

AN ACT TO FURTHER AMEND THE GOVERNMENT SERVICE INSURANCE ACT, AS AMENDED BY REPUBLIC ACT NUMBERED SIX HUNDRED SIXTY, AND TO AMEND SECTION TWENTY-SIX OF THE LATTER ACT.

REPUBLIC ACT No. 728, June 18, 1952

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

SECTION 1. Subsection (a) of section five of Commonwealth Act Numbered One hundred eighty-six, otherwise known as the Government Service Insurance Act, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 5. (a) Rates of contributions or premiums.— For the benefits described hereunder, each employee who is a member of the System and his employer shall pay the monthly rates of contributions or premiums specified in the following schedule:

"MONTHLY CONTRIBUTIONS OF PREMIUMS

Benefits

Percentage of monthly salary payable by

Remarks

Employee

Employer

I. Life insurance

1

1

Applicable in the case of a civilian employee insured on or after June 16, 1951, except as otherwise provided in this Act.

3

3

Applicable in the case of a civilian employee already insured prior to June 16, 1951, unless he chooses to convert his old membership policy and be reinsured under a new one, in which case the first rate shall apply.

5

0

Applicable in the case of a regular officer or an enlisted man.

4

6

If employee's monthly salary is P200 or less.

II. Retirement insurance

5

5

If employee's monthly salary is more than P200, but his premium for this benefit shall not exceed P37.50 per month.

"Payment of premium for retirement insurance shall begin on the last day of June, nineteen hundred and fifty-one, or of the calendar month the employee entered the service, whichever is the later date; and that for life insurance shall begin on the last day of the calendar month preceding the month in which one's insurance takes effect: Provided, however, That retirement premiums shall not be required of Justices of the Supreme Court, elective officials, and regular officers and enlisted men, who are hereby excluded from said benefit.

"Unpaid premiums or contributions shall bear such rate of interest not exceeding six per centum per annum as the Board may prescribe."

SEC. 2. The first paragraph of section six of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 6. Employer's premiums.—Each employer shall include in its annual appropriation and remit to the System, in preference to other obligations except salaries and wages .of its employees, the necessary amounts for its corresponding shares of the premiums described in subsection (a) of section five, plus any extra premiums that may be required on account of the hazards or risks of its employees' occupations, plus the additional amounts, if any, required in the next following section: Provided, however, That if one's compulsory membership policy matures, the employer's premium for his life insurance shall cease until he acquires a new membership policy, which, however, shall be granted only upon satisfactory evidence of insurability: And provided, finally, That in case of transfer of an employee from one employer to another, the former employer shall be relieved of paying further premiums for him, and the new employer, whether or not it has joined the System, shall assume the same, appropriating therefor the necessary amount."

SEC. 3. Subsection (a) of section seven of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 7. Additional premiums.—(a) For the amount of annuity corresponding to the services rendered by an employee prior to June sixteen, nineteen hundred fifty-one, his employer as of the date of his retirement shall pay under such rules and regulations as the System may prescribe the necessary additional amounts or premiums: Provided, That this obligation may not be paid in installments without the prior approval of the System if the employer is a corporation owned or controlled by the Government."

SEC. 4. Subsection (c) of section eight of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"(c) Amount and kind of insurance.—Membership insurance shall be term insurance of an amount equal to the employee's current annual salary, except in cases in which the System disapproves such kind of insurance and allows instead either an endowment or a pure endowment insurance: Provided, however, That this subsection shall not apply to any civilian employee who prior to June sixteen, nineteen hundred fifty-one, was already insured in the System nor a regular officer or an enlisted man. And provided further, That upon his request, a civilian employee may have his old membership insurance changed into a paid-up endowment insurance and be reinsured under another membership insurance on submission of satisfactory evidence of insurability unless such request be made within one year from June sixteen, nineteen hundred and fifty-one. Membership insurance of an elective official shall be, as he may select, either the term insurance described above or an endowment insurance whose amount shall be whatever the six per centum monthly premium will buy."

SEC. 5. Paragraph (3), subsection (a) of section eleven of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"(3) For those who are at least sixty-five years of age, lump sum payment of present value of annuity for first five years and future annuity to be paid monthly: Provided, however, That there shall be no discount from the annuity for the first five years of those who are sixty-five years of age or over on the date of approval of Republic Act Numbered Six hundred sixty."

