

**HANDBOOK
ON
EMPLOYEES' COMPENSATION
AND
STATE INSURANCE FUND**

**(with Implementing Rules and Regulations
and Board Resolutions)**

2013 Edition

**Presidential Decree (P.D.) No. 626,
as amended**

**(Book IV, Title II of P.D. No. 441 otherwise known as the
"Labor Code of the Philippines," as amended)**

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MALACAÑANG

Manila

PRESIDENTIAL DECREE NO. 626

(As amended by PD 850, PD 865-A, PD 891, PD 1368, PD 1641, PD 1692, PD 1921, EO 126 and EO 179)

FURTHER AMENDING CERTAIN ARTICLES OF PRESIDENTIAL DECREE No. 442 ENTITLED "LABOR CODE OF THE PHILIPPINES."

WHEREAS, Presidential Decree No. 570-A amends certain provisions of Presidential Decree No. 442, otherwise known as the Labor Code of the Philippines, and Presidential Decree No. 608 extends the effectivity of Title II of Book IV on Employees' Compensation and State Insurance Fund and Title III of Book IV on Medicare of the same Code to January 1, 1975;

WHEREAS, pending the effectivity of said Titles, the Social Security System, Government Service Insurance System, Philippine Medical Care Commission, and the Department of Labor have utilized the transition period for intensive study and consultations with labor organizations, employer's organizations, and civic, professional and technical associations, representing the various sectors of the economy;

WHEREAS, as a result of such discussion and consultations, it has been found necessary to make adjustments in the text of the Labor Code to initiate, rationalize and coordinate the grant of benefits with the broad objectives of the Code consistent with the overriding priority of development;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines and pursuant to Proclamation No. 1081 dated September 21, 1972, as amended, do hereby order and decree:

SECTION 1. Title II of Book IV on Employees' Compensation and State Insurance Fund of the Labor Code of the Philippines is hereby amended to read as follows:

TITLE II
EMPLOYEES' COMPENSATION
AND
STATE INSURANCE FUND

CHAPTER I

POLICY AND DEFINITIONS

ART. 166. Policy. - The State shall promote and develop a tax-exempt employees' compensation program whereby employees and their dependents, in the event of work-connected disability or death, may promptly secure adequate income benefit, and medical or related benefits.

ART. 167. Definition of terms. - As used in this Title unless the context indicates otherwise:

(a) "Code" means the Labor Code of the Philippines instituted under Presidential Decree numbered four hundred forty-two, as amended.

(b) "Commission" means the Employees' Compensation Commission created under this Title.

(c) "SSS" means the Social Security System created under Republic Act numbered eleven hundred sixty-one, as amended.

(d) "GSIS" means the Government Service Insurance System created under Commonwealth Act numbered one hundred eighty-six, as amended.

(e) "System" means the SSS or GSIS, as the case may be.

(f) "Employer" means any person, natural or juridical, employing the services of the employee.

(g) "Employee" means any persons compulsorily covered by the GSIS under Commonwealth Act numbered one hundred eighty-six, as amended, including members of the Armed Forces of the Philippines, and any person employed as casual, emergency, temporary, substitute or contractual; or any person compulsorily covered by SSS under Republic act numbered eleven hundred sixty-one, as amended.

(h) "Person" means any individual, partnership, firm, association, trust, corporation or legal representative thereof.

"(i) 'Dependents' means the legitimate, legitimated, legally adopted or acknowledged natural child who is unmarried, not gainfully employed, and not over twenty-one years of age or over twenty-one years of age provided he is incapacitated and incapable of self-support due to a physical or mental defect which is congenital or acquired during minority; the legitimate spouse living with the employee; and the parents of said employee wholly dependent upon him for regular support." (As amended by Sec. I, P.D. 1921).

"(j) 'Beneficiaries' means the dependent spouse until he remarries and dependent children, who are the primary beneficiaries. In their absence, the dependent parents and subject to the restrictions imposed on dependent children, the illegitimate children and legitimate descendants who are the secondary beneficiaries; Provided, that the dependent acknowledged natural child shall be considered as a primary beneficiary when there are no other dependent children who are qualified and eligible for monthly income benefit." (As amended by Sec. I, P.D. 1921).

"(k) 'Injury' means any harmful change in the human organism from any accident arising out of and in the course of employment." (As amended by Sec. I, P.D. 1921).

(l) "Sickness" means any illness definitely accepted as an occupational disease listed by the Commission, or any illness caused by employment, subject to proof that the risk of contracting the same is increased by working conditions. For this purpose, the Commission is empowered to determine and approve occupational diseases and work-related illness that may be considered compensable based on peculiar hazards of employment. (As amended by Sec. I, P.D. 1368).

(m) "Death" means loss of life resulting from injury or sickness.

(n) "Disability" means loss or impairment of a physical or mental function resulting from injury or sickness.

(o) "Compensation" means all payments made under this Title for income benefits and medical or related benefits.

(p) "Income benefit" means all payments made under this Title to the employee or his dependents.

(q) "Medical benefit" means all payments made under this Title to the providers of medical care, rehabilitation services and hospital care.

(r) "Related benefit" means all payments made under this Title for appliances and supplies.

(s) "Appliances" means crutches, artificial aids and other similar devices.

(t) "Supplies" means medicines and other medical, dental or surgical items.

(u) "Hospital" means any medical facility, government or private, authorized by law, an active member in good standing of the Philippine Hospital Association and accredited by the Commission.

(v) "Physician" means any doctor of medicine duly licensed to practice in the Philippines, an active member in good standing of the Philippine Medical Association and accredited by the Commission.

(w) "Wages" or "Salary", insofar as they refer to the computation of benefits, means the monthly remuneration as defined in Republic Act No. 1161, as amended, for SSS and Presidential Decree No. 1146, as amended, for GSIS, respectively, except that part in excess of Three Thousand Pesos." (As amended by Sec. I, E.O. 179)

(x) "Monthly salary credit" means the wage or the salary base for contributions as provided in Republic Act numbered eleven hundred sixty-one, as amended, or the wages or salary.

(y) "Average monthly salary credit" in the case of the SSS means the result obtained by dividing the sum of the monthly salary credits in the sixty-month period immediately preceding the semester of death or permanent disability by sixty, except where the month of death or permanent disability, falls within eighteen calendar months from the month of coverage, in which case it is the result obtained by dividing the sum of all monthly salary credits paid prior to the month of the contingency by the total number of calendar months of coverage in the same period. (As amended by Sec. 1, P.D. 1368).

(z) "Average daily salary credit" in the case of the SSS means the result obtained by dividing the sum of the six highest monthly salary credits in the twelve-month period immediately preceding the semester of sickness or injury by one hundred eighty, except where the month of injury falls within the twelve calendar months from the first month of coverage, in which case it is the result obtained by dividing the sum of all monthly salary credits by thirty times the number of calendar months of coverage in the same period.

In the case of the GSIS, the average daily salary credit shall be the actual daily salary or wage or the monthly salary or wage divided by the actual number of working days of the month of contingency. (As amended by Sec. 1, P.D. 891).

(aa) "Quarter" means a period of three consecutive months ending on the last day of March, June, September, and December.

(bb) "Semester" means a period of two consecutive quarters ending in the quarter of death, permanent disability, injury or sickness. (As amended by Sec. 1, P.D. 891).

(cc) "Replacement ratio" - The sum of twenty percent and the quotient obtained by dividing three hundred by the sum of three hundred forty and the average monthly salary credit. (As amended by Sec. 1, P.D. 1641).

(dd) "Credited years of service" - For a member covered prior to January 1975, nineteen hundred seventy five minus the calendar year of coverage, plus the number of calendar years in which six or more contributions have been paid from January 1975 up to the calendar year containing the semester prior to the contingency. (As amended by Sec 1, P.D. 1641).

(ee) "Monthly income benefit" means the amount equivalent to one hundred fifteen percent of the sum of:

The average monthly salary credit multiplied by the replacement ratio; and

One and a half percent of the average monthly salary credit for each credited year of service in excess of ten years;

Provided, That the monthly income benefit shall in no case be less than two hundred fifty pesos. (As amended by Sec. 1, P.D. 1921).

CHAPTER II

COVERAGE AND LIABILITY

ART. 168. Compulsory coverage. - Coverage in the State Insurance Fund shall be compulsory upon all employers and their employees not over sixty years of age; Provided, That an employee who is over sixty years of age and paying contributions to qualify for the retirement or life insurance benefit administered by the System shall be subject to compulsory coverage. (As amended by Sec. 16, P.D. 850).

ART. 169. Foreign employment. - The Commission shall ensure adequate coverage of Filipino employees employed abroad, subject to regulations as it may prescribe.

ART. 170. Effective date of coverage. - Compulsory coverage of the employer during the effectivity of this Title shall take effect on the first day of his operation, and that of the employee, on the date of his employment.

ART. 171. Registration. - Each employer and his employees shall register with the System in accordance with its regulations.

ART. 172. Limitation of liability. - The State Insurance Fund shall be liable for compensation to the employee or his dependents, except when the disability or death was occasioned by the employee's intoxication, willful intention to injure or kill himself or another, notorious negligence, or otherwise provided under this Title.

ART. 173. Extent of liability. - Unless otherwise provided, the liability of the State Insurance Fund under this Title shall be exclusive and in place of all other liabilities of the employer to the employee, his dependents or anyone otherwise entitled to receive damages on behalf of the employee or his dependents. The payment of compensation under this Title shall not bar the recovery of benefits as provided for in Section 699 of the Revised Administrative Code, Republic Act numbered eleven hundred sixty-one, as amended, Commonwealth Act numbered one hundred eighty-six, as amended, Republic Act numbered sixty-one hundred eleven, as amended, Republic Act numbered six hundred ten, as amended, Republic Act numbered forty-eight hundred sixty-four, as amended, and other laws whose benefits are administered by the System, or by other agencies of the government. (As amended by Sec. 2, P.D. 1921).

ART. 174. Liability of third parties. (a) When the disability or death is caused by circumstances creating a legal liability against a third party, the disabled employee or the dependents in case of his death shall be paid by the System under this Title. In case benefit is paid under this Title, the System shall be subrogated to the rights of the disabled employee or the dependents in case of his death, in accordance with the general law.

(b) Where the System recovers from such third party damages in excess of those paid or allowed under this Title, such excess shall be delivered to the disabled employee or other persons entitled hereto, after deducting the cost of proceedings and expenses of the System. (As amended by Sec. 17, P.D. 850).

ART. 175. Deprivation of benefits. - Except as otherwise provided under this Title, no contract, regulation or device whatsoever shall operate to deprive the employee or his dependents of any part of the income benefits, and medical or related services granted under this Title. Existing medical services being provided by the employer shall be maintained and continued to be enjoyed by their employees.

CHAPTER III

ADMINISTRATION

ART. 176. Employees' Compensation Commission. (a) To initiate, rationalize and coordinate the policies of the employees' compensation program, the Employees' Compensation Commission is hereby created to be composed of five ex-officio members, namely: the Secretary of Labor and Employment as Chairman, the GSIS General Manager, the SSS Administrator, the Chairman of the Philippine Medical Care Commission, and the Executive Director of the ECC Secretariat, and two appointive members, one of whom shall represent the employees and the other, the employers, to be appointed by the President of the Philippines for a term of six years. The appointive member shall have at least five years experience in workmen's compensation or social security programs. All vacancies shall be filled for the unexpired term only. (As amended by Sec. 19(c), E.O. 126).

