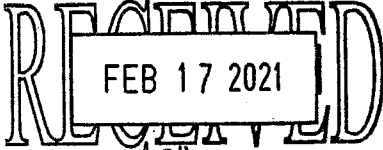


Mis D C Batt
MISAELO DOMINGO C. BATTUNG III
Division Clerk of Court
Third Division

FEB 15 2021

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

THIRD DIVISION

LOYOLA LIFE PLANS G.R. No. 228402
INCORPORATED (now LOYOLA
PLANS CONSOLIDATED INC.) and
ANGELITA D. LUMIQUED,
Petitioners,

- versus -

ATR PROFESSIONAL LIFE
ASSURANCE CORPORATION (now
ASIAN LIFE AND GENERAL
ASSURANCE CORPORATION),
Respondent.

X-----X

ATR PROFESSIONAL LIFE G.R. No. 222912
ASSURANCE CORPORATION (now Present:
ASIAN LIFE AND GENERAL
ASSURANCE CORPORATION),
Petitioner,

LEONEN, J.,
Chairperson,
GESMUNDO,
CARANDANG,
ZALAMEDA, and
GAERLAN, JJ.

- versus -

LOYOLA LIFE PLANS
INCORPORATED (now LOYOLA
PLANS CONSOLIDATED INC.) and Promulgated:
ANGELITA D. LUMIQUED,
Respondents.

August 26, 2020

Mis D C Batt

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DECISION

CARANDANG, J.:

Before this Court are two consolidated Petitions for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, assailing the Decision² dated February 4, 2016 and the Resolution³ dated November 17, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 97528.

Antecedents

Loyola Life Plans, Inc. (Loyola) is a pre-need company engaged in the business of insuring the lives of its plan holders through its Timeplans (pension contracts) and Lifepans (memorial service contracts), which are covered by insurance benefits provided by several insurance companies including GE Life Insurance Company, Incorporated (GE Life), later known as ATR Professional Life Assurance Corporation (ATR).⁴ On June 8, 1999, Loyola applied with ATR for a Group Creditors Life Insurance plan, with Group Yearly Renewable Term Life and Accidental Death Benefit as supplementary benefits.⁵ They entered into a Group Creditors Life Insurance Agreement, effective on June 15, 1999, under Master Policy No. GCL-878.⁶

On April 28, 2000, Dwight L. Lumiqued (Dwight), husband of Angelita Lumiqued (Angelita), purchased a Timeplan from Loyola payable in 120 monthly installments in the amount of ₱5,040.00 per month. To pay for the first monthly premium, Dwight issued two Metrobank checks in the amounts of ₱2,824.75 and ₱600.00 under Check Nos. 1200011493 and 1200114994, respectively. He also paid in cash ₱1,615.25. Simultaneous with the payment of the first monthly premium, Dwight executed Timeplan Application No. OT-00381071⁷ for which Timeplan Contract No. GGG430004785⁸ was issued.⁹ He was then issued an Official Receipt,¹⁰ which expressly states:

This Receipt is valid for downpayment only. Checks and other similar forms shall be valid only when cleared by the Bank.¹¹

Belen Edith C. Ganit (Ganit), Loyola's Sales Operation Assistant, deposited on the same day the two Metrobank checks while the cash payment was deposited to the account of Loyola on May 2, 2000.¹²

¹ *Rollo* (G.R. No. 228402), pp. 21-46; *Rollo* (G.R. No. 222912), pp. 10-20.

² Penned by Associate Justice Zenaida T. Galapate-Laguilles, with the concurrence of Associate Justices Mariflor P. Punzalan Castillo and Florito S. Macalino; *id.* at 52-60.

³ *Id.* at 63-64.

⁴ *Id.* at 53-54, 129.

⁵ *Id.* at 85.

⁶ *Rollo* (G.R. No. 222912), pp. 146-148.

⁷ *Id.* at 140.

⁸ *Id.* at 141.

⁹ *Id.* at 224.

¹⁰ *Id.* at 140.

¹¹ *Id.*

¹² *Rollo* (G.R. No. 228402), pp. 53, 123-124.

On May 1, 2000, Dwight died due to multiple stab wounds.¹³

Thereafter, Angelita filed a claim to recover the proceeds of the insurance benefits through Loyola's broker, Network Unlimited, Inc. However, in a letter¹⁴ dated April 17, 2001, ATR denied the claim on the ground that the initial installment payment was not completed.¹⁵ Loyola asked for a reconsideration, insisting that the Timeplan Dwight obtained was already in full force and effect upon payment of the premium on April 28, 2000.¹⁶

On October 16, 2001, ATR, through its Vice President of Legal and Compliance, denied Angelita's claim, reiterating its position that payment of the premium had not been completed.¹⁷ ATR also invalidated Dwight's application as his signature appearing therein was allegedly forged.¹⁸ To bar Angelita from further pursuing any claim for the insurance benefits, ATR instituted a complaint¹⁹ to declare the individual insurance coverage of Dwight under Master Policy No. GCL-878 void and of no effect at the time of his death on May 1, 2000. ATR also prayed for the payment of attorney's fees, litigation expenses, and costs of suit.²⁰