SEC. 6. Subsections (c) and (e) of section twelve of Commonwealth Act Numbered One hundred eighty-six, as such section was inserted therein by Republic Act Numbered Six hundred sixty, are amended to read as follows:

"(c) Retirement shall be automatic and compulsory at the age of sixty-five years, if he has completed fifteen years of service and if he has not been separated from the service during the last three years of service prior to retirement; otherwise he shall be allowed to continue in the service until he shall have completed the required length of service unless he is otherwise eligible for disability retirement. This clause shall not apply to members of the judiciary and constitutional officers whose tenure of office is guaranteed. Upon specific approval of the President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court, as the case may be, an employee may be allowed to continue to serve in the Executive, Legislative, or Judicial Branch of the Government after the age of sixty-five years if he possesses special qualifications, and his services are needed. It shall be the duty of the employer concerned to notify each such employee under its direction of the date of his automatic separation from the service at least sixty-days in advance thereof.

"(e) If an employee who is not receiving the annuity mentioned in the next preceding subsection be reinstated in the service, he shall be given full credit for services rendered by him prior to his reinstatement for the purpose of determining the amount of annuity under section eleven hereof to which he may be entitled: Provided, however, That said credit shall not be given if the employee shall not refund to the System (1) the contributions for retirement insurance he received therefrom with interest of three per centum per annum compounded monthly from the date he received them up to the date of their payment, or (2) any gratuity or benefit he received under any pension or retirement plan of, an employer unless expressly exempted by law from refunding said gratuity or pension: Provided, further, That if separated before, and reinstated after, June sixteen, nineteen hundred fifty-one, only three-fourths of the services rendered prior to the said date shall be credited to the employee after complying with the condition stated above. No person shall be appointed or reinstated in the service if he is already fifty-seven years of age, unless the President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court, as the case may be, determines that he possesses special qualifications and his services are needed."

SEC. 7. Section thirteen of Commonwealth Act Numbered One hundred eighty-six, as such section was inserted therein by Republic Act Numbered -Six hundred sixty, is amended to read as follows:

"SEC. 13. Computation of service.—The aggregate period of service which forms the basis for retirement and

calculating the amount of annuity described in section eleven hereof shall be computed from the date of original employment, whether as a classified or unclassified employee in the service of an 'employer', including periods of service at different times and under one or more employers, and also periods of service performed overseas under the authority of the Republic of the Philippines and periods of honorable service in the Armed Forces of the Philippines prior to June sixteen, nineteen hundred fifty-one, and periods of honorable service in the Philippines under the authority of the United States Government if rendered prior to July four, nineteen hundred and forty-six: Provided, however, That in the case of an employee who is eligible for and receives retirement pay on account of military or naval service or on account of disability incurred therein, the period of service upon which such retirement pay is based shall be excluded: Provided, also, That periods of service rendered after June sixteen, nineteen hundred fifty-one during which premiums are not required shall be excluded, unless the premiums corresponding to said service be later on paid to the System with interest: And provided, further, That the period from January one, nineteen hundred and forty-two to February twenty-eight, nineteen hundred and forty-five and any period not exceeding one year at a time during which an officer or employee had been thereafter out of the service to the date of his reinstatement or reappointment before June sixteen, nineteen hundred fifty-one, shall be included for those who were in the service on December eight, nineteen hundred and forty-one, except those who were separated prior to the Japanese occupation, in the computation of total service, the annuity mentioned herein, and payment of premiums therefor. For the purpose of this section, the term 'service' shall include only full-time service with compensation: Provided, That the Board may include part-time and other services with compensation under such rules and regulations as it may prescribe."

