



## HOUSE OF REPRESENTATIVES

H. No. 6904

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BY REPRESENTATIVES ANGARA, MAGSAYSAY (E.), RODRIGUEZ (R.),  
RODRIGUEZ (M.), MATUGAS, OCAMPO, CASTELO, FERRIOL, ESCUDERO,  
ACOP, EJERCIFO, SAN LUIS, AUMENTADO, CALIMBAS-VILLAROSA,  
APACIBLE, VILLARICA, DEL ROSARIO (A.G.), MERCADO-REVILLA,  
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DUAVIT, EVARDONE, CABALUNA, CERAIFICA, ABAYON, GULLAS,  
FABIAN, TINIO, DEFENSOR AND KHO (D.), PER COMMITTEE REPORT  
NO. 2688

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### AN ACT FURTHER STRENGTHENING THE GOVERNMENT SERVICE INSURANCE SYSTEM

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

1           SECTION 1. *Short Title.* – This Act shall be known as the “Revised  
2 Government Service Insurance System (GSIS) Act of 2013”.

3           SEC. 2. *Declaration of Policy.* – It is a declared policy of the State to  
4 provide, develop and promote a sound social security system responsive to the  
5 needs of its employees. Likewise, the State shall review and strengthen  
6 policies that advance and protect the welfare of employees in the public sector  
7 and ensure their right to participate in policy and decision-making processes  
8 affecting their rights and benefits. Towards this end, the State shall:

9           (a) Ensure the adoption of policies beneficial to GSIS members, paving  
10 the way for a responsible, integrated and transparent social security system;

1 (b) Provide greater representation for members at the highest  
2 policy-making level of the GSIS;

3 (c) Insulate the Social Insurance Fund (SIF) from dissipation due to the  
4 volatility of the global economy; and

5 (d) Ensure that top-level officials of the GSIS are held accountable for  
6 mismanagement and inefficiencies in the delivery of services to members and  
7 beneficiaries.

8 A. DEFINITIONS

9 SEC. 3. *Definition of Terms.* – Unless the context otherwise indicates,  
10 the following terms shall mean:

11 (a) *GSIS* refers to the Government Service Insurance System created by  
12 Commonwealth Act No. 186.

13 (b) *Board* refers to the Board of Trustees of the Government Service  
14 Insurance System.

15 (c) *Employer* refers to the national government, its political  
16 subdivisions, branches, agencies or instrumentalities, including  
17 government-owned and -controlled corporations, and financial institutions with  
18 original charters, the Constitutional commissions and the judiciary.

19 (d) *Employee or member* refers to any person receiving compensation  
20 while in the service of an employer as defined herein, whether by election or  
21 by appointment, irrespective of status of appointment, including barangay and  
22 sanggunian officials.

23 (e) *Active member* refers to a member who is not separated from the  
24 service.

25 (f) *Beneficiaries* shall be the following:

26 (1) *For married members:*

27 (i) The legitimate spouse; and

1           (ii) The legitimate, legitimated, legally adopted child, including the  
2 illegitimate child, who is unmarried, not over the age of majority, or is over the  
3 age of majority but is considered a person with disability (PWD) and incapable  
4 of self-support due to a mental or physical impairment acquired prior to age of  
5 majority.

6           (2) For unmarried members:

7           (i) The legitimate, legitimated, legally adopted child, including the  
8 illegitimate child, who is unmarried, not over the age of majority, or is over the  
9 age of majority but is considered a PWD and incapable of self-support due to a  
10 mental or physical impairment acquired prior to age of majority; or

11           (ii) In the absence of children, the parents: *Provided, however,* That the  
12 parents will no longer be considered as beneficiaries once the member marries  
13 and/or begets a child; or

14           (iii) In the absence of either (i) and (ii), a designated beneficiary who  
15 shall have the same qualifications and be entitled to the same benefits as a  
16 legitimate, legitimated, legally adopted or illegitimate child under paragraph  
17 (f)(1)(ii) of this section: *Provided,* That the designation must be made before  
18 the member turns fifty (50) years old: *Provided, further,* That the designation  
19 can only be made once.

20           (g) *Benefits* refer to those administered by the GSIS on behalf of its  
21 members, as found under Sections 14 to 38 of this Act, specifically: retirement,  
22 separation, unemployment, disability, death/funeral, survivorship and life  
23 insurance.

24           (h) *Compensation* refers to the basic pay or salary received by an  
25 employee, pursuant to his/her election or appointment, excluding *per diems,*  
26 bonuses, overtime pay, honoraria, allowances and any other emoluments  
27 received in addition to the basic pay which are not integrated into the basic pay  
28 under existing laws.

1 (i) *Contribution* refers to the amount payable to the GSIS by the  
2 member and the employer in accordance with Section 10 of this Act.

3 (j) *Current daily compensation* refers to the actual daily compensation  
4 or the actual monthly compensation divided by the number of working days in  
5 the month of contingency but not to exceed twenty-two (22) working days.

6 (k) *Average Monthly Compensation (AMC)* refers to the quotient  
7 arrived at after dividing the aggregate compensation received by the member  
8 during his/her last thirty-six (36) months of service preceding his/her  
9 separation/retirement/disability/death by thirty-six (36), or by the number of  
10 months he/she received such compensation if he/she has less than thirty-six (36)  
11 months of service: *Provided*, That the average monthly compensation shall in  
12 no case exceed the amount and rate as may be respectively set by the Board  
13 under the rules and regulations implementing this Act, as determined by the  
14 actuary of the GSIS.

15 (l) *Revalued average monthly compensation* refers to an amount equal  
16 to one hundred seventy percent (170%) of the first One thousand pesos  
17 (P1,000.00) of the average monthly compensation plus one hundred percent  
18 (100%) of the average monthly compensation in excess of One thousand pesos  
19 (P1,000.00).

20 (m) *Pensioner* refers to any person receiving old-age or permanent total  
21 disability pension or any person who has received the retirement benefits:  
22 *Provided, however*, That one who is receiving survivorship pension benefits as  
23 defined in Sections 33 to 36 of this Act is not considered a pensioner.

24 (n) *Disability* refers to any loss or impairment of the normal functions  
25 of the physical and/or mental faculty of a member which reduces or eliminates  
26 his/her capacity to continue with his/her current gainful occupation.



1           (c) An employee who is already beyond the mandatory retirement age  
2 of sixty-five (65) but whose appointment in government service has been  
3 approved by the Office of the President of the Philippines or has been  
4 extended by the Civil Service Commission (CSC) for the purpose of  
5 completing the fifteen (15) years of service required under Republic Act  
6 No. 8291 to qualify for retirement benefits.

7           (d) The following government employees are not members of the  
8 GSIS:

9           (1) Uniformed personnel of the Armed Forces of the Philippines (AFP),  
10 the Philippine National Police (PNP), the Bureau of Fire Protection (BFP) and  
11 the Bureau of Jail Management and Penology (BJMP);

12           (2) Barangay, sanggunian and other government officials who are not  
13 receiving fixed monthly compensation;

14           (3) Government employees covered by separate retirement schemes, as  
15 enumerated under Section 4(e) of this Act; and

16           (4) Personnel who are not receiving fixed monthly compensation  
17 and/or do not have monthly regular hours of work.

18           (e) The following, who are covered by separate retirement schemes, are  
19 also required to remit regular monthly contributions to the GSIS for their life  
20 insurance policies in order to answer for their life insurance benefits defined  
21 under this Act:

22           (1) Members of the Constitutional bodies;

23           (2) Members of the judiciary, including those with equivalent ranks;

24           (3) Members of the national prosecution service; and

25           (4) All others who are or may be subsequently covered by a separate  
26 retirement law.

