 14 GSIS shall take priority over and above the payment of any and all  
 15 obligations, except salaries and wages of its employees.

16 SEC. 7. *Interest on Delayed Remittances.* - Agencies which  
 17 delay the remittance of any and all monies due the GSIS shall be  
 18 charged interest as may be prescribed by the Board: *Provided*, That  
 19 the rate thereof shall not be less than two percent (2%) simple  
 20 interest per month: *Provided, further*, That such interest shall be  
 21 paid by the employers concerned.

22 SEC. 8. *Government Guarantee.* - Accrued obligations of the  
 23 GSIS due to insolvency of its social insurance fund shall be paid

1 immediately by the government of the Republic of the Philippines.

2 D. BENEFITS

3 SEC. 9. *Computation of Basic Monthly Pension.* - (a) The  
4 basic monthly pension is equal to:

5 (1) Thirty-seven and one-half percent (37.5%) of the revalued  
6 average monthly compensation; plus

7 (2) Two and one-half percent (2.5%) of the revalued average  
8 monthly compensation in excess of fifteen (15) years: *Provided, That*  
9 the basic monthly pension shall not exceed ninety percent (90%) of  
10 the average monthly compensation: *Provided, further, That* the basic  
11 monthly pension shall in no case be less than One thousand three  
12 hundred pesos (₱1,300.00).

13 (b) The formula for the computation of the basic monthly  
14 pension may be adjusted upon the recommendation of the GSIS  
15 President and General Manager based on a study conducted for the  
16 purpose by the GSIS Actuary, and approved by the President of the  
17 Philippines in accordance with the rules and regulations prescribed  
18 by the GSIS: *Provided, however, That* such adjustment shall not  
19 require any increase in the rate of contributions to be paid to the  
20 GSIS.

21 SEC. 10. *Computation of Service.* - The computation of  
22 service for the purpose of determining the amount of benefits  
23 payable under this Act shall be from the date of original

1 appointment or election, including periods of service at different  
2 times under one or more employers, those performed overseas  
3 under the authority of the Republic of the Philippines, and those that  
4 may be prescribed by the GSIS in coordination with the Civil Service  
5 Commission.

6 All services credited for retirement, resignation or separation  
7 for which corresponding benefits have been awarded under this Act  
8 or other laws shall be excluded in the computation of service in case  
9 of reinstatement in the service of an employer and subsequent  
10 retirement or separation which is compensable under this Act.

11 For the purpose of this section, the term service shall include  
12 full time service with compensation: *Provided*, That part time and  
13 other services with compensation may be included under such rules  
14 and regulations prescribed by the GSIS.

#### 15 SEPARATION BENEFITS

16 SEC. 11. *Separation Benefits.* - The separation benefits shall  
17 consist of: (a) a cash payment equivalent to one hundred percent  
18 (100%) of the average monthly compensation for each year of  
19 service he paid contributions, but not less than Twelve thousand  
20 pesos (P12,000.00) payable upon reaching sixty (60) years of age:  
21 *Provided*, That the member resigns or separates from the service  
22 after having rendered at least three (3) years of service but less than  
23 fifteen (15) years; or (b) a cash payment equivalent to eighteen times

1 his basic monthly pension payable at the time of resignation or  
 2 separation, plus an old-age pension benefit equal to the basic  
 3 monthly pension payable monthly for life upon reaching the age of  
 4 sixty (60): *Provided*, That the member resigns or separates from the  
 5 service after he has rendered at least fifteen (15) years of service and  
 6 is below sixty (60) years of age at the time of his resignation or  
 7 separation.

8 SEC. 12. *Unemployment or Involuntary Separation Benefits.* -

9 Unemployment benefits in the form of monthly cash payment  
 10 equivalent to fifty percent (50%) of the average monthly  
 11 compensation shall be paid to a permanent employee who is  
 12 involuntarily separated from the service due to abolition of his office  
 13 or position usually resulting from reorganization: *Provided*, That he  
 14 has been paying integrated contributions for at least one (1) year  
 15 prior to separation. Unemployment benefits shall be paid in  
 16 accordance with the following schedule:

	<u>CONTRIBUTIONS MADE</u>	<u>BENEFIT DURATION</u>
18	More than 1 year but less than 3 years	2 months
19	3 or more years but less than 6 years	3 months
20	6 or more years but less than 9 years	4 months
21	9 or more years but less than 11 years	5 months
22	11 or more years but less than 15 years	6 months

1 The first payment shall be equivalent to two (2) monthly  
2 benefits. A seven-day waiting period shall be imposed on succeeding  
3 monthly payments.

4 All accumulated unemployment benefits paid to the employee  
5 during his entire membership with the GSIS shall be deducted from  
6 his voluntary separation benefits.

7 The GSIS shall prescribe the detailed guidelines in the  
8 operationalization of this section in the rules and regulations  
9 implementing this Act.

10 RETIREMENT BENEFITS

11 SEC. 13. *Retirement Benefits.* - (a) The retirement benefits  
12 shall be: (1) the lump sum payment as defined in Section 2(n) of  
13 this Act payable at the time of retirement, plus an old-age pension  
14 benefit equal to the basic monthly pension payable monthly for life  
15 starting upon expiration of the five-year guaranteed period covered  
16 by the lump sum; or (2) a cash payment equivalent to eighteen (18)  
17 months of his average monthly compensation, plus monthly pension  
18 for life payable immediately with no guaranteed period.

19 (b) Retirement shall be compulsory for an employee upon  
20 reaching sixty-five (65) years of age.

21 SEC. 13-A. *Conditions for Entitlement.* - A member who  
22 retires from the service shall be entitled to the retirement benefits  
23 enumerated in Section 13(a) hereof, subject to the following:

- 1 (1) He has rendered at least fifteen (15) years of service;
- 2 (2) He is at least sixty (60) years of age at the time of
- 3 retirement; and
- 4 (3) He is not receiving a monthly pension benefit from
- 5 permanent total disability.

6 SEC. 14. *Periodic Pension Adjustment.* - The monthly pension  
 7 of all pensioners including those receiving survivorship pension  
 8 benefits shall be periodically adjusted as may be recommended by  
 9 the GSIS Actuary and approved by the Board in accordance with the  
 10 rules and regulations prescribed for the purpose by the GSIS, subject  
 11 to the approval of the President of the Philippines: *Provided,*  
 12 *however,* That the actuarial soundness of the GSIS funds shall be  
 13 guaranteed.