(b) The Vice Chairman of the Commission shall be alternated each year between the GSIS General Manager and the SSS Administrator. The presence of four Members shall constitute a quorum. Each Member shall receive a per diem of two hundred pesos for every meeting that is actually attended by him, exclusive of actual, ordinary and necessary travel and representation expenses. In his absence, any Member may designate an official of the institution he serves on full-time basis as his representative to act in his behalf. (As amended by Sec. 2, P.D. 1368).

(c) The general conduct of the operations and management functions of the GSIS or SSS under this Title shall be vested in its respective chief executive officer, who shall be immediately responsible for carrying out the policies of the Commission.

(d) The Commission shall have the status and category of a government corporation, and it is hereby deemed attached to the Department of Labor for policy coordination and guidance. (As amended by Sec. 2, P.D. 1368).

ART. 177. Powers and duties. - The Commission shall have the following powers and duties:

- (a) To assess and fix a rate of contribution from all employers;
- (b) To determine the rate of contribution payable by an employer

whose records show a high frequency of work accidents or occupational disease due to failure by the said employer to observe adequate safety measures;

(c) To approve rules and regulations governing the processing of claims and the settlement of disputes arising therefrom as prescribed by the System;

(d) To initiate policies and programs toward adequate occupational health and safety and accident prevention in the working environment, rehabilitation other than those provided for under Art. 190 hereof, and other related programs and activities, and to appropriate funds therefor. (As amended by Sec. 3, P.D. 1368).

(e) To make the necessary actuarial studies and calculations concerning the grant of constant help and income benefits for permanent disability or death, and the rationalization of the benefits for permanent disability and death under the Title with benefits payable by the System for similar contingencies; **Provided;** That the Commission may upgrade benefits and add new ones subject to approval of the President; and **Provided, Further,** That the actuarial stability of the State Insurance Fund shall be guaranteed; **Provided, Finally,** that such increases in benefits shall not require any increases in contribution, except as provided for in paragraph (b) hereof. (As amended by Sec. 3, P.D. 1641).

(f) To appoint the personnel of its staff, subject to civil service law and rules, but exempt from WAPCO law and regulations;

(g) To adopt annually a budget of expenditures of the Commission and its staff chargeable against the State Insurance Fund: Provided, that the SSS and GSIS shall advance on a quarterly basis the remittances of allotment of the loading fund for this Commission's operational expenses based on its annual budget as duly approved by the Ministry of Budget and Management. (As amended by Sec. 3, P.D. 1921).

(h) To have the power to administer oath and affirmation, and to issue **subpoena and subpoena duces tecum** in connection with any question or issue arising from appealed cases under this Title.

(i) To sue and be sued in court;

(j) To acquire property, real or personal, which may be necessary or expedient for the attainment of the purposes of this Title;

(k) To enter into agreements or contracts for such services or aid as may be needed for the proper, efficient and stable administration of the program;

(l) To perform such other acts as it may deem appropriate for the attainment of the purposes of the Commission and proper enforcement of the provisions of this Title. (As amended by Sec. 18, P.D.850).

ART. 178. Management of funds. - All revenues collected by the System under this Title shall be deposited, invested, administered and disbursed in the same manner and under the same conditions, requirements and safeguards as provided by Republic Act numbered eleven hundred sixty-one, as amended, and Commonwealth Act numbered one hundred eighty-six, as amended, with regard to such other funds as are thereunder being paid to or collected by the SSS and GSIS, respectively: Provided, that the Commission, SSS and GSIS may disburse each year not more than twelve percent of the contributions and investment earnings collected for operational expenses, including occupational health and safety programs, incidental to the carrying out of this Title.

ART. 179. Investment of funds. - Provisions of existing laws to the contrary notwithstanding, all revenues as are not needed to meet current operational expenses under this Title shall be accumulated in a fund to be known as the State Insurance Fund, which shall be used exclusively for payment of the benefits under this Title, and no amount thereof shall be used for any other purpose. All amounts accruing to the State Insurance Fund, which is hereby established in the SSS and GSIS, respectively, shall be deposited with any authorized depository bank approved by the Commission, or invested with due and prudent regard for the liquidity needs of the System. (As amended by Sec. 4, P.D. 1368).

ART. 180. Settlement of claims. - The System shall have original and exclusive jurisdiction to settle any dispute arising from this Title with respect to coverage, entitlement to benefits, collection and payment of contributions and penalties thereon, or any other matter related thereto, subject to appeal to the Commission, which shall decide appealed cases within twenty working days from the submission of the evidence.

ART. 181. Review. - Decisions, orders or resolutions of the Commission may be reviewed on certiorari by the Supreme Court on questions of law upon petition of an aggrieved party within ten days from notice thereof.

ART. 182. Enforcement of decisions. (a) Any decision, order or resolution of the Commission shall become final and executory if no appeal is taken therefrom within ten days from notice thereof. All awards granted by the Commission in cases appealed from decisions of the System shall be effected within fifteen days from receipt of notice. (b) In all other cases, decisions, orders and resolutions of the Commission which have become final and executory shall be enforced and executed in the same manner as decisions of the Court of First Instance, and the Commission shall have the power to issue to the city or provincial sheriff or to the sheriff whom it may appoint such writs of execution as may be necessary for the enforcement of such decisions, orders or resolutions, and any person who shall fail or refuse to comply therewith shall, upon application by the Commission, be punished by the proper court for contempt.

CHAPTER IV

CONTRIBUTIONS

ART. 183. Employer's contributions. (a) Under such regulations as the System may prescribe, beginning as of the last day of the month when an employee's compulsory coverage takes effect and every month thereafter during his employment, his employer shall prepare to remit to the System a contribution equivalent to one percent of his monthly salary credit.

(b) The rate of contribution shall be reviewed periodically and, subject to the limitations herein provided, may be revised as the experience in risk, cost of administration, and actual or anticipated as well as unexpected losses, may require.

(c) Contributions under this Title shall be paid in their entirety by the employer and any contract or device for the deduction of any portion thereof from the wages or salaries of the employees shall be null and void.

(d) When a covered employee dies, becomes disabled or is separated from employment, his employer's obligation to pay the monthly contribution arising from that employment shall cease at the end of the month of contingency and during such months that he is not receiving wages or salary.

ART. 184. Government guarantee. - The Republic of the Philippines guarantees the benefits under this Title, and accepts general responsibility for the solvency of the State Insurance Fund. In case of any deficiency, the same shall be covered by supplemental appropriations from the national government.

CHAPTER V

MEDICAL BENEFITS

ART. 185. Medical services. - Immediately after an employee contracts sickness or sustains an injury, he shall be provided by the System during the subsequent period of his disability with such medical services and appliances as the nature of his sickness or injury and progress of his recovery may require, subject to the expense limitation prescribed by the Commission.

ART. 186. Liability. - The System shall have the authority to choose or order a change of physician, hospital or rehabilitation facility for the employee, and shall not be liable for compensation for any aggravation of the employee's injury or sickness resulting from unauthorized changes by the employee of medical services, appliances, supplies, hospitals, rehabilitation facilities or physicians.

ART. 187. Attending Physician. - Any physician attending an injured or sick employee shall comply with all the regulations of the System and submit reports in prescribed forms at such time as may be required concerning his condition or treatment. All medical information relevant to the particular injury or sickness shall on demand be made available to the employee or the System. No information developed in connection with treatment or examination for which compensation is sought shall be considered as privileged communication.

ART. 188. Refusal of examination or treatment. - If the employee unreasonably refuses to submit to medical examination or treatment, the System shall stop the payment of further compensation during such time as such refusal continues. What constitutes an unreasonable refusal shall be determined by the System which may on its own initiative determine the necessity, character and sufficiency of any medical services furnished or to be furnished.

ART. 189. Fees and other charges. - All fees and other charges for hospital services, medical care and appliances excluding professional fees shall not be higher than those prevailing in wards of hospitals for similar services to injured or sick persons in general and shall be subject to the regulations of the Commission. Professional fees shall only be appreciably higher than those prescribed under Republic Act numbered sixty-one hundred eleven, as amended, otherwise

known as the Philippine Medical Care Act of 1969.

ART. 190. Rehabilitation services. (a) The System shall, as soon as practicable, establish a continuing program for the rehabilitation of injured and handicapped employees, who shall be entitled to rehabilitation services, which shall consist of medical, surgical or hospital treatment, including appliances if they have been handicapped by the injury, to help them become physically independent.

(b) As soon as practicable, the System shall establish centers equipped and staffed to provide a balanced program of remedial treatment, vocational assessment and preparation designed to meet the individual needs of each handicapped employee to restore him to suitable employment, including assistance as may be within its resources to help each rehabilitee to develop his mental, vocational or social potential.

CHAPTER VI

DISABILITY BENEFITS

ART. 191. Temporary total disability. (a) Under such regulations as the Commission may approve, any employee under this Title who sustains an injury or contracts sickness resulting in temporary total disability shall for each day of such a disability or fraction thereof be paid by the System an income benefit equivalent to ninety percent of his average daily salary credit, subject to the following conditions: The daily income benefit shall not be less than Ten Pesos nor more than Ninety Pesos, nor paid for a continuous period longer than one hundred twenty days, except as otherwise provided for in the Rules, and the System shall be notified of the injury or sickness. (As amended by Sec. 2, E.O. 179).

(b) The monthly income benefit shall be in accordance with the regulations of the Commission. (As amended by Sec. 19, P.D. 850).

ART. 192. Permanent total disability. (a) Under such regulations as the Commission may approve, any employee under this Title who contracts sickness or sustains an injury resulting in his permanent total disability shall, for each month until his death, be paid by the System during such a disability, an amount equivalent to the monthly income benefit, plus ten percent thereof for each dependent child, but not exceeding five, beginning with youngest and without substitution: Provided, That the monthly income benefit shall be the new amount of the monthly benefit for all covered pensioners, effective upon approval of this Decree.

(b) The monthly income benefit shall be guaranteed for five years, and shall be suspended if the employee is gainfully employed, or recovers from his permanent total disability, or fails to present himself for examination at least once a year upon notice by the System, except as otherwise provided for in other laws, decrees, orders or Letters of Instructions. (As amended by Sec. 5, P.D. 1641).

(c) The following disabilities shall be deemed total and permanent:

- (1) Temporary total disability lasting continuously for more than one hundred twenty days, except as otherwise provided for in the Rules;
- (2) Complete loss of sight of both eyes;

- (3) Loss of two limbs at or above the ankle or wrist;
- (4) Permanent complete paralysis of two limbs;
- (5) Brain injury resulting in incurable imbecility or insanity; and
- (6) Such cases as determined by the Medical Director of the System and approved by the Commission.

(d) The number of months of paid coverage shall be defined and approximated by a formula to be approved by the Commission.

ART. 193. Permanent partial disability. (a) Under such regulation as the Commission may approve, any employee under this Title who contracts sickness or sustains an injury resulting in permanent partial disability shall for each month not exceeding the period designated herein be paid by the System during such a disability an income benefit equivalent to the income benefit for permanent total disability.

