



Republic of the Philippines
Supreme Court
Baguio City

SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE

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THIRD DIVISION

WILFRIDO* C. WIJANGCO,
represented by his son,
ANDREW C. WIJANGCO,
Petitioner,

G.R. No. 257086

Present:

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

- versus -

UCPB GENERAL
INSURANCE CO., INC.,
Respondent.

Promulgated:

APR 23 2025

X-----MICROB-----X

DECISION

INTING, J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated September 24, 2020, and the Resolution³ dated June 16, 2021, of the Court of Appeals (CA) in CA-G.R. CV No. 107055. The CA reversed the Decision⁴ dated April 12, 2016, of Branch 143, Regional Trial Court (RTC), Makati City in Civil Case No. 07-530 and dismissed the insurance claim of petitioner Wilfredo

* "Wilfredo" in some parts of the *rollo*.

** On leave.

¹ *Rollo*, pp. 11-76.

² *Id.* at 77-93. Penned by Associate Justice Nina G. Antonio-Valenzuela and concurred in by Associate Justices Fernanda Lampas Peralta and Tita Marilyn B. Payoyo-Villordon of the Second Division, Court of Appeals, Manila.

³ *Id.* at 94-95. Penned by Associate Justice Nina G. Antonio-Valenzuela and concurred in by Associate Justices Fernanda Lampas Peralta and Tita Marilyn B. Payoyo-Villordon of the Former Second Division, Court of Appeals, Manila.

⁴ *Id.* at 165-180. Penned by Presiding Judge Maximo M. De Leon.

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C. Wijangco (Wilfrido), represented by his son, Andrew C. Wijangco (Andrew).⁵

The Antecedents

Wilfrido is the registered owner of a 2003 Jaguar X-type with plate number XHP-988 (subject vehicle), per Certificate of Registration No. 4024310-3 dated December 21, 2005.⁶ The subject vehicle was mortgaged with AMA Rural Bank of Mandaluyong, Inc.⁷ (AMA) and insured with respondent UCPB General Insurance Co., Inc. (UCPB Insurance) in the amount of One Million Eight Hundred Thousand Pesos (PHP 1,800,000.00) for the period covering March 12, 2006 to March 12, 2007 under Policy PC-551278 (Insurance Policy).⁸

On August 24, 2006, at around 5:00 p.m., Wilfrido's son, Andrew, was at the parking lot of Tropical Hut along President's Avenue, Sucat, Parañaque City, when two unidentified men held him at gunpoint. The men told Andrew, "*kailangan namin ang kotse mo,*" while pointing a gun at him.⁹ Out of shock, Andrew gave them the key of the subject vehicle. One of the men stated, "*huwag kang hahabol, alam namin ang galaw mo.*" They then sped away with the subject vehicle.¹⁰

After recovering his composure, Andrew called his friend, Dante "Ted" Pradas (Pradas);¹¹ both of them reported the incident to the Parañaque City Police at around 9:50 p.m. of August 24, 2006.¹² The police blotter issued in connection with the incident states:

9:50 p.m.
8/24/06

Alleged Carnapping

Reporter/victim of alleged carnapping by the name of Andrew Wijangco y Ramirez, 36, married, businessman and res. At No. 25 Kaunlaran, _____ (not legible) Village, Pasig City, personally came

⁵ *Id.* at 128-136.

⁶ *Id.* at 13, 165.

⁷ *Id.* at 143-144, Promissory Note with Chattel Mortgage.

⁸ *Id.* at 120-125.

⁹ *Id.* at 13-14, 78, 168.

¹⁰ *Id.* at 81, 168.

¹¹ *Id.* at 14. Also spelled as "Pargas" in other parts of the *rollo*.

¹² *Id.* at 168.

to this office and reported the incident that took place at about 5:00 p.m. this date, 24 Aug. 2006 at the parking area of (Tropical Hut) Aguirre Ave. cor. Pres. Ave., BG Homes, P'Que City.

Herein reporter/victim revealed that as said TDPO given above, two suspects allegedly in possession of pistols F.A. and uttered "Kailangan namin ang kotse mo."

That right after the incident, said suspects fled into unknown direction on board his (reporter) Jaguar colored bright blue, Model 2003 w/ plate no. XHP – 988 a Jaguar X-type.

That said suspects cannot be identified if seen again.

Case referred to anti-carnapping (51D) for invest[igation] and proper response.¹³

Notably, Andrew signed the blotter and wrote his contact information in the police blotter.¹⁴

The following day or on August 25, 2006, the Parañaque City Police Station issued an Alarm Sheet,¹⁵ a copy of which was furnished to the Anti-Carnapping Unit of the Police. The Alarm Sheet relevantly reads:

CIRCUMSTANCES

TIME LOST: 5:00 P.M.

DATE LOST: August 24, 2006

WHERE: Parking lot of Tropical Hut, President Ave., corner Aguirre BF Homes, Parañaque City

WHO: Unidentified

HOW: 1.***FORCIBLY TAKEN**

3. OTHERS

2. STOLEN WHILE PARKED

4. NOT INDICATED¹⁶

On September 1, 2006, Wilfrido filed a claim with UCPB Insurance.¹⁷ As part of the procedure in processing insurance claims, UCPB Insurance provided Wilfrido with a List of Claim Requirements, to wit:

¹³ *Id.* at 153.

¹⁴ *Id.*

¹⁵ *Id.* at 126.

¹⁶ *Id.* (Emphasis supplied)

¹⁷ *Id.* at 155.

CLAIM REQUIREMENTS O.D. ACCT. WILFREDO WIJANGO
POLICY # PC-551278106

- 1) CERTIFICATE OF REGISTRATION
✓
- 2) OFFICIAL RECEIPT OF REGISTRATION LATEST
✓ FULL PAYMENT
- 3) COMPREHENSIVE POLICY COPY
✓
- 4) OFFICIAL RECEIPT OF PREMIUM
✓
- 5) POLICE REPORT/AFFIDAVIT OF INCIDENT
✓
- 6) PICTURE OF DAMAGES
- 7) SHOP ESTIMATE
X
- 8) SHOP AUTHORIZATION
X
- 9) DRIVERS LICENSE CARD & O.R.¹⁸
X

Andrew was also in communication with UCPB Insurance's representative, who informed him about the List of Claim Requirements. He accordingly prepared the documents for submission and turned them over to UCPB Insurance's adjuster on October 10, 2006.¹⁹

Despite repeated follow-ups, the insurer did not approve the insurance claim.²⁰ Thus, on March 11, 2007, Wilfrido, through counsel, wrote to UCPB Insurance to protest the delay in the processing of his insurance claim and made a formal demand against the insurer.²¹

On March 21, 2007, Wilfrido received a letter²² from UCPB Insurance informing him that: (1) the subject vehicle was recovered and is under the custody of the Traffic Management Group (TMG), Special

¹⁸ *Id.* at 89, 155.

¹⁹ *Id.* at 168–169.

²⁰ *Id.* at 15, 130.

²¹ *Id.* at 157–158, Letter dated March 11, 2007.

²² *Id.* at 156, Letter dated March 21, 2007.

Operations Division-Task Force Limbas; and (2) UCPB Insurance will hold the processing of Wilfrido's insurance claim and subsequently close its file on the matter within 60 days from the date of the letter in case no clearance from TMG (TMG Clearance) is issued after the said period. The letter relevantly reads:

We refer to the subject claim. We wish to advise you that your vehicle is currently under the custody of Traffic Management Group (TMG), SOD – Task Force Limbas and subject of their investigation.

Please be informed that you are requested by TMG – Task Force Limbas to visit their office at Task Force Limbas, Camp Crame, Quezon City.

Meanwhile, we will hold the processing of your claim.

Hence, we shall keep our file open for a period of (60) days from the date of this letter. In case no TMG clearance is issued after that period, we will regretfully close our file.²³

On April 11, 2007, Wilfrido wrote a letter to the TMG to verify the status of the investigation.²⁴ Wilfrido asserted in the letter that TMG did formally invite him in the on-going investigation.²⁵ However, Wilfrido did not get any response from the TMG.²⁶

In view of the circumstances, on June 15, 2007, Wilfrido filed a Complaint²⁷ against UCPB Insurance for violation of the Civil Code and Presidential Decree No. 612, as amended by Republic Act No. 10607 (Insurance Code), and for damages.²⁸ The Complaint prayed for UCPB Insurance to pay Wilfrido the following sums of money: (1) PHP 1,800,000.00, representing the insurance proceeds due under the Insurance Policy; (2) damages in the form of attorney's fees equivalent to 10% of the amount insured; (3) double interest due on the insurance proceeds; (4) PHP100,00.00 moral damages and PHP 100,000.00 exemplary damages; and (5) costs of suit.²⁹

²³ *Id.*

²⁴ *Id.* at 159–160, Letter dated April 11, 2007.

²⁵ *Id.* at 159.

²⁶ *Id.* at 131, Complaint.

²⁷ *Id.* at 128–136.

²⁸ *Id.* at 78–79.

²⁹ *Id.* at 135.

In defense, UCPB Insurance argued that while the subject vehicle was reported as “carnapped,” it was subsequently recovered by the police; hence, petitioner has no cause of action against it.³⁰ UCPB Insurance further alleged that Wilfrido’s insurance claim was fraudulent as there was no actual carnapping considering that: (1) the security guards of Tropical Hut executed handwritten statements that no unusual incident took place on the date and at the time of the purported carnapping incident; (2) the After Follow-Up Investigation Report (Investigation Report) issued by TMG Police Superintendent Atty. Eleuterio N. Gutierrez, Jr. (Atty. Gutierrez) stated that there were suspicious circumstances which showed that no carnapping took place; (3) petitioner did not cooperate with the investigation conducted by the TMG; and (4) a certain Michelle Jim N. Salazar (Salazar),³¹ who appeared before the TMG and filed a Complaint Sheet concerning the carnapping of the subject vehicle, allegedly admitted to Atty. Gutierrez that he had no knowledge of the carnapping incident.³²

The Ruling of the RTC

In the Decision³³ dated April 12, 2016, the RTC gave credence to the testimony of Wilfrido’s witnesses and held that the subject vehicle was indeed stolen, as it would not have been at the impounding area of Task Force Limbas if theft did not occur.³⁴ The RTC explained that Wilfrido, as the registered owner of the subject vehicle, had an insurable interest over the insured vehicle. Further, UCPB Insurance’s liability had already attached when the insured vehicle was stolen; thus, the fact that the car was subsequently recovered was immaterial and Wilfrido was entitled to the insurance proceeds.³⁵ Anent Wilfrido’s non-submission of the TMG Clearance, the RTC found that no such requirement was stated in the Insurance Policy. Accordingly, it ordered UCPB Insurance to indemnify Wilfrido on account of the loss of the subject vehicle.³⁶

The dispositive portion of the RTC Decision³⁷ dated April 12, 2016, reads:

³⁰ *Id.* at 79, 166.

