

AN ACT TO AMEND COMMONWEALTH ACT NUMBERED ONE HUNDRED EIGHTY-SIX AS AMENDED BY REPUBLIC ACTS NUMBERED SIX HUNDRED SIXTY, SEVEN HUNDRED TWENTY-EIGHT AND ELEVEN HUNDRED TWENTY-THREE.

REPUBLIC ACT NO. 1573, June 16, 1956

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

SECTION 1. Subsection (c) of section two of Commonwealth Act Numbered One hundred eighty-six, otherwise known as the Government Service Insurance Act, is hereby amended to read as follows:

"(c) 'Salary, pay, or compensation' shall be so construed as to exclude all bonuses, per diems, allowances and overtime pay, or salary, pay or compensation given in addition to the base pay of the position or rank as fixed by law or regulations."

SEC. 2. Section four of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 4. Scope of application of System.—(a) Membership in the System shall be compulsory upon all regularly and permanently appointed employees, including judges of the Courts of First Instance and those whose tenure of office is fixed or limited by law, upon all teachers except only those who are substitutes; and upon all regular officers and enlisted men of the Armed Forces of the Philippines.

"(b) Membership in the System shall be optional for any employee who is not included in the next preceding subsection or who is otherwise excluded from compulsory membership by the provisions of this Act: Provided, That if he desires to come within the purview of this Act, he must notify the System in writing to that effect: Provided, further, That he complies with the requirements of the System and that he is in the government service when his insurance takes effect: And provided, finally, That after his admission into the System he shall be eligible to either life or retirement insurance benefits, or to both, for which the rates of premiums or contributions scribed in section five of this Act shall be paid by including the share otherwise payable by his employer which is hereby empowered, however, to pay for its share of the premiums on the insurance of employees described in this paragraph."

SEC. 3. Subsection (a) of section five of the same Act, as amended, is hereby 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:

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, but prior to September 30, 1956, unless he chooses to change his old membership policy and be re-insured under as new one, in which case the next succeeding rate shall apply.

3

3

Applicable in the case of a civilian employee insured prior to June 16, 1951, or on or after September 30, 1956.

5

0

Applicable in the case of an officer or an enlisted man of the Armed Forces.

II.

Retirement insurance

4

6

If employee's monthly salary is P200 or less.

5

5

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

"It shall be compulsory for each employer to pay its share of the premiums or contributions in accordance with the rates indicated above, unless it requests reduction of said rates and the System finds, after an examination of said employer's financial condition, that it cannot afford to pay said rates, in which case it shall pay only such rates of premiums or contributions as the System may consider within its capacity to pay. In case of such reduction, the benefits payable to the member and/or his beneficiaries shall be adjusted actuarially in accordance with such rules and regulations as the System shall adopt.

"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 and the Court of Appeals, officers and enlisted men of the armed forces, 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. 4. Subsection (a) of section seven of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 7. Additional amounts or premiums.—(a) For the amount of annuity corresponding to the services rendered by an employee prior to June sixteen, nineteen hundred and fifty-one, his employer as of the date of his retirement shall, under such rules and regulations as the System may prescribe, pay the necessary additional amounts or premiums: Provided, That in the case of a provincial treasurer, provincial auditor, municipal treasurer, or other official or employee whose appointment in the last employer which pays his salary is not made by said employer, the necessary additional premiums shall be paid by all previous employers in proportion to the length of service rendered to and salary received from each employer: Provided, further, That the share of each employer shall be withheld or deducted from its revenue or income and remitted to the System by the officials mentioned in the last paragraph of section twenty-four of this Act: Provided, also, That the share of a non-existing or a non-member employer shall be borne by the last employer: And provided, finally, That this obligation may not be paid in installments without the prior approval of the System if the employer that is liable for said obligation, partly or fully, is a corporation owned or controlled by the Government. In lieu of the apportionment of obligations specified above the Board of Trustees may adopt such manner of apportionment of said obligations or plan of payment thereof as it may deem just and equitable, after due consideration of the financial condition of the employer concerned."

The amendment to this subsection shall retroact as of June sixteen, nineteen hundred and fifty-one.

