

THIRD DIVISION

[G.R. No. 172925, October 30, 2009]

**GOVERNMENT SERVICE INSURANCE SYSTEM, PETITIONER, VS.
JAIME K. IBARRA, RESPONDENT.**

R E S O L U T I O N

CHICO-NAZARIO, J.:

This is to address further incidents in the instant case proceeding from the Resolution of this Court dated 18 June 2009 ordering petitioner Government Service Insurance System (GSIS) (1) to pay respondent Jaime K. Ibarra permanent partial disability benefits for the **maximum period of twenty-five (25) months**, subject only to the deduction of previous partial payments of said benefits and the set-off of Ibarra's outstanding and unpaid loans with the GSIS; and (2) to submit to this Court, within ninety (90) days from its receipt of this Resolution, proof of compliance with the above directive.

On 24 July 2009, petitioner filed its Manifestation claiming that it had already complied with the directive to pay respondent permanent partial disability benefits for the **maximum period of twenty-five (25) months** when it remitted to respondent the amount of P77,274.50. According to petitioner, this amount is the equivalent of 25 multiplied the monthly income benefit of P3,090.98 to which respondent is entitled. This amount was computed on the basis of Rule VI of the Amended Rules on Employees' Compensation, as follows:

SECTION 9. *Monthly income benefit.*

(a) x x x

(b) In the case of the GSIS, the monthly income benefit shall be the **basic monthly pension as defined in PD 1146 plus twenty percent thereof**, but shall not be less than P250, nor more than the actual salary at the time of contingency. (ECC Resolution No. 2799, July 25, 1984). (Emphasis supplied.)

Under Presidential Decree No. 1146, the basic monthly pension is computed as follows:

Section 9. *Computation of Basic Monthly Pension.*

(a) The basic monthly pension is equal to:

(1) thirty-seven and one-half percent of the **revalued average monthly**

compensation; plus

(2) two and one-half percent of said **revalued average monthly compensation** for each year of service in excess of fifteen years: *Provided*, That, the basic monthly pension shall not exceed ninety percent of the average monthly compensation.

(b) The basic monthly pension may be adjusted upon the recommendation of the President and General Manager of the System and approved by the President of the Philippines accordance with the rules and regulations prescribed by the System. (Emphases supplied.)

In computing the **revalued average monthly compensation** referred to above, petitioner relied on the definition in Section 2 of Presidential Decree No. 1146, which **previously** provided:

Section 2. Definition of Terms. - Unless the context otherwise indicates, the following terms shall mean:

x x x x

(k) *Average monthly compensation* - the quotient after dividing the aggregate compensations received by the member for the last three years immediately preceding his death/separation/disability/ retirement, by the number of months he received said compensation, **or three thousand pesos, which ever is smaller**;

(l) *Revalued average monthly compensation* - an amount equal to one hundred seventy percent of the first two hundred pesos of the average monthly compensation plus one hundred percent of the average monthly compensation in excess of two hundred pesos. (Emphasis supplied.)

Applying the above provisions, particularly the ceiling of P3,000.00 stated in Section 2(k) of Presidential Decree No. 1146, respondent's revalued average monthly compensation was computed to be only P3,140.00, despite the fact that his basic salary according to the records was already P33,773.36.

Petitioner's reliance on the said erstwhile provisions of Presidential Decree No. 1146 is erroneous, if not made in utter bad faith. Petitioner could not have possibly been unaware of Republic Act No. 8291, otherwise known as "The Government Service Insurance System Act of 1997," which amended Presidential Decree No. 1146, Section 2 of which provides for a definition of the Average Monthly Compensation which does not carry with it the P3,000.00 ceiling under the old provision:

(l) *Average Monthly Compensation (AMC)* -- The quotient arrived at after dividing the aggregate compensation received by the member during his