



SUPREME COURT OF THE PHILIPPINES  
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Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

HEIRS OF THE LATE G.R. No. 238261  
MANOLO N. LICUANAN,  
represented by his wife,  
VIRGINIA S. LICUANAN,  
Petitioners,

- versus -

SINGA SHIP MANAGEMENT,  
INC., SINGA SHIP  
MANAGEMENT PTE LTD.,  
SINGAPORE/RENE N. RIEL,  
Respondents.

x-----x

SINGA SHIP MANAGEMENT,  
INC., SINGA SHIP  
MANAGEMENT PTE LTD.,  
SINGAPORE/RENE N. RIEL,  
Petitioners,

G.R. No. 238567

Present:

CARPIO, J., Chairperson,  
PERLAS-BERNABE,  
CAGUIOA,  
J. REYES, JR., and  
LAZARO-JAVIER, JJ.

- versus -

HEIRS OF THE LATE  
MANOLO N. LICUANAN,  
represented by his wife,  
VIRGINIA S. LICUANAN,  
Respondents.

Promulgated:

26 JUN 2019

*MM Cabalag Perfecto*

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DECISION

PERLAS-BERNABE, J.:

*R*

Before the Court are consolidated petitions for review on *certiorari*<sup>1</sup> assailing the Decision<sup>2</sup> dated October 12, 2017 and the Resolution<sup>3</sup> dated March 22, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 146325, which reversed and set aside the Decision<sup>4</sup> dated January 29, 2016 and the Resolution<sup>5</sup> dated April 27, 2016 of the National Labor Relations Commission (NLRC) in NLRC NCR Case No. OFW (M) 07-08638-14 NLRC LAC OFW (M)-06-000482-15, granting the heirs of the late Manolo N. Licuanan (Manolo), represented by his wife, Virginia S. Licuanan (Heirs of Manolo), disability benefits and attorney's fees.

### The Facts

On January 27, 2012, Manolo signed a nine-(9) month contract<sup>6</sup> with Singa Ship Management, Inc. (SSMI),<sup>7</sup> on behalf of Singa Ship Management Pte Ltd., Singapore (SSMPL),<sup>8</sup> to work as *chef de partie* on board the vessel "Queen Mary 2." On March 7, 2012, he commenced his duties and boarded the said vessel.<sup>9</sup> Sometime in July 2012, he complained of difficulty in swallowing solid food, which later developed into persistent dry cough.<sup>10</sup> Subsequently, he was evaluated by an ENT<sup>11</sup> specialist in Hamburg, Germany, who diagnosed him with "[a] large ulcerated mass in his nasopharynx x x x extending to his mastoid[,] x x x [m]uco-tympania of x x x [and] [h]earing loss in the right ear."<sup>12</sup> Manolo was then recommended to undergo nasopharyngeal biopsy of the mass.<sup>13</sup> On July 27, 2012, he was medically repatriated to the Philippines for further tests and evaluation.<sup>14</sup> On August 17, 2012, he was diagnosed by the company-designated physician with *nasopharyngeal carcinoma*, for which he was recommended to be treated with chemoradiotherapy.<sup>15</sup> Initially, his condition was declared as not work-related.<sup>16</sup> However, on November 23, 2012, the same physician issued

<sup>1</sup> *Rollo* (G.R. No. 238261), pp. 9-25; and *rollo* (G.R. No. 238567), pp. 19-39. See Court Resolution dated June 18, 2018 issued by Deputy Division Clerk of Court Teresita Aquino Tuazon; *rollo* (G.R. No. 238261), pp. 287-288; and *rollo* (G.R. No. 238567), pp. 63-64.

<sup>2</sup> *Rollo* (G.R. No. 238261), pp. 27-31; *rollo* (G.R. No. 238567), pp. 43-47. Penned by Associate Justice Ricardo R. Rosario with Associate Justices Ramon A. Cruz and Pablito A. Perez, concurring.

<sup>3</sup> *Rollo* (G.R. No. 238261), p. 33; and *rollo* (G.R. No. 238567), p. 48.

