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SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

13 JUL -8 P1:20

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SENATE

S. B. No. 599

Introduced by Senator FRANCIS G. ESCUDERO

EXPLANATORY NOTE

This is an amendatory bill, which seeks to propose changes in Republic Act No. 8291, the law which amended Presidential Decree No. 1146.

The proposed amendments in RA No. 8291, otherwise known as the "GSIS Act of 1997," as a whole is an effort to redress the said law's ineffective implementation, particularly in responding to the needs of teachers who comprise the largest group in terms of membership in the GSIS.

Documented reports on discourteous and grossly inefficient services by GSIS officials and employees resulting to un-updated records, premiums and loan payments, missing submitted records, delayed release of loans/pensions and billing statements, unreleased dividends, never issued policy contracts to the newly-hired and insufficient information dissemination have reached crisis proportions and to an ever increasing distrust and dissatisfaction towards GSIS in the process.

These complaints ranged from policies and rules enacted by the GSIS, which are unjust, vague, contrary to law or downright detrimental to the interests of not only DepEd (Department of Education) but all its members.

Proposals to amend certain sections in the present law include Sections 7, 10 and 23 if only to recompense the improper computation of service including the charging of interests/surcharges/penalties on late remittances. Coverage of benefits by GSIS needs to be adjusted to make them at par with the costs of living compounded by the escalating inflation rate. Protecting teachers' claims is but one of the purpose of the bill. Another additional essential proposal is enhancement to the law's penalty clause to ensure that persons may be held accountable for prohibited acts committed.

Second, with the proposed amendment of Sections 30 and 31, it likewise broadens the prerogative of concerned parties, especially members, in the settlement of disputes covered by the law by giving the Regional Trial Court (RTC) concurrent jurisdiction with the GSIS.

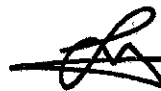
Lastly, this bill seeks to increase the representation of the DepEd in the Board of Trustees (board).

From one (1) present member who is either the President of the Philippine Public School Teachers' Association (PPSTA) or Philippine Association of School Superintendents (PASS), the membership of the DepEd in the GSIS board would be increased to five (5), consisting of the President of the PPSTA, President of the PASS, the DepEd Secretary, the President of the Association of DepEd Directors (ADD) and the President of the Administrative Officers Association of DepEd (ADADE).

The increase in DepEd membership in the GSIS board is long overdue considering that out of the present one million four hundred thousand (1.4 M) GSIS members, five hundred sixty three thousand six hundred fifty six (563,656), the total number of DepEd teachers and personnel for SY 2007-08, or forty percent (40%) thereof, consists of DepEd teachers and personnel. Per DepEd data, this number of DepEd teachers and personnel is even projected to increase yearly with the projected increase in the establishment and/or construction of pre-elementary, elementary and secondary schools and the hiring of much needed teachers.

The DepEd should be amply represented in the GSIS board to fully protect the interests of its teachers and personnel. It is high time that teachers' voices be heard in the board. The GSIS has long been deluged with complaints from teachers, which were and are still not being addressed by the GSIS.

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



FRANCIS G. ESCUDERO

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Senate
Office of the Secretary

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SENATE

S. B. No. 599

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Introduced by Senator FRANCIS G. ESCUDERO

AN ACT
AMENDING SECTIONS 7, 10, 23, 30, 31, 42 AND 52 OF REPUBLIC ACT NO.
8291, OTHERWISE KNOWN AS THE GSIS ACT OF 1997

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

1 **SECTION 1.** Sections 7, 10, 23, 30, 31, 42 and 52 of Republic Act No. 8291,
2 otherwise known as the "Government Service Insurance System Act of 1997," are
3 hereby amended to read as follows:
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6 *"Sec. 7. Interests on Delayed Remittances.* Agencies which delay the
7 remittance of any and all monies due the GSIS shall be charged
8 interest as may be prescribed by the Board but not [less] **MORE** than
9 two percent (2%) simple interest per month. Such interest shall be
10 paid by the employers concerned.
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14 *Sec. 10. Computation of Service.* - (a) The computation of service for the
15 purpose of determining the amount of benefits payable under this Act
16 shall be from the date of original appointment/election, **AND NOT**
17 **FROM THE START OF PAYMENT OF PREMIUM**, including
18 periods of service at different times under one or more employers,
19 those performed overseas under the authority of the Republic of the
20 Philippines, and those that may be prescribed by the GSIS in
21 coordination with the Civil Service Commission.
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25 *Sec. 23. Funeral Benefit.* - The amount of funeral benefit shall be
26 determined and specified by the GSIS in the rules and regulations but
27 shall not be less than [Twelve Thousand Pesos (P12,000.00)] **TWENTY**
28 **FOUR THOUSAND PESOS (P24,000.00)**: Provided, That it shall be
29 increased to at least Eighteen Thousand Pesos (P18,000.00)] **THIRTY**
30 **THOUSAND PESOS (P30,000.00)** after five (5) years and shall be
31 paid upon the death of:

