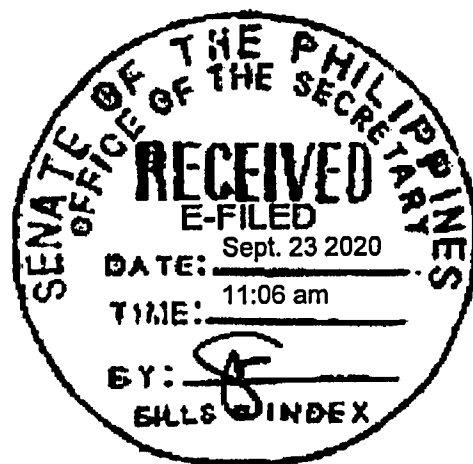


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE

S. No 1847



Introduced by Senator Manuel "Lito" M. Lapid

AN ACT
INSTITUTIONALIZING A NATIONAL UNEMPLOYMENT INSURANCE PROGRAM
FOR THE PHILIPPINES AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

The unemployment rate in the Philippines had been on a downward trend since 2005. However, this trend, which was brought about by the sustained period of economic growth, was abruptly disturbed due to the effects of the coronavirus pandemic. Many workers lost their jobs due to layoff and retrenchment when several companies and businesses were forced to shut down due to financial losses. This caused the significant increase in the unemployment rate to 17.7% in April 2020, almost triple the unemployment rate in April 2019, and to 10.0% in September quarter 2020, almost half the unemployment rate in the same quarter the previous year. According to our economists, these figures would be much higher if those not in the labor force as well as potential entrants who were hindered by the pandemic were to be included.

This pandemic does not only call for an effective employment recovery plan but also necessitate the government to come up with a stable system to safeguard our economy from or at least cushion the effects of extraordinary risks which our country may experience anytime. Although we have existing programs for unemployment


assistance, this pandemic showed us how inadequate and inefficient these are to support the displaced workers. This bill seeks to answer such problem.

It shall be the policy of the State that labor is affirmed as a primary social economic force. As such, the State shall protect the rights of workers and promote their welfare. In view thereof, this bill seeks to provide temporary and partial income replacement to insured persons who lose their jobs while they seek to obtain new employment. This aims to Institutionalize a National Unemployment Insurance Program which would safeguard individuals against risk of substantial income loss and consumption reduction of goods for subsistence, provide support for displaced workers during the period of job search, and incentivize individuals to proceed with the job search. The key features of the program are as follows:

- (a) Compulsory participation by individuals who are formally employed in the private and public sectors;
- (b) Voluntary participation by the self-employed and informal sector, encouraged through incentives;
- (c) Progressive, income-based premium contributions;
- (d) Shared premium contributions among the government, employer and employee;
- (e) Basic unemployment insurance benefits limited to at most 3 monthly payments each payment equivalent to 80% of the worker's basic pay prior to separation from work;
- (f) Additional benefits in the form of training, training allowances and job counselling for the unemployed;
- (g) Monitoring mechanisms to minimize adverse systemic effects of moral hazard;
- (h) The creation of a Philippine Job Insurance Corporation ("PhilJobs"), tasked to administer and implement the National Unemployment Insurance Program and designed to be administratively lean and efficient;
- (i) The designation of SSS as the Interim Program Manager for a maximum of the first 5 years of the program existence;

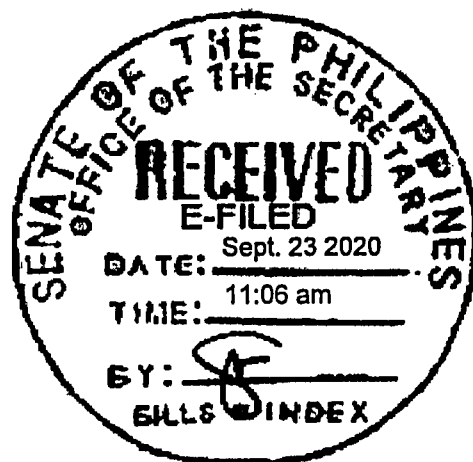
- (j) The creation of an Endowment Fund which will fully subsidize premium contributions for workers and employers on the first year of Program operations, as a form of economic stimulus; and
- (k) The creation of a Reserve Fund which will perform, Inter alia, the Intertemporal risk pooling and allow sufficient benefit payouts during infrequent spells of massive unemployment.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



MANUEL "LITO" M. LAPID
Senator

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



SENATE

S. No. 1847

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AN ACT
INSTITUTIONALIZING A NATIONAL UNEMPLOYMENT INSURANCE
PROGRAM FOR THE PHILIPPINES AND APPROPRIATING FUNDS
THEREFOR

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 "*PhilJobs Act of 2020*".

2
3 Chapter I. Guiding Principles and Objectives

4
5 SECTION 2. Declaration of Policy. It shall be the policy of the State that labor
6 is affirmed as a primary social economic force. As such, the State shall protect the
7 rights of workers and promote their welfare. During episodes of unemployment, the
8 State shall provide assistance to displaced workers to ensure that consumption levels
9 are not substantially reduced and that sufficient resources are available for job search
10 or the identification of alternative means of livelihood. The purpose of unemployment
11 Insurance is to provide temporary and partial income replacement to insured persons
12 who lose their jobs while they seek to obtain new employment.