1           SEC. 5. *Optional Membership.* – The following shall be given the  
2 option to continue their membership in the GSIS, even beyond the mandatory  
3 retirement age of sixty-five (65):

4           (a) An official elected to public office before age sixty-five (65) but  
5 who will reach the mandatory retirement age of sixty-five (65) during his/her  
6 term. The elective official shall be allowed to continue paying life and  
7 retirement premiums until the end of his/her term, including any periods of  
8 reelection or election to another public office: *Provided*, That such period/s of  
9 reelection or election are continuous;

10           (b) An official appointed by the President of the Philippines to public  
11 office before age sixty-five (65) for a fixed term and with a fixed monthly  
12 compensation, but who will reach the mandatory retirement age of sixty-five  
13 (65) during his/her tenure. The appointive official shall be allowed to continue  
14 paying life and retirement premiums until the end of his/her tenure, including  
15 any period/s of term extension or reappointment to another office: *Provided*,  
16 That the period/s of extension or reappointment is/are continuous; and

17           (c) An official or employee who holds a coterminous or highly  
18 confidential position who reaches the age of sixty-five (65) years, and whose  
19 services are considered automatically extended until the expiration of the  
20 employee's or official's appointment or until the employee's or official's  
21 services are earlier terminated.

22           SEC. 6. *Effect of Separation from the Service.* – A member  
23 separated from the service either by resignation, retirement, disability,  
24 dismissal from the service or retrenchment shall be deemed an inactive  
25 member of the system. An inactive member shall be entitled to whatever  
26 benefits he/she has qualified for in the event of any contingency compensable  
27 under this Act.

1           SEC. 7. *Members' Rights.* -- In addition to their rights under existing  
2 laws, the members shall have the following rights:

3           (a) Right to courteous and responsive service:

4           (1) To be considered a GSIS member from the first day of government  
5 service;

6           (2) To be provided prompt and accurate service;

7           (3) To be accorded respect by the executives and employees of the  
8 GSIS; and

9           (4) To be afforded comfortable and customer-friendly facilities when  
10 transacting with the GSIS;

11          (b) *Right to information:*

12           (1) To be informed of the laws, regulations, policies or programs  
13 affecting the members' rights, benefits, obligations and privileges, including  
14 amendments or changes thereto;

15           (2) To be informed of GSIS policies and regulations pertaining to  
16 benefits and claims administration;

17           (3) To be informed of the various modes and options in availing  
18 themselves of benefits;

19           (4) To receive accurate and updated membership data, records and  
20 information, including records of premium remittances and loan payments;

21           (5) To have GSIS data and records protected from unauthorized,  
22 unlawful or improper disclosure; and

23           (6) To be informed in advance of documents required to facilitate  
24 transaction, processing period and updated status of claims or loan  
25 applications;

26          (c) *Right to GSIS benefits:*

27           (1) To receive on time the benefits the member has qualified to even  
28 after separation from the service;



1           (2) To avail of a mode of retirement from among the different  
2 applicable retirement laws and to be allowed to change the chosen mode:  
3 *Provided*, That the member has met the qualifications required under the  
4 chosen mode: *Provided, further*, That the pension has not yet been received or  
5 paid;

6           (3) To be protected against discrimination and thus receive the same  
7 benefits and privileges granted other members similarly situated; and

8           (4) To receive benefits exempt from all taxes, fees, charges and duties  
9 of all kinds except for unpaid personal premium contributions and monetary  
10 liabilities due to the fund;

11           (d) Right to expeditious processing of claims:

12           (1) To claim and receive on time benefits provided under applicable  
13 laws;

14           (2) To exhaust all legal remedies under existing laws; and

15           (3) To be protected from diminution of benefits that may arise with the  
16 passage of a subsequent law or regulation; and

17           (e) Right to be heard:

18           (1) To be represented in the GSIS governing Board of Trustees  
19 (Board);

20           (2) To participate in meaningful exchanges of views, dialogues and  
21 fora conducted by the GSIS without fear of reprisal;

22           (3) To be consulted on the policies and programs to be implemented by  
23 the GSIS;

24           (4) To convey grievances and be accorded immediate response; and

25           (5) To transact business with the GSIS in person.

26           SEC. 8. *Special Rights for the Elderly, PWDs and Seriously-ill*  
27 *Members, Pensioners and Beneficiaries.* – The following special rights are to

1 be afforded to the elderly, PWDs and seriously-ill members, pensioners and  
2 beneficiaries:

3 (a) To be provided special access lanes;

4 (b) To be prioritized in the processing and releasing of claims and  
5 benefits;

6 (c) To be given preference in the dissemination of information  
7 pertaining to policies;

8 (d) To be provided specialized services necessary to ensure equal  
9 access for PWDs such as sign language interpreters, copies of policies in  
10 Braille for the visually-impaired, regional language interpreters, and others;  
11 and

12 (e) To be accorded leniency in the submission of documents.

13 *SEC. 9. Agencies/Employers' Responsibilities.* – The government  
14 agencies covered by this Act, as employers, shall have the following  
15 responsibilities:

16 (a) To deduct and remit employees' and employers' contributions to  
17 the GSIS within the prescribed time mandated by law;

18 (b) To promptly provide documents required to facilitate the  
19 processing of claims;

20 (c) To provide additional documents as necessary to reconcile the  
21 records of accounts; and

22 (d) To promptly inform the GSIS, through their Agency  
23 Authorized Officers (AAOs) of any update pertaining to personal or service  
24 records that may affect the processing of their employees' claims and  
25 benefits.

## C. SOURCES OF FUNDS

SEC. 10. *Contributions.* – (a) It shall be mandatory for the member and the employer to pay the monthly contributions specified in the following schedule:

	Percentage of Monthly Compensation Payable by	
Monthly Compensation	Member 9%	Employer 12%

Members who are excluded from compulsory retirement coverage as enumerated under Section 4(d) of this Act shall pay three percent (3%) of their monthly compensation as personal share, and their employers a corresponding three percent (3%) 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. The appropriate penal, civil and administrative sanctions under Section 65 of this Act 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. 11. *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

1 compensation of each employee the contribution payable by him/her in  
2 accordance with the schedule prescribed in the rules and regulations  
3 implementing this Act.

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

10 (c) All outstanding government share premium contributions which  
11 were not paid by any government office or agency shall be included in the  
12 annual budget and shall be remitted automatically by the Department of Budget  
13 and Management (DBM) to the GSIS.

14 SEC. 12. *Interests on Delayed Remittances.* – Agencies which delay  
15 the remittance of any and all monies due the GSIS shall be charged interest as  
16 may be prescribed by the Board but not more than two percent (2%) simple  
17 interest per month. Such interest shall be paid by the employers concerned.

18 SEC. 13. *Government Guarantee.* – The government of the Republic of  
19 the Philippines hereby guarantees the fulfillment of the obligations of the GSIS  
20 to its members as and when they fall due.

#### 21 D. BENEFITS

22 SEC. 14. *Determination of Amount of Benefits.* – (a) The computation  
23 of total length of service for the purpose of determining a member's eligibility  
24 to the benefits payable under this Act shall be based on the service rendered  
25 starting from the date of original appointment/election, including periods of  
26 service at different times under one (1) or more employers, those performed  
27 overseas under the authority of the Republic of the Philippines, and those that  
28 may be prescribed by the GSIS in coordination with the CSC.