SEC. 8. Section seventeen, originally fourteen, of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 17. General powers of the Board.—The Board shall have the powers specified in this Act and the usual general corporate powers. It shall have the following powers and authority: (a) to adopt by-laws, rules and regulations for the administration of the System and the transaction of its business; (b) to adopt from time to time a budget of expenditures, including salaries of personnel and appropriate therefor the necessary amounts; (c) to set up its accounting unit and provide the necessary personnel therefor; (d) to invest its funds, directly or indirectly, in accordance with this Act; to discount pensions guaranteed under this Act at such rate of interest as it may prescribe, but not exceeding five per centum per annum, compounded annually; (e) to establish branches of the System whenever and wherever it may be expedient or necessary, fix their domiciles and in general prescribe the other complementary rules of organization which this Act imposes; (f) to lease, purchase, construct or otherwise acquire real property and/or buildings and such facilities which may be necessary or expedient to the effective execution of the purposes of this Act; (g) to prescribe the forms of life insurance and annuity contracts to be issued and the benefits thereof including accident benefits; (h) to fix the premium rates, conditions and terms thereof, taking into consideration the kind of insurance, age, health, and other factors affecting the insurability of the employee or member and to authorize the issuance thereof when so determined; (i) to construct, establish and/or operate hospitals and sanatoriums, when possible and expedient or necessary to the employees' welfare; (j) to enter into agreements or contracts with Government and private hospitals or health institutions and with medical associations or duly licensed physicians, nurses, or other competent persons who may be needed in connection with medical and obstetrical services for members of the System and their dependents, paying them, and authorizing them to accept, reasonable necessary compensation therefor, notwithstanding any provision of law to the contrary; (k) except as otherwise provided in this Act, to extend, when possible and expedient, directly or through other agencies, and under such rules, regulations and conditions as it may prescribe medical and obstetrical services to other members of the System and their dependents, and, in general, promote the health of the members of the System and appropriate necessary sums therefor from the surplus of the System; (l) having regard to any periodic audit and valuation of the retirement insurance fund, to make such immediate readjustments or modifications in any of the rates or periods of benefits granted under this Act and prescribe rules and conditions therefor, notwithstanding any provision of

this Act to the contrary, as appear necessary in order to make said funds sufficient or no more than reasonably sufficient to discharge its liabilities: Provided, That no such readjustments or modifications shall be made that will have the effect of reducing the total amount of the benefits due any member under this Act: Provided, further, That if an actuarial valuation of the fund shows a deficit, the amount necessary to cover it shall be advanced in the following fiscal year by the Government of the Republic of the Philippines, but any amount so advanced shall be refunded by the System as soon as a surplus results from the operation of the fund; (m) to have the power of succession; (n) to sue and be sued; and (o) to exercise such other powers as may be necessary to carry on the business for which the System has been created."

SEC. 9. The last paragraph of section twenty-four, originally twenty-one of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"The Government of the Republic of the Philippines hereby guarantees the fulfillment of the obligations of the Government Service Insurance System to the members thereof when and as they shall become due. In case an employer defaults in the payment of its obligations to the System, the Secretary of Finance or the Administrator of Economic Coordination and the Auditor General shall take such steps as may be necessary to have said obligations paid promptly. Said officials or their duly designated representatives are hereby authorized and directed to withhold from the revenues and incomes of a defaulting employer such amounts as may be necessary to pay its obligations under this Act and remit the same immediately to the System. In case of insolvency of an employer, its obligations under this Act shall be paid in preference to all other obligations except salaries and wages of its employees. No deferment in the payment of an employer's obligations under this Act shall be allowed without the prior approval of the System. Notwithstanding any provision of this Act to the contrary, and in order to insure the solvency of the System and protect the interests of all its members, the Board is hereby authorized to make readjustment in any of the benefits payable to an employee under this Act in accordance with such rules and regulations it may prescribe if his employer fails to pay for him its share of the contributions or premiums required by this Act and no person, regardless of the date of his retirement, may allege vested right by reason of this readjustment."

SEC. 10. Section twenty-six, originally twenty-three, of; Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 26. Exemption from legal process and liens.—No policy of life insurance issued under this Act, or the proceeds thereof, when paid to any member thereunder, nor other benefit granted under this Act, shall be liable attachment, garnishment, or other process, or to be seized, taken, appropriated, or applied by any legal or equitable process or operation of law to pay any debt or liability of such member, or his beneficiary, or any other person who may have a right thereunder, either before or after payment; nor shall the proceeds thereof, when not made payable to a named beneficiary, constitute a part of the estate of the member for payment of his debt: Provided, however, That this section shall not apply when obligations or indebtedness to the System and the employer are concerned, nor when the retirement annuity is assigned to any person, corporation, association or bank or other financial institution, which is hereby authorized."

SEC. 11. Section twenty-seven, originally twenty-four, of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 27. Appropriations.—There is hereby appropriated for the current fiscal year, and annually thereafter, out of any fund in the Philippine Treasury or other depository not otherwise appropriated, including special and corporate funds, such sums as may be necessary to pay the contributions or premiums and interests payable by each employer under this Act, as well as obligations which the Republic of the Philippines assumes or guarantees to pay under this Act."

