



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

**THE PHILIPPINE AMERICAN
LIFE AND GENERAL
INSURANCE [PHILAM LIFE]
COMPANY* and PABLITO BAIS,**
Petitioners,

G.R. No. 240320

Present:

CAGUIOA, J., *Chairperson,*
INTING,
GAERLAN,
DIMAAMPAO, and
SINGH, JJ.

- versus -

**ROMEO D. SORIANO and MARIA
LUISA R. SORIANO,****
Respondents.

Promulgated:

May 22, 2024

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DECISION

DIMAAMPAO, J.:

This Petition for Review on *Certiorari*¹ impugns the Decision² and the Resolution³ of the Court of Appeals (CA), which reversed the Regional Trial Court (RTC) Judgment⁴ and which denied the subsequent motion for reconsideration, respectively, in CA-G.R. CV No. 04447-MIN.

At the pith of the instant Petition is the disapproved accident insurance claim filed by respondent Romeo D. Soriano (Romeo).

* Now AIA Philippines Life and General Insurance Company Inc.

** Also referred to as Ma. Luisa R. Soriano in some parts of the records.

¹ *Rollo*, pp. 14–35.

² *Id.* at 36–49. The February 22, 2018 Decision was penned by Associate Justice Ruben Reynaldo G. Roxas, with the concurrence of Associate Justices Edgardo T. Lloren and Walter S. Ong of the Special Twenty-Third Division, Court of Appeals, Cagayan de Oro City.

³ *Id.* at 50–54. Dated June 20, 2018.

⁴ *Id.* at 66–87. The October 11, 2013 Judgment in Civil Case No. 5159 was penned by Judge Emmanuel E. Escatron of Branch 2, Regional Trial Court, Butuan City, Agusan del Norte.

Romeo was employed as an account executive at Shooters Guns and Ammunition Corporation, a business engaged in the selling of firearms and ammunitions. He obtained accident insurance policies from the following insurance companies:

Name of Insurer	Policy No. & Coverage
Malayan Insurance	RJ-0054200100008 for [PHP] 1,000,000.00
Great Domestic Insurance	PA 2670 for [PHP] 1,000,000.00
Commonwealth Insurance	PA-980764 12-29-01 for [PHP] 1,000,000.00
FGU Insurance	BPA-J00162 for [PHP] 1,000,000.00
UCPB Insurance	CGY00PD-P1P000558 for PHP 500,000.00
Philam Life Insurance	W443343 and W443344 for [PHP] 300,000.00 and [PHP] 500,000.00, respectively. ⁵

On January 29, 2001, Romeo tripped as he was coming out of the bathroom, causing his right eye to hit the arm rest of a chair. He called out to his spouse, respondent Maria Luisa R. Soriano (Luisa), who promptly rushed to his side.⁶

Romeo was immediately brought to the clinic of Dr. Reynaldo Villanueva (Dr. Villanueva). After a series of check-ups, he was admitted at the Manuel J. Santos Hospital in Butuan City and underwent an enucleation, a surgical procedure involving the removal of his right eye. The post-operative diagnosis was “traumatic endophthalmitis, absolute glaucoma, OD, S/P Enucleation and implant.” On account of the surgery, he incurred medical expenses in the sum of PHP 31,060.00.⁷

Consequently, Romeo filed written notices of injury with the above-named insurance companies. To his dismay, his claims were disapproved based on the joint affidavit of their former household helpers, Merced Amor (Amor) and Rofe Delleria (Delleria), who denied the occurrence of the accident. The joint affidavit was secured by Pablito Bais (Bais), who was hired to investigate the veracity of Romeo’s claims. Meanwhile, a similar affidavit was secured by Manila Adjusters & Surveyors Company, the credit investigator of petitioner The Philippine American Life and General Insurance [Philam Life] Company (Philam Life).⁸

The disapproval of the claims prompted Romeo and Luisa (spouses Soriano) to lodge separate complaints before the RTC against Bais and the

⁵ See *id.* at 39.