1 (b) The computation of actual benefits payable under this Act shall be  
2 based on the total length of service: *Provided, however,* That computation of  
3 benefits prior to June 24, 1997 shall be based on the period/s of service when  
4 required premium contributions were paid: *Provided, further,* That  
5 computation of benefits of members not compulsorily covered prior to  
6 June 24, 1997 shall be based on the period/s of service when premium  
7 contributions were paid.

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

12 RETIREMENT BENEFITS

13 SEC. 15. *General Conditions for Entitlement.* -- A member who retires  
14 from service shall be entitled to the retirement benefits enumerated in Section  
15 16(a) hereof: *Provided,* That the member:

- 16 (a) Has rendered at least fifteen (15) years of service;  
17 (b) Is at least sixty (60) years of age at the time of retirement; and  
18 (c) Is not receiving a monthly pension benefit for permanent total  
19 disability.

20 SEC. 16. *Retirement Benefits.* -- (a) Retirement benefit shall either be:

- 21 (1) Cash payment equivalent to sixty (60) months of the member's  
22 basic monthly pension (BMP) payable at the time of retirement plus an old-age  
23 pension benefit equal to the BMP payable monthly for life, starting upon the  
24 expiration of the five (5)-year guaranteed period covered by the cash payment;  
25 or

1           (2) Cash payment equivalent to eighteen (18) months of the member's  
2   BMP plus monthly pension for life payable immediately with no five (5)-year  
3   guarantee.

4           (b) Unless the service is allowed under Section 5 of this Act or  
5   extended by appropriate authorities, retirement shall be compulsory for an  
6   employee at sixty-five (65) years of age with at least fifteen (15) years of  
7   service: *Provided*, That if the employee has less than fifteen (15) years of  
8   service, he/she may be allowed to continue in the service in accordance with  
9   existing civil service rules and regulations.

10          SEC. 17. *Computation of the Basic Monthly Pension.* – (a) The BMP  
11   is equal to:

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

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

18           (b) The BMP may be adjusted upon the recommendation of the GSIS  
19   actuary, the President and General Manager of the GSIS, the Board of Trustees  
20   of the GSIS, and approved by the President of the Philippines in accordance  
21   with the rules and regulations prescribed by the GSIS.

22          SEC. 18. *Periodic Pension Adjustment.* – The monthly pension of all  
23   pensioners including all those receiving survivorship pension benefits shall be  
24   periodically adjusted as may be recommended by the GSIS actuary and  
25   approved by the Board in accordance with the rules and regulations prescribed  
26   by the GSIS.

## 1 SEPARATION BENEFITS

2 SEC. 19. *General Conditions for Entitlement.* – A member who  
3 separates from the service before he/she is eligible for retirement under  
4 Section 15 of this Act shall be entitled to the separation benefits enumerated in  
5 Section 20 hereof: *Provided,* That the member:

6 (a) Has rendered at least three (3) years of service; and

7 (b) Is not receiving a monthly pension benefit for permanent total  
8 disability.

9 SEC. 20. *Separation Benefits.* – The separation benefit shall be paid  
10 as follows:

11 (a) If the member has rendered at least three (3) years but less than  
12 fifteen (15) years of service, he/she shall be entitled to a one-time cash  
13 payment equivalent to one hundred percent (100%) of his/her average monthly  
14 compensation for each year of service he/she paid contributions, but not less  
15 than Twelve thousand pesos (P12,000.00). The one-time cash payment shall  
16 be payable immediately or upon reaching sixty (60) years of age, at the option  
17 of the member: *Provided,* That the average monthly compensation is  
18 equivalent to the average salary received by the member during the last three  
19 (3) years of service; and

20 (b) If the member has rendered at least fifteen (15) years of service but  
21 is below sixty (60) years of age at the time of resignation or separation, he/she  
22 shall be entitled to a one-time cash payment equivalent to eighteen (18) times  
23 his/her BMP at the time of resignation or separation, plus an old-age pension  
24 benefit equal to the BMP payable monthly for life upon reaching the age of  
25 sixty (60).

26 SEC. 21. *Effect of Reemployment in Government Service After*  
27 *Separation.* – All service credited for retirement, resignation or separation for  
28 which corresponding benefits have been paid under this Act or other laws shall

1 be excluded in the computation of service in case of reinstatement in  
2 government service and subsequent retirement or separation which is  
3 compensable under this Act.

4 UNEMPLOYMENT BENEFITS

5 SEC. 22. *General Conditions for Entitlement.* – A member who is  
6 separated from the service due to the abolition of his/her office or position  
7 resulting from reorganization shall be entitled to the unemployment benefits  
8 enumerated in Section 23 hereof: *Provided,* That the member:

9 (a) Has been paying the required contributions for at least one (1) year  
10 prior to separation;

11 (b) Has not been paid the voluntary separation benefit equivalent to  
12 one-time cash payment or eighteen (18) times the BMP, should he/she opt to  
13 avail of the same before reaching the age of sixty (60); and

14 (c) Has not availed of any early retirement program as a result of  
15 his/her office’s reorganization.

16 SEC. 23. *Unemployment or Involuntary Separation Benefits.* –  
17 Unemployment benefits shall be computed as fifty percent (50%) of the  
18 average monthly compensation of the member, payable in accordance with the  
19 following schedule:

Contributions Made	Benefit Duration
One (1) year but less than three (3) years	Two (2) months
Three (3) or more years but less than six (6) years	Three (3) months
Six (6) or more years but less than nine (9) years	Four (4) months
Nine (9) or more years but less than eleven (11) years	Five (5) months
Eleven (11) or more years but less than fifteen (15) years	Six (6) months

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



1 All accumulated unemployment benefits paid to the employee during  
2 his/her entire membership with the GSIS shall be deducted from voluntary  
3 separation benefits.

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

7 PERMANENT DISABILITY BENEFITS

8 SEC. 24. *General Conditions for Entitlement.* – A member who  
9 suffers permanent disability for reasons not due to his/her grave misconduct,  
10 notorious negligence, habitual intoxication or willful intention to kill  
11 himself/herself or another shall be entitled to the disability benefits provided  
12 for in this Act: *Provided,* That he/she is in the service at the time of disability  
13 or has paid a total of at least one hundred eighty (180) monthly contributions  
14 prior to his/her disability, if already separated from the service.

15 SEC. 25. *Types of Disability Benefits.* – There are two (2) types of  
16 permanent disability which shall be determined by the GSIS based on  
17 established medical standards: (a) permanent total disability; and  
18 (b) permanent partial disability.

19 SEC. 26. *Permanent Total Disability Benefits.* – (a) The following  
20 disabilities shall be deemed permanent and total:

- 21 (1) Complete loss of sight of both eyes;
- 22 (2) Loss of two (2) limbs at or above the ankle and wrist;
- 23 (3) Permanent complete paralysis of two (2) limbs;
- 24 (4) Complete loss of hearing of both ears;
- 25 (5) Brain injury resulting in incurable imbecility or insanity; and
- 26 (6) Such other cases as may be determined by the GSIS.

27 (b) The member shall receive a monthly income benefit for life equal  
28 to the BMP effective from the date of disability.

1 (c) A cash payment equivalent to eighteen (18) times his/her BMP  
2 shall also be given if the member is in the service at the time of disability and  
3 he/she has paid a total of at least one hundred eighty (180) monthly  
4 contributions.

5 (d) A member cannot enjoy the monthly income benefit for permanent  
6 disability and old-age retirement simultaneously.

