

[GSIS RESOLUTION NO. 47, May 23, 2013]

**POLICY AND PROCEDURAL GUIDELINES (PPG) ON THE
PROCESSING OF CLAIMS AND LOAN PRIVILEGES OF
RECLASSIFIED MEMBERS FROM REGULAR TO SPECIAL**

WHEREAS, RA No. 8291 distinguishes between two types of members, namely: regular members and special members;

WHEREAS, special members are those who, by operation of the Constitution or of the law, are covered by separate retirement schemes and are thus only required to remit life insurance premiums to GSIS;

WHEREAS, these government employees, upon classification of their membership status from regular to special, are not entitled to avail of service loan privileges under the GSIS, unless their agency/ies has/have executed a special agreement with the GSIS;

WHEREAS, there is a need for an orderly and uniform interpretation of policies concerning the processing of claims and loan privileges of these special members;

RESOLVED, to APPROVE and CONFIRM the Policy and Procedural Guidelines (PPG) on the *Processing of Claims and Loan Privileges of Reclassified Members from Regular to Special*, as proposed by the Senior Vice Presidents, Operations Groups, in their Memorandum dated 20 May 2013.

A copy of the PPG on the *Processing of Claims and Loan Privileges of Reclassified Members from Regular to Special* is attached and made an integral part of this Resolution.

Attachment:

Policy and Procedural Guidelines No. 234-13

**Processing of Claims and Loan Privileges of
Reclassified Members from Regular to Special**

I. BACKGROUND

Republic Act No. 8291 (GSIS Act of 1997) distinguishes between two (2) types of members, namely: regular members and special members. Regular members, together with the government agency to which they belong, are required to remit life insurance and retirement premium contributions. On the other hand, special members, together with the government agency to which they belong, are required to remit life insurance premiums only.

Regular members can avail of both life insurance and retirement benefits, as well as GSIS service loans such as policy, consoloan, emergency and eCard Cash Advance loans. On the other hand, special members are not entitled to any GSIS-administered retirement, separation, disability or survivorship benefits. They are only entitled to life insurance benefits, while loan privileges are given to a few whose agency/ies has/have executed a special agreement with the GSIS.

In the interest of orderly and uniform interpretation of policies concerning the processing of claims and loan privileges of reclassified GSIS members from regular to special, the following guidelines are hereby issued to all Operating Units Concerned (OUCs) for immediate implementation.

II. OBJECTIVES

- A. To ensure that there is a uniform interpretation, understanding and implementation of applicable policies in the processing of claims of reclassified members from regular to special;
- B. To provide the guidelines on the entitlement of special members to consolidated loan and policy loans, as well as retirement and separation benefits; and,
- C. To establish the policies that will remedy the cases of GSIS members unduly classified by their agencies as special members without legal basis and confirmation from the Department of Budget and Management (DBM) and are therefore remitting incorrect premiums in their behalf.

III. DEFINITION OF TERMS

- A. Regular members are those who, together with their respective government agencies where they are employed, are required to remit life and retirement premium contributions as mandated under Section 5 of RA 8291.
- B. Special members are those who, based on the Constitution or by virtue of a special law/Charter, are covered under separate retirement schemes funded by their own agency or by the National Treasury and recognized by the DBM.

IV. POLICIES

A. COVERAGE

- 1. Specific designations or positions recognized by the DBM as covered by special retirement laws other than RA 8291 (see Annex A for the complete list).
- 2. A government employee not covered by item A.1 above shall be considered a special member of the GSIS if:
 - a. the agency in which he/she is presently employed is covered or subsequently covered by the Constitution or by a separate law which provides for an agency-administered retirement, separation, disability or survivorship benefits package; and,
 - b. the agency is recognized by the DBM, by way of a certification or declaration, as having a separate retirement scheme with appropriated funds from the DBM and are therefore not required by law to remit regular monthly contributions to the GSIS to answer for their retirement benefits as defined under RA 8291.