14 PERMANENT DISABILITY BENEFITS

15 SEC. 15. *General Conditions for Entitlement.* - A member who  
 16 suffers permanent disability for reasons not due to his grave  
 17 misconduct, negligence, habitual intoxication, or willful intention to  
 18 kill himself or another shall be entitled to the benefits provided for  
 19 under Sections 16 and 17 of this Act, subject to the corresponding  
 20 conditions therefor.

21 SEC. 16. *Permanent Total Disability Benefits.* - (a) If the  
 22 permanent disability is total, he shall receive a monthly income  
 23 benefit for life equal to the basic monthly pension effective from the

1 date of disability: *Provided*, That he is in the service at the time the  
2 disability occurred: *Provided, further*, That if separated from the  
3 service, he has paid at least thirty-six (36) monthly contributions  
4 within the five-year period immediately preceding his disability, or  
5 has paid a total of at least one hundred eighty (180) monthly  
6 contributions prior to his disability: *Provided, further*, That if at the  
7 time of his disability, he was in the service and has paid a total of at  
8 least one hundred eighty (180) monthly contributions. In addition to  
9 the monthly income benefit, he shall receive a cash payment  
10 equivalent to eighteen times his basic monthly pension: *Provided*,  
11 That a member cannot enjoy the monthly income benefit for  
12 permanent disability and the old-age retirement benefit  
13 simultaneously.

14 (b) If a member who suffers permanent total disability does  
15 not satisfy the first two conditions in paragraph (a) of this section  
16 but has rendered at least three (3) years of service at the time of his  
17 disability, he shall be advanced the cash payment equivalent to one  
18 hundred percent (100%) of his average monthly compensation for  
19 each year of service he paid contributions, but not less than Twelve  
20 thousand pesos (₱12,000.00) which should have been his separation  
21 benefit.

22 (c) Unless the member has reached the minimum retirement  
23 age, disability benefit shall be suspended when:



1 (1) He is re-employed; or

2 (2) He recovers from his disability as determined by the GSIS,  
3 whose decision shall be final and binding; or

4 (3) He fails to present himself for medical examination when  
5 required by the GSIS.

6 (d) The following disabilities shall be deemed total and  
7 permanent:

8 (1) Complete loss of sight of both eyes;

9 (2) Loss of two (2) limbs at or above the ankle or wrist;

10 (3) Permanent complete paralysis of two (2) limbs;

11 (4) Brain injury resulting in incurable imbecility or insanity;

12 and

13 (5) Such other cases as may be determined by the GSIS.

14 SEC. 17. *Permanent Partial Disability Benefits.* - (a) If the  
15 disability is partial, he shall receive a cash payment in accordance  
16 with a schedule of disabilities to be prescribed by the GSIS:  
17 *Provided,* That he satisfies either of the first two conditions of  
18 Section 16(a).

19 (b) The following disabilities shall be deemed permanent  
20 partial:

21 (1) Complete and permanent loss of the use of:

22 (i) Any finger;

23 (ii) Any toe;

- 1 (iii) One (1) arm;  
 2 (iv) One (1) hand;  
 3 (v) One (1) foot;  
 4 (vi) One (1) leg;  
 5 (vii) One (1) or both ears;  
 6 (viii) Hearing of one (1) or both ears; and  
 7 (ix) Sight of one (1) eye.  
 8 (2) Such other cases as may be determined by the GSIS.

9 **TEMPORARY DISABILITY BENEFITS**

10 **SEC. 18. *Temporary Total Disability Benefit.*** - (a) A member  
 11 who suffers temporary total disability for reasons not due to any of  
 12 the conditions enumerated in Section 15 hereof shall be entitled to  
 13 seventy-five percent (75%) of his current daily compensation for  
 14 each day or fraction thereof of temporary disability benefit not  
 15 exceeding one hundred twenty (120) days in one calendar year after  
 16 exhausting all his sick leave credits and collective bargaining  
 17 agreement sick leave benefits, if any, but not earlier than the fourth  
 18 day of his temporary total disability: *Provided*, That he is in the  
 19 service at the time of his disability: *Provided, further*, That if  
 20 separated, he has rendered at least three (3) years of service and has  
 21 paid at least six (6) monthly contributions in the twelve-month  
 22 period immediately preceding his disability: *Provided, however*, That  
 23 a member cannot enjoy the temporary total disability benefit and

1 sick leave pay simultaneously: *Provided, finally,* That if the disability  
 2 requires more extensive treatment that lasts beyond one hundred  
 3 twenty (120) days, the payment of the temporary total disability  
 4 benefit may be extended by the GSIS but not to exceed a total of two  
 5 hundred forty (240) days.

6 (b) The temporary total disability benefit shall in no case be  
 7 less than Seventy pesos (P70.00) a day.

8 (c) The notices required of the member and the employer, the  
 9 mode of payment, and the other requirements for entitlement to  
 10 temporary total disability benefits shall be provided in the rules and  
 11 regulations to be prescribed by the GSIS.

12 SEC. 19. *Nonscheduled Disability.* - For injuries or illnesses  
 13 resulting in disability not listed in the schedule of partial or total  
 14 disability as provided herein, the GSIS shall determine the nature of  
 15 the disability and the corresponding benefits therefor.

16 SURVIVORSHIP BENEFITS

17 SEC. 20. *Survivorship Benefits.* - When a member or  
 18 pensioner dies, the beneficiary shall be entitled to survivorship  
 19 benefits provided in Sections 20, 21 and 22 hereunder, subject to the  
 20 conditions therein provided. The survivorship pension shall consist  
 21 of:

22 (1) The basic survivorship pension which is fifty percent (50%)  
 23 of the basic monthly pension; and

1 (2) The dependent children pension not exceeding fifty  
2 percent (50%) of the basic monthly pension.

3 SEC. 21. *Death of a Member.* - (a) Upon the death of a  
4 member, the primary beneficiaries shall be entitled to:

5 (1) Survivorship pension: *Provided*, That the deceased was in  
6 the service at the time of his death: *Provided, further*, That if  
7 separated, he has rendered at least three (3) years of service prior to  
8 his death and has paid at least thirty-six (36) monthly contributions  
9 within the five-year period immediately preceding his death, or has  
10 paid a total of at least one hundred eighty (180) monthly  
11 contributions prior to his death;

12 (2) The survivorship pension plus a cash payment equivalent  
13 to one hundred percent (100%) of his average monthly  
14 compensation for every year of service: *Provided*, That the deceased  
15 was in the service at the time of his death with at least three (3)  
16 years of service; or

17 (3) A cash payment equivalent to one hundred percent  
18 (100%) of his average monthly compensation for each year of  
19 service he paid contributions, but not less than Twelve thousand  
20 pesos (P12,000.00): *Provided*, That the deceased has rendered at  
21 least three (3) years of service prior to his death but does not qualify  
22 for the benefits provided under subparagraph one or two of this  
23 paragraph.