13
14 SECTION 3. Guiding Principles. – In pursuit of a National Unemployment
15 Insurance Program, this Act shall adopt the following guiding principles:

- 16 (a) Universality: provide all workers with assistance in the event of job loss, by
17 temporarily replacing a portion of lost wages;

- 1 (b) Income smoothing: ensure that all workers will not face substantial reductions
2 in the consumption of goods for subsistence, especially during a period of
3 unemployment;
4 (c) Job search support: support displaced workers during job search while
5 minimizing the moral hazard effects of unemployment benefits on job search
6 efforts;
7 (d) Efficiency: effectively utilize available funds and ensure fund viability at all
8 times;
9 (e) Progressivity: premium contributions will be based on ability to pay; as benefits
10 will be based on earnings as of the time of involuntary separation; and
11 (f) Social solidarity: a whole-of-nation approach will be taken to attain the policy
12 goals of this Act, including risk-sharing among workers with different
13 employment status and a pro-active role of government in providing social
14 protection for workers.

15
16 SECTION 4. General Objectives. This Act seeks to:

- 17 (a) Provide all workers in the Philippines with a mechanism to protect them from
18 the risk of income loss and consequently, consumption reduction when one is
19 involuntarily separated from a job, and to provide support for job search;
20 (b) Create the National Unemployment Insurance Program (hereafter referred to
21 as the "Program") to serve as the means to assist workers during an episode
22 of unemployment;
23 (c) Establish the Philippine Job Insurance Corporation (PhilJobs), hereafter referred
24 to as the "Corporation") that will administer the Program and ensure its
25 continued long-term effectivity and viability.

26
27 CHAPTER II. Definition of Terms

28 SECTION 5. Definition of Terms. For purposes of this Act, these terms are
29 defined as follows:

- 30 (a) *Board* – refers to the Board of Directors of the Corporation;
31 (b) *Contribution* – the amount payable to the Fund by the government, member,
32 and employer in accordance with Section 9 of this Act;
33 (c) *Employee* – includes any person who performs services for an employer in
34 which either both mental or physical efforts are used and who receives
35 compensation for such services; where there is an employer-employee
36 relationship; *Provided*, That a self-employed worker shall be both the employee
37 and employer at the same time;
38 (d) *Employer* – any person, natural or juridical, domestic or foreign, who carries on
39 in the Philippines any trade, business, industry, undertaking, or activity of any
40 kind and used the services of another person who under his or her orders as
41 regards the employment. For purposes of this Act, employer includes national

- 1 government agencies, political subdivisions, local government units, branches,
2 instrumentalities, and government owned and controlled corporations;
- 3 (e) *Eligible employee* – any member as defined herein who lost his or her gainful
4 occupation through no fault of his or her own, is able and available to work, is
5 actively seeking work, and has paid the minimum number of contributions as
6 provided for in Section 15 (b) of this Act;
- 7 (f) *Formal sector employees* – workers with specific working hours and regular
8 wages, wherein the worker's job is assured. These workers are employed by
9 national government agencies, instrumentalities or government owned and
10 controlled corporations or private sector enterprises and their employment is
11 subject to standard labor legislation, taxation, social protection or entitlement
12 to certain employment benefits;
- 13 (g) *Gainful occupation* – any productive activity that provides an employee as
14 defined herein with income;
- 15 (h) *Informal sector workers* – those whose employment is not subject to standard
16 labor legislation, taxation, social protection or entitlement to certain
17 employment benefits such as but not limited to advance notice of dismissal,
18 severance pay, paid annual or sick leave, for reasons, such as but not limited
19 to, the worker or his or her job are undeclared; the job is casual or of a limited
20 short duration; the hours of work or wage are below a certain threshold; or the
21 employer is an unregistered enterprise;
- 22 (i) *Involuntary separation* – separation of a worker from employment or pre-
23 termination of a contract of employment without his or her consent and without
24 cause by the worker, for reasons including but not limited to installation of
25 labor-saving devices, redundancy, retrenchment to prevent losses or the
26 closing or cessation of operation of the establishment; disease as ground for
27 termination; and termination by employee, as provided for by Articles 298, 299
28 and 300 of the Labor Code of the Philippines, or abolition of office or position
29 or other similar cases for government employees occupying plantilla positions,
30 respectively, or separation due to significant economic downturn or natural or
31 human-induced calamities/disasters.
- 32 In the case of probationary employees, pre-termination of contract by the
33 employer for reason/s other than the failure to meet regularization standards, as
34 indicated in the employment contract, is not considered involuntary separation under
35 this Act, except in the case of significant economic downturn or closure of the
36 employer's business;
- 37
- 38 (j) *Member* – any worker who is an existing and current member of the
39 Government Service Insurance System (GSIS) or the Social Security System
40 (SSS) upon the effectivity of this Act or any worker who is not a member of the
41 same but shall register with the Program. Member registration can either be
42 compulsory or voluntary;
- 43

- 1 (k) *Compulsory member* – refers to any formal sector employee, receiving
2 compensation while in the service of an employer as defined herein, whether
3 the premiums have been paid successively or intermittently. Any member
4 separated from employment and any member who becomes self-employed may
5 opt to continue paying contributions as a voluntary member;
- 6 (l) *Voluntary member* – includes Informal sector workers, self-employed, and
7 previously compulsory members who have become self-employed. Voluntary
8 members become compulsory members once they are employed by employers
9 as defined herein;
- 10 (m) *Program Manager* – refers to Interim Program Manager as provided in
11 Section 8 of this Act or the Corporation as provided in Section 18 of this Act;
- 12 (n) *Unemployment Insurance Benefit Payments* – benefits in the form of monthly
13 cash payments as provided for in Section 16 of this Act.

