



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Circular Letter No.:	2014 - 40
Date:	12 September 2014
Supersedes:	None

CIRCULAR LETTER

TO : ALL INSURANCE AGENTS

SUBJECT : COMPULSORY COVERAGE OF INSURANCE AGENTS IN THE SOCIAL SECURITY SYSTEM (SSS)

Section 9-A of Republic Act No. 1161, as amended, (The Social Security Law) requires the compulsory coverage of self-employed persons in the Social Security System (SSS), to wit:

“Section 9-A. Compulsory coverage of the Self-employed. Coverage in the SSS shall be compulsory upon self-employed persons as may be determined by the Commission under such rules and regulations as it may prescribe, including but not limited to the following:

1. All self-employed professionals;
xxx xxx xxx”

To implement the above-mentioned provision, the SSS issued Circular No. 195-T dated 26 November 1979. Under the said Circular, **self-employed insurance agents** registered with the Insurance Commission, who are not over 60 years of age, shall be subject to compulsory SSS coverage. For reference, a copy of SSS Circular No. 195-T is hereto attached as **Annex “A”**.

As clarified by the SSS in a letter dated August 26, 2014, a copy of which is hereto attached as **Annex “B”**, the term self-employed insurance agents refers to those who are considered as independent contractors and **does not cover those who are directly employed by insurance companies**.

Pursuant to the powers of this Commission under Section 307 of the Insurance Code, as amended, to regulate the profession of insurance agents and enjoin their compliance with various laws and regulatory rules promulgated by the government, it is hereby required that **all qualified self-employed insurance agents should register with the SSS.**

Effective January 01, 2015, all applications for new and renewal of licenses must indicate therein the social security number of the applicant upon the filing of the application. Any application which fails to indicate the SSS number will not be accepted by the Commission.

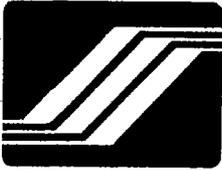
This Circular Letter shall supplement IC Circular Letter No. 12-2013 dated April 19, 2013 insofar as its application to insurance agents is concerned.

For strict compliance.



EMMANUEL F. DOOC
Insurance Commissioner

Encl.: A/S



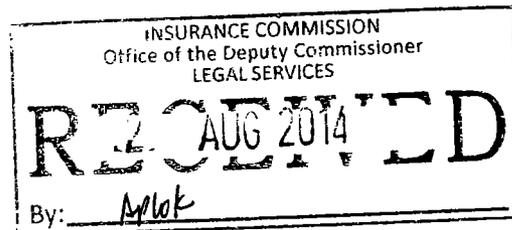
Republic of the Philippines
SOCIAL SECURITY SYSTEM

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**OFFICE OF THE SENIOR VICE PRESIDENT and
 CHIEF LEGAL COUNSEL**

26 August 2014

Hon. DENNIS B. FUNA
Deputy Insurance Commissioner for Legal
Insurance Commission
 1071 United Nations Ave.
 Ermita, Manila



Dear Deputy Ins. Commissioner Funa:

We refer to the meeting between representatives of the Social Security System (SSS) and the Insurance Commission (IC) held last 25 June 2014 regarding the implementation of the Memorandum of Agreement (MOA) executed by SSS and IC.

We understand that there are several matters in the MOA that you need clarification with, among them: (1) the basis of coverage of insurance agents; (2) scope of coverage of the MOA; and (3) SSS laws, regulations and rules on coverage of self-employed members.

Anent the first point of clarification, Republic Act (RA) No. 1161¹ did not include self-employed persons in the coverage of SSS. It was only upon promulgation of Presidential Decree (PD) 1636,² further amending RA 1161, that self-employed persons became subject to compulsory SSS coverage. Section 3 of PD 1636 reads:

“Section 3. Section 9 of Republic Act No. 1161 is hereby amended by adding Section 9-A to read as follows:

¹ Social Security Act of 1954 enacted on June 18, 1954.

² Enacted on September 7, 1979

Sec. 9-A. Compulsory coverage of the self-employed. - Coverage in the SSS shall also be compulsory upon all self-employed persons earning P1,800.00 or more per annum: Provided, That the effectivity of coverage of certain groups of self-employed shall be determined by the Commission under such rules and regulations it may prescribe: Provided, further, That the effectivity of the coverage of the following self-employed persons shall be in accordance with Section 10 (b) hereof:

1. All self-employed professionals licensed by the Professional Regulations Commission or those licensed to practice law.
2. Partners and single proprietors of businesses.
3. Actors and actresses, directors, script writers and news correspondents who do not fall within the definition of the term "employee" in Section 8(d) of this Act.
4. Professional athletes, coaches, trainers licensed by the Games and Amusement Board as well as jockeys and trainers licensed by the Philippine Racing Commission.