1 (b) The survivorship pension shall be paid as follows:

2 (1) When the dependent spouse is the only survivor, he or she  
3 shall receive the basic survivorship pension for life or until he or she  
4 remarries;

5 (2) When only dependent children are the survivors, each  
6 dependent legitimate, legitimated or legally adopted child, including  
7 illegitimate children, shall be entitled to the basic survivorship  
8 pension for as long as they are qualified, plus the dependent  
9 children's pension equivalent to ten percent (10%) of the basic  
10 monthly pension for every dependent child not exceeding five (5)  
11 counted from the youngest and without substitution;

12 (3) When the survivors are the dependent spouse and the  
13 dependent children, the dependent spouse shall receive the basic  
14 survivorship pension for life or until he or she remarries, while the  
15 dependent children shall receive the dependent children's pension  
16 subject to the provision of the immediately preceding paragraph.

17 (c) In the absence of primary beneficiaries, his secondary  
18 beneficiaries shall be entitled to:

19 (1) The cash payment equivalent to one hundred percent  
20 (100%) of his average monthly compensation for each year of  
21 service he paid contributions, but not less than Twelve thousand  
22 pesos (P12,000.00): *Provided*, That the member is in the service at  
23 the time of his death and has at least three (3) years of service; or

## LIFE INSURANCE BENEFITS

1  
2           SEC. 24. *Compulsory Life Insurance.* - All employees shall,  
3 under such terms and conditions as may be promulgated by the  
4 GSIS, be compulsorily covered with life insurance which shall  
5 automatically take effect as follows:

6           (1) For those employed after the effectivity of this Act, their  
7 insurance shall take effect on the date of their employment;

8           (2) For those whose insurance will mature after the effectivity  
9 of this Act, their insurance shall be deemed renewed on the day  
10 following the maturity or expiry date of their insurance; and

11           (3) For those without any life insurance as of the effectivity of  
12 this Act, their insurance shall take effect on the day following said  
13 effectivity.

14           SEC. 25. *Dividends.* - An annual dividend may be granted to  
15 all members of the GSIS whose life insurance is in force for at least  
16 one (1) year in accordance with a dividend allocation formula to be  
17 determined by the GSIS.

18           SEC. 26. *Optional Insurance.* - Subject to the rules and  
19 regulations prescribed by the GSIS, a member may apply for  
20 insurance and/or pre-need coverage embracing life, health,  
21 hospitalization, education, memorial plans, and such other forms as  
22 may be designed by the GSIS, for himself and/or his dependents.  
23 Any employer may likewise apply for group insurance coverage for

1 (2) In the absence of secondary beneficiaries, the benefits  
2 under this paragraph shall be paid to his legal heirs.

3 (d) For purposes of the survivorship benefits, legitimate  
4 children shall include legally adopted and legitimated children.

5 SEC. 22. *Death of a Pensioner.* - Upon the death of an old-age  
6 pensioner or a member receiving the monthly income benefit for  
7 permanent disability, the qualified beneficiaries shall be entitled to  
8 the survivorship pension as defined in Section 20 of this Act, subject  
9 to the provisions of paragraph (b) of Section 21 hereof. When the  
10 pensioner dies within the period covered by the lump sum, the  
11 survivorship pension shall be paid only after the expiration of the  
12 said period.

13 FUNERAL BENEFITS

14 SEC. 23. *Funeral Benefit.* - The amount of the funeral benefit  
15 shall be determined and specified by the GSIS in the rules and  
16 regulations implementing this Act, but shall not be less than Twelve  
17 thousand pesos (P12,000.00) and shall be paid upon the death of an  
18 active member as defined in this Act; a member who has been  
19 separated from the service but who may be entitled to future benefit  
20 pursuant to Section 4 of this Act; a pensioner, as defined in this Act;  
21 or a retiree who, at the time of his retirement, was of pensionable  
22 age under this Act but who opted to retire under Republic Act No.  
23 1616.

1 its employees. The payment of the premiums or installments for  
 2 optional insurance and pre-need products may be made by the  
 3 insured or his employer and/or any other person acceptable to the  
 4 GSIS.

5 E. ADJUDICATION OF CLAIMS AND DISPUTES

6 SEC. 27. *Prescription.* - Claims for benefits under this Act,  
 7 except for life and retirement, shall prescribe after three (3) years  
 8 from the date of contingency.

9 SEC. 28. *Facility of Payment.* - The GSIS shall prescribe such  
 10 rules and regulations to facilitate payment of benefits, proceeds and  
 11 claims under this Act and any other laws administered by the GSIS.  
 12 Payments made by the GSIS prior to its receipt of an adverse claim,  
 13 to a beneficiary or claimant subsequently found not entitled thereto,  
 14 shall not bar the legal and eligible recipient to his right to demand  
 15 the payment of benefits, proceeds and claims from the GSIS, who  
 16 shall, however, have a right to institute the appropriate action in a  
 17 court of law against ineligible recipient.

18 SEC. 29. *Settlement of Disputes.* - The GSIS shall have  
 19 original and exclusive jurisdiction to settle disputes arising under this  
 20 Act and any other laws administered by the GSIS.

21 The Board may designate any member of the Board or official  
 22 of the GSIS who is a lawyer to act as hearing officer to receive  
 23 evidence, make findings of fact and submit recommendations



1 thereof. The hearing officer shall submit his findings and  
 2 recommendations, together with all the documentary and testimonial  
 3 evidences, to the Board within thirty (30) working days from the  
 4 time the parties have closed their respective evidence and filed their  
 5 last pleading. The Board shall decide the case within thirty (30) days  
 6 from receipt of the hearing officer's findings and recommendations.  
 7 The cases held directly by the Board shall be decided within thirty  
 8 (30) working days from the time they are submitted by the parties  
 9 for decision.

