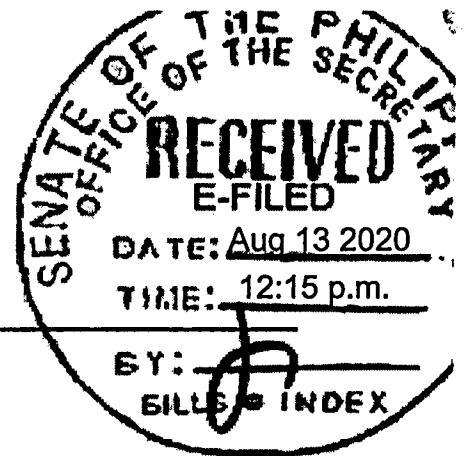


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE
S.B. No. 1772
Introduced by **Senator Richard J. Gordon**

**AN ACT AMENDING REPUBLIC ACT NO. 8291 ALSO KNOWN AS
THE GOVERNMENT SERVICE INSURANCE ACT OF 1997,
INSTITUTING VOLUNTARY CONTRIBUTION AMONG
MEMBERS, REMOVING PRESCRIPTION ON BENEFITS, AND
FOR OTHER PURPOSES**

EXPLANATORY NOTE

Article II, Section 18 of the 1987 Philippine Constitution provides that:

"SECTION 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare."

Since 1936, with the enactment of Commonwealth Act No. 186 (CA No. 186), the Government Service Insurance System (GSIS) has been the primary government corporation in-charge in promoting the welfare of government workers by protecting them and their families from the perils of old age, disability and death. Through time and the passage of laws amending CA No. 186, such as PD 1146, and then finally RA 8291 in 1997, the Government Service Insurance System has improved immensely in its service to government workers in terms of benefits.

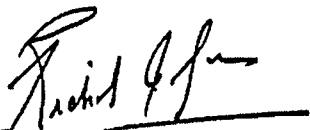
This bill aims to further improve such service by allowing voluntary contribution which is not allowed under RA 8291 and removing prescription on benefits, which is expressly provided under Section 28 of the same law.

By allowing voluntary contribution of members within GSIS, government workers are empowered by providing them the choice to continue with their contributions capacitating them to plan and prepare for retirement and other life contingencies. As this measure proposes that member who will opt to pay voluntary contributions must pay both the member and employer share as well as the life insurance premiums, it will strengthen the financial stability of the GSIS by providing additional cash flow, thereby extending the life of the fund.

By removing the prescription on benefits under Section 28 of RA 8291, this measure seeks to correct the apparent error in policy under the same law. Benefits under RA 8291 are paid for by the members and the employer upon payment of the contribution. Upon payment of contribution, benefits become basic rights of the

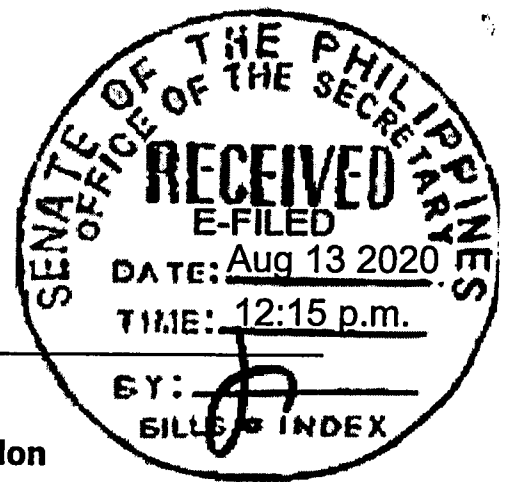
members which must be given once the requirements are met. It is submitted that it will be unjust enrichment on the part of the government to deprive the members of those basic rights by providing for prescription of benefits. To reiterate, the right to claim for benefits has been previously paid for with the payment of the contribution. Most importantly, it is by removing the provision on prescription of benefits thereby consequently granting more benefits to a greater number of government workers will the welfare of government workers be even more promoted, in adherence to Article II, Section 18 of the 1987 Philippine Constitution.

It is for the reasons stated above that the passage of this measure is earnestly sought.



RICHARD J. GORDON
Senator

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

- 1 **SECTION 1. Declaration of Policy.**- It is hereby the policy of the State to empower
2 government employees to prepare for retirement and other life contingencies by
3 providing them avenues for savings and investment and removing obstacles for the
4 enjoyment of benefits under the Government Service Insurance System.
- 5 **SEC. 2.** A new Section 8 is inserted in RA 8291 to read as follows:
6 "SECTION 8. VOLUNTARY CONTRIBUTION OF MEMBERS.- A MEMBER WHO
7 RESIGNS OR SEPARATES FROM THE SERVICE AFTER HE HAS RENDERED AT LEAST
8 THREE (3) YEARS OF SERVICE MAY OPT TO CONTINUE PAYING THE MEMBER AND
9 EMPLOYER MONTHLY CONTRIBUTIONS INCLUDING THE LIFE INSURANCE
10 PREMIUMS PROVIDED FOR UNDER RA 8291, AND FOR WHICH HE SHALL BE
11 ENTITLED TO ALL SUCH BENEFITS AS MAY GRANTED UPON HIM BY THE
12 PROVISIONS OF RA 8291.
- 13 **SEC. 3.** Section 28 of RA 8291 is hereby deleted.
14 [~~SECTION 28. Prescription. Claims for benefits under this Act except for life,~~
15 ~~and retirement shall prescribe after four (4) years from the date of contingency.~~"]
- 16 **SEC. 4.** All other sections of RA 8291 are hereby renumbered accordingly.
- 17 **SEC. 5. Separability Clause** - If any provision of this Act is declared unconstitutional,
18 such sections or parts not affected thereby shall remain in full force and effect.

1 **SEC. 6. *Repealing Clause*** - All laws, decrees, executive orders, rules and regulations
2 or parts thereof inconsistent with the provisions of this Act are hereby repealed or
3 modified accordingly.

4 **SEC. 7. *Effectivity Clause*** - This Act shall take effect fifteen (15) days after its
5 publication in the Official Gazette or in at least two (2) national newspaper of general
6 circulation.

7 *Approved,*