<sup>4</sup> *Rollo* (G.R. No. 238261), pp. 64-72. Penned by Presiding Commissioner Gerardo C. Nograles with Commissioner Gina F. Cenit-Escoto, concurring and Commissioner Romeo L. Go, dissenting.

<sup>5</sup> *Id.* at 74-75.

<sup>6</sup> See Contract of Employment; *id.* at 137.

<sup>7</sup> Referred to as "Singa Ship Management Philippines, Inc." in some parts of the *rollos*.

<sup>8</sup> Referred to as "NYK Shipmanagement Pte. Ltd. Singapore" in some parts of the *rollos*.

<sup>9</sup> See *rollo* (G.R. No. 238261), p. 28.

<sup>10</sup> See *id.* at 162.

<sup>11</sup> Defined as "Ear Nose Throat."

<sup>12</sup> See medical diagnosis dated July 25, 2012 of Dr. Bertie van der Merwe; *rollo* (G.R. No. 238261), p. 92.

<sup>13</sup> See *id.* at 162.

<sup>14</sup> See *id.* See also *id.* at 28.

<sup>15</sup> "Chemoradiotherapy" is a "[t]reatment that combines chemotherapy with radiation therapy." <<https://www.cancer.gov/publications/dictionaries/cancer-terms/def/chemoradiation>> (visited June 6, 2019). See medical report dated August 17, 2012 of Dr. Solidad Lim Balete (Dr. Balete), Medical Oncologist; *id.* at 12 and 97. See also medical reports dated August 17, 2012 and August 24, 2012; *id.* at 142-143. See further medical diagnosis dated August 23, 2012 of Dr. Gaudencio P. Vega, Radiation Oncologist; *id.* at 98-99.

<sup>16</sup> See *id.* at 142.

a medical diagnosis assessing Manolo's illness with a disability rating of Grade 7,<sup>17</sup> which assessment became final on December 14, 2012.<sup>18</sup> On February 15, 2014, Manolo died<sup>19</sup> leaving behind his heirs. Accordingly, the Heirs of Manolo filed a complaint for recovery of death benefits, damages, and attorney's fees<sup>20</sup> against SSMI, SSMPL, and Rene N. Riel (SSMI, *et al.*),<sup>21</sup> docketed as NLRC NCR Case No. 07-08638-14.

In their defense, SSMI, *et al.* maintained that the Heirs of Manolo are not entitled to death benefits, considering that Manolo's *nasopharyngeal carcinoma* is not work-related.<sup>22</sup>

### The Labor Arbiter's Ruling

In a Decision<sup>23</sup> dated February 23, 2015, the Labor Arbiter (LA) found SSMI, *et al.* jointly and severally liable to pay the Heirs of Manolo the amounts of US\$50,000.00 or its Philippine Peso equivalent at the time of payment representing permanent total disability benefits, US\$7,000.00 to each of the two (2) minor children of Manolo or US\$14,000.00, and ten percent (10%) of such aggregate amount as attorney's fees.<sup>24</sup> In awarding the aforesaid benefits, the LA held that Manolo's *nasopharyngeal carcinoma* is work-related, considering that his poor diet on board Queen Mary 2 contributed to its development.<sup>25</sup> Moreover, the fact that the company-designated physician issued Manolo a disability rating of Grade 7 negated her own finding of non-work relatedness.<sup>26</sup>

Aggrieved, SSMI, *et al.* appealed<sup>27</sup> before the NLRC.

### The NLRC Ruling

In a Decision<sup>28</sup> dated January 29, 2016, the NLRC reversed and set aside the LA's Decision, ruling that the Heirs of Manolo are not entitled to death benefits because Manolo's death did not occur during the term of his employment, which was more than a year after he was medically repatriated and terminated from work. Nonetheless, it noted that the Heirs of Manolo

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<sup>17</sup> See Dr. Balete's medical diagnosis dated November 23, 2012; *id.* at 150. See also medical report dated November 27, 2012; *id.* at 149.

<sup>18</sup> See medical report dated December 14, 2012; *id.* at 151.

<sup>19</sup> See Certificate of Death; *id.* at 106.

