

****Title:**** Malayan Insurance Company, Inc. vs. Stronghold Insurance Company, Inc., and Rico J. Pablo

****Facts:****

The case involves litigation between two insurance companies, Malayan Insurance Company, Inc. (Malayan) and Stronghold Insurance Company, Inc. (Stronghold), centered on the amount each should reimburse Rico J. Pablo (Pablo) for hospital and medical expenses incurred due to a motor vehicle accident involving a pedestrian. Pablo had insurance coverage under both companies: a Compulsory Third Party Liability (CTPL) insurance from Stronghold and an Excess Cover for Third Party Bodily and Death Liability from Malayan. Following the accident, Stronghold computed its liability to be P29,000.00 based on its policy's Schedule of Indemnities, leaving an excess of P71,318.08 unpaid, which Pablo sought from Malayan. Disagreements arose regarding the liability coverage, leading Pablo to seek the Insurance Commission's (IC) assistance. The IC initially sided with Malayan, instructing Stronghold to reimburse Pablo P100,000.00, leaving Malayan to cover the remaining P318.08. However, upon reconsideration and modifications, the IC amended its decision, which then was put under review by the Court of Appeals (CA). The CA reversed the IC's rulings and ordered Stronghold and Malayan to reimburse Pablo P42,714.83 and P57,603.25, respectively, a decision Malayan subsequently appealed to the Supreme Court.

****Issues:****

1. The applicability of the Schedule of Indemnities in determining the liability of Stronghold Insurance Company and whether it restricts the type and amount of damages recoverable.
2. The extent of Stronghold's liability under its CTPL insurance policy.
3. The extent of Malayan's liability under its Excess Cover for Third Party Bodily and Death Liability insurance policy.
4. Whether the appellate court erred in its interpretation and application of the Western Guaranty Corporation vs. Court of Appeals precedent.
5. The propriety of the appellate court's ruling concerning the liability of Malayan and Stronghold based on their respective insurance coverages.

****Court's Decision:****

The Supreme Court denied Malayan's petition, thereby affirming the CA's decision with modification regarding the imposition of legal interest on the amounts awarded to Pablo. The Court clarified the limits of liability set forth in the Schedule of Indemnities, holding that these limits apply to the specific injuries listed therein, and any excess should be

shouldered by the excess coverage insurer, in this case, Malayan. It was determined that Stronghold's liability was confined to the amounts specified for certain types of injuries within its policy, and additional liability fell to Malayan as the excess coverage provider. The Supreme Court also addressed the interpretation of precedent and the distinctions between the cases cited, affirming the CA's use of *Western Guaranty Corporation vs. Court of Appeals* as the guiding standard.

****Doctrine:****

The case reiterates the principle that the Schedule of Indemnities in a compulsory motor vehicle liability insurance policy sets the limits of liability for specified injuries and does not limit or exclude claims for other types of damages, provided the overall coverage limit is not exceeded. It establishes that excess coverage insurers are responsible for damages not covered by the primary insurer's policy, up to the limits of their respective policy coverages.

****Class Notes:****

- ****Schedule of Indemnities:**** Sets limits for specific types of injuries; does not limit the insurer's liability for other types of damages within the policy's total coverage.
- ****Excess Coverage Liability:**** Excess coverage insurers are liable for damages that exceed the amounts specified in the primary insurer's Schedule of Indemnities, within the limits of the excess policy.
- ****Legal Interest on Insurance Claims:**** Legal interest can be imposed on amounts payable by insurance companies from the date of extrajudicial demand to the date of full payment.
- ****Western Guaranty Doctrine Application:**** Clarifies the interpretation of insurance policy limits and the application of the Schedule of Indemnities in determining insurer liability.

****Historical Background:****

This case emphasizes the evolving interpretation of insurance policy provisions in the Philippines, particularly regarding compulsory third-party liabilities and excess insurance coverage. It illustrates the judicial process in resolving ambiguities in insurance liability and the role of the Insurance Commission in adjudicating disputes between insured parties and insurers. The decision reflects the Supreme Court's stance on ensuring adequate compensation for third-party victims within the framework of existing insurance laws and regulations.