In Loyola's Answer with Compulsory Counterclaim,²¹ which was adopted *in toto* by Angelita,²² Loyola argued that: (1) Dwight's signature appearing in his Timeplan application was not forged;²³ and (2) Dwight paid in full the first installment of the insurance premium in the amount of ₱5,040.00 on April 28, 2000, prior to his death.²⁴ Loyola added that ATR cannot escape paying the proceeds under the Group Creditors Life Insurance in the amount of ₱599,760.00, Group Yearly Renewable Term Life in the amount of ₱604,800.00, and the Accidental Death Benefit in the amount of ₱604,800.00 by insisting that Dwight was murdered. Loyola pointed out that ATR failed to give any evidence to support its claim that Dwight was murdered and not a victim of homicide.²⁵ Thus, Loyola and Angelita prayed that ATR be directed to comply with its obligations under the Group Creditors Life Insurance Agreement by paying ₱1,809,360.00 in actual damages. In addition, Loyola and Angelita prayed that judgment be rendered ordering ATR to pay moral damages, and exemplary damages. Attorney's fees, litigation expenses, and costs of suit were also prayed for.²⁶

¹³ Id. at 125.
¹⁴ Id. at 128.
¹⁵ Id. at 53.
¹⁶ *Rollo* (G.R. No. 222912), pp. 151-152.
¹⁷ Id. at 65-66.
¹⁸ Id.
¹⁹ *Rollo* (G.R. No. 228402), pp. 92-97.
²⁰ Id. at 97.
²¹ Id. at 129-151.
²² Id. at 153.
²³ Id. at 140.
²⁴ Id. at 143-144.
²⁵ Id. at 145-146.
²⁶ Id. at 150-151.

4

Ruling of the Regional Trial Court

On July 7, 2011, the RTC rendered its Decision,²⁷ the dispositive portion of which reads:

WHEREFORE, the Court renders judgment:

- 1. DISMISSING the Complaint of plaintiff;
- 2. HOLDING plaintiff ATR Professional Life Insurance Corporation, now the Asian Life and General Assurance Corporation, liable for defendants' counterclaim. Plaintiff is ordered to:
 - a. Pay to defendant Angelita Lumiqued actual damages in the amount of P1,809,360;
 - b. Pay to defendants Loyola Plans Inc. and Angelita Lumiqued moral damages in the amount of P100,000;
 - c. Pay to the defendants exemplary damages in the amount of P100,000;
 - d. Pay to the defendants attorney's fees in the amount of P100,000;
 - e. Pay to the defendants the costs of suit.

SO ORDERED.²⁸ (Emphasis omitted)

The RTC held that Dwight timely paid the premium of the policy. Since the agreement and the official receipt state that the insurance coverage of a planholder shall take effect on the date of initial payment and/or down payment on the Timeplan, the RTC ruled that the date of receipt by the agent of Loyola of the down payment on April 28, 2000 is also the date of payment of the premium.²⁹ The RTC also found that ATR's allegation of forgery was a mere afterthought.³⁰ The RTC noted that it was only on September 22, 2001, or almost 18 months after the death of the Dwight, that the genuineness of his signature was assailed for the first time.³¹

The RTC computed the actual damages as follows:

Group Creditors Life Insurance	P599,760.00 (outstanding balance net of the first installment paid)
Group Yearly Renewable Term Life	604,800.00 (the gross contract price)
Accidental Death Benefit	604,800.00 (the gross contract price)
TOTAL	<hr/> P1,809,360.00 ³²

The RTC also awarded ₱100,000.00 as moral damages for ATR's bad faith and ₱100,000.00 as exemplary damages for not honoring its obligation.

²⁷ Penned by Presiding Judge Rico Sebastian D. Liwanag; id. at 155-169.
²⁸ Id. at 168-169.
²⁹ Id. at 165-166.
³⁰ Id. at 166.
³¹ Id. at 167.
³² Id. at 167.

Attorney's fees in the amount of ₱100,000.00 was also found to be reasonable.³³

Ruling of the Court of Appeals

On February 4, 2016, the CA rendered its Decision,³⁴ the dispositive portion of which reads:

WHEREFORE, premises considered, the instant Appeal is hereby **DENIED**. The assailed Decision dated 7 July 2011 of the Regional Trial Court, Branch 136, Makati City in Civil Case No. Q-01-1665 is hereby **AFFIRMED** with **MODIFICATION** by holding appellant liable to pay the heirs or beneficiaries listed in the insurance policy Plan Benefit in the amount of P992,000.00. Actual damages awarded in the aggregate amount of P1,809,360.00 including the damages for moral and exemplary as well as attorney's fees each in the sum of P100,000.00 are hereby **DELETED**.

SO ORDERED.³⁵ (Emphasis in the original)

The CA held that the partial payment of the premium rendered the policy in full force and effect. This is expressly provided in the terms of the policy.³⁶ The CA declared that the assumption of risk by ATR started from the moment of the initial down payment on the premium through the payment of checks and the cash received by Loyola's agent, as reflected in the Official Receipt issued to Dwight on April 28, 2000.³⁷

The CA explained that, though delivery of the checks does not immediately effect payment, it simply suspends the action arising from the original obligation until payment is accompanied either actually or presumptively. The payment of the premium on the policy thus became an independent obligation, the non-fulfillment of which would entitle the insurer to recover. The CA opined that the insurer could just deduct the premium due and unpaid upon the satisfaction of the loss under the policy. It does not have a right to cancel the policy. It could place the insured in default in case of such and give the latter personal notice to that effect.³⁸

The CA also did not find any merit to ATR's claim that Dwight's application was forged. The testimony confirming the genuineness of Dwight's signature by the Philippine National Police handwriting examiner Mely Feliciano Sora was given full credence.³⁹ Likewise, the CA believed Jacobo Gumiran's (Gumiran) statement that he personally witnessed Dwight affix his signature in the application and even admitted receiving the down

³³ Id. at 168.

