



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **07 July 2021** which reads as follows:*

“G.R. No. 205046 – (Social Security System v. Lydia Dela Cruz). — This petition for review on *Certiorari*¹ assails the Court of Appeal’s (CA) Decision² dated July 31, 2012, and Resolution dated December 13, 2012 in CA-G.R. SP No. 122677,³ which reversed the Social Security Commission’s (SSC) Resolution dated October 11, 2010,⁴ denying Lydia Dela Cruz’s (Lydia) claim for the funeral benefit for his father Felimon Dela Cruz (Felimon).

ANTECEDENTS

On February 1, 1990, while employed for ABS Trucking, Felimon applied for and was registered for compulsory social security coverage with the Social Security System (SSS). Felimon stated in his Personal Data Record (SSS Form E-1) that he was born on March 20, 1940, making him 50 years old at the time of registration.⁵

On May 8, 1997, Felimon submitted Member’s Data Amendment Form (SSS Form E-4) to correct his date of birth from **March 20, 1940 to March 8, 1920**.⁶ The change in the year of birth would make Felimon 70 years old when he registered with the SSS in 1990. On July 10, 1997, Felimon filed a claim for partial disability benefits, which the SSS granted on December 16,

¹ *Rollo*, pp. 10-19.

² *Id.* at 27-38. Penned by Associate Justice Isaias P. Dicedican with the concurrence of Associate Justices Michael P. Elbinias and Nina G. Antonio-Valenzuela.

³ *Id.* at 40-41.

⁴ *Id.* at 28-29.

⁵ *Id.* at 28.

⁶ *Id.*

1997, in the amount of ₱1,716,40.⁷ In Felimon's employment with ABS Trucking, SSS credited Felimon with a total of 65 monthly contributions.⁸

Felimon died on June 11, 2004. On October 12, 2004, his daughter Lydia filed a claim for funeral benefit with the SSS Caloocan Branch.⁹ However, the SSS denied Lydia's claim because Felimon was more than 60 years old when he applied for and was granted compulsory membership.¹⁰ Lydia appealed to the SSC.¹¹

In a Resolution dated October 11, 2010, the SSC upheld the denial of Lydia's claim.¹² The SSC ruled that the maximum age for compulsory coverage is 60. Felimon was already 70 years old at the time of registration but misrepresented that he was just 50 years old. Further, Felimon cannot be considered a voluntary member since he does not fall among those allowed by the law to be voluntary members. Since Felimon cannot be considered a member, whether voluntary or compulsory, his beneficiaries, such as Lydia, are not entitled to funeral benefits.¹³

The SSC denied Lydia's motion for reconsideration in an Order dated May 25, 2011.¹⁴ Undeterred, Lydia appealed to the CA.¹⁵

On July 31, 2012, the CA rendered the assailed Decision¹⁶ reversing the SSC and granting Lydia's claim for funeral benefit. The CA relied on the principle that social legislation should be liberally construed in favor of the employee. The CA took into consideration Felimon's 65 monthly contributions and the fact that SSS granted him partial disability benefits on December 16, 1997, even after knowing his true date of birth. Besides, if the SSS grants funeral benefit to the beneficiaries of members without any monthly contribution, with more reason that beneficiaries of members who made monthly contributions be entitled. The CA held that while Republic Act (R.A.) No. 8282¹⁷ mandates compulsory membership upon employees who are not beyond 60 years old, it does not mean that those beyond the designated age be excluded altogether. Thus:

WHEREFORE, in view of the foregoing premises, judgment is hereby rendered by us **GRANTING** the instant petition. The Resolution dated October 11, 2010[,] issued by the respondent Social Security Commission in SSC Case No. 6-18421-08 as well as the Order dated May 25, 2011[,] are

⁷ Id. at 16, 32.

⁸ Id. at 28.

⁹ Id. at 29.

¹⁰ Id. at 32.

¹¹ Id. at 29.

¹² Id. at 48-49.

¹³ Id. at 29-30.

¹⁴ Id. at 30.

¹⁵ Id. at 31.

¹⁶ Id. at 27-38.