10 SEC. 30. *Appeals.* - Within fifteen (15) days from receipt of  
 11 notice, decision or award, the aggrieved party may appeal to the  
 12 Court of Appeals on question of facts or to the Supreme Court on  
 13 issues of law in accordance with the provisions respectively of Rules  
 14 41 and 42 of the Revised Rules of Court or any other pertinent laws  
 15 or rules or their amendments on appeals from judgment of the  
 16 Regional Trial Court, subject to the following: (a) no appeal bond  
 17 shall be required; and (b) the appeal shall take precedence over all  
 18 other cases except criminal cases when the penalty of death, life  
 19 imprisonment, or *reclusion perpetua* is imposable. The appeal shall  
 20 not stay the execution of the decision, order or award unless ordered  
 21 by the Board, by the Court of Appeals or by the Supreme Court, and  
 22 the appeal shall be without prejudice to the special civil action of  
 23 *certiorari* when proper.

1           SEC. 31. *Execution of Decision.* - When no appeal is perfected  
 2 and there is no order to stay by the Board, by the Court of Appeals  
 3 or by the Supreme Court, any decision or award of the Board shall  
 4 be enforced and executed in the same manner as decisions of the  
 5 Regional Trial Courts. For this purpose, the Board shall have the  
 6 power to issue to the city or provincial sheriff or its appointed sheriff  
 7 such writs of execution as may be necessary for the enforcement of  
 8 such decision or award, and any person who shall fail or refuse to  
 9 comply with such decision, award, writ or process after being  
 10 required to do so, shall, upon application by the GSIS, be punished  
 11 for contempt.

12           SEC. 32. *Oaths, Witnesses, and Production of Records.* - When  
 13 authorized by the Board, an official or employee of the GSIS shall  
 14 have the power to administer oath and affirmation, take dispositions,  
 15 certify to official acts, and issue *subpoena* and *subpoena duces tecum*  
 16 to compel the attendance of witnesses and the production of books,  
 17 papers, correspondences, and other records deemed necessary as  
 18 evidence in connection with any question arising under this Act. Any  
 19 case of contumacy shall be dealt with in accordance with the  
 20 provisions of Section 580 of the Revised Administrative Code.

21                                   F. FUNDS OF THE GSIS

22           SEC. 33. *Funds.* - All contributions payable under Section 5 of  
 23 this Act together with the earnings and accruals thereon shall

1 constitute the GSIS Social Insurance Fund. The said fund shall be  
2 used to finance the benefits administered by the GSIS provided for  
3 under this Act. In addition, the GSIS shall continue to administer  
4 the Optional Insurance Fund for the insurance coverage described in  
5 Section 26 hereof, the Employees' Compensation Insurance Fund  
6 created under Presidential Decree No. 626, as amended, the General  
7 Insurance Fund created under Republic Act No. 656, as amended,  
8 and such other special funds existing or which may be created for  
9 special groups or persons rendering services to the government. The  
10 GSIS shall maintain the required reserves to guarantee the  
11 fulfillment of its obligations.

12 No portion of the funds of the GSIS or income thereof shall  
13 accrue to the general fund of the national government, or to any of  
14 its agencies or instrumentalities, including government-owned or  
15 -controlled corporations, except as may be allowed under this Act.

16 **SEC. 34. *Deposit and Disbursements.*** - All revenues collected  
17 and all accruals thereto shall be deposited, administered and  
18 disbursed in accordance with the law. A maximum expense loading  
19 of twelve percent (12%) of the yearly revenues from all sources may  
20 be disbursed for administrative and operational expenses except as  
21 may be otherwise approved by the President of the Philippines on  
22 the basis of actuarial and management studies.

1           SEC. 35. *Investment of Reserve Funds.* - All revenues of the  
 2 GSIS which are not needed to meet the current administrative and  
 3 operational expenses incidental to the carrying out of the provisions  
 4 of this Act shall be accumulated in a fund to be known as "Reserve  
 5 Fund." Such portions of the Reserve Fund as are not needed to  
 6 meet the current benefit obligations thereof shall be known as the  
 7 "Investment Reserve Fund" which shall, with the approval of the  
 8 Board, be invested with due diligence and prudence in line with the  
 9 basic principles of safety, yield, social and economic utility and  
 10 liquidity to earn an average annual income close to the average rates  
 11 of treasury bills or any acceptable market yield indicator, in any or  
 12 all of the following:

13           (a) In bonds, securities, promissory notes or other evidence of  
 14 indebtedness of the government of the Philippines, or in bonds,  
 15 securities, promissory notes or other evidence of indebtedness to  
 16 which the full faith, credit and unconditional guarantee of the  
 17 Government of the Philippines is pledged: *Provided,* That such  
 18 investment shall not exceed sixty percent (60%) of the Investment  
 19 Reserve Fund;

20           (b) In bonds, securities, promissory notes or other evidence of  
 21 indebtedness of the Government of the Philippines or any of its  
 22 agencies or instrumentalities to finance domestic infrastructure  
 23 projects such as roads, bridges, ports, telecommunications, and other

1 similar projects: *Provided*, That the instruments issued by an agency  
 2 or instrumentality of the government shall be guaranteed by the  
 3 Government of the Philippines or any government financial  
 4 institution or acceptable multilateral agency: *Provided, further*, That  
 5 the GSIS shall have priority over the revenues of the projects:  
 6 *Provided, finally*, That such investment shall not exceed thirty  
 7 percent (30%) of the Investment Reserve Fund;

8 (c) In bonds, securities, promissory notes or other evidence of  
 9 indebtedness of government financial institutions or government  
 10 corporations with acceptable credit or guarantee: *Provided*, That  
 11 such investment shall not exceed thirty percent (30%) of the  
 12 Investment Reserve Fund;

13 (d) In bonds, securities, deposits, promissory notes or other  
 14 evidence of indebtedness of any bank doing business in the  
 15 Philippines and in good standing with the *Bangko Sentral ng Pilipinas*  
 16 to finance loans to private corporations doing business in the  
 17 Philippines, including schools, hospitals, small and medium scale  
 18 industries, cooperatives and nongovernmental organizations, in  
 19 which case the collaterals or securities shall be assigned to the GSIS,  
 20 under such terms and conditions as the Board may prescribe:  
 21 *Provided*, That, in the case of bank deposits, they shall not exceed at  
 22 any time the unimpaired capital and surplus or total private deposits  
 23 of the depository bank, whichever is smaller: *Provided, further*, That

1 this Act shall be kept as low as possible in order not to burden the  
2 members of the GSIS and/or their employees. Taxes imposed on  
3 the GSIS tend to impair the actuarial solvency of its funds and  
4 increase the contribution rate necessary to sustain the benefits of  
5 this Act. Accordingly, notwithstanding any laws to the contrary, the  
6 GSIS, its assets, revenues including all accruals thereto, and benefits  
7 paid, shall be exempt from all taxes, assessments, fees, charges or  
8 duties of all kinds. These exemptions shall continue unless expressly  
9 and specifically revoked and any assessments against the GSIS as of  
10 the approval of this Act are hereby considered paid.

