

**CIRCULATION**  
IMPLEMENTING  
RULES AND REGULATIONS

**GSIS Act of 1997**

(RA 8291)

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## INTRODUCTION

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Republic Act No. 8291, otherwise known as the "Government Service Insurance Act of 1997," was enacted last May 30, 1997. The law was signed by the President of the Philippines Fidel V. Ramos, Senate President Ernesto Maceda and Speaker of the House Jose De Venecia. The signing ceremony, which coincided with the 60th anniversary celebration of the GSIS, was witnessed by the sponsors and authors of the Act, members of both Houses of Congress, and the GSIS employees and members.

The law has been much awaited by the 1.4 million civil servants, as it represents a most welcome amendment to the 20 year-old revised charter of the GSIS, known as P.D. No. 1146. It not only increased and expanded the social security protection of the government workers, but it also enhanced the powers and functions of the GSIS to better respond to the needs of its membership.

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## MESSAGE

*It is with a sense of great professional and personal satisfaction that we implement the provisions of RA 8291, otherwise known as the GSIS ACT OF 1997. Since I joined government in 1987, I have been advocating for policy changes to ensure that our people become the focus and the direct beneficiary of development. Thus, it was with this sense of mission that under the government of former President Corazon Aquino, I worked doggedly and tirelessly to formalize the LOCAL GOVERNMENT CODE which I was convinced would be the linchpin legislation that will give form and structure to **people empowerment**. Through this legislation, power and resources would be shifted from the national to local governments, thus giving our local governments and their respective communities the responsibility to shape their destinies. That law was passed in 1991, a major accomplishment of the Aquino Administration, whose full impact is still to be fully appreciated and to be fully felt in the years to come.*

*When I moved to the GSIS in 1992, I knew that government employees deserve more. Responsive safety nets have to be put in place to secure the future of our co-workers in government when they can no longer financially fend for themselves. Thus, we did not waste time to gear up GSIS to do what it is expected to do. We revved up operations and planned for its financial growth. After three years, when we felt that GSIS was already in the position to give higher and expanded benefits, we pushed for the approval of the GSIS ACT, another milestone legislation in social security of the Ramos Administration, whose impact shall continue to be felt through the next millennium.*

*During the course of my 11 years in government, I have accomplished my mission of serving the public well. The two major legislations I helped to craft and navigate to their approval, are the legacies I shall look back to with a lot of personal joy.*

*But I do all these because public servants are expected to serve you. As always, thank you for your trust. We shall keep faith with you.*

  
CESAR N. SARINO

President and General Manager

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**RULES AND REGULATIONS IMPLEMENTING  
THE GOVERNMENT SERVICE INSURANCE SYSTEM  
ACT OF 1997**

**(REPUBLIC ACT NO. 8291)**

Pursuant to Section 53 of Republic Act No. 8291, otherwise known as the Government Service Insurance System Act of 1997, the following rules and regulations are hereby adopted and promulgated to carry out the provisions of the law.

**RULE I  
DEFINITION OF TERMS**

Unless the context otherwise indicates, the following terms shall mean:

Section 1.1 **IRR.** - These Implementing Rules and Regulations pursuant to Republic Act (RA) 8291;

Section 1.2 **GSIS.** - The Government Service Insurance System created by Commonwealth Act No. 186;

Section 1.3 **Board.** - The Board of Trustees of the Government Service Insurance System;

Section 1.4 **Employer.** - The Philippine government, its political subdivisions, branches, agencies or instrumentalities, including government-owned or controlled corporations and financial institutions with original charters, the constitutional commissions, and the judiciary;

In keeping with Section 3 of this Act, the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) are considered Employers under this Act only for purposes of their civilian and non-uniformed personnel;

Section 1.5 **Employee or Member.** - Any person receiving compensation as defined in Section 1.10, while in the service of an Employer as defined above, whether by election or appointment, irrespective of status of appointment, including barangay and sanggunian officials, but, pursuant to Section 3 of the Act, excluding the (i) uniformed members of the AFP and PNP; and (ii) Bureau of Fire Protection (BFP) and the Bureau of Jail Management and Penology (BJMP).

Section 1.6 **Active Member.** - A Member who is not separated from the service and therefore continues to receive compensation from an Employer;

Section 1.7 **Dependents.** - Dependents are the following:

- (a) the legitimate spouse dependent for support on the member or pensioner;
- (b) any legitimate, legitimated and/or legally adopted child, including any illegitimate child, who is unmarried, not gainfully employed, who has not attained the age of majority, or being at the age of majority but incapacitated and incapable of self-support due to a mental or physical defect acquired prior to age of majority; and
- (c) the parents dependent upon the member for support;



- Section 1.8 **Primary Beneficiaries.** - The legitimate spouse, until he/she remarries, and the dependent children;
- Section 1.9 **Secondary Beneficiaries.** - Secondary beneficiaries shall include:  
 (a) the dependent parents; and  
 (b) the legitimate descendants
- Section 1.10 **Compensation.** - The basic pay or salary received by an employee, pursuant to his/her tenure in the service of an Employer. Per diems, bonuses, overtime pay, honoraria, allowances and any other emoluments which are not integrated into the basic pay shall not be considered as compensation for purposes of this IRR;
- Section 1.11 **Contribution.** - The amount payable to the GSIS by the Member and the Employer in accordance with Rule III of this IRR.
- Section 1.12 **Current Daily Compensation.** - The actual daily compensation or the monthly compensation divided by the number of working days in the month when the disability occurred but not to exceed Twenty-two (22) days;
- Section 1.13 **AMC or Average Monthly Compensation.** - The AMC is the average monthly compensation received by the member during his last Thirty-six (36) months of service preceding his separation/retirement/disability/death, or if less than Thirty-six (36) months, during the actual number of months he received such compensation. However, the AMC shall be limited to a maximum of Ten Thousand Pesos (P10,000). The AMC is computed as shown under Rule IV of this IRR.
- Section 1.14 **RAMC or Revalued Average Monthly Compensation.** - The AMC plus Seven-hundred Pesos (P700.00). Refer to Rule IV on the Computation of the Basic Monthly Pension;
- Section 1.15 **Lump Sum.** - The Basic Monthly Pension multiplied by Sixty (60) months without any discount;
- Section 1.16 **Pensioner.** - Any person receiving or who has received old-age or permanent total disability benefits either in lump sum or as a monthly pension excluding those receiving survivorship benefits;
- Section 1.17 **Gainful Occupation.** - Any productive activity that provides the member with income at least equal to the minimum compensation of government employees;
- Section 1.18 **Disability.** Any loss or impairment of the normal functions of the physical or mental faculties of a member, which reduces or eliminates his capacity to continue with his current gainful occupation or engage in any other gainful occupation;
- Section 1.19 **Total Disability.** - Complete incapacity to continue with his present employment or engage in any gainful occupation due to the loss or impairment of the normal functions of the physical or mental faculties of the member;
- Section 1.20 **Permanent Total Disability.** - Accrues or arises when recovery from total disability in Section 1.19 is remote from the medical point of view;
- Section 1.21 **Temporary Total Disability.** - Accrues or arises when the impaired physical or mental faculties can be rehabilitated and/or restored to their normal function;

- Section 1.22 **Permanent Partial Disability.** - Accrues or arises upon the irreversible loss or impairment of certain physical faculties, despite which the member is able to pursue a gainful occupation;

## RULE II COVERAGE OF THE SYSTEM

### Section 2.1 **Compulsory Coverage.**

- 2.1.1 - Membership in the GSIS shall be compulsory for all employees receiving compensation, irrespective of employment status, who have not reached the compulsory retirement age at the time of election or appointment.
- 2.1.2 - Contractual and other employees with an employee relationship to an Employer are included under compulsory coverage, provided that the following conditions that determine an employee-employer relationship exist:  
 (a) the person was selected and engaged by an employer as an individual, rather than as a representative, assignee or agent of another entity;  
 (b) the employer pays the salary to the employee as an individual;  
 (c) the employer has power of dismissal; and  
 (d) the employer has the power to control the means and the result of the work to be done.

### Section 2.2 **Benefit Coverage**

- 2.2.1 - All Members of the GSIS shall be covered with life insurance and social security protection including retirement, disability, survivorship, separation, and unemployment benefits, and such other benefits and protection as may be extended to them by the GSIS, subject to the limitations provided by law.
- 2.2.2 - For purposes of benefit entitlement, the members of the GSIS shall be classified as follows:  
 (a) **Active members.** These members are still in the service and are paying the integrated premiums prescribed under R.A. 8291. These members are covered for the entire package of benefits and privileges being extended by the GSIS.  
 (b) **Policyholders.** These members are covered for life insurance only and are entitled to the specific benefits accruing from the life insurance coverage; they can avail of policy loan privilege only.  
 (c) **Separated members.** These members are former active members who have been separated from the service and are still covered by the GSIS under the principle of "once a member, always a member"; as such, unless the terms of their separation provide otherwise, they shall be entitled to receive future benefits under P.D. 1146 in the event of compensable contingency such as old-age (attainment of age 60 years), disability, survivorship and death. They are not, however, entitled to any loan privilege.  
 (d) **Retired members.** These members are former active members who have retired from the service and are already enjoying the corresponding retirement benefits applied for. These members are not entitled to any loan privilege.



2.2.3- The coverage of the Judiciary and Constitutional Commissions shall be limited to compulsory life insurance and they shall be considered compulsory life policyholders.

Section 2.3 *Effectivity of Membership.* - Membership in the GSIS shall take effect upon the employee's actual assumption of duty pursuant to a valid appointment or election and oath of office.

Section 2.4 *Exclusion from Coverage* - The following are not considered Members of the GSIS for purposes of this Act:

- (a) Employees who have separate retirement schemes under special laws and are therefore covered by their respective retirement laws, such as the members of the Judiciary, Constitutional Commissions, and other similarly situated government officials;
- (b) Contractual employees who, as defined in the Act, have no employer-employee relationship with the agencies they serve; and
- (c) Uniformed members of the Armed Forces of the Philippines (AFP), the Bureau of Fire Protection, and the Bureau of Jail Management and Penology (BJMP) whose coverage by the GSIS has ceased effective June 24, 1997.
- (d) Uniformed members of the Philippine National Police (PNP) whose coverage by the GSIS has ceased effective February 1, 1996.

2.4.1 - Retirement contributions already paid by the uniformed members of the PNP, BJMP and BFP shall be treated as follows:

(a) Paid up to June 24, 1997  
Not refundable.

(b) Paid from June 24, 1997  
To be refunded to the employee, for the employee's share, and to the respective Bureaus, for the employer's share.

2.4.2 The following benefits under P.D. 1146 may be granted to separated members of the PNP, BJMP and the BFP subject to the satisfaction of eligibility requirements:

(1) Old-Age Benefit

For those who have served for at least three(3) years but less than fifteen (15) years as of the date of separation from service or cessation of coverage by the GSIS as mentioned above-

Cash payment equivalent to one hundred percent (100%) of the average monthly compensation for every year of service rendered upon reaching age sixty (60)

For those who have served for at least fifteen (15) years as of the date of separation from the GSIS as mentioned above-

Basic monthly pension for life guaranteed for five (5) years upon reaching age sixty (60) with the option to convert the basic monthly pension for the first five (5) years into lump sum at 6% discount.

(2) Permanent Disability Benefits - if payment of at least thirty-six (36) monthly contributions within the last five-year period

immediately preceding disability or at least one hundred eighty monthly (180) contributions has been made

For total disability-

Basic monthly pension for life

For partial disability -

Basic monthly pension payable in accordance with the rules and regulations prescribed by the GSIS

(3) Survivorship Benefits - if payment of at least thirty-six (36) monthly contributions within the last five-year period immediately preceding the disability or at least one hundred eighty monthly contributions prior to disability has been made

Primary beneficiaries -

Basic survivorship pension guaranteed for thirty-six (36) months and the dependents' pension

Designated and Recorded Secondary Beneficiaries ( in the absence of primary beneficiaries) -

Cash payment equivalent to fifty percent (50%) of the average monthly compensation for each year contributions were paid

(4) Funeral Benefit - Available to those with at least three (3) years service and payment of the corresponding integrated contributions as of their separation from the GSIS

(5) Retirement Benefits - Those in the service before June 1, 1977 shall have the option to choose among the modes of retirement under R.A. 660, R.A. 1616 or P.D. 1146.

Section 2.5 *Effect of Separation from the Service.*

2.5.1 - A Member separated for cause shall automatically forfeit his/her benefits, unless the terms of resignation or separation provide otherwise. In the case of forfeiture of benefits, the separated employee shall be entitled to receive only One-half (1/2) of the cash surrender value of his/her insurance.

2.5.2 - Unless separated for cause, a Member separated from the service prior to qualification for retirement benefits shall continue to be a member and shall be entitled to benefits that provide for contingencies (separation, disability and death) under RA 8291, subject to the qualifications and other prescriptions under Rules VI to XI of this IRR;

### RULE III COLLECTION AND REMITTANCE OF CONTRIBUTIONS AND OTHER AMOUNTS

Section 3.1 *Amount of Contributions.* - Effective June 24, 1997, it shall be mandatory for the covered employee and the employer to pay the monthly contributions specified in the following schedule:

(a) For all Employers and Employees, except for those Members of the Judiciary and the Constitutional Commissioners:



Monthly Compensation (MC)	Employee's Share	Employer's Share
P10,000 and below	9% of MC	12% of MC
Over P10,000	9% of P10,000 + 2% of (MC-P10,000)	12% of MC

(b) For members of the Judiciary and Constitutional Commissioners:

Monthly Compensation (MC)	Employee's Share	Employer's Share
Regardless of Amount	3%	3%

Section 3.2 *Budgetary Appropriations to Cover Employers' Contributions.* - The Employer shall include in its annual appropriation the necessary amounts for the following:

- (a) Employer's share of the contributions indicated above;
- (b) Extra premiums for hazards or risks of the employee's occupation, in accordance with the Schedule of Premiums for Extra Hazards prescribed by the GSIS on the basis of guidelines defined by the Civil Service Commission. Compliance with the payment of this extra premium shall be monitored by the GSIS.

Section 3.3 *Collection of Contributions.*

3.3.1 - It shall be compulsory upon the Employer to deduct and withhold each month from the monthly compensation of each Employee his contributions as specified under Section 3.1;

3.3.2 - It is prohibited for the Employer to deduct, directly or indirectly, from the compensation of an employee or otherwise recover from him, the Employer's contribution in behalf of such employee.

Section 3.4 *Remittance of Contributions.* - Each employer shall remit directly to the GSIS the employees' and employers' contributions within the first Ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contributions to the GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees.

Section 3.5 *Reports on the Status of Members.* - The employer shall report annually to the GSIS the names of all its employees, their corresponding employment status, positions, salaries and such other pertinent information. Subsequent changes in the information, if any, shall be reported every month as they take place, in the forms or formats prescribed by the GSIS.

Section 3.6 *Collection and Remittance of Other Amounts Due the GSIS.*

3.6.1 - When authorized by the employee, the employer shall deduct from his monthly compensation optional life insurance premiums, pre-need monthly installments, loan amortizations and such other amount due the GSIS from the employee.

3.6.2 - These amounts shall be remitted to the GSIS within the first Ten (10) days of the calendar month following the month when the deductions were effected, accompanied by supporting lists in the forms prescribed by the GSIS.

Section 3.7 *Basis for Crediting Payments.* - Payments shall be credited to the account of the employee/borrower only if officially received for by the GSIS with the appropriate supporting documents.

Section 3.8 *Interests on Delayed Remittance.* - The employer shall pay not less than two percent (2%) simple interest per month on its unremitted collections and contributions computed from their due date to the date of receipt of the payment by the GSIS. Collections and contributions shall include compulsory contributions, optional life insurance premiums, pre-need installments, loan amortizations, general insurance premiums and such other amounts payable to the GSIS.

Section 3.9 *Effects of Non-Remittance of Contributions on the Eligibility to Benefits of Members.* - In cases of non-remittance of contributions, the following rules shall apply:

- (a) All loan privileges of the member shall be suspended;
- (b) Premium arrearages and outstanding service loan accounts and corresponding surcharges shall be deducted from the proceeds of the claim.

#### RULE IV COMPUTATION OF THE BASIC MONTHLY PENSION

Section 4.1 *Factors in the Computation of the BMP.* - The Basic Monthly Pension (BMP) shall be computed on the basis of the following factors:

- (a) Total Years of Service (YOS)
- (b) Average Monthly Compensation (AMC); and
- (c) Revalued Average Monthly Compensation (RAMC).

Section 4.2 *Computation of AMC.*

4.2.1 - If YOS is less than Thirty-six (36) months,

$$AMC = \frac{\text{Total compensation received preceding unemployment/disability/death}}{\text{Actual number of months member received compensation}}; \text{ or}$$

4.2.2 - If YOS is Thirty-six (36) months or more,

$$AMC = \frac{\text{Total compensation received during latest Thirty-six (36) months preceding separation/retirement/disability/death}}{\text{Thirty-six (36) months}}$$

4.2.3 - The maximum amount of the AMC that may be used as a base for computing pensions and other benefits shall be P10,000 unless amended in accordance with Section 4.6.



Section 4.3 *Computation of RAMC.*

$$\text{RAMC} = \text{AMC} + \text{P700}$$

Section 4.4 *Computation of BMP.*

4.4.1 - If YOS is fifteen (15) years or less,

$$\text{BMP} = 37.5\% \times \text{RAMC}$$

4.4.2 - If YOS is more than fifteen (15) years,

$$\text{BMP} = 37.5\% \times \text{RAMC} + 2.5\% \times \text{RAMC} \times (\text{YOS} - 15)$$

4.4.3 - The BMP shall not exceed ninety percent (90%) of the AMC.

Section 4.5 *Minimum Basic Monthly Pension.* - The following are the minimum amounts of basic monthly pension:

4.5.1 - One Thousand Three Hundred Pesos (P1,300) for:

- (a) Existing old-age/retirement and disability pensioners;
- (b) Prospective retirees and disability pensioners with less than twenty (20) years of service; and
- (c) Those qualified for retirement or disability pension benefits by virtue of Republic Act No. 7699.

4.5.2 - Two Thousand Four Hundred Pesos (P2,400) for members who retired or are disabled upon or after the effectivity of this Act with at least twenty (20) years of service.

Section 4.6 *Adjustments of Pensions.*

4.6.1 - The formula for determining the BMP may be adjusted upon the recommendation of the President and General Manager of the GSIS, as endorsed by the Board, upon approval by the President of the Philippines;

4.6.2 - Periodic adjustments of the monthly pension of all pensioners, including those allowing survivorship benefits, shall be done on the basis of what is sustainable and prudent for the GSIS as recommended by its Actuary and approved by the President and General Manager and the Board.

## RULE V COMPUTATION OF THE CREDITABLE SERVICE

Section 5.1 *Periods of Service.* - The computation of creditable service for the purpose of determining the amount of benefits payable under this Act shall include the period or periods of service from the date of appointment/election but not earlier than actual assumption up to the end of the service period or periods, starting from the original appointment, including:

- (a) periods of service at different times under one or more employer;
- (b) service rendered overseas under the authority of the Philippine government, provided the Member received compensation from his/her Employer as defined in the Act; and

Section 5.2 *Effects of Re-employment.* - All service credited for retirement, resignation or separation for which corresponding benefits have been awarded shall be excluded in the computation of service in case of re-employment.