³¹ *Id.* at 51. Spelled as “Michelle Jean Salazar” in some parts of the *rollo*.

³² *Id.* at 79–84.

³³ *Id.* at 165–180.

³⁴ *Id.* at 177.

³⁵ *Id.* at 178–179.

³⁶ *Id.* at 179.

³⁷ *Id.* at 179–180.

WHEREFORE, viewed in this light of the foregoing considerations, judgment is hereby rendered in favor of the plaintiff and against the defendant ordering the latter to pay the plaintiff the sum of ONE MILLION EIGHT HUNDRED THOUSAND PESOS ([PHP]1,800,000.00) representing the amount of the insurance.

The defendant is also ordered to pay the plaintiff the following:

1. attorney's fees in the amount equivalent to Ten (10%) percent of the aforementioned amount;
2. interest of Twelve (12%) percent per annum to be reckoned from the finality of the judgment until fully paid;
3. for double interest or Twenty Four (24%) [percent] under the provisions of the Insurance Code;
4. moral damages in the amount of P100,000.00;
5. exemplary damages in the amount of P100,000.00; and
6. Cost of suit.

SO ORDERED.³⁸ (Emphasis omitted)

Aggrieved, UCPB Insurance filed an Appeal before the CA.³⁹

The Ruling of the CA

In the assailed Decision⁴⁰ dated September 24, 2020, the CA reversed the RTC ruling and dismissed Wilfrido's insurance claim. The CA stated that based on the photographic exhibits and the Investigation Report, Wilfrido failed to prove, by a preponderance of evidence, the total loss of the subject vehicle because it was recovered and was in the possession of the TMG.⁴¹ The CA further ruled that Wilfrido failed to comply with his mandatory obligation to give immediate notice to the police pursuant to Item No. 4 or the "Conditions Applicable To All Sections" (Conditions) of the Insurance Policy. The CA noted that the alleged carnapping happened at around 5:00 p.m., but it was only at around 9:50 p.m. when Andrew reported the incident to the police.⁴² It further emphasized that Wilfrido did not participate in the investigation conducted by the TMG, contrary to his obligation under the Conditions of the Insurance Policy.⁴³

³⁸ *Id.* at 180.

³⁹ *Id.* at 77, *see* CA Decision.

⁴⁰ *Id.* at 77-93.

⁴¹ *Id.* at 90.

⁴² *Id.*

⁴³ *Id.* at 92.

Accordingly, the CA concluded that UCPB Insurance was not liable under the insurance policy, viz.:⁴⁴

We rule in the affirmative. The RTC erred in finding the appellant UGIC liable for the appellee Wijangco's insurance claim.

....

ACCORDINGLY, we SET ASIDE the Decision dated 12 April 2016, issued by the Regional Trial Court, Branch 143, Makati City in Civil Case Number 07-530. Instead, we DISMISS the Complaint.

IT IS SO ORDERED.⁴⁵ (Emphasis omitted)

Wilfrido moved for the reconsideration⁴⁶ of the CA Decision, but the CA denied it in the assailed Resolution⁴⁷ dated June 16, 2021.

Hence, the present Petition.

Petitioner's Arguments

Citing Section 91⁴⁸ of the Insurance Code,⁴⁹ Wilfrido maintains that he had sufficiently proved his compliance with the documentary requirements for his insurance claim. He asserts that there is nothing in the Insurance Policy or the List of Claim Requirements that required the submission of the TMG Clearance as a condition for the payment of his insurance claim. He further asserts that he was able to prove the fact of loss of the subject vehicle and is thus entitled to payment of the insurance claim.⁵⁰ He thus prays for the reinstatement of the RTC Decision.⁵¹

⁴⁴ *Id.* at 87–92.

⁴⁵ *Id.* at 92.

⁴⁶ *Id.* at 96–113. *See* Motion for Reconsideration dated October 28, 2020.

⁴⁷ *Id.* at 94–95. Penned by Associate Justice Nina G. Antonio-Valenzuela and concurred in by Associate Justices Fernanda Lampas Peralta and Tita Marilyn B. Payoyo-Villordon.

⁴⁸ SECTION 91. When a preliminary proof of loss is required by a policy, the insured is not bound to give such proof as would be necessary in a court of justice; but it is sufficient for him to give the best evidence which he has in his power at the time.

⁴⁹ Presidential Decree No. 612, as Amended by Republic Act No. 10607. Approved on August 15, 2013.

⁵⁰ *Rollo*, pp. 29–36.

⁵¹ *Id.* at 68.

Respondent's Arguments

In its Comment,⁵² respondent argues that: (1) the CA was correct in finding that there was no total loss of the subject vehicle considering that it was recovered by the TMG;⁵³ and (2) no carnapping took place based on the Investigation Report issued by the TMG.⁵⁴ Respondent further insists that Wilfrido failed to comply with his mandatory obligations under the Conditions of the Insurance Policy by not immediately reporting the theft to the police and in failing to cooperate with the TMG.⁵⁵

The Issue

The issue before the Court is whether the CA erred in dismissing the insurance claim of Wilfrido.

The Ruling of the Court

The Petition is granted.

As a rule, the Court's jurisdiction in petitions for review on *certiorari* is limited to reviewing questions of law as it is not its duty to analyze and weigh the pieces of evidence all over again.⁵⁶ Moreover, the factual findings of the CA are generally conclusive on the Court and on the parties.⁵⁷ However, the Court may exceptionally resolve factual issues when the findings of fact of the CA differ from those of the RTC, as in the present case.⁵⁸

Under Section 2(a) of the Insurance Code, a contract of insurance refers to "an agreement whereby one undertakes for a consideration to indemnify another against loss, damage or liability arising from an unknown or contingent event." Here, the existence and execution of the Insurance Policy are undisputed. It is also indubitable that Wilfrido, as the

⁵² *Id.* at 188–222.

⁵³ *Id.* at 200.

⁵⁴ *Id.* at 193.

⁵⁵ *Id.* at 194.

⁵⁶ *Platinum Group Metals Corp. v. Mercantile Insurance Co., Inc.*, 943 Phil. 708, 720 (2023), citing *Hrs. of Sps. Mariano v. City of Naga*, 827 Phil. 531, 550 (2018); *Sps. Dela Cruz v. Sps. Capco*, 729 Phil. 624, 633 (2014).

⁵⁷ *Turla v. Heirs of Dayrit*, 912 Phil. 415, 425 (2021); *Apique v. Fahnenstich*, 765 Phil. 915, 922 (2015).

⁵⁸ *Turla v. Heirs of Dayrit*, *id.*; *Apique v. Fahnenstich*, *id.*

registered owner of the vehicle in issue, has an insurable interest⁵⁹ over it at the time when the Insurance Policy took effect and when the vehicle was supposedly lost.⁶⁰ Further, the parties do not dispute that when the vehicle was purportedly carnapped, Wilfrido had already paid the insurance premium, which meant that the Insurance Policy was in effect at the time of the vehicle's loss. UCPB Insurance is therefore bound by contract to indemnify Wilfrido against the loss of the subject vehicle, provided that the loss arose from a risk or peril covered by the Insurance Policy.

Pertinently, *burglary* and *theft* are covered risks under the Insurance Policy,⁶¹ which states:

PRIVATE CAR INSURANCE POLICY

....

SECTION III – LOSS OR DAMAGE

The Company will, subject of the Limits of Liability, indemnify the Insured against loss of or damage to the Scheduled Vehicle and its accessories and spare parts whilst thereon: (a) by accidental collision or overturning, or collision or overturning consequent upon mechanical breakdown or consequent upon wear and tear; (b) by fire, external explosion, self-ignition or lightning or burglary, housebreaking or theft; (c) by malicious act; (d) whilst in transit (including the processes of loading and unloading) incidental to such transit by road, rail, inland watery[,] or lift[,] or elevator.

At its own option[,] the Company may pay in cash the amount of the loss or damage, or may repair, reinstate or replace the Scheduled Vehicle of any part thereof or its accessories or spare parts. The liability of the Company shall not exceed the value of the parts lost or damaged and reasonable cost of fitting such parts or the value of the Scheduled

⁵⁹ See *UCPB General Insurance Co., Inc. v. Asgard Corrugated Box Manufacturing Corp.*, 894 Phil. 814, 843 (2021), which states:

Section 13 of the Insurance Code defines insurable interest as “every interest in property, whether real or personal, or any relation thereto, or liability in respect thereof, of such nature that a contemplated peril might directly damnify the insured.” Parenthetically, under Section 14 of the same Code, an insurable interest in property may consist in: (a) an existing interest, like that of an *owner* or *lienholder*; (b) an *inchoate* interest founded on existing interest, like that of a *stockholder* in corporate property; or (c) an *expectancy*, coupled with an existing interest in that out of which the expectancy arises, like that of a *shipper* of goods in the profits he expects to make from the sale thereof. (Emphasis supplied)

⁶⁰ INSURANCE CODE, as amended, sec. 19, which reads:

SECTION 19. An interest in property insured must exist when the insurance takes effect, and when the loss occurs, but need not exist in the meantime; and interest in the life or health of a person insured must exist when the insurance takes effect, but need not exist thereafter or when the loss occurs.

⁶¹ *Rollo*, pp. 88, 121–125.

Vehicle at the time of the loss or damage, whichever is less[.]⁶²
(Emphasis supplied)

The RTC and CA differed in their conclusion as to the liability of UCPB Insurance. The RTC held that UCPB Insurance was liable to the insured under the theft clause upon the finding that Wilfrido was able to sufficiently prove that the subject vehicle was stolen. However, the CA disagreed and ruled that UCPB Insurance was not liable to Wilfrido because the latter was unable to sufficiently prove the fact of theft and also violated the Conditions of the Insurance Policy.

Upon scrutiny of the records, the Court agrees with the RTC and holds that UCPB Insurance is liable to Wilfrido under the Insurance Policy.