7 (e) If a member does not satisfy the conditions stated under Section 24  
8 hereof but has rendered at least three (3) years of service at the time of his/her  
9 disability, he/she shall be advanced the cash payment equivalent to one  
10 hundred percent (100%) of his/her average monthly compensation for each  
11 year of service he/she paid contributions, but not less than Twelve thousand  
12 pesos (P12,000.00) which should have been his/her separation benefit.

13 (f) Unless the member has reached the minimum retirement age at the  
14 time of disability, his/her entitlement to permanent total disability benefit shall  
15 be suspended when:

16 (1) He/She recovers from disability as determined by the GSIS, whose  
17 decision shall be final and binding; or

18 (2) He/She fails to undergo medical examination when required by the  
19 GSIS.

20 SEC. 27. *Effect of Reemployment on the Disability Benefits Being*  
21 *Received.* – (a) Entitlement to permanent total disability benefit shall  
22 continue in the event of reemployment and the member's new salary grade,  
23 rank or position is lower than that of his/her previous employment prior to  
24 his/her disability: *Provided,* That the member has properly informed the GSIS  
25 of his/her reemployment.

26 (b) The disability benefits to be received after reemployment shall be  
27 adjusted by the GSIS; to be computed as the difference between the amount of

1 the existing disability benefit and the member's salary from his/her new  
2 employment.

3 (c) Failure by the member to inform the GSIS of the reemployment  
4 shall result in the suspension of disability benefits being received.

5 PERMANENT PARTIAL DISABILITY BENEFITS

6 SEC. 28. *Permanent Partial Disability Benefits.* – (a) The following  
7 disabilities shall be deemed permanent partial:

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

9 (i) Any finger;

10 (ii) Any toe;

11 (iii) One (1) arm;

12 (iv) One (1) hand;

13 (v) One (1) foot;

14 (vi) One (1) leg;

15 (vii) One (1) or both ears;

16 (viii) Hearing of one (1) ear; and

17 (ix) Sight of one (1) eye; and

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

19 (b) The member shall receive a cash payment in accordance with a  
20 schedule of disabilities to be prescribed by the GSIS.

21 TEMPORARY TOTAL DISABILITY BENEFITS

22 SEC. 29. *General Conditions for Entitlement.* – An active member  
23 whose injuries result in temporary incapacity to work or to engage in any  
24 occupation shall be entitled to the temporary total disability benefits provided  
25 for in this Act.

26 SEC. 30. *Temporary Total Disability Benefit* – (a) A member shall be  
27 entitled to seventy-five percent (75%) of his/her current daily compensation  
28 for each day or fraction thereof of temporary total disability benefit not

1 exceeding one hundred twenty (120) days in one (1) calendar year after  
2 exhausting all his/her sick leave credits and collective bargaining agreement  
3 sick leave benefits, if any, but not earlier than the fourth day of his/her  
4 temporary total disability: *Provided, however,* That a member cannot enjoy  
5 the temporary total disability benefit and sick leave pay simultaneously:  
6 *Provided, further,* That if the disability requires more extensive treatment that  
7 lasts beyond one hundred twenty (120) days, the payment of the temporary  
8 total disability benefit may be extended by the GSIS but not to exceed a total  
9 of two hundred forty (240) days.

10 (b) The temporary total disability benefit shall in no case be less than  
11 One hundred sixty-five pesos (P165.00) a day subject to periodic review every  
12 three (3) years.

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

17 SEC. 31. *Non-scheduled Disability.* – For injuries or illnesses  
18 resulting in a disability not listed in the schedule of partial/total disability  
19 provided herein, the GSIS shall determine the nature of the disability and the  
20 corresponding benefits therefor.

#### 21 DEATH BENEFITS

22 SEC. 32. *Funeral Benefit.* – The amount of funeral benefit shall be  
23 determined and specified by the GSIS in the rules and regulations but shall not  
24 be less than Thirty thousand pesos (P30,000.00): *Provided,* That it shall be  
25 adjusted after five (5) years upon proper recommendation by the GSIS  
26 President and General Manager and approved by the Board and shall be paid  
27 upon the death of any of the following:

- 1 (a) An active member as defined under Section 3(e) of this Act; or  
2 (b) A member who has been separated from the service, but who may  
3 be entitled to future benefit pursuant to Section 6 of this Act; or  
4 (c) A pensioner, as defined in Section 3(m) of this Act; or  
5 (d) A retiree who at the time of his/her retirement was of pensionable  
6 age under this Act but who opted to retire under Republic Act No. 1616.

7 SURVIVORSHIP BENEFITS

8 SEC. 33. *General Entitlement to Survivorship Benefits.* – When a  
9 member or pensioner dies, the qualified beneficiaries shall be entitled to the  
10 survivorship benefits provided under Sections 34 to 36, subject to the  
11 conditions therein provided for.

12 SEC. 34. *Survivorship Pension.* – The survivorship pension shall  
13 consist of:

14 (a) The basic survivorship pension which is fifty percent (50%) of the  
15 BMP but shall not be more than fifty percent (50%) of the maximum step  
16 salary of an Undersecretary. The cap on the survivorship pension may be  
17 reviewed every five (5) years by the Board, based on the recommendations of  
18 the GSIS actuary, by considering the issuances on the salary standardization  
19 law; and

20 (b) The children's pension not exceeding fifty percent (50%) of the  
21 BMP.

22 The maximum amount of basic survivorship pension prevailing at the  
23 time of death of the member or pensioner shall apply. Any subsequent  
24 increase/s in the maximum step salary of an Undersecretary will not result in  
25 any adjustment to the survivorship pension already being paid.

26 SEC. 35. *Death of a Member.* – (a) Upon the death of a member, the  
27 qualified beneficiaries shall be entitled to survivorship benefits, which shall be  
28 paid as follows:

1 (a) If, at the time of death, a married member was in active service and  
2 has rendered at least fifteen (15) years of service:

3 (1) The legitimate spouse, if he/she is the sole beneficiary, shall receive  
4 the cash payment equivalent to eighteen (18) multiplied by the BMP and the  
5 basic survivorship pension for life;

6 (2) The qualified children, as defined under Section 3(f)(1)(ii) hereof,  
7 are the only beneficiaries; they shall be entitled to pension equivalent to ten  
8 percent (10%) of the BMP for each child but not to exceed fifty percent (50%)  
9 of the BMP; and

10 (3) When the survivors are the legitimate spouse and the qualified  
11 children, the legitimate spouse shall receive the cash payment equivalent to  
12 eighteen (18) multiplied by the BMP and the basic survivorship pension, and  
13 the qualified children shall receive the children's pension mentioned in the  
14 preceding paragraph (2).

15 (b) If, at the time of death, the unmarried member was in the active  
16 service and has rendered at least fifteen (15) years of service:

17 (1) The qualified children, as defined under Section 3(f)(2)(i) hereof,  
18 are the only beneficiaries; they shall be entitled to pension equivalent to ten  
19 percent (10%) of the BMP for each child but not to exceed fifty percent (50%)  
20 of the BMP;

21 (2) The parent/s, if they are the only qualified beneficiaries, shall  
22 receive the cash payment equivalent to eighteen (18) multiplied by the BMP;  
23 and

24 (3) In the absence of a child and the parent/s, the designated  
25 beneficiary, as defined under Section 3(f)(2)(iii) hereof, if he/she is the only  
26 qualified beneficiary, shall receive the cash payment equivalent to eighteen  
27 (18) multiplied by the BMP: *Provided, however,* That if the designated

1 beneficiary is a child, he/she shall be entitled to pension equivalent to ten  
2 percent (10%) of the BMP until he/she reaches the age of majority.

