

FURTHER AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED ELEVEN HUNDRED AND SIXTY-ONE, OTHERWISE KNOWN AS "THE SOCIAL SECURITY LAW," AS AMENDED

PRESIDENTIAL DECREE NO. 177, April 23, 1973

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WHEREAS, on the 19th day of October, 1972, Presidential Decree No. 24, amended certain Sections of Republic Act No. 1161, as amended, otherwise known as "The Social Security Law"; and

WHEREAS, in order to bring about a more effective implementation of the law and make the SSS even more responsive to the needs of its members, it is necessary to further amend the Social Security Law;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby order and decree that the Social Security Law be amended to bring about a more effective implementation of the law and make the Social Security System more responsive to the needs of its members as follows:

SECTION 1. Section 8(k) of the Social Security Law, as amended, is hereby further amended to read as follows:

"(k) Beneficiaries. — Those designated as such by the covered employee from among the following:

"The legitimate spouse, the legitimate, legitimated, acknowledged natural children, natural children by legal fiction, and other illegitimate children, and their legitimate descendants, and the legitimate parents.

"In the absence of any of the foregoing, any other person designated by him."

SEC. 2. Section 9 of the same Act is hereby further amended by designating the present provision as paragraph (a) and adding thereto paragraph (b) to read as follows:

"SEC. 9. Compulsory Coverage. — (A) Coverage in the SSS shall be compulsory upon all employees not over sixty years of age and their employers: Provided, That any benefit already earned by employees under private benefit plans existing at the time of the approval of this Act shall not be discontinued, reduced or otherwise impaired: Provided, further, That private plans which are existing and in force at the time of compulsory coverage shall be integrated with the plan of the SSS in such a way where the employer's contribution to his private plan is more than that required of him in this Act he shall pay to the SSS only the contribution required of him and he shall continue his contribution to such private plan less his contribution to the SSS so that the employer's total contribution to his private benefit plan and to the Social Security System shall be the same as his contribution to his private plan before the compulsory coverage: Provided, further, That any changes, adjustments, modifications, eliminations or improvements in the benefits to be available under the remaining private plan, which may be necessary to adopt by reason of the reduced contribution thereto as a result of the integration, shall be subject to agreements between the employers and employees concerned: Provided, further, That the private benefit plan which the employer shall continue for his employees shall remain under the

employer's management and control unless there is an existing agreement to the contrary: Provided, finally, That nothing in this Act shall be construed as a limitation on the right of employers and employees to agree on and adopt benefits which are over and above those provided under this Act.

"(B) Filipinos recruited in the Philippines by foreign-based employers for employment abroad may be covered by the SSS on a voluntary basis under such rules and regulations as the Commission may prescribe."

SEC. 3. Section 12 (a) and (c) are hereby further amended to read as follows:

"SEC. 12. Retirement benefits. — (a) A covered employee who (3) has paid at least one hundred twenty monthly contributions to the SSS, has reached the age of sixty years and is separated from employment or, if still employed, is receiving less than two hundred fifty pesos monthly compensation, or (2) has paid at least one hundred twenty monthly contributions and has reached the age of sixty-five years, or (3) has paid at least thirty-six monthly contributions and has become permanently totally disabled, shall be entitled for as long as he lives but in no case for less than five years to a monthly pension amount to be computed as follows:

Forty-five percent of the first three hundred pesos of the average monthly salary credit or fraction thereof; plus

Twenty-five percent of the next three hundred pesos of the average monthly salary credit or fraction thereof; plus

Nine percent of each succeeding one hundred pesos of the average monthly salary credit or fraction thereof; plus

One-tenth of one percent of the average monthly salary credit for each monthly contribution in excess of one hundred twenty and paid as of the last day of the second quarter preceding the quarter of retirement: Provided, That a member of the SSS covered prior to June 18, 1962 and who was fifty years of age or over on the date of his coverage shall be entitled to the benefits hereunder if he has paid a number of monthly contributions equivalent to the number of calendar months of coverage at age sixty, but in no case less than twenty-four: Provided, further. That the monthly pension shall in no case be less than forty-five pesos: Provided, finally, That the foregoing schedule shall take effect on January 1, 1974.

"(c) The monthly pension shall be suspended —

- Upon the re-employment of a retired employee who is less than sixty-five years old if he receives from his employment a monthly compensation of two hundred fifty pesos or more; or
- Upon the recovery of an employee retired due to permanent total disability, or his failure to present himself for examination at least once a year upon notice by the SSS."

SEC. 4. Section 13 of the same Act is further amended to read as follows:

"SEC. 13. Death and permanent disability benefits. — (a) Upon the covered employee's death, his beneficiaries shall be entitled to the basic lump sum amount, plus five-twelfths of one percent of the basic lump sum amount for each monthly contribution in excess of one hundred twenty and paid as of the last day of the second quarter preceding the quarter of death: Provided, That any of the following conditions is satisfied at the time of death:

"1. He shall have paid eighteen monthly contributions within the thirty-six calendar month period ending on the last day of the second quarter preceding the quarter of death.