SEC. 5. Subsection (c) of section eight of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 8. * * * (c) Amount and kind of insurance.—Membership insurance shall be in such form and under such terms and conditions as the Board may prescribe and the member may select: Provided, That upon his request a civilian employee who was insured on or after June sixteen, nineteen hundred and fifty-one but prior to September thirty, nineteen hundred and fifty-six, may have his old membership insurance changed into one which the Board may allow, subject to the rules and regulations it may adopt."

SEC. 6. Subsections (a) and (c) of section eleven of the same Act, as amended, are hereby further amended to read as follows:

"SEC. 11. (a) Amount of annuity.—Upon retirement after faithful and satisfactory service a member shall be automatically entitled to a life annuity guaranteed for at least five years and thereafter as long as he lives. The amount of the monthly annuity at the age of fifty seven years shall be twenty pesos, plus, for each year of service rendered after the approval of this Act, one and six-tenths per centum of the average monthly salary received by him during the last five years of service, plus, for each year of service rendered prior to the approval of this Act, if said service was at least seven years, one and two-tenths per centum of said average monthly salary: Provided, That this amount shall be adjusted actuarially if retirement be at an age other than fifty-seven years: Provided, further, That the maximum amount of monthly annuity at age fifty seven shall not in any case exceed two thirds of said average monthly salary or five hundred pesos, whichever is the smaller amount: And provided, finally, That retirement benefit shall be paid not earlier than one year after the approval of this Act. In lieu of this annuity, he may prior to his retirement elect one of the following equivalent benefits:

"(1) Monthly annuity during his lifetime;

"(2) Monthly annuity during the joint-lives of the employee and his wife or other designated beneficiary, which annuity, however, shall be reduced upon the death of either to one-half and be paid to the survivor;

"(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 annuity thereafter to be paid monthly; and for those who are at least sixty years of age and have rendered thirty-three years of service or more, the present value of the annuity for the first five years to be paid in five equal annual installments, each payable at the beginning of each year, and the annuity thereafter to be

paid monthly: Provided, That said lump sum payment or annual installments of annuity may be made to a retired employee only if the premiums paid by and for him are sufficient to cover said payment or payments: Provided, further, That it shall be compulsory for an employer to pay on the date of retirement, in preference to all other obligations, except salaries and wages of its employees, its share of at least the premiums required to permit an employee to enjoy this option.

"(4) Such other benefit as may be approved by the System.

* * * * *

"(c) Disability benefit.—If he becomes permanently and totally disabled and his services are no longer desirable, he shall be discharged and paid his own contributions with interest of three per centum per annum, compounded monthly, if he has served less than five years; if he has served at least five years but less than fifteen years, he shall be paid also the corresponding employer's premiums, without interest, described in subsection (a) of section five hereof and if he has served at least fifteen years he shall be retired and be entitled to the benefit provided' under subsection (a) of this section. The Board is hereby empowered to fix and determine the nature and scope of the total and permanent disability contemplated in this subsection and to prescribe terms and conditions relative to the payment of the annuity payable on account of disability retirement."

SEC. 7. Subsections (a) and (d) of section twelve of the same Act, as amended, are hereby further amended to read as follows:

"SEC. 12. Conditions for retirement.—(a) On completion of thirty years of total service and attainment of age fifty-seven years, a member shall have the option to retire. In all cases of retirement under this Act, the last three years of service before retirement must be continuous and he must have made contributions for at least five years, which contributions may, upon his request approved by the Board, be deducted from his life annuity under such terms and conditions as the Board may prescribe: Provided, That leaves of absence without pay shall not interrupt the continuity of the last three years of service if the total of said leaves or separation during the last three years immediately prior to retirement does not exceed one year: Provided, further, That if, prior to the completion of said three years' continuous service, the employee be separated from the service due to abolition of his position or reduction in force, he shall nevertheless be entitled to retirement benefit if otherwise qualified. In the case of those who are at least fifty-seven years of age a period of service shorter than thirty years may be allowed, provided that each year decrease in service shall be compensated by one-half year increase in age over fifty-seven years. A younger age of retirement may be permitted provided that each year decrease below fifty-seven years shall be compensated by one year increase in service over thirty years. If an employee is a laborer or one whose work is mostly manual, the ages mentioned above may be decreased by not more than five years at the discretion of the System. In all cases no one shall be entitled to retirement benefit if his age is below fifty-two years or his total service is less than fifteen years.