11 The benefits granted under this Act shall not be subject,  
12 among others, to attachment, garnishment, levy or other processes.  
13 This, however, shall not apply to obligations of the member to the  
14 GSIS, or to the employer, or when the benefits granted herein are  
15 assigned by the member with the authority of the GSIS.

#### 16 G. ADMINISTRATION

17 SEC. 39. *Implementing Body.* - The Government Service  
18 Insurance System as created by Commonwealth Act No. 186 shall  
19 implement the provisions of this Act.

20 SEC. 40. *Powers and Functions of the GSIS.* - The GSIS shall,  
21 in addition to the usual corporate powers and functions, exercise the  
22 following:

1 said bank shall first have been designated as a depository for this  
2 purpose by the Monetary Board of the *Bangko Sentral ng Pilipinas*:  
3 *Provided, finally*, That such investments shall not exceed thirty  
4 percent (30%) of the Investment Reserve Fund;

5 (e) In bonds, securities, promissory notes or other evidence of  
6 indebtedness of shelter agencies of the national government or  
7 financial intermediaries to finance housing loans of GSIS members;  
8 in short and medium term loans to members such as salary,  
9 educational, livelihood, acquisition of vehicles,  
10 computers, appliances, calamity and emergency loans; and in long-  
11 term individual or group housing loans giving priority to the low-  
12 income groups, up to a maximum of one hundred percent (100%) of  
13 the appraised value of the properties to be mortgaged by the  
14 borrowers: *Provided*, That not less than forty percent (40%) of the  
15 Investment Reserve Fund of the social insurance fund shall be  
16 invested for these purposes: *Provided, further*, That the actuarial  
17 soundness of the social insurance fund shall be guaranteed;

18 (f) In bonds, securities, promissory notes or other evidence of  
19 indebtedness of educational or medical institutions to finance the  
20 construction, improvement and maintenance of schools and  
21 hospitals: *Provided*, That such investment shall not exceed ten  
22 percent (10%) of the Investment Reserve Fund;

1 (g) In real estate property including shares of stocks involving  
 2 real estate property and investments secured by first mortgages on  
 3 real estate or other collaterals acceptable to the GSIS: *Provided,*  
 4 That such investments shall, in the determination of the Board,  
 5 redound to the benefit of the GSIS, its members, as well as the  
 6 general public: *Provided, further,* That investment in real estate  
 7 property including shares of stocks involving real estate property  
 8 shall not exceed ten percent (10%) of the Investment Reserve Fund:  
 9 *Provided, finally,* That investments secured by first mortgages on real  
 10 estate or other collaterals shall not exceed thirty percent (30%) of  
 11 the Investment Reserve Fund;

12 (h) In preferred or common shares of stocks listed or about to  
 13 be listed in the stock exchange or options or warrants to such stocks  
 14 or such other risk management instruments of any prime or solvent  
 15 corporation or financial institution created or existing under the laws  
 16 of the Philippines with proven track record of profitability over the  
 17 last three (3) years and payment of dividends at least once over the  
 18 same period, and in preferred or common shares of stocks or  
 19 options or warrants to such stocks or other risk management  
 20 instruments of a newly organized corporation: *Provided,* That  
 21 investments in preferred or common shares of stocks of any  
 22 corporation shall not exceed ten percent (10%) of total outstanding  
 23 preferred or common shares of stocks of such corporation:



1 *Provided, further,* That, in the case of a newly organized corporation,  
 2 its majority stockholder has a related line of business with a proven  
 3 track record of profitability over the last three (3) years and payment  
 4 of dividends at least once over the same period, and at least twenty  
 5 percent (20%) of its preferred or common shares of stocks shall be  
 6 immediately offered to the public: *Provided, furthermore,* That  
 7 investments in preferred or common shares of stocks which are not  
 8 listed shall not exceed ten percent (10%) of the Investment Reserve  
 9 Fund: *Provided, finally,* That such investments shall not exceed  
 10 thirty percent (30%) of the Investment Reserve Fund;

11 (i) In domestic mutual funds including investments related to  
 12 the operations of mutual funds: *Provided,* That such investment  
 13 shall not exceed twenty percent (20%) of the Investment Reserve  
 14 Fund;

15 (j) In foreign mutual funds, in foreign currency deposits or  
 16 foreign currency denominated debts, equities and other financial  
 17 instruments or other assets issued in accordance with existing laws of  
 18 the countries where such financial instruments are issued: *Provided,*  
 19 That these instruments or assets are listed in bourses of the  
 20 respective countries where these instruments or assets are issued:  
 21 *Provided, further,* That the issuing company has a proven track  
 22 record of profitability over the last three (3) years and payment of  
 23 dividends at least once over the same period: *Provided, finally,* That

1 such investments shall not exceed ten percent (10%) of the  
2 Investment Reserve Fund; and

3 (k) In loans secured by such collaterals like cash, government  
4 securities or guarantees of multilateral institutions: *Provided*, That  
5 such investments shall not exceed thirty percent (30%) of the  
6 Investment Reserve Fund.

7 SEC. 36. *Records and Reports.* - The GSIS shall keep and  
8 cause to keep such records as may be necessary for the purpose of  
9 making actuarial studies, calculations and valuations of the funds of  
10 the GSIS including such data needed in the computation of rates of  
11 disability, mortality, morbidity, separation and retirement among the  
12 members and any other information useful for the adjustment of the  
13 benefits of the members. The GSIS shall also maintain appropriate  
14 books of accounts to record its assets, liabilities, income, expenses,  
15 receipts and disbursement of funds and other financial transactions  
16 and operations.

17 SEC. 37. *Examination and Valuation of the Funds.* - The GSIS  
18 shall make a periodic actuarial examination and valuation of its  
19 funds in accordance with accepted actuarial principles.