14

15 Chapter III. The National Unemployment Insurance Program

16

17 SECTION 6. Establishment of the Program. There is hereby created a National
18 Unemployment Insurance Program which shall provide assistance to workers during
19 period of unemployment to ensure that consumption levels are not substantially
20 reduced and that sufficient resources are available for job search or alternative means
21 of livelihood.

22

23 SECTION 7. Coverage. The Program shall cover all employees as defined in
24 Section 5 of this Act. All SSS and GSIS members are automatically covered by the
25 Program. Workers who are neither SSS nor GSIS members, including but not limited
26 to workers in the Informal sector shall be encouraged to join the Program through
27 innovative approaches to be undertaken by the Program Manager, including
28 information campaigns and the provision of incentives.

29

30 SSS and GSIS shall transfer membership data to the Program Manager upon
31 execution of a data sharing agreement in compliance with the requirements of the
32 Data Privacy Act of 2012.

33

34 Each member shall incorporate in their identification systems and databases
35 the PSN of covered individuals as provided in Section 6 of the Philippine Identification
36 System Act.

37

38 SECTION 8. Interim Program Manager. The SSS shall manage the Program until
39 five (5) years after the effectivity of this Act, or until such time when the Program has
40 demonstrated financial viability, whichever is earlier.

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As Interim Program Manager, the SSS shall perform the powers and functions in Section 20 of this Act until such time that the Program is transferred to the Corporation.

SECTION 9. Contributions. It shall be compulsory for the national government members and employers to contribute to the Fund in accordance with a reasonable equitable and progressive contributions schedule, to be determined by the Program Manager on the basis of applicable actuarial studies and in accordance with the following guidelines.

The national government, employers, and employees shall equally share compulsory premium contributions.

The risk-rated premium computations shall take into account factors such as: (i) the probability of job loss, (ii) salary level, (iii) the program administration costs, and (iv) type of employment, as follows:

- (a) Formal sector employees, regardless of tenure status, shall pay monthly contributions based on a contribution schedule to be actually determined by the Program Manager: *Provided*, that their monthly contributions shall not, however, exceed one and one-half percent (1.5%) of their respective monthly salaries;
- (b) Contributions from self-employed employees shall be based primarily on their reported earnings; their monthly contributions shall not, however, exceed one and one-half percent (1.5%) of their estimated actual net monthly income for the preceding year;
- (c) Contributions made by informal sector workers for the first year of membership shall be lower than the minimum contributions set for formally employed workers, as a form of incentive to formalize their employment.

A cap for maximum premium contributions shall be set by the Program Manager, to be actuarially determined.

For the first year of Program implementation, the rate of monthly contribution is as follows:

Salary Level	Private Employees				Government Employees			
	Monthly Contribution Rate	Monthly Government Share	Monthly Employer Share	Monthly Employee Share	Monthly Contribution Rate	Monthly Contribution Share	Monthly Employer Share	Monthly Employee Share

Up to 125,000 Pesos	1/12 of 13.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 13.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 4.5% of basic pay
Grater Than 125,000 pesos	1,395 pesos	465 pesos	465 pesos	465 pesos	1,395 pesos	465 pesos	465 pesos	465 pesos

Unemployment insurance benefits under existing SSS and GSIS programs shall be integrated with the Program created under this Act. SSS and GSIS shall continue the provision of unemployment insurance benefits to classes of workers that are not covered by this Act.

SECTION 10. Duty to Contribute and Remit to the Unemployment Insurance Fund. Premium contributions to the Fund shall be remitted by employers within ten (10) days from the end of each month. The member's employer shall contribute one-third (1/3) of each month. The member's employer shall contribute one-third (1/3) of each premium contribution from the member's monthly compensation. The employer's obligation to remit to the Fund shall begin on the member's first month of employment. The government's share of total contributions shall likewise be released to the Fund within ten (10) days from the end of each month.

The employer shall include in its annual appropriation the necessary amounts for its share of contributions indicated above.

SECTION 11. Incentives for Job Search. In determining the structure of premium contributions and benefits, the Program Manager shall introduce mechanisms that optimize incentives for job search, including but not limited to, the granting of additional cash allowances if job search is completed prior to 90 days after involuntary separation from work and the establishment of mechanisms for the monitoring of job search by displaced workers.

SECTION 12. Endowment Fund. To provide a source for the initial funding of the Program under the administration of the Interim Program Manager, there is hereby established an Endowment Fund which shall be self-sustaining and shall subsequently consist of premium contributions, investment revenues, donations, bequests, grants and loans from domestic and/or foreign sources, government subsidy appropriations and operational requirements of the Program, there is hereby appropriated out of any fund in the National Treasury or other sources not otherwise appropriated the sum of Thirty Billion Pesos (P30,000,000,000.00).