SEC. 12. Section twenty-eight, originally twenty-five, of Commonwealth Act Numbered One hundred eighty-six,

as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 28. Miscellaneous provisions.—(a) Act Numbered thousand five hundred and eighty-nine, as amended, all other retirement or pension plans heretofore in force in any chartered city or corporation owned or controlled by the Government are hereby declared inoperative or abolished, and Act Numbered Four thousand one hundred and eighty-three shall cease to be applicable to employees of any local government admitted to the System: Provided, That the rights of those already retired shall not be affected: Provided, further, That as of the date of approval of this Act the present value of the benefit as may be computed by the actuary of the System or the gratuity payable to any member who has established his right before the approval of this Act to retire under either Act Numbered Two thousand five hundred and eighty-nine or Act Numbered Four thousand one hundred and eighty-three or under any retirement or pension plan mentioned above shall be credited and paid by the employer concerned to the retirement insurance fund of the System in installments to be determined by the System and approved by the President and shall be included in the computation of the additional premiums or amounts required in section seven hereof for the service annuity described in subsection (a) of section eleven hereof: And provided, finally, That such a member shall be entitled to the retirement benefit described in this Act only if he so notifies the System on or before December thirty-one, nineteen hundred and fifty-two, otherwise it shall be deemed that he does not desire to be retired under this Act and accordingly the gratuity or benefit payable to him under the law or retirement or pension plan mentioned above shall be exclusively reserved for him by the System. If such member elects the retirement benefit of this Act, but his position is abolished, or he dies or becomes disabled before becoming eligible to said benefit, or he resigns after rendering twenty years of service, he or his legal heirs may be paid the retirement benefit to which he has established his right prior to the approval of this Act and his contributions under this Act shall be refunded as provided in section eleven (d) hereof.

"(b) Hereafter no insurance or retirement plan for employees shall be created by any employer without the prior approval of the System; no gratuity or benefit may be paid by an employer to an employee in excess of one month's salary for every year of service or in excess of one year's salary in the aggregate; and no gratuity or benefit shall be paid by an employer to an employee entitled to the retirement benefit of this Act.

"(c) Except as herein otherwise provided, the Government Service Insurance System, all benefits granted under this Act, and all its forms and documents required of the members shall be exempt from all types of taxes, documentary stamps, duties and contributions, fiscal or municipal, direct or indirect, established or to be established; and more specially, they shall not be subject to the provisions of Act Numbered Twenty-four hundred and twenty-seven, as amended, and no law hereafter enacted shall apply to said System unless it is provided therein that the same is applicable to the System by expressly stating the name of said entity.

"(d) Any provision of law inconsistent with the provisions of this Act is hereby repealed."

SEC. 13. The first and second paragraphs of section twenty-six of Republic Act Numbered Six hundred sixty are amended to read as follows:

"SEC. 26. Notwithstanding the provisions of this Act to the contrary, any officer or employee who died in the service within three years before this Act went into effect and who had rendered at least thirty-five years of service and who was entitled to or who could have established his right to the retirement gratuity provided for in Act Numbered Twenty-five hundred and eighty-nine, as amended, or to any other retirement benefits from any pension fund created by law shall be considered retired under the provisions of this Act if his wife, or in her default, his other legal heirs shall so elect and notify the System to that effect. Upon making such election, the wife or legal heirs of the deceased officer or employee shall be paid the monthly annuity for five consecutive years or such other benefit as provided in this Act, in lieu of the retirement gratuity or retirement benefits to which the deceased was entitled at the time of his death; and any portion of such gratuity or retirement benefits already paid to his wife or other legal heirs shall be refunded to the system: Provided, That contribution corresponding to his last five years of service shall be deducted monthly from his annuity.

"Notwithstanding any provisions of this Act to the contrary, any member who was separated from the service as a consequence of the reorganization provided for in Republic Act Numbered Four hundred and twenty-two may be retired under the provisions of this Act if qualified: Provided, That any gratuity or retirement benefit already received by him shall be refunded to the System Provided, further, That contributions corresponding to his last five years of service shall be paid as provided in section twelve of Commonwealth Act Numbered One hundred and eighty-six, as amended. This provision shall also apply to any member of the judiciary who, prior to the approval of this Act, was separated from the service after reaching seventy years of age and rendering at least thirty years of service and who is not entitled to retirement benefit under any law."

SEC. 14. The following paragraph is hereby inserted before the last paragraph of section twenty-six of Republic Act Numbered Six hundred sixty:

"Notwithstanding any provision of this Act to the contrary, an American citizen insured in the System on June sixteen, nineteen hundred fifty-one, shall be subject to the provisions of Commonwealth Act Numbered One hundred eighty-six, as amended, if he is within the purview of section four of said Act."

SEC. 15. This Act shall take effect upon its approval.

Approved, June 18, 1952.

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