

### Title:

\*\*Dominion Insurance Corporation vs. Court of Appeals and Others\*\*

### Facts:

\*\*Context and Procedural History:\*\*

On January 25, 1991, Rodolfo S. Guevarra filed a civil case against Dominion Insurance Corporation, seeking reimbursement for the sum of P156,473.90 he advanced to cover claims of Dominion's clients. Dominion countered with a claim of unremitted premiums against Guevarra and filed a third-party complaint against Fernando Austria, its Regional Manager for Central Luzon, linking him to the issue.

A series of pre-trial conferences scheduled from October 1991 to April 1992 were repeatedly postponed, often at the parties' joint request. On May 22, 1992, with only Guevarra present at the pre-trial, Dominion was declared in default for non-appearance after their request for another postponement was denied. Guevarra presented evidence on June 16, 1992, and Dominion's subsequent motions to lift the default order were denied, primarily because of non-compliance with procedural requirements and late disclosure of counsel's illness as the reason for non-appearance.

On November 18, 1992, the Regional Trial Court ruled in favor of Guevarra, ordering Dominion to reimburse the advanced sum and pay for attorney's fees while dismissing Dominion's counterclaims. Dominion appealed to the Court of Appeals, which affirmed the trial court's decision on July 19, 1996. Dominion's motion for reconsideration was denied on July 16, 1997, leading to the appeal to the Supreme Court.

### Issues:

1. Whether Guevarra acted within his authority as Dominion's agent in paying the claims of several insured.
2. Whether Guevarra is entitled to reimbursement for amounts he paid using his personal funds.

### Court's Decision:

The Supreme Court denied the appeal, holding that:

- By the contract of agency principles, Guevarra and Dominion indeed aimed to establish a principal-agent relationship wherein Guevarra had general agency powers but was limited to acts of administration.
- Specific acts beyond administration, such as settling claims which are considered acts of

strict dominion, require a special power of attorney. Guevarra's actions needed such specificity, which was not evident.

- Despite a breach of principal instructions, Guevarra could demand reimbursement against the benefits derived by Dominion from his payments, to avoid unjust enrichment of the principal by the agent's actions.

- Consequently, the court modified the lower courts' decisions, ordering Dominion to reimburse Guevarra the amount of P112,672.11, considering the actual benefits conferred and expenses incurred.

### ### Doctrine:

- The agency principle was central, where representation and consent are foundational. Additionally, the doctrine that expenses incurred by the agent in contravention of the principal's instructions cannot be reimbursed unless the principal wishes to benefit from the contract (Article 1918, Civil Code).

- The case also underscored the obligation of the principal not to enrich unjustly at the expense of the agent, highlighting Article 1236 of the Civil Code, which allows a person who pays on behalf of another to demand reimbursement to the extent that the payment was beneficial to the debtor.

### ### Class Notes:

- **Agency:** Intent of both parties to consent to the agency and the representative capacity of the agent is crucial.

- **General vs. Special Power of Attorney:** General powers cover acts of administration; specific powers are necessary for acts of strict dominion or those not typically administrative.

- **Reimbursement for Agents:** Agents acting against principal's instructions may not be reimbursed unless the principal benefits from the action, then general principles of obligations and contracts on unjust enrichment apply.

### ### Historical Background:

The case highlights the Philippine legal system's procedural and substantive aspects of insurance claims processing, agency relationships, and the remedies available to agents who expend personal funds on behalf of principals. It reflects the judiciary's role in addressing disputes over agent-principal relations and clarifies the bounds of authority and reimbursement rights within such relationships.