1 The Endowment Fund shall also serve as a subsidy for workers and economic
2 stimulus during the period of economic downturn caused by the COVID-19 pandemic.
3 The Program Manager shall determine the Initiation of charging of premium
4 contributions to employers and employees, on the basis of general economic and labor
5 market conditions.

6 All program administration costs to be incurred by the Interim Program
7 Manager shall be charged against this Endowment Fund.

8 At the end of the first fiscal year of the Program's implementation, all funds
9 remaining in the Endowment Fund shall be transferred to the Reserve Fund and shall
10 be utilized in accordance with Section 14 of this Act.

11
12 SECTION 13. Unemployment Insurance Fund. An Unemployment Insurance
13 Fund ("Fund") will be created for purposes of financing the unemployment insurance
14 benefits and the administration of the Program as provided in this Act.

15
16 SECTION 14. Reserve Fund. To ensure that the Program has the capacity to
17 provide sufficient unemployment insurance benefits during periods of unexpectedly
18 high unemployment levels caused by general economic downturn, national disasters,
19 or such other crises of massive scale, the Program shall, on an annual basis, set aside
20 a portion of its funds as reserve funds, *Provided*, That a ceiling on reserve funds shall
21 be actuarially determined, taking into consideration the need to provide for
22 extraordinary benefit payments in the short- and long-run, *Provided, further*, That the
23 balance of the Endowment Fund at the time of the creation of the Corporation shall
24 form part of the Reserve Fund, *Provided, further*, That whenever there are
25 Unemployment Insurance Fund balances at the end of the Corporation's fiscal year,
26 either whenever premium contributions exceed unemployment insurance benefit
27 payments or whenever there are unutilized portions of the reserved funds, the
28 Program's benefits shall be increased in amounts, expanded in scope, or member
29 contributions decreased prospectively in order to adjust expenditures or revenues to
30 meet the required ceiling for reserve funds, *Provided, further*, That a portion of the
31 reserve funds shall be set aside for purposes of short-term investments to earn an
32 average annual income at prevailing rates of interest. The portion of reserve funds for
33 investment purposes shall be known as the "Investment Reserve Fund" which shall be
34 invested in any or all of the following:

- 35 (a) In bonds, securities, promissory notes or other evidence of indebtedness of the
36 Government of the Philippines, or in bonds, securities, promissory notes or
37 other evidence of indebtedness to which the full faith, credit and unconditional
38 guarantee of the Government of the Philippines is pledged: *Provided*, That at
39 least fifteen percent (15%) of the investment reserve fund shall be invested for
40 these purposes;

- 1 (b) In bonds, securities, promissory notes or other evidence of indebtedness of the
2 Government of the Philippines, or any of its agencies or instrumentalities to
3 finance domestic infrastructure projects such as roads, bridges, ports,
4 telecommunications, and other similar projects: *Provided*, That the instruments
5 issued by an agency or instrumentality of the government shall be guaranteed
6 by the Government of the Philippines or any government financial institutions
7 or acceptable multilateral agency: *Provided, further*, That the Corporation shall
8 have priority over the revenues of the projects: *Provided, finally*, That such
9 investments shall not exceed thirty percent (30%) of the Investment Reserve
10 Fund;
- 11 (c) In bonds, securities, promissory notes or other evidence of indebtedness of the
12 government financial institutions or government corporations with acceptable
13 credit or guarantee: *Provided*, That such investments shall not exceed thirty
14 (30%) of the Investment Reserve Fund;
- 15 (d) In bonds, securities, deposits, promissory notes or other evidence of
16 indebtedness of any, bank doing business in the Philippines and in good
17 standing with the BSP to finance loans to private corporations doing business
18 in the Philippines, including schools, hospitals, small-and-medium scale
19 industries, cooperative and nongovernmental organizations, in which case the
20 collaterals or securities shall be assigned to the Corporation, under such terms
21 and conditions as the Board may prescribe: *Provided*, That in the case of bank
22 deposits, they shall not exceed at any time the unimpaired capital and surplus
23 or total private deposits of the depository bank, whichever is smaller: *Provided,*
24 *further*, That said bank shall first have been designated as a depository for this
25 purpose by the Monetary Board of the BSP: *Provided, finally*, That such
26 investments shall not exceed forty (40%) of the Investment Reserve Fund;
- 27 (e) In bonds, securities, promissory notes or other evidence of indebtedness of
28 educational or medical institutions to finance the construction, improvement
29 and maintenance of schools and hospitals and their equipment and facilities:
30 *Provided*, That such investments shall not exceed ten percent (10%) of the
31 Investment Reserve Fund;
- 32 (f) In real estate property, including shares of stocks involving real estate property,
33 and investments secured by first mortgages on real estate or other collaterals
34 acceptable to the Corporation: *Provided*, That such projects and investments
35 shall, in the determination of the Board, redound to the benefit of the
36 Corporation, its members, as well as the general public: *Provided, further*, That
37 investment in real estate property and joint ventures including shares of stocks
38 involving real estate property, shall not exceed ten percent (10%) of the
39 Investment Reserve Fund: *Provided, finally*, That investments in other income
40 earning projects and investment secured by first mortgages and/or other
41 collaterals shall not exceed twenty-five percent (25%) of the Investment
42 Reserve Fund;
- 43 (g) In bonds, debentures, securities, promissory notes or other evidence of
44 indebtedness of any prime corporation or multilateral institutions to finance

