

****Title:**** Phil-Nippon Kyoei, Corp. vs. Rosalia T. Gudelosao, et al.

****Facts:****

Phil-Nippon Kyoei, Corp. (Petitioner), a domestic shipping corporation, acquired the MV Mahlia from Japan and engaged the services of Edwin C. Gudelosao, Virgilio A. Tancontian, and 6 other crewmembers for its voyage from Japan to the Philippines through Top Ever Marine Management Philippine Corporation (TEMMPC), hiring them via separate employment contracts.

Petitioner procured a Marine Insurance Policy from South Sea Surety & Insurance Co., Inc. (SSSICI), which included Personal Accident Policies for the crew members, ensuring each for accidental death or injury. On February 24, 2003, the vessel sank within Japanese waters due to severe weather, resulting in the death of the crewmembers, excluding Nilo Macasling.

The heirs of Gudelosao and Tancontian filed separate claims for death benefits against the Petitioner, TEMMPC, and SSSICI with the NLRC. The LA decision imposed solidary liability on the respondents for death benefits and mandated SSSICI to pay for the Personal Accident Policy proceeds. The decision was modified on appeal to exclude liability except for SSSICI for insurance proceeds. Petitioners sought reconsideration and eventually escalated the case to the CA, which reinstated the LA's decision with modifications, including that Petitioner's liability is extinguished only upon payment by SSSICI.

****Issues:****

1. Whether the doctrine of limited liability applies in favor of the Petitioner.
2. Whether the CA erred in ruling that the liability of the Petitioner is extinguished only upon SSSICI's payment of insurance proceeds.

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

1. ****Liability under POEA Standard Employment Contract:**** The CA erred in absolving the Petitioner from liabilities under the POEA-SEC. The limited liability rule does not apply to claims under the POEA-SEC as these are liabilities created by contract and secured through state intervention for the protection of Filipino overseas workers.
2. ****Liability under Personal Accident Policies:**** The NLRC has jurisdiction over claims arising from employer-employee relationships. SSSICI's liability under the Personal

Accident Policies directly arose from the insurance contract, and the CA's imposition that the Petitioner's liability is extinguished upon SSSICI's payment of the insurance proceeds was incorrect as the policies were procured for the benefit of the seafarers and not as a liability cover for the shipowner.

****Doctrine:****

The limited liability rule does not apply to claims arising under the POEA-SEC as these constitute liabilities created by the statutory duty of the state to protect overseas Filipino workers. Additionally, the NLRC has jurisdiction over claims involving overseas Filipino workers even when it involves an insurance policy claim. The liability of an insurer in personal accident policies is direct and not conditioned upon the payment of proceeds to discharge another's liability.

****Class Notes:****

1. ****Limited Liability Doctrine in Maritime Law:**** Encompasses that the liability of the shipowner is confined to the vessel, its equipment, and freightage, provided that the vessel is abandoned. It does not apply to liabilities under the POEA-SEC or claims that are statutory in nature.
2. ****POEA-SEC:**** Stipulates minimum terms and conditions of employment for the protection of Filipino seafarers, including death benefits which are secured through the intervention of the Philippine Government.
3. ****Jurisdiction over Insurance Claims:**** Under the Migrant Workers and Overseas Filipinos Act of 1995, the NLRC has jurisdiction over claims arising from the employer-employee relationship that include claims for insurance proceeds under contracts involving overseas Filipino workers.

****Historical Background:****

This case underscores the evolving jurisprudence regarding the application of the limited liability doctrine in Maritime Law, especially concerning the protection of the rights of Filipino overseas workers and their beneficiaries. The decision recognizes the special treatment of claims under the POEA-SEC against the backdrop of maritime risks, emphasizing the state's protective mechanism for overseas employment.