

[**GSIS RESOLUTION NO. 39, April 25, 2013**]

APPROVAL OF THE POLICY AND PROCEDURAL GUIDELINES ON THE NON-SUSPENSION OF LOAN PRIVILEGES OF EMPLOYEES OF AGENCIES THAT FAILED TO REMIT THE MANDATORY PREMIUM CONTRIBUTIONS

WHEREAS, despite persistent collection efforts of the GSIS, a significant number of agencies still failed to remit the mandatory premium contributions of its employees;

WHEREAS, the non-remittance of premium contributions resulted in the suspension of the agency as well as their employees' loan privileges;

WHEREAS, in line with the vision to institute a member-focused orientation, the System seeks to adopt a policy that will address the suspension of the loan privileges of its members as a result of their agency's non-remittance of premium contributions;

RESOLVED, to APPROVE and CONFIRM the Policy and Procedural Guidelines (PPG) on the Non-Suspension of Loan Privileges of Employees of Agencies that Failed to Remit the Mandatory Premium Contributions, which includes the modes of lifting the suspended status of agencies, as proposed by the Senior Vice President, Corporate Services Group in her Memorandum dated 25 April 2013;

RESOLVED, FURTHER, that Section 16.1 of the Revised Implementing Rules and Regulations of Republic Act No. 8291, as approved under Board Resolution No. 88 dated 23 June 2010, is hereby AMENDED, as follows:

Section 16. Effects of Non-Remittance of Contributions and Other Amounts on the Eligibility to Benefits of Members

16.1. Non-remittance of the mandatory premium contributions of an agency's employees will not result in the suspension of their loan privileges, unless the agency is already on suspended status. The agency head and other responsible officials and employees, however, shall be held liable for violation of the provisions of R.A. 8291 and other relevant laws, rules and regulations. Employees from these agencies shall be disqualified from receiving yearly dividends pending the remittance of these mandatory premium contributions to GSIS.

RESOLVED FINALLY, that this amendment shall take effect after fifteen (15) days from publication in at least two (2) newspapers of general circulation.

All other policies, procedural guidelines, office orders and other issuances that run counter, in whole or in part, to the provisions of the PPG on the Non-Suspension of Loan Privileges of Employees of Agencies that Failed, to Remit the Mandatory Premium Contributions are likewise hereby REVOKED, SUPERSEDED and/ or AMENDED accordingly.

A copy of the PPG on the Non-Suspension of Loan Privileges of Employees of Agencies that Failed to Remit the Mandatory Premium Contributions is made an integral part of this Resolution.

Certified Correct:

(SGD.) ATTY. MARIA THERESA ABESAMIS-RAAGAS
Corporate Secretary

Confirmed:

(SGD.) ROBERT G. VERGARA
Vice-Chairman
GSIS Board of Trustees

Attachment:

Policy and Procedural Guidelines No. 227-13

Non-Suspension of Loan Privileges of Employees of Agencies that Failed to Remit the Mandatory Premium Contributions

I. BACKGROUND/RATIONALE

Despite the System's persistent collection efforts, including the implementation of a program whereby delinquent agencies were given the option to enter into memorandum of agreement (MOA) with GSIS to settle its unpaid obligations, a significant number of agencies still failed to remit the mandatory premium contributions of its employees.

To address the issue, Management, through a directive issued by the President and General Manager (PGM) in 2009, suspended agencies which were remiss in their remittance of premium contributions for at least six (6) months. Consequently, all loan privileges of employees of the suspended agencies were likewise suspended, as provided under Section 16 of the Revised Implementing Rules and Regulations (RIRR) of Republic Act No. 8291.

In line with the System's vision to pursue its social mission with a member-focused orientation, the System seeks to adopt a Policy and Procedural Guidelines (PPG) that will address the agencies' non-remittance of premium contributions without resorting to the suspension of the loan privileges of its employees. This PPG likewise aims to provide rules as to the treatment of suspended agencies.

II. OBJECTIVES

This PPG aims to:

- A. Provide rules for the treatment of agencies with unremitted mandatory premium contributions without resorting to the suspension of the loan privileges of its employees; and
- B. Provide rules for treatment of agencies that are already suspended.

