



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
EMPLOYEES' COMPENSATION COMMISSION
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**EXCERPTS FROM THE MINUTES OF
THE FIFTH (5th) REGULAR COMMISSION MEETING,
EMPLOYEES' COMPENSATION COMMISSION, SERIES OF 2012,**
*Convened at the Board Room, 5th Floor, ECC Bldg., Sen. Gil Puyat Ave., Makati City
Friday, 27 July 2012 at 9:00 AM*

BOARD RESOLUTION NO. 12-07-16

**POLICY ON LIFTING THE SUSPENSION OF PAYMENT OF EC DEATH
BENEFITS IN THE PUBLIC SECTOR BEYOND THE FIVE-YEAR
GUARANTEED PERIOD**

WHEREAS, on July 30, 2006, the GSIS, through then President and General Manager (PGM) Winston F. Garcia, wrote a letter to this Commission requesting for an amendment to Section 2 (b), Rule XIII of the Amended Rules on Employees' Compensation (AREC) which provides:

"Sec. 2. Period of Entitlement.

A. For primary beneficiaries:

(a) xxx

(b) The monthly income benefit shall be guaranteed for five years which in no case shall be less than fifteen thousand pesos (Php 15,000.00). Thereafter, the beneficiaries shall be paid the monthly income benefit for as long as they are entitled thereto."

WHEREAS, in his letter, then PGM Garcia states that:

"...the amended rules and regulations in the payment of EC survivorship benefit is not within the contemplation of PD 626 which provides that the monthly income

benefit under the said law is guaranteed for five years only xxx about 28, 000 or 90 % of the total GSIS EC Survivorship pensioners numbering around 32, 000 as of January 2006 have been receiving survivorship pension since 1979 or beyond the 5 years guaranteed period. This accounted for a total monthly expense of P34M or an annual disbursement of P408M for the said pensioners. Thus, the considerable amount spent for these pensioners constitute an adverse effect on the actuarial viability of the Employees' Compensation Insurance Fund (ECIF). It is for this reason that the Fund is depleted, hence, we can no longer sustain the payment of the said benefits beyond the 5 years guaranteed period since it is not provided for under the law."

WHEREAS, Article 194 (a) of P.D. No. 626, as amended, partially reads:

"Art. 194. 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 an amount equivalent to his monthly income benefit, plus ten percent thereof for each dependent child, but not exceeding five beginning with the youngest and without substitution except as provided for in paragraph (j) of Article 167 hereof: Provided, however, That the monthly income benefit shall be guaranteed for five years xxx"

WHEREAS, Article 167 of P.D. No. 626, as amended, paragraphs (i) and (j) enumerate and define the dependents and the beneficiaries in this manner:

"Art. 167(i) "Dependent" means the legitimate, legitimated or legally adopted or acknowledged natural child who is unmarried, not gainfully employed, and not over twenty-one (21), or over 21 years of age provided he is incapacitated and incapable of self-support due to a physical or mental defect which is congenital or acquired during minority; the legitimate spouse living with the employee and the parents of said employee wholly dependent upon him for regular support."

"Art. 167 (j). "Beneficiaries" means the dependent spouse until he remarries and dependent children, who are the primary beneficiaries. In their absence, the dependent parents and subject to the restrictions imposed on dependent children, the illegitimate children and legitimate descendants who are the secondary beneficiaries; Provided, that the dependent acknowledged natural child shall be considered as a primary beneficiary when there are no other dependent children who are qualified and eligible for monthly income benefit." (As amended by Sec. 1, P.D. No. 1921)

WHEREAS, the precise issue is whether the payment of EC death benefits for the primary beneficiaries is for five years only or to continue beyond five years for as long as they are entitled thereto;

WHEREAS, on December 14, 2006, the Commission instructed the Secretariat to arrange a consultation meeting with some legal luminaries in the field of Labor Law and Social Legislation to discuss the duration of the grant of EC death benefits to the beneficiaries of the covered members under Art. 194 (a) of P.D. 626, as amended;

