Title: Virginia A. Perez vs. Court of Appeals and BF Lifeman Insurance Corporation

Facts:
Primitivo B. Perez, who had an existing insurance contract with the BF Lifeman Insurance Corporation since 1980, sought to gain additional coverage of P50,000.00 in October 1987. Agent Rodolfo Lalog, representing the insurance company, facilitated this process. Despite Primitivo completing an application form and submitting a payment of P2,075.00 on October 20, due to Lalog losing the original form, a duplicate application was filled out and submitted on October 28 after Primitivo underwent and passed a mandatory medical examination on November 1. The application and supporting documents remained at BF Lifeman's Gumaca, Quezon branch until Primitivo's death on November 25, 1987, due to an accident.

BF Lifeman Insurance Corporation approved the application and issued the policy on December 2, 1987, unaware of Primitivo's death. When Virginia Perez, Primitivo's widow, claimed the insurance benefits, she received P40,000.00 under the first policy but was denied the claim under the additional coverage, with the insurance company refunding the P2,075.00 she had initially paid.

BF Lifeman then sought to rescind the second policy by filing a complaint against Virginia Perez, who counterclaimed for the collection of P150,000.00 under it. The Regional Trial Court ruled in favor of Virginia Perez, but upon appeal, the Court of Appeals reversed this decision, stating that the contract for the additional coverage was not perfected by the time of Primitivo's death.

Issues:
1. Whether there was a perfected contract of insurance for the additional coverage of P50,000.00.
2. Whether the condition required for the perfection of the insurance contract, which specified that the policy had to be delivered and accepted by the applicant in good health, is potestative and hence null and void.

Court's Decision:
The court affirmed the decision of the Court of Appeals, holding that no perfected insurance contract existed for the additional coverage. The Court clarified that insurance is a consensual contract that necessitates the agreement of both parties. The assent of BF Lifeman Insurance Corporation was contingent upon issuing a policy, and Primitivo's

acceptance was necessary for the contract to be perfected. This did not occur before Primitivo's death, rendering the issuance of the policy ineffective. Furthermore, the Court disagreed with the notion that the requirement for the applicant's good health upon policy acceptance was a potestative condition, finding instead that it was a legitimate suspensive condition that remained unfulfilled due to Primitivo's untimely death.

Doctrine:
– An insurance contract requires the consent of both parties, and without mutual assent, no contract is perfected.
– Conditions specifying the applicant's good health upon the policy's issuance and acceptance are valid suspensive conditions, not potestative conditions, which determine the effectiveness of the insurance contract.

Class Notes:
– **Perfected Contract**: Requires mutual consent, a definite object, and a lawful cause. In insurance, it additionally demands the insurer's acceptance and the policyholder's acknowledgment while in good health.
– **Consensual Contract (Article 1318, Civil Code)**: A contract is only binding if it meets the essential requisites of consent, object, and cause.
– **Potestative Condition (Article 1182, Civil Code)**: A condition dependent solely on the will of one of the contracting parties, rendering such a contract void if it is the sole condition.
– **Suspensive Condition**: A future and uncertain event upon which the effectiveness or extinguishment of an obligation depends.

Historical Background:
The case highlights the intricate details necessary for the perfection of insurance contracts within the Philippines' legal framework. It underscores the principle that mutual agreement is paramount in insurance, emphasizing the provisional nature of an application until formal acceptance by the insurer. This decision reflects the judiciary's stance on ensuring clarity and mutual consent in contractual obligations, particularly in the insurance industry.