3 (c) If, at the time of death, the member was in active service with less  
4 than fifteen (15) years of service, the qualified beneficiaries shall receive the  
5 cash payment equivalent to one hundred percent (100%) of the AMC for every  
6 year of service but not less than Twelve thousand pesos (P12,000.00), to be  
7 computed in accordance with Section 14 of this Act.

8 (d) If, at the time of death, the member was separated from the service,  
9 the qualified survivors shall be entitled to:

10 (1) The survivorship pension if the inactive member has at least fifteen  
11 (15) years of service; or

12 (2) The cash payment equivalent to one hundred percent (100%) of the  
13 AMC for every year with paid contributions, but not less than Twelve  
14 thousand pesos (P12,000.00) if the inactive member has at least three (3) years  
15 but less than fifteen (15) years of service, was less than sixty (60) years old at  
16 the time of death and has not yet received his/her separation benefit from the  
17 GSIS.

18 SEC. 36. *Death of a Pensioner.* – Upon the death of an old-age  
19 pensioner or a member receiving the monthly income benefit for permanent  
20 disability, the qualified beneficiaries shall be entitled to the survivorship  
21 pension defined in Section 34 of this Act, subject to the provisions of  
22 Section 35 hereof. When the pensioner dies within the five (5)-year guaranteed  
23 period covered by the cash payment, the survivorship pension shall be paid  
24 only after the expiration of the said period.

25 LIFE INSURANCE BENEFITS

26 SEC. 37. *Compulsory Life Insurance.* – All employees, except for  
27 those enumerated under Section 4(d) of this Act, shall, under such terms and  
28 conditions as may be promulgated by the GSIS, be compulsorily covered with

1 life insurance, which shall automatically take effect on the date of their  
2 employment.

3 SEC. 38. *Dividends.* – An annual dividend may be granted to all  
4 members of the GSIS whose life insurance is in force for at least one (1) year  
5 in accordance with a dividend allocation formula to be determined by the  
6 GSIS.

7 SEC. 39. *Optional Insurance.* – Subject to the rules and regulations  
8 prescribed by the GSIS, a member may apply for insurance and/or pre-need  
9 coverage embracing life, health, hospitalization, education, memorial plans  
10 and such other plans as may be designed by the GSIS, for himself/herself  
11 and/or his/her dependents. Any employer may likewise apply for group  
12 insurance coverage for its employees. The payment of the  
13 premiums/installments for optional insurance and pre-need products may be  
14 made by the insured or his/her employer and/or any person acceptable to the  
15 GSIS.

16 SEC. 40. *Reinsurance.* – The GSIS may reinsure any of its interests or  
17 part thereof with any private company or reinsurer whether domestic or  
18 foreign: *Provided,* That the GSIS shall submit an annual report on its  
19 reinsurance operations to the Insurance Commission.

20 E. ADJUDICATION OF CLAIMS AND DISPUTES

21 SEC. 41. *Prescription.* – Claims for benefits administered by the  
22 GSIS as defined under Section 3(g) of this Act shall not prescribe: *Provided,*  
23 *however,* That a claim based on a contingency which occurred prior to the  
24 effectivity of this Act shall not be covered.

25 SEC. 42. *Facility of Payment.* – The GSIS shall prescribe rules and  
26 regulations to facilitate payment of benefits, proceeds and claims for benefits  
27 under this Act and any other laws administered by the GSIS. Payments made  
28 by the GSIS prior to its receipt of an adverse claim to a beneficiary or claimant



1 subsequently found not entitled thereto shall not bar the legal and eligible  
2 recipient to his/her right to demand the payment of benefits, proceeds and  
3 claims from the GSIS.

4         *SEC. 43. Settlement of Disputes.* – The GSIS shall have original and  
5 exclusive jurisdiction to settle any dispute regarding claims and benefits  
6 arising under this Act and any other laws administered by the GSIS.

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

16         *SEC. 44. Appeals.* – Decisions of the Board shall be appealable to the  
17 Court of Appeals or the Supreme Court. The appeal shall not stay the  
18 execution of the award or decision unless ordered by the Court of Appeals or  
19 by the Supreme Court.

20         *SEC. 45. Execution of Decision.* – When no appeal is perfected and  
21 there is no order to stay by the Board, by the Court of Appeals or by the  
22 Supreme Court, any decision or award of the Board shall be enforced and  
23 executed in the same manner as decisions of the Regional Trial Court. For this  
24 purpose, the Board shall have the power to issue to the city or provincial  
25 sheriff or its appointed sheriff such writs of execution as may be necessary for  
26 the enforcement of such decision or award, and any person who shall fail or  
27 refuse to comply with such decision, award, writ or process after being



1           The funds administered by the GSIS shall not be used for purposes  
2 other than those provided for under this Act. The Board may allocate an  
3 amount not exceeding fifty percent (50%) of the unassigned surplus from any  
4 of the GSIS-Administered Funds, except the Employees' Compensation  
5 Insurance Fund, to the Social Insurance Fund: *Provided*, That the amount  
6 shall be used solely to meet the required reserves to fulfill the obligations of  
7 the GSIS to its members: *Provided, further*, That it is approved by the  
8 President of the Philippines, upon the recommendation of the Governance  
9 Commission for Government-Owned and -Controlled Corporations (GCG).

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

14           SEC. 48. *Deposits and Disbursements.* – All revenues collected and  
15 all accruals thereto shall be deposited, administered and disbursed in  
16 accordance with the law. A maximum expense loading of twelve percent  
17 (12%) of the yearly total income and 0.7% of the total net assets may be  
18 disbursed for administrative and operational expenses except as may be  
19 otherwise approved by the President of the Philippines on the basis of actuarial  
20 and management studies.

21           SEC. 49. *Investment of Funds.* – The funds of the GSIS which are not  
22 needed to meet the current obligations may be invested under such terms and  
23 conditions and rules and regulations as may be prescribed by the Board:  
24 *Provided*, That investments shall optimize the requirements of liquidity,  
25 safety/security and yield as embodied in formal investment policy guidelines  
26 approved by the Board in order to ensure the actuarial solvency of the funds of  
27 the GSIS: *Provided, further*, That the GSIS shall submit an annual report on

1 all investments made to both Houses of Congress of the Philippines. The funds  
2 may be invested in the following:

3 (a) In interest-bearing or zero-coupon bonds or securities or other  
4 evidence of indebtedness of the Government of the Philippines;

5 (b) In interest-bearing or zero-coupon deposits or securities in any  
6 domestic bank doing business in the Philippines: *Provided*, That, in the case  
7 of such deposits, these shall not exceed at any time the unimpaired capital and  
8 surplus or total private deposits of the depository bank, whichever is smaller:  
9 *Provided, further*, That said bank has prior designation as a depository for the  
10 purpose by the Monetary Board of the Bangko Sentral ng Pilipinas;

11 (c) In short- and medium-term loans to members such as salary,  
12 policy, educational, emergency, stock purpose plan and other similar loans:  
13 *Provided*, That the GSIS shall lend no less than forty percent (40%) of the  
14 investible fund of the GSIS Social Insurance Fund for these purposes;

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

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

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

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

1           (h) In common and preferred stocks of any solvent corporation or  
2 financial institution created or existing under the laws of the Philippines listed  
3 in the stock exchange subject to the requirements of liquidity, safety, security  
4 and expected returns as embodied in formal investment policy guidelines  
5 approved by the Board;

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

8           (j) In foreign mutual funds and in foreign currency deposits or foreign  
9 currency-denominated debts, nonspeculative equities and other financial  
10 instruments or other assets issued in accordance with existing laws of the  
11 countries where such financial instruments are issued: *Provided*, That these  
12 instruments or assets are tradable and/or listed in a duly recognized exchange:  
13 *Provided, further*, That not more than ten percent (10%) of the investible funds  
14 shall be invested abroad.

