



'13 JUL -1 P5:19

SENATE

S. No. 254

RECEIVED BY: *ji*

Introduced by Senator Ralph G. Recto.

Explanatory Note

Today, there are approximately 1.4 million government employees in the country. They are the hardworking civil servants whom we engage whenever we avail of services from various government agencies. They serve with honor and competence despite grueling workloads, uncomfortable work conditions and meager salaries.

In recognition of the valuable services rendered by the government workforce, the Government Service Insurance System (GSIS) was established through Republic Act (R.A.) No. 8291, otherwise known as the Government Insurance Act of 1997, to respond to the needs of the growing bureaucracy. Under this law, the GSIS is mandated to insure its members against the occurrence of certain contingencies in exchange of their monthly premium contributions. Indeed, through time, GSIS members and their dependents have relied primarily on the benefits and claims from the GSIS as an additional resource to meet daily needs.

However in the recent past, there have been a number of stories of misery, disappointment and desperation from many GSIS members. There were reported complaints of delays in the receipt of payment for claims, non-updating and non-reconciliation of members' records and contributions, and inefficiency in providing services, among others. These problems in one way or another have caused additional burden to its members.

In order to alleviate the problems encountered by the members of the GSIS, this bill amends certain provisions of R.A. No. 8291 by institutionalizing a Members' Rights which perhaps is the first of its kind in the world as far as government pension systems are concerned. In addition to their rights under existing laws, the GSIS members are granted specific rights such as: *a) Right to courteous and responsive service; b) Right to information; c) Right to GSIS benefits; d) Right to expeditious processing of claims, e) Right to be heard; and, f) Special Rights for the elderly.*

The bill not only strengthens members' rights but, as an added feature, it also spells out the responsibilities of the agency employers. This provision aims to address inefficiency and negligence of government agencies as employers, in remitting contributions to the GSIS. Under the bill, it is the main responsibility of the agencies to remit employees and employer's contributions to the GSIS within the prescribed time and in the prescribed format. The agencies concerned are also required to promptly produce the documents required to facilitate the processing of a member's claim from GSIS.

The prescriptive period in claiming of benefits is also lifted to allow members or their designated beneficiaries to claim GSIS benefits for an indefinite period.

This bill also grants the Regional Trial Court (RTC) to have concurrent jurisdiction over disputes arising from the grant of benefits provided by the law. Hence, GSIS members will now have an alternative venue aside from the GSIS should they opt to appeal decisions on their claims for benefits.

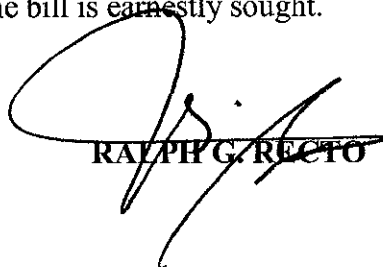
The proposed law likewise provides limitation on foreign investments so that investible funds of the GSIS can be made available in the local market to finance priority programs and projects of the government.

Additional representation for members in the GSIS board is also provided in this bill. The Secretary of Education and Chairman of the Civil Service Commission shall be additional members of the board to further strengthen the representation of teachers who compose approximately 60% of the GSIS membership and to promote the welfare of the civil servants.

Lastly, in order to protect the rights of GSIS members, the bill adds penal provisions for violations of the law.

While this bill is not expected to address all the problems of the GSIS, it is a measure geared towards achieving a healthier and more responsive insurance system that provides the benefits and services that our civil servants rightfully deserve.

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



RALPH G. RECTO



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SENATE

S. No. 254

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AN ACT
INSTITUTIONALIZING THE RIGHTS OF GOVERNMENT SERVICE INSURANCE
SYSTEM (GSIS) MEMBERS, PROVIDING THEM ADDITIONAL REPRESENTATION
IN THE GSIS BOARD, ENSURING PROMPT PAYMENT OF ALL THEIR BENEFITS
AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “GSIS Members’
2 *Rights and Benefits Act of 2013.*”

3 **Sec. 2. Declaration of Policy.** – It is a declared policy of the State to provide,
4 develop and promote a sound social security system responsive to the needs of its
5 workers.

6 Furthermore, the State shall review and strengthen policies that advance and
7 protect the welfare of workers in the public sector.

8 Likewise, the Constitution guarantees the right of all workers to participate in
9 policy and decision-making processes affecting their rights and benefits as may be
10 provided by law.