"2. His payment ratio is not less than eighty percent."

"Provided, further, That if none of the foregoing conditions are satisfied, his death benefit shall be the above amount multiplied by one and one-fourth times his payment ratio: Provided, finally, That the death benefit shall not be less than the total contributions paid by him and his employer in his behalf to the SSS nor less than five hundred pesos: Provided, however, That the covered employee who dies in the month of coverage shall be

entitled to the minimum benefit."

SEC. 5. Section 14(b) of the same Act is further amended to read as follows:

"(b) The payment of such allowances shall be promptly made by the employer every regular pay day or on the fifteenth and last day of each month in the case of direct payment by the SSS for as long as such allowances are due and payable: Provided, That such allowance shall begin only after all current sick leaves of absence with full pay, if any, to the credit of the employer shall have been exhausted."

SEC. 6. Section 22(e) of the same Act is further amended to read as follows:

"(e) For purposes of this Section, any employer who is delinquent or has not remitted all the monthly contributions due and payable may within six (6) months from approval of this amendatory Act remit said contributions to the SSS and submit corresponding collection lists therefor without incurring the prescribed three percent penalty. In case the employer, fails to remit to the SSS the said contributions within the six months grace period, the penalty of three percent shall be imposed from the time the contributions first became due as provided in paragraph (a) of this Section: Provided, however, That the administrator, may in meritorious cases, allow employers who have submitted a payment plan, on or before April 19, 1973, to pay their contributions due and payable up to December 31, 1973 without incurring the prescribed three percent penalty."

SEC. 7. Section 26(g) of the same Act is further amended to read as follows:

"(g) As part of its investment operations the SSS shall act as insurer of all or part of its interests on properties mortgaged to the SSS or on the lives of mortgagors whose properties are mortgaged to the SSS in accordance with such rules and regulations prescribed by the Social Security Commission. For this purpose, the SSS shall establish a separate account to be known as the 'Mortgagors Insurance Account.' All amounts received by the SSS in connection with the aforesaid insurance operations shall be placed in the Mortgagors' Insurance Account. The assets and liabilities of the Mortgagors' Insurance Account shall at all times be clearly identifiable and distinguishable from the assets and liabilities in all other accounts of the SSS. Notwithstanding any provision of law to the contrary, the assets held in the Mortgagors' Insurance Account shall not be chargeable with the liabilities arising out of any other business the SSS may conduct but shall be held and applied exclusively for the benefit of the owners or beneficiaries of the insurance contracts issued by the SSS under this paragraph.

"The SSS may insure any of its interests or part thereof with any private company or reinsurer.

"The Insurance Commission or its authorized representatives shall make an examination into the financial condition and methods of business transactions of the SSS at least once in two years but such examination shall be limited to the insurance operation of the SSS as authorized under this Section and shall not embrace the other operations of the SSS; and the report of said examination shall be submitted to the SSC and a copy thereof shall be furnished the Office of the President of the Philippines within a reasonable time after the close of the examination: Provided, That, for each examination the SSS shall pay to the Insurance Commission an amount equal to the actual expenses of the Insurance Commission in the conduct of the examination, including the salaries of the examiners and of the actuary of the Insurance Commission who have been assigned to make such examination for the actual time spent in said examination.

"The general law on insurance promulgated thereunder shall have suppletory application insofar as it is not in conflict with the SSS Law and its rules and regulations."

SEC. 8. Section 28(a) and (e) are hereby further amended to read as follows:

"SEC. 28. Penal Clause. — (a) Whoever, for the purpose of causing any payment to be made under this Act, or under an agreement thereunder, where none is authorized to be paid, shall make or cause to be made false

statement or representation as to any compensation paid or received, or whoever makes or causes to be made any false statement of a material fact in any claim for any benefit payable under this Act or application for loan with the SSS, or whoever makes or causes to be made any false statement, representation, affidavit, or document, in connection with such claim shall suffer the penalties provided for in Article One Hundred Seventy-Two of the Revised Penal Code."

"(e) Whoever fails or refuses to comply with the provisions of this Act or with the rules and regulations promulgated by the Commission, shall be punished by a fine of not less than five hundred pesos nor more than five thousand pesos or imprisonment for not less than six months nor more than one year, or both at the discretion of the court: Provided, That, where the violation consists in failure or refusal to register employees, or to deduct contributions from employee's compensation and remit the same to the SSS, the penalty shall be a fine of not less than five hundred pesos nor more than five thousand pesos and imprisonment for not less than six months nor more than one year."

SEC. 9. This Decree shall form part of the law of the land and shall take effect immediately.

Done in the City of Manila, this 23rd day of April, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES

Assistant Executive Secretary

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