- 1
2 a) an active member as defined under Section 2(e) of this Act; or
3 b) a member who has been separated from the service, but who may
4 be entitled to future benefit pursuant to Section 4 of this Act; or
5 c) a pensioner, defined in Section 2(0) of this Act; or
6 d) a retiree who at the time of his retirement was of pensionable age
7 under this Act but opted to retire under Republic Act 1616.
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11 Sec. 30. *Settlement of Disputes.* - The GSIS shall have original and
12 [exclusive] **CONCURRENT** jurisdiction with the RTC to settle any
13 dispute arising under this Act and any other laws administered by the
14 GSIS.
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18 Sec. 31. *Appeals.* - Appeals from any decision or award of the Board
19 **OR RTC** shall be governed by Rules 43 and 45 of the 1997 Rules of
20 Civil Procedure adopted by the Supreme Court on April 8, 1997
21 which will take effect on July 1, 1997: Provided, That pending cases
22 and those filed prior to July 1, 1997 shall be governed by the
23 applicable rules of procedures. Provide, further, that the appeal shall
24 take precedence over all other cases except criminal cases when the
25 penalty of life imprisonment or death or *reclusion perpetua* is
26 impossible.
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30 Sec. 42. *The Board of Trustees; Its Composition; Tenure and*
31 *Compensation* - The corporate powers and functions of the GSIS shall
32 be vested in and exercised by the Board of Trustees composed of the
33 President and General Manager of the GSIS and [eight] **TWELVE (12)**
34 other members to be appointed by the President of the Philippines,
35 one (1) of whom shall be [either] the President of the Philippine Public
36 School Teachers Association (PPSTA) [or], the President of the
37 Philippine Association of School Superintendents (PASS), **THE**
38 **SECRETARY OF THE DEPARTMENT OF EDUCATION (DEPED),**
39 **THE PRESIDENT OF THE ADMINISTRATIVE OFFICERS**
40 **ASSOCIATION OF DEPED (ADADE), THE PRESIDENT OF THE**
41 **ASSOCIATION OF DEPED DIRECTORS (ADD),** another two (2)
42 shall represent the leading organizations or associations of
43 government employees/retirees, another four (4) from the banking,
44 finance, investment, and insurance sectors, and one (1) recognized
45 member of the legal profession who at the time of appointment is also
46 a member of the GSIS. The trustees shall elect from among themselves
47 a Chairman while the President and General Manager of the GSIS
48 shall automatically be the vice-chairman.
49

50 The trustees, except the President and General Manager who
51 shall cease as trustee upon his separation, shall hold office for six (6)

1 years, without reappointment, or until their successors are duly
2 appointed and qualified. Vacancy, other than through the expiration
3 of the term, shall be filled for the unexpired term only. The members
4 of the Board shall be entitled to a per diem of Two thousand five
5 hundred pesos (P2,500) for each board meeting actually by them, but
6 not to exceed Ten thousand pesos (P10,000) a month and reasonable
7 transportation and representation allowances as may be fixed by the
8 Board.

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

17
18 (b) Whoever shall obtain or receive any money or check invoking any
19 provision of this Act or any agreement thereunder, without being
20 entitled thereto with the intent to defraud any member, any employer,
21 the GSIS or any third party, shall be punished by a fine of not less
22 than Five Thousand Pesos (P5,000.00) nor more than Twenty
23 Thousand Pesos (P20,000.00) [or] **AND** by imprisonment of not less
24 than six (6) years and one (1) day to twelve (12) years.

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26 (c) Whoever fails or refuses to comply with the provisions of this Act
27 or with the rules and regulations adopted by the GSIS shall be
28 punished by a fine of not less than Five Thousand Pesos (P5,000.00)
29 not more than Twenty Thousand Pesos (P20,000.00) [or] **AND** by
30 imprisonment of not less than six (6) years and one (1) day to twelve
31 (12) years, [or both, at the discretion of the court]."

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34 **SEC. 2.** All laws, orders, issuances, circulars, rules and regulations or parts
35 thereof, which are inconsistent with the provisions of this Act, are hereby repealed
36 or modified accordingly.

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38 **SEC. 3.** If any provisions of this Act is declared unconstitutional or invalid,
39 other parts or provisions hereof not affected shall continue in full force and effect.

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

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45 *Approved,*