*The Insurance Code governs the notice
and proof of loss that the insured must
submit to support its insurance claim*

At the outset, it must be emphasized that insurance contracts are governed by the Insurance Code.⁶³ Consequently, the provisions of the Insurance Code must be applied in determining the required notice and proof of loss in support of insurance claims.⁶⁴ Likewise, the liability of an insurer for insurance claims must be assessed based on the applicable provisions of the Insurance Code.⁶⁵

In non-life insurance, Section 249⁶⁶ of the Insurance Code creates an obligation on the part of the insurer to pay an insurance claim within specified periods of time *after* it has received *proof of loss* from the

⁶² *Id.* at 122.

⁶³ CIVIL CODE, art. 2011; *Hrs. of Maramag v. Maramag*, 606 Phil. 782, 794 (2009).

⁶⁴ *Industrial Personnel and Management Services, Inc. v. Country Bankers Insurance Corp.*, 842 Phil. 216, 232 (2018).

⁶⁵ *Roque v. Intermediate Appellate Court*, 224 Phil. 141, 147 (1985).

⁶⁶ SECTION 249. The amount of any loss or damage for which an insurer may be liable, under any policy other than life insurance policy, shall be paid within thirty (30) days *after proof of loss is received by the insurer* and ascertainment of the loss or damage is made either by agreement between the insured and the insurer or by arbitration; but if such ascertainment is not had or made within sixty (60) days after such receipt by the insurer of the proof of loss, then the loss or damage shall be paid within ninety (90) days *after such receipt*. Refusal or failure to pay the loss or damage within the time prescribed herein will entitle the assured to collect interest on the proceeds of the policy for the duration of the delay at the rate of twice the ceiling prescribed by the Monetary Board, unless such failure or refusal to pay is based on the ground that the claim is fraudulent. (Emphasis supplied)

insured. In connection therewith, Sections 90 and 91 of the Insurance Code provide the notice and proof required in insurance claims, to wit:

Notice of Loss

SECTION 90. In case of loss upon an insurance against fire, an insurer is exonerated, if written notice thereof be not given to him by an insured, or some person entitled to the benefit of the insurance, without unnecessary delay. For other non-life insurance, the Commissioner may specify the period for the submission of the notice of loss.

SECTION 91. When a preliminary proof of loss is required by a policy, the insured is not bound to give such proof as would be necessary in a court of justice; but it is sufficient for him to give the best evidence which he has in his power at the time.

The policy itself may specify the proof that must be produced by the insured in support of the insurance claim. In such a case, the “best evidence” to prove the fact of loss is what the parties agreed to in writing.⁶⁷ If the policy does *not* specify the evidence to be submitted by the insured, Section 91⁶⁸ of the Insurance Code dictates that the fact of loss and its amount may be determined on the basis of the best evidence that the insured had in its power at that time, even if it is *not* of such persuasiveness as is required in a judicial proceeding.⁶⁹

In the case, UCPB Insurance provided the List of Claim Requirements to Andrew and Wilfrido in connection with the Insurance Policy.⁷⁰ On October 10, 2006, Andrew submitted to the adjuster of UCPB Insurance the documents that he had at that time in pursuance of the List of Claim Requirements.⁷¹

UCPB Insurance does not deny receipt of the documents submitted by Andrew in connection with the List of Claim Requirements, although it asserted that the documents provided by him were incomplete as they allegedly did *not* include the latest Certificate of Registration for the subject vehicle. It pointed out that Wilfrido did not submit a certificate of non-recovery from the TMG, which was supposedly necessary for the processing of Wilfrido’s insurance claim.⁷² It thus closed its file on the

⁶⁷ *Pager v. Chubb Grp. of Ins., Co.*, No. 21-CV-06156 (AMD) (LB) (E.D.N.Y. Feb. 21, 2024).

⁶⁸ Formerly Section 89 of Presidential Decree No. 612.

⁶⁹ *Malayan Insurance Co., Inc. v. Arnaldo*, 238 Phil. 658, 668–669 (1987). (Emphasis supplied)

⁷⁰ *Rollo*, pp. 169, 174.

⁷¹ *Id.* at 168–169, RTC Decision.

⁷² *Id.* at 86, CA Decision.

subject insurance claim because, supposedly, the claimant was not cooperating and the claim lacked supporting documents.⁷³ In short, it determined that the proof of loss submitted by the insured was defective or deficient.

Pertinently, Section 92 of the Insurance Code states:

SECTION 92. All defects in a notice of loss, or in preliminary proof thereof, which the insured might remedy, and which the insurer omits to specify to him, *without unnecessary delay*, as grounds of objection, are waived. (Emphasis supplied)

Pursuant to Section 92 of the Insurance Code, it is the duty of the insurer to indicate the deficiencies or defects on the notice or proof of loss submitted by the insured without unnecessary delay, so that the insured may correct the defects or supply the deficiencies.⁷⁴ Any defect or deficiency in the notice or preliminary proof of loss submitted by the insured must be deemed *waived* if the insurer is guilty of *unnecessary delay* in specifying such defect or deficiency to the insured.

Notably, the Insurance Code does *not* define “*unnecessary delay*.” To resolve the matter, the Court may seek guidance from decisions rendered by American courts, considering that the Insurance Code was adopted from the California insurance law, which, in turn, was largely taken from the insurance law of New York.⁷⁵

In this regard, American courts have explained that the foregoing rule on notice and proof of loss is founded on the principle that the proof of loss required from the claimant-insured is that which gives the insurer *sufficient information* that would enable it to determine its liability,⁷⁶ or such proof that would afford it an *adequate opportunity* to investigate, prevent insurance fraud, and enable it to intelligently estimate its rights and liabilities before it is obliged to pay the insured.⁷⁷ As the party liable to pay an insurance claim, the insurer is in a better position to ascertain

⁷³ *Id.* at 173, RTC Decision.

⁷⁴ *Industrial Personnel and Management Services, Inc. v. Country Bankers Insurance Corp.*, 842 Phil. 216, 234 (2018).

⁷⁵ *Prudential Guarantee and Assurance, Inc. v. Trans-asia Shipping Lines, Inc.*, 524 Phil. 716, 740 (2006).

⁷⁶ *Gen. Motors Acceptance Corp. v. Am. Ins. Co.*, 50 F.2d 803, 805 (5th Cir. 1931).

⁷⁷ *R&O Constr. Co. v. Fire Materials Grp. LLC*, No. 2:09-CV-00147-KJD-RJJ (D. Nev. Mar. 19, 2010).

whether the proof of loss submitted by the insured is sufficient and already enables it to determine its liability under the insurance policy.

Thus, when the insured has submitted proof of loss, *even though it may be defective or insufficient*, the burden rests upon the insurer to make objections thereto without unnecessary delay; otherwise, it must be deemed to have *waived* the defect or insufficiency.⁷⁸ In the absence of a timely objection to the proof of loss from the insured, even though deficient or defective, the proof of loss shall be deemed sufficient, while the insurer is deemed to have waived further proof of loss and is *not* allowed to deny payment of the insurance claim based on insufficient proof of loss.⁷⁹ A defect or deficiency in the notice or proof of loss submitted by the insured may be deemed waived if the *unnecessary delay* on the part of the insurer “operates to *postpone* the time of the payment of the loss” or when the delay is “for such a period as to render it impossible to remedy the defects within the time required by the policy.”⁸⁰

In relation thereto, Section 249 of the Insurance Code provides a maximum period of 90 days *after receipt of the proof of loss* within which an insurance claim under a non-life insurance must be paid by the insurer; otherwise, the insured would be entitled to interest on the insurance proceeds at the rate of twice the ceiling prescribed by the Monetary Board:

SECTION 249. The amount of any loss or damage for which an insurer may be liable, under any policy other than life insurance policy, shall be paid within thirty (30) days *after proof of loss is received by the insurer and ascertainment of the loss or damage is made* either by agreement between the insured and the insurer or by arbitration; but if such ascertainment is not had or made within sixty (60) days after such receipt by the insurer of the proof of loss, *then the loss or damage shall be paid within ninety (90) days after such receipt*. Refusal or failure to pay the loss or damage within the time prescribed herein will entitle the assured to collect interest on the proceeds of the policy for the duration of the delay at the rate of twice the ceiling prescribed by the Monetary Board, unless such failure or refusal to pay is based on the ground that the claim is fraudulent. (Emphasis supplied)

⁷⁸ *Fed. Land Bank v. Rocky Mountain Fire Ins. Co.*, 85 Mont. 405, 416–417, 279 P. 239, 241–242 (1929). (Emphasis supplied)

⁷⁹ *Industrial Personnel and Management Services, Inc. v. Country Bankers Insurance Corp.*, *supra* note 74, at 234. See also *Tyrrell v. Prudential Ins. Co.*, 109 Vt. 6, 18, 192 A. 184, 189 (1937). (Emphasis supplied)

⁸⁰ *Markoff v. N.Y. Life Ins. Co.*, 369 F. Supp. 308, 315 n.7 (D. Nev. 1973).

In connection therewith, Section 250⁸¹ of the Insurance Code expressly states that the insurer's failure to pay an insurance claim within the periods prescribed in Sections 248 and 249 shall be considered as *prima facie* evidence of *unreasonable delay* in payment.

Based on the foregoing provisions of law and jurisprudence, the insurer must specify to the insured any defect in the proof of loss within a period of 90 days, counted from its receipt of such proof. From the language of Section 249 of the Insurance Code, the period of 90 days after receipt of the proof of loss was *statutorily deemed* a reasonable period within which the insurer must be able to ascertain whether the loss of the insured property was by reason of a covered peril under the insurance contract.⁸² Hence, any delay on the part of the insurer in objecting to the proof of loss *beyond* the 90 days period set forth in Section 249 is *presumed* to be unreasonable and unnecessary as it would *postpone* the payment of the insurance claim.