* * * * *

"(d) An employee separated from the service who is receiving an annuity described under section eleven shall not be eligible again to appointment to any appointive position or employment under any "employer" unless the appointing authority determines that he is possessed of special qualifications and his medical examination has been approved by payments of his annuity during the period of his new the System, in which event he shall not be entitled to employment: Provided, however, That nothing in this Act shall be so construed as to affect the rights of the annuitant's beneficiary if the annuitant has been receiving or had elected, and was otherwise entitled to, a reduced annuity under subsection (a) of section eleven: Provided, further, That upon the termination of his new appointment, the payments of the annuity which were discontinued shall be resumed: And provided, finally, That if the annuitant's salary in his new position is less than the annuity granted to him under this Act, he shall be entitled to receive the difference."

SEC. 8. A new section is hereby added at the end of section thirteen of the same Act, as amended, to be known as section thirteen-A which shall read as follows:

"SEC. 13-A. Reconstitution of service record.—For the purpose of section thirteen of this Act, each employee shall reconstruct and the System shall verify the record of his service rendered prior to June sixteen, nineteen hundred fifty-one, in accordance with such procedures as the Board may adopt and the provisions of the Rules of Court. Such record of service shall be submitted to the System within two years from June sixteen, nineteen hundred fifty-six, or from his reemployment if reemployed after said date, together with the certificates, affidavits and other documents relied upon for the reconstitution of said record. Any employee who fails to submit such record of service within said specified period shall lose automatically all rights granted by this Act pertaining to said service. Upon proper cause shown, the Board may grant extension of time for the presentation of said record of service or proofs thereof, but in no case shall the total extended period exceed one year from the expiration of the original period. Any certified copy of document or paper that may be necessary in the reconstitution of a record of service shall be furnished, free of charge, by any office, instrumentality, or corporation of the Government."

SEC. 9. Section seventeen of the same Act, as amended, is hereby further amended by adding the following powers to the general powers of the Board:

"(p) To issue under such terms and conditions as the Board may prescribe mortgage insurance on the lives of the mortgagors and/or co-mortgagors whose properties are mortgaged with the System.

"(q) To exclude from compulsory membership in the System the employees of an employer which, after examination of said employer's financial condition, is found to be unable to pay or continue to pay its share of the premiums required by this Act in behalf of said employees."

SEC. 10. The first paragraph of section eighteen of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 18. Personnel.—The Board shall have the power to appoint a general manager, who shall be a person of recognized experience and capacity in the subject of life and social insurance, and who shall be the chief executive officer of the System, one or more assistant general managers, one or more managers, a medical director, and an actuary, and fix their compensation. The general manager shall, subject to the approval of the Board, appoint additional personnel whenever and wherever they may be necessary to the effective execution of the provisions of this Act, fix their compensation, remove, suspend, or otherwise discipline them, for cause. He shall have the power to prescribe their duties, grant leave, prescribe certain qualifications to the end that only competent persons may be employed, and appoint committees: Provided, however, That said additional personnel shall be subject to existing Civil Service laws, rules and regulations."

SEC. 11. The first paragraph and subsections (c), (e), (f) and (h) of section twenty-two of the same Act, as amended, are hereby amended to read as follows:

"SEC. 22. Investment of funds.—The Board shall invest such portions of the moneys as shall not be required to meet the current payments in the form of life annuities death claims, or otherwise, and expenses incidental to the carrying out of the provisions of this Act, in any or all of the following ways and in no others:

* * * * *

"(c) In first liens upon improved and unencumbered real estate situated in the City of Manila or adjacent municipalities, or in the cities of Baguio, Iloilo, Cebu, Davao, Zamboanga, or in other cities that may be created by law, or provincial capitals and first class municipalities, title to which is duly registered under Act Numbered Four hundred and ninety-six, as amended: Provided, That no loan shall be made upon the security of real estate in excess of sixty per centum of the fair appraised value thereof to be determined in such manner

as the Board shall prescribe: And provided, further, That not more than seventy per centum of the total assets shall be invested in loans on the security of real estate. Loans granted under this subsection shall be paid I within a period not exceeding ten years unless renewed for another period not exceeding ten years under such terms and conditions as the Board may prescribe.