<sup>20</sup> See Complaint dated July 11, 2014; *id.* at 76-78.

<sup>21</sup> See *id.* at 28 and 163.

<sup>22</sup> *Id.* at 163.

<sup>23</sup> *Id.* at 161-166. Penned by Labor Arbiter Clarissa G. Beltran-Lerios.

<sup>24</sup> *Id.* at 166.

<sup>25</sup> See *id.* at 164-165.

<sup>26</sup> See *id.* at 165-166.

<sup>27</sup> See Notice of Appeal with Memorandum of Appeal dated May 21, 2015; *id.* at 167-198.

<sup>28</sup> *Id.* at 64-72.

are not precluded from filing a separate action for disability benefits wherein the issue of work-relatedness may be properly addressed.<sup>29</sup>

Undaunted, the Heirs of Manolo moved for reconsideration,<sup>30</sup> which was denied in a Resolution<sup>31</sup> dated April 27, 2016; hence, they filed a petition for *certiorari*<sup>32</sup> before the CA.

### The CA Ruling

In a Decision<sup>33</sup> dated October 12, 2017, the CA reversed and set aside the NLRC ruling, and accordingly, ordered SSMI to pay the Heirs of Manolo disability benefits equivalent to US\$20,900.00, plus ten percent (10%) thereof as attorney's fees.<sup>34</sup> While the CA upheld the NLRC's ruling that the Heirs of Manolo are not entitled to death benefits, it nonetheless proceeded to award disability benefits, considering that the company-designated physician already found Manolo's illness to be work-related based on his final assessment of a disability rating of Grade 7.<sup>35</sup>

Unswayed, both parties filed their respective motions for reconsideration,<sup>36</sup> which were, however, denied in a Resolution<sup>37</sup> dated March 22, 2018; hence, these consolidated petitions.

### The Issue Before the Court

The present controversy revolves around the CA's award of disability benefits equivalent to a Grade 7 disability rating in favor of the Heirs of Manolo.

In the petition, docketed as **G.R. No. 238567**, SSMI, *et al.* submit that the CA erred in ruling that the Heirs of Manolo are entitled to disability benefits, considering that Manolo's illness was not established to be work-related.<sup>38</sup> On the other hand, in the petition, docketed as **G.R. No. 238261**, the Heirs of Manolo contend that the CA erred in holding that they are entitled to disability benefits – instead of death compensation benefits –

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<sup>29</sup> See *id.* at 68-70.

<sup>30</sup> Not attached to the *rollos*. See *rollo* (G.R. No. 238261), pp. 15 and 42.

<sup>31</sup> *Id.* at 74-75.

<sup>32</sup> Dated June 20, 2016. *Id.* at 37-62.

<sup>33</sup> *Rollo* (G.R. No. 238261), pp. 27-31; *rollo* (G.R. No. 238567), pp. 43-47.

<sup>34</sup> *Rollo* (G.R. No. 238261), p. 30.

<sup>35</sup> See *id.* at 29-30.

<sup>36</sup> See Heirs of Manolo's Partial Motion for Reconsideration dated November 22, 2017 (*rollo* [G.R. No. 238261], pp. 254-264); and SSMI, *et al.*'s motion for reconsideration dated November 22, 2017 (*rollo* [G.R. No. 238567], pp. 49-60).

<sup>37</sup> *Rollo* (G.R. No. 238261), p. 33; and *rollo* (G.R. No. 238567), p. 48.

<sup>38</sup> See *rollo* (G.R. No. 238567), pp. 26-28.

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given that Manolo's death resulted from a work-related injury which occurred during the term of his contract with SSMI.

### The Court's Ruling

The petition in **G.R. No. 238567** is denied, while the petition in **G.R. No. 238261** is granted.

At the outset, the Court notes that Manolo died after he was medically repatriated and diagnosed with *nasopharyngeal carcinoma*, for which reason his heirs seek the payment of death benefits – and not total disability benefits – in accordance with Section 20 (B) (1) of the 2010 Philippine Overseas Employment Administration (POEA) Standard Employment Contract (SEC).

