

FURTHER AMENDING TITLE II, BOOK FOUR ON "EMPLOYEES COMPENSATION AND STATE INSURANCE FUND" OF PRESIDENTIAL DECREE NO. 442 ENTITLED "LABOR CODE OF THE PHILIPPINES";

PRESIDENTIAL DECREE NO. 891, February 09, 1976

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WHEREAS, PD 442, as amended, otherwise known as "Labor Code of the Philippines," has integrated social security, medicare, workmen's compensation and other social security benefits to eliminate redundancy, duplication and overlap of similar benefits administered by several agencies of the Government;

WHEREAS, the national policy is to grant promptly adequate and meaningful benefits for employment-related disabilities and death;

WHEREAS, Section 21 of Presidential Decree No. 850 has amended Article 193 of the Labor Code of the Philippines by allowing, as an alternative to a straight monthly pension, 50% lump sum of the 5-year guaranteed pension;

WHEREAS, a lump sum payment under the present rate of contributions is not actuarially feasible and will seriously endanger the financial viability of the State Insurance Fund administered by the SSS and the GSIS;

WHEREAS, a reasonable increase in income benefits is financially viable; and

WHEREAS, it is necessary to harmonize, simplify and correlate the provisions of the Labor Code of the Philippines with the other provisions thereof to reflect the spirit and intent of this amendment;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Paragraph (y) and (z) of Article. 166 are hereby amended, and paragraph (ab) is added thereto, to read as follows:

"(y) 'Average monthly salary credit' in the case of the SSS means the result obtained by dividing the sum of the monthly salary credits in the sixty-month period immediately preceding the semester of death or permanent disability by sixty, except where the month of death or permanent disability falls within eighteen calendar months from month of coverage, in which case it is the result obtained by dividing the sum of all monthly salary credits paid prior to the month of the contingency by the total number of calendar months of coverage in the same period. In the case of the GSIS, the average monthly salary credit shall be the monthly salary or wage of the employee on the month of contingency.

"(z) 'Average daily salary credit' in the case of the SSS mean the result obtained by dividing the sum of the six highest monthly salary credits in the twelve-month period immediately preceding the semester of sickness or injury by one hundred eighty, except where the month of injury falls within twelve calendar months from the first month of coverage, in which case it is the result obtained by dividing the sum of all monthly salary credits by thirty times the number of calendar months of coverage in the same period.

"In the case of the GSIS, the average daily salary credit shall be the actual daily salary or wage, or the monthly salary or wage divided by the actual number of working days in the month of contingency.

"(ab) 'Semester' means a period of two consecutive quarters ending in the quarter of death, permanent disability, injury or sickness."

SEC. 2. Paragraph (a) of Article 190 of the Labor Code is hereby amended to read as follows:

"(a) Under such regulations as the Commission may approve, any employee under this Title who sustains an injury or contracts sickness resulting in temporary total disability shall for each day of such disability or fraction thereof be paid by the System an income benefit equivalent to ninety percent of his average daily salary credit, subject to the following conditions: the daily income benefit shall not be less than two pesos and fifty centavos nor more than sixteen pesos nor paid for a continuous period longer than one hundred twenty days, and the System shall be notified of the injury or sickness."

SEC. 3. Paragraph (a) of Article 191 of the Labor Code is hereby amended to read as follows:

"(a) Under such regulations as the Commission may approve, any employee under this Title who contracts sickness or sustains, an injury resulting in permanent total disability shall, for each month until his death but not exceeding five years, be paid by the System during such disability an income benefit equivalent to one hundred fifteen percent of the basic benefit, which shall be computed as follows:

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

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

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

"One-tenth of one percent of the average monthly salary credit for each month of paid coverage in the System in excess of one hundred twenty months of paid coverage prior to the semester of disability: Provided, That the monthly income benefit shall not be less than forty-five pesos."

SEC. 4. Article 193 of the Labor Code is hereby amended to read as follows:

"ART. 193. Death.—(a) Under such regulations as the Commission may approve, the System shall pay to the primary beneficiaries upon the death of the covered employee under this Title a monthly income benefit equivalent to the monthly income benefit for permanent total disability plus ten percent of the basic benefit for each dependent child but not exceeding five, beginning with the youngest and without substitution: Provided, That the monthly income benefit shall not be paid for more than five years, but the portion corresponding to the monthly income benefit for permanent total disability shall be guaranteed for five years: Provided, however, That total payments shall in no case exceed twelve thousand pesos: Provided, further, That if he has no primary beneficiary, the System shall pay to his secondary beneficiaries a lump sum benefit equivalent to the lesser of thirty-five times the monthly income benefit for permanent total disability and six thousand pesos.

"(b) Under such regulations as the Commission may approve, the System shall pay to the primary beneficiaries upon the death of a covered employee who is under permanent total disability under this Title his monthly income benefit plus ten percent of the basic benefit for each dependent child but not exceeding five, beginning with the youngest and without substitution: Provided, That the monthly income benefit shall not be paid longer than the remaining guaranteed period, nor total payments since disability exceed twelve thousand pesos: Provided, further, That if he has no primary beneficiary, the System shall pay to his secondary beneficiaries a lump sum benefit equivalent to the balance of his income benefit but not to exceed the lesser of thirty-five times his monthly income benefit and six thousand pesos."

SEC. 5. This Decree shall form part of the Labor Code of the Philippines.

SEC. 6. All provisions of existing laws, orders, decrees, rules and regulations inconsistent herewith are hereby repealed.

This Decree shall take effect immediately.

Done in the City of Manila, this 9th day of February, in the year of Our Lord, nineteen hundred seventy-six.

(Sgd.)

FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.)

JUAN C. TUVERA

Presidential Assistant

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