15           SEC. 50. *Records and Reports.* – The GSIS shall keep and cause to  
16 keep such records as may be necessary for the purpose of making actuarial  
17 studies, calculations and valuations of the funds of the GSIS, including such  
18 data needed in the computation of rates of disability, mortality, morbidity,  
19 separation and retirement among the members and any other information  
20 useful for the adjustment of the benefits of the members. The GSIS shall  
21 maintain appropriate books of accounts to record its assets, liabilities, income,  
22 expenses, receipts and disbursements of funds and other financial transactions  
23 and operations.

24           SEC. 51. *Examination and Valuation of the Funds.* – The GSIS shall  
25 make a periodic actuarial examination and valuation of its funds in accordance  
26 with accepted actuarial principles.

27           SEC. 52. *Exemption from Tax, Legal Process and Lien.* – It is hereby  
28 reaffirmed as a State policy that the actuarial solvency of the funds of the GSIS

1 shall be preserved and maintained at all times and that contribution rates  
2 necessary to sustain the benefits under this Act shall be kept as low as possible  
3 in order not to burden the members of the GSIS and their employers. Taxes  
4 imposed on the GSIS tend to impair the actuarial solvency of its funds and  
5 increase the contribution rate necessary to sustain the benefits of this Act.  
6 Accordingly, notwithstanding any law to the contrary, the GSIS, its assets,  
7 revenues (including all accruals thereto), transactions and benefits paid shall  
8 remain exempt from all forms and kinds of direct or indirect taxes,  
9 assessments, fees, charges or duties imposed by the national or local  
10 government. These exemptions shall continue unless expressly, specifically  
11 and categorically revoked or repealed, and any assessment against the GSIS as  
12 of the approval of this Act is hereby considered paid and cancelled.  
13 Consequently, all laws, ordinances, regulations, issuances, opinions or  
14 jurisprudence contrary to or in derogation of this provision are hereby deemed  
15 repealed, superseded and rendered ineffective and without legal force and  
16 effect.

17 The exemptions provided herein shall neither be affected nor derogated  
18 by subsequent laws to the contrary unless this section is expressly, specifically  
19 and categorically revoked or repealed by law and a provision is enacted to  
20 substitute or replace the exemption referred to herein as an essential factor to  
21 maintain or protect the solvency of the fund, notwithstanding and  
22 independently of the guarantee of the national government to secure such  
23 solvency or liability.

24 The funds and/or the properties of the GSIS referred to herein shall be  
25 exempt from attachment, garnishment, execution, levy or other processes  
26 issued by the courts, quasi-judicial agencies or administrative bodies including  
27 the Commission on Audit (COA) disallowances. The benefits, sums or monies  
28 corresponding to the benefits under this Act shall likewise be exempt from

1 attachment, garnishment, execution, levy or other processes issued based on  
2 financial obligations or liability of any member, including any pecuniary  
3 accountability arising from or caused or occasioned by his/her exercise or  
4 performance of his/her official functions or duties, or incurred relative to or in  
5 connection with his/her position or work except when his/her monetary  
6 liability, contractual or otherwise, is in favor of the GSIS.

7 G. ADMINISTRATION

8 SEC. 53. *Implementing Body.* – The GSIS, as created under  
9 Commonwealth Act No. 186, shall implement the provisions of this Act.

10 SEC. 54. *Powers and Functions of the GSIS.* – The GSIS shall  
11 exercise the following powers and functions:

12 (a) Formulate, adopt, amend and/or rescind such rules and regulations  
13 as may be necessary to carry out the provisions and purposes of this Act, as  
14 well as the effective exercise of the powers and functions, and the discharge of  
15 duties and responsibilities of the GSIS, its officers and employees: *Provided,*  
16 That these implementing rules and regulations shall not contravene the  
17 provisions of this Act nor shall it result in the diminution of any benefit  
18 provided by law;

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

24 (c) Invest the funds of the GSIS, directly or indirectly, in accordance  
25 with the provisions of this Act;

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

1           (e) Conduct continuing actuarial and statistical studies and valuations  
2 to determine the financial condition of the GSIS and, taking into consideration  
3 such studies and valuations and the limitations herein provided, readjust the  
4 benefits, contributions, premium rates, interest rates or the allocation or  
5 reallocation of the funds to the contingencies covered;

6           (f) Have the power of succession;

7           (g) Sue and be sued;

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

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

13           (j) Have one (1) or more offices in and outside of the Philippines, and  
14 to conduct its business and exercise its powers throughout and in any part of  
15 the Republic of the Philippines and/or in any or all foreign countries, states  
16 and territories: *Provided*, That the GSIS shall maintain a branch office in every  
17 province where there exists a minimum of fifteen thousand (15,000)  
18 membership;

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

22           (l) Invest, own or otherwise participate in equity in any establishment,  
23 firm or entity;

24           (m) Approve appointments in the GSIS, except appointments to  
25 positions which are policy determining, primarily confidential or highly  
26 technical in nature, according to the CSC rules and regulations: *Provided*,  
27 That all positions in the GSIS shall be governed by a compensation and  
28 position classification system and qualifications standards approved by the



1 Board based on a comprehensive job analysis and audit of actual duties and  
2 responsibilities: *Provided, further,* That the compensation plan shall be  
3 comparable with the prevailing compensation plans in the private sector and  
4 shall be subject to the periodic review by the Board no more than once every  
5 four (4) years without prejudice to yearly merit reviews or increases based on  
6 productivity and profitability;

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

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

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

16 (q) Have the power to float proper instrument to liquefy long-term  
17 maturity by pooling funds for short-term secondary market;

18 (r) Submit annually, not later than June 30, a public report to the  
19 President of the Philippines and the Congress of the Philippines regarding its  
20 activities in the administration and enforcement of this Act during the  
21 preceding year including information and recommendations on Board policies  
22 for the development and perfection of the programs of the GSIS;

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

27 (t) Approve and adopt guidelines affecting investments, insurance  
28 coverage of government properties, settlement of claims, disposition of

1 acquired assets, privatization or expansion of subsidiaries, development of  
2 housing projects, increased benefit and loan packages to members and the  
3 enforcement of the provisions of this Act.