(b) The benefit shall be paid for not more than the period designated in the following schedule:

Complete and permanent loss of the use of	No. of Months
One thumb	10
One index finger	8
One middle finger	6
One ring finger	5
One little finger	3
One big toe	6
Any toe	3
One arm	50
One hand	39
One foot	31
One leg	46
One ear	10
Both ears	20
Hearing of one ear	10
Hearing of both ears	50
Sight of one eye	25

(c) A loss of a wrist shall be considered as a loss of the hand, and a loss of an elbow shall be considered as a loss of the arm. A loss of an ankle shall be considered as a loss of the foot, and a loss of a knee shall be considered as a loss of the leg. A loss of more than one joint shall be considered as a loss of the whole finger or toe, and a loss of only the first joint shall be considered as a loss of one-half of the whole finger or toe: **Provided**, That such a loss shall be either the functional loss of the use or physical loss of the member. (As amended by Sec. 7, P.D. 1368).

(d) In case of permanent partial disability less than the total loss of the member specified in the preceding paragraph, the same monthly income benefit shall be paid for a portion of the period established for the total loss of the member in accordance with the proportion that the partial loss bears to the total loss. If the result is a decimal fraction, the same shall be rounded off to the next higher integer.

(e) In cases of simultaneous loss of more than one member or a part thereof as specified in this Article, the same monthly income benefit shall be paid for a period equivalent to the sum of the periods established for the loss of the member or a part thereof. If the result is a decimal fraction, the same shall be rounded off to the next higher integer.

(f) In cases of injuries or illnesses resulting in a permanent partial disability not listed in the preceding schedule, the benefit shall be an income benefit equivalent to the percentage of the permanent loss of the capacity for work. (As amended by Sec. 7, P.D. 1368).

(g) Under such regulations as the Commission may approve, the income benefit payable in case of permanent partial disability may be paid in monthly pension or in lumpsum if the period covered does not exceed one year. (As added by Sec. 7, P.D. 1368).

CHAPTER VII

DEATH BENEFITS

ART. 194. Death. (a) Under such regulations as the Commission may approve, the System shall pay to the primary beneficiaries upon the death of the covered employee under this Title an amount equivalent to his monthly income benefit, plus ten percent thereof for each dependent child, but not exceeding five, beginning with the youngest and without substitution, except as provided for in paragraph (j) of Article 167 hereof: **Provided, However,** That the monthly income benefit shall be guaranteed for five years: **Provided, Further,** That if he has no primary beneficiary, the System shall pay to his secondary beneficiaries the monthly income benefit but not to exceed sixty months: **Provided, Finally,** That the minimum death benefit shall not be less than fifteen thousand pesos. (As amended by Sec. 4, P.D. 1921).

(b) Under such regulations as the Commission may approve, the System shall pay to the primary beneficiaries upon the death of a covered employee who is under permanent total disability under this Title, eighty percent of the monthly income benefit and his dependents to the dependent's pension; **Provided,** That the marriage must have been validly subsisting at the time of disability: **Provided, Further,** That if he has no primary beneficiary, the System shall pay to his secondary beneficiaries the monthly pension excluding the dependents pension, of the remaining balance of the five-year guaranteed period: **Provided, Finally,** That the minimum death benefit shall not be less than fifteen thousand pesos. (As amended by Sec. 4, P.D. 1921).

(c) The monthly income benefit provided herein shall be the new amount of the monthly income benefit for the surviving beneficiaries upon the Approval of this decree. (As amended by Sec. 8, P.D. 1368).

(d) **Funeral Benefit.** - A funeral benefit of Three Thousand Pesos (P3,000.00) shall be paid upon the death of a covered employee or permanently totally disabled pensioner." (As amended by Sec. 3, E.O.179).

CHAPTER VIII

PROVISIONS COMMON TO INCOME BENEFITS

ART. 195. Relationship and dependency. - All questions of relationship and dependency shall be determined as of the time of death.

ART. 196. Delinquent contributions. (a) An employer who is delinquent in his contributions shall be liable to the System for the benefits which may have been paid by the System to his employees or their dependents, and any benefit and expenses to which such employer is liable shall constitute a lien on all his property, real or personal which is hereby declared to be preferred to any credit, except taxes. The payment by the employer of the lump sum equivalent of such liability shall absolve him from the payment of the delinquent contributions and penalty thereon with respect to the employee concerned.

(b) Failure or refusal of the employer to pay or remit the contributions herein prescribed shall not prejudice the right of the employee or his dependents to the benefits under this Title. If the sickness, injury, disability or death occurs before the System receives any report of the name of his employee, the employer shall be liable to the System for the lump sum equivalent to the benefits to which such employee or his dependents may be entitled.

ART. 197. Second injuries. - If any employee under permanent partial disability suffers another injury which results in a compensable disability greater than the previous injury, the State Insurance Fund shall be liable for the income benefit of the new disability: **Provided**, That if the new disability is related to the previous disability, the System shall be liable only for the difference in income benefits.

ART. 198. Assignment of benefits. - No claim for compensation under this Title shall be compensable is transferable, or liable to tax, attachment, garnishment, levy or seizure by or under any legal process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the employee to the System.

ART. 199. Earned benefits. - Income benefits shall, with respect to any period of disability, be payable in accordance with this Title to an employee who is entitled to receive wages, salaries or allowance for holidays, vacation or sick leaves and any award of benefit under a collective bargaining or other agreement.

ART. 200. Safety devices. - In case the employee's injury or death was due to the failure of the employer to comply with any law, or to install and maintain safety devices, or take other precautions for the prevention of injury, said employer shall pay to the State Insurance Fund a penalty of twenty-five percent of the lump sum equivalent of the income benefit payable by the System to the employee. All employers, especially those who should have been paying a rate of contribution higher than that required of them under this Title, are enjoined to undertake and strengthen measures for the occupational health and safety of their employees.

ART. 201. Prescriptive period. - No claim for compensation shall be given due course unless said claim is filed with the System within three years from the time the cause of action accrued. (As amended by Sec. 5. P.D. 1921).

ART. 202. Erroneous payment. (a) If the System in good faith pays income benefit to a dependent who is inferior in right to another dependent or with whom another dependent is entitled to share, such payment shall discharge the System from liability, unless and until such other dependent notifies the System of his claim prior to the payments.

(b) In case of doubt as to the respective rights of rival claimants, the System is hereby empowered to determine as to whom payments should be made in accordance with such regulations as the Commission may approve. If the money is payable to a minor or incompetent, payment shall be made by the System to such person or persons as it may consider to be best qualified to take care and dispose of the minor's or incompetent's property for his benefit.

ART. 203. Prohibition. - No agent, attorney or other person pursuing or in charge of the preparation or filing of any claim for benefit under this Title shall demand or charge for his services any fee, and any stipulation to the contrary shall be null and void. The retention or deduction of any amount from any benefit granted under this Title for the payment of fees of such services is prohibited. Violation of any provision of this Article shall be punished by a fine of not less than five hundred pesos nor more than five thousand pesos, or imprisonment for not less than six months nor more than one year, or both, at the discretion of the court.

ART. 204. Exemption from levy, tax, etc. - All laws to the contrary notwithstanding, the State Insurance Fund and all its assets shall be exempt from any tax, fee, charge, levy, or customs or import duty, and no law hereafter enacted shall apply to the State Insurance Fund unless it is provided therein that the same is applicable by expressly stating its name.

CHAPTER IX

RECORDS, REPORTS AND PENAL PROVISIONS

ART. 205. Record of death or disability. (a) All employers shall keep a logbook to record chronologically the sickness, injury or death of their employees, setting forth therein their names, dates and places of the contingency, nature of the contingency and absences. Entries in the logbook shall be made within five days from notice or knowledge of the occurrence of the contingency. Within five days after entry in the logbook, the employer shall report to the System only those contingencies he deems to be work-connected.

(b) All entries in the employer's logbook shall be made by the employer or any of his authorized official after verification of the contingencies or the employee's absences for a period of a day or more. Upon request by the System, the employer shall furnish the necessary certificate regarding information about any contingency appearing in the logbook, citing the entry number, page number and date. Such logbook shall be made available for inspection to the duly authorized representative of the System.

(c) Should any employer fail to record in the logbook an actual sickness, injury or death of any of his employees within the period prescribed herein, give false information or withhold material information already in his possession, he shall be held liable for fifty percent of the lump sum equivalent of the income benefit to which the employee may be found to be entitled, the payment of which shall accrue to the State Insurance Fund.

d) In case of payment of benefits for any claim which is later determined to be fraudulent and the employer is found to be a party to the fraud, such employer shall reimburse to the System the full amount of the compensation paid.

ART. 206. Notice of sickness, injury or death. - Notice of sickness, injury or death shall be given to the employer by the employee or by his dependents or anybody on his behalf within five days from the occurrence of the contingency. No notice to the employer shall be required if the contingency is known to the employer or his agents or representatives.

ART. 207. Penal provisions. (a) The penal provision of Republic Act numbered eleven hundred sixty-one, as amended, and Commonwealth Act numbered one hundred eighty-six, as amended, with regard to the funds as are thereunder being paid to, collected or disbursed by the System, shall be applicable to the collection, administration and disbursement of the Funds under this Title. The penal provisions on coverage shall also be applicable.

(b) Any person, who for the purpose of securing entitlement to any benefit or payment under this Title or the issuance of any certificate or document for any purpose connected with this Title, whether for him or for some other person, commits fraud, collusion, falsification, misrepresentation of facts or any other kind of anomaly shall be punished with a fine of not less than five hundred pesos nor more than five thousand pesos and an imprisonment for not less than six months nor more than one year, at the discretion of the court.

(c) If the act penalized by this Article is committed by any person who has been or is employed by the Commission or System, or a recidivist, the imprisonment shall not be less than one year; if committed by a lawyer, physician or other professional, he shall in addition to the penalty prescribed herein be disqualified from the practice of his profession; and if committed by any official, employee or personnel of the Commission, System or any government agency, he shall in addition to the penalty prescribed herein be dismissed with prejudice to reemployment in the government service.

ART. 208. Applicability. - This Title shall apply only to injury, sickness, disability or death occurring on or after January 1, 1975.

ART. 208-A. Repeal of Laws. - All existing laws, Presidential Decrees and Letter of Instructions which are inconsistent with or contrary to this Decree, are hereby repealed: **Provided**, That in the case of the GSIS, condition for entitlement to benefits shall be governed by the Labor Code, as amended: **Provided, However**, That the formulas for the computation of benefits, as well as the contribution base, shall be those provided for under Commonwealth Act numbered one hundred eighty-six, as amended by Presidential Decree No. 1146, plus twenty percent thereof. (As amended by Sec. 7, P.D. 1641).

SECTION 2. Title III of Book IV on Medicare of the same Code is hereby amended to read as follows:

ART. 209. Medical Care. - The Philippine Medical Care Plan shall be implemented as provided under Republic Act numbered sixty- one hundred eleven, as amended.

SECTION 3. Article 292 of Title II of Book VII on Prescription of Offenses and Claims of the same code is hereby amended to read as follows:

ART. 292. Money claims. - All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise, they shall be forever barred.

All money claims accruing prior to the effectivity of this Code shall be filed with the appropriate entities established under this Code within one year from the date of such effectivity, and shall be processed or determined in accordance with the implementing rules and regulations of the Code; otherwise, they shall be forever barred.

Workmen's compensation claims accruing prior to the effectivity of this Code and during the period from November 1, 1974 up to December 31, 1974, shall be filed with the appropriate regional offices of the Department of Labor not later than March 31, 1975; otherwise, they shall be forever barred. these claims shall be processed and adjudicated in accordance with the law and rules at the time their causes of action accrued. (As amended by P.D. 570-A).

