Title:
Edgar Cokaliong Shipping Lines, Inc. vs. UCPB General Insurance Company, Inc.

Facts:
The sequence of events leading to legal action began on December 11, 1991, when Nestor Angelia shipped goods via Edgar Cokaliong Shipping Lines, Inc. to Tandag, Surigao del Sur, with declared values in the bill of lading significantly lower than their insured values. Subsequently, the vessel M/V Tandag caught fire, resulting in total loss of the vessel and cargoes. Feliciana Legaspi, who insured the cargo, was compensated by UCPB General Insurance Company, Inc. for the loss. UCPB, as subrogee, sought to recover from Edgar Cokaliong Shipping Lines the amount paid to Legaspi, filing a case in the Regional Trial Court of Makati City, which dismissed the claim. UCPB appealed to the Court of Appeals, which reversed the RTC's decision, holding the shipping line liable. Edgar Cokaliong Shipping Lines then elevated the case to the Supreme Court through a Petition for Review under Rule 45.

Issues:
1. Whether the shipping line is liable for the loss of goods.
2. If liable, to what extent should the liability be?

Court's Decision:
The Supreme Court ruled partly in favor of the petitioner:
1. **Liability for Loss:** The Court found that the loss resulted from negligence rather than force majeure. The fire originated from a crack in the auxiliary engine fuel oil service tank, which was not subjected to frequent inspections.
2. **Extent of Liability:** The Court held that the carrier's liability should be limited to the value declared in the bill of lading, as agreed upon by the stipulation therein. UCPB, as subrogee, cannot claim beyond this amount because the stipulation limiting liability is valid and recognized by law. The SC ordered the petitioner to pay the amounts declared in the Bills of Lading, totaling P20,500.

Doctrine:
The liability of a common carrier for the loss of goods may be limited to the value declared by the shipper in the bill of lading, as long as such limitation is not against public policy and is freely and fairly agreed upon. Furthermore, the insurer's liability is determined by the actual value insured and the premiums paid, not by the value declared in the bill of lading.

Class Notes:
– **Essential Elements for Common Carriers' Liability Limitation:**
– Stipulation limiting liability must be reasonable and just under the circumstances.
– It must have been freely and fairly agreed upon by the parties involved.
– **Fundamentals of Insurance Subrogation:**
– The insurer can seek indemnification from third parties responsible for the loss after compensating the insured.
– **Role of Bills of Lading in Determining Liability:**
– The declared value in the bill of lading is crucial in limiting the carrier's liability for loss or damage of the cargo.

Historical Background:
The case provides insight into maritime law and the practices surrounding the shipment of goods, insurance coverage, and the legal remedies available in the event of loss due to the carriers' negligence. It reflects the complexities of determining liability and compensation when the declared and insured values of shipped goods differ significantly.