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

10 (v) Determine, fix and impose interest upon unpaid premiums due from  
11 employers and employees;

12 (w) Ensure the collection or recovery of all indebtedness, liabilities  
13 and/or accountabilities, including unpaid premiums or contributions in favor of  
14 the GSIS arising from any cause or source whatsoever, due from all obligors,  
15 whether public or private. The GSIS shall demand payment or settlement of  
16 the obligations referred to herein within thirty (30) days from the date the  
17 obligation becomes due, and in the event of failure or refusal of the obligor or  
18 debtor to comply with the demand, to initiate or institute the necessary or  
19 proper actions or suits, criminal, civil or administrative or otherwise, before  
20 the courts, tribunals, commissions, boards or bodies of proper jurisdiction  
21 within thirty (30) days reckoned from the expiry date of the period fixed in the  
22 demand within which to pay or settle the account. The GSIS shall identify,  
23 develop and implement specific indicators in connection with the collection or  
24 recovery of indebtedness, liabilities and/or accountabilities which shall include  
25 the compliance rate of the GSIS in filing cases against erring officials of  
26 government agencies;

27 (x) Design and implement programs that will promote and mobilize  
28 savings and provide additional resources for social security expansion and at

1 the same time afford individual members appropriate returns on their  
2 savings/investments. The programs shall be so designed as to spur  
3 socioeconomic takeoff and maintain continued growth; and

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

7 SEC. 55. *The Board of Trustees.* – The corporate powers and  
8 functions of the GSIS shall be vested in and exercised by the Board of  
9 Trustees composed of the President and General Manager of the GSIS and  
10 eight (8) other members to be appointed by the President of the Philippines,  
11 one (1) of whom shall be either the President of the Philippine Public School  
12 Teachers Association (PPSTA) or the President of the Philippine Association  
13 of School Superintendents (PASS); another one (1) shall come from a leading  
14 teaching or nonteaching organization duly accredited by the CSC; another two  
15 (2) shall represent the leading organizations of government employees,  
16 including those in local government units (LGUs); one (1) shall represent the  
17 leading organization of retirees; one (1) shall be a recognized member of the  
18 legal profession who at the time of appointment is also a member of the GSIS;  
19 and two (2) shall be individuals with expertise in banking, finance, investment  
20 and insurance. The Trustees shall elect from among themselves a chairperson  
21 while the President and General Manager of the GSIS shall automatically be  
22 the vice chairperson.

23 The Trustees shall hold office for one (1) year, until successors are duly  
24 appointed, as provided for in Republic Act No. 10141, otherwise known as the  
25 Governance Act. Vacancy, other than through the expiration of the term, shall  
26 be filled for the unexpired term only. The members of the Board shall be  
27 entitled to a *per diem* of Two thousand five hundred pesos (P2,500.00) for  
28 each board meeting actually attended by them, but not to exceed Ten thousand

1 pesos (P10,000.00) a month and reasonable transportation and representation  
2 allowances as may be fixed by the Board.

3 *SEC. 56. Powers and Functions of the Board of Trustees.* – The  
4 Board of Trustees shall have the following powers and functions:

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

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

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

16 (d) Upon the recommendation of the President and General Manager,  
17 to approve the GSIS' organizational and administrative structures and staffing  
18 pattern subject to existing civil service laws, rules and regulations, and to  
19 establish, fix, review, revise and adjust the appropriate compensation package  
20 for the officers and employees of the GSIS with reasonable allowances,  
21 incentives, bonuses, privileges and other benefits as may be necessary or  
22 proper for the effective management, operation and administration of the  
23 GSIS, which shall be exempt from Republic Act No. 6758, otherwise known  
24 as the Salary Standardization Law, and Republic Act No. 7430, otherwise  
25 known as the Attrition Law;

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

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

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

9 (h) To determine, fix and impose interest upon unpaid or unremitted  
10 premiums and/or contributions; and

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

13 *SEC. 57. Positions in the GSIS.* – The President and General Manager  
14 of the GSIS shall be its Chief Executive Officer and shall be appointed by the  
15 President of the Philippines. He/She shall be a person with management and  
16 investments expertise necessary for the effective performance of his/her duties  
17 and functions under this Act.

18 The GSIS President and General Manager shall be assisted by one (1)  
19 or more executive vice presidents, senior vice presidents, vice presidents and  
20 managers in addition to the usual supervisory and rank and file positions who  
21 shall be appointed and removed by the President and General Manager with  
22 the approval of the Board, in accordance with the existing CSC rules and  
23 regulations.

24 *SEC. 58. Powers and Duties of the President and General Manager.* –  
25 The President and General Manager of the GSIS shall, among others, execute  
26 and administer the policies and resolutions approved by the Board and direct  
27 and supervise the administration and operations of the GSIS. The President  
28 and General Manager, subject to the approval of the Board, shall appoint the

1 personnel of the GSIS, remove, suspend or otherwise discipline them for  
2 cause, in accordance with the existing CSC rules and regulations, and  
3 prescribe their duties and qualifications to the end that only competent persons  
4 may be employed.

5 SEC. 59. *Auditor.* – (a) The Chairperson of the COA shall be the *ex*  
6 *officio* auditor of the GSIS and may assign the necessary personnel to assist the  
7 Chairperson of the COA in the performance of his/her duties.

8 (b) The Chairperson of the COA or his/her authorized representative  
9 shall submit to the Board soon after the close of each calendar year, an audited  
10 statement showing the financial condition and progress of the GSIS for the  
11 calendar year just ended.

12 SEC. 60. *Legal Counsel.* – The Government Corporate Counsel shall  
13 be the legal adviser and consultant of the GSIS, but the GSIS may assign to the  
14 Office of the Government Corporate Counsel (OGCC) cases for legal action or  
15 trial, issues for legal opinions, preparation and review of contracts/agreements  
16 and others, as the GSIS may decide or determine from time to time: *Provided,*  
17 *however,* That the present legal services group in the GSIS shall serve as its  
18 in-house legal counsel.

19 SEC. 61. *Powers of the Insurance Commission.* – The Insurance  
20 Commissioner or his/her authorized representatives shall make an examination  
21 of the financial condition of the GSIS at least once every three (3) years:  
22 *Provided, however,* That the GSIS shall pay the Office of the Insurance  
23 Commissioner an amount equal to the actual expenses incurred by the said  
24 office in the conduct of the examination, including the salaries of the  
25 examiners and of the actuary of such examination for the actual time spent.

26 The report of said examination shall be submitted to the Board and  
27 considered by the GSIS in the formulation of guidelines affecting insurance  
28 coverage of government properties. Copies thereof shall likewise be furnished

1 to the Office of the President and to both Houses of Congress of the  
2 Philippines within five (5) days after the close of examination.

3 H. GENERAL PROVISIONS

4 SEC. 62. *Dispensation of Social Insurance Benefits.* – (a) The GSIS  
5 shall release the retirement benefits to the employee within thirty (30) days  
6 from the actual date of retirement: *Provided,* That all requirements are  
7 submitted to the GSIS at least ninety (90) days prior to the effective date of the  
8 retirement.

9 (b) The GSIS shall not process nor adjudicate retirement claims under  
10 Republic Act No. 1616 which function shall be vested in the agencies  
11 concerned, who shall process and pay the gratuities of their employees. The  
12 GSIS shall process and adjudicate only the refund of retirement premium  
13 under Republic Act No. 910. The Board shall adopt the proper rules and  
14 procedures for the implementation of this provision.

15 SEC. 63. *Development and Disposition of Acquired Assets.* – The GSIS  
16 shall have the right to develop and dispose of its acquired assets obtained in  
17 the ordinary course of its business. To add value to, improve profitability on  
18 and/or enhance the marketability of an acquired asset, the GSIS may further  
19 develop/renovate its assets, either with its own capital or through a joint  
20 venture arrangement with private companies or individuals.

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

26 No injunction or restraining order issued by any court, commission,  
27 tribunal or office shall bar, impede or delay the sale and disposition by the

1 GSIS of its acquired assets except on questions of ownership and national or  
2 public interest.

3 SEC. 64. *Government Assistance to the GSIS.* – The GSIS may call  
4 upon any employer for such assistance as may be necessary in the discharge of  
5 its duties and functions.