SECTION 4. Article 297 of Title III of Book VII on Transitory and Final Provisions of the same Code is hereby amended to read as follows:

ART. 297. Termination of Workmen's Compensation Program. - The Bureau of Workmen's Compensation, the Workmen's Compensation Commission and the Workmen's Compensation Units in the regional offices of the Department of Labor shall continue to exercise the functions and the respective jurisdictions over workmen's compensation cases vested upon them by Act No. 3428 as amended, otherwise known as the Workmen's Compensation Act, until March 31, 1976. Likewise, the term of office of incumbent members of the Workmen's Compensation Commission, including its chairman and any commissioner deemed retired as of December 31, 1975, as well as the present employees and officials of the Bureau of Workmen's Compensation, Workmen's Compensation Commission and the Workmen's Compensation Units shall con-

tinue up to that date.

Thereafter, said Offices shall be abolished and all officials and personnel thereof shall be transferred to and mandatorily absorbed by the Department of Labor, subject to Presidential Decree No. 6, Letters of Instructions No. 14 and 14-A and the Civil Service Law and rules.

Such amount as may be necessary to cover the operational expenses of the Bureau of Workmen's Compensation, the Workmen's Compensation Commission, and the Workmen's Compensation Unit, including the salaries of incumbent personnel for the period up to March 31, 1976 shall be appropriated from the unprogrammed funds of the Department of Labor. (As amended by P.D. 570-A and Sec. 1, P.D. 865-A).

SECTION 5. Article 300 of Title III of Book VII on Transitory and Final Provisions of the same Code is hereby amended to read as follows:

ART. 300. Disposition of pending cases. - All cases pending before the Court of Industrial Relations and the National Labor Relations Commission established under Presidential Decree No. 21 on the date of effectivity of this Code shall be transferred to and processed by the corresponding labor relations division or the National Labor Relations Commission created under this Code having cognizance of the same in accordance with the procedure laid down herein and its implementing rules and regulations. Cases on labor relations on appeal with the Secretary of Labor or the Office of the President of the Philippines as of the date of effectivity of this Code shall remain under their respective jurisdictions and shall be decided in accordance with law, rules and regulations in force at the time of appeal.

All workmen's compensation cases pending before the Workmen's Compensation Units in the regional offices of the Department of Labor and those pending before the Workmen's Compensation Commission as of March 31, 1975, shall be processed and adjudicated in accordance with the law, rules and procedure existing prior to the effectivity of the Employees' Compensation and State Insurance Fund. (As amended by P.D. 570-A).

SECTION 6. The numbers of the Articles of the same Code shall be amended by renumbering them consecutively beginning with Art. 1.

SECTION 7. This Decree shall take effect on January 1, 1975.

Done in the City of Manila, this 27th day of December, in the Year of our Lord, Nineteen Hundred Seventy Four.

(Sgd.) **FERDINAND E. MARCOS**
President
Republic of the Philippines

Note: PD 570-A took effect on November 1, 1974.

PD 626 was signed by the President on December 27, 1974 and took effect on January 1, 1975.

PD 850 took effect on December 16, 1975.

PD 865-A took effect on December 31, 1975.

PD 891 took effect on February 9, 1976.

PD 1368 took effect on May 1, 1978.

PD 1641 took effect on January 1, 1980.

PD 1692 took effect on May 1, 1980.

PD 1921 took effect on June 1, 1984.

EO 179 took effect on June 1, 1987.

**LETTER OF INSTRUCTIONS NO. 856 – ESTABLISHING A WORKERS
REHABILITATION CENTER COMPLEX FOR INDUSTRIALLY DISABLED
WORKERS AND DISABLED SOLDIERS UNDER THE NEW
EMPLOYEES' COMPENSATION PROGRAM**

TO: The Chairman and the Members Employees' Compensation
Commission

In implementation of Paragraph (d), Article 177, Title II, Book IV of the Labor Code of the Philippines (PD 442, as amended further by PD 1368), which empower the Employees' Compensation Commission (ECC) to initiate policies and programs on rehabilitation other than those provided for under Article 190 of the Labor Code, and to appropriate funds therefor, and in correlation with Article 190 of the same Code, the Employees' Compensation Commission is hereby directed to establish and make operative a comprehensive WORKERS REHABILITATION CENTER COMPLEX for industrially disabled workers, including disabled soldiers, to be located within Metro Manila, or at any other place suitable to their needs.

For this purpose, the Workers Rehabilitation Center Complex shall receive policy guidance from and shall be under the general management of the Employees' Compensation Commission, which is hereby constituted as its Governing Board.

Whenever necessary, the Governing Board may create an Advisory Council that shall act as a consultative and advisory body, to be composed of representatives from the National Commission on Rehabilitation, the Ministry of Health, the Institute of Public Health of the University of the Philippines, and such other specialized association and organizations on rehabilitation as may be needed.

The Employees' Compensation Commission is hereby authorized to appropriate the amount of FIFTY MILLION PESOS for the establishment and operation of the Workers Rehabilitation Center Complex, to be drawn from reserves of the State Insurance Fund (SIF) that the Social Security System (SSS) and the Government Service Insurance System

GSIS) administer for the private sector and the public service, respectively, under the new Employees' Compensation Program.

The Employees' Compensation Commission shall issue rules and regulations to implement this LOI.

DONE in the City of Manila, Republic of the Philippines, this 1st day of May, in the year of Our Lord, Nineteen Hundred and Seventy-Nine.

Amended Rules
on
Employees' Compensation

STATEMENT OF AUTHORITY

By virtue of the powers vested upon the Employees' Compensation Commission under the Labor Code of the Philippines, the following Rules are hereby adopted to implement the provisions of Title II, Book IV of this Code.

RULE I - COVERAGE

SECTION 1. Nature. - Coverage shall be compulsory.

SECTION 2. Scope. (a) Every employer shall be covered.

(b) Every employee not over 60 years of age shall be covered.

(c) An employee over 60 years of age shall be covered if he had been paying contributions to the System prior to age 60 and has not been compulsorily retired.

(d) An employee who is coverable by both the GSIS and SSS shall be compulsorily covered by both Systems.

SECTION 3. Employer. (a) The term shall mean any person, natural or juridical, domestic or foreign, who carries on in the Philippines any trade, business, industry, undertaking or activity of any kind and uses the services of another person who is under his orders as regards the employment.

(b) An employer shall belong to either:

- (1) The public sector covered by the GSIS, comprising the National Government, including government-owned or controlled corporations, the Philippine Tuberculosis Society, the Philippine National Red Cross and the Philippine Veterans Bank; or
- (2) The private sector covered by the SSS, comprising all employers other than those defined in the immediately preceding paragraph.

SECTION 4. Employee. (a) The term shall mean any person who performs services for an employer as defined in Section 3 hereof.

(b) employee shall belong to either:

- (1) The public sectors comprising the employed workers who are covered by the GSIS, including the members of the Armed

Forces of the Philippines (see *Circular No. 06-709, p. 105*), elective officials who are receiving regular salary, and any person employed as casual, emergency, temporary, substitute or contractual.

(2) The private sector comprising the employed workers who are covered by the SSS.

SECTION 5. Foreign employment. (a) Filipinos working abroad in the service of an employer as defined in Section 3 hereof shall be covered by the System, and entitled to the same benefits as are provided for employees working in the Philippines.

(b) Medical services, including appliances and supplies for Filipinos employed abroad rendered or provided in such place of employment, shall be paid in accordance with, and subject to the limitations fixed in, these Rules; provided that the Rules on Accreditation shall not apply in these cases.

(c) The notice requirement under these Rules shall not be strictly applied.

(d) Medical certifications of physicians, and statement of accounts of hospitals, when duly authenticated, are acceptable as basis for payment, provided that the standard and rates payable by the System shall be those provided for under these Rules.

SECTION 6. Effectivity. (a) Coverage of employers shall take effect on the first day of operation but not earlier than January 1, 1975.

(b) Coverage of employees shall take effect on the first day of employment.

RULE II - REGISTRATION

SECTION 1. Requirement. (a) Every employer shall register with the System by accomplishing the prescribed forms.

(b) Every employee shall be registered with the System through his employer by accomplishing the prescribed forms.

SECTION 2. GSIS. - The following guidelines shall apply to the public sector.

(1) Every employer operating before January 1, 1975 shall register not later than March 31, 1975;

- (2) Every employer operating on or after January 1, 1975 shall register within one month from the first day of operation, and
- (3) Every employee shall be registered through his employer within one month from the date of employment.

SECTION 3. SSS. (a) The following guidelines shall apply to the private sector:

- (1) Every employer already registered need not register again, for he is automatically registered;
- (2) Every employer not yet registered shall register not later than the first day of operation;
- (3) Every employee already registered need not register again, for he is automatically registered.
- (4) Every employee not yet registered shall register not later than the date of employment; and
- (5) Only one registration is needed for SSS, Medicare and Employees' Compensation.

(b) In case the employee has not yet been registered, he shall be reported by his employer according to the following guidelines:

- (1) Every employer already registered need not register again, for he is automatically registered.
- (2) Every newly hired employee shall be reported by his employer not later than 30 days from the date of employment; and
- (3) Every employee shall be deemed as having been duly reported for coverage if the System has received a written communication about him from his employer or an EC contribution paid in his name by his employer, before a compensable contingency occurs.

SECTION 4. Penalty. - Any violation under this Rule shall be penalized as follows:

- (1) In case of failure or refusal to register employees, the employer or responsible official who committed the violation shall be punished with a fine of not less than P1,000 nor more than P10,000 and/or imprisonment for the duration of the violation or non-compliance or until such time that rectification of the vio-

lation has been made, at the discretion of the Court.

- (2) In case a compensable contingency occurs after 30 days from employment and before the System receives any report for coverage about the employee or EC contribution on his behalf, his employer shall be liable to the System for the lump sum equivalent of the benefits to which he or his dependents may be entitled.

RULE III - COMPENSABILITY

SECTION 1. Grounds. (a) For the injury and the resulting disability or death to be compensable, the injury must be the result of accident arising out of and in the course of the employment. (ECC Resolution No. 2799, July 25, 1984).

(b) For the sickness and the resulting disability or death to be compensable, the sickness must be the result of an occupational disease listed under Annex "A" of these Rules with the conditions set therein satisfied, otherwise, proof must be shown that the risk of contracting the disease is increased by the working conditions.

(c) Only injury or sickness that occurred on or after January 1, 1975 and the resulting disability or death shall be compensable under these Rules.

SECTION 2. Occupational diseases. (a) The diseases listed in Annex "A" of these Rules are occupational when the nature of employment is as described therein.

(b) The employer shall require pre-employment examination of all prospective employees; provide periodic medical examination to employees who are exposed to occupational diseases and take such other measures as may be necessary.

(c) The periodic medical examination for the early detection of occupational diseases shall be in accordance with the minimum standards prescribed in Annex "B" hereof.

SECTION 3. Authority of the Commission. - The Commission is hereby authorized to determine and approve additional occupational diseases and work-related illnesses with specific criteria based on peculiar hazards of employment.

RULE IV - LIABILITY

SECTION 1. Limitation. - No compensation shall be allowed to the employee or his dependents when the injury, sickness, disability or death was occasioned by any of the following:

- (1) his intoxication;
- (2) his willful intention to injure or kill himself or another; or
- (3) his notorious negligence.