Here, UCPB Insurance found insufficient the proof of loss submitted by Andrew on October 10, 2006. However, Rosalina Batallones (Batallones), the Claims Manager of UCBP Insurance, testified on cross-examination that in the letter that it transmitted to Wilfrido concerning his insurance claim, there was *no advice* to submit any such missing document or proof of loss.⁸³ Records show that it was only on March 21, 2007, or after the lapse of 162 days from the time when Andrew submitted to the adjuster the proof of loss on October 10, 2006, when UCPB Insurance wrote a letter to Wilfrido concerning the processing of his insurance claim and informing him that a TMG Clearance was required.⁸⁴ It also asserted that a certificate of non-recovery from the TMG was necessary to process the insurance claim.⁸⁵

⁸¹ SECTION 250. In case of any litigation for the enforcement of any policy or contract of insurance, it shall be the duty of the Commissioner or the Court, as the case may be, to make a finding as to whether the payment of the claim of the insured has been unreasonably denied or withheld; and in the affirmative case, the insurance company shall be adjudged to pay damages which shall consist of attorney's fees and other expenses incurred by the insured person by reason of such unreasonable denial or withholding of payment plus interest of twice the ceiling prescribed by the Monetary Board of the amount of the claim due the insured, from the date following the time prescribed in Section 248 or in Section 249, as the case may be, until the claim is fully satisfied. *Provided, That failure to pay any such claim within the time prescribed in said sections shall be considered prima facie evidence of unreasonable delay in payment.* (Emphasis supplied)

⁸² See *Cathay Insurance Co., Inc. v. Court of Appeals*, 255 Phil. 714 (1989). (Emphasis supplied)

⁸³ *Rollo*, p. 39, Petition; *id.* at 173, RTC Decision.

⁸⁴ *Id.* at 156, Letter dated March 21, 2007.

⁸⁵ *Id.* at 179, RTC Decision.

Evidently, UCPB Insurance objected to the sufficiency of the preliminary proof of loss and required the issuance of a TMG Clearance and certificate of non-recovery after more than 90 days had already elapsed from the time when the proof of loss was submitted to it. The delay on the part of UCPB Insurance must be *presumed* to be unreasonable and unnecessary in the absence of proof to the contrary. Notably, apart from asserting that the insurance claim of Wilfrido was fraudulent, UCPB Insurance has not provided any justification for the delay in raising its objections to the proof of loss submitted by Andrew. The presumption of unnecessary delay must therefore stand and be taken against UCPB Insurance.

Besides, Section 91 of the Insurance Code expressly states that the preliminary proof of loss that the insured must produce is the best evidence that he or she had in his power at that time. The proof of loss does *not* rest solely with the insurer, who cannot be allowed to *arbitrarily* demand the proof that the insured must submit.⁸⁶ What matters is that the proof of loss enables the insurer to investigate the claim and ascertain its rights and liabilities under the insurance contract, which had been met in the present case. Importantly, the List of Claim Requirements came from UCPB Insurance itself.⁸⁷ The documents listed therein must therefore be taken as sufficient proof of loss for UCPB Insurance.⁸⁸ If a TMG Clearance or certificate of non-recovery was necessary, then it should have included those documents in the List of Claim Requirements, but it did not.


Even more, Batallones testified in open court that UCPB Insurance pays claims arising from carnapping incidents based on *alarm sheets*, official receipts, and registration certificate.⁸⁹ Andrew presented an Alarm Sheet and a police blotter during the proceedings. Given Batallones' testimony, it is confounding why UCPB Insurance could not process the insurance claim in question within the 90 day period under Section 249 of the Insurance Code and waited for 162 days before writing to Wilfrido about the requirement for a TMG Clearance or certificate of non-recovery. Any supposed defect in the proof of loss submitted by Wilfrido should therefore be deemed waived by UCPB Insurance, who cannot now be

⁸⁶ *Equitable Life Assur. Soc. v. Dorriety*, 229 Ala. 352, 356, 157 So. 59, 62-63 (1934). (Emphasis supplied)

⁸⁷ *Rollo*, p. 174, RTC Decision.

⁸⁸ *See Industrial Personnel and Management Services, Inc. v. Country Bankers Insurance Corp.*, *supra* note 74.

⁸⁹ *Rollo*, p. 174.



allowed to deny liability to Wilfrido based on the supposed insufficiency of the proof of loss that it received.

The insured vehicle was lost through theft, which is a covered risk under the Insurance Policy

A chief dispute between the parties in the present case is whether the subject vehicle was stolen or carnapped. Wilfrido asserts that he was able to prove the total loss or the carnapping of the subject vehicle with sufficient evidence. To Wilfrido, the loss had already occurred when the insured vehicle was stolen and its subsequent discovery in the impounding area of the TMG is immaterial. On the other hand, UCPB Insurance avers that based on the Investigation Report and statements by several persons, the carnapping did not take place. It reiterates the CA's conclusion that UCPB Insurance is not liable to Wilfrido because the vehicle was recovered by the TMG.

After a careful scrutiny of the records, the Court finds that Wilfrido was able to establish the total loss of the subject vehicle by a preponderance of evidence.

A. *There is a preponderance of evidence that proves the carnapping incident*

Basic is the rule that the party who alleges a fact bears the burden to prove it with the amount of evidence required by law, which is *preponderance of evidence* in civil cases.⁹⁰ In property insurance cases involving specified risks, as in the present case, the claimant-insured bears the burden to prove, with a preponderance of evidence, that the loss of the property was caused by a covered peril.⁹¹ Once the insured makes out a *prima facie* case in its favor, "the burden of evidence shifts to the insurer to establish that the loss arose from a cause of loss which is excepted or for which it is not liable, or from a cause which limits its liability."⁹²

⁹⁰ *Palafox v. Wangdali*, 879 Phil. 19, 26 (2020); *United Merchants Corp. v. Country Bankers Insurance Corp.*, 690 Phil. 734, 747 (2012). (Emphasis supplied)

⁹¹ *Vda. de Jimenez v. Court of Appeals*, 332 Phil. 157, 168 (1996); *Filipino Merchants Insurance Co., Inc. v. Court of Appeals*, 259 Phil. 262, 268 (1989). See also *Association of Baptists for World Evangelism, Inc. v. Fieldmen's Insurance Co., Inc.*, 209 Phil. 505, 508 (1983).

⁹² *De Leon v. Bank of the Philippine Islands*, 721 Phil. 839, 848 (2013); *United Merchants Corp. v. Country Bankers Insurance Corp.*, 690 Phil. 734, 747 (2012).

Upon a judicious review of the records, the Court holds that Wilfrido was able to prove the fact of the subject vehicle's theft with a preponderance of evidence.

Verily, Andrew unambiguously testified that on August 24, 2006, the subject vehicle was forcibly taken from him at gunpoint, viz.:

5. Q. When was this vehicle taken from you at gunpoint?
A. On August 24, 2006 at around 5 o'clock in the afternoon.
6. Q. And where did this happen?
A. Along President's Avenue, Sucat, Parañaque at the parking lot of Tropical Hut.
7. Q. Please narrate the circumstances when the incident occurred?
A. I just finished eating at Tropical Hut and I proceeded to the vehicle, a man appeared in front of me and at about the same time, I felt someone behind me poke a gun to my back. As I was sandwiched between the two, the man behind me said "Kailangan naming [sic] ang kotse mo[.]" (We need your car).
8. Q. What did you do, if any?
A. I was stunned and I gave them the keys to my car.
9. Q. What happened after that, if any?
A. Both of the men boarded the car but before doing so, one of them told me "Huwag kang hahabol, alam naming [sic] ang galaw mo" (Don't run after us, we know your every move).
10. Q. What happened next, if any?
A. They sped away with the car.
11. Q. What did you do after, if any?
A. I was in shock; it was the first time I had a gun pointed at me. Rattled [by] what just happened and fearful that the carnappers left someone behind to watch me, I followed their instructions and did not move. I just sat down on the same slot where I parked the car.
12. Q. What happened after that, if any?
A. After I regained my composure, I decided to call a friend, Ted [Pradas], who lives in the Parañaque area, using my cellphone.⁹³

During their telephone conversation, Andrew narrated the carnapping incident to Pradas, who then instructed Andrew to travel to his

⁹³ *Rollo*, pp. 33-34.

(Pradas') house at Moonwalk, Parañaque. Thereat, Andrew further discussed the carnapping incident with Pradas, and together, they went to the Parañaque City Police Station to report the subject vehicle's theft.⁹⁴ Notably, Pradas confirmed and corroborated Andrew's narration when he took the witness stand.⁹⁵

Admittedly, Pradas did not personally witness the theft of the subject vehicle as it occurred. Still, he was able to see and hear the reactions of Andrew *immediately* after the carnapping incident.⁹⁶ As such, Pradas' testimony is admissible as part of the *res gestae* and has probative value.⁹⁷

Under Rule 130, Section 44⁹⁸ of the 2019 Revised Rules on Evidence, *res gestae* is an exception to the hearsay rule and applies to those "exclamations and statements by either the participants, victims, or spectators to a crime immediately before, during or *immediately after the commission of the crime*, when the circumstances are such that the statements were made as spontaneous reactions or utterances inspired by the excitement of the occasion, and there was no opportunity for the declarant to deliberate and fabricate a false statement."⁹⁹ It requires the following requisites: (1) that the principal act, the *res gestae*, is a startling occurrence; (2) that the statements concern the occurrence in question and its immediate attending circumstances; and (3) that the statements were made before the declarant had the time to contrive or devise a falsehood.¹⁰⁰

All the elements of *res gestae* are present in relation to Pradas' testimony. *First*, the carnapping of the subject vehicle is indubitably a

⁹⁴ *Id.* at 168.

⁹⁵ *Id.* at 170.

⁹⁶ *Id.* at 168–170.

⁹⁷ NEW RULES ON EVIDENCE, Rule 130, sec. 44 states:

SECTION 44. *Part of res gestae.* – Statements made by a person while a startling occurrence is taking place or immediately prior or subsequent thereto, under the stress of excitement caused by the occurrence with respect to the circumstances thereof, may be given in evidence as part of the *res gestae*. So, also, statements accompanying an equivocal act material to the issue, and giving it a legal significance, may be received as part of the *res gestae*.

⁹⁸ AMENDMENTS TO THE RULES ON EVIDENCE (2019), Rule 130, sec. 44 states:

SECTION 44. *Part of the Res Gestae.* – Statements made by a person while a startling occurrence is taking place or immediately prior or subsequent thereto, under the stress of excitement caused by the occurrence with respect to the circumstances thereof, may be given in evidence as part of the *res gestae*. So, also, statements accompanying an equivocal act material to the issue, and giving it a legal significance, may be received as part of the *res gestae*.

⁹⁹ *Capila v. People*, 527 Phil. 599, 605 (2006), citing *People v. Sanchez*, 287 Phil. 1003 (1992); Wharton's Criminal Evidence, 12th ed., Vol. I, sec. 279, p. 624.