Section 5.3 *Basis of computation of Total Service.* - For the purpose of computing the total service rendered, full-time and other services rendered with compensation shall be converted to their full-time equivalent, reckoned in hours or days actually rendered, using a Forty- (40-) hour week and 52 weeks a year as basis.

## RULE VI SEPARATION BENEFIT

Section 6.1 *Entitlement to Separation Benefit.* - A member who has rendered a minimum of Three (3) years creditable service shall be entitled to separation benefit upon resignation or separation under the following terms:

- (1) For a Member with at least Three (3) years but less than Fifteen (15):

A cash payment equivalent to one hundred percent (100%) of the average monthly compensation for every year of service the member has paid contributions, but not less than Twelve Thousand Pesos (P12,000), payable upon reaching sixty (60) years of age or upon separation, whichever comes later;

- (2) For a Member with at least Fifteen (15) years of service and less than Sixty years (60) of age upon separation:

- (a) A cash payment equivalent to eighteen (18) times the basic monthly pension, payable at the time of resignation or separation;
- (b) An old-age pension benefit equal to the basic monthly pension, payable monthly for life upon reaching age 60.

## RULE VII UNEMPLOYMENT BENEFIT

Section 7.1 *Unemployment Benefit.* - Unemployment benefit is in the form of monthly cash payments equivalent to fifty percent (50%) of the average monthly compensation.

Section 7.2 *Conditions for Entitlement to Unemployment Benefit.*

7.2.1 - A member shall be entitled to the unemployment benefits in the form of monthly cash payments if all the conditions below are met:

- (a) he/she was a permanent employee at time of separation;
- (b) his/her separation was involuntary due to the abolition of his/her office or position resulting from reorganization; and
- (c) he/she has been paying the contributions specified under Rule 3:1 (a) for at least One (1) Year prior to separation.

7.2.2 - A member who has rendered at least Fifteen (15) years service will be entitled to the Separation Benefits described in Rule VI, instead of the Unemployment Benefit.

Section 7.3 *Amount, Duration and Payment of Unemployment Benefit.*

7.3.1 - Unemployment benefits shall be paid in accordance with the following schedule:

<u>Contributions Made</u>	<u>Benefit Duration</u>
1 year but less than 3 years	2 months
3 or more years but less than 6 years	3 months
6 or more years but less than 9 years	4 months
9 or more years but less than 11 years	5 months
11 or more years but less than 15 years	6 months



7.3.2 - Those entitled to more than Two (2) months of Unemployment Benefits shall initially receive Two (2) monthly payments. A seven-day (7-day) waiting period shall be imposed on succeeding monthly payments to determine whether the separated member has found gainful employment either in the public or private sector.

7.3.3 - All accumulated unemployment benefits paid to the employee during his/her entire membership with the GSIS shall be deducted from the separation benefits to which the member may be entitled to upon his voluntary resignation or separation.

### **RULE VIII RETIREMENT**

Section 8.1 *Retirement Benefit.* - Retirement benefit is either one of the following:

8.1.1 - The lump sum equivalent to Sixty (60) months of the BMP payable at the time of retirement plus an old-age pension benefit equal to the basic monthly pension payable for life, starting upon the expiration of the five-years covered by the lump sum; or

8.1.2 - A cash payment equivalent to Eighteen (18) times his/her basic monthly pension plus monthly pension for life payable immediately.

Section 8.2 *Conditions for Entitlement to Retirement Benefit.* - A Member shall be entitled to the Retirement Benefit on condition that:

- (a) he/she has rendered at least Fifteen (15) years of service;
- (b) he/she is at least Sixty (60) years of age at the time of retirement; and
- (c) he/she is not receiving a monthly pension benefit from permanent total disability.

Section 8.3 *Compulsory Retirement Age.* - Unless the service is extended by appropriate authorities, retirement shall be compulsory for an employee at Sixty-Five (65) Years of age with at least Fifteen (15) Years service: Provided, that if he/she has less than Fifteen (15) years of service, he/she may be allowed to continue in the service in accordance with existing Civil Service rules and regulations.

Section 8.4 *Notification by Employer.* - It shall be the duty of the Employer to notify its Employee at least Ninety (90) days in advance of the date of his/her compulsory retirement.

Section 8.5 *Conflicts in Date of Birth.* - The date of birth reflected in the "Information for Membership" shall be adopted. In case of conflicting dates, the date in the birth certificate or baptismal certificate will prevail.

Section 8.6 *Effect of Re-employment.* - When a retiree is re-employed, his/her previous services credited at the time of his/her retirement shall be excluded in the computation of future benefits. In effect, he/she shall be considered a new entrant.

Section 8.7 *Miscellaneous Provisions.* - For the computation of the AMC, the last Thirty-six (36) months of service need not be continuous.

Section 8.8 *Filing and Processing.*

8.8.1 - The following documents shall be filed in duplicate with the GSIS Head office or any Branch Office, as the case may be, at least Thirty (30) Days before the date of retirement for processing and payment of benefit:

- (1) Application for Retirement/Old-age Benefits duly approved and endorsed by the head of office who shall be responsible for compliance with all laws and legal requirements covering retirement;
- (2) Service Record;
- (3) Clearance from the Ombudsman; and,
- (4) Such other documents as may be required by the GSIS.

8.8.2 - The GSIS shall pay the retirement benefits to the Employee on his/her last day of service in the government, provided that all the requirements enumerated in 8.8.1 are submitted to the GSIS at least Thirty (30) Days before the date of retirement.

8.8.3 - The GSIS shall discontinue the processing and adjudication of retirement claims under Republic Act No. 910 and Republic Act No. 1616, except for the refund of retirement premiums. Instead, all agencies concerned shall process and pay the gratuities and benefits of their employees after securing from the GSIS a clearance regarding outstanding obligations to the System.

### **RULE IX DISABILITY AND SICKNESS-INCOME BENEFITS**

Section 9.1 *General Principles.*

9.1.1 - Disability benefits are the benefits which are granted to a member due to the loss or reduction in earning capacity caused by a loss or impairment of the normal functions of his/her physical and/or mental faculties as a result of an injury or disease;

9.1.2 - The loss in earning capacity shall be determined not only on the basis of the member's actual loss of income from his/her usual occupation but also on his/her capacity to continue engaging in any other gainful occupation because of the impairment.

Section 9.2 *Kinds of Disability.* - A disability may either be "permanent total," "permanent partial" or "temporary total."

9.2.1 - Injury resulting in any of the following shall be deemed Permanent Total Disability:

- (a) Complete loss of sight of both eyes;
- (b) Loss of two (2) limbs at or above the ankle or wrist;
- (c) Permanent complete paralysis of two (2) limbs;
- (d) Brain injury resulting in incurable imbecility, insanity, or other irreversible conditions;
- (e) Such other cases as may be determined by the GSIS.

9.2.2 - Injury resulting in any of the following shall be deemed Permanent Partial Disability:

- (a) Complete and permanent loss of the use of:



- (1) any finger;
- (2) any toe;
- (3) one arm;
- (4) one hand;
- (5) one foot;
- (6) one leg;
- (7) one or both ears;
- (8) hearing of one or both ears;
- (9) sight of one eye; or

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

9.2.3 - **Temporary Total Disability** accrues or arises when there is complete but temporary incapacity to continue with a member's present employment or engage in any gainful occupation due to the loss or impairment of the normal function of the physical and/or mental faculties of the member. In effect, this loss or impairment can be reversed to the point where the member can continue with his previous employment or engage in another gainful occupation.

**Section 9.3 Evaluation of Disability.**

9.3.1 - The evaluation of disability as a contingency is vested solely in the GSIS.

9.3.2 - The general condition for entitlement to any disability benefits is that the disability was not due to the member's misconduct, notorious negligence, habitual intoxication, or willful intention to kill himself or another.

9.3.3 - The criteria for evaluating the extent of disability of a member are as follows:

- (a) The extent of actual loss of compensation or incapacity to earn; or
- (b) When the member's incapacity to earn cannot be precisely determined, the loss or reduction in earning capacity shall be based on the Table of Loss Percentage prescribed by the GSIS; or
- (c) In the event the injury/disease which caused an impairment not listed in the aforesaid Table, the GSIS shall determine the equivalent percentage of loss or reduction of earning capacity taking into account the extent of the functional and/or anatomical loss resulting from such injury/disease in relation to the over-all physiology of the disabled member.

9.3.4 - The complete and permanent loss of the use of any part of the human body may be treated as an anatomical loss for purposes of evaluating and classifying a disability.

**Section 9.4 Provisions for Permanent Total Disability.**

9.4.1 - A Member who becomes permanently and totally disabled shall be entitled to the monthly income benefit for life equivalent to the basic monthly pension effective from the date of disability when:

- (a) he/she is in the service at the time of disability; or
- (b) if separated from the service,
  - (1) he/she has paid at least Thirty-Six (36) monthly contributions within the Five (5) year period immediately preceding his/her disability; or
  - (2) he/she has paid a total of at least One Hundred Eighty (180) monthly contributions, prior to his/her disability; and

(c) he/she is not receiving the old-age retirement pension benefit.

9.4.2 - In addition to the monthly income benefit for life, a cash payment equivalent to Eighteen (18) times his/her basic monthly pension, shall be paid to a member who was in the service at the time of his/her permanent total disability and who has paid a total of One Hundred Eighty (180) monthly contributions.

9.4.3 - A separated member who has at least Three (3) Years of service, becomes permanently and totally disabled and does not satisfy conditions cited in (b) under Section 9.4.1 of this section shall be immediately paid the cash payment equivalent to one hundred percent (100%) of his/her average monthly compensation for each year of service he/she paid contributions but not less than Twelve Thousand Pesos (P12,000.00). Accordingly, he/ she shall no longer receive separation benefit.

**Section 9.5 Provisions for Partial Disability.** - A member whose disability is partial shall be entitled to a cash payment equivalent to the basic monthly pension to be paid in accordance with the schedule of disabilities or Table of Loss Percentages if he/she satisfies the conditions cited in (a) and (b) under Section 9.4.1.

**Section 9.6 Provisions for Temporary Total Disability.**

9.6.1 - A member who suffers temporary total disability shall be entitled to seventy-five percent (75%) of his/her current daily compensation for each day or fraction thereof of temporary total disability benefit to start not earlier than the Fourth (4th) Day, but not exceeding one hundred twenty (120) days in one calendar year when:

- (a) he/she has exhausted all sick leave credits and collective bargaining agreement sick leave benefits, if any; and
- (b) he/she was in the service at the time of his/her disability; or
- (c) if separated, he/she has rendered at least Three (3) years of service and has paid at least Six (6) monthly contributions in the twelve-month period immediately preceding his/her disability.

9.6.2 - The minimum amount due for temporary total disability shall be P70.00 per day and the maximum shall be initially P340. The payment of such benefit may be extended by the GSIS up to a maximum of Two hundred Forty (240) Days subject to medical evaluation.

**Section 9.7 Notice and Filing of Claims and Other Documents Required.**

9.7.1 - A written notice of sickness or injury shall be given by a member or anybody in his/her behalf within five (5) working days from the date of the occurrence of the contingency. If the member is in the service, the notice shall be given to his/her employer or to the GSIS; if separated from the service, the member shall notify the GSIS directly.

The notice must contain the following information:

- (1) Name and address of the member and his/her employer;
- (2) Date and nature of sickness or injury;
- (3) Place of confinement of the disabled member; and
- (4) Any other pertinent information required by the GSIS.

However, said notice shall not be necessary when:

- (1) the employer or his/her representative already had or should have had knowledge of the contingency; or



(2) the contingency occurred during working hours at the place of work.

9.7.2 - An application for disability benefits must be filed with the GSIS within Four (4) years from the date of the occurrence of the contingency, fully supported by the following papers and documents:

- (1) Proofs of impairment, duly certified by the attending physician;
- (2) Employer's certification;
- (3) Service Record, duly certified by the head of office concerned or his/her duly authorized representative;
- (4) Such other papers and documents as may be required by the GSIS.

The application and the supporting papers and documents shall be in the official forms prescribed by the GSIS.

Section 9.8 *Periodic Medical Report.* The disabled member, except those with permanent partial disability, shall submit annual medical reports on his/her impairment, duly certified by his/her attending physician, and/or submit himself to annual medical and physical examination. If he/she fails to comply with this requirement, the payment of his/her benefit shall be suspended and shall be resumed only upon his/her compliance thereto provided that, he/she is found still entitled to the benefit.

Section 9.9 *Effect of Recovery from Impairment.*

9.9.1 - The benefit being enjoyed by a disabled member shall be suspended notwithstanding his/her being unemployed, when he/she has recovered from his/her disability and has regained his/her capacity to engage in any gainful occupation, as determined by the GSIS.

9.9.2 - If the recovery is such that the resulting disability is classified as "permanent partial," the benefit corresponding thereto shall be paid in accordance with the Table of Loss Percentage, effective on the date of recovery as determined by the GSIS.

9.9.3 - The decision of the GSIS on the extent of recovery shall be final and binding.

Section 9.10 *Effect of Re-Employment/Self-Employment.*

9.10.1 - The benefit being enjoyed by a disabled member shall be automatically suspended regardless of whether his/her re-employment in the government, or employment in the private sector, or self-employment; Provided that, if self-employed, he/she is earning at least the minimum compensation of government employees, as determined from his/her Income Tax Return or other indubitable proofs as may be required by the GSIS.

9.10.2 - If the disability benefit of the re-employed or self-employed member is more than his/her salary from his/her re-employment, the GSIS shall pay only the difference. The payment, however, shall be suspended if the member recovers or fails to comply with Section 9.6 of this Rule.

9.10.3 - Payment of the disability benefit which has been suspended shall be resumed upon termination of the re-employment/self-employment so long as the member is still entitled to the benefit.

Section 9.11 *Forfeiture of Disability Benefits.* All the foregoing provisions notwithstanding, any member who is enjoying disability benefit shall automatically forfeit his/her right to the continued enjoyment thereof if he/she refuses or deliberately fails to:

- (a) have himself/herself medically treated by a physician when required by the GSIS; or
- (b) take the prescribed medication; or
- (c) have himself/herself confined in a hospital without justifiable reason, when such confinement is required by the GSIS; or
- (d) avail himself/herself of such rehabilitation facilities as may be duly recommended by the GSIS and made available for him/her; or
- (e) observe such precautionary and/or preventive measures as prescribed by a physician or expressly required of him/her to prevent the aggravation or continuance of his/her disability.
- (f) report on his/her re-employment

However, upon compliance with the requirements, his/her benefit shall be resumed if he/she is still qualified.

Section 9.12 *Limitation to Enjoyment of Disability Benefits.* Should a new impairment supervene while a member is enjoying disability benefit, the extent of his/her disability shall be re-evaluated taking into account the existing impairment(s) and the new impairment in relation to the entire being of the member, and the benefit corresponding thereto shall be paid in lieu of that currently enjoyed by the member. In no case shall a member enjoy more than one disability benefit at any given time.

## RULE X SURVIVORSHIP AND DEATH BENEFITS

Section 10.1 *General Principle.* - Survivorship and death benefits are those granted to surviving and qualified beneficiaries of the deceased member or pensioner to cushion them against the adverse economic, psychological and emotional loss resulting from the death of a wage earner or pensioner.

Section 10.2 *Survivorship Benefits.* - The survivorship benefits payable to the beneficiaries entitled under the conditions stated in Section 10.3 shall consist of either or both of the following:

(a) *Survivorship pension, as follows:*

- (1) A Basic Survivorship Pension of Fifty Percent (50%) of the basic monthly pension;  
and, in case the member is survived by dependent children,
- (2) Dependent children's pension not exceeding fifty percent (50%) of the basic monthly pension.

(b) Cash payment equivalent to One Hundred Percent (100%) of the member's average monthly compensation for each year of service he paid contributions, but not less than Twelve Thousand Pesos (P12,000.00).



Section 10.3 *Conditions for Entitlement and Corresponding Benefits.* - A member's entitlement to survivorship benefits shall be conditioned by his/her status in the service at the time of his/her death, length of service, and the monthly contributions to the GSIS.

10.3.1 - If at the time of his/her death the member was in the service and had rendered at least Three (3) years of service:

- (a) the primary beneficiaries shall receive the survivorship pension plus the cash payment described in Section 10.2 (a) and 10.2 (b) of this Rule; or
- (b) in the absence of primary beneficiaries, the secondary beneficiaries shall receive the cash payment described in the Section 10.2 (b) of this Rule; or
- (c) in the absence of primary and secondary beneficiaries, the legal heirs of the member shall receive the cash payment described in Section 10.2 (b) of this Rule.

10.3.2 - If at the time of his/her death, the Member was in the service but had rendered less than Three (3) years of service:

- (a) the primary beneficiaries shall receive the survivorship pension described in Section 10.2 (a) of this Rule; or
- (b) in the absence of primary beneficiaries, the secondary beneficiaries shall receive the cash payment described in the Section 10.2 (b) of this Rule; or
- (c) in the absence of primary and secondary beneficiaries, the legal heirs of the member shall receive the cash payment described in Section 10.2 (b) of this Rule.

10.3.3 - If at the time of his/her death the member was separated from the service with at least three years of service and had paid Thirty-Six (36) monthly contributions within the five-year period immediately preceding his/her death; or has paid a total of at least One Hundred Eighty (180) monthly contributions prior to his/her death:

- (a) the primary beneficiaries shall receive the survivorship pension; or
- (b) in the absence of primary beneficiaries, the secondary beneficiaries shall receive the cash payment; or
- (c) in the absence of both, the legal heirs of the member shall receive the cash payment.

10.3.4 - Upon the death of a retiree-pensioner or a member receiving the monthly income benefit for permanent total disability, his/her primary beneficiaries shall receive the survivorship pension; however, in the case of a pensioner who dies within the period covered by the lump sum, the survivorship pension shall be paid only after the expiration of the said period.

Section 10.4 *Allocation of the Survivorship Pension Among Beneficiaries.* - The survivorship pension shall be paid as follows:

10.4.1 - When the dependent spouse is the only survivor, he/she shall receive the basic survivorship pension for life or until he/she remarries. For purposes of this section, the marriage of the surviving spouse immediately prior to the death of the member or pensioner shall be acceptable, unless it is proven that the marriage was solemnized solely for purposes of receiving the benefit;

10.4.2 - When only dependent children are the survivors, they shall be entitled to the following which shall be divided equally among them:

- (a) the basic survivorship pension for as long as they are qualified; plus
- (b) the dependent children's pension equivalent to Ten Percent (10%) of the basic monthly pension for every dependent child not exceeding Five (5), counted from the youngest and without substitution;

10.4.3 - When the survivors are the dependent spouse and the dependent children, the dependent spouse shall receive the basic survivorship pension for life or until he/she remarries, and the dependent children shall receive the dependent children's pension mentioned in Section 10.4.2 (b).

Section 10.5 *Minimum Survivorship Pension.* - The basic survivorship pension shall not be less than Six Hundred Fifty Pesos (P650.00) while the dependent children's pension shall not be less than One Hundred Thirty Pesos (P130.00) for each dependent child.

