

ANNUAL CASH DIVIDEND FOR 2008

GSIS RESOLUTION NO. 206, December 17, 2008

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RESOLVED, to APPROVE and CONFIRM the recommendation that the amount of P950 Million be distributed as Annual Cash Dividends for 2008 to the Compulsory Life Insurance Policyholders, in accordance with the following guidelines:

1. Entitlement

All active members including the members of the Judiciary and Constitutional Offices whose life insurance coverages have been in force for at least one year as of December 31, 2007 and are still active as of declaration date shall be entitled to cash dividends in accordance with the following:

1.1.1 Active members issued with Life Endowment Policy (LEP) or with new or converted Enhanced Life Policy (ELP) shall be entitled to cash dividends provided their policies have been in force for at least one (1) year as of December 31, 2007.

1.1.2 Active members whose LEP matured after December 31, 2007 and who were issued a renewal Policy under the Enhanced Life Policy shall be entitled to cash dividends based on their LEP.

1.1.3 Active members who opted to convert their LEP into ELP after December 31, 2007 shall also be entitled to cash dividends based on their LEP.

2. Not Entitled

2.1.1 Active members who have defaulted in their consoloan and salary loans for at least twelve (12) months and/or have unpaid premiums for at least twelve (12) months, as of declaration date.

2.1.2 Lapsed policies in calendar year 2007 up to the APL run as of declaration date.

2.1.3 Terminated policies due to retirement, maturity and separation in calendar year 2007 as of declaration date.

3. The estimated total cash dividends outlay of P950 Million shall be charged against the surplus of the Social Insurance Fund.

4. The dividends shall be paid through the GSIS E-Card.

5. Operational Guidelines

5.1 The Information Technology Services Group (ITSG) shall:

5.1.1 Undertake the phasing of payments in coordination with the Operations Sector and the Treasury Office

5.1.2 Generate the listing of policies which are not entitled to the 2008 cash dividends for the guidance of the operating units categorized as follows:

- Lapsed policies
- Terminated policies in 2007 due to retirement, maturity and separation

- Policies of active members who have defaulted in their consoloan and salary loans for at least twelve (12) months and/or have unpaid premiums for at least twelve (12) months

5.1.3 Generate listing of all policies with APL indicating the corresponding amount of APL

6. For the guidance of the ITSG, the formulas to be used in the computation of the 2008 compulsory life insurance cash dividends are presented in Annex 1, which is hereto attached and made an integral part of this Resolution by reference.

RESOLVED FINALLY, to DIRECT the Executive Vice President (Corporate Support Sector)/the Vice President (Public Relations and Communications Office) to conduct an information dissemination on the System's grant of the 2008 Cash Dividends – to include the increase in the benefit for 2008 compared to previous years.

Annex 1

Formulas for Cash Dividends Distribution

Let

tV_x = t [th] year terminal reserve

F_x = cash dividend factor for age x per P1,000 amount of insurance

q_{x+t-1} = mortality rate at age $x + t - 1$

q_{x+t-1}

$*(1,000 - tV_x)$ = cost of insurance for the year

tTV_x = t [th] termination value as of Dec. 31, 2007

APL = Total automatic premium loan as of Dec. 31, 2007

1.1 For Pure Endowment

$F_x = .0165 * tV_x - .0165 * APL$

1.2 For Insurance Plans Other Than Term and Pure Endowment (including LEP converted to ELP after December 31, 2007)

$F_x = .0165 * tV_x + 0.478 * q_{x+t-2} * (1,000 - tV_x) - .0165 * APL$

1.3 For Enhanced Life Policies (including LEP converted to ELP as of December 31, 2007)

$F_x = 0.0165 * tTV_x - .0165 * APL$

USING:

A. For Life Insurance of Justices

Hunter's Mortality Table at 4% for Endowment, Limited Payment and Whole Life Insurance regardless of date of issue and for Double Endowment issued up to April, 1963.

B. For compulsory/membership life insurance of all other members

Issued Prior to June 1, 1977

- same as A above

Issued on or after June 1, 1977

- 1958 CSO at 4% for all plans

Adopted: 17 Dec. 2008 (Board Meeting No. 23)

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