¹⁰⁰ *People v. Thanaraj*, G.R. No. 262944, July 29, 2024, citing *People v. Calinawan*, 805 Phil. 673, 682 (2017).

startling occurrence. *Second*, the statements and utterances made by Andrew to Pradas pertained to the carnapping incident. *Finally*, Andrew had no time to contrive or devise a falsehood when he called Pradas immediately after the carnapping incident occurred. Jurisprudence provides that a statement made by a declarant to the witness about a robbery immediately after its occurrence forms part of the *res gestae*,¹⁰¹ similar to the present case.

The *res gestae* exception applies as long as the statement was made while the influence of the startling occurrence still persists in the declarant's mind.¹⁰² There should be no intervening circumstance between the startling occurrence of such nature that would "divert the mind of the declarant, and thus restore his mental balance and afford opportunity for deliberation," as in instances where the declarant "had been talking about matters other than the occurrence in question or directed his attention to other matters."¹⁰³

Here, Andrew called Pradas and informed the latter about the carnapping incident immediately after it occurred. There was no intervening circumstance between the carnapping and the phone call that would have directed Andrew's attention to other matters and afforded him the opportunity for deliberation. When he called Pradas, Andrew was still at the parking lot of Tropical Hut, the same place where the carnapping incident took place, as he feared that the carnappers left an accomplice behind to watch him. Andrew's mind was still under the influence of the startling occurrence, i.e., the carnapping of the subject vehicle, at the time of his conversation with Pradas. It is therefore improbable that Andrew's utterances to Pradas were fraudulently concocted. Hence, Pradas' testimony deserves probative weight.

To refute the subject vehicle's loss due to carnapping, UCPB Insurance presented the Investigation Report, wherein the police investigator supposedly determined that no carnapping took place. It also referred to handwritten statements that were allegedly executed by the Tropical Hut security guards, who purportedly did not see any unusual activity around the area when the carnapping incident took place. In addition, it presented a Report by Jaguar Cars, Inc. (JCI), which supposedly shows that the subject vehicle was found to be in an

¹⁰¹ *Capila v. People*, 527 Phil. 599, 605 (2006).

¹⁰² *People v. Lanza*, 183 Phil. 249, 261 (1979).

¹⁰³ *People v. Jorolan*, 452 Phil. 698, 713 (2003), citing *People v. Umayam*, 431 Phil. 23 (2002).

unserviceable condition as early as March 3, 2006, or before it was allegedly carnapped on August 24, 2006.¹⁰⁴

However, the record shows that none of the persons who prepared and identified the foregoing statements and reports were presented by UCPB Insurance. Atty. Gutierrez, the police investigator who prepared the Investigation Report, was never presented in open court to identify and testify on the Investigation Report. Although a certain Police Inspector Michael M. Villar was presented as one of the witnesses of UCPB Insurance,¹⁰⁵ he was not the one who prepared the Investigation Report and is therefore in no position to verify the truthfulness of the facts stated in the said Report.

As to the handwritten statements, the Tropical Hut security guards who supposedly executed them were *not* presented as witnesses for UCPB Insurance. Similarly, the representative of JCI who prepared the Report for the subject vehicle was not among the witnesses of UCPB Insurance. Hence, the Investigation Report, the JCI Report, and the handwritten statements of the security guards are all hearsay, and thus, inadmissible in evidence and without any probative value.¹⁰⁶

The Court finds no merit in the argument of UCPB Insurance that the Investigation Report is a public document that may be admitted into evidence without further proof of its due execution and genuineness.¹⁰⁷ In *Standard Insurance Co., Inc. v. Cuaresma*¹⁰⁸ and *DST Movers Corp. v. People's General Insurance Corp.*,¹⁰⁹ the Court held that for a traffic investigation report to be admissible as evidence, the police officer who prepared the report must be presented as a witness and must testify on the matters contained in the report; otherwise, the report is hearsay. As such, the Investigation Report cannot be admitted into evidence for being hearsay.

The Court stresses that UCPB Insurance anchors its denial of Wilfrido's insurance claim upon the assertion that it is false and fraudulent supposedly because the subject vehicle was not lost through carnapping. However, fraud cannot be presumed but must be established with clear

¹⁰⁴ *Rollo*, pp. 82–84, CA Decision.

¹⁰⁵ *Id.* at 82, CA Decision.

¹⁰⁶ *People v. Sultan*, 858 Phil. 1050, 1071 (2019); RULES OF COURT, Rule 130, sec. 36.

¹⁰⁷ *Rollo*, p. 211.

¹⁰⁸ 742 Phil. 733, 745 (2014).

¹⁰⁹ 778 Phil. 235, 248 (2016).

and convincing evidence.¹¹⁰ Without the Investigation Report, the JCI Report, and the purported handwritten statements of the Tropical Hut security guards, UCPB Insurance is left with no other competent evidence to support its claim of insurance fraud against Wilfrido. As between Wilfrido's evidence, which include Andrew and Pradas' testimonies that were given under oath and pain of perjury, on the one hand, and UCPB Insurance's hearsay evidence, where the declarants were not even presented in open court, on the other, the former should indisputably prevail and are entitled to great weight and value.¹¹¹

*B. The subsequent recovery of
the vehicle does not negate
its loss through theft*

Anent the subsequent recovery of the subject vehicle, the Court finds that it is immaterial to the present case. Common sense dictates that the mere recovery of a stolen vehicle does not and will not erase the fact of theft. Several cases¹¹² decided by the Court also laid down the rule that the subsequent recovery of a stolen motor vehicle does not negate theft, which is perfected from the moment of unlawful taking.

The Court reiterates that Section 249 of the Insurance Code sets a definite time within which payment of the insurance claim must be made. When this period has elapsed and *before* the insured vehicle is recovered, payment for the loss of the vehicle is *fixed* and the insured *cannot* be compelled to receive the vehicle despite its recovery.¹¹³ The period to indemnify the insured for a lost vehicle is set by law because motor vehicle insurance contracts would be of insignificant value if the insured, who has a theft policy in its favor, should be forced to *indefinitely* wait on the chance of having the stolen vehicle recovered, or be compelled to incur the expense of buying a new vehicle and thereafter take the old one if recovered.¹¹⁴

¹¹⁰ *The Insular Life Assurance Co., Ltd. v. Hrs. of Alvarez*, 841 Phil. 175, 184 (2018).

¹¹¹ *See Naranjo v. Biomedica Health Care, Inc.*, 695 Phil. 551, 572 (2012).

¹¹² *Paramount Insurance Corp. v. Spouses Remondeulaz*, 699 Phil. 541, 547 (2012); *People v. Bustinera*, 475 Phil. 190 (2004); *Villacorta v. Insurance Commission*, 188 Phil. 497, 502–503 (1980).

¹¹³ *Dorrance v. Pa. Fire Ins. Co.*, 98 F. Supp. 485, 488–92 (N.D. Cal. 1951); *Sawyer v. National Fire Ins. Co.*, 53 S.D. 228, 235, 220 N.W. 503, 506 (1928). (Emphasis supplied)

¹¹⁴ *Sawyer v. National Fire Ins. Co.*, 53 S.D. 228, 235, 220 N.W. 503, 506 (1928); *Cancilla v. Firemen's Fund Ins. Co.*, 277 Pa. 223, 226, 120 A. 824, 825 (1923). (Emphasis supplied)

In the present case, through a letter dated March 21, 2007, UCPB Insurance informed Wilfrido that the subject vehicle was recovered by Task Force Limbas.¹¹⁵ By then, 162 days had already elapsed from the time when Andrew submitted the proof of loss to UCPB Insurance's adjuster on October 10, 2006. Clearly, Wilfrido cannot be compelled to accept the recovered vehicle, as he was informed of its recovery beyond the 90-day period for payment in Section 249 of the Insurance Code.

It is equally important to point out that in *Villacorta v. Insurance Commission*,¹¹⁶ the Court held that the insured therein had a right to be indemnified for the loss of the insured vehicle because its unlawful taking proved to be quite permanent rather than temporary, given that the car was never returned in a condition that is *serviceable* and *useful* to the owner.

Villacorta applies to the present case. The evidence on record establishes that even if the subject vehicle was recovered, it was in an unserviceable state, with missing parts (i.e., car seats, emblem, stereo, speaker, door handle, and battery), flat tires, and damaged roofing and bumper.¹¹⁷ Given the situation, it cannot be said that its loss was merely temporary as it was returned in an unserviceable condition.

Wilfrido did not violate the terms of the Insurance Policy

The CA further held that Wilfrido violated the Conditions of the Insurance Policy because he did not immediately notify the police and did not participate in the investigation conducted by the TMG. The provisions of the Insurance Policy that Wilfrido allegedly violated are reproduced below:¹¹⁸

CONDITIONS APPLICABLE TO ALL SECTIONS

....

4. In the event of any accident which may give rise to a claim under this Policy, the Insured shall, as soon as possible, give notice thereof [to the] Company with full particulars. Every letter, claim, writ, summons, and process shall be notified or forwarded to the

¹¹⁵ *Rollo*, p. 156.

¹¹⁶ 188 Phil. 497 (1980).

¹¹⁷ *Rollo*, pp. 59–60, Petition; *id.* at 178, RTC Decision.

¹¹⁸ *Villacorta v. Insurance Commission*, 188 Phil. 497 (1980).

Company immediate[ly] [upon] receipt. Notice shall also be given to the Company immediately as soon as the Insured shall have knowledge of any impending prosec[ution] [or] inquest or fatal inquiry in connection with any such occurrence. *In case of theft or other criminal act which may give rise to a claim und[er this] Policy, the Insured shall give immediate notice to the Police and cooperate with the Company in securing the conviction of the offender without prejudice to No. 2 of the General Exceptions, no admission, offer, promise or payment shall be made by or on behalf of the (unreadable) without the written consent of the Company which shall be entitled to take over the conduct in his name the defense or settlement of any (unreadable) to prosecute in his name for its own benefit any claim for indemnity or damages otherwise, but shall not exercise any discretion prej...(unreadable) to the interest of the insured in the conduct of any proceedings in the settlement of any claim, and the insured shall give all such information and assistance as the Company may require[.]*

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10. The due observance and fulfillment of the Terms of this Policy, insofar as they related to anything to be done or not to be done by the In[sured] and the truth of the statements and answer in the proposal, shall be *conditions precedent* to any liability of the Company to make any pa[yment] . . . under this Policy[.]¹¹⁹ (Emphasis supplied)

UCPB Insurance harps on the foregoing provisions of the Insurance Policy in asserting that it is not liable to Wilfrido. Supposedly, Wilfrido violated the terms of the Insurance Policy when he failed to immediately report the carnapping incident to the police and when he refused to cooperate with the TMG. It maintains that Wilfrido failed to meet a condition precedent that would make the insurer liable under the Insurance Policy.