Unless otherwise specified herein, all provisions of the SS Law applicable to covered employees shall also be applicable to the covered self-employed persons."

Pursuant to Section 3 of PD 1636, SSS issued Circular No. 105-T dated 26 November 1979 as a guideline in the implementation of the said provision. Under Item II.A (7) of the Circular, insurance agents and brokers were included under SSS compulsory coverage, thus:

"II. Coverage

A. Compulsory coverage of all self-employed persons, who are not over 60 years of age with a gross income of at least P1,800.00 a year, belonging to the following groups shall take effect initially on January 1, 1980:

xxx

7. Actuaries, **insurance agents or brokers registered with the Insurance Commission**; provided, that self-employed persons belonging to the above-mentioned groups not yet subject to

coverage on January 1, 1980 shall be covered on the first day of January immediately following the calendar year they started the practice of their profession or the operation of their trade or business.” (emphasis supplied)

On 1 May 1997, RA 8282³, the latest amendment to RA 1161, was signed into law by President Fidel V. Ramos and took effect on 23 May 1997. Section 3 of PD 1636 creating Section 9-A of RA 1161 was reproduced with modification by deleting the minimum income level of coverage. However, the power of the Social Security Commission to determine who are self-employed persons remains unaltered, thus:

“SEC. 9-A. Compulsory coverage of the Self-Employed. - Coverage in the SSS shall be compulsory upon such self-employed persons as may be determined by the Commission under such rules and regulations as it may prescribe, including but not limited to the following:

1. All self-employed professionals;
2. Partners and single proprietors of businesses;
3. Actors and actresses, directors, scriptwriters and new correspondents who do not fall within the definition of the term “employee” in Sec. 8 (d) of this Act;
4. Professional athletes, coaches, trainers and jockeys; and
5. Individual farmers and fishermen.

Unless otherwise specified herein, all provisions of this Act applicable to covered employees shall also be applicable to the covered self-employed persons.”

As it now stands, this is the provision on the coverage of self-employed individuals. SSS Circular 105-T, though issued prior to RA 8282, remains valid and in force, said Circular not being inconsistent with the provision of RA 8282.

On the issue of the scope of the MOA, we would like to clarify that the MOA refers only to insurance agents who are independent contractors. [It does not cover “insurance agents”, “brokers” and “underwriters” directly employed by insurance companies, as these persons are mandated to be reported by their employers and

3 Social Security Act of 1997

subject to coverage as employees.] An insurance agent who owns or runs his/her own insurance agency is covered as an employer by the SSS.

On the third matter regarding coverage of self-employed individuals, please be informed of the following:

1. Coverage in the SSS shall be compulsory upon self-employed persons not over sixty (60) years of age;⁴
2. Effectivity of coverage for self-employed persons occur upon payment of the first valid contribution, in case of initial coverage. Securing an SS number does not automatically mean a person is already covered as a member, coverage happens upon payment of at least one-month contribution;⁵
3. A self-employed person who fails or refuses to register with the SSS will be fined and/or imprisoned.⁶ However, in the event the self-employed person does not realize earnings in a given month, payment of SS contributions for that month is not required;⁷
4. In the case of a covered self-employed member, if the person gets employed later, or becomes an overseas Filipino workers (OFW), the membership will be reclassified accordingly as employed or OFW;
5. When a self-employed person registers for SSS membership and pays valid contribution, he/she becomes a member for life. During such time that the member fails to remit contributions, the benefits and loan privileges provided by the SSS can still be availed of for as long as the member meets the qualifying conditions, like number of contribution, for entitlement;
6. Any self-employed person should accomplish and submit his/her Self-Employed Data Record (SSS Form RS-1). If he/she is registering for the first time, to secure SS number the SSS Form RS-1 shall be submitted with the original/certified true copy and photocopy of any of the primary or any two (2) of the secondary documents⁸ if already available; and
7. Self-employed members shall pay their monthly contributions using Contributions Payment Return (SSS Form RS-5) monthly or quarterly in accordance with the prescribed schedule.