⁶ *Id.* at 40, 68.

⁷ *Id.* at 40–43.

⁸ *Id.* at 40.

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insurance companies for accident insurance proceeds, specific performance, damages, and attorney's fees. These complaints were docketed as Civil Case Nos. 5119, 5120, 5122, 5136, 5159, and 5160. The issues were joined and the case was set for pre-trial. The parties failed to reach a settlement. Thus, trial on the merits ensued.⁹

During the trial, spouses Soriano presented themselves and Dr. Villanueva as witnesses.¹⁰ On the other hand, Philam Life and Bais proffered the testimony of Delleria and the medical opinion of Dr. Mario J. Valenton (Dr. Valenton), a credited physician of Philam Life.¹¹

In due course, the RTC rendered its Judgment, dismissing the complaints based on the equipoise rule. The spouses Soriano moved for reconsideration, but their plea was denied in the Omnibus Resolution dated January 21, 2015.¹² Undeterred, they sought recourse before the CA, which granted their appeal via the repugned Decision.

The CA held that the RTC erroneously applied the equipoise rule given that "the evidence of [s]pouses Soriano holds more weight than that of the insurance companies and Bais."¹³ Primarily, the CA banked on the medical findings and testimony of Dr. Villanueva, who performed the enucleation. Moreover, it drew attention to Delleria's admission that she noticed Romeo wearing a plaster on his right eye when he came home on January 29, 2001.¹⁴

Likewise, the CA found Romeo's claim of accident more credible, postulating that if his claim of accident were untrue, it follows that he deliberately caused the injury on his eye to claim insurance benefits. The CA also held that "a self-inflicted injury that leaves [sic] a permanent damage on his eye seems very improbable considering that he could have injured other parts of his body to claim insurance proceeds."¹⁵

Nevertheless, the CA affirmed the dismissal of the spouses Soriano's complaints against Bais as no evidence was adduced indicting him for acting with malice or bad faith in conducting his investigation of their claims.¹⁶

The CA disposed in this prose—

WHEREFORE, foregoing premises considered, the instant appeal by [spouses Soriano] is GRANTED. The Judgment dated October [11,]

⁹ *Id.* at 40–41.

¹⁰ *Id.* at 41–43.

¹¹ *Id.* at 74 and 80–81.

¹² *Id.* at 44.

¹³ *Id.* at 45.

¹⁴ *Id.* at 47.

¹⁵ *Id.* at 46–47.

¹⁶ *Id.* at 47–48.

2013 of [Branch 2, Regional Trial Court, Butuan City] is REVERSED and SET ASIDE.

Appellees Philippine American Life and General Insurance Company, Malayan Insurance Company, Great Domestic Insurance Company, Commonwealth Insurance Company, FGU Insurance Company, UCPB General Insurance Co. [] are DIRECTED to PAY jointly and severally [] [s]pouses Soriano [a]ctual [d]amages ([me]dical [r]eimbursement) of [PHP] 31,060.00.

The above[]mentioned [] insurance companies are also DIRECTED to PAY jointly and severally [s]pouses Soriano the appropriate insurance proceeds for the permanent and irrecoverable loss of sight and of Romeo's right eye pursuant to the existing insurance policies with the said insurance companies. The insurance proceeds shall incur legal interest of [6%] [per annum] to be reckoned from the filing of the complaints (November [7,] 2001) until the Decision becomes final. Thereafter, an interest of [6%] [per annum] shall be imposed until fully paid.

SO ORDERED.¹⁷

Philam Life moved for reconsideration, but its plea was denied in the challenged Resolution.¹⁸ It now comes before this Court via the instant Petition, ascribing the following errors to the CA:

First, in concluding that Romeo's injury was due to an accident, thus entitling spouses Soriano to the insurance proceeds;

Second, in failing to apply the equipoise rule;

Third, in relying on the self-serving testimonies of spouses Soriano; and

Finally, in relying on Dr. Villanueva's findings which, according to Dr. Valenton, were insufficient to determine that the injury to Romeo's eye was caused by an accidental fall.¹⁹

The Court's Ruling

The Court finds no compelling reason to cast aside the disposition of the CA.