The terms and conditions of a seafarer's employment are governed by the provisions of the contract he signed with the employer at the time of his hiring. Deemed integrated in his employment contract is a set of standard provisions determined and implemented by the POEA-SEC, called the "Standard Terms and Conditions Governing the Employment of Filipino Seafarers on Board Ocean-Going Vessels," which provisions are considered to be the minimum requirements acceptable to the government for the employment of Filipino seafarers on board foreign ocean-going vessels.<sup>39</sup>

Among other basic provisions, the POEA-SEC – specifically its 2010<sup>40</sup> version – stipulates that the beneficiaries of the deceased seafarer may successfully claim death benefits if they are able to establish that the seafarer's death is (a) **work-related**, and (b) **had occurred during the term of his employment contract**. These requirements are explicitly stated in Section 20 (B) (1) thereof, which reads:

#### SECTION 20. COMPENSATION AND BENEFITS

x x x x

#### B. COMPENSATION AND BENEFITS FOR DEATH

1. In case of **work-related death** of the seafarer, **during the term of his contract**, the employer shall pay his beneficiaries the Philippine Currency equivalent to the amount of Fifty Thousand US dollars (US\$50,000) and an additional amount of Seven Thousand US dollars (US\$7,000) to each child under the age of twenty-one (21)

<sup>39</sup> *Canuel v. Magsaysay Maritime Corporation*, 745 Phil. 252, 261 (2014), citing *Nisda v. Sea Serve Maritime Agency*, 611 Phil. 291, 315 (2009).

<sup>40</sup> POEA Memorandum Circular No. 10, Series of 2010, entitled "AMENDED STANDARD TERMS AND CONDITIONS GOVERNING THE OVERSEAS EMPLOYMENT OF FILIPINO SEAFARERS ON-BOARD OCEAN-GOING SHIPS" dated October 26, 2010.

but not exceeding four (4) children, at the exchange rate prevailing during the time of payment. (Emphases supplied)

Part B (4) of the same provision further complements Part B (1) by stating the “other liabilities” of the employer to the seafarer’s beneficiaries if the seafarer dies **(a) as a result of work-related injury or illness, and (b) during the term of his employment, viz.:**

## SECTION 20. COMPENSATION AND BENEFITS

X X X X

### B. COMPENSATION AND BENEFITS FOR DEATH

X X X X

**4. The other liabilities of the employer when the seafarer dies as a result of work-related injury or illness during the term of employment are as follows:**

- a. The employer shall pay the deceased’s beneficiary all outstanding obligations due the seafarer under this Contract.
- b. The employer shall transport the remains and personal effects of the seafarer to the Philippines at employer’s expense except if the death occurred in a port where local government laws or regulations do not permit the transport of such remains. In case death occurs at sea, the disposition of the remains shall be handled or dealt with in accordance with the master’s best judgment. In all cases, the employer/master shall communicate with the manning agency to advise for disposition of seafarer’s remains.
- c. The employer shall pay the beneficiaries of the seafarer the Philippines currency equivalent to the amount of One Thousand US dollars (US\$1,000) for burial expenses at the exchange rate prevailing during the time of payment. (Emphasis and underscoring supplied)

While the 2010 POEA-SEC, same as the 2000 POEA-SEC, does not expressly define the term “work-related death,” jurisprudence states that the said term should refer to the “seafarer’s death resulting from a work-related injury or illness.”<sup>41</sup>

Here, the Court holds that the first requirement for death compensability was complied with, since it was established that Manolo’s death – albeit occurring after his repatriation – resulted from a work-related illness. As the records show, the root cause of his death was his *nasopharyngeal carcinoma*, a non-listed illness under the 2010 POEA SEC

<sup>41</sup> See *Canuel v. Magsaysay Maritime Corporation*, supra note 39, at 263.

which is disputably presumed to be work-related. For their part, SSMI, *et al.* failed to present contrary proof to overturn this presumption of work-relatedness. In fact, as the LA observed, “[Manolo’s] diet on board x x x contributed to the development of the disease, hence establishing work connection.”<sup>42</sup> Indeed, as case law holds, “[i]t is not required that the employment be the sole factor in the growth, development or acceleration of the illness to entitle the claimant to the benefits incident thereto. **It is enough that the employment had contributed, even in a small measure, to the development of the disease.**”<sup>43</sup>

Besides, as aptly pointed out by the CA, the company-designated physician of SSMI, *et al.* issued Manolo a disability rating of Grade 7, which issuance ultimately implies that his disability was work-related. It is settled that **the issuance of a disability rating by the company-designated physician negates any claim that the non-listed illness is not work-related,**<sup>44</sup> as in this case.