Attached, for your reference, are the following documents:

a) SSS Circular No. 105-T;

⁴ Sec. 9 and 9-A, RA 8282

⁵ SSC Resolution No. 791-s.1997 in relation to Secs. 10, 22-A and 24-A of RA 8282

⁶ SEC. 28 (e) in relation to Sec. 22-A and 24-A of RA 8282

⁷ SEC. 11-A, RA 8282

⁸ Indicated at the dorsal part of SSS Form RS-1

- b) Schedule of contributions;
- c) SSS Form RS-1; and
- d) SSS Form RS-5.

For additional inquiries, members may visit any of our SSS branches or contact the Member Relations Department at 920-6401 or at member_relations@sss.gov.ph.

Thank you.


VOLTAIRE P. AGAS
Senior Vice President and
Chief Legal Counsel

Att: a/s

/RJNB*is*

Republic of the Philippines
SOCIAL SECURITY SYSTEM
Quezon City

CIRCULAR NO. 105-T

TO : ALL SELF-EMPLOYED PERSONS

SUBJECT : SSS COVERAGE

Pursuant to Presidential Decree No. 1636, amending the Social Security Law, and Social Security Commission Resolution No. 1422, series of 1979, self-employed persons shall be subject to compulsory SSS coverage. In the implementation thereof, the following guidelines and instructions are hereby issued:

I. Definition

- A. Self-employed person - any person who has no employer other than himself and derives income from his physical and mental efforts.
- B. Yearly net earnings - the gross income derived by an individual, as reflected in his income tax return in the preceding year from any trade, profession or business, less deductible expenses in carrying on such trade, profession or business; provided, that for this purpose "gross income" in a given year shall refer to the totality of his earnings for that year regardless of whether he earned it in one or more months; provided, finally, that said income shall not include rental income, dividends, and interest on investments, unless such income is received in the course of a trade or business registered with the SSS.
- C. Monthly net earnings - the yearly net earnings of a self-employed person during the preceding year divided by twelve.

- D. Single proprietor - the grantee or licensee of a business permit, license or grant issued by the appropriate government agency, or the registered owner of a commercial, industrial or agricultural enterprise.

II. Coverage

- A. Compulsory coverage of all self-employed persons, who are not over 60 years of age with a gross income of at least ₱1,800.00 a year, belonging to the following groups shall take effect initially on January 1, 1980:
1. Members of the Philippine Bar and professionals duly licensed by the Professional Regulation Commission, such as: Architects, Certified Public Accountants, Chemists, Contractors, Custom Brokers, Dentists, Detailmen, Dieticians, Engineers, Geologists, Marine Officers, Medical Technologists, Midwives, Nurses, Optometrists, Pharmacists, Physicians, Physical Therapists, Social Workers or Veterinarians;
 2. Business partners, single proprietors, and board directors duly registered with the appropriate government agencies;
 3. Actors, actresses, directors, script writers, recording artists, dancers, singers or musicians and free lance movie cameramen, production men, propmen, makeup artists, graphic artists, sound effect men, film editors or bit players;
 4. Free lance writers, journalists, newscasters or news correspondents;

5. Professional athletes, coaches, trainers and referees licensed by the Games and Amusement Board as well as jockeys and trainers licensed by the Philippine Racing Commission;
6. Real estate brokers, salesmen, sales brokers, real estate agents, appraisers or consultants registered with the Bureau of Domestic Trade or any other appropriate agency; and
7. Actuaries, insurance agents or brokers registered with the Insurance Commission; provided, that self-employed persons belonging to the above-mentioned groups not yet subject to coverage on January 1, 1980 shall be covered on the first day of January immediately following the calendar year they started the practice of their profession or the operation of their trade or business.

A person is not over 60 years of age if he has not yet celebrated his 61st birthday.

- B. The compulsory coverage of other groups of self-employed persons shall be determined later on by the Social Security Commission.
- C. If one is both an employee covered by the SSS and a self-employed person, he shall continue to pay contributions only as a covered employee.
- D. A self-employed person who is an SSS member now voluntarily paying SSS contributions as a separate employee shall stop paying as such and instead pay SSS contributions only as a self-employed.

- E. A self-employed person who is at the same time a member of the Government Service Insurance System (GSIS) shall be compulsorily covered under the SSS as a self-employed person; however, he shall be exempt from paying the SSS Medicare contributions.

III. Registration

- A. A self-employed person who has not been previously registered nor assigned an SS Number under prior registration shall register with the SSS by submitting a duly accomplished Self-Employed Data Record Form (SSS Form RS-1) not later than January 30 of the year of his initial coverage.
- B. A self-employed person who has been registered as a covered employee or assigned an SS Number under prior registration need not register himself anew.
- C. If a self-employed person dies or becomes disabled during the first quarter of his initial coverage, he shall be entitled to the benefits according to the following rules:
1. If the contingency occurs on or before January 30, he shall be entitled to minimum benefits;
 2. If the contingency occurs after January 30 but not later than March 31, he shall be entitled to the benefits; provided, that at the time of the contingency he is registered under this section; and
 3. Any contribution due shall be deducted from the benefits.