Section 10.6 *Funeral Benefit.* - The amount of the funeral benefit shall be determined and specified by the GSIS from time to time as deemed necessary, through an information circular distributed to all employers for posting at their premises; but shall not be less than Twelve Thousand Pesos (P12,000.00); Provided, That it shall be increased to at least Eighteen Thousand Pesos (P18,000.00) after Five (5) years and shall be paid upon the death of:

- (a) an active member; or
- (b) a member who has been separated from the service, but who is entitled to future separation or retirement benefit; or
- (c) a member who is a pensioner (excluding survivorship pensioners); or
- (d) a retiree who at the time of his/her retirement is at least Sixty (60) Years old but opts to retire under Republic Act No. 1616; or
- (e) a member who retired under Republic Act No. 1616 prior to the effectivity of this Act with at least Twenty (20) Years service regardless of age.

Section 10.7 *Payment of Funeral Benefits.* The funeral benefit shall be paid to one of the following in the order in which they appear herein below:

- (a) the surviving spouse;
- (b) the legitimate child who spent for the funeral services; or
- (c) any other person who can show incontrovertible proofs of having borne the funeral expenses.

Section 10.8 *Non-Entitlement to Funeral Benefits.* The following are not entitled to funeral benefits:

- (a) all survivorship pensioners; and
- (b) those who have optional-life insurance coverage only.

## RULE XI COMPULSORY LIFE INSURANCE

Section 11.1 *Coverage.* - Life insurance shall be compulsory for all employees, including the members of the Judiciary and the Constitutional Commissioners, but excluding the uniformed members of the Armed Forces of the Philippines (AFP), the Philippine National Police and the Bureau of Fire Protection (BFP) and Bureau of Jail Management and Penology.



The compulsory life insurance coverage of the uniformed members of the AFP and the PNP including the Bureau of Fire Protection (BFP) and Bureau of Jail Management and Penology (BJMP) shall terminate upon the effectivity of this Act. Consequently, those who were compulsorily covered before the effectivity of this Act shall have the option to continue or surrender their life insurance policies. Those who opt to continue with their life insurance coverage, shall be considered optional life policyholders.

Section 11.2 *Effectivity of Insurance.* - The compulsory life insurance of employees shall take effect automatically, as follows:

11.2.1 - Those employed after the effectivity of this Act: their insurance shall take effect on the date of their assumption to duty pursuant to a valid appointment or election;

11.2.2 - Those without any life insurance as of the effectivity of this Act: their insurance shall take effect upon the effectivity of this Act;

11.2.3 - Those whose insurance matures after the effectivity of this Act: their insurance shall be deemed renewed on the day following the date of maturity of their previous insurance;

11.2.4 - Non-permanent employees who are insured under renewable term policies: their term insurance shall remain in full force and effect pursuant to Republic Act No. 4968 until the end of the term; however, they shall be issued the compulsory life insurance coverage which shall take effect upon the effectivity of this Act;

11.2.5 - Uniformed personnel of the AFP and the PNP may opt to continue their insurance: but their insurance shall no longer be renewed when it matures after the effectivity of this Act;

Section 11.3 *Plan and Amount of Insurance.*

11.3.1 - An employee who is not a member of the Judiciary or a Constitutional Commission, whose compulsory life insurance will take effect or is renewed after the effectivity of this Act, will be insured under the insurance plan pertaining to his/her age at the time of effectivity, as follows:

Age Bracket	Plan of Insurance
30 years and below	Endowment at 45
31 years to 40 years	Endowment at 55
41 years to below 60 years	Endowment at 65
60 years and over	Ordinary Life

11.3.2 - For members of the Judiciary and Constitutional Commissioners, their compulsory life insurance coverage shall be in accordance with the Table of Amount of Insurance prescribed under C.A. 186, as amended.

Section 11.4 *Information for Membership.*

11.4.1 - All employees shall accomplish and submit to the GSIS the "Information for Membership" form as prescribed by the GSIS. The service record portion of the "Information for Membership" shall be duly certified by the Heads of Offices or their authorized representatives. Failure to submit said document within Thirty(30) days from the promulgation of these Rules or in case of new employees, from assumption of duty shall be a ground for withholding the benefits under these Rules.

11.4.2 - For purposes of the preceding paragraph, all Heads of Offices shall submit to the GSIS within Thirty (30) days from the promulgation of these Rules, the names and specimen signatures of their duly authorized representatives, otherwise, only said Heads of Offices can certify the "Information for Membership" forms.

Section 11.5 *Life Insurance Benefits, To Whom Payable.*

11.5.1 Maturity Benefit. - Upon maturity of the life insurance, the face amount less any indebtedness against the policy, shall be paid to the member;

11.5.2 Death Benefit. - When a member dies prior to the maturity of his/her insurance and during its continuance, the GSIS shall pay to the designated beneficiaries or to his/her legal heirs, as the case may be, the face amount less any indebtedness thereon.

11.5.3 Accidental Death Benefit (ADB). - When the death of the member is accidental in accordance with Section 10.9.2 of this Rule, the GSIS shall pay the designated beneficiaries or the legal heirs, as the case may be, an additional amount equivalent to the face amount of his/her compulsory insurance;

11.5.4 Waiver of Premiums. - When a member is separated due to total and permanent disability, the contributions that may become due and payable during the period of disability shall be deemed waived and considered paid.

11.5.5 Cash Surrender Value (CSV). - After his/her insurance shall have been in force for one (1) year, a member separated from the service prior to the maturity of the insurance may be paid the cash value less any indebtedness thereon unless the terms of his/her separation provide otherwise;

11.5.6 Insurance Loans. - Upon application, a member who has been insured for at least one (1) year may be granted an insurance loan in an amount not exceeding Fifty Percent (50%) of the cash value of his/her insurance at the time of application.

11.5.7 Dividends. - An annual dividend may be granted to all members of the GSIS whose life insurance is in force for at least one (1) year, based on records submitted by the employer. A Dividend Allocation Formula shall be determined and circularized by the GSIS for this purpose.

11.6 *Designation, Change of Beneficiaries.*

11.6.1 - A member shall designate his/her beneficiaries in the "Information for Membership". He/She may change or designate additional beneficiaries at any time while his/her insurance is in force by filing the prescribed form with the GSIS during his/her lifetime.

11.6.2 - Pursuant to Article 2012 of the Civil Code of the Philippines, any person who is forbidden from receiving any donation under Article 739 of the Civil Code cannot be named beneficiary of a life insurance policy by the member. Specifically, the invalid designations of beneficiary shall be the following:

- (1) Those made between persons who were guilty of adultery or concubinage at the time of designation;
- (2) Those made between persons found guilty of the same criminal offense in consideration thereof; and
- (3) Those made to a public officer or his wife, descendants and ascendants by reason of his office.



11.6.3 - Unless otherwise indicated by the member in the "Information for Membership" or in a written request filed with the GSIS, the beneficiaries shall share equally in the proceeds of the insurance in the event the member dies prior to the maturity of the insurance.

Section 11.7 *Mis-statement of Age.* - If the age of the member had been mis-stated, the amount of insurance shall be adjusted to the sum which corresponds to his/her correct age. The date of birth appearing in the "Information for Membership" shall be adopted unless the birth certificate or baptismal certificate is presented showing a different date. In such case, the birth certificate, then the baptismal certificate, shall take precedence.

Section 11.8 *Transfer/Separation.*

11.8.1 - A member who transfers from one employer to another or from one station to another under the same employer shall continue to be insured under the same insurance. However, he/she shall immediately notify the GSIS of said transfer and of any change in his/her salary.

11.8.2 - A member who is separated from the service for any reason other than dismissal for cause or total and permanent disability after having been insured for at least one year, shall have the following options:

- (1) to terminate his/her insurance and collect its cash value; or
- (2) to convert his/her insurance into an optional insurance and pay the premiums as determined by the GSIS.

11.8.3 - Unless the terms of his/her separation provide otherwise, a member who is dismissed for cause shall automatically forfeit to the GSIS one-half (½) of the cash value of his/her life insurance. The other half, less any indebtedness, shall be paid to the member and in case of his/her death, to his/her beneficiaries and/or legal heirs;

Section 11.9 *Conditions for Payment of Accidental Death Life Insurance Benefits (ADB).*

11.9.1 - The GSIS shall pay the accidental death benefit upon receipt of written notice within Thirty (30) days from the date of death of the member and due proof that such death resulted, directly and independently of all other causes, from bodily injury and while his/her insurance is in force, and that said death was caused solely by external, violent, and accidental means and not intentionally caused or provoked by the member, and occurred within Ninety (90) days from the date of the accident.

11.9.2 - The accidental death benefit shall not be paid, however, if the member's death shall result, either directly or indirectly, from any of the following causes:

- (1) suicide or self-inflicted injuries, whether the member be sane or insane;
- (2) any violation of the law by the member;
- (3) assault provoked by him/her;
- (4) strike, riot, insurrection, or war, or any act incident thereto;
- (5) participation, temporarily or otherwise, in any aeronautic or submarine expedition or operation except as a fare-paying passenger;
- (6) physical or mental infirmity, sickness or disease of any kind, pregnancy or childbirth;
- (7) poisoning or infection, if not occurring simultaneous with and in consequence of a cut or wound sustained in an accident;

- (8) nuclear energy explosion of any nature whatsoever;
- (9) habitual intoxication;
- (10) use of dangerous drugs without physician's prescription;
- (11) intentional exposure to unnecessary danger; or
- (12) injuries of which there is no visible contusion or wound on the exterior of the body, except in cases of drowning and internal injuries as revealed by autopsy.

The GSIS may, before payment, examine the body and make an autopsy.

## RULE XII

### OPTIONAL LIFE INSURANCE AND PRE-NEED COVERAGE

Section 12.1 *Who May Apply.* - A member may at any time apply for optional life insurance and pre-need coverage for himself and/or his dependents.

Section 12.2 *Types of Life Insurance and Pre-Need Products.*

12.2.1 - An applicant for optional life insurance may choose ordinary life, limited payment life, single payment, joint life, endowment, term insurance and such other types of insurance as may be approved by the GSIS.

12.2.2 - An applicant for pre-need coverage may choose from the various types of educational, memorial, hospitalization products as well as other types of pre-need products that may be approved by the GSIS.

Section 12.3 *How to Apply.*

12.3.1 - An applicant for optional life insurance shall submit to the GSIS the appropriate application, together with a health declaration or a record of physical and medical examination, as the case may be, in the forms prescribed by the GSIS.

12.3.2 - An applicant for pre-need coverage shall submit to the GSIS or to its marketing partners the appropriate application, together with a health declaration or the required record of physical and medical examination, as the case may be, in the forms prescribed by the GSIS.

Section 12.4 *Proofs of Insurability.*

12.4.1 - Only a health declaration shall be required of optional life insurance applicants not over 50 years old and for an amount of insurance not exceeding One Hundred Fifty Thousand Pesos (P150,000) if they have not been previously refused insurance coverage for medical reasons. In determining the limits of the amount of coverage, all existing insurance of the applicant, except compulsory insurance together with the amount applied for, shall be taken into account.

12.4.2 - Physical and medical examination shall be required of the following optional life insurance applicants:

- (1) those whose health declarations are unsatisfactory;
- (2) applicants over Fifty years (50) years of age, regardless of the amount of insurance; and
- (3) applicants for insurance exceeding One Hundred Fifty Thousand Pesos (P150,000), regardless of age.



The scope of physical and medical examination shall be as indicated in the Table below. However, the System may require additional proofs of insurability other than those indicated in said Table.

12.4.3 - The Health Declaration or the Record of Physical and Medical Examination shall be valid for a period of Ninety (90) days from the date of accomplishment or examination.

12.4.4 - In the case of the application for pre-need coverage, the GSIS Medical Evaluation and Underwriting Department Division shall prescribe the necessary physical and medical examination requirements.

Section 12.5 *Classification of Risks.* - Any applicant for life insurance coverage, regardless of the amount of insurance applied for, shall be classified into standard or substandard risk in accordance with the accepted insurance business practice, taking into account among others, the following:

- (a) Health Condition;
- (b) Past Medical History;
- (c) Family History;
- (d) Environment;
- (e) Age;
- (f) Occupation;
- (g) Moral Hazard; and
- (h) Financial Status.

**TABLE OF MEDICAL RECORD REQUIREMENTS  
AT SPECIFIC AMOUNTS OF INSURANCE**

<i>Requirements</i>	<i>P150,000 &amp; Below</i>	<i>Above P150,000 to P199,999</i>	<i>P200,000 to P249,999</i>	<i>P250,000 to P299,999</i>	<i>P300,000 &amp; Above</i>
1. Physical and Medical Examination	X	X	X	X	X
2. Urinalysis	X	X	X	X	X
3. X-Ray	X	X	X	X	X
4. Fasting Blood Sugar		X	X	X	X
5. Resting ECG Tracing (mounted)		X	X	X	X
6. Blood Cholesterol Determination			X	X	X
7. Hemoglobin (HGB), Hemotocrit (HCT) & White Blood Count			X	X	X
8. Complete Blood Count				X	X
9. Master's Test				X	X
10. Blood Chemistry Studies on Uric Acid Creatinine & BUN				X	X
11. Another Physical & Medical Exam performed by a different physician at a different time.					X

The applicant shall pay the premiums corresponding to his classification as determined by the GSIS.

Section 12.6 *Effectivity of Insurance.*

12.6.1 - The optional life insurance policy shall take effect on the first day of the month following the month the first premium is paid, *provided*, that the applicant has submitted a satisfactory health declaration or has passed the physical and medical examination required by the GSIS. In no case shall the effectivity date be later than Ninety (90) days after the health declaration was accomplished or the physical and medical examination was conducted.

12.6.2 - The pre-need coverage shall take effect upon payment of the first premium.

Section 12.7 *Payment of Premiums.*

12.7.1 - Premium on optional life insurance shall be paid monthly in advance during the life of the policy either directly by the insured, if retired or separated from the service or through salary deduction if still in the service.

12.7.2 - When any premium remains unpaid after its due date, a grace period of Sixty (60) days without interest shall be allowed during which time the policy shall remain in force, but if the policy shall become a claim within said grace period, the unpaid premiums shall be deducted from the proceeds thereof.

After the end of the grace period and the premiums due remain unpaid, the policy will automatically lapse and become void without the necessity of notice from the System. However, if the policy has earned sufficient cash value, the Automatic Premium Loan provision shall apply.

12.7.3 - Premiums on optional life insurance paid through salary deduction shall be considered paid on the date of deduction if eventually received by the System within Thirty-One (31) days from said deduction, otherwise the date of actual receipt shall be the date of payment. The premiums may be borne by the insured or his employer and/or any person acceptable to the System.

12.7.4 - In case of group insurance as an additional benefit to its employees, the employer shall pay the required premiums.

Section 12.8 *Payment of Monthly Installments.*

12.8.1 - Monthly installments of pre-need coverage shall be paid at the beginning of each month for the duration of the coverage either directly by the planholder, if retired or separated, or through salary deduction if still in the service.

12.8.2 - When any monthly installment remains unpaid to the GSIS after its due date, a grace period of Sixty (60) days without interest shall be allowed during which time the plan shall remain in force, but if the plan shall become a claim within said grace period, subject to validity of claim, the unpaid monthly installments shall be deducted from the proceeds thereof.

After the end of the grace period and the monthly installments due remain unpaid, the plan will automatically lapse and become void without the necessity of notice from the GSIS.

12.8.3 - Monthly installments of pre-need coverage paid through salary deduction shall be considered paid on the date of actual receipt of the payment.

Section 12.9 *Incontestability.*

12.9.1 - An optional life insurance policy issued under this Rule shall be incontestable after it shall have been in force for a period of Two (2) years from its date of issue or reinstatement, except for non-payment of premiums.



12.9.2 - A pre-need coverage issued under this Rule shall be incontestable after it shall have been in force for a period of One (1) year from its date of issue or reinstatement, except for non-payment of premiums.

Section 12.10 *Conduct of Physical and Medical Examination.* - Unless otherwise provided by the GSIS, the physical and medical examination, when required for optional insurance, shall be conducted by the Medical Evaluation and Underwriting Group of the GSIS or by its duly authorized representative, subject to the approval of the Medical Director for the Head Office or the Branch Medical Officer or his authorized representative for the Branches.

Section 12.11 *Reinstatement of Lapsed Policy/Plan.*

12.11.1 - A lapsed policy may be reinstated upon submission of satisfactory proofs of insurability and the payment of at least the difference between the cash value of the policy at the time of the reinstatement and the total premium indebtedness.

12.11.2 - A lapsed pre-need plan may be reinstated/re-applied/updated within a period of two years from date of default upon payment of the arrearages plus an interest that will be determined by the GSIS from time to time and upon approval of the GSIS of the reinstatement/reapplication/updating. Mere payment of arrearages beyond the grace period shall not automatically effect reapplication, or reinstatement, or updating, until such time that the plan is fully reapplied, reinstated, or updated and approved by the GSIS in writing.

Section 12.12 *Change of Plan of Insurance.* - In case of a change of the endowment plan from shorter to longer endowment period without any change in the amount of insurance, the insured must pass a physical and medical examination. In case of change from longer to shorter endowment period without any change in the amount of insurance, the insured shall pay the amount representing the increase in the terminal reserves as computed by the System.

In either case, the rate of premiums shall be adjusted accordingly and the insured shall pay a service fee of Twenty Pesos (P20.00).

Section 12.13 *Premium and Monthly Installment Rates.*

12.13.1 - The rates of premium for any type of optional insurance mentioned in Section 12.2.1 of this Rule shall be those set forth under the Table of Gross Premiums for Optional Life Insurance prescribed by the System.

12.13.2 - The rates of monthly installments for any type of pre-need coverage mentioned in Section 12.2.2 of this Rule shall be those prescribed by the GSIS.

Section 12.14 *Contract of Insurance/Plan.* - The rights and obligations of the insured/planholder and the GSIS are set forth in the policy/plan issued to the member or his dependents, in the application for optional life insurance/pre-need coverage, and in this IRR.

Section 12.15 *Settlement of Claims.*

12.15.1 - The pertinent provisions of Rules XI and XIII in the settlement of claims for compulsory life insurance shall apply to the settlement of claims for optional life insurance.

12.15.2 - The GSIS, in agreement with the marketing partner, shall prescribe the rules on the settlement of the claims for pre-need coverage

## RULE XIII REINSURANCE

The GSIS may reinsure any of its interest wholly or in part with any private company or reinsurer, whether domestic or foreign, provided that the GSIS shall submit an annual report on its reinsurance operations to the Insurance Commission.

## RULE XIV ADJUDICATION OF CLAIMS AND DISPUTES

Section 14.1 *Quasi-Judicial Functions of the GSIS.* - The GSIS shall have original and exclusive jurisdiction to settle any dispute arising under Republic Act No. 8291, Commonwealth Act No. 186, as amended, and other laws administered by the GSIS with respect to:

- (1) Coverage of employers and employees;
- (2) Entitlement of members to the following benefits under these Rules:
  - (a) Separation benefits
  - (b) Unemployment or involuntary separation benefits
  - (c) Retirement benefits
  - (d) Disability benefits
  - (e) Survivorship benefits
  - (f) Funeral benefits
  - (g) Life Insurance benefits
- (3) Collection and payment of contributions;
- (4) Criminal actions arising from this Act; and
- (5) Any other matter related to any or all of the foregoing which is necessary for their determination.