At the outset, Philam Life and Bais raise issues which involve questions of fact. As a rule, these cannot be entertained in a Rule 45 petition. Under Rule 45 of the Rules of Court, jurisdiction is generally limited to the review of errors of law committed by the court *a quo*. The Court is not obliged to review all over again the evidence which the parties adduced in the court *a quo*. Of

¹⁷ *Id.* at 48–49.

¹⁸ *Id.* at 50–54.

¹⁹ *Id.* at 22–24, Petition for Review on *Certiorari*.

course, the general rule admits of exceptions, such as where the factual findings of the CA and the trial court are conflicting or contradictory, as in this case.²⁰

In *Spouses Zapanta v. Rustan Commercial Corporation*,²¹ the Court so decreed:

In civil cases, the quantum of evidence to be observed is preponderance of evidence. Preponderance of evidence means that the evidence adduced by one side is superior to or has greater weight than that of the other. It means that evidence which is more convincing to the Court as worthy of belief than that which is offered in opposition thereto. Under Section 1, Rule 133 of the Revised Rules on Evidence, in determining whether or not there is preponderance of evidence, the court may consider the following: (a) all the facts and circumstances of the case; (b) the witnesses' manner of testifying, their intelligence, their means and opportunity of knowing the facts to which they are testifying, the nature of the facts to which they testify, the probability or improbability of their testimony; (c) the witnesses' interest or want of interest, and also their personal credibility so far as the same may ultimately appear in the trial; and (d) the number of witnesses, although it does not mean that preponderance is necessarily with the greater number.²²

Moreover, *Spouses Zapanta* teaches that when the evidence of the parties are evenly balanced or when there is doubt on which side the evidence preponderates, the decision should be against the party with the burden of proof, according to the equipoise doctrine.²³

As unequivocally ruled by the CA, the RTC erred in applying the equipoise rule considering that spouses Soriano were able to prove through preponderance of evidence that Romeo's injury was caused by an accident, thus entitling him to the proceeds of the subject accident insurance policies.

Philam Life attempts to eschew liability by claiming that spouses Soriano's testimonies were self-serving and entirely unfounded.²⁴ Even so, prevailing jurisprudence clarifies the nature of "self-serving evidence"—

Self-serving evidence refers to out-of-court statements that favor the declarant's interest; it is disfavored mainly because the adverse party is given no opportunity to dispute the statement and their admission would encourage fabrication of testimony. But court declarations are not self-serving considering that the adverse party is accorded the opportunity to test the veracity of the declarations by cross-examination and other methods.²⁵

²⁰ See *Pioneer Insurance & Surety Corp. v. Tan*, 877 Phil. 225, 230 (2020) [Per J. J. Reyes, Jr., First Division].

²¹ G.R. No. 248063, September 15, 2021 [Per J. Carandang, Third Division].

²² *Id.*

²³ *Id.*

²⁴ *Rollo*, pp. 22–23.

²⁵ See *BJDC Construction v. Lanuzo*, 730 Phil. 240, 259 (2014) [Per J. Bersamin, First Division].

Here, there is no gainsaying that spouses Soriano were thoroughly cross-examined by the counsel for Philam Life and Bais with respect to the circumstances surrounding the accident that resulted in the injury to Romeo's eye. Their testimonies were sufficiently corroborated by the testimony of Dr. Villanueva, who clearly explained the findings he gathered in his examination of Romeo on January 29, 2001 or the day of the accident:²⁶

Q: What did you find out?

A: I found the lids were very swollen and was in orbital contusion, hematoma. Meaning, there was blood underneath the skin of the eye. I observed sub-conjunctival hemorrhage [sic], hemorrhage occurring in between the consubjunctival [sic] sclera of the eye.

Q: In layman's term, what does that mean?