20 SEC. 38. *Exemption from Tax, Legal Process and Lien.* - It is  
21 hereby declared the policy of the State that the actuarial solvency of  
22 the funds of the GSIS shall be preserved and maintained at all times  
23 and that contribution rates necessary to sustain the benefits under

1           (a) To formulate, adopt, amend or rescind such rules and  
 2 regulations as may be necessary to carry out the provisions and  
 3 purposes of this Act, as well as for the effective exercise of the  
 4 powers and functions and the discharge of the duties and  
 5 responsibilities of the GSIS, its officers and employees;

6           (b) To adopt or approve the annual and supplemental budget  
 7 of receipts and expenditures including salaries and allowances of the  
 8 GSIS personnel; to authorize such capital and operating  
 9 expenditures and disbursements of the GSIS as may be necessary  
 10 and proper for the effective management and operation of the GSIS;

11           (c) To invest its funds in accordance with the provisions of this  
 12 Act, specifically Sections 33, 34, and 35 of this Act;

13           (d) To acquire, utilize or dispose of, in any manner recognized  
 14 by law, real or personal property in the Philippines or elsewhere  
 15 necessary to carry out the purposes of this Act;

16           (e) To conduct continuing actuarial and statistical studies and  
 17 valuations to determine the financial condition of the GSIS, and  
 18 taking into consideration such studies and valuations, and the  
 19 limitations herein provided, re-adjust the benefits, interest rates or  
 20 the allocation or re-allocation of the funds to the contingencies  
 21 covered, subject to approval by the President of the Philippines:  
 22 *Provided, That the actuarial soundness of the Reserve Fund shall be*  
 23 *guaranteed: Provided, further, That, in case of an increase in*

1 benefits, no additional contributions shall be required;

2 (f) To have the power of succession;

3 (g) To sue and be sued;

4 (h) To enter into, make, perform and carry out contracts of  
5 every kind and description with any person, firm or association or  
6 corporation, domestic or foreign;

7 (i) To carry on any other lawful business whatsoever in  
8 pursuance of, or in connection with the provisions of this Act;

9 (j) To have one or more offices in and outside of the  
10 Philippines, and to conduct its business and exercise its powers  
11 throughout and in any part of the Republic of the Philippines and/or  
12 in any or all foreign countries, states and territories: *Provided*, That  
13 the GSIS shall maintain field operation networks where each  
14 congressional district shall be serviced by either a full-fledged branch  
15 office or a satellite agency;

16 (k) To borrow funds from any source, private or government,  
17 foreign or domestic;

18 (l) To invest, own or otherwise participate in equity in any  
19 establishment, firm or entity; to form, organize, invest in, establish  
20 and maintain subsidiary or subsidiaries;

21 (m) To enter into agreement with the Social Security System  
22 or any other entity, enterprise, corporation, partnership or  
23 ownership for the benefit of members transferring from one to

1 (q) To submit annually not later than April 30 a public report  
2 to the President of the Philippines and to the Congress of the  
3 Philippines covering its activities in the administration and  
4 enforcement of this Act during the preceding year including  
5 information and recommendations on broad policies for the  
6 development and perfection of the programs of the GSIS;

7 (r) To furnish annually the members of the GSIS a report on  
8 the status of their membership contributions, obligations and  
9 investment portfolio of the GSIS; and

10 (s) To exercise such powers and perform such other acts as  
11 may be necessary, useful, incidental or auxiliary to carry out the  
12 provisions of this Act.

13 SEC. 41. *The Board of Trustees; Its Composition; Tenure and*  
14 *Compensation.* - The corporate powers and functions of the GSIS  
15 shall be vested in, and exercised by a Board of Trustees composed of  
16 the GSIS President and General Manager, Chairman of the Civil  
17 Service Commission as *ex officio* member, and eight (8) other  
18 members to be appointed by the President of the Philippines, three  
19 (3) of whom shall represent the organizations or associations of  
20 government employees, and one (1) of whom shall represent the  
21 organizations or associations of government retirees. The Trustees  
22 shall elect from among themselves a Chairman. The Vice-Chairman  
23 hereof shall be the GSIS President and General Manager.

1 another;

2 (n) To be able to float proper instrument to liquefy long-term  
3 maturities by pooling funds for short-term secondary mortgage  
4 market;

5 (o) To ensure the collection or recovery of all indebtedness,  
6 liabilities and/or accountabilities, including unpaid premiums or  
7 contributions in favor of the GSIS arising from any cause or source  
8 whatsoever, due from all obligees, whether public or private. The  
9 Board shall demand payment or settlement of the obligations  
10 referred to herein within thirty (30) days from the date the  
11 obligation becomes due and in the event of failure or refusal of the  
12 obligor or debtor to comply with the demand, to initiate or institute  
13 the necessary or proper actions or suits, criminal, civil or  
14 administrative or otherwise before the court, tribunals, commissions,  
15 boards or bodies of proper jurisdiction within thirty (30) days  
16 reckoned from the expiry date of the period fixed in the demand  
17 within which to pay or settle the account;

18 (p) To design and implement programs that will promote and  
19 mobilize savings and provide additional resources for social security  
20 expansion and at the same time afford individual members  
21 appropriate returns on their savings/investments. The program  
22 shall be so designed as to spur socioeconomic take-off and maintain  
23 continued growth;

1           The Trustees, except the GSIS President and General  
 2   Manager who shall cease as trustee upon his separation, shall hold  
 3   office for six (6) years or until their successors are duly appointed  
 4   and qualified. Vacancy, other than through the expiration of the  
 5   term, shall be filled for the unexpired term only. The members of  
 6   the Board shall be entitled to a *per diem* of Two thousand five  
 7   hundred pesos (₱2,500.00) for each Board meeting actually  
 8   attended by them, but not to exceed Ten thousand pesos  
 9   (₱10,000.00) a month, and reasonable transportation and  
 10 representation allowances as shall be fixed by the Board.