11 Towards this end, the State shall:

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

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

16 (c) Insulate the Social Insurance Fund (SIF) from dissipation due to the
17 volatility of the global economy;

18 (d) Ensure that top-level officials of the GSIS are held accountable for
19 mismanagement and inefficiencies in the delivery of services to members and
20 beneficiaries; and

1 (e) Provide GSIS members and beneficiaries alternative venues in the
2 settlement of disputes.

3 **Sec. 3.** Section 2 of Republic Act No. 8291, otherwise known as “The
4 Government Service Insurance Act of 1997”, is hereby amended to read as follows:

5 “Sec. 2. *Definition of Terms.* – Unless the context otherwise indicates, the
6 following terms shall mean:

7 “xxx

8 “(f) Dependents – Dependents shall be the following:

9 (a) the legitimate spouse dependent for support upon the member or pensioner; (b)
10 legitimate, legitimated legally adopted child, including the illegitimate child, who
11 is unmarried, [not gainfully employed] not over the age of majority, or is over the
12 age of majority but incapacitated and incapable of self-support due to mental or
13 physical [defect] **DISABILITY** acquired prior to the age of majority; and (c) the
14 parents dependent upon the member for support;

15 “ xxx

16 **Sec. 4. *Members’ Rights.*** – In addition to their rights under existing laws, the
17 members shall have the following rights:

18 (a) Right to Courteous and Responsive Service

- 19 1. To be considered a GSIS member from the first day of government
20 service;
- 21 2. To be provided prompt and accurate service;
- 22 3. To be accorded respect by the executives and employees of the GSIS;
23 and
- 24 4. To be afforded comfortable and customer-friendly facilities when
25 transacting with the GSIS.

26 (b) Right to Information

- 27 1. To be informed of the laws, regulations, policies or programs
28 affecting the members’ rights, benefits, obligations, and privileges,
29 including amendments or changes thereto;

- 1 2. To be provided with copies of GSIS policies and regulations
2 pertaining to benefits and claims administration;
- 3 3. To be informed of the various modes and options in availing benefits;
- 4 4. To receive accurate and updated membership data, records and
5 information, including records of premium remittances and loan
6 payments;
- 7 5. To have GSIS data and records protected from unauthorized, unlawful
8 or improper disclosure; and
- 9 6. To be informed in advance of documents required to facilitate
10 transaction, processing period and updated status of claims or loan
11 applications.

12 (c) Right to GSIS Benefits

- 13 1. To receive on time the benefits the member has qualified to even after
14 separation from the service;
- 15 2. To avail the mode of retirement, among the different applicable
16 retirement laws and be allowed to change the preferred mode:
17 *Provided*, That the retirement pension package has not yet been
18 received;
- 19 3. To be protected against discrimination and thus receive the same
20 benefits and privileges granted other members similarly situated; and
- 21 4. To receive benefits exempt from all taxes, fees, charges and duties of
22 all kinds.

23 (d) Right to Expeditious Processing of Claims

- 24 1. To claim and receive on time benefits provided under applicable laws;
- 25 2. To exhaust all legal remedies under existing laws; and
- 26 3. To be protected from diminution of benefits that may arise with the
27 passage of a subsequent law or regulation.

28 (e) Right to be Heard

- 29 1. To be represented in the GSIS governing Board;

- 1 2. To participate in meaningful exchange of views in dialogues and fora
2 conducted by GSIS without fear of reprisal;
- 3 3. To be consulted on the policies and programs to be implemented by
4 the system;
- 5 4. To convey grievances and be accorded immediate response; and
- 6 5. To transact business with the GSIS in person or through electronic
7 access points.

8 **Sec. 4-A. *Special Rights for the Elderly, Disabled and Seriously-Ill Members,***
9 ***Beneficiaries and Pensioners.*** - The following special rights are to be afforded to the
10 elderly, disabled and seriously-ill members, beneficiaries and pensioners, to wit:

- 11 1. To be provided special access lanes;
- 12 2. To be prioritized in the processing and releasing of claims and
13 benefits;
- 14 3. To be given preference in the dissemination of information pertaining
15 to policies; and
- 16 4. To be accorded leniency in the submission of documents: *Provided,*
17 That there is substantial compliance with the requirements prescribed
18 by GSIS.