¹⁷ Entitled "AN ACT FURTHER STRENGTHENING THE SOCIAL SECURITY SYSTEM THEREBY AMENDING FOR THIS PURPOSE, REPUBLIC ACT NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE SOCIAL SECURITY LAW."

hereby **REVERSED** and **SET ASIDE**. The beneficiary of Felimon dela Cruz is hereby declared as entitled to funeral benefit in accordance with RA 8282.

SO ORDERED.¹⁸(Emphases in the original.)

The SSS sought reconsideration but was denied by the CA in a Resolution¹⁹ dated December 13, 2012. Hence, this recourse.

SSS asserts that the entitlement to the funeral benefit is predicated on valid coverage. Felimon was already over-aged when he applied for compulsory coverage and was only registered as a compulsory member because of his misrepresentation. Since Felimon's SSS coverage is invalid, his beneficiary Lydia is not entitled to the funeral benefit. Meanwhile, Lydia counters that she is entitled to funeral benefits because Felimon became a member of the SSS when ABS Trucking employed him.²⁰ She echoes the CA's reasoning that Felimon can be a voluntary member because RA No. 8282 does not exclude persons who are already beyond 60 years old from membership.

In its Reply,²¹ SSS asseverates that the payment of contributions does not automatically make the payee covered; a valid coverage is required to be entitled to benefits. Since Felimon's coverage was not valid, SSS refunded his contributions. Felimon cannot be considered a voluntary member because he does not fall among those allowed by law under voluntary coverage.

RULING

The prevailing law at the time of Felimon's registration with the SSS in 1990 was RA No. 1161,²² which was amended by RA No. 1792²³ and further amended by Presidential Decree No. 1636.²⁴ The original text of RA No. 1161 recognizes two types of social security coverage, namely compulsory and voluntary.²⁵ Compulsory members are those employees in

¹⁸ *Rollo*, p. 37.

¹⁹ *Id.* at 40-41. Penned by Associate Justice Isaias P. Dicedican with the concurrence of Associate Justices Michael P. Elbinas and Nina G. Antonio-Valenzuela.

²⁰ *Rollo*, pp. 47-59.

²¹ *Id.*, pp. 68-75.

²² Entitled "AN ACT TO CREATE A SOCIAL SECURITY SYSTEM PROVIDING SICKNESS, UNEMPLOYMENT RETIREMENT, DISABILITY AND DEATH BENEFITS FOR EMPLOYEES," June 18, 1954; <<https://www.officialgazette.gov.ph/1954/06/18/republic-act-no-1161/>>; last accessed: July 2, 2021.

²³ Entitled "AN ACT TO AMEND REPUBLIC ACT NUMBERED ELEVEN HUNDRED AND SIXTY-ONE OTHERWISE KNOWN AS "THE SOCIAL SECURITY ACT OF 1954", AND FOR OTHER PURPOSES," June 21, 1957; <<https://www.officialgazette.gov.ph/1957/06/21/republic-act-no-1792/>>; last accessed: July 2, 2021. RA No. 1792 deleted the provisions on voluntary coverage, particularly Sections 9 (b) and 10 (b).

²⁴ Took effect on January 1, 1980; <<https://www.officialgazette.gov.ph/1979/09/07/presidential-decree-no-1636-s-1979/>>; last accessed: July 2, 2021. PD No. 1636 enlarged the scope of the SSS' compulsory coverage to include the self-employed.

²⁵ Sections 9 and 10 of RA No. 1161 read:

SEC. 9. (a) *Compulsory Coverage.* --- xxx coverage in the System shall be compulsory upon all employees between the ages of eighteen and sixty years, inclusive, if they have been for at least six months in the service of an employer who is a member of the System: *Provided*, That the Commission may not compel any employer to become a member of the System unless he shall have been in operation for at least three years and has, at the time of admission, two hundred employees: xxx.

the private sector between the ages of 18 to 60 years old whose employer is required to register under the SSS. On the other hand, voluntary coverage applies to employees of private employers who volunteer to be members, although not required by the law, employees of government agencies and corporations, and any individual employed by a private entity not subject to compulsory membership.²⁶ While RA No. 1792 deleted the provisions on voluntary coverage in Sections 9 (b) and 10 (b) of RA No. 1161, the Court clarified in *Canovas v. Batangas Transportation Co.*²⁷ that voluntary membership still exists under other provisions of RA No. 1161.²⁸

Felimon was already 70 years old when ABS Trucking registered him for SSS membership. Therefore, he is outside the scope of compulsory coverage under RA No. 1161, as amended. In addition, Felimon does not fall under any of the instances for voluntary membership under RA No. 1161 and its amendments. Nevertheless, we sustain the CA's grant of funeral benefits to Lydia in the interest of justice and equity. Accordingly, we treat Felimon as a SSS member *solely* to qualify his beneficiary for funeral benefit.