The Court disagrees with UCPB Insurance.

In cases involving insurance claims, the rule is that when the insured submits proof of a loss that falls within the scope of the insurance contract, the burden is shifted to the insurer to prove by a preponderance of evidence that the loss arose from a cause of loss that is excepted or for which it is not liable, or from a cause which limits its liability.¹²⁰ Failure

¹¹⁹ *Id.* at 124–125.

¹²⁰ *Platinum Group Metals Corp. v. Mercantile Insurance Co., Inc.*, *supra* note 56, at 727–728. See also *DBP Pool of Accredited Insurance Co. v. Radio Mindanao Network, Inc.*, 516 Phil. 110, 119 (2006).

of the insurer to discharge this burden makes it liable under the insurance policy.¹²¹ Further, the terms and conditions in an insurance policy that limits the liability of the insurer to the insured should be *strictly* construed against the insurer.¹²²

After a careful review of the records, the Court holds that UCPB Insurance failed to discharge its burden to prove the alleged violations of the Insurance Policy that Wilfrido supposedly committed.

A. *Wilfrido complied with his contractual obligation to give immediate notice to the police about the carnapping incident*

The CA determined that Wilfrido failed to comply with his obligation under Item No. 4 of the Conditions of the Insurance Policy to give immediate notice to the Police in case of theft or other criminal act which may give rise to a claim under the Insurance Policy. It emphasized that there was a delay of about five hours, i.e., from 5:00 p.m. to 9:50 p.m., from the time of the carnapping to the time when Andrew reported the incident to the police, even though the police station was just 100 meters away from where the crime took place.¹²³

The Court disagrees with the CA and holds that Wilfrido did not neglect his obligation under the Insurance Policy.

It should be emphasized that the Insurance Policy does *not* define the term “immediate notice” that is found in Item No. 4 of the said contract. The rule requiring the interpretation of an insurance contract in a manner that would carry out the purpose for which it was executed by the parties must therefore be applied.¹²⁴ Verily, it is well established that the terms in an insurance policy that are ambiguous, uncertain, or vague “are to be construed strictly against the insurer and liberally in favor of

¹²¹ *Tai Tong Chuache & Co. v. Insurance Commission*, 242 Phil. 104, 113 (1988); *Country Bankers Insurance Corp. v. Llanga Bay and Community Multi-Purpose Cooperative*, 425 Phil. 511, 519 (2002).

¹²² *Blue Cross Health Care, Inc. v. Olivares*, 568 Phil. 526, 533 (2008). (Emphasis supplied)

¹²³ *Rollo*, p. 90.

¹²⁴ *Alpha Insurance and Surety Co. v. Castor*, 717 Phil. 131, 137 (2013). (Emphasis supplied)

the insured so as to effect the dominant purpose of indemnity or payment to the insured, especially where a forfeiture is involved.”¹²⁵

In similar cases¹²⁶ in the United States where an insured was required to give “immediate notice” of loss, it was held that the term should be interpreted according to its object or purpose. For instance, a briefer period of time for notice may be necessary in accident or theft insurance, as a longer period may make it difficult for the insurer to ascertain the truth of the accident or theft. What matters is that *notice is given with due diligence under the circumstances of the case and without unnecessary and unreasonable delay*.¹²⁷ Further, payment of an insurance claim due to the insured’s breach of the notice requirement may be validly denied by the insurer only upon showing that it suffered an *actual and substantial prejudice* because of the breach.¹²⁸

In ascertaining what may be deemed as reasonable delay under the circumstances, the Court may be guided by case law, which defines “reasonable time” as “so much time as is necessary under the circumstances for a reasonabl[y] prudent and diligent man [or woman] to do, conveniently, *what the contract or duty requires should be done, having a regard for the rights and possibility of loss, if any, to the other party*.”¹²⁹

In the case, apart from the mere lapse of about five hours from the time of the carnapping to the time when it was reported to the police, UCPB Insurance has *not* provided any basis for the Court to conclude that the delay was unreasonable. It does not even allege any loss or prejudice that it suffered or stood to suffer because of the supposed delay in the reporting of the carnapping incident to the police. To the contrary, the records show that after Andrew reported the carnapping incident to the

¹²⁵ *Del Rosario v. Equitable Insurance and Casualty Co., Inc.*, 118 Phil. 349, 354 (1963). See also *Cathay Insurance Co., Inc. v. Court of Appeals*, *supra* note 82.

¹²⁶ *Round Rock Indep. Sch. Dist. v. First Nat’l. Ins. Co.*, 324 F.2d 280, 283-85 (5th Cir. 1963); *Fid. & Deposit Co. v. Courtney*, 186 U.S. 342, 346-47, 22 S. Ct. 833, 835-36 (1902).

¹²⁷ *Fid. & Deposit Co. v. Courtney*, *id.* (Emphasis supplied)

¹²⁸ *Hoffman v. Am. So’y for Technion-Israel Inst. of Tech., Inc.*, No. 09-CV-2482 BEN (KSC) (S.D. Cal. Feb. 21, 2013); *Scherz v. S.C. Ins. Co.*, 112 F. Supp. 2d 1000, 1007-08 (C.D. Cal. 2000); *Associated Int’l. Ins. Co. v. Odyssey Reinsurance Corp.*, No. 95-56374 (9th Cir. Apr. 2, 1997). (Emphasis supplied)

¹²⁹ *Republic v. Bañez*, 771 Phil. 75, 95 (2015); *Pascual v. Pascual*, 622 Phil. 307, 320 (2009); *Far East Realty Investment, Inc. v. Court of Appeals*, 248 Phil. 497, 503-504 (1988). (Emphasis supplied)

Parañaque City Police, the investigation of the crime continued, and the subject vehicle was even recovered by the TMG.

The CA emphasized that the police station was only 100 meters away from the *situs* of the carnapping, and thus, concluded that the delay of about five hours in the reporting of the incident was unreasonable. However, the records show that Andrew, who is a resident of Pasig City, was merely visiting his friend in Parañaque City when the subject vehicle was stolen at the latter city.¹³⁰ Indeed, Andrew had to first contact his friend, Pradas, a resident of Moonwalk, Parañaque City, who had to accompany Andrew to the Parañaque City Police Station. Given that he was merely visiting a friend at Parañaque City, Andrew may not necessarily be familiar with the area and the location of the Parañaque City Police Station.¹³¹ He also just suffered a shocking experience after being held at gunpoint by two men and feared that the carnappers left one of their cohorts behind to watch him.¹³²

It is equally important to point out that after reporting the incident to the police, on the very next day or on August 25, 2006, Andrew returned to Parañaque City and reported the crime to the Anti-Carnapping Unit of the City Police,¹³³ which then prepared the Alarm Sheet.¹³⁴ Just three days later, or on August 27, 2006, Andrew again returned to the Parañaque City Police and presented the Alarm Sheet to the TMG-Task Force Limbas.¹³⁵

Given the circumstances, the Court is not convinced that there was neglect on the part of the insured to immediately notify the police about the carnapping incident. The overall conduct of Andrew reveals that under the circumstances, he exercised due diligence in notifying the police about the carnapping incident.

B. *Wilfrido complied with his contractual obligation to cooperate with UCPB Insurance in securing the conviction of the offenders*

¹³⁰ *Rollo*, p. 169, RTC Decision.

¹³¹ *See People v. Dela Cruz*, 833 Phil. 238, 251–252 (2018).

¹³² *Rollo*, pp. 33–34, Petition.

¹³³ *Id.* at 168, RTC Decision.

¹³⁴ *Id.* at 154.

¹³⁵ *Id.* at 168.

Neither may it be said that Wilfrido violated the terms of the Insurance Policy by failing to cooperate with UCPB Insurance and the police to secure the conviction of the offenders who perpetrated the carnapping in question.

First, on the same day of the carnapping incident, Andrew reported the incident to the Parañaque City Police. Notably, both the blotter¹³⁶ and Alarm Sheet¹³⁷ indicate that Andrew's report was referred to the Anti-Carnapping Unit of the police for investigation and proper response. Andrew also provided his address and contact information to the police, which indicates the insured's desire to cooperate with the law enforcers and secure the conviction of the malefactors.¹³⁸

Second, Andrew testified that after three days from the time of the loss of the vehicle, or on August 27, 2006, he returned to the Parañaque City Police and presented the Alarm Sheet to the TMG-Task Force Limbas.¹³⁹

Third, in its Letter¹⁴⁰ dated March 21, 2007, UCPB Insurance gave Wilfrido a period of 60 days from the date of the Letter, or **until May 20, 2007**, within which to coordinate with the TMG. On **April 11, 2007**, or 21 days later and *before* the lapse of the 60-day period, Wilfrido wrote to the TMG to inquire about the pending carnapping investigation concerning the subject vehicle.¹⁴¹ Evidently, within the period prescribed by UCPB Insurance, Wilfrido attempted to contact the TMG, but the latter did not respond to him.

Finally, to validly deny payment of an insurance claim for breach of the cooperation clause in an insurance contract, the insurer must establish by a preponderance of evidence that it acted in good faith and with due diligence to secure the cooperation of the insured.¹⁴² The insurer should also prove that it suffered a substantial prejudice due to the insured's breach of the cooperation clause,¹⁴³ as in instances where

¹³⁶ *Id.* at 153.

¹³⁷ *Id.* at 154.

¹³⁸ *Id.* at 153.

¹³⁹ *Id.* at 168.

¹⁴⁰ *Id.* at 156.