Having established that Manolo’s death resulted from his work-related illness, *i.e.*, *nasopharyngeal carcinoma*, the Court holds that the petition in **G.R. No. 238567** lacks merit and should perforce be denied.

That being said, the Court now determines if the second requirement for death compensability, *i.e.*, that Manolo’s death occurred during the term of his employment with SSMI, was met.

With respect to this requirement, the Court, in *Canuel v. Magsaysay Maritime Corporation*<sup>45</sup> (*Canuel*), clarified that “while the general rule is that the seafarer’s death should occur during the term of his employment, **the seafarer’s death occurring after the termination of his employment due to his medical repatriation on account of a work-related injury or illness constitutes an exception thereto.** This is based on a liberal construction of the 2000 POEA-SEC as impelled by the plight of the bereaved heirs who stand to be deprived of a just and reasonable compensation for the seafarer’s death, notwithstanding its evident work-connection.”<sup>46</sup> The rationale therefor was explained as follows:

Here, [the seafarer’s] repatriation occurred during the eighth (8th) month of his one (1) year employment contract. Were it not for his injury, which had been earlier established as work-related, he would not have been repatriated for medical reasons and his contract consequently terminated pursuant to Part 1 of Section 18 (B) of the 2000 POEA-SEC as hereunder quoted:

<sup>42</sup> See *rollo* (G.R. No. 238261), p. 165.

<sup>43</sup> *De Jesus v. NLRC*, 557 Phil. 260, 266 (2007); emphasis supplied.

<sup>44</sup> See *Leonis Navigation Co., Inc. v. Heirs of Villamater*, 628 Phil. 81, 99-100 (2010).

<sup>45</sup> *Supra* note 39.

<sup>46</sup> *Id.* at 266; emphasis and underscoring supplied.

SECTION 18. TERMINATION OF  
EMPLOYMENT

x x x x

- B. The employment of the seafarer is also terminated when the seafarer arrives at the point of hire for any of the following reasons:
1. when the seafarer signs-off and is disembarked for medical reasons pursuant to Section 20 (B)[5] of this Contract.

The terminative consequence of a medical repatriation case then appears to present a rather prejudicial quandary to the seafarer and his heirs. Particularly, if the Court were to apply the provisions of Section 20 of the 2000 POEA-SEC as above-cited based on a strict and literal construction thereof, then the heirs of [the seafarer] would stand to be barred from receiving any compensation for the latter's death despite its obvious work-relatedness. Again, this is for the reason that the work-related death would, by mere legal technicality, be considered to have occurred after the term of his employment on account of his medical repatriation. It equally bears stressing that neither would the heirs be able to receive any disability compensation since the seafarer's death in this case precluded the determination of a disability grade, which, following Section 20 (B) in relation to Section 32 of the 2000 POEA-SEC, stands as the basis therefor.

However, a strict and literal construction of the 2000 POEA-SEC, especially when the same would result into inequitable consequences against labor, is not subscribed to in this jurisdiction. Concordant with the State's avowed policy to give maximum aid and full protection to labor as enshrined in Article XIII of the 1987 Philippine Constitution, contracts of labor, such as the 2000 POEA-SEC, are deemed to be so impressed with public interest that the more beneficial conditions must be endeavored in favor of the laborer. The rule therefore is one of liberal construction. x x x

x x x x

Applying the rule on liberal construction, the Court is thus brought to the recognition that medical repatriation cases should be considered as an exception to Section 20 of the 2000 POEA-SEC. Accordingly, the phrase "work-related death of the seafarer, during the term of his employment contract" under Part A (1) of the said provision should not be strictly and literally construed to mean that the seafarer's work-related death should have precisely occurred during the term of his employment. **Rather, it is enough that the seafarer's work-related injury or illness which eventually causes his death should have occurred during the term of his employment.** Taking all things into account, the Court reckons that it is by this method of construction that undue prejudice to the laborer and his heirs may be obviated and the State policy on labor protection be championed. **For if the laborer's death was brought about (whether fully or partially) by the work he had harbored for his**



