

[**REPUBLIC ACT NO. 660, June 16, 1951**]

AN ACT TO AMEND COMMONWEALTH ACT NUMBERED ONE HUNDRED AND EIGHTY-SIX ENTITLED "AN ACT TO CREATE AND ESTABLISH A GOVERNMENT SERVICE INSURANCE SYSTEM, TO PROVIDE FOR ITS ADMINISTRATION, AND TO APPROPRIATE THE NECESSARY FUNDS THEREFOR," AND TO PROVIDE RETIREMENT INSURANCE AND FOR OTHER PURPOSES.

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

SECTION 1. Subsections (a), (d), and (f) of section two of Commonwealth Act Numbered One hundred and eighty-six are hereby amended to read as follows and subsection (g) is hereby added:

"SEC 2. *Definitions.*-When used in this Act the following terms shall, unless the context otherwise indicates, have the following respective meanings:

"(a) 'Employer' shall mean the National or a local government, an agency, board, or corporation controlled or owned by the Government. 'Employee' shall mean any Filipino citizen in the service of said 'employer'.

"(d) 'Member' shall mean any person insured in the System.

"(f) 'Membership policy' shall mean a life insurance policy for an amount, the monthly premium of which is equivalent to two, five or six per centum of an employee's monthly salary or compensation.

"(g) 'Regular officer' or 'enlisted man' shall mean one whose commission or enlistment is in the regular force of the Armed Forces of the Philippines and not in the reserve force thereof."

SEC. 2. Section four of Commonwealth Act Numbered One hundred and eighty-six is hereby 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 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: *Provided*, That it shall be compulsory upon regularly and permanently appointed employees of a municipal government below first class only if and when said government has joined the System under such terms and conditions as the latter may prescribe.

"(b) Membership in the System shall be optional with an elective official of the National Government or of a local government that is a member of the System: *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 entitled to life insurance benefit for which he shall pay either one per centum or three per centum of his monthly salary, depending on the kind of insurance selected by him, and his employer shall likewise pay for him the same amount."

SEC. 3. Section five of Commonwealth Act Numbered One hundred and eighty-six is hereby amended to read as follows:

"SEC. 5. (a) *Rates of contributions.*-For the benefits described hereunder, each employee who is a member of the System and his employer shall pay the monthly rates of premiums specified in the following schedule:

Benefits	MONTHLY PREMIUMS		Remarks
	Percentage of monthly salary payable by-		
	Employee	Employer	
I. Life insurance	1	1	Payment of premium shall begin on the last day of the calendar month preceding the month when one's insurance takes effect. Except as otherwise provided in this Act, the first rate shall apply to a civilian employee insured on or after the approval of this Act. The second rate shall apply to a civilian employee already insured prior to the approval of this Act unless he chooses term insurance in which case the first rate shall apply. The third rate shall apply to a regular officer or an enlisted man.
	3	3	
	5	0	
II. Retirement insurance		6	If employee's monthly salary is P200 or less.

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

"Payment of premiums for retirement insurance shall begin on the last day of the third calendar month following the month this Act was approved or the employee entered the service, whichever is the later date: *Provided, however,* That such premiums shall not be required of Justices of the Supreme Court, elective officials, and regular officers and enlisted men, who are hereby excluded from said benefit.

"(b) *Premiums for optional insurance.*-The amount of premium on one's optional insurance described in section ten hereof shall be as provided in his policy. The premiums on this optional insurance shall be entirely borne by the insured.

"(c) *Premiums for optional retirement annuity.*-Each employee may at his option and under such rules and conditions as the System may prescribe deposit additional amounts from time to time, the total of which shall not exceed ten per cent of the total salaries he has received from his employer prior to his retirement. These deposits shall be credited with interest of three *per centum per annum*, compounded monthly, and together with said interest shall at the date of his retirement be available to purchase in addition to the annuity described in section eleven hereof such an annuity as he will elect and the System will offer. In the event of his death or separation before becoming eligible for retirement, the total amount so deposited, with interest, shall be refunded to him or his beneficiaries as recorded in his application for optional retirement annuity filed with the System.

"(d) *Collection and remittance of premiums.*-Each employer concerned shall at the end of each month deduct and withhold from the monthly salary of every employee in its service the premiums payable by him in accordance with the preceding schedule plus the additional premiums, if any, required in section seven hereof. It shall advance and remit to the System beginning April 1 of each year and quarterly thereafter the monthly premiums for the current quarter, together with its corresponding shares as described in the said schedule, plus extra premiums and additional amounts, if any, as required in the following sections: *Provided,* That if such employee is separated from the service, then any premiums not due and payable shall be refunded or credited to his employer. A member no longer in the service may pay his premiums directly to the System or as provided herein below.