* * * * *

"(e) In loans to provincial, city and municipal governments for the construction or acquisition of permanent public improvements, subject to the following conditions: That loans under this subsection shall be on self-liquidating projects only and shall be repaid in installments within such period as may be fixed by the Board not exceeding ten years, in accordance with the provisions of the next succeeding paragraph; that in case of default, the Collector of Internal Revenue and the Provincial Treasurer are authorized and directed to withhold from the revenues of the municipality, city or province concerned such amounts as may be needed to pay the installments and interest due, and remit the same to the Board; that no loan or the interest thereon shall be remitted under any consideration; and that no loan shall be granted unless the municipality city or province concerned shall have first demonstrated its capacity to pay the same within the time required for such payment.

"Loans to local governments as provided herein may be renewed in the discretion of the Board for a period not exceeding ten years, and in case of renewal, the amount due at the time of such renewal shall be paid in not more than ten annual installments under the same conditions specified in the preceding paragraph: Provided, That such loans shall be granted only under the conditions to be prescribed by the Board.

"(f) In loans or advances to the Government of the Philippines or its political subdivisions for the construction of permanent toll bridges or other permanent self-liquidating projects in accordance with the conditions prescribed in the law in such cases made and provided.

* * * * *

"(h) And, generally, in such other loans, investments, or securities as are authorized under Act Numbered Twenty-four hundred and twenty-seven, entitled 'An Act revising the insurance laws and regulating the insurance business in/the Philippine Islands,' as amended, or as may be approved by the Insurance Commissioner."

SEC. 12. The following subsection is hereby inserted after subsection (c) of section twenty-eight of the same Act, as amended, and subsection (d) of the same section is hereby changed to subsection (e):

"(d) Settlement of claims.—The System is hereby empowered to adopt rules and regulations to expedite the settlement of claims under the provisions of this Act. If the money is payable to the estate of a deceased person, the System shall pay the same to such person or persons as it may ascertain to be lawfully entitled thereto in accordance with existing laws on succession. If the money is payable to a minor, payment shall be made by the System to such person or persons as it may consider to be best qualified to take care and dispose of the minor's property for his benefit."

SEC. 13. Section twenty-nine of the same Act, as amended, is hereby amended so as to include the following provisions:

"No attorney, agent, or other person in charge of the preparation, filing, or pursuing of any claim for benefit under this Act shall demand, charge, or receive for his services more than five per centum of the total amount of such benefit, and said fees shall become due and demand-able only after the payment covering said benefit is received by the person or persons entitled thereto. The retention or deduction of any amount from any benefit granted under this Act to cover payment of fees for such services is prohibited. It is also prohibited for any employee of the System to act as attorney or agent for any claimant under this Act and for any government employee to collect any fee for his services in behalf of any such claimant. A violation of any provision of this

paragraph shall be punished by a fine not exceeding one thousand pesos, or by imprisonment not exceeding one year, or by both such fine and imprisonment, at the discretion of the court, besides disqualification from holding any public office and from practicing any profession or calling licensed by the Government.

"Any premium, contribution, or other amount due the System collected by any treasurer finance officer, cashier, disbursing officer or other employee shall not be used for a purpose other than that authorized by this Act. Any official or employee violating this provision shall be punished by imprisonment for not less than one year nor more than five years, or by a fine of not less than one thousand pesos nor more than five thousand pesos, or by both such imprisonment and fine, at the discretion of the court, besides disqualification from holding public office and from practicing any profession or calling licensed by the Government."

SEC. 14. This Act shall take effect upon its approval.

Approved, June 16, 1956.

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