19 **Sec. 5. *Agency's/ Employer's Responsibilities.*** - The government agencies
20 covered by the GSIS Act, as employers, shall have the following responsibilities:

- 21 1. To remit employees' and employers' contributions to the GSIS within
22 the prescribed time mandated by the GSIS Act;
- 23 2. To provide promptly documents required to facilitate the processing of
24 documents and claims;
- 25 3. To provide additional documents as necessary to reconcile the records
26 of accounts; and
- 27 4. To inform GSIS, through their agency authorized officers, of any update
28 pertaining to personal or service records that may affect the processing
29 of claims and benefits.

1 **Sec. 6.** Section 7 of Republic Act No. 8291, otherwise known as “The
2 Government Service Insurance Act of 1997” is hereby amended to read as follows:

3 “*Sec. 7. Interests on Delayed Remittances.* – Agencies which delay the
4 remittance of any and all monies due the GSIS shall be charged interests as may
5 be prescribed by the Board but not[less] **MORE** than two percent (2%) simple
6 interest per month. Such interest shall be paid by the employers concerned.

7 **Sec. 7.** Section 28 of Republic Act No. 8291, otherwise known as “The
8 Government Service Insurance Act of 1997” is hereby amended to read as follows:

9 “*Sec. 28. Prescription.* – Claims for benefits under this Act [except for life
10 and retirement] shall **NOT** prescribe. [after four (4) years from the date of
11 contingency.]

12 **Sec. 8.** Section 30 of Republic Act No. 8291, otherwise known as “The
13 Government Service Insurance Act of 1997” is hereby amended to read as follows:

14 “*Sec. 30. Settlement of Disputes.* – The GSIS **AND THE REGIONAL**
15 **TRIAL COURT (RTC)** shall have original and [exclusive]**CONCURRENT**
16 jurisdiction to settle any dispute arising under this Act and any other laws
17 administered by the GSIS.

18 “xxx

19 **Sec. 9.** Section 31 of Republic Act No. 8291, otherwise known as “The
20 Government Service Insurance Act of 1997” is hereby amended to read as follows:

21 “*Sec. 31. Appeals.* – Appeals from any decision or award of the Board **OR**
22 **RTC** shall be governed by Rules 43 and 45 of the 1997 Rules of Civil Procedure
23 adopted by the Supreme Court on April 8, 1997 which will take effect on July 1,
24 1997: *Provided,* That pending cases and those filed prior to July 1, 1997 shall be
25 governed by the applicable rules of procedure: *Provided, further,* That the appeal
26 shall take precedence over all other cases except criminal cases when the penalty
27 of life imprisonment or death or *reclusion perpetua* is imposable.

28 “xxx

1 **Sec. 10.** Section 36 of Republic Act No. 8291, otherwise known as “The
2 Government Service Insurance Act of 1997” is hereby amended to read as follows:

3 “Sec. 36. *Investment of Funds.* – xxx

4 “xxx

5 “(j) In foreign mutual funds and in foreign currency deposits or foreign
6 currency-denominated debts, non-speculative equities and other financial
7 instruments or other assets issued in accordance with existing laws of the
8 countries where such financial instruments are issued: *Provided*, That these
9 instruments or assets are listed in bourses of respective countries where these
10 instruments or assets are issued: *Provided, further*, That the issuing company has
11 proven track record of profitability over the last three (3) years and payment of
12 dividends at least once over the same period: **PROVIDED, FINALLY, THAT**
13 **NOT MORE THAN FIVE PERCENT (5%) OF THE ABOVE-**
14 **MENTIONED FUNDS SHALL BE INVESTED ABROAD.**

15 **Sec. 11.** Section 42 of Republic Act No. 8291, otherwise known as “The
16 Government Service Insurance Act of 1997” is hereby amended to read as follows:

17 “Sec. 42. *The Board of Trustees; Its Composition; Tenure and*
18 *Compensation.* – The corporate powers and functions of the GSIS shall be vested
19 in and exercised by the Board of Trustees composed of the President and General
20 Manager of the GSIS and **TEN (10)** [eight (8)] other members to be appointed by
21 the President of the Philippines, one (1) of whom shall be either the President of
22 the Philippine Public School Teachers Association (PPSTA) or the President of
23 the Philippine Association of School Superintendents (PASS), **THE**
24 **SECRETARY OF THE DEPARTMENT OF EDUCATION (DepEd), THE**
25 **CHAIRMAN OF THE CIVIL SERVICE COMMISSION (CSC)**, another two
26 (2) shall represent the leading organizations or associations of government
27 employees/retirees, **AND** another four (4) from the banking, finance, investment,
28 and insurance sectors, and one (1) recognized member of the legal profession who
29 at the time of appointment is also a member of the GSIS. The Trustees shall elect

1 from among themselves a Chairman while the President and General Manager of
2 the GSIS shall automatically be the vice-chairman.