Section 14.2 *Prescription.* - Claims for benefits under Republic Act No. 8291 except for life insurance and retirement shall prescribe after Four (4) years from date of contingency.

Section 14.3 *Body Vested with Quasi-Judicial Functions.* - The quasi-judicial functions of the GSIS shall be vested in its Board of Trustees.

Section 14.4 *Hearing Officer, Powers and Duties.* - Any member of the Board or official of the GSIS may be designated by the Board as Hearing Officer, with the following powers and duties:

- (1) To receive oral and documentary evidence of the parties to a case and to rule on their admissibility;
- (2) To issue summons, subpoenas, subpoenas duces tecum, orders, and other similar processes necessary for the proper determination and disposition of the case before him/her;
- (3) To appoint a counsel de oficio for pauper litigants who are unable to secure the assistance of counsel, if they request for such assistance;
- (4) To administer oaths or affirmations;
- (5) To submit findings and recommendations to the Board within the time prescribed in these Rules; and
- (6) To perform such other acts as may be directed by the Board or as may be necessary for the effective and efficient discharge of his/her powers and duties.



Section 14.5 *Clerk of the GSIS.* - The Secretary of the Board or his designated representative shall be the Clerk of the GSIS, with the following powers and duties:

- (1) To issue under the seal of the GSIS all ordinary writs and processes incident to pending cases, the issuance of which does not involve the exercise of functions appertaining to the Board, or Hearing Officer or Board Officer, and make out and sign all writs and processes issuing from the GSIS;
- (2) To perform, in the absence of the Board or the Hearing Officer, all the duties of the Board or the Hearing Officer receiving applications, petitions, inventories, reports, and the issuance of all orders and notices that follow as a matter of course under the Rule;
- (3) To safely keep all records, papers, files, exhibits and public property committed to his charge, and the seal of the GSIS;
- (4) To keep a general docket, each page of which shall be numbered and prepared for receiving all the entries in a single case; and to enter therein all cases, numbered consecutively in the order in which they were received; and, under the heading of each case and a complete title thereof, the date of each paper filed or issued, of each order of judgment entered, and of each step taken in the case;
- (5) To keep a judgment book containing a copy of each judgment rendered by the Board in the order of the date; and a book of entries of judgment, containing at length in chronological order entries of judgment or orders of the Board;
- (6) To keep an execution book in which he or his deputy shall record at length in chronological order each execution, and the officer's return thereon, by virtue of which real property has been sold;
- (7) To prepare, for any person demanding the same, a copy certified if proper under the seal of the GSIS of any paper, record, order, judgment, or entry in this office, for the fees prescribed by this Rule;
- (8) To compile the decisions of the Board and cause their publication in a series to be known as GSIS Reports; and
- (9) To keep such other books and perform such other duties as the Board may direct.

Section 14.6 *Construction.* - The provisions of these sections shall be liberally construed in order to promote their purpose and to assist the parties in obtaining just, speedy, and inexpensive determination of every action and proceeding.

Section 14.7 *General Principles in Hearing and Determination of Cases.* - In the hearing, investigation and determination of any question or controversy, and in exercising any duty or power under the law and this Rule, the Board or Hearing Officer shall act on the merits of the case with the end in view of promoting justice and equity, and shall not be bound by technical rules of evidence.

Section 14.8 *Parties.* - The party initiating the action shall be called the "Petitioner" and the party against whom the action is brought shall be called "Respondent."

Section 14.9 *Who May File Petition.* - The GSIS, in appropriate cases, or any person whose rights are or may be prejudiced by the operations or the enforcement of Republic Act No. 8291, Commonwealth Act Numbered 186, as amended, and other laws administered by the GSIS on matters herein above specified, may file a petition before the GSIS either personally or through counsel.

Section 14.10 *Formal Requirements of Pleading.* - Each pleading shall contain a caption setting forth the name, "Republic of the Philippines," followed by the name, "Government Service Insurance System" immediately below and, below the latter the name "Metro Manila."

Section 14.11 *Contents of the Petition.* - The petition shall state the following:

- (1) The name, address and legal capacity of the petitioner;
- (2) The name and address of the respondent;
- (3) A clear and concise statement of the petitioner's cause or causes of action, specifying therein the particular section/s of the law or rule violated or sued upon. If the basis of the action is a rule, regulation, resolution, memorandum or order of the Board, the date of the promulgation thereof shall be stated and a copy thereof attached; and
- (4) The relief sought.

Section 14.12 *Verified Pleadings.* - All pleadings shall be verified.

Section 14.13 *Prohibited Pleading and Motions.* - The following pleadings, motions or petitions shall not be allowed in the cases covered by this Rule:

- (1) Motions to dismiss
- (2) Motions for a bill of particulars
- (3) Motions for new trial, or for reopening of trial
- (4) Petitions for relief from judgment
- (5) Motions for extension of time to file pleading, affidavits or any other paper
- (6) Memoranda
- (7) Petition for certiorari, mandamus prohibitions against any interlocutory order issued by the Board or Hearing Officer
- (8) Motion to declare the defendant in default
- (9) Dilatory motions for postponement
- (10) Replies
- (11) Third party complaints
- (12) Interventions

Section 14.14 *Summons.* - Upon the filing of a petition; the Clerk of the GSIS shall issue the corresponding summons to the respondent/s together with a copy of the petition.

Section 14.15 *Preliminary Conference.* - Before conducting the hearing, the Hearing Officer may call the parties to a preliminary conference during which they may agree to a stipulation of facts. The Hearing Officer shall also clarify and define the issues of the case.

Section 14.16 *Effect of Failure to Answer.* - Should the respondent fail to answer the petition within the reglementary 10 days period herein provided, the Board, motu proprio, or on motion of the petitioner, shall render judgment as may be warranted by the facts alleged in the petition and limited to what is prayed for therein except as to the amount of damages which the Board may decide in its discretion.

Section 14.17 *Affidavits.*

14.17.1 - Within Ten (10) days from receipt of the orders mentioned in Section 14.18, the parties shall submit the affidavits of witnesses and other evidences on the factual issues, together with a brief statement of their positions setting forth the law and the facts relied upon by them.



14.17.2 - The affidavits to be submitted shall state only facts of direct personal knowledge of the affiants which are admissible in evidence, and shall show their competence to testify to the matters stated.

A violation of this requirement shall be cause to expunge the inadmissible affidavit or portion thereof from the record.

Section 14.18 *Judgment, Hearing, When Ordered.*

14.18.1 - Except in criminal actions arising from this Act, the Hearing Officer shall determine whether the findings and recommendations may be rendered, without need of a formal hearing, on the basis of the pleadings affidavits and other evidences, and positions/ statements submitted by the parties; in which case, he shall render his findings and recommendations not later than Fifteen (15) days from the submission of the positions/ statements of the parties.

14.18.2 - In cases where the Hearing Officer deems it necessary to hold a hearing to clarify specific factual matters before rendering his findings and recommendations, he shall set the case for hearing for the purpose. At such hearing, witnesses whose affidavits were previously submitted may be asked clarificatory questions by the proponent and by the Hearing Officer and may be cross-examined by the adverse party.

14.18.3 - The order setting the case for hearing shall specify the witnesses who will be called to testify, and the matters on which their examination will deal.

Section 14.19 *Findings and Recommendations of Hearing Officers.* - Within Thirty (30) working days from the time the parties have closed their respective evidence and filed their last pleading, the Hearing Officer shall submit his findings and recommendations to the Board, together with documentary and testimonial evidence presented in the case.

Section 14.20 *Decision of the Board.* - The Board shall decide the case transmitted to it by the Hearing Officer within Thirty (30) days from its submittal. If the case was heard directly by the Board, it shall render its decision thereon within Thirty (30) working days from the time case is submitted by the parties for decision.

Section 14.21 *Appeals.* - Within Fifteen (15) days from receipt of notice of decision or award, the aggrieved party may appeal the decision of the GSIS Board of Trustees to the Court of Appeals. These appeals shall be governed by Sections 43 and 45 of the 1997 Rules of Civil Procedures adopted by the Supreme Court on April 8, 1997 which will take effect on July 1, 1997.

Pending cases and those filed prior to July 1, 1997 shall be governed by the applicable rules of procedures.

The appeal shall take precedence over all other cases except criminal cases where the penalty imposable is life imprisonment or death.

Section 14.22 *Execution of Decision.* - When no appeal is perfected and there is no order to stay by the Board, by the Court of Appeals or by the Supreme Court, any decision or award of the Board shall be enforced and executed in the same manner as decisions of the Regional Trial Court. For this purpose, the Board shall have the power to issue to the City or Provincial Sheriff or its appointed sheriff such writs of execution as may be necessary for the enforcement of such decision or award, and any person who shall fail or refuse to comply with such decision, award, writ or process after being required to do so, shall, upon application by the GSIS, be punished for contempt.

Section 14.23 *Applicability of the Revised Rules of Court of the Philippines.* - The provisions of the Revised Rules of Court of the Philippines that are not inconsistent with the explicit provisions of this IRR shall be applicable in a suppletory manner to the hearings conducted by the GSIS.

## RULE XV FUNDS OF THE GSIS

Section 15.1 *Funds.* - All contributions described and payable under Rule III of this IRR, together with their earnings and accruals, shall constitute the GSIS Social Insurance Fund. The said Fund shall be used to finance the benefits administered by the GSIS under RA 8291. In addition, the GSIS shall administer the optional insurance fund for the insurance coverage described in Rule XII of this IRR, the Employees' Compensation Insurance Fund created under P.D. 626, as amended, the General Insurance Fund created under Act No. 656, as amended, and such other special funds existing or that may be created for special groups or persons rendering services to the government. The GSIS shall maintain the required reserves to guarantee the fulfillment of its obligations under RA 8291.

The funds of the GSIS shall not be used for purposes other than what are provided for under RA 8291. Moreover, no portion of the funds of the GSIS or income thereof shall accrue to the General Fund of the national government and its political subdivisions, instrumentalities and other agencies, including government-owned and controlled corporations except as may be allowed under the Act.

Section 15.2 *Deposits and Disbursements.* - All revenues collected and all accruals thereto shall be deposited, administered and disbursed in accordance with the law. A maximum expense loading of Twelve percent (12%) of the yearly revenues from all sources may be disbursed for administrative and operational expenses as may be otherwise approved by the President of the Philippines on the basis of actuarial and management studies.

Section 15.3 *Investment of Funds.*

15.3.1 - The funds of the GSIS which are not needed to meet the current obligations may be invested under such terms and conditions and rules and regulations as may be prescribed by the Board: *Provided*, That investments shall satisfy the requirements of liquidity, safety/security and yield in order to ensure the actuarial solvency of the funds of the GSIS: *Provided, further*, That the GSIS shall submit to both Houses of Congress of the Philippines an annual report on all investments made.

15.3.2 - Specifically, the funds of the GSIS may be invested in the following:

- (1) In interest-bearing bonds or securities or other evidence of indebtedness of the Government of the Philippines;
- (2) In interest-bearing deposits or securities 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 has prior designation as a depository for the purpose by the Monetary Board of the Central Monetary Authority;
- (3) In direct housing loans to members and group housing projects secured by first mortgage, giving priority to the low-income groups; and in short- and



medium-term loans to members such as salary, policy, educational, emergency, stock purchase plan and other similar loans: *Provided*, That not less than forty percent (40%) of the investible fund of the GSIS Social Insurance Fund shall be invested for these purposes;

- (4) In bonds, securities, promissory notes or other evidence of indebtedness of educational or medical institutions to finance the construction, improvement and maintenance of schools and hospitals;
- (5) In real estate property, including shares of stocks involving real estate property and investments secured by first mortgages on real estate or other collaterals acceptable to the GSIS: *Provided*, That such investments shall, in the determination of the Board, redound to the benefit of the GSIS, its members, as well as the general public;
- (6) In debt instruments and other securities traded in the secondary markets;
- (7) In loans to, or in bonds, debentures, promissory notes or other evidence of indebtedness of any solvent corporation created or existing under the laws of the Philippines;
- (8) In investments in stocks for trading, whether common and preferred, of any solvent corporation or financial institutions with proven track record of profitability over the last Three (3) years and payment of dividends at least once over the same period;
- (9) In investments in the equity of any establishment, firm or entity, either fully or partially owned;
- (10) In domestic mutual funds including investments related to the operations of mutual funds; and
- (11) In foreign mutual funds and in foreign currency deposits or foreign currency-denominated debts, non-speculative equities and other financial instruments or other assets 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 instruments or assets are issued: *Provided, further*, That the issuing company has proven a track record of profitability over the last Three (3) years and payment of dividends at least once over the same period.

Section 15.4 *Records and Reports.* - The GSIS shall keep and cause to be kept such records as may be necessary for the purpose of making actuarial studies, calculations and valuations of the funds of the GSIS including such data needed in the computation of rates of disability, mortality, morbidity, separation and retirement among the members and any other information useful for the adjustment of the benefits of the members. The GSIS shall maintain appropriate books of accounts to record its assets, liabilities, income, expenses, receipts and disbursements of funds and other financial transactions and operations.

Section 15.5 *Examination and Valuation of the Funds.* - The GSIS shall make an actuarial examination and valuation of its funds in accordance with accepted actuarial principles every Three (3) years to coincide with the review of the Insurance Commission.

Section 15.6 *Exemption of GSIS and its Assets and Funds from Taxes, Assessments, Fees, Charges, and Duties-State Policy.*

15.6.1 - It is a declared policy of the State that the actuarial solvency of the funds of the GSIS shall be preserved and maintained at all times and that contribution rates necessary to sustain the benefits under this Act shall be kept as low as possible in order not to burden the members of the GSIS and their employers.

15.6.2 - Accordingly, notwithstanding any laws to the contrary, the GSIS, its assets, properties, revenues including all accruals thereto, and benefits paid, are exempt by virtue of RA 8291 from all taxes, assessments, fees, charges and duties of all kinds.

15.6.3 - These exemptions shall continue unless expressly and specifically revoked and any assessment against the GSIS, as of the approval of RA 8291, are hereby considered paid.

15.6.4 - All laws, ordinances, regulations, issuances, opinions or jurisprudence contrary to or in derogation of this provision are deemed repealed, superseded and rendered ineffective and without legal force and effect.

15.6.5 - These exemptions shall not be affected by subsequent laws to the contrary, unless Section 39 of RA 8291 is expressly, specifically and categorically revoked or repealed by law and a provision is enacted to substitute or replace the exemptions grant. This provision is essential to maintain or protect the solvency of the fund, notwithstanding, and independently of the guaranty of, the national government to secure the solvency of GSIS funds or the payments of its liabilities to its members.

Section 15.7 *Exemption of Benefits of Members from Tax, Attachment, Execution, Levy or Other Legal Processes.* - The social security benefits and other benefits of GSIS members under RA 8291 shall be exempt from tax, attachment, garnishment, execution, levy or other processes issued by the courts, quasi-judicial agencies or administrative bodies in connection with all financial obligations of the member, including his pecuniary accountability arising from or caused or occasioned by his exercise or performance of his official functions or duties or incurred in connection with his position or work, as well as COA disallowances. Monetary liability in favor of the GSIS, however, may be deducted from the benefits of the member.

Section 15.8 *Government Guarantee.* - The Government of the Republic of the Philippines guarantees the fulfillment of the obligations of the GSIS to its Members as and when they fall due.

## RULE XVI ADMINISTRATION

Section 16.1 *Implementing Body.* - The Government Service Insurance System as created under Commonwealth Act No. 186 shall implement the provisions of RA 8291.

Section 16.2 *Powers and Functions of the GSIS.* - The GSIS shall exercise the following powers and functions:

16.2.1 - To formulate, adopt, amend and/or rescind such rules and regulations as may be necessary to carry out the provisions and purposes of RA 8291, as



well as ensure the effective execution of the powers, functions, duties, and responsibilities of the GSIS, its officers and employees;

16.2.2 - To adopt or approve the annual and supplemental budget of receipts and expenditures including salaries and allowances of the GSIS personnel; and to authorize such capital and operating expenditures and disbursements of the GSIS as may be necessary and proper for the effective management and operation of the GSIS;

16.2.3 - To invest the funds of the GSIS, directly or indirectly, in accordance with the provisions of RA 8291;

16.2.4 - To acquire, utilize and dispose of, in any manner recognized by law, real or personal property in the Philippines or elsewhere necessary to carry out the purposes of RA 8291;

16.2.5 - To conduct continuing actuarial and statistical studies and valuations to determine the financial condition of the GSIS and, taking into consideration such studies and valuations and the limitations herein provided, re-adjust the benefits, contributions, premium rates, interest rates or the allocation or re-allocation of the funds to the contingencies covered;

16.2.6 - To have the power of succession;

16.2.7 - To sue and be sued;

16.2.8 - To enter into, make, perform and carry out contracts of every kind and description with any person, firm or association or corporation, domestic or foreign;

16.2.9 - To carry on any other lawful business whatsoever in pursuance of, or in connection with the provisions of this Act;

16.2.10 - To have one or more offices in and outside of the Philippines, and to conduct its business and exercise its powers throughout and in any part of the Republic of the Philippines and/or in any or all foreign countries, states and territories: *Provided*, That the GSIS shall maintain a branch office in every province where there exists a minimum of Fifteen Thousand (15,000) active members and where the setting up of the branch office is financially viable;

16.2.11 - To borrow funds from any source, private or government, foreign or domestic, only as an incident in the securitization of housing, mortgages of the GSIS and on account of its receivables from any government or private entity;

16.2.12 - To invest, own or otherwise participate in equity in any establishment, firm, or entity, domestic or foreign;

16.2.13 - To approve appointments in the GSIS according to the Civil Service rules and regulations; *Provided*, That all positions in the GSIS shall be governed by a compensation and position classification system and qualifications standards approved by the GSIS Board of Trustees based on a comprehensive job analysis and audit of actual duties and responsibilities: *Provided, further*, That the compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to periodic review by the Board no more than once every Four (4) years without prejudice to yearly merit review or increases based on productivity and profitability;

16.2.14 - To design and adopt an Early Retirement Incentive Plan (ERIP) and/or financial assistance for the purpose of retirement for its own personnel;

16.2.15 - To fix and periodically review and adjust the rates of interest and other terms and conditions for loans and credits extended to members or other persons, whether natural or juridical;

16.2.16 - To enter into agreement with the Social Security System or any other entity, enterprise, corporation or partnership for the benefit of members transferring from one system to another subject to the provision of Republic Act No. 7699, otherwise known as the Portability Law;

16.2.17 - To be able to float proper instruments to liquify long-term receivables by selling the same in the secondary mortgage market;

16.2.18 - To submit annually, not later than June 30, a public report to the President of the Philippines and the Congress of the Philippines regarding its activities in the administration and enforcement of RA 8291 during the preceding year, including information and recommendations on broad policies for the development and perfection of the programs of the GSIS;

16.2.19 - To maintain a Provident Fund, which consists of contributions made by both the GSIS and its officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it may prescribe;

16.2.20 - To approve and adopt guidelines affecting investments, insurance coverage of government properties, settlement of claims, disposition of acquired assets, privatization or expansion of subsidiaries, development of housing projects, increased benefit and loan packages to members, and the enforcement of the provisions of this Act;

16.2.21 - Any provision of law to the contrary notwithstanding, to authorize the payment of extra remuneration to the officials and employees directly involved in the collection and/or remittance of contributions, loan repayments, and other monies due to the GSIS at such rates and under such conditions as it may adopt: *Provided*, That the best interest of the GSIS shall be observed;

16.2.22 - To determine, fix and impose interest upon unpaid premiums due from employers and employees;

16.2.23 - To ensure the collection or recovery of all indebtedness, liabilities and/or accountabilities, including unpaid premiums or contributions in favor of the GSIS arising from any cause or source whatsoever, due from all obligors, whether public or private.