**master's profit, then it is but proper that his demise be compensated.**  
x x x.<sup>47</sup> (Emphases supplied)

Notably, the foregoing doctrine has been further applied by the Court in the succeeding cases of *Racelis v. United Philippine Lines, Inc.*<sup>48</sup> and *C.F. Sharp Crew Management, Inc. v. Legal Heirs of the Late Repiso*,<sup>49</sup> wherein the Court allowed the recovery of death benefits for the heirs of the seafarers who died after they were repatriated and hence, terminated from employment.

In this case, the NLRC ruled that the Heirs of Manolo were precluded from recovering death benefits, since Manolo's death occurred after his repatriation and hence, at the time when his employment with SSMI was already terminated. By virtue of this erroneous finding, the NLRC did not anymore proceed to rule on the issue of work-relatedness. For its part, the CA upheld the NLRC anent denial of death benefits, but awarded disability benefits, since the work-relatedness of Manolo's illness was established.

Clearly, the foregoing pronouncements are inconsistent with the Court's ruling in *Canuel*. As discussed above, a seafarer's death occurring after the term of his employment shall be compensable under the POEA-SEC provided that such death was caused by a work-related injury or illness that was sustained during the term of his employment. As such, the CA erred in not attributing grave abuse of discretion on the part of the NLRC in denying the Heirs of Manolo's claim for death benefits. In fine, the petition in **G.R. No. 238261** should be granted, and thus, the amounts of US\$50,000.00 or its Philippine Peso equivalent at the time of payment representing death benefits, US\$7,000.00 to each of the two (2) minor children of Manolo or US\$14,000.00, and ten percent (10%) of such aggregate amount as attorney's fees should be awarded in favor of the Heirs of Manolo as prayed for under Section 20 (B) (1) of the 2010 POEA-SEC.

**WHEREFORE**, the petition in **G.R. No. 238567** is **DENIED**, while the petition in **G.R. No. 238261** is **GRANTED**. Accordingly, the Decision dated October 12, 2017 and the Resolution dated March 22, 2018 of the Court of Appeals in CA-G.R. SP No. 146325 are hereby **SET ASIDE**. A new one is **ENTERED** ordering Singa Ship Management, Inc., Singa Ship Management Pte Ltd., Singapore, and Rene N. Riel to jointly and severally pay the Heirs of the Late Manolo N. Licuanan (Manolo), represented by his wife, Virginia S. Licuanan, the amounts of US\$50,000.00 or its Philippine Peso equivalent at the time of payment representing death benefits, US\$7,000.00 each (or a total of US\$14,000.00) to the two (2) minor children of Manolo, and ten percent (10%) of such aggregate amount as attorney's fees.

<sup>47</sup> Id. at 266-269; emphases supplied.

<sup>48</sup> 746 Phil. 758 (2014).

<sup>49</sup> 780 Phil. 645 (2016).

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**SO ORDERED.**

*Ms. Kent*  
**ESTELA M. PERLAS-BERNABE**  
Associate Justice

**WE CONCUR:**

*Antonio Carpio*  
**ANTONIO T. CARPIO**  
Senior Associate Justice  
Chairperson

*Alfredo Benjamin S. Caguioa*  
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

*Jose C. Reyes, Jr.*  
**JOSE C. REYES, JR.**  
Associate Justice

*Amy C. Lazaro-Javier*  
**AMY/C. LAZARO-JAVIER**  
Associate Justice

**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's Division.

*Antonio Carpio*  
**ANTONIO T. CARPIO**  
Senior Associate Justice  
Chairperson, Second Division

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's Division.

*Lucas P. Bersamin*  
**LUCAS P. BERSAMIN**  
Chief Justice