

[GSIS RESOLUTION NO. 89, April 02, 2003]

CONDONATION/WAIVER OF INTERESTS, PENALTIES AND SURCHARGES

RESOLVED: That the Board APPROVE, as it does hereby, APPROVE the following policy recommendations on the condonation/waiver of interests, penalties and surcharges:

1. All premium and loan accounts, outside of the individual real estate and deeds of conditional sale (DCS) accounts which have their own continuing condonation program, shall be covered by this condonation policy.
2. Condonation/waiver of interests, penalties and surcharges shall be entertained only upon written representation of the agencies/parties concerned.
3. The determining factor in ascertaining the amount to be condoned shall be the actuarial yield requirement of the fund. As a general policy:
 - 3.1 With the exception of premium arrearages, interests shall not be condoned while penalties and surcharges may be waived up to 100% of the computed amount.
 - 3.2 In the case of premium arrearages where the law provides interests at the rate of at least 2% interest per month on arrearages (but with no penalties and surcharges), interests may be condoned up to 50% of the computed amounts.
 - 3.3 The effective yield on the account, net of the condoned amount, shall at all times meet the actuarial yield requirement of the fund, but, in no case, shall the effective yield be lower than 12%.
4. Authority to condone interests, penalties and surcharges shall be delegated to the President and General Manager for amounts not exceeding P50 Million; otherwise, the recommendation shall be endorsed by the PGM to the Board of Trustees for consideration and approval.
5. The Operating Unit concerned (OUC) shall evaluate the request for condonation and submit the appropriate recommendation to the PGM or the Board of Trustees, as the case may be.

RESOLVED FURTHER: That the Corporate Planning Services, in coordination with the Actuarial Services, shall prepare the Policy and Procedural Guidelines, to include, among others, the recommended computational approach to arrive at the effective yield of the transaction. For uniformity, the Controller Services, on the other hand, shall prescribe the accounting entries to take up the transaction in the books.