³⁴ Supra note 2.

³⁵ *Rollo* (G.R. No. 228402), p. 60.

³⁶ Id. at 55-56.

³⁷ Id. at 57.

³⁸ Id.

³⁹ Id. at 58.

payment.⁴⁰

The CA deleted the award of actual damages in the amount of ₱1,809,360.00, stating that the Timeplan contract specifically provides payment of ₱992,000.00 as plan benefit only. The CA did not find sufficient evidence to prove that the policy in question falls within the categories of Group Creditors Life Insurance and Group Yearly Renewable Term Life or that the death of Dwight was accidental in order for him to be entitled to ₱1,809,360.00.⁴¹

The moral and exemplary damages awarded were deleted as the CA found that ATR did not commit any fraudulent act nor employ bad faith. The CA also removed the award of attorney's fees as the RTC decision did not state the reason why it was awarded.⁴²

On March 16, 2016, ATR filed its petition for review on *certiorari* docketed as G.R. No. 222912,⁴³ claiming that it is not liable to pay the heirs of Dwight because: (1) Dwight did not complete the monthly premium payment prior to his death because the cash payment of ₱1,615.25 was only deposited on May 2, 2000;⁴⁴ (2) the Timeplan application of Dwight is forged;⁴⁵ and (3) murder is not among the risks covered by the Group Creditors Life Insurance Agreement.⁴⁶

In its Comment⁴⁷, Loyola pointed out that ATR's petition is premature because the CA had not yet resolved Loyola's Motion for Reconsideration⁴⁸ to the Decision of the CA. Loyola proposed that the case be remanded to the CA for the final disposition of the Motion for Reconsideration.⁴⁹

Thereafter, in a Resolution⁵⁰ dated November 17, 2016, the CA denied the Motion for (Partial) Reconsideration Loyola filed.

Meanwhile, in the petition filed on January 11, 2017 docketed as G.R. No. 228402, Loyola emphasized that the records, including documentary evidence and pleadings submitted by ATR, recognize that the policy in question is entitled to the Group Creditors Life Insurance and the Group Yearly Renewable Term Life benefits Loyola obtained under Master Policy No. GCL-878.⁵¹ Loyola also highlighted that the amount of ₱1,809,360 was stipulated by the parties and that the specific amount of loss need not be proven.⁵² Loyola further argued that the CA erred in deleting the award of

⁴⁰ Id.
⁴¹ Id. at 58-59.
⁴² Id. at 59-60.
⁴³ *Rollo* (G.R. No. 222912), pp. 10-21.
⁴⁴ Id. at 18-19.
⁴⁵ Id. at 19-20.
⁴⁶ Id. at 20, 34-53.
⁴⁷ Id. at 234-235.
⁴⁸ *Rollo* (G.R. No. 228402), pp. 65-82.
⁴⁹ *Rollo* (G.R. No. 222912), p. 235.
⁵⁰ *Supra* note 3.
⁵¹ *Rollo* (G.R. No. 228402), pp. 31-36.
⁵² Id. at 37.

moral and exemplary damages despite the trial court's finding of bad faith on the part of ATR and its failure to honor its obligation.⁵³ Contrary to the ruling of the CA, Loyola averred that the award of attorney's fees is justified because it was clearly stated in the RTC decision that ATR filed an unfounded suit.⁵⁴

On January 18, 2017, the Court issued a Resolution ordering that G.R. No. 228402 and G.R. No. 222912 be consolidated as both cases assail the same Decision of the CA in CA-G.R. CV No. 97528.

In its Comment⁵⁵ in G.R. No. 228402, ATR insisted that the amount paid by Dwight should be treated only as a deposit and not a premium payment because the cash payment of ₱1,615.25 was deposited on May 2, 2000, making the first installment not fully paid.⁵⁶ Because the downpayment in the amount of ₱5,040.00 was not fully paid on its due date, April 28, 2000, ATR reiterated its position that the policy is not valid and binding.⁵⁷ ATR also maintained that it is not liable because "[m]urder or provoked assault; or any attempt thereat" are among the exclusions of the policy.⁵⁸ Moreover, ATR insisted that it has substantially proven that Dwight's Timeplan application was forged.⁵⁹

In its Reply,⁶⁰ Loyola essentially restated its substantive arguments to support its position.

Issues

The issues to be resolved are:

1. Whether Dwight's Timeplan application was forged;
2. Whether an insurance contract was perfected between Dwight and ATR on April 28, 2000 when Dwight paid Loyola's agent, Gumiran, cash in the amount of ₱1,615.25 and two checks amounting to ₱2,824.75, and ₱600.00, thus entitling his heirs to the proceeds of the policy following his death on May 1, 2000;
3. Whether the cause of Dwight's death is a risk covered by the Timeplan contract;
4. Whether Dwight's Timeplan contract is entitled to the Group Creditors Life Insurance and the Group Yearly Renewable Term Life benefits obtained by Loyola; and
5. Whether the CA correctly deleted the award of moral damages, exemplary damages, and attorney's fees.