3 “xxx

4 **Sec. 12.** Section 43 of Republic Act No. 8291, otherwise known as “The
5 Government Service Insurance Act of 1997” is hereby amended to read as follows:

6 “Sec. 43. *Powers and Functions of the Board of Trustees.* – xxx

7 “xxx

8 “(d) upon the recommendation of the President and General Manager, to approve
9 the GSIS’ organizational and administrative structures and staffing pattern[,]
10 **SUBJECT TO EXISTING CIVIL SERVICE LAWS, RULES AND**
11 **REGULATIONS** and to establish, fix, review, revise and adjust the appropriate
12 compensation package for the officers and employees of the GSIS with
13 reasonable allowances, incentives, bonuses, privileges and other benefits as may
14 be necessary or proper for the effective management, operation and
15 administration of the GSIS, which shall be exempt from Republic Act No. 6758,
16 otherwise known as the Salary Standardization Law and Republic Act No. 7430,
17 otherwise known as the Attrition Law.

18 “xxx

19 **Sec. 13.** Section 49 of Republic Act No. 8291, otherwise known as “The
20 Government Service Insurance Act of 1997” is hereby amended to read as follows:

21 “Sec. 49. *Dispensation of Social Insurance Benefits.* – (a) The GSIS shall
22 pay the retirement benefits to the employee on his last day of service in the
23 government: *Provided,* That all requirements are submitted to the GSIS **SIXTY**
24 **(60) DAYS** [within a reasonable period] prior to the effective date of the
25 retirement;

26 “xxx

27 **Sec. 14.** Section 52 of Republic Act No. 8291, otherwise known as “The
28 Government Service Insurance Act of 1997” is hereby amended to read as follows:

29 “Sec. 52. *Penalty.* – xxx

1 “xxx

2 “(j) Failure of the **PRESIDENT AND GENERAL MANAGER AS**
3 **WELL AS** Members of the GSIS Board, including the chairman and the vice-
4 chairman, to comply with the provisions of paragraphS **(R) AND (w)** of Section
5 **41 AND SECTION 49** hereof, shall subject them to imprisonment of not less
6 than six (6) months nor more than one (1) year or a fine of not less than [Five]
7 **TEN** thousand pesos (**P[5] 10,000.00**) nor more than [Ten]**TWENTY** thousand
8 pesos (**P[10]20,000.00**) without prejudice to any civil or administrative liability
9 which may also arise therefrom[.]: **PROVIDED, THAT IN CASE GSIS FAILS**
10 **TO COMPLY WITHOUT VALID AND JUSTIFIABLE REASON WITH**
11 **THE REQUIREMENTS REFERRED TO IN SECTION 49 OF THIS ACT,**
12 **A PENALTY OF NOT MORE THAN 2% SIMPLE INTEREST SHALL BE**
13 **CHARGED PER MONTH FROM GSIS: PROVIDED, HOWEVER, THAT**
14 **IN CASE THE RELEASE OF THE RETIREMENT BENEFITS**
15 **REFERRED TO IN SECTION 49 OF THIS ACT COULD NOT BE**
16 **ACCOMPLISHED DUE TO FORCE MAJEURE AND OTHER**
17 **INSUPERABLE CAUSES, THE PENALTY OF IMPRISONMENT AND**
18 **FINE IMPOSED UNDER THIS PARAGRAPH SHALL NOT APPLY.**

19 “Criminal actions arising from violations of the provisions of this Act may
20 be commenced by the GSIS or by the aggrieved member, either under this Act or,
21 in appropriate cases, under the Revised Penal Code[.] **AND OTHER SPECIAL**
22 **LAWS.**

23 **Sec. 15. *Implementing Rules and Regulations.*** - The implementing rules and
24 regulations to carry out the provisions of this Act shall be adopted and promulgated by
25 the GSIS, in consultation with the Civil Service Commission (CSC) not later than ninety
26 (90) days after the approval of this act.

27 **Sec. 16. *Separability Clause.*** - If any part or provision of this Act shall be held to
28 be unconstitutional or invalid, other parts or provisions hereof which are not affected
29 shall continue to be in full force and effect.

1 **Sec. 17. *Repealing Clause.*** –All laws, decrees, executive orders, rules and
2 regulations, or parts thereof which are inconsistent with this Act are hereby repealed,
3 amended or modified accordingly.

4 **Sec. 18. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
5 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,