6 I. SANCTIONS

7 SEC. 65. *Penalty.* -- (a) The heads of the offices of the national  
8 government, its political subdivisions, branches, agencies and  
9 instrumentalities, including government-owned and -controlled corporations  
10 and government financial institutions, and the personnel of such offices who  
11 are involved in the collection of premium contributions, loan amortization and  
12 other accounts due the GSIS who shall fail, refuse or delay the payment,  
13 turnover, remittance or delivery of such accounts to the GSIS within thirty (30)  
14 days from the time that the same shall have been due and demandable shall,  
15 upon conviction by final judgment, suffer the penalties of imprisonment of not  
16 less than twenty (20) years nor more than thirty (30) years and a fine of not  
17 less than Five hundred thousand pesos (P500,000.00) nor more than Five  
18 million pesos (P5,000,000.00) and, in addition, shall suffer absolute perpetual  
19 disqualification from holding public office and other accessory penalties as  
20 may be provided by law.

21 (b) The treasurer, finance officer, cashier, disbursing officer, budget  
22 officer or other official or employee who fails to include in the annual budget  
23 the amount corresponding to the employer and employee contributions, or who  
24 fails or refuses or delays to remit to the GSIS by more than thirty (30) days  
25 from the time such amount becomes due and demandable, or to deduct the  
26 monthly contributions of the employee shall, upon conviction by final  
27 judgment, suffer the penalties of imprisonment from twelve (12) years and one  
28 (1) day to twenty (20) years and a fine of not less than Five hundred thousand



1 pesos (P500,000.00) nor more than Two million pesos (P2,000,000.00) and, in  
2 addition, shall suffer absolute perpetual disqualification from holding public  
3 office.

4 (c) Any employee, who after deducting the monthly contribution or  
5 loan amortization from a member's compensation, fails to remit the same to  
6 the GSIS within thirty (30) days from the date it should have been remitted  
7 under Section 11(b) shall be presumed to have misappropriated such  
8 contribution or loan amortization and shall, upon conviction by final judgment,  
9 suffer the penalties of imprisonment from twelve (12) years and one (1) day to  
10 twenty (20) years and a fine of not less than Five hundred thousand pesos  
11 (P500,000.00) nor more than Two million pesos (P2,000,000.00) and, in  
12 addition, shall suffer absolute perpetual disqualification from holding public  
13 office.

14 (d) Any employee or member who receives or keeps fund or property  
15 belonging, payable or deliverable to the GSIS and appropriates the same, or  
16 takes or misappropriates or uses the same to any purpose other than that  
17 authorized by this Act, or permits another person to take, misappropriate or  
18 use said fund or property by expressly consenting thereto, or through  
19 abandonment or negligence, or is otherwise guilty of the misappropriation of  
20 said fund or property, in whole or in part, shall be punished by a fine of not  
21 less than Five hundred thousand pesos (P500,000.00) nor more than Two  
22 million pesos (P2,000,000.00) and by imprisonment of not less than twelve  
23 (12) years and one (1) day to twenty (20) years and, in addition, shall suffer  
24 absolute perpetual disqualification from holding public office.

25 (e) Any person found to have participated directly or indirectly in the  
26 commission of fraud, collusion, falsification or misrepresentation in any  
27 transaction with the GSIS, whether for himself/herself or for some other  
28 persons, shall be punished by a fine of not less than Five hundred thousand

1 pesos (P500,000.00) nor more than Two million pesos (P2,000,000.00) and by  
2 imprisonment of not less than six (6) years and one (1) day to twelve (12)  
3 years and, in addition, shall suffer absolute perpetual disqualification from  
4 holding public office.

5 (f) Whoever shall obtain or receive any money or check invoking any  
6 provision of this Act or any agreement hereunder, without being entitled  
7 thereto with the intent to defraud any member, any employer, the GSIS or any  
8 third party, shall be punished by a fine of not less than Five hundred thousand  
9 pesos (P500,000.00) nor more than One million pesos (P1,000,000.00) and by  
10 imprisonment of not less than six (6) years and one (1) day to twelve (12)  
11 years and such other accessory penalties as may be provided by law.

12 (g) Whoever fails or refuses to comply with the provisions of this Act  
13 or with the rules and regulations adopted by the GSIS shall be punished by a  
14 fine of not less than Five hundred thousand pesos (P500,000.00) nor more than  
15 One million pesos (P1,000,000.00) and by imprisonment of not less than six  
16 (6) years and one (1) day to twelve (12) years and such other accessory  
17 penalties as may be provided by law.

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

22 (i) For the charges or complaints referred to in paragraph (a) of this  
23 section, the liabilities therein set forth shall be construed as waiver of the State  
24 of its immunity from suit; hence, the abovementioned offices and/or personnel  
25 may not invoke the defense of non-suability of the State.

26 (j) In the event of failure of the members of the Board, the President  
27 and General Manager and/or other officials of the GSIS to comply with their  
28 duties and obligations under this Act, they shall be subjected to suspension of

1 not less than six (6) months nor more than one (1) year or a fine of not less  
2 than Five hundred thousand pesos (P500,000.00) nor more than Two million  
3 pesos (P2,000,000.00) without prejudice to any criminal, civil or  
4 administrative liability which may also arise therefrom.

5 Criminal and civil actions arising from violations of the provisions of  
6 this Act may be commenced by the GSIS or by the aggrieved member either  
7 under this Act or, in appropriate cases, under the Revised Penal Code and  
8 other special laws.

9 SEC. 66. *Implementing Rules and Regulations.* – The implementing  
10 rules and regulations to carry out the provisions of this Act shall be adopted  
11 and promulgated by the GSIS, in consultation with the GCG not later than  
12 ninety (90) days after the approval of this Act.

13 SEC. 67. *Non-impairment of Benefits, Powers, Jurisdiction, Rights,*  
14 *Privileges, Functions and Activities.* – Nothing in this Act shall be construed  
15 to repeal, amend or limit any provision of existing laws, presidential decrees  
16 and letters of instructions not otherwise specifically inconsistent with the  
17 provisions of this Act.

18 SEC. 68. *Exclusiveness of Benefits.* – Whenever other laws provide  
19 similar benefits for the same contingencies covered by this Act, the member  
20 who qualifies for these benefits shall have the option to choose which benefits  
21 will be paid to him/her. However, if the benefits provided by the law chosen  
22 are less than the benefits provided under this Act, the GSIS shall pay only the  
23 difference.

24 SEC. 69. *Appropriations.* – The amount necessary to carry out the  
25 provisions of this Act shall be included in the respective budgets of the  
26 agencies in the national government obligation program of the year following  
27 its enactment into law and thereafter.

1           SEC. 70. *Separability Clause.* – Should any provision of this Act or  
2 any part hereof be declared invalid, the other provisions insofar as these are  
3 separable from the invalid ones shall remain in force and effect.

4           SEC. 71. *Repealing Clause.* – Presidential Decree No. 1146, Republic  
5 Act No. 8291, Presidential Decree No. 712 and Section 9 of Republic Act  
6 No. 656, as amended by Presidential Decree No. 245, are hereby expressly  
7 repealed. All other laws and any other law or parts of law specifically  
8 inconsistent herewith are hereby repealed or modified accordingly: *Provided,*  
9 That the rights under the existing laws, rules and regulations vested upon or  
10 acquired by an employee who is already in the service as of the effectivity of  
11 this Act shall remain in force and effect: *Provided, further,* That subsequent to  
12 the effectivity of this Act, a new employee or an employee who has previously  
13 retired or separated and is reemployed in the service shall be covered by the  
14 provisions of this Act.

15           SEC. 72. *Effectivity.* – This Act shall take effect fifteen (15) days after  
16 its publication in at least two (2) newspapers of general circulation.

Approved,

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