⁵³ Id. at 38-41.

⁵⁴ Id. at 41-46.

⁵⁵ Id. at 197-204.

⁵⁶ Id. at 198-199.

⁵⁷ Id. at 199-200.

⁵⁸ Id. at 200.

⁵⁹ Id.

⁶⁰ Id. at 215-239.

Ruling of the Court

ATR failed to sufficiently establish that Dwight's Timeplan application was forged.

It is well-settled that allegations of forgery, like all other allegations, must be proved by clear, positive, and convincing evidence by the party alleging it. It should not be presumed but must be established by comparing the alleged forged signature with the genuine signatures. Although handwriting experts are often offered as witnesses, they are not indispensable because judges must exercise independent judgment in determining the authenticity or genuineness of the signatures in question.⁶¹

In this case, to prove forgery, ATR relied on the Report⁶² of retired Chief Document Examiner of the National Bureau of Investigation, Atty. Desiderio A. Pagui (Atty. Pagui), who concluded that:

FINDINGS-CONCLUSION:

The questioned signature "Dwight L. Lumiqued" in carbon-original appears inherent defect in line quality which comparing scientifically with standard signatures, **assuming that they are authentic copies of the originals**, which though the latter are undoubtedly clear copies reflecting free flowing execution of the writing strokes reveals inconsistency in line qualities with the former. As consequence, **while the original of questioned document is preferably the most desired to be examined**, the available signatures would show significant differences in handwriting characteristics between said questioned and standard signatures. Using those that are available as aforesaid, the questioned and standard signatures could have not been affixed by one and the same person.⁶³ (Emphasis supplied)

Noticeably, the language used by Atty. Pagui in his findings is not definitive and cannot be considered a reliable examination of the genuineness of Dwight's signature. While it concludes that the questioned and standard signatures could not have been affixed by one and the same person, this conclusion is made on the assumption that the standard signatures provided by ATR are authentic copies of the originals. Moreover, only the carbon-original copy of Dwight's questioned document was examined, not the original questioned document bearing his signature. Atty. Pagui admitted that the original copy of the document where the questioned signature appears is "preferably the most desired to be examined." Even Mely Feliciano Sora, Chief of the Questioned Document Examination Division of the Philippine National Police Crime Laboratory, opined that it is impossible to conduct a

⁶¹ *Francisco Lim v. Equitable PCI Bank*, now known as Banco De Oro Unibank, Inc., 724 Phil. 461 (2014).

⁶² *Rollo* (G.R. No. 222912), p. 67.

⁶³ *Id.*

reliable handwriting examination of Dwight's signature appearing on the Timeplan Application. According to her, the Application is a mere carbon original wherein the minute details are not clear.⁶⁴ Moreover, it must be stressed that ATR hired Atty. Pagui to prepare the report. Thus, the CA was correct in not giving credence to Atty. Pagui's testimony because his report is susceptible to bias and prejudice.⁶⁵ Given the unreliable quality of the available sample signatures of Dwight in the records, the Court is inclined to refuse conducting an independent examination of the genuineness of his signature in the disputed Timeplan application.

Nevertheless, the Court finds Gumiran's admission that he personally witnessed Dwight affix his signature in the application sufficient to rebut the allegation of forgery. Between the unreliable findings of Atty. Pagui and the sworn statement of Gumiran, the Court is inclined to give more credence to the latter.

The Court also agrees with the observation of the lower courts that the allegation of forgery is a mere afterthought. It was only on September 22, 2001, or almost 18 months after the death of Dwight, that ATR belatedly assailed for the first time the genuineness of his signature. ATR's timing in raising the allegation of forgery is suspicious and questionable.⁶⁶ Thus, the Court is convinced that the signature of Dwight appearing in his Timeplan application is genuine.

Dwight timely paid the initial monthly premium for the Timeplan on April 28, 2000 to Loyola who is an agent of ATR. Hence, an insurance contract was perfected.

A contract of insurance is defined as an agreement whereby one undertakes for a consideration to indemnify another against loss, damage, or liability arising from an unknown or contingent event.⁶⁷ An insurance contract exists where the following elements concur: (1) the insured has an insurable interest; (2) the insured is subject to a risk of loss by the happening of the designated peril; (3) the insurer assumes the risk; (4) such assumption of risk is part of a general scheme to distribute actual losses among a large group of persons bearing a similar risk; and (5) in consideration of the insurer's promise, the insured pays a premium.⁶⁸ In the case of *Perez v. Court of Appeals*,⁶⁹ the Court held that assent is given when the insurer issues a corresponding policy to the applicant. The Court declared that "[i]t is only when the applicant pays the premium and receives and accepts the policy while he is in good health that the contract of insurance is deemed to have

⁶⁴ *Rollo* (G.R. No. 228402), p. 165.

⁶⁵ *Id.* at 58.

⁶⁶ *Id.*

⁶⁷ INSURANCE CODE, Sec. 2(a).

⁶⁸ *Philamcare Health Systems, Inc. v. Court of Appeals*, 429 Phil. 82; 89 (2002).