"Except as otherwise specified herein, payment of any premium on one's optional insurance and/or retirement annuity in the System may be made to an employer whose location is convenient to the member, and such employer is hereby authorized and required to accept such payment, issue receipt therefor, and remit the same immediately to the System."

SEC. 4. Section six of Commonwealth Act Numbered One hundred and eighty-six is hereby amended to read as follows:

"SEC. 6. *Employer's premiums.*-Each employer shall include in its annual appropriation and remit to the System the necessary amounts for its corresponding shares of the premiums described in subsection (a) of section five, plus any extra premiums that may be required on account of the hazards or risks of its employees' occupations, plus the additional amounts, if any, required in the next following section: *Provided, however,* That if one's compulsory membership policy matures, the employer's premium for his life insurance shall cease until he acquires a new membership policy, which, however, shall be granted only upon satisfactory evidence of insurability: *And provided, finally,* That in case of transfer of an employee from one employer to another, the former employer shall be relieved of .paying further premiums for him and the new employer whether or not it has joined the System, shall assume the same, appropriating therefor the necessary amount.

"The Board shall have the full power and authority to adopt rules and regulations for the collection and remittance of premiums or other amounts payable as provided in this Act and/or any indebtedness to the System, and impose a fine not exceeding the loss or damage that the System may suffer on the official or officials responsible for the delay or failure in collecting or remitting said premiums or indebtedness without prejudice to such other punishment as may be imposed in accordance with existing Civil Service rules and regulations. Notwithstanding any law to the contrary, the Board may give extra remuneration to officials in charge of collecting and remitting said premiums, amounts, or indebtedness, if by so doing the best interest of the System shall be advanced."

SEC. 5. Section seven of Commonwealth Act Numbered One hundred and eighty-six is hereby amended to read as follows:

"SEC. 7. *Additional premiums.*- (a) For the amount of annuity corresponding to the services rendered by an employee prior to the approval of this Act, his employer shall pay under such rules and regulations as the System may prescribe the necessary additional amounts or premiums.

"(b) The Board is hereby authorized and empowered, in carrying out the provisions of this Act, to supplement the individual premiums of members with moneys received in the form of donations, gifts, legacies, or bequests, or otherwise, and to receive and deposit to the credit of the System, and invest all moneys which may be donated by private individuals, organizations, or corporations.

"(c) All savings in appropriations for salaries and Wages that may be realized by each employer during each fiscal year shall be transferred by said employer to the System which shall use the same for the payment of benefits provided in this Act."

SEC. 6. Section eight of Commonwealth Act Numbered One hundred and eighty-six is hereby amended to read as follows:

"I-Life Insurance Benefit

"SEC. 8. (a) Compulsory membership insurance.-An employee whose membership in the System is compulsory shall be automatically insured on the first day of the seventh calendar month following the month he was appointed or on the first day of the sixth calendar month if the date of his appointment is the first day of the month: *Provided*, That his medical examination, if required, has been approved by the System.

"(b) *Optional membership insurance*.-The life insurance of an employee whose membership in the System is optional shall take effect, if he is alive, on the first day of the calendar month following the calendar month during which the first premium thereon was paid to the System: *Provided*, That his application for membership and his medical examination, if required, have been approved by the System.

"(c) *Amount and kind of insurance*.-Compulsory membership insurance shall be term insurance of an amount equal to the employee's current annual salary: *Provided, however*, That this subsection shall not apply to any civilian employee who prior to the approval of this Act is already insured in the System nor to a regular officer or an, enlisted man: *And provided, further*, That upon his request a civilian employee may have his old membership insurance changed into a paid-up endowment insurance and be reinsured under a term insurance on submission of satisfactory evidence of insurability unless such request be made within one year from the date of approval of this Act. Optional membership insurance shall be, as he may select, either the term insurance described above or an endowment insurance whose amount shall be whatever the six per centum monthly premium will buy,"

SEC. 7. Section ten of Commonwealth Act Numbered One hundred and eighty-six is hereby amended to read as follows:

"SEC. 10. *Optional insurance*.-Upon application to the Board and on satisfactory evidence of insurability, each member may obtain, at any time, additional life insurance as he may desire, subject to the provisions of section fourteen hereof: *Provided*, That the amount of said additional life insurance shall be in multiple of one hundred pesos and that its aggregate amount shall not exceed an amount, to the nearest hundred pesos, equal to his current annual salary: *And provided, further*, That the full amount of the premiums on such additional insurance shall be paid by said member, and the amount thereof may be deducted from his pay or compensation, when expressly authorized by him."

SEC. 8. The following new sections are hereby inserted in Commonwealth Act Numbered One hundred and eighty-six:

"II.-Retirement Insurance Benefit

"SEC. 11. (a) *Amount of annuity*.-Upon retirement a member shall be automatically entitled to a life annuity payable monthly 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