¹⁴¹ *Id.* at 154-160. (Emphasis supplied)

¹⁴² *Lappo v. Thompson*, 87 Ill. App. 3d 253, 254-555, 42 Ill. Dec. 531, 533, 409 N.E.2d 26, 28 (1980); *Johnson v. Wade*, 47 Ill. App. 3d 610, 614-15, 7 Ill. Dec. 726, 728-29, 365 N.E.2d 11, 14 (1977). (Emphasis supplied)

¹⁴³ *Diaz v. Infinity Ins. Co.* (Cal. Super. Ct. June 13, 2024); *Campbell v. Allstate Ins. Co.*, 60 Cal. 2d 303, 305-307, 32 Cal. Rptr. 827, 828-829, 384 P.2d 155, 156-57 (1963). (Emphasis supplied)

non-cooperation by the insured interfered with the insurer's ability to evaluate and investigate a claim or lose documents and witnesses that it could have used as evidence in connection with the insurance claim.¹⁴⁴

UCPB Insurance failed to show that it exercised good faith and due diligence in securing the cooperation of Wilfrido. As stated in the CA Decision, on October 10, 2006, UCPB Insurance received the Investigation Report from Atty. Gutierrez, the same day when Andrew submitted the proof of loss to the adjuster.¹⁴⁵ Clearly, by October 10, 2006, UCPB Insurance was already in a position to assess whether there was a necessity for Andrew or Wilfrido to cooperate in the TMG investigation, yet it was only on March 21, 2007, or 162 days later, when it wrote to Wilfrido about the vehicle's recovery and requested him to appear before the TMG. It also belatedly required Wilfrido to submit a certificate of non-recovery¹⁴⁶ issued by the TMG even though it is not among the documents in the List of Claim Requirements. Had UCPB Insurance truly needed Wilfrido's cooperation with the TMG, then it would have sent a letter requiring his appearance before the TMG as early as October 10, 2006, yet it did not do so.

To the mind of the Court, the requirement from UCPB Insurance for Wilfrido to appear before the TMG *after* the period for payment under Section 249 of the Insurance Code had already elapsed and only after it received information that the subject vehicle was at the TMG impounding area, was made only so it could force Wilfrido to take the subject vehicle and avoid its liability to indemnify the insured for the vehicle's value. Importantly, the certificate of non-recovery that it belatedly required from Wilfrido is a document issued by the TMG (now the Highway Patrol Group)¹⁴⁷ which states that the person bearing the document had a car that was carnapped and is yet to be retrieved as of the certificate's issue date.¹⁴⁸ Obviously, by the time that UCPB Insurance required Wilfrido's appearance before the TMG within 60 days from March 21, 2007, the TMG would no longer issue a certificate of non-recovery to Wilfrido

¹⁴⁴ *Tran v. State Farm Fire & Cas. Co.*, 136 Wash. 2d 214, 228-229, 961 P.2d 358, 365 (1998); *Canron v. Fed. Ins. Co.*, 82 Wash. App. 480, 491, 918 P.2d 937, 943 (1996).

¹⁴⁵ *Rollo*, p. 79, CA Decision.

¹⁴⁶ In Section 2 of the Insurance Commission Circular Letter No. 2020-92 dated September 14, 2020, a certificate of non-recovery is among the basic requirements for filing claims in motor insurance arising from carnapping. However, the same Circular states that non-life insurance companies may relax the requirements for filing claims.

¹⁴⁷ Per the National Police Commission Resolution No. 2008-262, the TMG was renamed to the Philippine National Police Highway Patrol Group.

¹⁴⁸ Land Transportation Office Website. Available at <https://ltoportal.ph/certificate-of-non-recovery-cnr/> [Last accessed on February 27, 2025].

because by then, the vehicle has been retrieved and was even at its impounding area.

Further, UCPB Insurance did not present any evidence to prove that it was substantially prejudiced by Wilfrido's alleged breach of the cooperation clause. Accordingly, UCPB Insurance cannot deny liability for Wilfrido's insurance claim based on the cooperation clause of the Insurance Policy.

In sum, the CA erred in dismissing the insurance claim of Wilfrido, considering that: (1) UCPB Insurance belatedly raised an objection to the proof of loss submitted by the insured and cannot now question the sufficiency of the said proof of loss; (2) there is a preponderance of evidence proving that the subject vehicle was lost through carjacking or theft, a covered peril under the Insurance Policy; and (3) UCPB Insurance failed to adequately establish its defense under the "immediate notice to the police" and cooperation clause of the Insurance Policy. Consequently, UCPB Insurance is declared liable to pay the insurance claim of Wilfrido.

Liabilities of the insurer

Having settled the question of UCPB Insurance's liability under the Insurance Policy, the Court now proceeds to the rule on the insurance proceeds, damages, and attorney's fees due to Wilfrido.

A. Insurance proceeds

Anent the amount of the insurance proceeds due from UCPB Insurance, the Insurance Policy provides a valuation of PHP 1,800,000.00 for the subject vehicle in the event of loss.¹⁴⁹ In the absence of fraud, which has not been established in this case, the valuation of the subject vehicle in the event of loss as stated in the Insurance Policy shall be *conclusive*.¹⁵⁰

¹⁴⁹ *Rollo*, p. 120.

¹⁵⁰ *Malayan Insurance Co., Inc. v. Arnaldo*, *supra* note 81, at 668.

B. Double Interest

The insurance proceeds are subject to *double interest* under Sections 249 and 250 of the Insurance Code, which are reproduced below:

SECTION 249. The amount of any loss or damage for which an insurer may be liable, under any policy other than life insurance policy, shall be paid within thirty (30) days after proof of loss is received by the insurer and ascertainment of the loss or damage is made either by agreement between the insured and the insurer or by arbitration; but if such ascertainment is not had or made within sixty (60) days after such receipt by the insurer of the proof of loss, then the loss or damage shall be paid within ninety (90) days after such receipt. Refusal or failure to pay the loss or damage within the time prescribed herein will entitle the assured to collect interest on the proceeds of the policy for the duration of the delay at the rate of twice the ceiling prescribed by the Monetary Board, unless such failure or refusal to pay is based on the ground that the claim is fraudulent.

SECTION 250. In case of any litigation for the enforcement of any policy or contract of insurance, it shall be the duty of the Commissioner or the Court, as the case may be, to make a finding as to whether the payment of the claim of the insured has been unreasonably denied or withheld; and in the affirmative case, the insurance company shall be adjudged to pay damages which shall consist of attorney's fees and other expenses incurred by the insured person by reason of such unreasonable denial or withholding of payment plus interest of twice the ceiling prescribed by the Monetary Board of the amount of the claim due the insured, from the date following the time prescribed in Section 248 or in Section 249, as the case may be, until the claim is fully satisfied: *Provided*, That failure to pay any such claim within the time prescribed in said sections shall be considered *prima facie* evidence of unreasonable delay in payment.

To repeat, Andrew submitted the proof of loss to UCPB Insurance on October 10, 2006, yet it was only on March 21, 2007, or after about 162 days, when UCPB Insurance informed Wilfrido of a purported defect in the proof of loss that it received.¹⁵¹ UCPB Insurance's inaction over the insurance claim for a period of 162 days, which is manifestly beyond the period for payment set forth in Section 249 of the Insurance Code, is *prima facie* evidence of *unreasonable* delay in the payment of Wilfrido's insurance claim.¹⁵²

¹⁵¹ *Rollo*, p. 168.

¹⁵² INSURANCE CODE, sec. 250; *Cathay Insurance Co., Inc. v. Court of Appeals*, 255 Phil. 714, 723 (1989).

UCPB Insurance failed to refute the foregoing *prima facie* evidence of unreasonable delay. As earlier discussed, although UCPB Insurance attempted to present a case of insurance fraud against Wilfrido, its evidence on the matter was sorely lacking for being hearsay. Moreover, it belatedly objected to and therefore waived any defect in the proof of loss submitted by Andrew. UCPB Insurance is therefore guilty of unreasonable delay in the payment of Wilfrido's insurance claim, making it liable for double interest under Sections 249 and 250 of the Insurance Code.

Pertinently, Section 249 of the Insurance Code charges double interest *for the duration of the delay* in the payment of the insurance claim. As clarified in *Prudential Guarantee and Assurance, Inc. v. Trans-asia Shipping Lines, Inc.*,¹⁵³ the "duration of the delay" mentioned in the law pertains to the time when the payment should have been made to the insured, which is "*within [30] days after proof of loss is received by the insurer and ascertainment of the loss or damage is made either by agreement between the insured and the insurer or by arbitration.*" If such ascertainment is not made or had within 60 days from receipt of the proof of loss, "*then the loss or damage shall be paid within [90] days after such receipt.*"

The law contemplates three scenarios. *First*, if the proof of loss had been submitted *and* there has been ascertainment of the loss or damage by either agreement of the parties or by arbitration, payment is due within 30 days from receipt of the proof of loss. *Second*, if the proof of loss had been submitted but there has been *no* ascertainment of the loss or damage, then it should be ascertained within 60 days from receipt of the proof of loss. If there is ascertainment within the 60-day period, payment is due within a period of 30 days from such ascertainment.¹⁵⁴ *Third*, if the proof of loss had been submitted but there has been *no* ascertainment of the loss or damage within a period of 60 days from receipt of such proof, then payment is due within 90 days from receipt of the proof of loss. The insurer has until the 30th day from the submission of the proof of loss *and* ascertainment of loss, or until the 90th day from the submission of the proof of loss *without* ascertainment of loss, to pay the insurance claim and only after such time may it be deemed in delay.¹⁵⁵

¹⁵³ 524 Phil. 716, 747 (2006). (Emphasis supplied)

¹⁵⁴ *Id.* (Emphasis supplied)

¹⁵⁵ *Id.* (Emphasis supplied)



In the case, UCPB Insurance received the proof of loss from Andrew on October 10, 2006. There being no ascertainment of the loss or damage by agreement of the parties or by arbitration, then payment of the insurance proceeds was due within 90 days from receipt of the proof of loss, or until **January 8, 2007**.¹⁵⁶ It is only from the latter date when the duration of the delay in the settlement of the insurance claim should be reckoned. Accordingly, double interest on the insurance proceeds is imposed beginning January 8, 2007.

As to the rate of interest, the *Secretary of the Department of Public Works and Highways v. Sps. Tecson*¹⁵⁷ instructs that the interest rate prescribed under Central Bank Circular No. 416, which took effect on July 29, 1974, was 12% per annum. Later, the Bangko Sentral ng Pilipinas-Monetary Board Circular No. 799, which took effect on July 1, 2013, reduced the interest rate to 6% per annum. Thus, the insurance proceeds and attorney's fees due to Wilfrido should earn interest at the rate of 24% per annum from January 8, 2007 until June 30, 2013, and at the rate of 12% per annum from July 1, 2013 until the finality of this Decision.