⁶⁹ 380 Phil. 592, 599 (2000).



been perfected.”⁷⁰

The fact that Dwight was only able to make an initial payment of the insurance premium and that Loyola failed to immediately remit cash portion of the initial payment to ATR should not affect the validity of the perfected insurance contract.

Furthermore, ATR agreed to insure all present and future planholders of Loyola. The pertinent provisions in Master Policy No. GCL-878 on payment of premium and effectivity of policy read:

DATE OF EFFECTIVITY OF INDIVIDUAL INSURANCE

The insurance coverage of all present and future eligible PLANHOLDER shall become effective **on the latest of the following dates.**

1. the date the contract of agreement with the CREDITOR is legally perfected; or
2. the date of the initial payment and/or down payment;
3. the date written application is accomplishment (sic); or
4. the date of approval by the COMPANY of evidence of insurability, if required; or
5. the date the COMPANY received the corresponding premium.⁷¹

x x x x

PAYMENT OF PREMIUMS

The initial premium for each benefit provided in the Policy shall be stated in the SCHEDULE OF PREMIUM RATES provision applicable to said benefit. All premium on this Policy are payable in advance directly to the Home Office of the Company or to a duly authorized Agent of the Company.

Payment of premiums whether monthly, quarterly, semi-annually, or annually are payable as they become due according to the mode of premium payment. Any change in the mode of premium payments may be affected only at the beginning of any Policy year. No premium payment shall maintain this Policy in force beyond the date when the next premium becomes due, except as provided in the Grace Period provision herein.⁷²

x x x x

EFFECTIVE DATE

The coverage of insurable PLANHOLDER shall take effect on the date of initial payment and/or down

⁷⁰ Id.
⁷¹ *Rollo* (G.R. No. 222912), p. 39.
⁷² Id. at 46.



payment on the selected plan (as shown in the Binding Deposit Receipt). However, the Company reserves the right to require a PLANHOLDER to submit Evidence of Insurability even the coverage does not exceed the Non-Medical Limit.

REPORTING OF INSURED PLANHOLDERS

x x x x

Applications for insurance must be submitted to GE LIFE within seven (7) working days from the date of initial/ first payment of the Plan holders together with the list of Certificate issued. **Effective Date shall coincide with the date of first payment if complied with.** However, GE LIFE will not be held liable for Certificates issued not reported for coverage within the said 7-working day period.⁷³ (Emphasis supplied)

Noticeably, the date of effectivity of individual insurance provision contains conflicting terms that are susceptible to different interpretations. While the policy states that it shall become effective on the “latest” of a list of dates, the use of the conjunction “or” suggests that there are options and that any of the options chosen can give rise to the effectivity of the individual insurance. Meanwhile, in the clause pertaining to the “EFFECTIVE DATE” of the policy, it clearly states that “[t]he coverage of insurable PLANHOLDER shall take effect on the date of initial payment and/or down payment on the selected plan (as shown in the Binding Deposit Receipt).”⁷⁴

The contract between ATR and Loyola is a contract of adhesion as it was prepared solely by ATR for Loyola and its planholders to conform to. Any ambiguity in a contract of adhesion is construed strictly against the party that prepared it. In this case, the obscure provision pertaining to the date of effectivity of the policy coverage should be resolved in favor of Angelita. Thus, the happening of any of the instances enumerated should suffice in giving rise to the effectivity of the individual insurance. This interpretation is more consistent with the other provisions of the policy such as the clause on the “EFFECTIVE DATE” of the policy.

ATR argues that the date of receipt of payment of premium is the date when the cash was actually deposited in the bank. The Court finds this proposition contrary to logic and unreasonable.

Here, it is undisputed that at 10:34 am on April 28, 2000, Loyola’s Sales Operation Assistant deposited the two Metrobank checks at Metrobank Solano, Nueva Viscaya branch. However, instead of immediately depositing the cash payment of ₱1,615.25, Loyola used the money and waited until May 2, 2000, the next banking day which fell on a Tuesday, to deposit the

⁷³ Id. at 50.

⁷⁴ Id.

remainder of the initial payment of Dwight.⁷⁵ By then, Dwight had already passed away due to the multiple stab wounds he sustained on May 1, 2000. Loyola admitted that the delay in the deposit of the ₱1,615.25 cash was due to its district office's immediate need for cash.⁷⁶

It is important to clarify that Loyola is an agent of ATR. In a contract of agency, "a person binds himself to render some service or to do something in representation or on behalf of another, with the consent or authority of the latter."⁷⁷ Therefore, a planholder's payment made to Loyola has the same legal effect as payment made to ATR, even if Loyola failed to immediately deposit the cash payment to its account.