- 1 domestic projects: *Provided*, That the issuing or assuming entity or its
2 predecessors shall not have defaulted in the payment of interest on any of its
3 securities and that during each of any three (3) including the last two (2) of
4 the five (5) fiscal years next preceding the date of acquisition by the
5 Corporation of such bonds, debentures or other evidence of indebtedness, the
6 net earnings of the issuing or assuming institution available for its fixed
7 charges, as defined in this charges for such year: *Provided, further*, That such
8 investments shall not exceed forty (40%) of the Investment Reserve Fund;
9 (h) In preferred or common shares of stocks listed or to be listed in the stock
10 exchange and other securities trading markets or options or warrants to such
11 instruments of any prime or solvent corporation or financial institution created
12 or existing under the laws of the Philippines with proven track record of
13 profitability over the last three (3) years and payment of dividends at least once
14 over the same period: *Provided*, That such investments shall not exceed forty
15 (40%) of the Investment Reserve Fund;
16 (i) In domestic or foreign mutual funds in existence for at least three (3) years:
17 *Provided*, That such investments shall not exceed forty percent (40%) of the
18 Investment Reserve Fund: *Provided, further*, That investments in foreign
19 mutual funds shall not exceed one percent (1%) of the Investment Reserve
20 Fund in the first year which shall be increased by one percent (1%) for each
21 succeeding year, but in no case shall it exceed fifteen percent (15%) of the
22 Investment Reserve Fund;
23 (j) In foreign currency deposits or investment-grade rated foreign currency-
24 denominated debts, prime and nonspeculative equities, and other BSP
25 approved financial instruments or other assets issued in accordance with the
26 existing laws of the countries where such financial instruments are issued:
27 *Provided*, That these instruments or assets are listed in bourses of the
28 respective countries where these instruments or assets are issued: *Provided,*
29 *further*, That the issuing company has proven track record of profitability over
30 the last three (3) years and payment of dividends at least once over the same
31 period: *Provided, finally*, That such investments shall not exceed one percent
32 (1%) of the Investment Reserve Fund in the first year which shall be increased
33 by one percent (1%) for each succeeding year, but in no case shall it exceed
34 fifteen percent (15%) of the Investment Reserve Fund;
35 (k) In loans secured by such collaterals like cash, pensions, government securities
36 or guarantees of multilateral institutions including loans to pensioners:
37 *Provided*, That such investment shall not exceed thirty percent (30%) of the
38 Investment Reserve Fund; and
39 (l) In other BSP approved investment instruments with the same intrinsic quality
40 as those enumerated in paragraphs (a) to (k) hereof, subject to the policies
41 and guidelines which the Board may formulate.

42
43 No portion of the Investment Reserve Fund or income thereof shall accrue to
44 the general fund of the National Government or to any of its agencies or

1 instrumentalities, including government-owned or -controlled corporations,
2 except as may be allowed under this Act: *Provided*, That no portion of the
3 Investment Reserve Fund shall be invested for any purpose or any instrument,
4 institution or industry over and above the prescribed cumulative ceilings as
5 follows:

6
7 60% in private securities
8 5% in housing
9 30% in real estate related investments
10 30% in government financial institutions and corporations
11 15% in any particular industry
12 7.5% in foreign-currency denominated investments
13 5% in private-sponsored infrastructure projects without guarantee
14 5% in private and government sponsored infrastructure projects with
15 guarantee
16 5% in private and government sponsored infrastructure projects.

17
18
19 SECTION 15. Eligibility. A worker shall be eligible for unemployment benefits
20 under the Program if they meet the following requirements:

- 21 (a) The worker is a "member" as defined under Section 5(j) of this Act;
22 (b) The member has paid at least 6 monthly contributions in the 12-month
23 period prior to separation from work;
24 (c) The member was involuntarily separated from employment as defined in
25 Section 5(i) of this Act;
26 (d) The member has undergone job counselling provided by the Program or by
27 its accredited partners, and has signed an agreement with the Corporation
28 to commence active job search, the compliance of which will be determined
29 and monitored by the Corporation; and
30 (e) The member has submitted an affidavit duly signed and notarized indicating
31 availability and willingness to work at any time after the filing of claims for
32 unemployment benefits.

33
34 SECTION 16. Unemployment Insurance Benefit Payments. Unemployment
35 insurance benefits amounting to eighty percent (80%) of the member's basic monthly
36 pay at their last employment, shall be paid to the eligible worker on the 30th day of
37 unemployment. A second and third payment of equivalent amounts shall be given on
38 the 60th day and 90th day of unemployment, respectively, as applicable, *Provided* that
39 monthly benefits per beneficiary shall not to exceed the cap of one hundred thousand
40 pesos (P100,000), subject to regular review by the Program Manager, based on
41 relevant actuarial studies, *Provided, further*, That unemployment insurance benefit
42 payments shall cease upon the completion of the job search, or 90 days after the
43 involuntary separation from employment, *Provided further*, That the Program Manager
44 is authorized to adjust the amount of benefits defined in this Section on the basis of

1 labor market conditions and as validated by actuarial studies pursuant to Section 19
2 (e) of this Act, *Provided, finally*, That sufficient consultation with the Department of
3 Labor and Employment and labor groups is conducted prior to any such adjustment.