For this purpose, the Board shall demand payment or settlement of such obligations within Thirty (30) days from the date the obligation becomes due, and in the event of failure or refusal of the obligor or debtor to comply with the demand, to initiate or institute the necessary or proper actions or suits, criminal, civil, administrative or otherwise, before the courts, tribunals, commissions, boards, or bodies of proper jurisdiction within Thirty (30) days reckoned from the expiry date of the period fixed in the demand within which to pay or settle the account;

16.2.24 - To design and implement programs that will promote and mobilize savings and provide additional resources for social security expansion and at



the same time afford individual members appropriate returns on their savings/ investments. The programs shall be so designed as to spur socio-economic take-off and maintain continued growth; and

16.2.25 - To exercise such powers and perform such other acts as may be lawful, necessary, useful, incidental or auxiliary to attain the purposes and objectives of RA 8291 and carry out its provisions.

**Section 16.3 *The Board of Trustees; Its Composition; Tenure and Compensation.***

16.3.1 - The corporate powers and functions of the GSIS shall be vested in and exercised by the Board of Trustees composed of the President and General Manager of the GSIS and Eight (8) other members to be appointed by the President of the Philippines, whose representation shall be as follows:

- (1) One (1) from either the President of the Philippine Public School Teachers Association (PPSTA) or the President of the Philippine Association of School Superintendent (PASS);
- (2) Two (2) from leading organizations or associations of government employees/retirees;
- (3) Four (4) from the banking, finance, investment, and insurance sectors; and
- (4) A recognized member of the legal profession who at the time of appointment is also a member of the GSIS.

The Trustees shall elect from among themselves a Board Chairman. The President and General Manager of the GSIS shall be, *ex officio*, the Vice-Chairman.

16.3.2 - The Trustees, except the President and General Manager who shall cease as trustee upon his separation, shall hold office for Six (6) years without reappointment, or until their successors are duly appointed and qualified. Vacancy, other than through the expiration of the term, shall be filled for the unexpired term only. The members of the Board shall be entitled to a *per diem* of Two Thousand Five Hundred Pesos (P2,500) for each board meeting actually attended by them, but not to exceed Ten Thousand Pesos (P10,000) a month and reasonable transportation and representation allowances as may be fixed by the Board.

**Section 16.4 *Powers and Functions of the Board of Trustees.*** - The Board of Trustees shall have the following powers and functions:

16.4.1 - To formulate the policies, guidelines and programs to effectively carry out the purposes of RA 8291;

16.4.2 - To promulgate such rules and regulations as may be necessary or proper for the effective execution of the powers, functions, duties and responsibilities of the GSIS, its officers and employees;

16.4.3 - To have the primary duty to receive and hear appeals for administrative remedies involving disciplinary actions against GSIS employees, before such appeals are referred to the courts as formal complaints;

16.4.4 - Upon the recommendation of the President and General Manager, to approve the annual and supplemental budget of receipts and expenditures of the GSIS, and to authorize such operating and capital expenditures and disbursements of the GSIS as may be necessary or proper for the effective management, operation and administration of the GSIS;

16.4.5 - Upon the recommendation of the President and General Manager, to approve the GSIS' organizational and administrative structures and staffing pattern, and to establish, fix, review, revise and adjust the appropriate compensation package for the officers and employees of the GSIS with reasonable allowances, incentives, bonuses, privileges and other benefits as may be necessary or proper for the effective management, operation and administration of the GSIS, which shall be exempt from Republic Act No. 6758, otherwise known as the Salary Standardization Law and Republic Act No. 7430, otherwise known as the Attrition Law;

16.4.6 - To fix and periodically review and adjust the rates of interest and other terms and conditions for loans and credits extended to its members or other persons, whether natural or juridical;

16.4.7 - The provision of any law to the contrary notwithstanding, to compromise or release, in whole or in part, any claim or to settle liability to the GSIS, regardless of the amount involved, under such terms and conditions as it may impose for the best interest of the GSIS;

16.4.8 - To approve and adopt guidelines affecting investments, insurance coverage of government properties, settlement of claims, disposition of acquired assets, development of housing projects; increased benefit and loan packages to members, and the enforcement of the provisions of this Act;

16.4.9 - To determine, fix and impose interest upon unpaid or unremitted premiums and/or contributions; and

16.4.10 - To do and perform any and all acts necessary, proper or incidental to the attainment of the purposes and objectives of this Act.

**Section 16.5 *Appointment, Qualifications, and Compensation of the President and General Manager of Other Personnel.***

16.5.1 - The President and General Manager of the GSIS shall be its Chief Executive Officer and shall be appointed by the President of the Philippines. He shall be a person with management and investments expertise necessary for the effective performance of his duties and functions under this Act.

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

**Section 16.6 *Powers and Duties of the President and General Manager.***

16.6.1 - The President and General Manager of the GSIS shall among others, execute and administer the policies and resolutions approved by the Board and direct and supervise the administration and operations of the GSIS.

16.6.2 - The President and General Manager, subject to the approval of the Board, shall appoint the personnel of the GSIS, remove, suspend or otherwise discipline them for cause, in accordance with existing Civil Service rules and regulations, and prescribe their duties and qualifications to the end that only competent persons may be employed.



Section 16.7 *Auditor.*

16.7.1 - The Chairman of the Commission on Audit shall be the *ex officio* auditor of the GSIS. For this purpose, he may appoint a representative who shall be the Auditor of the GSIS, and the necessary personnel to assist said representative in the performance of his duties.

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

Section 16.8 *Legal Counsel.* - The Government Corporate Counsel shall be the legal adviser and consultant of the GSIS, and the GSIS may assign to it cases for legal action or trial, issues for legal opinions, preparation and review of contracts/agreements and others, as the GSIS may decide or determine from time to time: *Provided, however,* That the present legal services group as well as Branch Attorneys shall serve as the GSIS in-house legal counsel.

The GSIS may, subject to approval by the proper court, depute any personnel of the legal service group and its Branch Attorneys to act as special sheriff in the enforcement of *writs* and processes issued by the court, *quasi-judicial* agencies or administrative bodies in cases involving the GSIS.

Section 16.9 *Powers of the Insurance Commission.* - The Insurance Commissioner or his authorized representatives shall make an examination of the financial condition and methods of transacting business of the GSIS at least once every Three (3) years to coincide with the GSIS actuarial review and valuation. The report of said examination shall be submitted to the Board of Trustees, with copies furnished the Office of the President of the Philippines and the two Houses of the Congress of the Philippines within Five (5) days after the close of examination: *Provided, however,* That for each examination, the GSIS shall pay the office of the Insurance Commissioner an amount equal to the actual expenses incurred in conducting the examination, including the salaries of the examiners and the actuary for the actual time spent.

## RULE XVII PENAL PROVISIONS

Criminal actions arising from violations of RA 8291 and these Implementing Rules and Regulations, may be initiated by the aggrieved member, either under the provisions of RA 8291 itself or, as appropriate, under the Revised Penal Code

Section 17.1 *Penalties under Article 172 of the Revised Penal Code.* - Any person found to have participated directly or indirectly in the commission of fraud, collusion, falsification, or misrepresentation in any transaction with the GSIS whether for him or for some other persons, shall suffer the penalties provided for in Article 172 of the Revised Penal Code.

Section 17.2 *Other Penalties.* - Persons who commit criminal acts in connection with the operation of RA 8291 shall be subject to the following penalties;

17.2.1 - Whoever shall obtain or receive any money or check invoking any provision of this Act or any agreement thereunder, without being entitled thereto with the

intent to defraud any member, any employer, the GSIS, or any third party, shall be punished by a fine of not less than Five Thousand Pesos (P5,000) nor more than Twenty Thousand Pesos (P20,000) or by imprisonment of not less than six (6) years and one (1) day to twelve (12) years, or both, at the discretion of the court.

17.2.2 - Whoever fails or refuses to comply with the provisions of RA 8291 or with the rules and regulations adopted by the GSIS shall be punished by a fine of not less than Five Thousand Pesos (P5,000) nor more than Twenty Thousand Pesos (P20,000) or by imprisonment of not less than six (6) years and one (1) day to twelve (12) years, or both, at the discretion of the court.

17.2.3 - The Heads of Offices, Treasurer, Finance Officer, Cashier, Disbursing Officer, Budget Officer or other official or employee who fails to include in the annual budget the amount corresponding to the employer and employee contribution; or who fails or refuses to remit or delays remittances by more than Thirty (30) days from the time such amount becomes due and demandable; or fails to deduct the monthly contributions of the employee shall, upon conviction by final judgment, suffer the penalties of imprisonment from Six (6) months and One (1) day to Six (6) years, and a fine of not less than Three Thousand Pesos (P3,000) but not more than Six Thousand Pesos (P6,000), and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

17.2.4 - Any employee or member who receives or keeps funds or property belonging, payable or deliverable to the GSIS and appropriates the same, or takes or misappropriates or uses the same for any other purpose; or permits another person to take, misappropriate or use said fund or property by expressly consenting thereto, or through abandonment or negligence, or is otherwise guilty of the misappropriation of said fund or property, in whole or in part, shall suffer the penalties provided in Article 217 of the Revised Penal Code, and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

17.2.5 - Any employee, who after deducting the monthly contribution or loan amortization from a member's compensation, fails to remit the same to the GSIS within Thirty (30) days from the date they should have been remitted under Sections 3.2, 3.3, 3.4 and 3.5 under this IRR shall be presumed to have misappropriated such contribution on loan amortization and shall suffer the penalties provided in Article 315 of the Revised Penal Code, and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

17.2.6 - The heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the preparation of payroll reflecting deductions and remittance of the same to GSIS, collection of premium contributions, loan amortization and other accounts due the GSIS who shall fail, refuse or delay the payment, turnover, remittance or delivery of such accounts to the GSIS within Thirty (30) days from the time that these become due and demandable shall, upon conviction by final judgment, suffer the penalties of imprisonment of not less than One (1) year nor more than Five (5) years and a fine of not less than Ten Thousand Pesos (P10,000) nor more than Twenty Thousand Pesos (P20,000), and in addition



shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

17.2.7 - The officers and/or personnel referred to in Rule 17.2.6 shall be liable not only criminally but also civilly to the GSIS or to the employee or member concerned in the form of damages, including surcharges and interests.

17.2.8 - For the charges or complaints referred to in Rule 17.2.6, the liabilities set forth shall be construed as waiver of the State of its immunity from suit, hence, the above-mentioned officials and/or personnel may not invoke the defense of non-suability of the State.

17.2.9 - Failure of the Members of the GSIS Board, including the Chairman and the Vice-Chairman, to comply with the provisions of Rule 17.2.2 of this IRR, shall subject them to imprisonment of not less than Six (6) months nor more than One (1) year or a fine of not less than Five Thousand Pesos (P5,000) nor more than Ten Thousand Pesos (P10,000) without prejudice to any civil or administrative liability which may also arise therefrom.

## RULE XVIII GENERAL PROVISIONS

### Section 18.1 *Dispensation of Social Insurance Benefits.*

18.1.1 - The GSIS shall pay the retirement benefits to the employee on his last day of service in the government. *Provided*, That all requirements are submitted to the GSIS Thirty (30) days prior to the effective date of the retirement;

18.1.2 - The GSIS shall discontinue the processing and adjudication of retirement claims under Republic Act 910 and Republic Act No. 1616, except for refunds of retirement premiums. Instead, all agencies concerned shall process and pay the gratuities of their employees after securing the appropriate clearance from the GSIS to clear any outstanding obligations to the System.

### Section 18.2 *Development and Disposition of Acquired Assets.*

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

18.2.2 - The GSIS may sell its acquired assets in accordance with existing Commission on Audit (COA) rules and regulations for an amount not lower than the current market value of the property. For this purpose, the GSIS shall conduct an annual appraisal of its properties or acquired assets to determine their current market value. All notices of sale shall be published in newspapers of general circulation.

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

Section 18.3 *Government Assistance to the GSIS.* - The GSIS may call upon any employer for such assistance as may be necessary in the discharge of its duties and functions.

Section 18.4 *Non-impairment of Benefits, Powers, Jurisdiction, Rights, Privileges, Functions and Activities.* - Nothing in these IRR shall be construed to repeal, amend or limit any provision of RA 8291 nor of any existing laws, Presidential Decrees and Letters of Instructions, not otherwise specifically inconsistent with the provisions of RA 8291

Section 18.5 *Exclusiveness of Benefits.* - Whenever other laws provide similar benefits for the same contingencies covered by RA 8291, the member who qualifies to the benefits shall have the option to choose which benefits will be paid to him. However, if the benefits provided by the other law chosen are less than the benefits provided under RA 8291, the GSIS shall pay only the difference.

Section 18.6 *Appropriations.* - The amount necessary to carry out the provisions of RA 8291 shall be included in the respective budgets of the covered agencies in the national government obligation program starting in CY 1998.

Section 18.7 *Effects of Separability Clause of RA 8291.* - Should any provision of RA 8291 or any part thereof be declared invalid, the corresponding provisions in this IRR shall be correspondingly stricken out, amended, or qualified as appropriate. The other provisions, insofar as they are separable from the invalid ones, shall remain in force and in effect.

Section 18.8 *Effects of Repealing Clause of RA 8291.* - All provisions of existing implementing rules and regulations, circulars, and other procedures corresponding to laws and any other law or parts of law specifically inconsistent with RA 8291 and with these IRR are hereby repealed or modified accordingly. *Provided*, That the rights under existing laws, rules and regulations vested upon or acquired by an employee who is already in the service as of the effectivity of RA 8291 shall remain in force and in effect. *Provided, further*, That subsequent to the effectivity of RA 8291, a new employee or an employee who has previously retired or been separated and is re-employed in the service, shall be covered by the provisions of these IRR.

### Section 18.9 *Effectivity of These Implementing Rules and Regulations.*

18.9.1 - The Implementing Rules and Regulations to carry out the provisions of RA 8291 are hereby adopted and promulgated by the GSIS in compliance with Section 53 of RA 8291.

18.9.2 - These IRR may be amended by the Board from time to time if the interest of the GSIS and its members shall so require.

18.9.3 - These IRR take effect upon approval by the GSIS Board of Trustees.



S. No. 2013  
H. No. 8561

Republic of the Philippines  
Congress of the Philippines  
Metro Manila

**Tenth Congress**

***Second Regular Session***

Begun and held in Metro Manila, on Monday the twenty-second day of July, nineteen hundred and ninety-six.

**REPUBLIC ACT NO. 8291**

AN ACT AMENDING PRESIDENTIAL DECREE NO. 1146, AS AMENDED, EXPANDING AND INCREASING THE COVERAGE AND BENEFITS OF THE GOVERNMENT SERVICE INSURANCE SYSTEM, INSTITUTING REFORMS THEREIN AND FOR OTHER PURPOSES.

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

SECTION 1. Presidential Decree No. 1146, as amended, otherwise known as the "Revised Government Service Insurance Act of 1977", is hereby further amended to read as follows:

"Section 1. *Title* - The short title of this Act shall be: 'The Government Service Insurance System Act of 1997.'"

**"A. DEFINITIONS**

"SEC. 2. *Definition of Terms.* - Unless the context otherwise indicates, the following terms shall mean:

"(a) GSIS - The Government Service Insurance System created by Commonwealth Act No. 186;

"(b) Board - The Board of Trustees of the Government Service Insurance System;

"(c) Employer - The national government, its political subdivisions, branches, agencies or instrumentalities, including government-owned or controlled corporations, and financial institutions with original charters, the constitutional commissions and the judiciary;

"(d) Employee or Member - Any person, receiving compensation while in the service of an employer as defined herein, whether by election or appointment, irrespective of status of appointment, including barangay and *sanggunian* officials;

"(e) Active Member - A member who is not separated from the service;



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

"(g) Primary beneficiaries – The legal dependent spouse until he/she remarries and the dependent children;

"(h) Secondary beneficiaries – The dependent parents and, subject to the restrictions on dependent children, and legitimate descendants:

"(i) Compensation – The basic pay or salary received by an employee, pursuant to his election/appointment, excluding *per diems*, bonuses, overtime pay, *honoraria*, allowances and any other emoluments received in addition to the basic pay which are not integrated into the basic pay under existing laws;

"(j) Contribution – The amount payable to the GSIS by the member and the employer in accordance with Section 5 of this Act;

"(k) Current Daily Compensation – The actual daily compensation or the actual monthly compensation divided by the number of working days in the month of contingency but not to exceed twenty-two (22) days;

"(l) Average Monthly Compensation (AMC) – The quotient arrived at after dividing the aggregate compensation received by the member during his last thirty-six (36) months of service preceding his separation/retirement/disability/death by thirty-six (36), or by the number of months he received such compensation if he has less than thirty-six (36) months of service: *Provided*, That the average monthly compensation shall in no case exceed the amount and rate as may be respectively set by the Board under the rules and regulations implementing this Act as determined by the actuary of the GSIS: *Provided, further*, That initially the average monthly compensation shall not exceed Ten Thousand Pesos (P10,000.00), and premium shall be nine percent (9%) and twelve percent (12%) for employee and employer covering the AMC limit and below; and two percent (2%) and twelve percent (12%) for employee and employer covering compensation above the AMC limit;

"(m) Revalued average monthly compensation – An amount equal to one hundred seventy percent (170%) of the first One Thousand Pesos (P1,000) of the average monthly compensation plus one hundred percent (100%) of the average monthly compensation in excess of One Thousand Pesos (P1,000);

"(n) Lump sum – The basic monthly pension multiplied by sixty (60);

"(o) Pensioner – Any person receiving old-age or permanent total disability pension or any person who has received the lump sum excluding one receiving survivorship pension benefits as defined in Section 20 of this Act;

"(p) Gainful Occupation – Any productive activity that provided the member with income at least equal to the minimum compensation of government employees;

"(q) Disability – Any loss or impairment of the normal functions of the physical and/or mental faculty of a member which reduces or eliminates his/her capacity to continue with his/her current gainful occupation or engage in any other gainful occupation;

"(r) Total Disability – Complete incapacity to continue with his present employment or engage in any gainful occupation due to the loss or impairment of the normal functions of the physical and/or mental faculties of the member;

"(s) Permanent Total Disability – Accrues or arises when recovery from the impairment mentioned in Section 2(Q) is medically remote;

"(t) Temporary Total Disability – Accrues or arises when the impaired physical and/or mental faculties can be rehabilitated and/or restored to their normal functions;

"(u) Permanent Partial Disability – Accrues or arises upon the irrevocable loss or impairment of certain portion/s of the physical faculties, despite which the member is able to pursue a gainful occupation.

## B. MEMBERSHIP IN THE GSIS

"SEC. 3. *Compulsory Membership.* – Membership in the GSIS shall be compulsory for all employees receiving compensation who have not reached the compulsory retirement age, irrespective of employment status, except members of the Armed Forces of the Philippines and the Philippine National Police, subject to the condition that they must settle first their financial obligation with the GSIS, and contractals who have no employer and employee relationship with the agencies they serve.

