

Title: Regina L. Edillon vs. Manila Bankers Life Insurance Corporation

Facts:

1. **Insurance Application and Issuance**:

- April 15, 1969: Carmen O. Lapuz applied for accident and injuries insurance with Manila Bankers Life Insurance Corporation, indicating her birth date as July 11, 1904, making her 64 years old.
- Lapuz paid the premium of P20.00, received a receipt, and was subsequently issued Certificate of Insurance No. 128866, valid for 90 days.

2. **Insured Event**:

- May 31, 1969: Lapuz died in a vehicular accident during the policy period.

3. **Claim and Denial**:

- June 7, 1969: Regina L. Edillon, the beneficiary, filed a claim with all necessary documentation.
- The claim was denied based on an exclusion clause for persons over 60 years old.

4. **Lower Court Proceedings**:

- August 27, 1969: Edillon filed a lawsuit in the Court of First Instance of Rizal.
- The trial court dismissed the complaint, ruled in favor of the insurance company, and ordered Edillon to pay P1,000.00 in attorney's fees while directing the insurance company to return the P20.00 premium.

Issues:

1. **Acceptance of Premium and Issuance of Policy**:

- Whether the acceptance of the premium and issuance of the insurance certificate effectively waived the exclusionary age condition.

2. **Estoppel and Waiver by Insurance Company**:

- Whether the failure of the insurance company to act on the overage clause prior to the insured event constitutes estoppel or waiver of the exclusionary clause.

Court's Decision:

1. **Acceptance of Premium and Issuance of Policy**:

- The Supreme Court found that the acceptance of the premium and issuance of the

insurance certificate, despite knowledge of the insured's age, constituted a waiver of the exclusionary condition.

- The Court emphasized that the insurance company had ample time (45 days) to reject the application post-examination of the insured's age but failed to do so.

2. **Estoppel and Waiver by Insurance Company**:

- The insurance company's inaction amounted to estoppel, as it misled the insured into believing they were covered.

- The Court cited the principles from "Que Chee Gan vs. Law Union Rock Insurance Co., Ltd." and "Capital Insurance & Surety Co., Inc. vs. Plastic Era Co., Inc.," reaffirming that an insurer cannot void a policy due to conditions they were aware of but chose to ignore, thus misleading the insured.

Doctrine:

1. **Waiver and Estoppel in Insurance Contracts**:

- The insurer's acceptance of a premium, knowing facts that would void the policy, constitutes a waiver of those conditions.

- The insurer is estopped from claiming non-liability based on conditions known at policy issuance but ignored.

Class Notes:

- **Key Elements**:

- Insurance Company's inaction post-knowledge of disqualifying facts results in waiver.

- Estoppel prevents insurers from voiding policies post-factum.

- **Applicable Statutes/Principles**:

- American Jurisprudence, Insurance: "Knowledge of existing facts at issuance constitutes waiver."

- Doctrine of Estoppel: Insurer cannot claim void policy if aware of disqualifying facts and chose to accept premium.

Historical Background:

- The case highlights an era where insurance practices were scrutinized for fairness and transparency, emphasizing protection for insured parties against technicalities often leveraged by insurers to deny claims. The development reflects broader jurisprudence

ensuring equitable treatment and fostering trust in insurance contracts.

The reversal by the Supreme Court reiterates the principle of estoppel, enhancing legal standards and obligations within insurance practices, ensuring that insurers cannot exploit conditions to their advantage after accepting premiums.