It is the avowed policy of the State to construe social legislations liberally in favor of the workmen and their dependents. The Court has, time and again, upheld the policy of liberality of the law in favor of labor.²⁹ To be sure, the liberal attitude in the treatment of a member's registration to allow claims for SSS benefits is not unprecedented.

In *Haveria v. Social Security System*,³⁰ the SSS Employee's Association (SSSEA), a labor organization, reported petitioner Haveria as its employee for SSS coverage. SSS approved Haveria's membership, and thereafter, SSSEA remitted his monthly contributions. Haveria later left the SSS and was employed with two private entities, which also paid his monthly contributions. Eventually, Haveria retired and started receiving his retirement benefits. In June 2002, the SSS suspended the payment of Haveria's pension. The SSC held that only remittances from Haveria's employment with the two private entities should be considered in determining his entitlement to retirement benefits. Haveria's coverage with SSSEA will not be considered because SSSEA is merely a labor organization. However, **in the interest of**

(b) *Voluntary Coverage.* — xxx any employer not required to be a member of the System may become a member thereof and have his employees come under the provisions of this Act if the majority of his employees do not object; and any individual in the employ of the Government, or of any of its political subdivisions, branches, or instrumentalities, including corporations owned or controlled by the Government, **as well as any individual employed by a private entity not subject to compulsory membership under this Act may join the System by paying twice the employee's contribution prescribed in section nineteen. Any other individual may likewise join the System, subject to such rules and regulations as may be prescribed by the Commission.**

SEC. 10. Effective date of coverage. — (a) Compulsory coverage of any employee shall take effect on the first day of the calendar month following the month when his employer qualified as a member of the System, provided said employee has rendered at least six months' service.

(b) Voluntary coverage shall take effect on the first day of the calendar month following the month when his voluntary membership in the System was approved. (Emphases supplied.)

²⁶ *Haveria v. Social Security System*, G.R. No. 181154 (Resolution), August 22, 2018.

²⁷ 121 Phil. 483-486 (1965).

²⁸ *Supra.*

²⁹ *Obra v. Social Security System*, 449 Phil. 200, 212 (2003).

³⁰ G.R. No. 181154, August 22, 2018.

justice, the SSC considered the contributions he made while with SSSEA as voluntary contributions to satisfy the minimum requirement for eligibility to a monthly pension. The Court agreed.

The Court adopted the liberal interpretation in the subsequent case of *Salabe v. Social Security Commission*.³¹ In *Salabe*, petitioner Salabe was registered with the SSS as an employee of a certain Ana Macas. When her employment with Ana ceased, Salabe continued her SSS membership as a voluntary member. She then filed for and was granted retirement benefits by the SSS upon reaching the retirement age. SSS later terminated the payment of her pension because she was not an employee of Ana. It follows then that her monthly premiums during her alleged employment with Ana and her subsequent voluntary payments were just as ineffective. When the matter reached the Court, we ruled, among others, that **even assuming that Salabe was not an employee of Ana, this does not automatically invalidate her contributions to the SSS.** The Court applied the liberality rule in *Haveria* and held that Salabe may be considered “self-employed” or a voluntary paying member.