"Except for the members of the judiciary and constitutional commissions who shall have life insurance only, all members of the GSIS shall have life insurance, retirement, and all other social security protection such as disability, survivorship, separation, and unemployment benefits.

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

## C. SOURCES OF FUNDS

"SEC. 5 *Contributions.* – (a) It shall be mandatory for the member and the employer to pay the monthly contributions specified in the following schedule:

"Monthly Compensation	Percentage of Monthly Compensation Payable by	
	Member	Employer
I. Maximum Average Monthly Compensation (AMC) Limit and Below	9.0%	12.0%
II. Over the Maximum AMC Limit		
– Up to the Maximum AMC Limit	9.0%	12.0%
– In Excess of the AMC Limit	2.0%	12.0%



"Members of the judiciary and constitutional commissioners shall pay three percent (3%) of their monthly compensation as personal share, and their employers a corresponding three percent (3%) share for their life insurance coverage.

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

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

"SEC. 6. *Collection and Remittance of Contributions.* - (a) The employer shall report to the GSIS the names of all its employees, their corresponding employment status, positions, salaries and such other pertinent information, including subsequent changes therein, if any, as may be required by the GSIS; the employer shall deduct each month from the monthly salary or compensation of each employee the contribution payable by him in accordance with the schedule prescribed in the rules and regulations implementing this Act.

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

"SEC. 7. *Interests on Delayed Remittances.* - Agencies which delay the remittance of any and all monies due the GSIS shall be charged interests as may be prescribed by the Board but not less than two percent (2%) simple interest per month. Such interest shall be paid by the employers concerned.

"SEC. 8. *Government Guarantee.* - The government of the Republic of the Philippines hereby guarantees the fulfillment of the obligations of the GSIS to its members as and when they fall due.

#### "D. BENEFITS

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

"1) thirty-seven and one-half percent (37.5%) of the revalued average monthly compensation; plus

"2) two and one-half percent (2.5%) of said revalued average monthly compensation for each year of service in excess of fifteen (15) years: *Provided*, That the basic monthly pension shall not exceed ninety percent (90%) of the average monthly compensation.

"(b) The basic monthly pension may be adjusted upon the recommendation of the President and General Manager of the GSIS and approved by the President of the Philippines in accordance with the rules and regulations prescribed by the GSIS: *Provided, however*, That the basic monthly pension shall not be less than One Thousand and Three Hundred Pesos (P1,300.00): *Provided, further*, That the basic monthly pension for those who have rendered at least twenty (20) years of service after the effectivity of this Act shall not be less than Two Thousand Four Hundred Pesos (P2,400.00) a month.

"SEC. 10. *Computation of Service.* - (a) The computation of service for the purpose of determining the amount of benefits payable under this Act shall be from the date of original appointment/election, including periods of service at different times under one or more employers, those performed overseas under the authority of the Republic of the Philippines, and those that may be prescribed by the GSIS in coordination with the Civil Service Commission.

"(b) All service credited for retirement, resignation or separation for which corresponding benefits have been awarded under this Act or other laws shall be excluded in the computation of service in case of reinstatement in the service of an employer and subsequent retirement or separation which is compensable under this Act.

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

#### "SEPARATION BENEFITS

"SEC. 11. *Separation Benefits.* - The separation benefit shall consist of: (a) a cash payment equivalent to one hundred percent (100%) of his average monthly compensation for each year of service he paid contributions, but not less than Twelve Thousand Pesos (P12,000) payable upon reaching sixty (60) years of age or upon separation, whichever comes later: *Provided*, That the member resigns or separates from the service after he has rendered at least three (3) years of service but less than fifteen (15) years; or

"(b) A cash payment equivalent to eighteen (18) times his basic monthly pension payable at the time of resignation or separation, plus an old-age pension benefit equal to the basic monthly pension payable monthly for life upon reaching the age of sixty (60): *Provided*, That the member resigns or separates from the service after he has rendered at least fifteen (15) years of service and is below sixty (60) years of age at the time of resignation or separation.

"SEC. 12. *Unemployment or Involuntary Separation Benefits.* - Unemployment benefits in the form of monthly cash payments equivalent to fifty percent (50%) of the average monthly compensation shall be paid to permanent employee who is involuntarily separated from the service due to the abolition of his office or position usually resulting from reorganization: *Provided*, That he has been paying integrated contributions for at least one (1) year prior to separation. Unemployment benefits shall be paid in accordance with the following schedule:



"Contributions Made	Benefit Duration
1 year but less than 3 years	2 months
3 or more years but less than 6 years	3 months
6 or more years but less than 9 years	4 months
9 or more years but less than 11 years	5 months
11 or more years but less than 15 years	6 months

"The first payment shall be equivalent to two (2) monthly benefits. A seven-day (7) waiting period shall be imposed on succeeding monthly payments.

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

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

#### "RETIREMENT BENEFITS

"SEC. 13. *Retirement Benefits.* – (a) Retirement benefit shall be:

"(1) the lump sum payment as defined in this Act payable at the time of retirement plus an old-age pension benefit equal to the basic monthly pension payable monthly for life, starting upon expiration of the five-year (5) guaranteed period covered by the lump sum; or

"(2) cash payment equivalent to eighteen (18) months of his basic monthly pension plus monthly pension for life payable immediately with no five-year (5) guarantee.

"(b) Unless the service is extended by appropriate authorities, retirement shall be compulsory for an employee at sixty-five (65) years of age with at least fifteen (15) years of service: *Provided*, That if he has less than fifteen (15) years of service, he may be allowed to continue in the service in accordance with existing civil service rules and regulations.

"SEC. 13-A. *Conditions for Entitlement.* – A member who retires from the service shall be entitled to the retirement benefits enumerated in paragraph (a) of Section 13 hereof: *Provided*, That:

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

"SEC. 14. *Periodic Pension Adjustment.* – The monthly pension of all pensioners including all those receiving survivorship pension benefits shall be periodically adjusted

as may be recommended by the GSIS' actuary and approved by the Board in accordance with the rules and regulations prescribed by the GSIS.

#### "PERMANENT DISABILITY BENEFITS

"SEC 15. *General Conditions for Entitlement.* – A member who suffers permanent disability for reasons not due to his grave misconduct, notorious negligence, habitual intoxication or willful intention to kill himself or another, shall be entitled to the benefits provided for under Sections 16 and 17 immediately following, subject to the corresponding conditions therefor.

"SEC. 16. *Permanent Total Disability Benefits.* – (a) If the permanent disability is total, he shall receive a monthly income benefit for life equal to the basic monthly pension effective from the date of disability: *Provided*, That:

(1) he is in the service at the time of disability; or

(2) if separated from the service, he has paid at least thirty-six (36) monthly contributions within the five (5) year period immediately preceding his disability, or has paid a total of at least one hundred eighty (180) monthly contributions, prior to his disability: *Provided, further*, That if at the time of disability, he was in the service and has paid a total of at least one hundred eighty (180) monthly contributions, in addition to the monthly income benefit, he shall receive a cash payment equivalent to eighteen (18) times his basic monthly pension: *Provided, finally*, That a member cannot enjoy the monthly income benefit for permanent disability and the old-age retirement simultaneously.

"(b) If a member who suffers permanent total disability does not satisfy conditions (1) and (2) in paragraph (a) of this section but has rendered at least three (3) years service at the time of his disability, he shall be advanced the cash payment equivalent to one hundred percent (100%) of his average monthly compensation for each year of service he paid contributions, but not less than Twelve Thousand Pesos (P12,000) which should have been his separation benefit.

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

"(1) he is reemployed; or

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

"(3) he fails to present himself for medical examination when required by the GSIS.

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

"(1) complete loss of sight of both eyes;

"(2) loss of two (2) limbs at or above the ankle or wrist;

"(3) permanent complete paralysis of two (2) limbs;



"(4) brain injury resulting in incurable imbecility or insanity; and

"(5) such other cases as may be determined by the GSIS.

"SEC. 17. *Permanent Partial Disability Benefits.* - (a) If the disability is partial, he shall receive a cash payment in accordance with a schedule of disabilities to be prescribed by the GSIS: *Provided*, That he satisfies either conditions (1) or (2) of Section 16(a);

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

"(1) complete and permanent loss of the use of:

- (i) any finger
- (ii) any toe
- (iii) one arm
- (iv) one hand
- (v) one foot
- (vi) one leg
- (vii) one or both ears
- (viii) hearing of one or both ears
- (ix) sight of one eye

"(2) such other cases as may be determined by the GSIS.

#### "TEMPORARY DISABILITY BENEFITS

"SEC. 18. *Temporary Total Disability Benefit.* - (a) A member who suffers temporary total disability for reasons not due to any of the conditions enumerated in Section 15 hereof shall be entitled to seventy-five percent (75%) of his current daily compensation for each day or fraction thereof of temporary disability benefit not exceeding one hundred twenty (120) days in one calendar year after exhausting all his sick leave credits and collective bargaining agreement sick leave benefits, if any, but not earlier than the fourth day of his temporary total disability: *Provided*, That:

"(1) he is in the service at the time of his disability; or

"(2) if separated, he has rendered at least three (3) years of service and has paid at least six (6) monthly contributions in the twelve-month period immediately preceding his disability.

"*Provided, however*, That a member cannot enjoy the temporary total disability benefit and sick leave pay simultaneously: *Provided, further*, That if the disability requires more extensive treatment that lasts beyond one hundred twenty (120) days, the payment of the temporary total disability benefit may be extended by the GSIS but not to exceed a total of two hundred forty (240) days.

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

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

"SEC. 19. *Non-scheduled Disability.* - For injuries or illnesses resulting in a disability not listed in the schedule of partial/total disability, as provided herein, the GSIS shall determine the nature of the disability and the corresponding benefits therefor.

#### "SURVIVORSHIP BENEFITS

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

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

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

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

(1) survivorship pension: *Provided*, That the deceased:

(i) was in the service at the time of his death; or

(ii) if separated from the service, has at least three (3) years of service at the time of his death and has paid thirty-six (36) monthly contributions within the five-year period immediately preceding his death; or has paid a total of at least one hundred eighty (180) monthly contributions prior to his death; or

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

(3) a cash payment equivalent to one hundred percent (100%) of his average monthly compensation for each year of service he paid contributions, but not less than Twelve Thousand Pesos (P12,000.00): *Provided*, That the deceased has rendered at least three (3) years of service prior to his death but does not qualify for the benefits under item (1) or (2) of this paragraph.

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

(1) when the dependent spouse is the only survivor, he/she shall receive the basic survivorship pension for life or until he/she remarries;

(2) when only dependent children are the survivors, they shall be entitled to the basic survivorship pension for as long as they are qualified, plus the dependent children's pension equivalent to ten percent (10%) of the basic monthly pension for every dependent child not exceeding five (5), counted from the youngest and without substitution;

(3) when the survivors are the dependent spouse and the dependent children, the dependent spouse shall receive the basic survivorship pension for life or until he/she



remarries, and the dependent children shall receive the dependent children's pension mentioned in the immediately preceding paragraph (2) hereof.

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

(1) the cash payment equivalent to one hundred percent (100%) of his average monthly compensation for each year of service he paid contributions, but not less than Twelve Thousand Pesos (P12,000): *Provided*, That the member is in the service at the time of his death and has at least three (3) years of service; or

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

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

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

#### "FUNERAL BENEFITS

"SEC. 23. *Funeral Benefit.* - The amount of funeral benefit shall be determined and specified by the GSIS in the rules and regulations but shall not be less than Twelve Thousand Pesos (P12,000.00): *Provided*, That it shall be increased to at least Eighteen Thousand Pesos (P18,000.00) after five (5) years and shall be paid upon the death of:

- (a) an active member as defined under Section 2(e) of this Act; or
- (b) a member who has been separated from the service, but who may be entitled to future benefit pursuant to Section 4 of this Act; or
- (c) a pensioner, as defined in Section 2(o) of this Act; or
- (d) a retiree who at the time of his retirement was of pensionable age under this Act but who opted to retire under Republic Act No. 1616.

#### "LIFE INSURANCE BENEFITS

"SEC. 24. *Compulsory Life Insurance.* - All employees except for Members of the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) shall, under such terms and conditions as may be promulgated by the GSIS, be compulsorily covered with life insurance, which shall automatically take effect as follows:

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

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

(3) for those without any life insurance as of the effectivity of this Act, their insurance shall take effect following said effectivity.

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

"SEC. 26. *Optional Insurance.* - Subject to the rules and regulations prescribed by the GSIS, a member may apply for insurance and/or pre-need coverage embracing life, health, hospitalization, education, memorial plans, and such other plans as may be designed by the GSIS, for himself and/or his dependents. Any employer may likewise apply for group insurance coverage for its employees. The payment of the premiums/installments for optional insurance and pre-need products may be made by the insured or his employer and/or any person acceptable to the GSIS.

"SEC. 27. *Reinsurance.* - The GSIS may reinsure any of its interests or part thereof with any private company or reinsurer whether domestic or foreign: *Provided*, That the GSIS shall submit an annual report on its reinsurance operations to the Insurance Commission.

#### "E. ADJUDICATION OF CLAIMS AND DISPUTES

"SEC. 28. *Prescription.* - Claims for benefits under this Act except for life and retirement shall prescribe after four (4) years from the date of contingency.

"SEC. 29. *Facility of Payment.* - The GSIS shall prescribe rules and regulations to facilitate payment of benefits, proceeds, and claims under this Act and any other laws administered by the GSIS. Payments made by the GSIS prior to its receipt of an adverse claim, to a beneficiary or claimant subsequently found not entitled thereto, shall not bar the legal and eligible recipient to his right to demand the payment of benefits, proceeds, and claims from the GSIS, who shall, however, have a right to institute the appropriate action in a court of law against the ineligible recipient.

"SEC. 30. *Settlement of Disputes.* - The GSIS shall have original and exclusive jurisdiction to settle any dispute arising under this Act and any other laws administered by the GSIS.

The Board may designate any member of the Board, or official of the GSIS who is a lawyer, to act as hearing officer to receive evidence, make findings of fact and submit recommendations thereon. The hearing officer shall submit his findings and recommendations, together with all the documentary and testimonial evidence to the Board within thirty (30) working days from the time the parties have closed their respective evidence and filed their last pleading. The Board shall decide the case within thirty (30) days from the receipt of the hearing officer's findings and recommendations. The cases heard directly by the Board shall be decided within thirty (30) working days from the time they are submitted by the parties for decision.



"SEC. 31. *Appeals.* - Appeals from any decision or award of the Board shall be governed by Rules 43 and 45 of the 1997 Rules of Civil Procedure adopted by the Supreme Court on April 8, 1997 which will take effect on July 1, 1997: *Provided*, That pending cases and those filed prior to July 1, 1997 shall be governed by the applicable rules of procedure: *Provided, further*, That the appeal shall take precedence over all other cases except criminal cases when the penalty of life imprisonment or death or *reclusion perpetua* is imposable.

The appeal shall not stay the execution of the order or award unless ordered by the Board, by the Court of Appeals or by the Supreme Court and the appeal shall be without prejudice to the special civil action of *certiorari* when proper.

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

"SEC. 33. *Oaths, Witnesses, and Production of Records.* - When authorized by the Board, an official or employee of the GSIS shall have the power to administer oath and affirmation, take depositions, certify to official acts, and issue *subpoena ad testificandum* and *subpoena duces tecum* to compel the attendance of witnesses and the production of books, papers, correspondences, 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 580 of the Revised Administrative Code.

#### "F. FUNDS OF THE GSIS

"SEC. 34. *Funds.* - All contributions payable under Section 5 of this Act together with the earnings and accruals thereon shall constitute the GSIS Social Insurance Fund. The said fund shall be used to finance the benefits administered by the GSIS under this Act. In addition, the GSIS shall administer the optional insurance fund for the insurance coverage described in Section 26 hereof, the employees' Compensation Insurance Fund created under P.D. 626, as amended, the General Insurance Fund created under Act No. 656, as amended, and such other special funds existing or that may be created for special groups or persons rendering services to the government. The GSIS shall maintain the required reserves to guarantee the fulfillments of its obligations under this Act.

"The funds of the GSIS shall not be used for purposes other than what are provided for under this Act. Moreover, no portion of the funds of the GSIS or income thereof shall accrue to the General Fund of the national government and its political subdivisions, instrumentalities and other agencies including government-owned and controlled corporations except as may be allowed under this Act.

"SEC. 35. *Deposits and Disbursements.* - All revenues collected and all accruals thereto shall be deposited, administered and disbursed in accordance with the law. A maximum expense loading of twelve percent (12%) of the yearly revenues from all sources may be disbursed for administrative and operational expenses except as may be otherwise approved by the President of the Philippines on the basis of actuarial and management studies.

"SEC. 36. *Investment of Funds.* - The funds of the GSIS which are not needed to meet the current obligations may be invested under such terms and conditions and rules and regulations as may be prescribed by the Board: *Provided*, That investments shall satisfy the requirements of liquidity, safety/security and yield in order to ensure the actuarial solvency of the funds of the GSIS: *Provided, further*, That the GSIS shall submit an annual report on all investments made to both Houses of Congress of the Philippines, to wit:

(a) in interest-bearing bonds or securities or other evidence of indebtedness of the Government of the Philippines;

(b) in interest-bearing deposits or securities in 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 has prior designation as a depository for the purpose by the Monetary Board of the Central Monetary Authority;

(c) in direct housing loans to members and group housing projects secured by first mortgage, giving priority to the low income groups and in short- and medium-term loans to members such as salary, policy, educational, emergency, stock purchase plan and other similar loans: *Provided*, That no less than forty percent (40%) of the investable fund of the GSIS Social Insurance Fund shall be invested for these purposes;

(d) in bonds, securities, promissory notes or other evidence of indebtedness of educational or medical institutions to finance the construction, improvement and maintenance of schools and hospitals;

(e) in real estate property including shares of stocks involving real estate property and investments secured by first mortgages on real estate or other collaterals acceptable to the GSIS: *Provided*, That such investments shall, in the determination of the Board, redound to the benefit of the GSIS, its members, as well as the general public;

(f) In debt instruments and other securities traded in the secondary markets;

(g) In loans to, or in bonds, debentures, promissory notes or other evidence of indebtedness of any solvent corporation created or existing under the laws of the Philippines.

(h) In common and preferred stocks of any solvent corporation or financial institution created or existing under the laws of the Philippines listed in the stock exchange with proven track record of profitability over the last three (3) years and payment of dividends at least once over the same period;

(i) In domestic mutual funds including investments related to the operations of mutual funds; and

(j) In foreign mutual funds and in foreign currency deposits or foreign currency-denominated debts, non-speculative equities and other financial instruments or other assets 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 instruments or assets are issued: *Provided, further*, That the issuing company has proven track record of profitability over the last three (3) years and payment of dividends at least once over the same period.

"SEC. 37. *Records and Reports.* - The GSIS shall keep and cause to keep such records as may be necessary for the purpose of making actuarial studies, calculations and valuations of the funds of the GSIS including such data needed in the computation



of rates of disability, mortality, morbidity, separation and retirement among the members and any other information useful for the adjustment of the benefits of the members. The GSIS shall maintain appropriate books of accounts to record its assets, liabilities, income, expenses, receipts and disbursements of funds and other financial transactions and operations.

