



**OFFICE OF THE CORPORATE SECRETARY**

**EXACT COPY OF RES. NO. 125 ADOPTED BY THE GSIS BOARD OF TRUSTEES IN ITS MEETING NO. 21 HELD ON 24 NOVEMBER 2020**

**Approval of the 2019 Cash Benefit for Distribution to Compulsory Life Insurance Policyholders in 2020<sup>1</sup>**

**RESOLUTION NO. 125**

WHEREAS, the GSIS may grant cash benefits on an annual basis to qualified Compulsory Life Insurance policyholders, subject to the performance of the Social Insurance Fund (SIF), pursuant to Section 25 of Republic Act No. 8291 (GSIS Act of 1997), which states:

“Section 25. Dividends. – An annual dividend may be granted to all members of the GSIS whose life insurance is in force for at least one (1) year in accordance with a dividend allocation formula to be determined by the GSIS.”

RESOLVED, to **APPROVE** and **CONFIRM** the cash benefit for 2019 for distribution to Compulsory Life Insurance policyholders in 2020, in accordance with the following guidelines, as proposed by the Senior Vice President for the Actuarial and Risk Management Group in her memorandum dated 3 November 2020:

**Entitled to Cash Benefits:**

1. All active Compulsory Life Insurance policyholders whose life insurance coverage has been in force for at least one (1) year as of 31 December 2019 shall be entitled to full cash benefits.
2. Members whose compulsory policies matured in 2019 shall be entitled to proportionate cash benefits.

**Not Entitled to Cash Benefits:**

1. Members whose policies lapsed in 2019.
2. Members whose policies were terminated in 2019 due to death, retirement, or separation.
3. Members who have unpaid amortizations in their salary and consolidated loans for at least twelve

<sup>1</sup> Classification: Internal Use

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*Ruth Vasquez*  
MA. RUTH ALMIRA G. VASQUEZ  
Records Officer  
Office of the Corporate Secretary  
2 December 2020

(12) months and/or have unpaid premiums for at least twelve (12) months as of 31 December 2019.

RESOLVED FURTHER, to **APPROPRIATE** the amount of Three Hundred Thirty-Two Million Pesos (Php332,000,000.00) necessary for this purpose, charged to proper funds.

A copy of the formulas for the cash benefit distribution is made an integral part of this Resolution.

CERTIFIED CORRECT:

**ORIGINAL SIGNED**  
**ATTY. LUZ VICTORIA F. REYES-MORANDO**  
Corporate Secretary

CONFIRMED:

**ORIGINAL SIGNED**  
**LUCAS P. BERSAMIN**  
Chairman

**ORIGINAL SIGNED**  
**ROLANDO L. MACASAET**  
Vice Chairman

**ORIGINAL SIGNED**  
**WILFREDO C. MALDIA**  
Trustee

**ORIGINAL SIGNED**  
**JOCELYN DE GUZMAN CABREZA**  
Trustee

**ORIGINAL SIGNED**  
**ALAN R. LUGA**  
Trustee

**ORIGINAL SIGNED**  
**NINA RICCI A. YNARES-CHIONGBIAN**  
Trustee

**ORIGINAL SIGNED**  
**ANTHONY B. SASIN**  
Trustee

**ORIGINAL SIGNED**  
**KAHAR H. MACASAYON**  
Trustee

**ORIGINAL SIGNED**  
**CARLO ANTONIO B. ALMIRANTE**  
Trustee

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M.A. RUTH ALMIRA G. VASQUEZ  
Records Officer  
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**ANNEX- SIF Cash Benefit formulas with the appropriate “a” and “b” factor.**

*\*As agreed upon during the 9 November 2020 ROC meeting.*

**FORMULAS FOR 2020 SIF CASH BENEFIT DISTRIBUTION**

Let

- ${}_tV_x$  =  $t^{\text{th}}$  year terminal reserve as of December 31, 2019
- $F_x$  = cash dividend factor for age x per P1,000 Amount of Insurance
- $q_{x+t-1}$  = mortality rate at age  $x+t-1$
- $q_{x+t-1} * (1,000 - {}_tV_x)$  = cost of insurance for the year
- ${}_tTV_x$  =  $t^{\text{th}}$  year termination value as of Dec. 31, 2019
- APL = total automatic premium loan as of Dec. 31, 2019

1.1 For Pure Endowment

$$F_x = 0.0045 * {}_tV_x - 0.0045 * \text{APL}$$

1.2 For Insurance Plans Other than Term and Pure Endowment (including LEP converted to ELP after December 31, 2019)

$$F_x = 0.0045 * {}_tV_x + 0.5759 * q_{x+t-1} * (1,000 - {}_tV_x) - 0.0045 * \text{APL}$$

1.3 For Enhanced Life Policies (including LEP converted to ELP as of December 31, 2019)

$$F_x = 0.0045 * {}_tTV_x$$

1.4 For Compulsory Life Policies Which Matured in 2019:

Determine the month wherein maturity occurred.

The dividend formula is applied for the corresponding month the policy matured:

Month of Maturity	Dividend Formula
January	$F_x = 1/12 * 0.0045 * {}_tV_x$
February	$F_x = 2/12 * 0.0045 * {}_tV_x$
March	$F_x = 3/12 * 0.0045 * {}_tV_x$
April	$F_x = 4/12 * 0.0045 * {}_tV_x$
May	$F_x = 5/12 * 0.0045 * {}_tV_x$
June	$F_x = 6/12 * 0.0045 * {}_tV_x$
July	$F_x = 7/12 * 0.0045 * {}_tV_x$
August	$F_x = 8/12 * 0.0045 * {}_tV_x$
September	$F_x = 9/12 * 0.0045 * {}_tV_x$
October	$F_x = 10/12 * 0.0045 * {}_tV_x$
November	$F_x = 11/12 * 0.0045 * {}_tV_x$
December	$F_x = 12/12 * 0.0045 * {}_tV_x$

*Note: For Matured Policies,  ${}_tV_x$  = Amount of Insurance, i.e., the Terminal Reserve of Matured Policies is the Amount of Insurance also.*

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USING:

A. For Life Insurance of Justices

Hunter's Mortality Table at 4% for Endowment, Limited Payment and Whole Life Insurance regardless of date of issue and for Double Endowment issued up to April, 1963.

B. For compulsory/membership life insurance of all other members

⇒ *Issued prior to June 1, 1977*

- Same as **A** above

⇒ *Issued on or after June 1, 1977*

- 1958 CSO at 4% for all plans

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