

**INTESTATE ESTATE OF THE LATE ESPERANZA J. VILLANUEVA,
PABLO ORO, ADMINISTRATOR; MARIANO J. VILLANUEVA,
CLAIMANT AND APPELLANT.***G.R. No. L-2227. August 31, 1948*

Ponente: PARAS, J.

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The West Coast Life Insurance Company issued two policies of Insurance on the life of Esperanza Villanueva, one for two thousand pesos and maturing on April 1, 1943, and the other for three thousand pesos and maturing on March 31, 1943. In both policies (with corresponding variation in, amount and date of maturity) the insurer agreed "to pay two thousand pesos, at the home office of the Company, in San Francisco, California, to the insured hereunder, if living, on the 1st day of April 1943, or to the beneficiary Bartolome Villanueva, father of insured, immediately upon receipt of due proof of the prior death of the insured, Esperanza J. Villanueva, of La Paz, Philippine Islands, during the continuance of this policy, with right on the part of the insured to change the beneficiary."

After the death of Bartolome Villanueva in 1940, the latter was duly substituted as beneficiary under the policies by Mariano J. Villanueva, a brother of the insured. Esperanza J. Villanueva survived the insurance period, for she died only on October 15, 1944, without, however, collecting the insurance proceeds. Adverse claims for said proceeds were presented by the estate of Esperanza J. Villanueva on the one hand and by Mariano J. Villanueva on the other, which conflict was squarely submitted in the intestate proceedings of Esperanza J. Villanueva pending in the Court of First Instance of Iloilo. From an order, dated February 26, 1947, holding that the estate of the insured is entitled to the insurance proceeds, to the exclusion of the beneficiary, Mariano J. Villanueva, the latter has interposed the present appeal.

The lower court committed no error. Under the policies, the insurer obligated itself to pay the insurance proceeds (1) to the insured if the latter lived on the dates of maturity or (2) to the beneficiary if the insured died during the continuance of the policies. The first contingency of course excludes the second, and vice versa. In other words, as the insured Esperanza J. Villanueva was living on April 1, and March 31, 1943, the proceeds are payable exclusively to her or to her estate unless she had before her death otherwise assigned the matured policies. It is not here pretended and much less proven, that there was such assignment.) The beneficiary, Mariano J. Villanueva, could be entitled to said proceeds only in default of the first contingency. To sustain the beneficiary's claim would be to altogether eliminate from the policies the condition that the insurer "agrees to pay * * * to the insured hereunder, if living".

There is nothing in the Insurance Law (Act No. 2427) that militates against the construction placed by the lower court on the disputed condition appearing in the two policies now under advisement. On the contrary, said law provides that "an insurance upon life may be made payable on the death of the person, or on his surviving a specified period, or otherwise contingently on the continuance or cessation of life" (Sec. 165), and that "a policy

of insurance upon life or health may pass by transfer, will, or succession, to any person, whether he has an insurable interest or not, and such person may recover upon it whatever the insured might have recovered" (Section 166).

Counsel for the beneficiary invokes the decision in *Del Val vs. Del Val*, 29 Phil. 534, 540, in which it was held that "the proceeds of an insurance policy belong exclusively to the beneficiary and not to the estate of the person whose life was insured, and that such proceeds are the separate and individual property of the beneficiary, and not of the heirs of the person whose life was insured." This citation is clearly not controlling, first, because it does not appear therein that the insurance contract contained the stipulation appearing in the policies issued on the life of Esperanza J. Villanueva and on which the appealed order in the case at bar is based; and, secondly, because the *Del Val* doctrine was made upon the authority of the provisions of the Code Commerce relating to insurance (particularly section 428) which had been expressly repealed by the present Insurance Act (No. 8427).

Our pronouncement is not novel, since it tallies with the following typical American authorities: "If a policy of insurance provides that the proceeds shall be payable to the assured, if he lives to a certain date, and, in case of his death before that date, then they shall be payable to the beneficiary designated, the interest of the beneficiary is a contingent one, and the benefit of the policy will only inure to such beneficiary in case the assured dies before the end of the period designated in the policy." (Couch, *Cyclopedia of Insurance Law*, Vol. 2, Sec. 343, p. 1023.) "Under endowment or tontine policies payable to the insured at the expiration of a certain period, if alive, but providing for the payment of a stated sum to a designated beneficiary in case of the insured's death during the period mentioned, the insured and the beneficiary take contingent interest. The interest of the insured in the proceeds of the insurance depends upon his survival of the expiration of endowment period. Upon the insured's death, within the period, the beneficiary will take, as against the personal representative or the assignee of the insured. Upon the other hand, if the insured survives she endowment period, the benefits are payable to him or to his assignee, notwithstanding a beneficiary is designated in the policy." (29 Am. Jur., Vol. 29, section 1277, pp. 952, 953.)

The appealed order is, therefore, Hereby affirmed, it is so ordered with costs against the appellant.

Feria, Pablo, Perfecto, Bengzon, Briones, Padilla, and Tuason, JJ., concur.

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