"SEC. 38. *Examination and Valuation of the Funds.* - The GSIS shall make a periodic actuarial examination and valuation of its funds in accordance with accepted actuarial principles.

"SEC. 39. *Exemption from Tax, Legal Process and Lien.* - It is hereby declared to be the policy of the State that the actuarial solvency of the funds of the GSIS shall be preserved and maintained at all times and that contribution rates necessary to sustain the benefits under this Act shall be kept as low as possible in order not to burden the members of the GSIS and their employers. Taxes imposed on the GSIS tend to impair the actuarial solvency of its funds and increase the contribution rate necessary to sustain the benefits of this Act. Accordingly, notwithstanding any laws to the contrary, the GSIS, its assets, revenues including all accruals thereto, and benefits paid, shall be exempt from all taxes, assessments, fees, charges or duties of all kinds. These exemptions shall continue unless expressly and specifically revoked and any assessment against the GSIS as of the approval of this Act are hereby considered paid. Consequently, all laws, ordinances, regulations, issuances, opinions or jurisprudence contrary to or in derogation of this provision are hereby deemed repealed, superseded and rendered ineffective and without legal force and effect.

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

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

## "G. ADMINISTRATION

"SEC. 40. *Implementing Body.* - The Government Service Insurance System as created under Commonwealth Act No. 186 shall implement the provisions of this Act.

"SEC. 41. *Powers and Functions of the GSIS.* - The GSIS shall exercise the following powers and functions:

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

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

(c) to invest the funds of the GSIS, directly or indirectly, in accordance with the provisions of this Act;

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

(e) to conduct continuing actuarial and statistical studies and valuations to determine the financial condition of the GSIS and taking into consideration such studies and valuations and the limitations herein provided, re-adjust the benefits, contributions, premium rates, interest rates or the allocation or re-allocation of the funds to the contingencies covered;

(f) to have the power of succession;

(g) to sue and be sued;

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

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

(j) to have one or more offices in and outside of the Philippines, and to conduct its business and exercise its powers throughout and in any part of the Republic of the Philippines and/or in any or all foreign countries, states and territories: *Provided*, That the GSIS shall maintain a branch office in every province where there exists a minimum of fifteen thousand (15,000) membership;

(k) to borrow funds from any source, private or government, foreign or domestic, only as an incident in the securitization of housing mortgages of the GSIS and on account of its receivables from any government or private entity;

(l) to invest, own or otherwise participate in equity in any establishment, firm or entity;

(m) to approve appointments in the GSIS except appointments to positions which are policy determining, primarily confidential or highly technical in nature according to the Civil Service rules and regulations: *Provided, further*, That all positions in the GSIS shall be governed by a compensation and position classification system and qualifications standards approved by the GSIS Board of Trustees based on a comprehensive job analysis and audit of actual duties and responsibilities: *Provided, further*, That the compensation plans in the private sector and shall be subject to the periodic review by the Board no more than once every four (4) years without prejudice to yearly merit reviews or increases based on productivity and profitability;

(n) to design and adopt an Early Retirement Incentive Plan (ERIP) and/or financial assistance for the purpose of retirement for its own personnel;

(o) to fix and periodically review and adjust the rates of interest and other terms and conditions for loans and credits extended to members or other persons, whether natural or juridical;



(p) to enter into agreement with the Social Security System or any other entity, enterprise, corporation or partnership for the benefit of members transferring from one system to another subject to the provision of Republic Act No. 7699, otherwise known as the Portability Law;

(q) to be able to float proper instrument to liquefy long-term maturity by pooling funds for short-term secondary market;

(r) to submit annually, not later than June 30, a public report to the President of the Philippines and the Congress of the Philippines regarding 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 programs of the GSIS;

(s) to maintain a provident fund, which consists of contributions made by both the GSIS and its officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it may prescribe;

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

(u) any provision of law to the contrary notwithstanding, to authorize the payment of extra remuneration to the officials and employees directly involved in the collection and/or remittance of contributions, loan repayments, and other monies due to the GSIS at such rates and under such conditions as it may adopt: *Provided*, That the best interest of the GSIS shall be observed thereby;

(v) to determine, fix and impose interest upon unpaid premiums due from employers and employees;

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

(x) to design and implement programs that will promote and mobilize savings and provide additional resources for social security expansion and at the same time afford individual members appropriate returns on their savings/investments. The programs shall be so designed as to spur social-economic take-off and maintain continued growth; and

(y) to exercise such powers and perform such other acts as may be necessary, useful, incidental or auxiliary to carry out the provisions of this Act, or to attain the purposes and objectives of this Act.

**"SEC. 42. The Board of Trustees; Its Composition; Tenure and Compensation.** – The corporate powers and functions of the GSIS shall be vested in and exercised by the Board of Trustees composed of the President and General Manager of the GSIS and eight (8) other members to be appointed by the President of the Philippines, one (1) of whom shall be either the President of the Philippine Public School Teachers Association (PPSTA) or the President of the Philippine Association of School Superintendents (PASS), another two (2) shall represent the leading organizations or associations of government employees/retirees, another four (4) from the banking, finance, investment, and insurance sectors, and one (1) recognized member of the legal profession who at the time of appointment is also a member of the GSIS. The Trustees shall elect from among themselves a Chairman while the President and General Manager of the GSIS shall automatically be the vice-chairman.

The Trustees, except the President and General Manager who shall cease as trustee upon his separation, shall hold office for six (6) years without reappointment, or until their successors are duly appointed and qualified. Vacancy, other than through the expiration of the term, shall be filled for the unexpired term only. The members of the Board shall be entitled to a *per diem* of Two thousand five Hundred Pesos (P2,500) for each board meeting actually attended by them, but not to exceed Ten Thousand Pesos (P10,000) a month and reasonable transportation and representation allowances as may be fixed by the Board.

**"SEC. 43. Powers and Functions of the Board of Trustees.** – The Board of Trustees shall have the following powers and functions:

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

"(b) to promulgate such rules and regulations as may be necessary or proper for the effective exercise of the powers and functions as well as the discharge of the duties and responsibilities of the GSIS, its officers and employees;

"(c) upon the recommendation of the President and General Manager, to approve the annual and supplemental budget of receipts and expenditures of the GSIS, and to authorize such operating and capital expenditures and disbursements of the GSIS as may be necessary or proper for the effective management, operation and administration of the GSIS;

"(d) upon the recommendation of the President and General Manager, to approve the GSIS' organizational and administrative structures and staffing pattern, and to establish, fix, review, revise and adjust the appropriate compensation package for the officers and employees of the GSIS with reasonable allowances, incentives, bonuses, privileges and other benefits as may be necessary or proper for the effective management, operation and administration of the GSIS, which shall be exempt from Republic Act No. 6758, otherwise known as the Salary Standardization Law and Republic Act No. 7430, otherwise known as the Attrition Law;



“(e) to fix and periodically review and adjust the rates of interest and other terms and conditions for loans and credits extended to its members or other persons, whether natural or juridical;

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

“(g) to approve and adopt guidelines affecting investments, insurance coverage of government properties, settlement of claims, disposition of acquired assets, development of housing projects, increased benefit and loan packages to members, and the enforcement of the provisions of this Act;

“(h) to determine, fix and impose interest upon unpaid or unremitted premiums and/or contributions; and

“(i) to do and perform any and all acts necessary, proper or incidental to the attainment of the purposes and objectives of this Act.

“SEC. 44. *Appointment, Qualifications, and Compensation of the President and General Manager and of Other Personnel.* – The President and General Manager of the GSIS shall be its Chief Executive Officer and shall be appointed by the President of the Philippines. He shall be a person with management and investments expertise necessary for the effective performance of his duties and functions under this Act.

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

“SEC. 45. *Powers and Duties of the President and General Manager.* – The President and General Manager of the GSIS shall among others, execute and administer the policies and resolutions approved by the board and direct and supervise the administration and operations of the GSIS. The President and General Manager, subject to the approval of the Board, shall appoint the personnel of the GSIS, remove, suspend or otherwise discipline them for cause, in accordance with existing Civil Service rules and regulations, and prescribe their duties and qualifications to the end that only competent persons may be employed.

“SEC. 46. *Auditor.* – (a) The Chairman of the Commission on Audit shall be the *ex officio* auditor of the GSIS. For this purpose, he may appoint a representative who shall be the Auditor of the GSIS, and the necessary personnel to assist said representative in the performance of his duties.

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

“SEC. 47. *Legal Counsel.* – The Government Corporate Counsel shall be the legal adviser and consultant of the GSIS, but the GSIS may assign to the Office of the Government Corporate Counsel (OGCC) cases for legal action or trial, issues for legal opinions, preparation and review of contracts/agreements and others, as the GSIS may decide or determine from time to time: *Provided, however,* That the present legal services group in the GSIS shall serve as its in-house legal counsel.

“The GSIS may, subject to approval by the proper court, deputize any personnel of the legal service group to act as special sheriff in the enforcement of *writs* and processes issued by the court, *quasi-judicial* agencies or administrative bodies in cases involving the GSIS.

“SEC. 48. *Powers of the Insurance Commission.* – The Insurance Commissioner or his authorized representatives shall make an examination of the financial condition and methods of transacting business of the GSIS at least once every three (3) years and the report of said examination shall be submitted to the Board of Trustees and copies thereof be furnished the Office of the President of the Philippines and the two Houses of the Congress of the Philippines within five (5) days after the close of examination: *Provided, however,* That for each examination the GSIS shall pay the office of the Insurance Commissioner an amount equal to the actual expenses incurred by the said office in the conduct of the examination, including the salaries of the examiners and of the actuary of such examination for the actual time spent.

#### “H. GENERAL PROVISIONS

“SEC. 49. *Dispensation of Social Insurance Benefits.* – (a) The GSIS shall pay the retirement benefits to the employee on his last day of service in the government: *Provided,* That all requirements are submitted to the GSIS within a reasonable period prior to the effective date of the retirement;

“(b) The GSIS shall discontinue the processing and adjudication of retirement claims under R.A. No. 1616 except refund of retirement premium and R.A. No. 910. Instead, all agencies concerned shall process and pay the gratuities of their employees. The Board shall adopt the proper rules and procedures for the implementation of this provision.

“SEC. 50. *Development and Disposition of Acquired Assets.* – The GSIS shall have the right to develop and dispose of its acquired assets obtained in the ordinary course of its business. To add value to, improve profitability on, and/or enhance the marketability of an acquired asset, the GSIS may further develop/renovate the same either with its own capital or through a joint venture arrangement with private companies or individuals.

“The GSIS may sell its acquired assets in accordance with existing Commission on Audit (COA) rules and regulations for an amount not lower than the current market value of the property. For this purpose, the GSIS shall conduct an annual appraisal of its property or acquired assets to determine its current market value. All notices of sale shall be published in newspapers of general circulation.

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



"SEC. 51. *Government Assistance to the GSIS.* – The GSIS may call upon any employer for such assistance as may be necessary in the discharge of its duties and functions.

#### "I. PENAL PROVISIONS

"SEC. 52. *Penalty.* – (a) Any person found to have participated directly or indirectly in the commission of fraud, collusion, falsification, or misrepresentation in any transaction with the GSIS whether for him or for some other persons, shall suffer the penalties provided for in Article 172 of the Revised Penal Code.

"(b) Whoever shall obtain or receive any money or check invoking any provision of this Act or any agreement thereunder, without being entitled thereto with the intent to defraud any member, any employer, the GSIS, or any third party, shall be punished by a fine of not less than Five Thousand Pesos (P5,000.00) nor more than Twenty Thousand Pesos (P20,000.00) or by imprisonment of not less than six (6) years and one (1) day to twelve (12) years, or both, at the discretion of the court.

"(c) Whoever fails or refuses to comply with the provisions of this Act or with the rules and regulations adopted by the GSIS shall be punished by a fine of not less than Five Thousand Pesos (P5,000.00) nor more than Twenty Thousand Pesos (P20,000.00), or by imprisonment of not less than six (6) years and one (1) day to twelve (12) years, or both, at the discretion of the court.

"(d) The treasurer, finance officer, cashier, disbursing officer, budget officer or other official or employee who fails to include in the annual budget the amount corresponding to the employer and employee contributions, or who fails or refuses or delays by more than thirty (30) days from the time such amount becomes due and demandable, or to deduct the monthly contributions of the employee shall, upon conviction by final judgment, suffer the penalties of imprisonment from six (6) months and one (1) day to six (6) years, and a fine of not less than Three Thousand Pesos (P3,000.00) but not more than Six Thousand Pesos (P6,000.00), and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

"(e) Any employee or member who receives or keeps fund or property belonging, payable or deliverable to the GSIS and appropriates the same, or takes or misappropriates or uses the same to any purpose other than that authorized by this Act, or permits another person to take, misappropriate or use said fund or property by expressly consenting thereto, or through abandonment or negligence, or is otherwise guilty of the misappropriation of said fund or property, in whole or in part, shall suffer the penalties provided in Article 217 of the Revised Penal Code, and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

"(f) Any employee, who after deducting the monthly contribution or loan amortization from a member's compensation, fails to remit the same to the GSIS within thirty (30) days from the date they should have been remitted under Section 6(a) shall be presumed to have misappropriated such contribution or loan amortization and shall suffer the penalties provided in Article 315 of the Revised Penal Code, and in addition

shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

"(g) The heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the collection of premium contributions, loan amortization and other accounts due the GSIS who shall fail, refuse or delay the payment, turnover, remittance or delivery of such accounts to the GSIS within thirty (30) days from the time that the same shall have been due and demandable shall, upon conviction by final judgment, suffer the penalties of imprisonment of not less than one (1) year nor more than five (5) years and a fine of not less than Ten Thousand Pesos (P10,000.00) nor more than Twenty Thousand Pesos (P20,000.00), and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

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

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

"(j) Failure of the Members of the GSIS Board, including the chairman and the vice-chairman, to comply with the provisions of paragraph (w) of Section 41 hereof, shall subject them to imprisonment of not less than six (6) months nor more than one (1) year or a fine of not less than Five Thousand Pesos (P5,000.00) nor more than Ten Thousand Pesos (P10,000.00) without prejudice to any civil or administrative liability which may also arise therefrom.

"Criminal actions arising from violations of the provisions of this Act may be commenced by the GSIS or by the aggrieved member, either under this act or, in appropriate cases, under the Revised Penal Code.

"SEC. 53. *Implementing Rules and Regulations.* – The implementing rules and regulations to carry out the provisions of this Act shall be adopted and promulgated by the GSIS not later than ninety (90) days after the approval of this Act.

"SEC. 54. *Non-impairment of Benefits, Powers, Jurisdiction, Rights, Privileges, Functions and Activities.* – Nothing in this Act shall be construed to repeal, amend or limit any provision of existing laws, Presidential Decrees and Letters of Instructions, not otherwise specifically inconsistent with the provisions of this Act.

"SEC. 55. *Exclusiveness of Benefits.* – Whenever other laws provide similar benefits for the same contingencies covered by this Act, the member who qualifies to the benefits shall have the option to choose which benefits will be paid to him. However, if the benefits provided by the law chosen are less than the benefits provided under this Act, the GSIS shall pay only the difference.



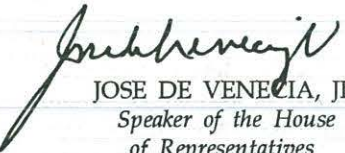
"SEC. 56. *Appropriations.* - The amount necessary to carry out the provisions of this Act shall be included in the respective budgets of the agencies in the national government obligation program of the year following its enactment into law and thereafter."

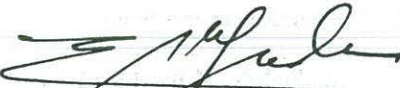
SEC. 2. *Separability Clause.* - Should any provision of this Act or any part thereof be declared invalid, the other provisions, so far as they are separable from the invalid ones, shall remain in force and effect.

SEC. 3. *Repealing Clause.* - All laws and any other law or parts of law specifically inconsistent herewith are hereby repealed or modified accordingly: *Provided*, That the rights under existing laws, rules and regulations vested upon or acquired by an employee who is already in the service as of the effectivity of this Act shall remain in force and effect: *Provided, further*, That subsequent to the effectivity of this Act, a new employee or an employee who has previously retired or separated and is reemployed in the service shall be covered by the provisions of this Act.

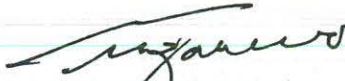
SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

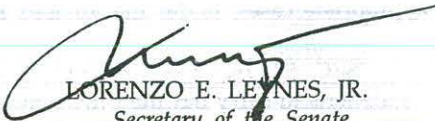
Approved,

  
 JOSE DE VENEZIA, JR.  
 Speaker of the House  
 of Representatives


  
 ERNESTO M. MACEDA  
 President of the Senate

This Act, which is a consolidation of Senate Bill No. 2013 and House Bill No. 8561 was finally passed by the Senate and the House of Representatives on May 29, 1997 and May 28, 1997, respectively.

  
 ROBERTO P. NAZARENO  
 Secretary General  
 House of Representatives

  
 LORENZO E. LEYNES, JR.  
 Secretary of the Senate

Approved: MAY 30, 1997

  
 FIDEL V. RAMOS  
 President of the Philippines

July 7, 1997

**MEMORANDUM CIRCULAR NO. 3-97**

To : All Heads of Departments and Agencies, Chiefs of Bureaus and Offices, Heads of Government-Owned or Controlled Corporations, State Universities and Colleges, Governors, Mayors and Others Concerned.

Subject: **Processing and Adjudication of Retirement Claims under Sec. 12 (c) of RA 1616, as further amended by RA 4968**

Under the provisions of RA 8291 also known as the GSIS Act of 1997 which took effect June 24, 1997, the processing and adjudication of retirement applications under Sec. 12 (c) of RA 1616, as amended by RA 4968, shall be discontinued by the GSIS. The agencies concerned shall process and pay the gratuities of their employees under RA 1616 subject to GSIS clearance.

To implement this particular provision of RA 8291, the GSIS shall assist the agencies concerned to gain the expertise in the processing and adjudication of retirement claims under RA 1616.

Any official or employee, appointive or elective, regardless of age and employment status is eligible to retire under Sec. 12 (c) of RA 1616 as amended by RA 4968 subject to the following conditions -

1. must have rendered service prior to June 1, 1977 effectivity of PD 1146;
2. at least 20 yrs. of service in the aggregate;
3. last 3 years of service must be continuous, meaning, no separation or leave of absence without pay of more than 1 year within the last 3 years of service; and
4. gratuity to be computed based on the highest salary received.

Stated below is the formula and sample for computing gratuity benefits:

Amount of Gratuity = Gratuity Months X Highest Salary Received

Gratuity Months = Factor X Total Service (TS)

= 1.0 Mo. X 20 yrs.

+1.5 Mo. X (21-30 yrs.) 10 yrs.

+2.0 Mo. X in excess of 30 yrs.

Example 1: T.S. = 35 years

Highest Salary Received = P18,749.00/Mo.