SECTION 2. Extent of Liability. (a) Unless otherwise provided, the liability of the State Insurance Fund, shall be exclusive and in place of all other liabilities of the employer to the employee or his dependents or anyone otherwise entitled to receive damages on behalf of the employee or his dependents.

(b) The payment of compensation under this Title shall not bar the recovery of benefits as provided for in Section 699 of the Revised Administrative Code, Commonwealth Act numbered 186, as amended, Republic Act numbered eleven hundred sixty one, as amended, Republic Act numbered six hundred ten, as amended, Republic Act numbered forty-eight hundred sixty-four, as amended, and other laws whose benefits are administered by the System or by other agencies of the government. (ECC Resolution No. 2799, July 25, 1984).

SECTION 3. Third parties. - When disability or death is caused by circumstances creating a legal liability against a third party, the disabled employee or the dependents in case of his death shall be paid benefit from the System under these Rules. In case benefit is claimed and allowed under these Rules, the System shall be subrogated to the rights of the disabled employee or the dependents in case of his death in accordance with existing laws.

SECTION 4. Unauthorized changes. - The System shall not be liable for compensation for unauthorized changes in medical services, appliances, supplies, hospitals, rehabilitation services or physicians.

Should there be any reason for such changes, the employee or his dependents shall notify the System and secure its prior consent before the change may be effected.

SECTION 5. Medical reports. (a) An employee enjoying temporary total disability benefits shall submit to the System a monthly medical report on his disability certified by his attending physician, otherwise his

benefit shall be suspended until such time that he complies with this requirement.

(b) An employee enjoying permanent disability benefit where the disability resulted from a disease shall submit to the System a quarterly medical report on his disability certified by his physician, otherwise his benefit shall be suspended until such time that he complies with his requirement.

RULE V - EMPLOYER’S CONTRIBUTION

SECTION 1. Rate and amount. - Subject to the following conditions, contributions under this Rules shall be paid in their entirety by the employer and any contract or device for the deduction of any portion thereof from the wages or salary of the employees shall be null and void:

(1) For a covered employee in the public sector, his employer shall remit to the GSIS a monthly contribution equivalent to one percent of the actual wages or salary received by him as of the last day of the month but not to exceed P30 per employee. (ECC Resolution No. 1451 dated December 27, 1979).

(2) For a covered employee in the private sector, his employer shall remit to the SSS a monthly contribution equivalent to one percent of his monthly salary credit as of the last day of the month, in accordance with the following schedule:

Salary Bracket	Range of Wage or Salary			Monthly Salary Credit	Employer's Contribution
I	P 1	-	P 49.99	P 25	P 0.25
II	50	-	99.99	75	0.75
III	100	-	149.99	125	1.25
IV	150	-	199.99	175	1.75
V	200	-	249.99	225	2.25
VI	250	-	349.99	300	3.00
VII	350	-	499.99	425	4.25

Salary Bracket	Range of Wage or Salary			Monthly Salary Credit	Employer's Contribution
VIII	500	-	699.99	600	6.00
IX	700	-	899.99	800	8.00
X	900	-	over	1,000-3,000	10.00

*Amended by B.R. No. 06-08-70 dated 31 August 2006, pertinent provision herewith quoted as follows:

“Now, therefore, be it resolved, to amend Rule V, Section 1, paragraph 2 of the Amended Rules on Employees’ Compensation by adopting a rate of employers’ contribution which is fixed at P10/employee/month for employees with Monthly Salary Credits (MSC) of Fourteen Thousand Five Hundred Pesos (P14,500.00) and below, and a contribution rate of 0.2% of the monthly salary credit for employee with MSC of Fifteen Thousand Pesos (P15,000.00).”

(3) When a covered employee dies during employment, or is separated from employment, his employer’s obligation to pay the monthly contribution arising from that employment shall cease on the last day of the month of contingency.

(4) When a covered employee becomes disabled during employment, his employer’s obligation to pay the monthly contribution arising from that employment shall be suspended during such months that he is not receiving salary or wages.

(5) No refund of contribution shall be allowed under these Rules.

SECTION 2. Remittance. - Contributions shall start in January 1975 and every month thereafter for as long as the employee has earnings. The initial contribution for the month of January 1975 shall be remitted by the employer to the System in February 1975, unless some other arrangement has been agreed by the System and the employer.

SECTION 3. Penalty. - Any violation of the provisions on contribution under these Rules shall be penalized as follows:

(1) Any employer who is delinquent in his contributions shall be liable to the System for the benefits which may have been paid to his employees or their dependents, and any benefit and expenses to which such employer is liable shall constitute a preferred lien on all his property, real or personal, over any credit except taxes:

(2) The payment by the employer of the lump sum equivalent of such liability shall absolve him from the payment of the delinquent contributions due and payable during the calendar year of the contingency and penalty thereon with respect to the employee concerned, but said employer shall be subject to criminal liability;

(3) In case of such delinquency the employer or responsible official who committed the violation shall be punished with a fine of not less than P1,000 nor more than P10,000 and/or imprisonment for the duration of the violation or non-compliance or until such time that a rectification of the violation has been made, at the Court's discretion;

(4) If any contribution is not paid to the SSS as prescribed under these Rules, the employer shall pay besides the contribution a penalty thereon of 3 percent a month from the date of the contribution falls due until paid.

Note: Under ECC Resolution No. 1243 dated Jan. 18, 1979, the System shall pay the employee or his dependents all benefits due them under PD 626, as amended, without prejudice on its part to proceed against the erring employer.

RULE VI - DEFINITIONS RELATED TO CREDITED EARNINGS

SECTION 1. Quarter. - A period of three consecutive calendar months ending on the last day of March, June, September and December.

SECTION 2. Semester. - A period of two consecutive quarters ending in the quarter of contingency.

SECTION 3. Monthly salary credit. - The wage base for contributions or the actual salary, as provided in Section 1 of Rule V hereof. If earnings are derived from more than one employment, it shall be determined on the basis of the aggregate earnings from all employments, but not exceeding P1,000 in the case of SSS and P3,000 in the case of GSIS.

SECTION 4. Wages or Salary. - Insofar as they refer to the computation of benefits, means the monthly remuneration as defined in Republic Act No. 1161, as amended, for SSS and Presidential Decree No. 1146, as amended, for GSIS, respectively, except that part in excess of Three Thousand Pesos. (ECC Resolution No. 3682, Dated July 21, 1987).

SECTION 5. Average monthly salary credit. (a) In the case of the SSS, it is the result obtained by dividing the sum of the monthly salary credits in the 60-month period immediately preceding the semester of death, or permanent disability, injury or sickness, by the number of months of coverage in the same period, except:

- (1) Where death or permanent disability falls within 18 months from the month of coverage, it is the result obtained by dividing the sum of all monthly salary credits paid prior to the month of death or permanent disability by the number of calendar months of coverage in the same period, and
- (2) Where death or permanent disability falls within the month of coverage, it is the actual salary received during the calendar month or its corresponding monthly salary credit.

(b) The day of injury or sickness which caused the disability shall be vested as the reckoning date for the purpose of computing the average monthly salary credit.

(c) In the case of the GSIS, the average monthly salary credit is the quotient after dividing the aggregate compensations received by the member or employee for the last three years immediately preceding his death, permanent disability, injury or sickness, by the number of months he received said compensation, or three thousand pesos, whichever is smaller.

SECTION 6. Average daily salary credit. (a) In the case of the SSS, it is the result obtained by dividing the sum of the 6 highest monthly salary credits in the 12-month period immediately preceding the semester of sickness by 180, except for the following cases:

- (1) Where the injury falls within 12 calendar months from the month of coverage, it is the result obtained by dividing the sum of all monthly salary credits by 30 and by the number of months of coverage, excluding the month of injury; and
- (2) Where the injury falls within the month of coverage, it is the actual salary received during the calendar month or its corresponding monthly salary credit divided by 30.

(b) In the case of the GSIS, the average daily salary credit shall be determined as follows:

- (1) If the salary or wage is based on an hourly rate, it is the hourly rate times the number of hours required to work

during the month of contingency divided by 22.

- (2) If the salary or wage is based on a daily rate, it is the daily rate times the number of days required to work per month divided by 22.
- (3) If the salary or wage is based on a monthly rate, it is the monthly rate divided by 22.
- (4) If the employee has worked for less than one month, his daily salary credit is the actual daily wage or salary of the monthly wage or salary divided by the actual number of days worked during the month of contingency.

SECTION 7. Replacement ratio. - In the case of the SSS, it is the sum of the twenty percent and the quotient obtained by dividing three hundred by the sum of three hundred forty and the average monthly salary credit.

SECTION 8. Credited years of service. - For a member covered prior to January 1975, nineteen hundred seventy five minus the calendar year of coverage, plus the number of calendar years in which six or more contributions have been paid from January 1975 up to the calendar year containing the semester prior to the contingency. For a member covered in or after January 1975, the number of calendar years in which six or more contributions have been paid from the year of coverage up to the calendar year containing the semester prior to the contingency.

SECTION 9. Monthly income benefit. (a) In the case of the SSS, it is the amount equivalent to one hundred fifteen percent of the sum of:

The average monthly salary credit multiplied by the replacement ratio and one and a half percent of the average monthly salary credit for each credited year of service in excess of ten years: **Provided**, That the monthly income benefit shall in no case be less than P250. **Provided, However**, That the monthly pension of surviving pensioners shall be increased automatically and simultaneously to the extent that 15% difference in monthly income benefit between EC and GSIS, be maintained. (LOI 1286) (ECC Resolution No. 2799, July 25, 1984).

(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).

RULE VII – BENEFITS

SECTION 1. Types of benefits. - The benefits under Employees Compensation are in the form of income or services, and consist of the following:

- (1) Medical services, appliances and supplies;
- (2) Rehabilitation services;
- (3) Temporary total disability benefit;
- (4) Permanent total disability benefit;
- (5) Permanent partial disability benefit;
- (6) Death benefit; and
- (7) Funeral benefit.

SECTION 2. Disability. (a) A total disability is temporary if as a result of the injury or sickness the employee is unable to perform any gainful occupation for a continuous period not exceeding 120 days, except as otherwise provided for in Rule X of these Rules.

(b) A disability is total and permanent if as a result of the injury or sickness the employee is unable to perform any gainful occupation for a continuous period exceeding 120 days, except as otherwise provided for in Rule X of these Rules.

(c) A disability is partial and permanent if as a result of the injury or sickness the employee suffers a permanent partial loss of the use of any part of his body.

SECTION 3. Income benefit. - The disability or death resulting from the injury or sickness is compensable by cash payments, and not the injury or sickness itself, except in the case of permanent partial disability.

SECTION 3-A. Income benefit for permanent partial disability. - In the case where the period covered for payment of income benefit for permanent partial disability does not exceed twelve months, the System may pay in lump sum or in monthly pension, otherwise income benefit shall be paid in monthly pension.

SECTION 4. Services. - The injury or sickness is compensable by medical services, appliances, supplies and rehabilitation services.

SECTION 5. Deprivation. - No contract, regulation or device whatsoever shall operate to deprive the employee or his dependents of any part of the income benefits, and medical or related services, except as provided under these Rules. Existing medical services being provided by the employer shall be maintained and continued to be enjoyed by his employees.

SECTION 6. Prescriptive period. - No claim for compensation shall be given due course unless said claim is filed with the System within three years from the time the cause of action accrued. (ECC Resolution No. 2799, July 25, 1984).