11           SEC. 42. *Powers and Functions of the Board of Trustees.* - The  
 12 Board of Trustees of the GSIS shall have the following powers and  
 13 duties:

14           (a) To formulate policies, guidelines and programs to  
 15 effectively carry out the purposes of this Act;

16           (b) To approve the organizational and administrative  
 17 structures and staffing pattern of the GSIS; to establish, fix, review,  
 18 revise and adjust the compensation; and to provide reasonable  
 19 allowances and other benefits of the officers and employees of the  
 20 GSIS, upon the recommendation of the GSIS President and General  
 21 Manager: *Provided, however,* That the GSIS shall be exempt from  
 22 the provisions of Republic Act No. 6758, as amended, and Republic  
 23 Act No. 7430;

1 (c) To fix and periodically review and adjust the rates of  
2 interest and other terms and conditions for loans and credits  
3 extended to members or other persons, natural or juridical, subject  
4 to approval by the President of the Philippines;

5 (d) The provision of any law to the contrary notwithstanding,  
6 to compromise or release, in whole or in part, any claim or settle  
7 liability to the GSIS, regardless of the amount involved, under such  
8 terms and conditions as it may impose for the best interest of the  
9 GSIS;

10 (e) To approve and adopt guidelines affecting investments,  
11 insurance coverage of government properties, settlement of claims,  
12 disposition of acquired assets, privatization or expansion of  
13 subsidiaries, development of housing projects, increased benefit and  
14 loan packages to members, and the enforcement of the provisions of  
15 this Act;

16 (f) To determine, fix and impose interest upon unpaid or  
17 unremitted premiums and/or contributions; and

18 (g) To approve, confirm, pass upon or review any and all  
19 actions of the GSIS in the exercise of its powers and functions, as  
20 enumerated in Section 40 of this Act.

21 SEC. 43. *Appointment, Qualifications, and Compensation of*  
22 *the GSIS President and General Manager and of Other Personnel.* -  
23 The President and General Manager shall be the Chief Executive



1 Officer of the GSIS who shall be appointed by the President of the  
2 Philippines. He shall be a person experienced in management and  
3 investments fields necessary to achieve the objectives of the GSIS.

4 The GSIS President and General Manager shall be assisted by  
5 one or more executive vice-presidents, senior vice-presidents, vice-  
6 presidents and managers in addition to the usual supervisory and  
7 rank and file positions who shall be appointed and removed by the  
8 GSIS President and General Manager with the approval of the  
9 Board, in accordance with the existing Civil Service rules and  
10 regulations.

11 SEC. 44. *Powers and Duties of the President and General*  
12 *Manager.* - The GSIS President and General Manager shall, among  
13 others, execute and administer the policies and resolutions approved  
14 by the Board and direct and supervise the administration and  
15 operations of the GSIS. The GSIS President and General Manager,  
16 subject to the approval of the Board, shall appoint the personnel of  
17 the GSIS; remove, suspend or otherwise discipline them for cause, in  
18 accordance with existing Civil Service rules and regulations; and  
19 prescribe their duties and qualifications to the end that only  
20 competent persons may be employed.

21 SEC. 45. *Auditor.* - The Chairman of the Commission on  
22 Audit shall be the *ex officio* auditor of the GSIS. For this purpose,  
23 he may appoint a representative who shall be the auditor of the

1 GSIS, and the necessary personnel to assist said representative in the  
2 performance of his duties.

3 The Chairman of the Commission on Audit or his authorized  
4 representative shall submit to the Board soon after the close of each  
5 calendar year, an audited statement showing the financial condition  
6 and progress of the GSIS for the calendar year just ended.

7 SEC. 46. *Legal Counsel.* - The Government Corporate  
8 Counsel shall be the legal counsel of the GSIS. For the performance  
9 of his duties and the services of the Legal Staff of the Office of the  
10 Government Corporate Counsel, the Board shall appropriate, and  
11 the GSIS President and General Manager shall remit, such amount  
12 as shall be determined by the Government Corporate Counsel with  
13 the approval of the Secretary of Justice.

14 The GSIS may, subject to approval by the proper court,  
15 deputize any member of its legal staff to act as a special sheriff in the  
16 enforcement of writs and processes issued by the court in cases  
17 involving the GSIS.

18 H. GENERAL PROVISIONS

19 SEC. 47. *Dispensation of Social Insurance Benefits.* - The  
20 GSIS shall pay the retirement benefits to the employee on his last  
21 day of service in the government: *Provided,* That all requirements  
22 are submitted to the GSIS within a reasonable period prior to the  
23 effective date of the retirement.

1           The GSIS shall discontinue the processing and adjudication of  
 2 retirement claims under Republic Act No. 1616, except refund of  
 3 retirement premium, and Republic Act No. 910. Instead, all  
 4 agencies concerned shall process and pay the gratuities of their  
 5 employees. The Board shall adopt the rules and procedures for the  
 6 operationalization of this provision.

7           SEC. 48. *Development and Disposition of Acquired Assets.* -

8           The GSIS shall have the right to develop and dispose of its acquired  
 9 assets obtained in the ordinary course of its business. To add value  
 10 to, improve profitability on, and/or enhance the marketability of an  
 11 acquired asset, the GSIS may further develop and/or renovate the  
 12 same either with its own capital or through a joint venture  
 13 arrangement with private companies or individuals.

14           The GSIS may sell its acquired assets either through public  
 15 bidding or negotiated sale for an amount not lower than the current  
 16 market value of the property. For this purpose, the GSIS shall  
 17 conduct an annual appraisal of its properties or acquired assets to  
 18 determine its current market value. All notices of sale shall be  
 19 published in newspapers of general circulation.

20           No injunction or restraining order issued by any court,  
 21 commission, tribunal or office shall bar, impede or delay the sale  
 22 and disposition by the GSIS of its acquired assets, except on  
 23 questions of ownership or for national or public interest.

1           SEC. 49. *Government Assistance to the GSIS.* - The GSIS may  
2 call upon any employer for such assistance as may be necessary in  
3 the discharge of his duties and functions.

4   I. PENAL PROVISIONS

5           SEC. 50. *Penalty.* - (a) Any person found to have participated  
6 directly or indirectly in the commission of fraud, collusion,  
7 falsification, or misrepresentation in any transaction with the GSIS  
8 whether for him or for some other persons shall, upon conviction by  
9 final judgment, suffer the penalties provided for in Article 172 of the  
10 Revised Penal Code.

11           (b) Whoever shall obtain or receive any money or check  
12 invoking any provision of this Act or any agreement thereunder,  
13 without being entitled thereto with the intent to defraud any  
14 member, any employer, the GSIS, or any third party shall, upon  
15 conviction by final judgment, suffer the penalties of imprisonment  
16 from six (6) months and one (1) day to six (6) years, and a fine of  
17 not less than Three thousand pesos (P3,000.00) but not more than  
18 Six thousand pesos (P6,000.00).