C. Attorney's fees

As to the liability of UCPB Insurance for attorney's fees, Section 250 of the Insurance Code states that when the insurer is found guilty of unreasonably denying or withholding payment of the insurance claim, it shall be adjudged liable for *attorney's fees* and other expenses incurred by the insured by reason of such denial or withholding of payment plus *double interest* "from the date following the time prescribed in Section 248 or in Section 249, as the case may be."

Jurisprudence¹⁵⁸ has recognized that an award of attorney's fees to the insured in an amount equivalent to 10% of the unpaid proceeds is reasonable. The attorney's fees awarded by the RTC to Wilfrido in the amount of 10% of the insurance proceeds due under the Insurance Policy is therefore proper. The attorney's fees shall also be subject to double interest for the duration of delay in payment, or beginning January 8, 2007, by reason of UCPB Insurance's unreasonable delay in paying the insurance claim of Wilfrido.

¹⁵⁶ *Id.*

¹⁵⁷ 758 Phil. 604, 638 (2015).

¹⁵⁸ *Id.*; *Cathay Insurance Co., Inc. v. Court of Appeals*, 255 Phil. 714 (1989).

D. Interest on interest

In addition, Article 2212 of the Civil Code states that “[i]nterest due shall earn legal interest from the time it is *judicially* demanded, although the obligation may be silent upon this point.” Article 2212 refers to compounding of interest and is founded on the principle that unpaid interest that is already due is itself a forbearance of money and should therefore earn interest as penalty or indemnity for the delay in its payment.¹⁵⁹ Case law¹⁶⁰ has further elucidated that the interest mentioned in Article 2212 applies to compensatory interest, which, in the present case, refers to the double interest imposed by Sections 249 and 250 of the Insurance Code. Accordingly, the interest due on the insurance proceeds and attorney’s fees should be compounded, but *only* from the date of the judicial demand,¹⁶¹ i.e., when the Complaint was filed on June 15, 2007,¹⁶² until the finality of this Decision.

E. Moral and exemplary damages

The Court likewise reinstates the award of moral damages to Wilfrido in the amount of PHP 100,000.00. Pursuant to Article 2220¹⁶³ of the Civil Code, when an action is based on breach of contract, as in this case, moral damages may only be awarded if the defendant is shown to have acted in bad faith or with malice in the breach of contract.¹⁶⁴ “[T]he breach must be palpably wanton, reckless, malicious, in bad faith, oppressive or abusive.”¹⁶⁵

Here, UCPB Insurance’s bad faith is palpable. *For one*, it accepted the premium payment from Wilfrido and knew that the Insurance Policy

¹⁵⁹ *Lara’s Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*, 929 Phil. 754, 763 (2022); *Secretary of the Department of Public Works and Highways v. Spouses Tecson*, 758 Phil. 604, 640 (2015).

¹⁶⁰ *Mojica v. Generali Pilipinas Life Assurance Co., Inc.*, 863 Phil. 492 (2019); *Sun Life of Canada (Phils.), Inc. v. Tan Kit*, 745 Phil. 482 (2014).

¹⁶¹ *Lara’s Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*, 860 Phil. 744 (2019).

¹⁶² *Rollo*, p. 128, Complaint.

¹⁶³ ARTICLE 2220. Willful injury to property may be a legal ground for awarding moral damages if the court should find that, under the circumstances, such damages are justly due. The same rule applies to breaches of contract where the defendant acted fraudulently or in bad faith.

¹⁶⁴ *Far East Bank and Trust Co. v. Court of Appeals*, 311 Phil. 783, 787 (1995), citing *Necesito v. Paras*, 104 Phil. 75 (1958); *Panay Electric Co. v. Court of Appeals*, 256 Phil. 260 (1989); *Sweet Lines, Inc. v. Court of Appeals*, 206 Phil. 663 (1983); *Rex Taxicab Co., Inc. v. Bautista*, 109 Phil. 712 (1960).

¹⁶⁵ *Francisco v. Ferrer, Jr.*, 405 Phil. 741, 748 (2001), citing *Magat v. Court of Appeals*, 311 Phil. 783, 793 (1995); CIVIL CODE, art. 2232; *PNB v. General Acceptance and Finance Corp. v. Bautista*, 244 Phil. 470, 478–479 (1988).

was in effect when the subject vehicle was lost yet refused to indemnify Wilfrido for the said loss. *For another*, it was already in possession of the documents that Andrew submitted in connection with the List of Claim Requirements as early as October 10, 2006, yet refused to act upon them and even belatedly required the submission of additional documents, such as the TMG clearance and certificate of non-recovery, even though they were not included in the List. It even threatened that it would close its file on the insurance claim of Wilfrido if he fails to submit the additional documents that were not even included in the List of Claim Requirements.

In relation thereto, the Court in *Great Pacific Life Insurance Corp. v. Court of Appeals*¹⁶⁶ and *Land Bank of the Philippines v. Miranda*¹⁶⁷ held that the award of moral damages to therein insured was proper, for it could hardly be doubted that they suffered moral shock, serious anxiety, and wounded feelings upon being informed that their insurance policies cannot be relied upon for indemnification or mortgage redemption despite having paid the premiums therefor. The Court explained that the insurer acted in *bad faith* when it accepted premiums for the insurance policy without giving the insured the corresponding protection.¹⁶⁸

In the same vein, it cannot be seriously disputed that Wilfrido, whose Insurance Policy was in effect at the time of the subject vehicle's loss, suffered mental anguish, moral shock, and wounded feelings when UCPB Insurance refused to act upon his insurance claim even after Andrew had already submitted the proof of loss in accordance with the List of Claim Requirements. To make matters worse, by the time that he received the letter from UCPB Insurance requiring the TMG clearance, the period for payment of the insurance claim under Section 249 of the Insurance Code had already elapsed. The award of PHP 100,000.00 to Wilfrido by way of moral damages is reasonable under the circumstances.¹⁶⁹

Considering that Wilfrido is entitled to moral damages, the RTC's award of exemplary damages to him in the amount of PHP 100,000.00 is also reinstated. This is in accordance with Article 2229 of the Civil Code, which states that exemplary damages are imposed, "by way of example or correction for the public good, *in addition to* the moral, temperate, liquidated or compensatory damages."

¹⁶⁶ 263 Phil. 443, 448 (1990).

¹⁶⁷ 936 Phil. 868, 883 (2023).

¹⁶⁸ *Great Pacific Life Insurance Corp. v. Court of Appeals*, *supra* at 447. (Emphasis supplied)

¹⁶⁹ *See Tan v. Court of Appeals*, 309 Phil. 295, 307 (1994).


Finally, in accordance with Article 2209¹⁷⁰ of the Civil Code and *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*,¹⁷¹ the judgment award in favor of Wilfrido shall earn interest at the rate of 6% per annum from the date of the finality of this Decision until full payment.

ACCORDINGLY, the Petition for Review on *Certiorari* is **GRANTED**. The appealed Decision dated September 24, 2020, and the Resolution dated June 16, 2021, of the Court of Appeals in CA-G.R. CV No. 107055 are hereby **REVERSED** and **SET ASIDE**. The Decision dated April 12, 2016, of Branch 143, Regional Trial Court, Makati City in Civil Case No. 07-530 is **REINSTATED** with **MODIFICATIONS** in that respondent UCPB General Insurance Co, Inc. is ordered to **PAY** petitioner Wilfrido C. Wijangco, represented by his son Andrew C. Wijango the following:

1. The proceeds of the insurance in the sum of PHP 1,800,000.00;
2. Attorney's fees in the amount of PHP 180,000.00 or 10% of the insurance proceeds due;
3. Double interest due on the aggregate amount of the insurance proceeds and attorney's fees, or the total amount of PHP 1,980,000.00, at the rate of 24% per annum from January 8, 2007, the last day for payment of the claim under Section 249 of the Insurance Code, until June 30, 2013, and at the rate of 12% per annum from July 1, 2013 until the date of finality of this Decision, with the interest to be compounded from June 15, 2007, the date of the judicial demand, until the date of the finality of this Decision;
4. Moral damages in the amount of PHP 100,000.00;
5. Exemplary damages in the amount of PHP 100,000.00;
and
6. The costs of suit.

¹⁷⁰ ARTICLE 2209. If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six per cent per annum.

¹⁷¹ *Supra* note 159, at 764.



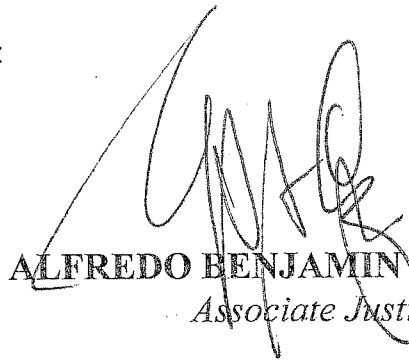
The total monetary awards shall earn legal interest at the rate of 6% per annum from the date of the finality of this Decision until full payment.

SO ORDERED.

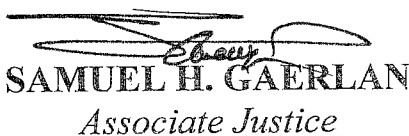


HENRI JEAN PAUL B. INTING
Associate Justice

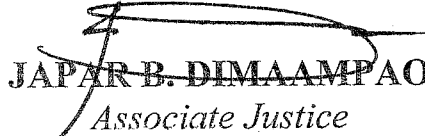
WE CONCUR:



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



SAMUEL H. GAERLAN
Associate Justice

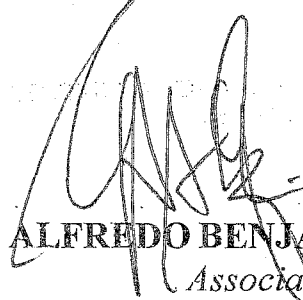


JAPAR B. DIMAAMPAO
Associate Justice

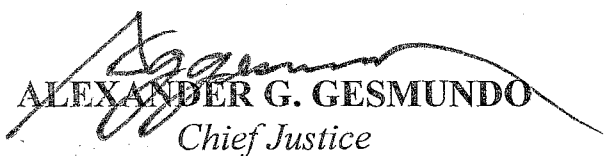
(On leave)
MARIA FILOMENA D. SINGH
Associate Justice

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 the Court's Division.

**ALEXANDER G. GESMUNDO***Chief Justice*