RULE VIII - MEDICAL SERVICES, APPLIANCES AND SUPPLIES

SECTION 1. Condition to entitlement. - Any employee shall be entitled to such medical services, appliances and supplies as the nature of his disability and the progress of his recovery may require, subject to the expense limitation as contained in Annex "C" hereof, if all of the following conditions are satisfied.

- (1) He has been duly reported to the System;
- (2) He sustains an injury or contracts sickness; and
- (3) The System has been duly notified of the injury or sickness.

SECTION 2. Period of Entitlement. - The medical services, appliances and supplies shall be provided to the afflicted employee beginning on the first day of the injury or sickness, during the subsequent period of his disability, and as the progress of his recovery may require, subject to Section 5 of Rule IV.

SECTION 3. Extent of Services. (a) The employee is entitled to the benefits only for the ward services of an accredited hospital and accredited physician. However, if the employee chooses accommodations better than ward services the excess of the total amount of expenses incurred over the benefits provided under Annex "C" hereof, shall be borne by the employee. For this purpose, "ward" means a hospital room that can accommodate 6 or more patients.

(b) The hospital shall provide all the medicines, drugs or supplies necessary for the treatment of the employee.

All reimbursements of medicines under P.D. 626, as amended, shall be in accordance with the amount that may be prescribed under Republic Act No. 9502 and its Implementing Rules and Regulations. *(as provided under Board Resolution No. 09-09-134, September 25, 2009)*

(c) Payments shall be made directly to the providers of such services in such amount as are prevailing in the community for similar services or provided under the schedule set forth in Annex "C" of these Rules, whichever is less.

RULE IX - REHABILITATION SERVICES

SECTION 1. Definition of terms. - As used in this Rule unless otherwise indicated by the context, the following definition of terms are hereby adopted.

(a) **Rehabilitation** - The process by which there is provided a balanced program of remedial treatment, vocational assessment and preparation designed to meet the individual needs of each handicapped employee to restore him to suitable employment, including assistance as may be within its resources to help each rehabilitee to develop his mental, vocational or social potential.

(b) **Rehabilitee** - A disabled individual undergoing rehabilitation (student-rehabilitee or trainee) or who has finished a prescribed course in rehabilitation in which he is known as a graduate rehabilitee or trainee.

(c) **Rehabilitation Center** - An organized service of varied rehabilitation measures usually located in one site for the rehabilitation of disabled individuals. (Example: the WRCC-the Center).

(d) **Rehabilitation Facility** - An organized service offering one or more types of service for the rehabilitation of the handicapped individual.

(e) **Governing Board** - For this purpose, the Workers Rehabilitation Center Complex shall receive policy guidance from and shall be under the general management of, the Employees' Compensation Commission, which is hereby constituted as its Governing Board.

Whenever necessary, the Governing Board may create an Advisory Council that shall act as a Consultative and Advisory Body, to be composed of representatives from the National Commission on Rehabilitation, the Ministry of Health, the Institute of Public Health of the University of the Philippines, and such other specialized association and organizations on rehabilitation as may be needed.

(f) **Placement Officer** - A person practicing the allied medical profession or discipline specialized in psychology of the handicapped and whose responsibility is to personally advise and guide the disabled individual to acceptance into a job.

(g) **Suitable Employment** - Remunerative occupation giving the rehabilitee earning at least equal to the statutory minimum wage.

SECTION 2. Nature and effectivity of coverage.

(a) Coverage under this Rule shall be voluntary.

(b) Coverage under this Rule shall take effect upon completion of registration.

SECTION 3. Condition to entitlement. - Any employee shall be entitled to rehabilitation services, if all of the following conditions are satisfied:

(1) He has been reported to the System;

(2) He sustains a permanent disability as a result of a compensable injury or sickness as a defined in these Rules. Provided, that all employees who sustained temporary disability as a result of a work-connected contingency shall also be entitled to rehabilitation services. *(as amended by Board Resolution No. 11-04-11, April 28, 2011)*

(3) He has not been placed in suitable employment.

SECTION 4. Period of entitlement. - Rehabilitation services shall be provided during the period of the disability unless such services are suspended or terminated under any of the following conditions:

(1) Upon suitable employment;

(2) Upon suspension or termination of such services by the Rehabilitation Center;

(3) By self-termination.

SECTION 5. Extent of services. - Rehabilitation services shall consist of medical-surgical management, hospitalization, necessary appliances and supplies, vocational training and assistance for placement. **(Transportation allowances** * between place of residence and the rehabilitation facility, lunch, and dormitory allowances in appropriate cases may be included in the extent of services).

SECTION 6. Rehabilitation Centers. - There shall be established a Workers Rehabilitation Center Complex, and such other rehabilitation centers or services as the needs of occupationally disabled employees, whether from private or public sector, may require.

**Meal and Transportation allowance was increased from One Thousand Eight Hundred pesos (P1,800.00) to Two Thousand Five Hundred pesos (P2,500.00). (As provided under Board Resolution No. 10-10-158, October 20, 2010).*

SECTION 7. Accreditation of Rehabilitation Facilities. - Hospitals accredited under Rule XVII of these Rules; rehabilitation facilities, vocational and training centers and their personnel participating in the work of rehabilitation accredited by the Philippine Academy of Rehabilitation Medicine (PARM) may apply for accreditation.

SECTION 8. Liability limitations. - The System shall not be legally responsible when the injury, sickness, disability or death during the rehabilitation is occasioned by any of the following:

- (1) His intoxication,
- (2) His willful intention to injure or kill himself or another;
- (3) His notorious negligence.

SECTION 9. Suspension, termination and appeal.

(a) Grounds - For adequate and duly proven causes and upon recommendation of the rehabilitation counselor, the student-rehabilitee may be suspended or terminated by the Center.

(b) Appeal - The decision of the Center may be appealed within 15 days from notice thereof to the Governing Board whose decision shall be final and executory.

SECTION 10. Placement. - Arrangement for placement of the rehabilitee shall be an integral part of the rehabilitation program.

SECTION 11. Participation of the System. - As incentive to the participating employers in the on-the-job training and possible employment of the rehabilitee, the System may enter into agreement with the employer to participate in the payment of wages of the placed rehabilitee as follows:

- (1) 50% of the wages for the first two weeks after the start of the on-the-job training;
- (2) 25% of the wages for the third and fourth weeks of the on-the-job training;
- (3) 10% of the wages for the fifth and sixth weeks of the on-the-job training;

(4) 0% of the wages for the rest of the period of the on-the-job training.

SECTION 12. Reports. - Reports to the Governing Board on the progress of activities of rehabilitation program shall be submitted by the Center once every 3 months as often as necessary.

RULE X - TEMPORARY TOTAL DISABILITY

SECTION 1. Condition to entitlement. - An employee shall be entitled to an income benefit for temporary total disability if all of the following conditions are satisfied:

- (1) He has been duly reported to the System;
- (2) He sustains the temporary total disability as a result of the injury or sickness, and
- (3) The System has been duly notified of the injury or sickness which caused his disability.

His employer shall be liable for the benefit if such illness or injury occurred before the employee is duly reported for coverage to the System.

SECTION 2. Period of entitlement. (a) The income benefit shall be paid beginning on the first day of such disability. If caused by an injury or sickness it shall not be paid longer than 120 consecutive days except where such injury or sickness still requires medical attendance beyond 120 days but not to exceed 240 days from onset of disability in which case benefit for temporary total disability shall be paid. However, the System may declare the total and permanent status at any time after 120 days of continuous temporary total disability as may be warranted by the degree of actual loss or impairment of physical or mental functions as determined by the System.

(b) After an employee has fully recovered from an illness as duly certified to by the attending physician the period covered by any relapse he suffers, or recurrence of his illness, which results in disability and is determined to be compensable, shall be considered independent of, and separate from, the period covered by the original disability. Such a period shall not be added to the period covered by his original disability in the computation of his income benefit for temporary total disability (TTD). (ECC Resolution No. 1029, August 10, 1978).

SECTION 3. Amount of benefit. - Any employee entitled to benefit for temporary total disability shall be paid an income benefit equivalent to 90 percent of his average daily salary credit, subject to the following conditions:

(1) The daily income benefit shall not be less than P10.00 or more than P90.00 nor paid longer than 120 days for the same disability, unless the injury or sickness requires more extensive treatment that lasts beyond 120 days, but not to exceed 240 days from onset of disability, in which case he shall be paid benefit for temporary total disability during the extended period.

(2) The monthly income benefit shall be suspended if the employee fails to submit a monthly medical report certified by its attending physician as required under Sec. 5 of Rule IV hereof.(Resolution No. 3682, July 21, 1987).

RULE XI - PERMANENT TOTAL DISABILITY

His employer shall be liable for the benefit if such injury or sickness occurred before the employee is duly reported for coverage to the System.

SECTION 1. Condition to entitlement. (a) An employee shall be entitled to an income benefit for permanent total disability if all of the following conditions are satisfied:

(1) He has been duly reported to the System;

(2) He sustains the permanent total disability as a result of injury or sickness; and

(3) The System has been duly notified of the injury or sickness which caused his disability.

(b) The following total disabilities shall be considered permanent:

(1) Temporary total disability lasting continuously for more than 120 days, except as otherwise provided for in Rule X hereof.

(2) Complete loss of sight of both eyes;

(3) Loss of two limbs at or above the ankle or wrist;

(4) Permanent complete paralysis of two limbs.

(5) Brain injury resulting in incurable imbecility and insanity, and

(6) Such cases as determined by the System and approved by the Commission.

SECTION 2. Period of entitlement.

(a) The full monthly income benefit shall be paid for all compensable months of disability.

(b) After the benefit under the Employees' Compensation shall have ceased as provided under the preceding paragraph, and if the employee is otherwise qualified for benefit for the same disability under another law administered by the System, he shall be paid a benefit in accordance with the provisions of that law. This paragraph applies to contingencies which occurred prior to May 1, 1978.

(c) Except as otherwise provided for in other laws, decrees, orders or letters of instructions, the monthly income benefit shall be guaranteed for 5 years and shall be suspended (see Annex "J") under any of the following conditions:

(1) Failure to present himself for examination at least once a year upon notice by the System;

(2) Failure to submit a quarterly medical report certified by his attending physician as required under Sec. 5 of Rule IV hereof;

(3) Complete or full recovery from his permanent disability, or

(4) Upon being gainfully employed.

SECTION 3. Amount of benefit. (a) In the case of the SSS:

(1) Any employee entitled to permanent total disability benefit shall be paid by the System a monthly income benefit as defined in Sec. 9 (a), Rule VI of these Rules.

(b) The number of months of paid coverage shall be the number of monthly contributions remitted to the System including contributions other than for Employees' Compensation if paid before March 31, 1975. The full monthly income benefit shall be paid for all compensable months of disability.

(c) The first day preceding the semester of temporary total disability shall be considered for purposes of computing the monthly income benefit for permanent total disability.

SECTION 4. Amount of benefit for dependent children.

(a) Each dependent child, but not exceeding five, counted from the youngest and without substitution, shall be entitled to 10 percent of the monthly income benefit of the employee. These Rules shall not apply to causes of action which accrued before May 1, 1978.

SECTION 5. Entitlement to the new income benefit under PD 1641. (a) The new amount of the monthly income benefit computed under these amended Rules shall be applicable to all contingencies occurring on or after January 1, 1980. However, for contingencies which occurred before May 1, 1978, the limitation of P12, 000 or 5 years, whichever comes first, shall be enforced.