A: Conjunctival [sic] is a thin film of skin on membrane covering the white part. So the bleeding occurred in between the two membranes so the eye looked very, very red. Now, here in the anterior chamber, in between the glassy portion of the eye, there is the presence of the red blood cells[.] Now these lens [sic] were already dislocated. The crystalline lens located at the back of the iris is dislocated backwards so it's just floating. The vitreous cavity, big cavity, inside is filled up with blood so there was no visualization of the inside, the retina, which is usually the Kodak film of the eye.²⁷

Determined to prove that Romeo was not entitled to the insurance benefits, Philam Life regurgitates Dr. Valenton's medical opinion to controvert Dr. Villanueva's testimony. It asserts that Dr. Villanueva found no abrasion or hematoma.²⁸ However, a perusal of Dr. Villanueva's testimony plainly reveals that he "observed sub-conjunctival hemorrhage [sic], hemorrhage occurring in between the consubjunctival [sic] sclera of the eye[.]"²⁹ In contrast, Dr. Valenton, by his own admission, did not personally examine Romeo, but merely offered a different interpretation based on the findings made by Dr. Villanueva.³⁰

The Court commiserates with the two-decade plight of spouses Soriano, surpassing the death of Romeo. Certainly, insurers must not be allowed to delay the payment of claims by filing frivolous cases in court, hoping that the inevitable may be put off for years—or even decades—by the pendency of these unnecessary court cases. They employ this period to benefit from collecting the interest and returns on both the premiums previously paid by the insured clients and the insurance proceeds which should otherwise go to their beneficiaries.³¹ A contract of insurance, being a contract of adhesion, par

²⁶ *Rollo*, p. 42.

²⁷ *Id.* at 90–91, Comment.

²⁸ *Id.* at 23–25.

²⁹ *Id.* at 90–91.

³⁰ *Id.* at 74.

³¹ See *Manila Bankers Life Insurance Corporation v. Aban*, 715 Phil. 404, 419 (2013) [Per J. Del Castillo, Second Division].

excellence, any ambiguity therein should be resolved against the insurer; in other words, it should be construed liberally in favor of the insured beneficiary and strictly against the insurer.³²

Given the foregoing disquisition, the Court finds no judicial necessity to overturn the conclusion of the CA. However, with respect to the award of damages and the interest rates, the Court finds that the same should be modified to conform with prevailing jurisprudence.³³

On that score, the Court finds that the spouses Soriano are also entitled to the award of exemplary damages. Exemplary damages are imposed by way of example or correction for the public good. The purpose of exemplary damages is to serve as a deterrent to serious wrongdoings and as a vindication of undue sufferings and wanton invasion of the rights of an injured or a punishment for those guilty of outrageous conduct.³⁴ “Exemplary damages are designed by our civil law to permit the courts to reshape behavior that is socially deleterious in its consequence by creating negative incentives or deterrents against such behavior.”³⁵

Jurisprudence sets certain requirements before exemplary damages may be awarded, to wit:

- (1) They may be imposed by way of example or correction only in addition, among others, to compensatory damages, and cannot be recovered as a matter of right, their determination depending upon the amount of compensatory damages that may be awarded to the claimant;
- (2) The claimant must first establish his right to moral, temperate, liquidated or compensatory damages; and
- (3) The wrongful act must be accompanied by bad faith, and the award would be allowed only if the guilty party acted in a wanton, fraudulent, reckless, oppressive or malevolent manner.³⁶

Here, Philam Life’s deliberate delay in the payment of insurance proceeds and protracted litigation warrant the imposition of exemplary damages. This imposition serves as a warning to insurers or insurance companies of the consequences of unreasonably denying or delaying the payment of legitimate claims. The Court shall not tolerate such unscrupulous actions against policyholders. In *Loyola Life Plans Incorporated v. ATR*

³² See *The Insular Life Assurance Co., Ltd. v. Khu*, 784 Phil. 703, 715 (2016) [Per J. Del Castillo, Second Division]. (Citation omitted)

³³ See *Lara’s Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*, 860 Phil. 744, 779 (2019) [Per J. Carpio, *En Banc*].

