

### Title: Manulife Philippines, Inc. v. Hermenegilda Ybañez

### Facts:

Manulife Philippines, Inc. filed a complaint for rescission of insurance contracts against Hermenegilda Ybañez (respondent) and the BPI Family Savings Bank in the Regional Trial Court (RTC) of Makati City, citing misrepresentation and concealment of material facts by the insured, Dr. Gumersindo Solidum Ybañez, in his application for life insurance. Manulife issued two insurance policies in favor of Dr. Ybañez, who later died, leading his widow, Hermenegilda, to file a death claim. Manulife denied the claims, refunded the premiums, and initiated the current legal action, asserting that Dr. Ybañez had concealed material health information.

The procedural journey began in the RTC, which, after trial, dismissed Manulife's complaint citing insufficient evidence of misrepresentation or concealment. Manulife appealed to the Court of Appeals (CA), which affirmed the RTC's decision. Subsequently, Manulife filed a Petition for Review on Certiorari to the Supreme Court, which is under scrutiny in this case.

### Issues:

1. Did the CA commit reversible error in affirming the RTC's decision dismissing Manulife's complaint for failure to prove concealment or misrepresentation by the insured?

### Court's Decision:

The Supreme Court denied Manulife's petition, thereby affirming the CA's decision. The Court underscored that its role is not to re-evaluate evidence presented in the lower courts unless there is a clear showing of an exception to this rule, none of which applied in the present case. It held that Manulife failed to convincingly prove that the insured had committed any concealment or misrepresentation of material facts. Notably, the medical records cited by Manulife as evidence of concealment were deemed inadmissible hearsay, given the failure to present any witness who could attest to their due execution and authenticity. Thus, the Court found no legal basis to rescind the insurance contracts.

### Doctrine:

1. **Hearsay Evidence Rule** - Documents or testimonies presented in court must be attested to by witnesses who have direct knowledge thereof to be admissible; otherwise, they are considered hearsay and excluded as evidence.

2. **Burden of Proof in Insurance Misrepresentation** - The insurer bears the burden of proving by convincing evidence that the insured committed misrepresentation or

concealment of material facts warranting the rescission of the insurance contract.

### Class Notes:

- **Hearsay Evidence**: Evidentiary rule stating that an out-of-court statement cannot be used to prove the truth of the matter asserted unless it falls under a recognized exception.
- **Affirmative Defense**: A defendant's assertion raising new facts and arguments that, if true, will defeat the plaintiff's claim, even if all allegations in the complaint are true.
- **Burden of Proof**: The obligation to present evidence to support one's claim. In insurance law, this includes proving an insured's alleged misrepresentation or concealment.
- **Rescission of Contract**: Legal principle allowing a contractual agreement to be voided due to reasons such as fraud or misrepresentation.
- **Example Statute**: Insurance Code provision on material misrepresentation as a ground for rescission.

### Historical Background:

This case encapsulates crucial principles of insurance law, particularly on the tenets of contract rescission due to misrepresentation or concealment. It exemplifies the judiciary's strict adherence to procedural rules concerning evidence, underlining the importance of due process and the burden of proof in litigation. This case also underscores the evolving nature of insurance jurisprudence, characterized by balancing the insurer's right to void policies obtained through deceit against ensuring policyholders are not unduly deprived of their claims due to technicalities.