19           (c) Whoever fails or refuses to comply with the provisions of  
20 this Act or with the rules and regulations adopted by the GSIS shall,  
21 upon conviction by final judgment, suffer the penalties of  
22 imprisonment from six (6) months and one (1) day to three (3)  
23 years, and a fine of not less than Three thousand pesos (P3,000.00)

1 but not more than Six thousand pesos (P6,000.00).

2 (d) The treasurer, finance officer, cashier, disbursing officer,  
3 budget officer or other official or employee who fails to include in  
4 the annual budget the amount corresponding to the employer and  
5 employee contributions, or who fails or refuses or delays by more  
6 than thirty (30) days from the time such amount becomes due and  
7 demandable, or to deduct the monthly contributions of the employee  
8 shall, upon conviction by final judgment, suffer the penalties of  
9 imprisonment from six (6) months and one (1) day to six (6) years,  
10 and a fine of not less than Three thousand pesos (P3,000.00) but not  
11 more than Six thousand pesos (P6,000.00), and shall moreover be  
12 disqualified from holding public office and from practicing any  
13 profession or calling licensed by the government.

14 (e) Any employee or member who receives or keeps fund or  
15 property belonging, payable or deliverable to the GSIS and  
16 appropriates the same, or takes or misappropriates or uses the same  
17 for any purpose other than that authorized by this Act, or permits  
18 another person to take, misappropriate or use said fund or property  
19 by expressly consenting thereto, or through abandonment or  
20 negligence, or is otherwise guilty of the misappropriation of said  
21 fund or property, in whole or in part shall, upon conviction by final  
22 judgment, suffer the penalties provided in Article 217 of the Revised  
23 Penal Code.

1           (f) Any employee, who after deducting the monthly  
2 contribution or amortization from a member's compensation, fails to  
3 remit the same to the GSIS within thirty (30) days from the date they  
4 should have been remitted under Section 6(a) shall be presumed to  
5 have misappropriated such contribution or loan amortization and  
6 shall, upon conviction by final judgment, suffer the penalties  
7 provided in Article 315 of the Revised Penal Code.

8           (g) The heads of the offices of the national government, its  
9 political subdivisions, branches, agencies and instrumentalities,  
10 including government-owned or -controlled corporations and  
11 government financial institutions, and the personnel of such offices  
12 who are involved in the collection of premium contributions, loan  
13 amortization and other accounts due the GSIS who shall fail, refuse  
14 or delay the payment, turnover, remittance or delivery of such  
15 accounts to the GSIS within thirty (30) days from the time that the  
16 same shall have been due and demandable shall, upon conviction by  
17 final judgment, suffer the penalties of imprisonment from six (6)  
18 months and one (1) day to six (6) years, and a fine of not less than  
19 Six thousand pesos (P6,000.00) but not more than Ten thousand  
20 pesos (P10,000.00), and shall moreover, be disqualified from  
21 holding public office and from practicing any profession or calling  
22 licensed by the government.

1 (h) The officers and/or personnel referred to in paragraph (g)  
2 of this section shall be liable not only criminally but also civilly and  
3 personally to the GSIS or to the employee or member concerned in  
4 the form of damages, including surcharges and interests.

5 (i) For the charges of complaints referred to in paragraph (g)  
6 of this section, the liabilities therein set forth shall be construed as  
7 waiver of the State of its immunity from suit, hence, the above-  
8 mentioned officials and/or personnel may not invoke the defense of  
9 non-suability of the State.

10 (j) The members of the Board of the GSIS, including its  
11 chairman and vice-chairman, who fail to comply with the provisions  
12 of paragraph (r) of Section 40 hereof shall, upon conviction by final  
13 judgment, suffer the penalties of imprisonment from six (6) months  
14 and one (1) day to three (3) years, and a fine of not less than Two  
15 thousand pesos (P2,000.00) but not more than Six thousand pesos  
16 (P6,000.00), without prejudice to any civil or administrative liability  
17 which may arise therefrom.

18 (k) Criminal actions arising from violations of the provisions  
19 of this Act may be commenced by the GSIS or by the aggrieved  
20 member, either under this Act or, in appropriate cases, under the  
21 Revised Penal Code.

22 SEC. 51. *Non-impairment of Benefits, Powers, Jurisdiction,*  
23 *Rights, Privileges, Functions and Activities.* - Nothing in this Act shall

1 be construed to repeal, amend or limit any provision of existing laws,  
2 presidential decrees and letters of instructions, not otherwise  
3 specifically inconsistent with the provisions of this Act.

4 SEC. 52. *Exclusiveness of Benefits.* - Whenever other laws  
5 provide similar benefits for the same contingencies covered by this  
6 Act, the member who qualifies to the benefits thereof shall have the  
7 option to choose which benefits will be paid to him. However, if the  
8 benefits provided by the law chosen are less than the benefits  
9 provided under this Act, the GSIS shall pay only the difference.

10 SEC. 53. *Appropriations.* - The amount necessary to carry out  
11 the provisions of this Act shall be included in the respective budgets  
12 of the agencies in the national government obligation program of the  
13 year following its enactment into law and thereafter.

14 SEC. 54. *Separability Clause.* - If, for any reason, any section  
15 or provision of this Act shall be held invalid or unconstitutional, the  
16 other provisions which are not affected thereby shall remain in force  
17 and effect.

18 SEC. 55. *Repealing Clause.* - Presidential Decree No. 1146 is  
19 hereby repealed. Consequently, all laws and any other laws or parts  
20 thereof which are inconsistent with the provisions of this Act are  
21 hereby repealed or modified accordingly: *Provided,* That the rights  
22 under existing laws, rules and regulations vested upon or acquired by  
23 an employee who is already in the service as of the effectivity of this



1 Act shall remain in force and effect: *Provided, further, That,*  
2 subsequent to the effectivity of this Act, a new employee or an  
3 employee who has previously retired or separated and is reemployed  
4 in the service shall be covered by the provisions of this Act.

5 SEC. 56. *Implementing Rules and Regulations.* - The  
6 implementing rules and regulations to carry out the provisions of this  
7 Act shall be adopted and promulgated by the GSIS not later than  
8 ninety (90) days after the approval of this Act.

9 SEC. 57. *Effectivity.* - This Act shall take effect thirty (30) days  
10 upon completion of its publication in the *Official Gazette* or in at  
11 least two (2) national newspapers of general circulation.

Approved,

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