In the case of the SSS, the present monthly income benefit of current pensioners shall be increased by 20 percent effective January 1, 1980.

In case of the GSIS, the monthly income benefit of current pensioners shall be adjusted and recomputed to reflect the 20 percent increase over the benefit under PD 1146 effective January 1, 1980.

SECTION 6. Aggregate monthly benefit payable. - Except the benefit to dependent children under Section 4 of this Rule, the aggregate monthly benefit payable, in the case of the GSIS, shall in no case exceed the monthly wage or salary actually received by the employee as of the date of his permanent total disability. (ECC Resolution No. 2819, August 9, 1984).

RULE XII - PERMANENT PARTIAL DISABILITY

SECTION 1. Condition to entitlement. (a) An employee shall be entitled to an income benefit of permanent partial disability if all of the following conditions are satisfied:

- (1) He has been duly reported to the System;
- (2) He sustains the permanent partial disability as a result of the injury or sickness; and
- (3) The System has been duly notified of the injury or sickness which caused his disability.

His employer shall be liable for the benefit if such injury or sickness

occurred before the employee is duly reported for coverage to the System.

(b) For purposes of entitlement to income benefits for permanent partial disability, a covered employee shall continue to receive the benefits provided thereunder even if he is gainfully employed and receiving his wages or salary.

SECTION 2. Period of entitlement. (a) The income benefit shall be paid beginning on the first month of such disability, but not longer than the designated number of months in the following schedule:

Complete and permanent loss of the use of	No. of Months
One thumb	10
One index finger	8
One middle finger	6
One ring finger	5
One little finger	3
One big toe	6
Any toe	3
One arm	50
One hand	39
One foot	31
One leg	46
One ear	10
Both ears	20
Hearing of one ear	10
Hearing of both ears	50
Sight of one eye	25

A worker who sustained work-related injuries that resulted to functional loss and/or physical loss of any part of his body shall be granted Temporary Total Disability (TTD) and Permanent Partial Disability (PPD) benefits successively.

Any earlier compensation for TTD that may have been paid to an injured worker shall not be deducted from the PPD benefit that may be

later granted to him. (as provided under Board Resolution No. 10-09-114, September 2, 2010)

(b) A loss of a wrist shall be considered a loss of the hand, and a loss of an elbow shall be considered a loss of the arm; a loss of an ankle shall be considered a loss of the foot, and a loss of a knee shall be considered a loss of the leg, a loss of more than one joint shall be considered a loss of the whole finger or toe, and a loss of only the first joint shall be considered a loss of one-half of the whole finger or toe. Other permanent partial disabilities shall be determined by the Medical Officer of the System.

(c) The degree of permanent disability shall be equivalent to the ratio that the designated number of compensability bears to 75.

SECTION 3. Amount of benefit. (a) Any employee entitled to permanent partial disability benefit shall be paid by the System a monthly income benefit for the number of months indicated in Section 2 hereof. If the indicated number of months exceed twelve, the income benefit shall be paid in monthly pension; otherwise, the System may pay income benefit in lump sum or in monthly pension.

(b) In case of permanent partial disability less than the total loss of the member, the same monthly income shall be paid for a portion of the period established for the total loss of the member in accordance with the proportion that the partial loss bears to the total loss. If the result is a decimal fraction, the same shall be rounded off to the next higher integer.

(c) In case of simultaneous loss of more than one member or a part thereof, the same monthly income shall be paid for a period equivalent to the sum of the periods established for the loss of the member or part thereof but not exceeding 75. If the result is a decimal fraction, the same shall be rounded off to the higher integer.

(d) The new amount of the monthly income benefit computed under these amended Rules shall be applicable to all contingencies occurring on or after January 1, 1980. However, for contingencies which occurred before May 1, 1978, the limitation of P12, 000 or 5 years, whichever comes first, shall be enforced.

In the case of the SSS, the present monthly income benefit of current pensioners shall be increased by 20 percent effective January 1, 1980.

In the case of the GSIS, the monthly income benefits of current pen-

sioners shall be adjusted and recomputed to reflect the 20 percent increase over the benefit under PD 1146 effective January 1, 1980.

SECTION 4. Unlisted injuries and illnesses.

(a) In cases of injuries or illnesses not listed in the schedule under Section 2 hereof, the benefit shall be an income benefit equivalent to the percentage of the permanent loss of the capacity for work. (Non-Scheduled Disabilities).

RULE XIII - DEATH

SECTION 1. Condition to entitlement. (a) The beneficiaries of a deceased employee shall be entitled to an income benefit if all of the following conditions are satisfied:

- (1) The employee has been duly reported to the System;
- (2) He died as a result of an injury or sickness; and

(3) The System has been duly notified of his death, as well as the injury or sickness which caused his death. His employer shall be liable for the benefit if such death occurred before the employee is duly reported for coverage to the System.

(b) If the employee has been receiving monthly income benefit for permanent total disability at the time of his death, the surviving spouse must show that the marriage has been validly subsisting at the time of his disability.

SECTION 2. Period of entitlement.

A. For Primary Beneficiaries:

(a) The income benefit shall be paid beginning at the month of death and shall continue to be paid for as long as the beneficiaries are entitled thereto.

(b) The monthly income benefit shall be guaranteed for five years which in no case shall be less than fifteen thousand pesos (P15,000.00). Thereafter, the beneficiaries shall be paid the monthly income benefit for as long as they are entitled thereto. (ECC Resolution No. 2799, July 25, 1984).

B. For Secondary Beneficiaries:

(a) The income benefit shall be sixty (60) times the monthly income

benefit of a primary beneficiary which in no case be less than P 15,000.00, which shall likewise be paid in monthly pension. (ECC Resolution No. 2799, July 25, 1984).

SECTION 3. Amount of benefit. (a) In the case of primary beneficiaries, the monthly income benefit shall be equivalent to the monthly income benefit for permanent total disability, which shall be guaranteed for five years, increased by ten percent for each dependent child but not exceeding 5, beginning with the youngest and without substitution: **Provided That**, The aggregate monthly benefit payable in the case of the GSIS shall in no case exceed the monthly wage or salary actually received by the employee at the time of his death; and **Provided Further**, That the minimum income benefit shall not be less than Fifteen Thousand Pesos (P15,000.00). The death benefit shall be paid during the entire period for which they are entitled thereto.

If the employee has been receiving income benefits for permanent total disability at the time of his death, the primary beneficiaries shall be paid the monthly income benefit equivalent to eighty percent plus the dependent's pension equivalent to 10 percent thereof for every dependent child but not exceeding five counted from the youngest and without substitution.

(b) In the case of secondary beneficiaries, the income benefit is payable in monthly pension which shall not exceed the period of 60 months and the aggregate income benefit shall not be less than P15,000.00.

If the employee has been receiving monthly income benefit for permanent total disability at the time of his death, the secondary beneficiaries shall be paid the monthly pension, excluding the dependent's pension of the remaining balance of the five year guaranteed period. (ECC Resolution No. 2799, July 25, 1984).

SECTION 4. Entitlement to the new income benefit under PD 1641. - The new amount of the monthly income benefit computed under these amended Rules shall be applicable to all contingencies occurring on or after January 1, 1980. However, for contingencies which occurred before May 1, 1978, the limitation of P12,000 or 5 years, whichever comes first, shall be enforced.

In the case of the SSS, the present monthly income benefit of current pensioners shall be increased by 20 percent effective January 1, 1980.

In the case of the GSIS, the monthly income benefit of the current pensioners shall be adjusted and recomputed to reflect the 20 percent increase over the benefit under PD 1146 effective January 1, 1980.

SECTION 5. - The new amount of lump sum benefit computed under these Amended Rules shall be applicable to all contingencies occurring on or after May 1, 1980, otherwise entitlement thereto shall be governed by the immediately preceding Section.

RULE XIV - FUNERAL BENEFIT

SECTION 1. Entitlement to funeral benefit. - A funeral benefit of Three Thousand (P3,000.00) Pesos shall be paid upon the death of a covered employee or permanently totally disabled pensioner to one of the following:

- (a) the surviving spouse; or
- (b) the legitimate child who spent for the funeral services; or
- (c) any other person who can show incontrovertible proof or proof of his having borne the funeral expenses. (ECC Resolution No. 3682, July 21, 1987).

Note: ECC Res. No. 92-07-0032, dated July 8, 1992 increased the funeral benefit to private sector to eight thousand pesos (P8,000) effective May 1, 1992.

RULE XV - BENEFICIARIES

SECTION 1. Definition. (a) Beneficiaries shall be either primary or secondary, and determined at the time of employee's death.

- (b) The following beneficiaries shall be considered primary:
 - (1) The legitimate spouse living with the employee at the time of the employee's death until he remarries; and
 - (2) Legitimate, legitimated, legally adopted or acknowledged natural children, who are unmarried not gainfully employed, not over 21 years of age, or over 21 years of age provided that he is incapacitated and incapable of self - support due to physical or mental defect which is congenital or acquired during minority; Provided, further, that a dependent acknowledged natural child shall be considered as a primary beneficiary

only when there are no other dependent children who are qualified and eligible for monthly income benefit; provided finally, that if there are two or more acknowledged natural children, they shall be counted from the youngest and without substitution, but not exceeding five. (ECC Resolution No. 2799, July 25, 1984).

(c) The following beneficiaries shall be considered secondary:

- (1) The legitimate parents wholly dependent upon the employee for regular support;
- (2) The legitimate descendants and illegitimate children who are unmarried, not gainfully employed, and not over 21 years of age, or over 21 years of age provided that he is incapacitated and incapable of self - support due to physical or mental defect which is congenital or acquired during minority.

SECTION 2. Priority.

(a) Primary beneficiaries shall have priority claim to death benefit over secondary beneficiaries. Whenever there are primary beneficiaries, no death benefit shall be paid to his secondary beneficiaries.

(b) If the deceased employee has no primary beneficiaries at the time of his death, the death benefit shall be paid to his secondary beneficiaries.

(c) If the deceased employee has no beneficiaries at the time of his death, the death benefit shall accrue to the Employees' Compensation fund.

SECTION 3. - Primary beneficiaries shall be entitled to a monthly income benefit. In their absence, the secondary beneficiaries shall be entitled to a monthly income benefit not to exceed 60 months and the death benefit shall not be less than P15,000.00. (ECC Resolution No. 2799 dated July 25, 1984).

RULE XVI - EMPLOYER'S RECORDS AND NOTICES

SECTION 1. Notice by employee. - The notice of sickness, injury or

death shall be given to the employer by the employee, his dependents or anybody on his behalf, within 5 days from the occurrence of the contingency. Said notice is not necessary where the employer or his representative already had knowledge thereof, or the contingency occurred during working hours at the work place.

SECTION 2. Employer's logbook. - Every employer shall keep a logbook to record chronologically the sickness, injury or death of his employees, within 5 days from due notice thereof. (see Annex "H")

SECTION 3. Notice by employer. - The notice of sickness, injury or death for cases which the employer deems to be work-connected shall be submitted to the System by the employer within 5 days from due entry thereof in his logbook in a form prescribed by the System.

SECTION 4. Visitorial power. - The employer's logbook shall be made available for inspection to any duly authorized representative of the System during working hours.