4
5 SECTION 17. Government-provided Unemployment Benefits. In addition to
6 unemployment insurance benefit payments as defined in Section 5 of this Act, the
7 Program shall facilitate the provision of additional unemployment benefits, at no
8 additional cost to members:

9 (a) Training or re-tooling programs by TESDA;

10 (b) Job search assistance, including the provision of localized information on job
11 market opportunities, job matching, and identification of education and training
12 opportunities by Public Employment Service Offices;

13 (c) Other training or re-tooling programs or job search assistance services
14 accredited by the Corporation.

15
16 The Corporation shall enter into agreements with the relevant government
17 agencies or private entities to ensure the effective and efficient provision of training
18 and re-tooling programs and other forms of job search assistance for unemployed
19 members to improve their chances for reemployment.

20
21 The Program shall provide members with a training allowance to cover the cost
22 of attending their chosen training program, including training fees and transportation,
23 subject to the member's compliance with training program requirements.

24
25 The Corporation shall include in its annual appropriation a provision for training
26 allowance of members.

27 28 CHAPTER IV. The Philippine Job Insurance Corporation

29 SECTION 18. Establishment of the Corporation. There is hereby created a
30 Philippine Job Insurance Corporation, which shall manage and administer the Program
31 and its funds at such point in time that the fund viability has been established, not
32 later than 5 years after the effectivity of the Act. In the discharge of its mandated
33 responsibilities under this Act, the Corporation shall function and operate as
34 independent and accountable government-owned and controlled corporations within
35 the corporate governance standards and principles of Republic Act No. 10149, except
36 as may be otherwise provided herein.

37
38 SECTION 19. Powers and Functions. The Corporation shall have the following
39 powers and functions:

- 1 (a) To administer the National Unemployment Insurance Program according to the
2 provisions of this Act;
- 3 (b) To formulate, adopt, amend and/or rescind such rules and regulations as may
4 be necessary as may be necessary to carry out the overall objectives of the
5 Program and the other provisions of this Act;
- 6 (c) Receive complaints, institute investigations, facilitate or enable settlement of
7 complaints through the use of alternative dispute resolution processes,
8 adjudicate, award indemnity on matters affecting any PhilJobs member. That
9 in resolving any complaint or investigation (except where amicable settlement
10 is reached by the parties), the Board shall act as a collegial body. However, the
11 Chairperson shall only vote in case of a tie.
- 12 (d) To formulate and implement guidelines to determine contributions, benefits,
13 and disbursement arrangements, among others, in order to effectively
14 implement the objectives of this Act, *Provided*, That the Program may have
15 different contributions and benefits that are proportionately calculated, and
16 which must be fair, equitable, and actuarially sound and viable;
- 17 (e) To conduct continuing actuarial and statistical studies and valuations to
18 determine the financial condition of the Program, and to take into consideration
19 such studies and valuations in the determination and readjustment of benefits,
20 contributions, premium rates, among others;
- 21 (f) To authorize cooperatives registered with the Cooperative Development
22 Authority or associations registered with the appropriate government agency
23 to act as collection agents with respect to Program members, *Provided*, That
24 the Corporation shall accredit the cooperative or association, *Provided, further*,
25 That the persons authorized to collect are bonded;
- 26 (g) To approve restructuring proposals for the payment of due but unremitted
27 contributions under such terms and conditions as it may prescribe;
- 28 (h) Any law to the contrary notwithstanding, to condone, enter into a compromise
29 or release, in whole or in part, such penalties imposed upon delinquent
30 contributions regardless of the amount involved under such valid terms and
31 conditions it may prescribe through rules and regulations when the financial
32 position of the employer or worker demonstrates a clear inability to pay the
33 assessed delinquency arising from economic crisis, serious business losses or
34 financial reverses, or resulting from natural calamity or man-made disaster
35 without fault on the part of the employer or worker, *Provided*, That the
36 Corporation shall institute a condonation of penalties of delinquent employers
37 or workers under Republic Act No. 10361, subject to such rules and regulations
38 it may provide;
- 39
- 40 To determine that the powers under this provision are reasonably exercised,
41 the Corporation shall submit to the Office of the President, the Senate, and the
42 House of Representatives an annual report on the exercise of said powers under
43 this provision, stating the following facts, among others: names and addresses
44 of those whose penalty delinquencies have been subjected to compromise or