In the case of *Bank of the Philippine Islands v. Laingo*,⁷⁸ the Court held that the Bank of the Philippine Islands (BPI) acted as agent of FGU Insurance with respect to the insurance feature of its commercial product, a savings account which offered insurance coverage for free for every deposit account opened. The controversy in *Laingo* involved the alleged non-compliance with the requirement of submitting a written notice of insurance claim to FGU Insurance within three calendar months from the death of the insured. The beneficiary of the policy contended that BPI did not notify her of the attached insurance policy yet allowed her to withdraw from the savings account after the death of the insured. In ruling that it was incumbent upon BPI, as agent of FGU Insurance, to give proper notice of the existence of the insurance coverage and the stipulation in the insurance contract for filing a claim, the Court observed that the account holder directly communicated with BPI as the agent of FGU Insurance. BPI facilitated the processing of the deposit account, collection of necessary documents, and the endorsement for the approval of the insurance coverage without any other action on the part of the account holder. FGU Insurance did not interact directly with the account holder and all communications were coursed through BPI.⁷⁹

While the facts and issue surrounding the case of *Laingo* is different from the case at bar, the ruling of the Court still finds applications to the present case. The relationship between BPI and FGU Insurance in the *Laingo* case is similar to the arrangement between Loyola and ATR in the present case. Loyola offered its Timeplan product with a life insurance feature to entice customers to invest their money. Loyola secured Master Policy No. GCL-878 from ATR to insure all of its future planholders. Customers who intend to avail the Timeplan of Loyola do not transact with ATR and merely submit all the requirements, including the payment of premiums, to Loyola. As such, it is apparent that Loyola acted as agent of ATR with respect to the insurance feature of its Timeplan product. The collective conduct of Loyola, as an agent of ATR, in accepting from Dwight the initial payment, issuing the corresponding Official Receipt,⁸⁰ and delivering the pre-signed Timeplan

⁷⁵ *Rollo* (G.R. No. 228402), pp. 53, 123-124.

⁷⁶ *Rollo* (G.R. No. 222912), p. 73.

⁷⁷ CIVIL CODE OF THE PHILIPPINES, Art. 1868.

⁷⁸ 783 Phil. 466 (2016).

⁷⁹ *Id.*

⁸⁰ *Rollo* (G.R. No. 222912), p. 140.

contract reveal that a contract of insurance was perfected. The acts of Loyola, as an agent of ATR, binds the latter.

The effectivity of the Timeplan cannot be left to the will of Loyola and ATR. This arrangement will leave Dwight in a helpless position where the implementation of the contract is put on hold and made dependent upon the will of Loyola and ATR despite having complied with his contractual obligations. Moreover, the Official Receipt⁸¹ Gumiran issued to Dwight clearly states:

This Receipt is valid for down payment only. Checks and other similar forms shall be valid only when cleared by the Bank.⁸²

As far as Dwight is concerned, his payment to Gumiran is considered his payment to Loyola and ATR for the initial monthly installment of the Timeplan even if the cash portion of his payment was not immediately deposited to Loyola's account.

Furthermore, upon payment of the premium, Dwight was issued a copy of the Timeplan contract that was pre-signed by Jesusa Puyat-Concepcion, President and Chief Executive Officer of Loyola, and Francisco D. Cauilan, Area Manager of Loyola.⁸³ Dwight's receipt of the Timeplan contract, while he was in good health, signifies that the contract was perfected. The delivery of the corresponding Timeplan contract signifies the perfection of the contract between him and Loyola.

More importantly, it must be clarified that, while the first monthly installment due from Dwight is ₱5,040.00, the insurance premium payable to ATR is only a fraction of said installment payment. The breakdown of the cost allocation of the installment values made on the plan of Dwight indicates that the insurance premium payable to ATR is only ₱447.55. Pursuant to the Certification of Distribution of Monthly Installments⁸⁴ as of April 28, 2000 Loyola issued, the breakdown of the initial payment is as follows:

	1 st Month
Installment Amount	5,040
Filing fee	50.40
Documentary stamp	252.00
10% VAT	403.20
Commission/ Overrides	2,166.66
Collection fee	0.00
Bonuses	140.11
Other expenses (GAE)	504.00
Insurance cost	447.55
Trust fund deposit	1,008.00
Total Expenses	4,971.92

⁸¹ Id.

⁸² Id.

⁸³ Id. at 141.

⁸⁴ Id. at 99.

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Remainder of Installment	68.08 ⁸⁵
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Here, it is readily apparent that the amount Loyola received from Dwight is more than enough to cover the ₱447.55 insurance cost. The cash payment of ₱1,615.25 alone was more than sufficient to pay for the insurance cost payable to ATR yet the employees of Loyola opted to delay depositing it and used it for other purposes not intended by the parties. The insurance coverage of Dwight should not be adversely affected by Loyola's delay.

The cause of Dwight's death is a risk covered by the Timeplan contract.

ATR argues that the cause of Dwight's death is an excluded risk because he was murdered. The Exclusions Clause of Master Policy No. GCL-878 states:

No benefit shall be payable for any loss resulting from or caused directly or indirectly, wholly or partially, by:

x x x x

10. Murder or provoked assault; or any attempt thereat; or

x x x x⁸⁶

Noticeably, the records are bereft of any circumstance showing that the fatal stabbing of Dwight is a product of the crime of murder. The Investigation Report of ATR states:

Since the coverage was only 3 days from the effective date, I went to Nueva Vizcaya to have this case investigated. I found out, however, that the insured died actually on May 1, 2000 at about 2:30 in the morning. **He was stabbed to death by his brother in law Joemar Tallud after trying to pacify Joemar and his wife Angelita quarelling (sic) over real property inheritances.** A case was already filed against Joemar Tallud at the Regional Trial Court in Bayombong, Nueva Vizcaya.⁸⁷ (Emphasis supplied)

From the foregoing, it is clear that, though Dwight died as a result of stab wounds inflicted by his brother-in-law Joemar Tallud (Joemar), nothing in the Investigation Report suggests that he was murdered or that he died due to a provoked assault as understood in criminal law. The act of Joemar cannot be equated to murder or provoked assault without a final judgment from the court finding Joemar guilty beyond reasonable doubt. The conclusion of ATR, unsupported by any competent evidence, fails to persuade the Court that the cause of Dwight's death comes within the purview of the exclusion clause of Master Policy No. GCL-878. Hence, ATR is not exempted from liability.