WHEREAS, on January 30, 2007, a legal dialogue was held with well-known legal luminaries in the field of Labor Law and Social Legislation namely: Dean Antonio H. Abad, Jr., Dean, Adamson University College of Law, Prof. Domingo P. Disini, U.P. Law Center, Prof. Cesario A. Azucena, Jr., Ateneo de Manila College of Law, Prof Samson S. Alcantara, Bar Reviewer on Labor Law, and Dean Froilan M. Bacungan, Former Dean, UP College of Law;

WHEREAS, during the consultation meeting, all legal luminaries opined that the GSIS erred in suspending the payment of EC death pension beyond the five year guaranteed period without the enabling law;

WHEREAS, after due deliberation, the consensual interpretation of the members of the Commission at that time is that the EC death pension may be granted even beyond the five year guaranteed period subject to the qualifications prescribed by law;

WHEREAS, on July 17, 2007, the Secretariat wrote a letter to the GSIS, through then President and General Manager (PGM) Winston F. Garcia, informing the GSIS of the consensual interpretation of the law by the Commission. The said letter also requested the good PGM to provide this Commission with a statement or an assurance as to the immediate possibility as well as the time-frame of the resumption of the payment of pension. However, the Secretariat did not receive any reply from the GSIS;

WHEREAS, in compliance with the instruction of the Commission, on March 30, 2012, the Secretariat wrote a letter to PGM Robert G. Vergara requesting for a conduct of actuarial study on the possibility of increasing the amount of EC disability benefits for the public sector as well as the possibility of resumption of payment of suspended EC benefits;

WHEREAS, during the Commission Meeting on May 23, 2012, the GSIS presented the results of its Actuarial Study on the possible resumption of suspended EC benefits and increase of amount of the same in the public sector;

WHEREAS, the results of the said study shows the possibility of lifting the suspension of payment of EC death benefits beyond the five year guaranteed period without adversely affecting the life of the GSIS-managed State Insurance Fund (SIF);


NOW THEREFORE, this Commission hereby **RESOLVES** to direct the GSIS to immediately lift the suspension of payment of EC death benefits in the public sector beyond the five year guaranteed period subject to the qualifications prescribed by law. With respect to the surviving legitimate spouse, the qualification is that he/she has not remarried. For the dependent children, the qualifications are:


- a. Unmarried;
- b. Not gainfully employed; and
- c. Not over 21 years of age; or
- d. Over 21 years of age provided he/she is incapable of self-support due to a physical or mental defect which is congenital or acquired during minority;

RESOLVES FURTHER, to furnish a copy of this Resolution to the SSS for information and to the GSIS for compliance.

RESOLVES FINALLY, that this Resolution shall take effect fifteen (15) days after publication in a newspaper of general circulation.

APPROVED in Makati City this 27 th day of July, 2012.

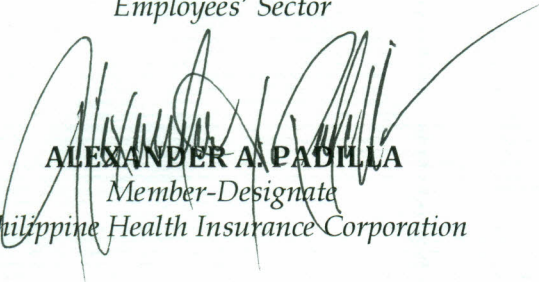

LOURDES M. TRASMONTE
Chairperson-Designate
Department of Labor and Employment

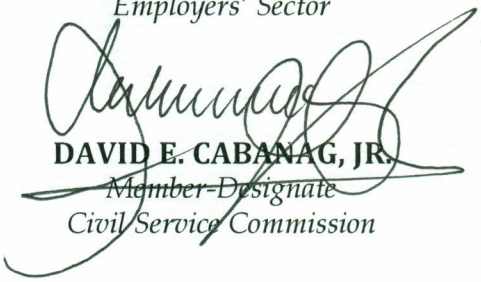

JUDY FRANCES A. SEE
Member-Designate
Social Security System

(absent)
DIONISIO C. EBDANE, JR.
Member-Designate
Government Service Insurance System

(absent)
VLADIMIR R. TUPAZ
Member
Employees' Sector

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