- 1 condonation, amount involved, amount compromised or condoned, underlying
2 reasons and justifications for compromise or condonation;
- 3 (l) To collect, deposit, invest, administer, and disburse the Unemployment
4 Insurance Fund in accordance with the provisions of this Act;
- 5 (j) To submit to the President of the Philippines and to both Houses of Congress
6 its Annual Report which shall contain the status of the Fund, its total collections,
7 disbursements, reserves, average cost to eligible workers, unemployment
8 statistics, any request for additional appropriation, and other data pertinent to
9 the implementation of the Program, and publish as synopsis of such report in
10 at least two (2) newspaper of general circulation and on its website;
- 11 (k) To require the Chief Actuary to submit a valuation report on the Program every
12 two (2) years, or more frequently as may be necessary, and to undertake the
13 necessary actuarial studies and calculations concerning adjustments to
14 benefits, contributions, among others;
- 15 (l) To organize its office, fix the compensation of and appoint personal as may be
16 deemed necessary, and upon the recommendation of the president of the
17 Corporation;
- 18 (m) To enter into agreements or contracts for such service and aid as may
19 be needed for the proper, efficient, and stable administration of the Program,
20 including but not limited to partnerships with public and private entities for the
21 efficient delivery of job counselling, skills training, and job placement services,
22 among others;
- 23 (n) To receive and manage grants, donations, and other forms of assistance;
- 24 (o) To sue and be sued in court;
- 25 (p) To adopt or approve the annual and supplemental budget of receipts and
26 expenditures including salaries and allowances of the Corporation's personnel,
27 against all funds available to the Corporation under this Act, and to authorize
28 such capital and operating expenditures and disbursement of the Program as
29 may be necessary and proper for the effective management and operation of
30 the Program;
- 31 (q) To set up its accounting system and provide the necessary personnel
32 therefor;
- 33 (r) To enter into the necessary agreements with existing insurance programs or
34 any other entity, enterprise, corporation, or partnership for the benefit of
35 members transferring between systems;
- 36 (s) To perform such other acts as it may deem appropriate for the proper
37 implementation between systems;

38
39 SECTION 20. Board of Directors. The Corporation shall be governed by a Board
40 of Directors hereinafter referred to as the Board, composed of the following:

- 41 (a) Secretary of Labor and Employment, as the *ex officio* Chairperson,
42 (b) SSS President and Chief Executive Officer as Vice Chairperson,

- 1 (c) Director General of the National Economic and Development Authority, as *ex*
2 *officio* member,
3 (d) Six (6) appointive members, three (3) of whom shall represent employers'
4 groups, and three (3) shall represent labor groups, all of whom shall be
5 appointed by the President.

6
7 All those in the Board shall be of known competence, probity, integrity and
8 recognized expertise in any of the field of insurance, social security, investment,
9 finance, economics, management, law, actuarial science, or similar fields, with at least
10 ten (10) years of managerial or leadership experience. The six (6) members
11 representing workers and employer groups shall be chosen from among the nominees
12 of employees and employers' organizations respectively, as endorsed by the
13 Governance Commission for GOCCs following the fit and proper rule and standards on
14 integrity, experience, education, training, and competence. The term of office of the
15 regular appointive members of the Board shall be three (3) years, which can be
16 extended for another term of three (3) years, *Provided*, That the terms for the first
17 six (6) appointive members shall be one (1), two (2), and three (3) years for every
18 two (2) Directors, respectively, notwithstanding Section 17 of the GCG Law, *Provided*,
19 *further*, That they shall continue to hold office until their successors shall have been
20 appointed and duly qualified. All vacancies prior to the expiration of the term shall be
21 filled for the remaining unexpired term only.

22

23 SECTION 21. Staffing. The extent and size of the Corporation shall take into
24 account the size of the Program membership, functional distribution, workload, span
25 of control, type, and variety of skills required. The Corporation's staffing structure
26 should promote focused use of limited resources on core functions and program
27 structure. In the creation of the staffing structure, the Board shall:

- 28 (a) Determine the number of positions required based on the size of the Program
29 membership, functions, and program structure of the Corporation;
30 (b) Determine the skills and competencies required to perform the core functions;
31 (c) Observe an optimal ratio between technical and administrative positions; and
32 (d) Determine the extent of functions that can be efficiently performed by
33 outsourced services.

34

35 SECTION 22. Settlement of Disputes. Any dispute arising under this Act with
36 respect to contributions, penalties, benefits, and other matter related thereto shall be
37 cognizable by the Board, and any case filed with respect hereto shall be heard by the
38 Board and decided within the period provided for under Republic Act No. 1103 (Ease
39 of Doing Business and Efficient Government Service Delivery Act of 2018) after the
40 submission of the evidence. The filing, determination and settlement of disputes shall
41 be governed by the rules and regulations promulgated by the Board.

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Any decision of the Board in the absence of an appeal therefrom as herein provided shall become final and executory after fifteen (15) days from receipt of notice of decision, and judicial review thereof shall be permitted only after any party claiming to be aggrieved thereby has exhausted his remedies before the Board. The Board shall be deemed to be a party to any judicial action involving any such decisions, and may be represented by an attorney employed by the Board, or when requested by the Board, by the Solicitor General or any public prosecutor.

SECTION 23. Appeals. Appeals from any decision of the Board shall be governed by Rules 43 and 45 of the 1997 Rules of Civil Procedure. The appeal shall not stay the execution of the decision unless ordered by the Board, Court of Appeals or by the Supreme Court and the appeal shall be without prejudice to the special civil action of certiorari when proper.

SECTION 24. Execution of Decision. When no appeal is perfected and there is no order to stay by the Board, Court of Appeals or the Supreme Court, any decision 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 or its appointed sheriff such writ of execution as may be necessary for the enforcement of such decision, and any person who shall fail or refuse to comply with such decision, writ or process after being required to do so, shall, upon application by the Board, be punished for contempt.