Gratuity Months = 1.0 Mo. x 20 years = 20

= 1.5 Mo. X 10 yrs. = 15

= 2 Mo. X 5 yrs. = 10

35 yrs. = 45 gratuity  
 service months



Amount of Gratuity = Gratuity Months X Highest Salary Received  
 = 45 x P18,749.00/Mo.  
 = P843,705.00

Example 2 : T.S. = 29 years

Highest Salary Received = P10,863.00

Gratuity Months = 1.0 Mo. X 20 yrs. = 20  
 1.5 Mo. X 9 yrs. = 13.5  
 29 yrs. = 33.5 gratuity  
 service months

Amount of Gratuity = 33.5 x P10,863.00  
 = P363,910.50

The refund of retirement premiums paid, personal share with interest and government share without interest shall be payable by the GSIS.

A copy of the approval together with the service record shall be forwarded to the GSIS in order to effect the refund the soonest possible time.

Please be guided accordingly.

  
**CESAR N. SARINO**  
 President and General Manager

November 14, 1997

**MEMORANDUM**

**FOR : All Heads of Departments, Agencies, Constitutional Offices, The Supreme Court of the Philippines, The President of the Senate, the Speaker of the House of Representatives, Corporate Heads of Government Financing Institutions, Government Owner or Controlled Corporations, Local Government Units, Chiefs of Bureaus/Offices**

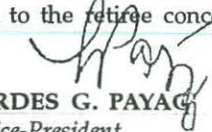
Please be advised that effective January 1, 1998, the System shall no longer accept and/or process retirement applications under RA 1616 pursuant to Sec. 49(b) of RA 8291, the pertinent provisions of which is quoted hereunder:

"Sec. 49(b). The GSIS shall discontinue the processing and adjudication of retirement claims under RA 1616 except refund of retirement premiums and RA 910. Instead, all agencies concerned shall process and pay the gratuities of their employees. x x x"

It is further advised that payment of the refundable retirement contributions (*personal share with interest and the government share*) to the retiree shall be effected upon receipt by this office of the following:

- 1) Certified Copy of the Approval Letter
- 2) Updated Service Record (indicating the inclusive period of leave of absence with or without pay, if any)
- 3) Office Clearance regarding money & property accountabilities
- 4) Statement of Assets and Liabilities as of date of retirement
- 5) Certification that there is no pending administrative and/or criminal case
- 6) Ombudsman Clearance

A GSIS Clearance should first be secured before payment of the retirement gratuity is made to the retiree concerned.

  
**LOURDES G. PAYAG**  
 Sr. Vice-President  
 Social Insurance Group



June 25, 1997

**CIRCULAR NO 4-97**

For : ALL HEADS OF DEPARTMENTS AND COMMISSIONS, PRESIDENTS OF STATE UNIVERSITIES AND COLLEGES, CHIEFS OF BUREAUS AND OFFICES, MANAGING HEADS OF GOVERNMENT-OWNED AND CONTROLLED CORPORATIONS, ACCOUNTING, FINANCE, COLLECTING AND/OR DISBURSING OFFICERS THEREOF, AUDITORS, METRO MANILA/PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS AND TREASURERS AND OTHERS CONCERNED.

Subject : Collection and remittance of contributions provided in Republic Act No. 8291 and other amounts due the Government Service Insurance System.

**A. PAYMENT OF INTEGRATED CONTRIBUTIONS UNDER REPUBLIC ACT NO. 8291 (Amending CA 186, as amended by Presidential Decree No. 1146)**

1. Employees subject to the payment of the integrated contributions -

1.1. Any person, receiving compensation while in the service of an employer, as defined hereunder, whether by election or appointment, irrespective of status appointment, including barangay and sanggunian officials, who have not reached the compulsory retirement age, except members of the Armed Forces of the Philippines and the Philippine National Police.

1.2 Civilian employees of the Armed Forces of the Philippines including employees of the Bureau of Fire Protection, and the Bureau of Jail Management and Penology.

Employer shall mean the national government, its political subdivisions, branches, agencies or instrumentalities, including government-owned or controlled corporations, and financial institutions with original charters, the constitutional commissions and the judiciary.

2. Members subject to the payment of life insurance contributions only.

2.1 Members of the judiciary and constitutional commissions who shall only have life insurance coverage.

3. Rates of contributions due from member/employee and employer.

The percentages of monthly compensation payable by the member and employer are as indicated below. For this purpose, monthly compensation shall mean the basic pay or salary received by an employee, pursuant to his election/appointment, excluding per diems, bonuses, overtime pay, honoraria, allowances and any other emoluments received in addition to the basic pay which are not integrated into the basic pay under existing laws.

It shall be mandatory for the members and the employer to pay the monthly contributions specified in the following schedule.

Monthly Compensation	Percentage of Monthly Compensation Payable By	
	Employee/Member	Employer
I. P10,000.00 and below	9.0%	12%
II. In excess of P10,000.00	2.0%	12%

Members of the judiciary and constitutional commissioners shall pay three percent (3%) of their monthly compensation as personal share, and their employers a corresponding three percent (3%) share for their life insurance coverage.

4. Formulae and illustrations in the manner of computing employee's and employer's share of contribution -

The contributions may be computed in accordance with the following formulae:

Monthly Compensation (MC)	Employee/Member	Employer
I. P10,000.00 and below	9.0% of MC	12% of MC
II. Over P10,000.00	P900 + 2% in excess of MC - P10,000.00	12% of MC

Illustrations:

Monthly Compensation (MC)	Contributions	
	Employee/Member	Employer
Case I: P10,000.00 and below Ex: P8,500	9% of P8,500.00 = P765.00	12% of P8,500.00 = P1,020.00
Case II: Over P10,000.00		
Ex. 1: P16,303.00	P900 + 2% of P6,303.00 = P900.00 + 126.06 = P1,026.06	12% of P16,303.00 = P1,956.36
Ex. 2: P11,036.00	P900 + 2% of P1,036.00 = P900 + 20.72 = P920.72	12% of P11,036.00 = P1,324.32

5. Premium for Extra Hazards

Extra premiums required of the employer on account of the hazards or risks of its employees occupation shall be paid in accordance with the Schedule of Premiums for Extra Hazards prescribed by the System.

6. Effective date of enforceability of contributions -



The new rates of contributions took effect on June 24, 1997. The collection thereof shall start from the month of January, 1998 in so far as the government share is concerned. It is understood, however, that arrearages that may have been incurred shall be liquidated within the period from January 1998 to March 1998 without interest.

#### B. PAYMENT OF OTHER AMOUNTS DUE TO THE SYSTEM

When so authorized by the employee, the employer shall deduct from the employee's monthly compensation and employee's premiums on optional insurance, loan amortization, i.e. salary loan, policy loan, real estate loan, etc. and other amounts payable by the employee to the System. The amounts deducted shall be remitted by the employer within the first ten (10) days of the calendar month following the month in which the deductions were effected, together with the supporting lists in the forms prescribed by the System.

#### C. COLLECTION AND REMITTANCE OF CONTRIBUTIONS

- a) The employer shall report to the GSIS the names of all its employees, their corresponding employment status, positions, salaries and such other pertinent information, including subsequent changes therein, if any, as may be required by the GSIS; the employer shall deduct each month from the monthly salary or compensation of each employee the contribution payable by him in accordance with the schedule described herein.
- b) Each employer shall remit directly to the GSIS the employees' and employers' contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contributions to the GSIS shall take priority over and above the payment of any and all obligations except salaries and wages of its employees.

#### D. LEGAL PROVISIONS ON REMEDIES AND PENALTIES FOR NON-DEDUCTION, NON-REMITTANCE AND/OR MISAPPROPRIATION OF CONTRIBUTION AND OTHER AMOUNTS DUE THE SYSTEM

1. The employer shall include in its annual appropriation the necessary amounts for its share of the contributions indicated herein, plus any additional premiums that may be required on account of the hazards or risks of its employees' occupation.
2. It shall be mandatory and compulsory for all employers to include the payment of contributions in their annual appropriations. Penal sanctions shall be imposed upon employers who fail to include the payment of contributions in their annual appropriations or otherwise fail to remit the accurate/exact amount of contributions on time, or delay the remittance of premium contributions to the GSIS. The heads of offices and agencies shall be administratively liable for non-remittance or delayed remittance of premium contributions to the GSIS.
3. Interests on Delayed Remittances - Agencies which delay the remittance of any and all monies due the GSIS shall be charged interests as may be

prescribed by the Board but not less than two percent (2%) simple interest per month, such interest shall be paid by the employers concerned.

4. The treasurer, finance officer, cashier, disbursing officer, budget officer, or other official and employee who fail to include in the annual budget the amount corresponding to the employer and employee contributions, or who fails or refuses or delays by more than thirty (30) days from the time such amount becomes due and demandable, or to deduct the monthly contributions of the employee shall, upon conviction by final judgement, suffer the penalties of imprisonment from six (6) months and one (1) day to six (6) years, and a fine of not less than Three Thousand pesos (P3,000.00) but not more than Six Thousand pesos (P6,000.00), and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.
6. The heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government - owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the collection of premium contributions, loan amortization and other accounts due the GSIS who shall fail, refuse or delay the payment, turnover, remittance or delivery of such accounts to the GSIS within Thirty (30) days from the time that the same shall have been due and demandable shall, upon conviction by final judgment, suffer the penalties of imprisonment of not less than one (1) year nor more than five (5) years and a fine of not less than Ten Thousand pesos (P10,000.00) nor more than Twenty Thousand pesos (P20,000.00), and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.
7. The officers and/or personnel referred to in the preceding paragraph shall be liable not only criminally but also civilly to the GSIS or to the employee or member concerned in the form of damages, including surcharges and interests.
8. For the charges and complaints referred to in paragraph (D-6), the liabilities therein set forth shall be construed as waiver of the State of its immunity from suit, hence, the above-mentioned officials and/or personnel may not invoke the defense of non-suitability of the State.

#### E. INCENTIVE FOR PROMPT REMITTANCE OF CONTRIBUTIONS

The GSIS shall have the power to authorize the payment of extra-remuneration to the officials and employees directly involved in the collection and/or remittance of contributions, loan repayments, and other monies due to the GSIS at such rates and under such conditions as it may adopt: Provided, That the best interest of the GSIS shall be observed thereby.

Please be guided accordingly.

  
CESAR N. SARINO  
President and General Manager



September 24, 1997

## CIRCULAR NO. 5-97

**For :** All Officers, Uniformed Personnel and Non-Uniformed Employees of the Armed Forces of the Philippines

**Subject :** GSIS Coverage of the Armed Forces of the Philippines Under Republic Act No. 8291

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For the proper implementation of Republic Act No. 8291, otherwise known as the GSIS Act of 1997, which took effect on June 24, 1997, the following guidelines and regulations are hereby promulgated for the information of all concerned:

### A. GSIS COMPULSORY COVERAGE

1. Uniformed members of the Armed Forces of the Philippines (AFP) are excluded from GSIS compulsory coverage.
2. Non-uniformed personnel of the AFP shall continue to be compulsorily covered by the GSIS so long as they are receiving compensation as defined in the law.

### B. OPTIONS REGARDING THE LIFE INSURANCE COVERAGE

There are two options available to the uniformed members of the AFP:

1. They can surrender their life insurance policies and be paid the cash surrender value after deducting their outstanding loan obligations with the GSIS; or
2. They can continue paying the total premium payable, i.e. both employee and employer share, for their life insurance coverage until their policies mature; thereafter, the coverage shall no longer be renewed.

### C. LOAN PRIVILEGES

1. Uniformed members of the AFP who opt to continue with their life insurance coverage are entitled only to the policy loan. They are no longer entitled to apply for salary, stock purchase, emergency and other loan privileges available to members paying the integrated contribution.

They can, however, avail of housing loans as non-members subject to the terms and conditions applicable to non-members.

2. Loan applications of uniformed members of the AFP filed and received by the GSIS before June 24, 1997 shall be processed as loans extended to GSIS members paying the integrated contributions. On the other hand, loans filed on June 24, 1997 and after shall no longer be processed except for the housing loans which shall be processed as a housing loan extended to non-GSIS members.

Please be guided accordingly.

  
CESAR N. SARINO  
President and General Manager



**CIRCULAR NO. 6-97**

**FOR :** All officers, uniformed personnel and non-uniformed employees of the Philippine National Police, Bureau of Jail Management & Penology and Bureau of Fire Protection

**Subject :** GSIS coverage of the Philippine National Police, Bureau of Jail Management & Penology and Bureau of Fire Protection Under R.A. 8291

For the proper implementation of Republic Act No. 8291, otherwise known as the GSIS Act of 1997, which took effect on June 24, 1997, the following guidelines and regulations are hereby promulgated for the information of all concerned:

**A. GSIS COMPULSORY COVERAGE**

1. Uniformed members of the Philippine National Police (PNP), Bureau of Jail Management & Penology (BJMP) and Bureau of Fire Protection (BFP) are excluded from GSIS compulsory coverage.
2. Non-uniformed personnel of the PNP, BJMP and BFP shall continue to be compulsorily covered by the GSIS so long as they are receiving compensation, as defined in the law.

**B. OPTIONS REGARDING THE LIFE INSURANCE COVERAGE**

There are two options available to the uniformed members of the PNP, BJMP and BFP:

1. They can surrender their life insurance policies and be paid in cash surrender value after deducting their outstanding loan obligations with the GSIS; or
2. They can continue paying the total premium payable, i.e. both employee and employer share, for their life insurance coverage until their policies mature; thereafter, the coverage shall no longer be renewed.

**C. RETIREMENT CONTRIBUTIONS PAID TO THE GSIS**

Pursuant to R.A. 8291 which took effect June 24, 1997:

1. Retirement contribution already paid by the uniformed members of the PNP, BJMP and BFP up to June 24, 1997 will not be refunded.
2. Retirement contribution already paid by and in behalf of uniformed members of the BJMP and BFP after June 24, 1997 will be refunded to the employee, for the employee's share, and to the respective Bureaus, for the employer's share.

**D. BENEFITS FROM THE GSIS**

Since the retirement contributions prior to June 24, 1997 of the uniformed members of the PNP, BJMP and BFP shall not be refunded, Section 4 of P.D. 1146 on the Effect of Separation from the Service shall apply, unless the terms of the separation provide otherwise. The said Section 4 of P.D. 1146 states that a member shall be entitled to whatever benefits which have accrued or been earned at the time of his separation in the event of the occurrence of a compensable contingency such as, old age (attainment of age 60 years), disability, or death. For purposes hereof, the term "separation" is construed to refer to the effectivity of the cessation of GSIS coverage for the aforementioned uniformed members.

In the case of uniformed members of the PNP, cessation of coverage shall be reckoned on February 1, 1996 while for the uniformed members of the BJMP and BFP, cessation of coverage shall be effective June 24, 1997.

1. The following benefits under P.D. 1146 may be granted subject to satisfaction of the eligibility requirements:

**1.1. Old-Age Benefit**

1.1.1 For those who have served for at least three (3) years but less than fifteen (15) years as of date of separation from the GSIS as mentioned above, they shall receive the cash payment equivalent to one hundred percent of the average monthly compensation for every year of service rendered upon reaching age sixty (60).

1.1.2 For those who have served for at least fifteen (15) years as of the date of cessation of coverage by the GSIS as mentioned above, they shall receive the basic monthly pension for life guaranteed for five (5) years upon reaching age sixty (60) with the option to convert the basic monthly pension for the first five years into a lump sum at six percent (6%) discount.

**1.2 Permanent Disability Benefits**

For those who have paid at least thirty-six (36) monthly contributions within the last five-year period immediately preceding disability or for those who have paid at least one hundred eighty (180) monthly contributions prior to disability, they shall be entitled to the basic monthly pension for life if the disability is total. If the disability is partial, the basic monthly pension shall be payable in accordance with the rules and regulations prescribed by the GSIS.

**1.3 Survivorship Benefits**

For those who have paid at least thirty-six (36) monthly contributions within the last five-year period immediately preceding death or for those who have paid at least one hundred eighty (180) monthly contributions prior to death, the basic survivorship pension which is guaranteed for thirty (30) months and the dependent's pension shall be given to the primary beneficiaries. In the absence of primary beneficiaries, the secondary beneficiaries designated by the diseased and recorded in the



GSIS shall receive a cash payment equivalent to fifty percent (50%) of the average monthly compensation for each year he paid contributions.

#### 1.4 Funeral Benefit

Members of the PNP including those of the BJMP and BFP who have at least three (3) years service and have paid corresponding integrated contributions as of the cessation of their coverage by the GSIS shall be eligible to the funeral benefit.

2. In case of retirement benefits, uniformed members of the PNP, BJMP and BFP who were in service as of June 1, 1977 shall have the option to choose among the modes of retirement under R.A. 660, R.A. 1616 and P.D. 1146.

#### E. LOAN PRIVILEGES

1. Uniformed members of the PNP, BJMP and BFP who opt to continue with their life insurance coverage are entitled only to the policy loan. They are no longer entitled to apply for salary, stock purchase, emergency and other loan privileges available to members paying the integrated contributions.

They can, however, avail of the housing loans granted to non-members subject to the terms and conditions applicable to non-members.

2. Loan applications of uniformed members of the PNP, BJMP and BFP filed and received by the GSIS before June 24, 1997 shall be processed as loans extended to GSIS members paying the integrated contributions. On the other hand, loans filed on June 24, 1997 and after shall no longer be processed except for the housing loans which shall be processed as a housing loan extended to non-GSIS members.

Please be guided accordingly.

  
CESAR N. SARINO  
President and General Manager

October 31, 1997

#### MEMORANDUM CIRCULAR NO 7-97

**To: The Chief Justice, Supreme Court, Presiding Justice, Court of Appeals, Sandiganbayan, Office of the Solicitor General, Government Corporate Counsel, and others Concerned.**

**Subject: Processing and Adjudication of Retirement Claims under RA 910**

Pursuant to Section 49 (b) of RA 8291, otherwise known as the GSIS Act of 1997, which took effect June 24, 1997, the processing and adjudication of retirement applications of members of the Judiciary as well as constitutional officers and other government officials who are covered for purposes of retirement under RA 910 shall be discontinued by the GSIS. The corresponding agencies concerned shall assume direct responsibility for the processing and payment of the retirement benefits due to the aforementioned government officials, subject to GSIS Clearance.

For the proper implementation of the above-cited provision of the law, the GSIS shall extend the necessary assistance to the agencies concerned to acquire the appropriate knowledge and expertise in the processing and adjudication of retirement claims under RA 910.

Effective January 1, 1998, the System shall no longer accept applications for retirement under RA 910 for processing. The monthly contributions of P100.00 and P40.00, respectively, of the abovementioned government officials shall no longer be remitted to the GSIS. However, the monthly premiums for the compulsory life insurance coverage which is 3% (P.S.) and 3% (G.S.) of the basic monthly compensation should continue to be remitted to the System regularly.

All agencies concerned are hereby requested to notify the GSIS of the individual government officials under their respective jurisdictions who are due for retirement under RA 910, as amended at least 30 days prior to the effective date of retirement. Based on such notification, the GSIS shall compute the aggregate amount of contributions being held by the GSIS in trust in their behalf for remittance and integration into the retirement benefit that may be due the retiring officials concerned: the GSIS shall likewise compute the outstanding balances of loan obligations, if any, obtained by the aforesaid officials for deduction from the retirement benefits and remittance to the System.

Please be informed and guided accordingly.

  
CESAR N. SARINO  
President and General Manager