SECTION 5. Penalty. - Any employer who fails to record in his logbook the sickness, injury or death of any of his employees within 5 days from knowledge or receipt of due notice thereof as prescribed herein, gives false information or withholds material information already in his possession, shall be liable to 50 percent of the lump sum equivalent of the income benefit to which the employee may be found to be entitled and/ or a fine of not less than P500 nor more than P5,000 and imprisonment for not less than 6 months or more than one year, at the discretion of the Court. The sum paid by the employer under this Section shall accrue to the Employees' Compensation fund of the System.

RULE XVII - ACCREDITATION

SECTION 1. Minimum requirements for accreditation.

(a) A physician may be accredited for purposes of the Employees' Compensation Program upon his application if he is a doctor of medicine duly licensed to practice in the Philippines and an active member in good standing of the Philippine Medical Association.

(b) A hospital may likewise be accredited upon application if:

- (1) it is an institution primarily engaged in providing to in - patients, by or under the supervision of physicians, diagnostic and therapeutic services for their medical diagnosis,

treatment and care;

- (2) it is adequately equipped with facilities for physicians to treat injured or sick persons;
- (3) it maintains clinical records on all patients;
- (4) it has by-laws concerning its medical staff;
- (5) it provides 24-hour nursing services by itself or is supervised by a registered professional nurse; and has a licensed practical nurse or registered professional nurse on duty at all times;
- (6) it requires that every patient must be under the care of a physician;
- (7) it is licensed by the Bureau of Medical Services of the Ministry of Health;
- (8) it meets the health and safety requirements of the Ministry of Health and Ministry of Labor;
- (9) it maintains a utilization review committee as provided for in Section 3 of this Rule; and
- (10) it is a member in good standing of the Philippine Hospital Association.

(c) A rehabilitation facility may be accredited upon application if:

- (1) it is an institution engaged in providing to in - patients, by or under the supervision of physicians (specialized in rehabilitation medicine, in neurology, or in neuro-surgery, or in internal medicine, or in orthopedic surgery), diagnostic or therapeutic services in rehabilitation practice;
- (2) it is adequately equipped with facilities for physical medicine rehabilitation (PMR);
- (3) it maintains clinical records on all patients;
- (4) it has by-laws concerning its medical staff;
- (5) it requires that every patient must be under the care of a physician;
- (6) it is licensed by the Bureau of Medical Services of the Ministry of Health;
- (7) it meets the health and safety requirements of the Ministry of Health and Ministry of Labor and Employment; and
- (8) it maintains a Utilization Review Committee as provided

for in Section 3 of the Rules.

(d) The above requirements may be modified by the Commission from time to time as circumstances may warrant.

SECTION 2. Conditions on accredited hospitals or rehabilitation facilities and physicians or rehabilitation specialists.

(a) An accredited hospital or rehabilitation facility binds itself:

- (1) not to collect from the patient any amount for ward services;
- (2) to provide adequate services on a non-discriminating basis;
- (3) to limit charges for ward rates approved by the Commission, including, but not limited to, laboratory ward rates, laboratory facilities, x-rays, stools, drugs, medical attendance and the Relative Value Scale (RVS) for surgical procedures, etc.;
- (4) to abide by these rules on accreditation;
- (5) to have its house rules conform to the requirements of the Commission;
- (6) to subject its facilities to inspection at any time by duly authorized representatives of the Commission or the System.

(b) An accredited physician binds himself:

- (1) not to collect from the patient any amount for ward services,
- (2) to provide adequate services on a non-discriminating basis; and
- (3) to abide by these rules on accreditation.

SECTION 3. Utilization review. (a) Every hospital or rehabilitation facility shall have a Utilization Review Committee, composed of at least two physicians or rehabilitation specialists, to help assure the most effective use of rehabilitation facilities, hospitals and services by reviewing admissions each day on a sample basis and all long stay cases.

(b) The Committee shall decide in every specific case being reviewed, whether or not care in a hospital is medically necessary. In

every case, the Committee shall discuss its findings with the patient's doctor before making a decision.

(c) The Committee shall advise in writing the patient, his doctor and the hospital of its decision only if it has been decided that care in a hospital is not medically necessary, in which case no payment for room and board shall be made by the System.

SECTION 4. Coverage of services. (a) Payment for services shall ordinarily be made only to accredited rehabilitation facility or hospitals and accredited physicians.

(b) Non-accredited rehabilitation facility or hospitals and non-accredited physicians shall be paid only for emergency services. No payment can be made to them for services rendered after the emergency has ended.

SECTION 5. Emergency services. (a) Those services which are necessary to prevent the death or serious impairment of the health of the individual, and which necessitate the use of the most accessible hospital available and equipped to furnish such services.

(b) An emergency no longer exists when it becomes safe from a medical standpoint to move the patient to an accredited hospital, or to discharge him whichever occurs first.

(c) The determination that the patient's condition requires emergency services or that an emergency has ended shall be based on the physician's evaluation and, when appropriate, on the patient's medical record and other additional data furnished by the hospital.

(d) Claims filed by non-accredited hospital and non-accredited physicians for payment of emergency services shall be accompanied by a physician's statement.

(e) The physician's statement shall describe the nature of the emergency, furnish relevant clinical information about the condition of the patient, and state that the services rendered were necessary to prevent the death of the individual or the serious impairment of the health. A bare statement that an emergency existed is not sufficient.

(f) In addition, when in-patient services are involved, the statement shall include the date when, in the physician's judgment, the emergency ceased.

SECTION 6. Referral. - Immediately upon knowledge by the employer of his employee's injury or sickness at the work place, he shall, in addition to the medical and dental facilities which the pertinent provisions of the Code and these Rules on Accreditation may require him to furnish, cause the employee to be brought by the fastest available means of transportation to the duly accredited physician or hospital nearest or most accessible to the employee's place of work.

SECTION 7. Violation of conditions and requirements, penalties.

- (a) An accredited hospital or physician shall be discredited for violation of any of the conditions and requirements under Section 1 and 2 hereof without prejudice to the imposition of penalties under Rule XIX if applicable or to any other penalty which the Commission may impose.

(b) The cancellation or invalidation of accreditation of a physician or hospital shall be effective on the date of notice of the discreditation.

(c) In case of discreditation, the physician or the hospital shall carry the disqualification wherever its physical identity is found. Mere change of legal personality shall not defeat the disqualification imposed.

(d) Discreditation shall be lifted only on application and upon showing of good cause and effective upon approval by the Commission. As soon as accreditation is duly restored, the hospital or physician concerned shall be allowed to participate in the Employees' Compensation Program.

RULE XVIII - SETTLEMENT OF CLAIMS

SECTION 1. Services. (a) The claim for medical benefits shall be filed in a prescribed form by the accredited physician or accredited hospital directly with the System.

(b) The claim for emergency services shall be filed in a prescribed form by any physician or hospital.

SECTION 2. Income benefit. - The claim for income benefit shall be filed in a prescribed form by the employee, his dependents or his employer, on his behalf, directly with the System. Failure to file the claim within three years from the time the cause of action accrued, shall forever bar the right to benefits granted under these Rules. (ECC Resolution No. 2799, July 25, 1984).

SECTION 3. Adjudication. - Upon the receipt of the claim, the System shall process the same and determine whether or not the injury, sickness, disability or death is compensable.

When the disease or injury being claimed has been declared to be not work-connected but findings are also made that the employee has suffered or is suffering from other work-connected diseases or injuries, such incidental findings shall be evaluated by the System. (*as provided under Board Resolution No. 10-05-65, April 28, 2010*)

SECTION 4. Additional requirements. - If the supporting papers of the claim are insufficient to make proper determination, the System shall require the submission of additional proofs from the employee or his dependents, or from any office, entity or agency, public or private, or from any person, having knowledge of the contingency.

SECTION 5. Appeal. - Within 10 days from receipt of the letter of denial or the affirmation of the denial, as the case may be, the claimant shall inform the System in writing of his desire to appeal the decision of the System. Upon receipt of such appeal, the System shall within 5 days forward the entire record of the case to the Commission for review.

Note: Period of appeal was increased from ten (10) to thirty (30) days by rule IV.1 of Suppletory Rules.

RULE XIX - REVIEW BY THE COMMISSION

SECTION 1. Decision en banc. - Within 20 working days from receipt of an appealed case, the Commission shall review and decide said case. Four affirmative votes shall decide the case. However, if only a quorum of four members are present, 3 affirmative votes shall decide the case. No motion for reconsideration of the decision or resolution of the Commission **en banc** shall be entertained.

SECTION 2. Payment of awards. - Decisions, orders, or resolutions of the Commission **en banc** awarding compensation shall be complied with by the System within 15 days from receipt of the notice thereof.

SECTION 3. Other decisions. - In all other cases involving payments to be made by the employer, decisions, orders and resolutions of the Commission **en banc** which have become final and executory shall be enforced and executed in the same manner as decisions of the Court of First Instance, and the Commission shall have the power to issue to the City or Provincial Sheriff or to the Sheriff it may appoint, such writs

of execution as may be necessary for the enforcement of such decisions, orders or resolutions.

SECTION 4. Failure to comply. - Any person or persons who fail or refuse to comply with the writ of execution issued by the Commission shall be punished for contempt by the proper court. In the case of a corporation, trust, firm, partnership, association or any other entity, the manager or officer-in-charge when the offense was committed, shall be responsible.

RULE XX - PENALTIES

SECTION 1. Penalty for failure to install and maintain safety devices, etc. - The System shall determine for purposes of imposing the penalty provided in Art. 200 of the Code, whether the employee's sickness, injury or death was due to the failure of the employer to comply with any health and safety law, or failure to install and maintain safety devices in accordance with standards set by the Commission, or take other precautions for the prevention of the sickness, injury or death. The requisite standards shall be set by the Commission within 6 months after the effectivity of these Rules.

SECTION 2. Penal provisions.

(a) The penal provisions of R.A. 1161, as amended, and C.A. 186, as amended, with regard to the funds as are thereunder being paid to, collected or disbursed by the System shall be applicable to the collection, administration and disbursement of Employees' Compensation fund of the System. The penal provisions on coverage shall also be applicable.

(b) Any person who, for the purposes of securing entitlement to any benefit or payment under these Rules or the issuance of any certificate or document for any purpose whether for him or for some other persons, commits fraud, collusion, falsification, misrepresentation of facts or any other kind of anomaly shall be punished with a fine of not less than P5,000 and imprisonment for not less than 6 months nor more than one year, at the discretion of the court.

(c) If the act penalized is committed by any person who has been or is employed by the Commission or System or a recidivist, the imprisonment shall not be less than one year; if committed by a lawyer, physician, or other professional, he shall in addition to the penalty prescribed herein be disqualified from the practice of his profession; and if committed by an official, employee or personnel of the Commission, System or any other government agency, he shall in addition to the

penalty prescribed herein, be dismissed with prejudice to re-employment in the government service.

RULE XXI - IMPLEMENTING PROVISION

SECTION 1. Effectivity. - These amended Rules and Regulations shall take effect June 1, 1987.

APPROVED: July 21, 1987

(Sgd.) **FRANKLIN M. DRILON**
Chairman

(Sgd.) **FELICIANO R. BELMONTE**
Member

(Sgd.) **RAOUL M. INOCENTES**
Member

(Sgd.) **JOSE L. CUISIA, JR.**
Member

(Sgd.) **ALFREDO R. A. BENGZON**
Member

(Sgd.) **JORGE B. CONTRERAS**
Member