⁸⁵ Id.

⁸⁶ Id. at 42.

⁸⁷ *Rollo* (G.R. No. 228402), p. 87.

Dwight's Timeplan contract entitles him to the Group Creditors Life Insurance and the Group Yearly Renewable Term Life benefits obtained by Loyola.

The CA committed serious error in deleting the award of actual damages comprising the insurance benefits from the Group Creditors Life Insurance amounting to ₱599,760.00 and Group Yearly Renewable Term Life amounting to ₱604,800.00. The evidence on record and the pleadings submitted by ATR all show that Loyola obtained a Group Creditors Life Insurance from ATR, with supplementary Group Yearly Renewable Term Life and Accidental Death benefits, for its present and future planholders.⁸⁸

The cover page of Master Policy No. GCL-878, where the dry seal of GE Life and the signature of its president & chief executive officer Eulogio A. Mendoza appear, specifically states:

MASTER POLICY NO.	:	GCL-878
POLICYHOLDER/ CREDITOR	:	LOYOLA TIMEPLAN
PLAN OF INSURANCE	:	GROUP CREDITORS LIFE INSURANCE
SUPPLEMENTARY BENEFITS	:	GROUP YEARLY RENEWABLE TERM LIFE ACCIDENTAL DEATH BENEFIT
POLICY EFFECTIVE DATE	:	JUNE 15, 1999
PREMIUM DUE DATE	:	JUNE 15, 1999 & EVERY YEAR THEREAFTER
POLICY ANNIVERSARIES	:	JUNE 15, 2000 & EVERY YEAR THEREAFTER ⁸⁹ (Emphasis supplied)

Master Policy No. GCL-878 enumerates the amount of insurance for each benefit as follows:

AMOUNT OF INSURANCE

Group Creditors Life Insurance -	equal to the outstanding and unpaid balance of the gross contract price.
Group Yearly Renewable Term Life -	equal to the original amount of gross contract price.

⁸⁸ Id. at 85.

⁸⁹ Rollo (G.R. No. 222912), p. 34.

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Accidental Death Benefit

equal to the original amount of gross contract price.⁹⁰
 [Emphasis and underscoring in the original]

Throughout the text of Master Policy No. GCL-878, the listed benefits have been consistently mentioned and is deemed to cover all present and future eligible planholders of Loyola.⁹¹ Even the Claims Committee Action Sheet reflecting ATR's denial of Angelita's claim confirm that Master Policy No. GCL-878 includes said benefits.⁹² ATR never denied the inclusion of Dwight's Timeplan in Master Policy No. GCL-878. Thus, the RTC was correct in including the proceeds from those benefits in computing the award of actual damages in the amount of P1,809,360 in favor of Angelita computed as follows:

Group Creditors Life Insurance	P599,760.00 (outstanding balance net of the first installment paid)
Group Yearly Renewable Term Life Accidental Death Benefit	604,800.00 (the gross contract price)
TOTAL	604,800.00 (the gross contract price)
	<hr/> P1,809,360.00

The CA committed error in deleting the award of moral damages, exemplary damages, and attorney's fees.

Moral Damages

The RTC awarded moral damages to Loyola and Angelita after finding that ATR acted in bad faith in bringing a baseless suit against Loyola and Angelita.⁹³ However, the CA deleted the award in its decision. The Court finds that an award of moral damages in the amount of P50,000.00 is commensurate to the anxiety and inconvenience Angelita suffered for ATR's callous treatment of her claim for death benefits. Indeed, ATR reneged on its obligation to pay the proceeds from the policy Angelita is entitled to receive

⁹⁰ Id. at 35.

⁹¹ Id. at 39.

⁹² *Rollo* (G.R. No. 228402), p. 89.

⁹³ Id. at 168.

and intentionally delayed the procedure to claim through its unsubstantiated assertion that Dwight was murdered. It also did not escape the Court's attention that ATR belatedly assailed the genuineness of the Timeplan application of Dwight 18 months after his death. For the Court, these acts collectively show the intention of ATR to unduly prolong the process of claiming the benefits, thus justifying the award of moral damages in favor of Angelita.

Exemplary Damages

Article 2232 of the Civil Code provides that in a contractual or quasi-contractual relationship, exemplary damages may be awarded only if the defendant had acted in a wanton, fraudulent, reckless, oppressive, or malevolent manner.⁹⁴ Article 2234 of the Civil Code further requires that, to be entitled to exemplary damages, the claimant must show that he is entitled to moral, temperate, or compensatory damages.⁹⁵

ATR undertook to insure Loyola's planholders upon the fulfillment of any of the instances enumerated in the "Date of Effectivity of Individual Insurance" clause of Master Policy No. GCL-878. Considering that ATR refused to honor the insurance coverage of Dwight's Timeplan, and unduly prolonged the procedure for claiming the benefits under the policy, the Court finds that the award of exemplary damages in the amount of ₱50,000.00 in favor of Angelita reasonable.