³⁴ See *Lim v. Tan*, 801 Phil. 13, 25 (2016) [Per J. Reyes, Third Division].

³⁵ See *Sulpicio Lines, Inc. v. Major Karaan*, 841 Phil. 239, 254 (2018) [Per J. Tijam, First Division].

³⁶ See *Aleta v. Sofitel Philippine Plaza Manila*, G.R. No. 228150, January 11, 2023 [Per J. Leonen, Second Division].

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Professional Life Assurance Corporation,³⁷ the Court awarded exemplary damages in favor of a beneficiary when the insurer refused to honor the insurance coverage “and unduly prolonged the procedure for claiming the benefits under the policy.”³⁸ Thence, this Court resolves to impose the additional award of exemplary damages in the amount of PHP 50,000.00³⁹ upon Philam Life.

Consequently, the Court orders Philam Life, along with its co-appellees below, i.e., Malayan Insurance Co., Inc., Great Domestic Insurance Company of the Philippines, Commonwealth Insurance Company, FGU Insurance Company, and UCPB General Insurance Co., to pay jointly and severally actual damages or medical reimbursement to spouses Soriano in the amount of PHP 31,060.00, and the insurance proceeds for the permanent and irrecoverable loss of sight and of Romeo’s right eye. Philam Life is also ordered to pay exemplary damages in the amount of PHP 50,000.00. These shall earn interest at the rate of 12% per annum from November 7, 2001 until June 30, 2013, and at the rate of 6% per annum from July 1, 2013 until full payment. Thereafter, the total monetary award shall earn legal interest at the rate of 6% per annum from the date of the finality of this Decision until its full satisfaction.

ACCORDINGLY, the Petition for Review on *Certiorari* is **DENIED**. The February 22, 2018 Decision and the June 20, 2018 Resolution of the Court of Appeals in CA-G.R. CV No. 04447-MIN are **AFFIRMED** with **MODIFICATION**. Petitioner The Philippine American Life and General Insurance [Philam Life] Company, along with its co-appellees below, Malayan Insurance Co., Inc., Great Domestic Insurance Company of the Philippines, Commonwealth Insurance Company, FGU Insurance Company, and UCPB General Insurance Co., is **ORDERED to PAY** jointly and severally respondents Romeo D. Soriano and Maria Luisa R. Soriano the following amounts:

1. Actual damages (or medical reimbursement) in the amount of PHP 31,060.00 with interest at the rate of 12% per annum from November 7, 2001 until June 30, 2013, and at the rate of 6% per annum from July 1, 2013 until full payment;
2. Insurance proceeds for the permanent and irrecoverable loss of sight and of Romeo D. Soriano’s right eye in accordance with the existing insurance policies, with interest at the rate of 12% per annum from November 7, 2001 until June 30, 2013, and at the rate of 6% per annum from July 1, 2013 until full payment; and

³⁷ 879 Phil. 695 (2020) [Per J. Carandang, Third Division].

³⁸ *Id.* at 721.

³⁹ See *Aleta v. Sofitel Philippine Plaza Manila*, G.R. No. 228150, January 11, 2023 [Per J. Leonen, Second Division].

3. Legal interest at the rate of 6% per annum of the total monetary award from the date of the finality of this Decision until its full satisfaction.


Likewise, petitioner The Philippine American Life and General Insurance [Philam Life] Company is ordered to pay exemplary damages in the amount of PHP 50,000.00 with interest at the rate of 12% per annum from November 7, 2001 until June 30, 2013, and at the rate of 6% per annum from July 1, 2013 until full payment.

SO ORDERED.



JAPAR B. DIMAAMPAO
Associate Justice


WE CONCUR:




ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice



SAMUEL H. GAERLAN
Associate Justice



MARIA FILOMENA D. SINGH
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.

**ALFREDO BENJAMIN S. CAGUIOA**

Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Article VIII, Section 13 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 this Court.

**ALEXANDER G. GESMUNDO**

Chief Justice