We find no reason not to extend the same liberality in the present case. For one, the SSS accepted all 65 monthly remittances from ABS Trucking for Felimon’s compulsory SSS coverage. The SSS even paid Felimon partial disability benefits on December 16, 1997, although Felimon already disclosed his correct date of birth on May 8, 1997. To be sure, the SSS did not cancel Felimon’s membership. On the contrary, it continued to accept and credit in his account the contributions remitted after May 8, 1997. The SSS waited for more than eight years before it questioned Felimon’s compulsory coverage validity. For another, a funeral benefit is a grant given to dependents to help defray the cost of funeral expenses incurred upon the death of a member.³² It is “a cash benefit given to whoever paid for the burial expenses of the deceased member.”³³ Under Section 2, Rule 24 of the Implementing Rules and Regulations of RA No. 11199,³⁴ funeral benefit of ₱20,000.00 shall be given without the need for any contribution from the deceased member. It is worth noting that the amount recoverable by reason of Felimon’s death on June 11, 2004, was minuscule compared to the retirement benefits involved in *Haveria*³⁵ and *Saleba*.³⁶

Lastly, the SSS implies that the partial disability benefits granted to Felimon on December 16, 1997, is a refund of the monthly contributions he made. However, this is a question of fact beyond the ambit of a petition for review on *Certiorari* under Rule 45 of the Rules of Court.³⁷ In any case, the

³¹ G.R. No. 223018, August 27, 2020.

³² See Section 1, Rule 24 of Implementing Rules and Regulations of Republic Act No. 11199 or the Social Security Act of 2018, IRR of RA 11199, June 2, 2019.

³³ See <<https://www.sss.gov.ph/sss/appmanager/viewArticle.jsp?page=funeral>>; last accessed: July 2, 2021.

³⁴ Social Security Act of 2018, February 7, 2019.

³⁵ *Supra* note 26.

³⁶ *Supra* note 31.

³⁷ Section 3, Rule 45, Rules of Court.

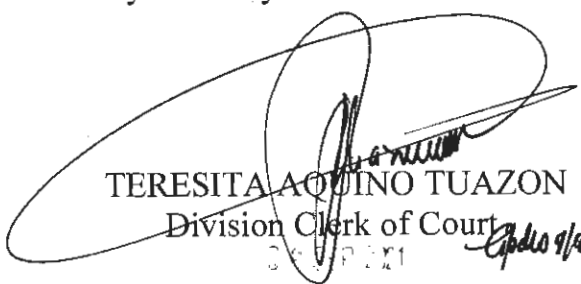
only attachments to the SSS's petition were the assailed CA Decision and Resolution.³⁸ The SSS did not attach to the petition such material portions of the record that would have served as a basis for the Court to re-examine the CA's factual findings. Hence, the finding of the CA shall be deemed conclusive. All the circumstances at hand impel us to sustain the CA's liberal treatment in the grant of funeral benefit to Lydia. Certainly, "[a] too-literal interpretation of our labor laws, while sustainable from the purely academic viewpoint, may defeat their real purpose, which is to extend a helping hand to those in desperate need of social justice[.]"³⁹

Lydia's claim for the ₱20,000.00 funeral benefit for his father Felimon has been filed with the SSS as early as 2004. *Finis* must be written to this case.

FOR THE STATED REASONS, the petition is DENIED.

SO ORDERED." (Lopez, J. Y., J., designated additional member *per* Special Order No. 2822 dated April 7, 2021.)

By authority of the Court:


TERESITA AQUINO TUAZON
Division Clerk of Court
2021 APR 9

ATTY. NICOLAS ARAC (reg)
Counsel for Petitioner
Cluster Legal Section
NCR North Division
11th Floor, SSS Building
East Avenue, Diliman
1128 Quezon City

PUBLIC ATTORNEY'S OFFICE (reg)
Special & Appealed Cases Service
Department of Justice
PAO-DOJ Agencies Building
NIA Road corner East Avenue
1104 Diliman, Quezon City

SOCIAL SECURITY COMMISSION (reg)
12th Floor, SSS Building
6782 Ayala Avenue corner V. Rufino Street
Makati City
(SSC Case No. 06-018421-08)

JUDGMENT DIVISION (x)
Supreme Court, Manila

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PHILIPPINE JUDICIAL ACADEMY (x)
Supreme Court, Manila

COURT OF APPEALS (x)
Ma. Orosa Street
Ermita, 1000 Manila
CA-G.R. SP No. 122677

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³⁸ *Rollo* p. 10.

³⁹ *Gonzaga v. Secretary of Labor*, 254 Phil. 528, 532 (1989).