Attorney's Fees

The instances when attorney's fees may be awarded are enumerated in Article 2208 of the Civil Code which reads:

Article 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

(1) When exemplary damages are awarded;

(2) When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;

x x x x

(4) In case of a clearly unfounded civil action or proceeding against the plaintiff;

(5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;

x x x x

(11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

⁹⁴ CIVIL CODE OF THE PHILIPPINES, Art. 2232.

⁹⁵ CIVIL CODE OF THE PHILIPPINES, Art. 2234.

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In all cases, the attorney's fees and expenses of litigation must be reasonable.⁹⁶

The RTC was correct in awarding attorney's fees because exemplary damages were awarded and due to the length of the proceedings. In addition, the Court finds the civil action initiated by ATR unfounded and that its continued refusal to honor the insurance claim of Angelita under Master Policy No. GCL-878 justifies the award of attorney's fees in the amount of ₱50,000.00 in her favor.

Similarly, the Court finds that an award of attorney's fees in the amount of ₱50,000.00 in favor of Loyola and Angelita is proper due to the unfounded suit ATR filed against it and the length of the proceedings.

Interest

Lastly, award of interest in accordance with the Court's ruling in the case of *Nacar v. Gallery Frames*⁹⁷ is proper. In *Nacar*, the Court modified the imposable interest rates on the basis of Bangko Sentral ng Pilipinas Monetary Board Circular No. 799, which took effect on July 1, 2013, thus:

x x x x

II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:

1. When the obligation is breached, and it consists in the payment of a sum of money, *i.e.*, a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be **6% per annum** to be computed from default, *i.e.*, from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.
2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the *discretion of the court* at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to

⁹⁶ CIVIL CODE OF THE PHILIPPINES, Art. 2208.

⁹⁷ 716 Phil. 267, 282-283 (2013).

have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.

3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be **6% per annum** from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.

And in addition to the above, judgments that have become final and executory prior to July 1, 2013, shall not be disturbed and shall continue to be implemented applying the rate of interest fixed therein.⁹⁸ (Emphasis and italics in the original; citations omitted)

Applying the guidelines in *Nacar* to the present case, 12% interest rate *per annum* shall be imposed on the principal amount due from the time of judicial demand, *i.e.*, from the time of the filing of the complaint, until June 30, 2013. Thereafter, from July 1, 2013, until full satisfaction of the monetary award, the interest rate shall be **6% per annum**.

WHEREFORE, premises considered, the Decision dated February 4, 2016 and the Resolution dated November 17, 2016 of the Court of Appeals in CA-G.R. CV No. 97528 are **MODIFIED**. ATR Professional Life Insurance Corporation, now Asian Life and General Assurance Corporation, is **ORDERED** to:

- a. Pay Angelita Lumiqued actual damages in the amount of ₱1,809,360.00;
- b. Pay Angelita Lumiqued moral damages in the amount of ₱50,000.00;
- c. Pay Angelita Lumiqued exemplary damages in the amount of ₱50,000.00; and
- d. Pay Loyola Plans Inc. and Angelita Lumiqued attorney's fees in the amount of ₱50,000.00 each.

In addition, ATR Professional Life Insurance Corporation, now Asian Life and General Assurance Corporation, is **DIRECTED** to pay interest of twelve percent (12%) *per annum* on the monetary award computed from the time of the filing of the complaint until June 30, 2013 and six percent (6%) *per annum* from July 1, 2013 until full satisfaction thereof.


SO ORDERED.

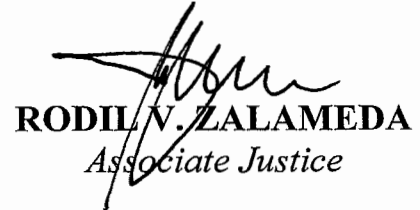

ROSMARI D. CARANDANG
Associate Justice

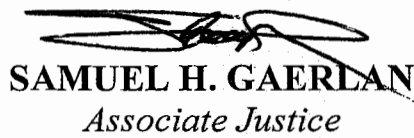
⁹⁸ Id.

WE CONCUR:


MARVIC MARIO VICTOR F. LEONEN
Associate Justice

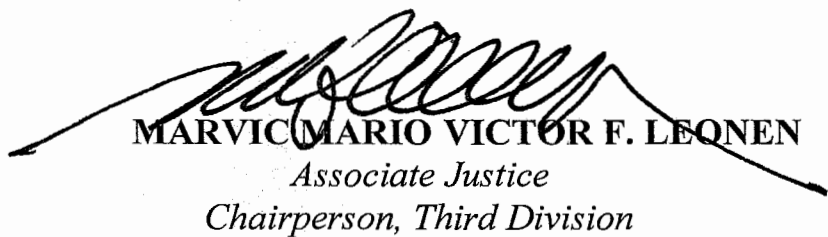

ALEXANDER G. GESMUNDO
Associate Justice


RODIL V. ZALAMEDA
Associate Justice


SAMUEL H. GAERLAN
Associate Justice

ATTESTATION

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


MARVIC MARIO VICTOR F. LEONEN
Associate Justice
Chairperson, Third 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 case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice

CERTIFIED TRUE COPY

Mis PDCBatt
MISAELO DOMINGO C. BATTUNG III
Division Clerk of Court
Third Division

FEB 15 2021