IV. Contributions

A. The monthly net earnings declared by a self-employed person upon his registration shall be the basis of his monthly salary credit and the corresponding contribution which he shall pay for the whole year.

He may, however, amend his monthly net earnings before the end of March in a given year which shall become the new basis of his monthly salary credit and the corresponding contribution for that year. Any amendment after March shall become effective in the ensuing year.

B. If the self-employed person realizes no yearly net earnings in any calendar year, he shall not be required to pay contributions for the succeeding year. However, he may continue paying contributions voluntarily as in the case of a separated employee.

C. The self-employed person shall pay monthly contributions to the SSS in accordance with the following schedule:

(FOR SELF-EMPLOYED PERSONS ONLY)

Income Bracket Number	Range of Monthly Net Earnings	Monthly Salary Credit	Monthly Contributions		
			SSS	Medicare	Total
I	₱ 1 - ₱ 49.99	₱ 25	₱ 2.00	₱ 0.60	₱ 2.60
II	50 - 99.99	75	6.00	1.90	7.90
III	100 - 149.99	125	10.00	3.10	13.10
IV	150 - 199.99	175	14.00	4.40	18.40
V	200 - 249.99	225	18.00	5.60	23.60
VI	250 - 349.99	300	24.00	7.50	31.50
VII	350 - 499.99	425	34.00	10.70	44.70
VIII	500 - 699.99	600	48.00	15.00	63.00
IX	700 - 899.99	800	64.00	15.00	79.00
X	900 & Over	1000	80.00	15.00	95.00

- D. The monthly contributions for each quarter shall be remitted to the SSS not later than the end of that quarter. Such remittance shall be supported by the prescribed Quarterly Contributions Payment Return for Self-Employed or Voluntary Paying Members (SSS Form RS-5).
- E. Remittances may be made personally or through the mails directly to the SSS Treasury Department, SSS Building, Quezon City, Metro Manila, or through any of the banks authorized to receive such remittances.
- F. In filling out the payment return form (SSS Form RS-5), the self-employed person shall clearly indicate his correct SS Number in the proper space and check the box indicating that he is paying as a self-employed.

V. Benefits

- A. A self-employed person shall be entitled to the same benefits granted to a covered employee, except Maternity and Employees' Compensation benefits.
- B. A self-employed person shall be entitled to benefits under the same qualifying conditions as those for a covered employee; provided, that if he dies, becomes sick or disabled or reaches age 60 after March 31 of the year of his initial coverage, he shall be entitled to benefits based on contributions paid to the SSS if, at the time of contingency, he is registered under Section III of this Circular; provided, finally, that if he is initially covered on January 1, 1980, and is already over 50 years old at the time, he shall be entitled to a monthly pension upon retirement if he has paid a number of monthly contributions equal to 12 times the difference between his age at coverage and 60, but in no case less than 60 monthly contributions.

- C. In pursuance of the policy that "once a member always a member," all past contributions, if any, of a self-employed person shall be included in computing his benefits.

VI. Loans and Other Privileges

A self-employed person shall be entitled to the same loans and other privileges as those granted to a covered employee under such conditions as the Social Security Commission may prescribe.

VII. Penalties

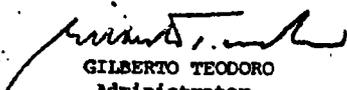
- A. Every self-employed person required to remit contributions to the SSS shall be liable for their payment and if any contribution is not paid within the applicable quarter, he shall pay besides the unpaid contribution a penalty thereon of 3% per month from the date it falls due until fully paid.

Upon conviction by a competent court, he shall also be fined not less than ₱500.00 nor more than ₱5,000.00 or imprisoned for not less than 6 months nor more than 1 year.

- B. A self-employed person who fails or refuses to register himself, shall upon conviction by the competent court, be fined not less than ₱500.00 nor more than ₱5,000.00 and imprisoned for not less than 6 months nor more than 1 year.

Further inquiries may be addressed to the SSS Public Affairs Office, SSS Building, East Avenue, Quezon City, Metro Manila, or to any SSS Regional or Provincial Office.

November 26, 1979.


GILBERTO TEODORO
Administrator