SECTION 25. Exemption from Tax, Legal Process and Lien and Government Guarantee. It is hereby declared to be the policy of the State that the actuarial solvency of the funds of the Program 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 and their employers. Taxes imposed 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 Corporation, 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 Corporation 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.

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

6
7 The funds and/or the properties referred to herein as well as the benefits, sums
8 or monies corresponding to the benefits under this Act shall be exempt from
9 attachment, garnishment, execution, levy or other processes issued by the courts,
10 quasi-judicial agencies or administrative bodies including Commission on Audit (COA)
11 disallowances and from all financial obligations of the members, including his
12 pecuniary accountability arising from or caused or occasioned by his exercise or
13 performance of his official functions or duties, or incurred relative to or in connection
14 with his position or work except when his monetary liability, contractual or otherwise,
15 is in favor of the Corporation.

16 17 CHAPTER V. Appropriations

18 SECTION 26. Appropriations. An appropriation of Thirty Billion pesos
19 (P30,000,000,000.00) is hereby appropriated for the SSS as Interim Program
20 Manager, as the amount necessary for the creation of the Endowment Fund as
21 provided for in Section 12. Subsequently, the funds necessary for the continuous and
22 effective operation of the Program shall be included in the General Appropriations Act
23 (GAA), including the national government's share in the premium contributions and
24 funds for the provision of allowances for training programs and job search assistance.

25 26 CHAPTER VI. Penal Provisions

27 SECTION 27. The Program Manager or responsible officer of the Corporation
28 who fails or refuses to comply with the provisions of this Act or with its implementing
29 rules and regulations shall be punished by a fine of not less than fifty thousand pesos
30 (P50,000.00) nor more than two hundred thousand pesos (P200,000.00), or by
31 imprisonment of not less than six (6) years and one day to twelve (12), or both, at
32 the discretion of the court.

33
34 SECTION 28. The Program Manager or responsible officer of the Corporation
35 who takes or misappropriates the contribution for the Fund or permits another person
36 to take, misappropriate or use said contribution through consent, abandonment or
37 negligence shall be punished by a fine of not less than fifty thousand (P50,000.00)
38 nor more than two hundred thousand pesos (P200,000.00), or by imprisonment of not

1 less than six (6) years and one day to twelve (12), or both, at the discretion of the
2 court.

3
4 SECTION 29. Any employer who after deducting the monthly contribution of
5 members, fails to remit the same to the Corporation within the period prescribe in this
6 Act shall be presumed to have taken the same shall suffer the penalties provided in
7 Article 315 of the Revised Penal Code.

8
9 SECTION 30. The heads of the offices of the national government, its political
10 subdivisions, branches, agencies and instrumentalities, including government-owned
11 or controlled corporations and government financial institutions, and the personnel of
12 such offices who are involved in the collection contributions who shall fail, refuse or
13 delay the payment, turnover, remittance or delivery of such accounts, upon conviction
14 by final judgement, suffer the penalties of imprisonment of not less than one (1) year
15 nor more than five (5) years and a fine of not less than fifty thousand pesos
16 (P50,000.00) nor more than two hundred thousand pesos (P200,000.00), and in
17 addition shall suffer absolute perpetual disqualification from holding public office and
18 from practicing any profession or calling licensed by the government.

19
20 The officers and/or personnel referred in this section shall be liable not only
21 criminally but also civilly to the member concerned in the form of damages as provided
22 for in the Civil Code of Philippines.

23
24 SECTION 31. The officers and the personnel of private companies who are
25 involved in the collection contributions who shall fail, refuse or delay the payment,
26 turnover, remittance or delivery of such accounts, upon conviction by final judgement,
27 suffer the penalties of imprisonment of not less than one (1) year nor more than five
28 (5) years and a fine of not less than fifty thousand pesos (P50,000.00) nor more than
29 two hundred thousand pesos (P200,000.00) and shall also be civilly liable to the
30 member concerned in the form of damages provided for in the Civil Code of the
31 Philippines.

32 33 CHAPTER VII. Miscellaneous Provisions

34 SECTION 32. Oversight Provision. Congress shall conduct a regular review of
35 the Program, which shall entail a systematic evaluation of the Program's performance
36 and impact. Every two years, an independent review shall be undertaken by an expert
37 third party, at a cost to be shouldered by the Program, and whose results shall be
38 submitted to the Committees of the Senate and the House of Representatives which
39 have legislative jurisdiction over the Program.

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SECTION 33. Implementing Rules and Regulations. Within forty-five (45) days from the effectivity of this Act, the SSS as Interim Program Manager shall formulate the rules and regulations necessary for the implementation of this Act, in consultation with the DOLE and NEDA.

SECTION 34. Information Campaign. An intensive public information campaign shall be undertaken by the SSS prior to the implementation of the rules and regulations of this Act.

SECTION 35. Separability Clause. If any provision of this Act is declared unconstitutional or invalid, the remainder of the provisions thereof not affected shall remain in force and effect.

SECTION 36. Repealing Clause. All laws, executive orders, administrative rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby amended, modified, or repealed accordingly.

SECTION 37. Effectivity Clause. This Act shall take effect immediately upon its publication in a newspaper of general circulation or in the Official Gazette.

Approved,