

## JOSE P. TECSON, PETITIONER AND APPELLANT, VS. SOCIAL SECURITY SYSTEM, RESPONDENT AND APPELLEE.

*G.R. No. L-15798. December 28, 1961*

Ponente: LABRADOR, J.

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### LABRADOR, J.:

This is an appeal from a decision or ruling of the Social Security Commission denying payment of death benefits to Jose P. Tecson, the beneficiary of an employee of the Yuyitung Publishing Company, by the name of Lim Hoc.

The facts as found by the Social Security Commission are as follows:

"The facts attendant are as follows: The late Lim Hoc, a former employee of the Yuyitung Publishing Company, was, at the time of his death on November 3, 1957, a member of the System, having qualified as such on September 1, 1957. In the SSS Form E-1 accomplished and filed by him with the System, he gave his civil status as married, but made no mention of the members of his family or other relatives. Instead, he designated therein the petitioner Jose P. Tecson, reportedly a friend and co-worker of his, as his beneficiary. After the death of Lim Hoc, petitioner, in his capacity as the designated beneficiary, filed with the System a claim for death benefits." (ROA, p. 31).

In denying the petition of Tecson the Social Security Commission states that the legislative policy underlying the system is to grant and afford protection to the covered employee as well as his family; that while Section 13 of the law (Rep. Act No. 1161 as amended) makes mention of the beneficiary as recorded by his employer, it is not just anyone that the employee designates who may be appointed his beneficiary because Section 24 (a) of the law clearly provides that the employer shall report to the system the names, ages, civil status, salaries and dependents of employees, and paragraph (a) of the same section provides that if an employee subject to compulsory coverage should die or become sick or disabled without the System having previously received a report about him from his employer, the said employer shall pay to the employee or his legal heirs, damages, etc.

It may be true that the purpose of the coverage under the Social Security System is protection of the employee as well as of his family, but this purpose or intention of the law cannot be enforced to the extent of contradicting the very provisions of said law as contained in Section 13, thereof, as follows:

"SECTION 13.—Upon the covered employee's death or total and permanent disability under such conditions as the Commission may define, before becoming eligible for retirement and if either such death or disability is not compensable under the Workmen's Compensation Act, he or, in case of his death, his beneficiaries as recorded by his employer shall be entitled to the following benefit: \* \* \*." (R.A. 1161 as amended.)

When the provisions of a law are clear and explicit, the courts can do nothing but apply its clear and explicit provisions. (*Velasco vs. Lopez*, 1 Phil. 720; *Caminetti vs. U. S.*, 242 U.S. 470, 61 L. ed 442).

It should be remembered that the benefits or compensation allowed an employee or his beneficiary under the provisions of the Social Security Act are paid out of funds which are contributed in part by the employees and in part by the employers' (commercial or industrial companies members of the System), Sections 18 and 19 of the

Social Security Act (Republic Act No. 1161 as amended) provide that 2½%, of the salary of an employee subject to compulsory coverage, shall be deducted and withheld from his monthly compensation and paid over to the System, while the employer for his part contributes another amount of 3½% of the salary of said employee. The contributions are collected by the System, which acts as the trustee of such funds. It is provided also in the Act that of the total yearly collection not more than 12%, during the first two years of the operation of the System and not more than 10% during any year thereafter shall be disbursed for salaries and wages of the employees of the System (Sec 24). A certain percentage of the funds of the System may be invested in interest-bearing bonds and deposits and in loans or advances to the National Government (Sec. 25). As these funds are obtained from the employees and the employers, without the Government having contributed any portion thereof, it would be unjust for the System to refuse to pay the benefits to those whom the employee has designated as his beneficiaries. The contribution of the employee is his money; the contribution of the employer is for the benefit of the employee. Hence the beneficiary should primarily be the one to profit by such contributions. This is what is expressly provided in above-quoted Section 13 of the law.

It should also be noted that the Social Security System is not a law of succession. Its purpose is to provide social security, which means funds for the beneficiary, if the employee dies, or for the employee himself and his dependents if he is unable to perform his task because of illness or disability, or is laid off by reason of the termination of the employment, or because of temporary lay-off due to strike, etc. It should also be remembered that the beneficiaries of the System are those who are dependent upon the employee for support. Section 23 of the law (before its amendment by Republic Act No, 2658, which took effect on June 18, 1960) requires the employer to report and transmit to the System such record of the names, ages, civil status, occupations, salaries and dependents of all his employees. It is not the heirs of the employee who are to receive the benefits or compensation. It is only in case the beneficiary is the estate, or if there is none designated, or if the designation is void, that the System is required to pay the employee's heirs. Such is the express provision of Section 15 of the same Act, as amended.

The Commission held that under its regulations, which are quoted below, the employee must choose the beneficiaries from anyone of the persons enumerated therein:

"(a) The following persons may be designated as beneficiaries entitled to receive death benefits provided they have been registered as such in the records of the System prior to said employee's death, to wit:

- (1) The legitimate widow or widower if not legally separated from the deceased;
- (2) Legitimate and/or legitimated children;
- (3) Grandchildren;
- (4) Parents;
- (5) Grandparents;
- (6) Natural children duly acknowledged;
- (7) Brothers and/or sisters;
- (8) In the absence of any of the foregoing relatives, any other person designated by the employee." (Rule 7, (3), of the Rules and Regulations of the Social Security System).

The above rule indicates the persons that may be designated as beneficiaries. The deceased Lim Hoc must have designated Jose P. Tecson as his beneficiary under the provisions of Section 23 of the Act. The employer must have received no information from the deceased employee Lim Hoc about the existence of Lim Hoc's wife and

children, their names, ages, civil status, occupations, salaries, etc. It was subsequently known that Lim Hoc had a wife and children in Communist China; the omission by him of their existence and names in the records of the employer must have been due to the fact that they were not at the time, at least, dependent upon him. If they were actually dependents, their names would have appeared in the record of the employer. The absence in the record of his employee of their existence and names must have been due to the lack of communication, of which We can take judicial notice, between Communist China and the Philippines, or to the express desire of Lim Hoc to extend the benefits of his contributions to the System to his "friend and co-worker", to the exclusion of his wife. It is to be noted also that the funeral expenses of Lim Hoc are to be paid from the benefits, so that what is to be paid to Tecson would be greatly reduced.

For all the foregoing considerations, the resolution should be, as it is hereby, set aside and annulled, and the respondent System is hereby ordered to pay the monetary claim of Jose P. Tecson. Without costs.

Bengzon, C.J., Padilla, Bautista Angelo, Concepcion, Reyes, J.B.L., Barrera, Paredes, Dizon and De Leon, JJ., concur.

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