III. COVERAGE

This PPG shall cover all delinquent and suspended agencies with or without MOA. Agencies with existing MOA shall be governed by the respective terms and conditions of their agreement unless they enter into a new MOA after the issuance of this policy.

IV. POLICIES

A. Non-Suspension of Agencies

GSIS shall not suspend an agency with unremitted mandatory premium contributions. Likewise, the member-employees' loan privileges shall not be suspended.

B. Information on Premium Arrearages

The Operations Group shall provide agencies and member-employees with available information on periods when premium arrearages were incurred and the corresponding amount.

C. Suspended Agencies

1. Suspended agencies refer to agencies already tagged as "suspended" due to non-remittance of mandatory premium contributions of its employees.
2. Suspension of agencies shall be lifted upon any of the following conditions:
 - a. Full payment of premium arrearages; or
 - b. Payment of at least ninety percent (90%) of the mandatory premium contributions for any three (3) consecutive months from the effectivity of this PPG and the signing of an Undertaking by the head of the agency. The Undertaking shall state, among others, that the suspended agency shall enter into a MOA with GSIS to settle its premium arrearages and shall submit within two (2) months from the signing of the undertaking, a copy of its payroll for the corresponding period/s (i.e., the three consecutive months), and other pertinent documents that will show the actual number of employees. These shall be the basis for the updating of its employees' individual member's service profile (MSP); or
 - c. Execution of a MOA with GSIS.
3. Lifting of the suspension shall result in the restoration of the loan privileges of its employees.
4. Unless the suspended agency pays its premium arrearages in full or honors its obligation to pay pursuant to the terms and conditions of the MOA, the computation of the retirement benefits of its employees shall be based on Periods with Paid Premiums (PPP). Nonetheless, GSIS shall still consider the total length of service (TLS) in determining the member-employee's eligibility to retirement (which should be a minimum of 15 years).
5. LSG shall take legal action against suspended agencies that fail to avail of the options provided for under Section IV.C.2 on or before December 2013.

D. Delinquent Agencies

1. Delinquent agencies refer to agencies that fail to:
 - a. Remit at least ninety percent (90%) of the mandatory premium contributions for a due month; or
 - b. Comply with the terms and conditions of their respective MOA.
2. In case an agency fails to remit the mandatory premiums on the 10th day of the following month (hereafter referred to as due date), the Operations Group shall:
 - a. Through its area managers, request for a meeting in writing, within seven (7) days from due date, to inform the head of agency that:
 - 1) GSIS has not received at least ninety percent (90%) of the mandatory premium contributions for a due month;
 - 2) Interest shall be charged on the delayed payment; and
 - 3) Each employee's PPP and loanable amount shall be affected.
 - b. Send a demand letter (DL) immediately to the head of the delinquent agency containing the amount of unremitted contributions, interest due, and the period/s covered, copy furnished the Agency Authorized Officer (AAO) and the head of the employees' union or association. In case the agency does not have an employees' union or association, a notice shall be sent to the Human Resources unit of the agency for posting in its bulletin boards. Likewise, the DL shall state that interest will be charged on the delayed payment and that each employee's PPP and loanable amount will be affected should the agency still fail to settle the unpaid contributions within thirty (30) days from receipt of the DL.
 - c. Send a Notice of Default (NOD) to the delinquent agency which failed to settle the obligation within 30 days from receipt of the DL. The NOD shall reiterate the charging of interest and the effect of non-payment to the each employee's PPP and loanable amount, and an advice that upon failure to settle the deficiency within five (5) working days from receipt of the NOD, the matter shall be referred to Legal Services Group (LSG) for the filing of the appropriate legal action. The agency's AAO and head of employees' union, association, or HR unit, as the case may be, shall be furnished a copy of the NOD.
 - d. Refer to LSG, within five (5) working days from receipt of NOD, a list of agencies that failed to settle their deficiencies. The referral shall include a copy of the Statement of Account (SOA), DL, NOD with proofs of receipt, and other pertinent documents required by LSG.
3. Upon referral by the Operations Group, the LSG shall:
 - a. Within 15 days, prepare and send a Final Demand Letter (FDL) to the head of the delinquent agency; and
 - b. Upon approval by the President and General Manager, file the appropriate legal action within 30 days against the head of the delinquent agency and all responsible officials and employees, as stated in the penal provision of Republic Act No. 8291.

E. Reportorial Requirements