

Title: *Figuracion Vda. De Maglana v. Hon. Francisco Z. Consolacion and Afisco Insurance Corporation*

Facts:

On December 20, 1978, Lope Maglana, an employee of the Bureau of Customs, was riding a motorcycle to his work station at Lasa, Davao City. While at Km. 7, Lanang, he was struck by a PUJ jeep driven by Pepito Into, owned and operated by Patricio Destrajo. The jeep was overtaking another vehicle and entered the lane of Maglana, causing his death on the spot.

Initially, Maglana's heirs filed a civil suit for damages and attorney's fees against Destrajo and Afisco Insurance Corporation (AFISCO) at the Court of First Instance of Davao. Simultaneously, Pepito Into was criminally charged with homicide due to reckless imprudence, resulting in a conviction with a liability to indemnify the heirs.

On December 14, 1981, the civil court ruled Destrajo to pay P28,800 for income loss, P12,000 for death indemnity (offset against criminal indemnity), P5,901 for funeral costs, P5,000 for moral damages, and P3,000 for attorney's fees. The insurance company, AFISCO, was liable to reimburse Destrajo within the policy's coverage.

Petitioners contested AFISCO's secondary liability via a motion for reconsideration, asserting AFISCO's direct and primary liability under the Insurance Code up to P20,000. The court eventually denied this and a second motion, maintaining a secondary stance based on suretyship principles in the insurance.

Unresolved, petitioners sought certiorari, aiming to amend AFISCO's perceived secondary liability as expressed in the civil verdict, arguing for its joint and several liability with Destrajo within insurance coverage confines.

Issues:

The Supreme Court addressed two major issues:

1. Whether AFISCO can be considered solidarily (jointly and severally) liable with Destrajo for damages to the heirs of Lope Maglana.
2. Accurate computation of the income loss component of damages awarded to Maglana's heirs.

Court's Decision:

1. ****Direct but Not Solidary Liability of Insurers****: The Court concluded that AFISCO is directly liable to the petitioners within its insurance policy limits but not solidarily liable

with Destrajo. This clarification upholds a previous ruling in *Malayan Insurance Co. v. Court of Appeals* where the insurer and tortfeasor differ in liability bases – contractual for the insurer and tortious for the insured. AFISCO’s obligation under the policy was direct up to P20,000, but it was not a solidary obligation.

2. **Recomputation of Loss of Income**: The Court corrected the original miscalculation of loss of potential income from P28,800 to P192,000 using the appropriate actuarial formula reflecting Lope Maglana’s expected earnings. The death indemnity was also adjusted from P12,000 to P50,000 according to evolving jurisprudence.

Doctrine:

The case established that an insurance company’s liability under motor vehicle liability insurance is direct but limited to policy coverage and is not inherently solidary with the insured. Though a third party may directly sue insurers, this does not affect solidary principles, aligning along contract versus tort distinctions.

Class Notes:

- **Third Party Liability Insurance**: Provides protection directly to injured parties against potential insolvency of the insured causing the injury.
- **Direct vs. Solidary Liability**: In insurance, liability arises from contracts, not tort, failing to invoke solidary liability with insured tortfeasors.
- **Actuarial Calculations**: Demonstrated necessity for accurate computation of damages using appropriate formulas and principles.
- **Article 2180, Civil Code**: Employers are liable for damages caused by employees within their assigned tasks.

Legal provisions involved include Article 2180 of the Civil Code and detailed examination of insurance obligations under Philippine law.

Historical Background:

The case arose during a period when Philippine jurisprudence sought to clarify and establish consistent interpretations of insurance contracts’ liabilities vis-à-vis direct actions by third parties injured by vehicular accidents. The growing importance of third-party motor vehicle insurance demonstrated a policy focus on ensuring that victims could recoup damages regardless of insured parties’ solvency conditions.