B. EFFECTIVITY OF COVERAGE

1. A former regular member of the GSIS becomes a special member on the following dates:

- a. date of the effectivity of the law that provides for a separate pension or retirement benefits for the employees of the agency;
- b. date the member transfers to an agency with a separate pension or retirement package for its employees; or
- c. date the member is appointed to a position entitled to a separate pension or retirement package under the Constitution or by a special law/Charter.

Regular membership ends on the day immediately preceding the reclassification of the regular member to special member.

2. The start of the special membership status shall be formalized with the issuance of a new life insurance policy as provided under Commonwealth Act No. 186, as amended. The table below shows the life insurance plan pertaining to the special member's age at the time of effectivity:

Age of Special Member	Life Insurance Plan <i>(Life Endowment Policy or LEP)</i>
Below 30	Endowment at 45
30 to below 40	Endowment at 55
40 to below 65	Endowment at 65
65 and above	Endowment at 70

3. To indicate the membership status of the special member, the membership service profile (MSP) shall reflect the following tagging:

- a. Credit tag: JCom;
- b. Employee Position: indicate the corresponding position title; and
- c. Insurance Prefix: SM

4. Premiums to be remitted by the agency for the special member shall be for the life insurance coverage only, i.e., three percent (3%) of basic monthly salary (BMS) for the personal share and three percent (3%) of BMS for the government share.

5. Special members shall be entitled to the life insurance benefits and can avail of policy and consolidated loans.

6. The GSIS shall return, to the agency concerned, any remitted excess retirement premium (personal share) deducted from the special member's salary during the special member's coverage under the special retirement law and to the DBM, any remitted excess retirement premium (government share) corresponding to the said period.

7. Special members and their dependents shall be entitled to the Employees' Compensation (EC) benefits in the event of work-related injury, sickness, disability or death.

C. LOAN PRIVILEGES

1. Special members shall be entitled to the following loan privileges:

- a. **ConsoLoan to Special Members.** Special members shall be allowed to avail of ConsoLoan only after their agency/ies has/have executed a special agreement with the GSIS, with loanable amount up to ten (10) months of their computed monthly salary, The salary basis shall be the amount of salary derived from the posted life insurance premium payments.

The special member has the option to choose a lower loan amount provided that the proceeds of the loan will be sufficient to cover the aggregate balance for the existing loan accounts, including the fees Charged. Failure to indicate the preferred loan amount shall mean that the member is applying for the maximum loan amount for which the borrower is qualified to avail.

The payment of the monthly amortization shall be implemented through payroll deduction and the same shall not be stopped until the loan is fully paid.

The other applicable policies, terms and conditions under the Consoloan Program of the GSIS shall still apply, except for housing loan arrearages which shall no longer be deducted from the loan or loan renewals.

- b. **Policy Loans.** Special members shall be allowed to avail of policy loans on their compulsory life insurance policy to be issued after the termination of their regular membership and optional policies, subject to the existing policies, terms and conditions of the Policy Loan.
- c. If the special member was a former regular member who had availed of loans during his or her regular membership, all loan balances shall be deducted from the cash surrender value (CSV) / Termination Value (TV) or maturity value of the life insurance, whichever comes first. In case of negative balance or deficiency, the guidelines on the collection of due and demandable loan accounts under Section IV.C(4) below shall apply.

2. Pre-termination of Loans

Loans of special members, except housing loans, may be pre-terminated by paying the outstanding balance of the loan before the end of the loan term.

The loan agreement shall also be deemed pre-terminated upon the death, resignation, permanent disability, retirement, separation from service of the special member, in which case, the outstanding principal, including unpaid interest immediately prior to the occurrence of any of the said conditions, shall be due and demandable and shall be collected by the GSIS.

3. Settlement of Housing Loans

For special members with existing housing loans that are not yet due and demandable or are past the payment term of the loans, the payment of the