

**THE PHILIPPINE BRITISH ASSURANCE CO., INC., PETITIONER, VS.
LINO MANGUNE, MACARIO CAPILI, ALFREDO RIVERA, ERNESTO
MANGUNE, PABLO LEYBA, DESIDERIO AZUELA, JOSE MAGALLANES,
ISABEL...**

G.R. No. L-24902. November 26, 1970

Ponente: MAKALINTAL, J.

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MAKALINTAL, J.:

This is a petition for certiorari and mandamus involving the orders of Hearing Officer Pedro Pelaez of the Workmen's Compensation Commission, dated July 7 and August 4, 1965, issued in connection with a number of employees' compensation claims.

Pursuant to the provisions of Section 30 of the Workmen's Compensation Act (No. 3428, as amended), respondent Sy Kap Printing Press secured from petitioner Philippine British Assurance Co., Inc., thru the latter's general agent, the St. Mary Insurance Agency, Inc., a workmen's compensation insurance policy to cover payment of all compensation benefits to which the insured's workers or laborers might be legally entitled in accordance with said Act.

While the policy was in force a number of employees filed their respective compensation claims against Sy Kap Printing Press, which claims were later amended to include the Philippine British Assurance Co., Inc. as party respondent. Upon receipt of the aforesaid claims the company filed its answers, with cross-claims against the Sy Kap Printing Press, alleging that the insurance policy was null and void on the ground that at the time it was issued the insured concealed from the insurer the fact that "the claimants as well as other employees of the insured were suffering from various illnesses and/or had consulted the company physician on various matters of importance to their health," and that consequently any sums which the insurer might be compelled to pay under said policy should be reimbursed by the insured employer. Respondent Sy Kap Printing Press moved to dismiss the cross-claims, to which motion the Philippine British Assurance Co., Inc. filed its written opposition. On July 7, 1965 the Hearing Officer of the Workmen's Compensation Commission dismissed the cross-claims on ground of lack of jurisdiction. On July 23, 1965 the insurer filed a petition for review, to which an opposition was filed by the claimants. On August 4 following the Hearing Officer denied the petition for review on the ground that the order dismissing the cross-claims was not subject to appeal or review, being an interlocutory order not affecting the merits of the compensation claims.

The two issues posed before us for resolution are: (1) whether or not the Workmen's Compensation Commission has jurisdiction over the cross-claims filed by the insurer against the insured employer; and (2) whether or not the order of the Hearing Officer dismissing the cross-claims for lack of jurisdiction is subject to review by the Commission.

Petitioner contends that the Workmen's Compensation Commission has jurisdiction to hear and adjudicate an insurer's cross-claim against an insured employer under Section 30-(f) of Republic Act 4119 and that to hold

otherwise would be in effect putting the insurer out of court, considering that cross-claims not set up shall be barred.

Section 30(f) of Republic Act 4119 amending the Workmen's Compensation Act provides:

"SEC. 30(f). Every policy of insurance issued under this section shall contain a provision that, as between the employee and the insurance carrier, the notice to or knowledge, of the occurrence of the injury or accident on the part of the employer shall be deemed notice or knowledge, as the case may be, on the part of the insurance carrier; that jurisdiction over the employer is jurisdiction over the insurance carrier; and the insurance carrier shall in all things be bound by and subject to the orders, findings, decisions or awards rendered against the employer for the payment of compensation under the provisions of this Act. Every such policy shall also contain a provision to the effect that the insolvency or bankruptcy of the employer shall not relieve the insurance carrier from the payment of compensation for injury, illness or death sustained by an employee during the life of such policy."

The foregoing provision is silent as to the jurisdiction of the Workmen's Compensation Commission over the subject-matter here under consideration. But since the Commission is an administrative body created by law to perform a specific quasi-judicial function it possesses only such jurisdiction as is conferred directly by the statute. Section 46 of the Workmen's Compensation Act defines this jurisdiction as follows:

"SEC. 46. Jurisdiction. - The Workmen's Compensation Commission shall have exclusive jurisdiction to hear and decide claims for compensation under the Workmen's Compensation Act, subject to appeal to the Supreme Court, in the same manner and in the same period as provided by law and by rules of court for appeal from the court of Industrial Relations to the Supreme Court."

Of course, by express mandate of Section 30-f, jurisdiction over the employer is jurisdiction over the insurer, but this is true only insofar as the employees' claims, and hence the insurer's liability therefor by virtue of the policy, are concerned, the only question at issue being the compensability of such claims. The grounds upon which petitioner's cross-claims are based are not alleged by way of defense with respect to this issue and have no bearing thereon whatsoever. Petitioner defines its position succinctly as follows: "that while it stands responsible to claimants...in any amount that the Workmen's Compensation Commission may finally adjudicate, nevertheless, since the insured employer...violated the terms of the Insurance Act as well as the terms of the policy itself any amount adjudicated by the Commission may be recovered by Philippine British from Sy Kap." These matters, however, are purely between the insurer and the insured. The alleged breaches of the terms and conditions of the insurance contract have nothing to do with whether the claimants-employees are entitled to the compensation benefits asserted, but rather to the contractual relations between the insurer and insured. These are justiciable matters which pertain to the ordinary courts of justice. (Larson's Workmen's Compensation Law, Vol. 3, 1968 ed., p. 443). Otherwise the hearing and adjudication thereof - for which a hearing officer of the Workmen's Compensation may not be properly equipped - may needlessly tie up and delay the resolution of the main issue.

Therefore, the argument that petitioner's cross-claims will be barred if not set up in the answer cannot be sustained.

With respect to the other issue raised by petitioner, that is, whether or not the hearing officer (or referee) should have referred the petition for review of his orders to the Commission, it seems that his refusal to do so on the ground that the said orders were interlocutory took note of the fact that no decision on the main claims had yet been rendered. The implication is that the petition should await the decision so that the entire case could be elevated. The ruling is not entirely without basis. In the first place, if the hearing officer, after receiving the evidence on the claims of the employees, should decide that they are not compensable at all, then petitioner's cross-claims would be unnecessary and the elevation of the order dismissing them to the Commission, in advance

of the decision itself, would have been at least premature. It is a fair presumption that this was the import of the hearing officer's statement that the order complained of was interlocutory, aware as he must have been of the provision of Section 4, Rule 15 of the Rules of the Workmen's Compensation Commission, as follows:

"SEC. 4. Duties of Referee. - x x x.

x x x x x x x x

"In case the referee does not render a new decision or amend or modify the decision or order sought to be reviewed, he shall immediately issue an order denying the petition for review or motion for re-consideration and elevating the entire case to the Commission for review."

It is to be noted that the foregoing rule speaks of "elevating the entire case to the Commission for review." Obviously the entire case is not supposed to be elevated unless the employees' claims are first decided by the hearing officer, for there can be no review of the entire case while the principal cause of action has not been resolved in the first instance.

On the other hand, we agree with petitioner that if the sense of the ruling of the hearing officer is that his order dismissing the cross-claims is not subject to review by the Commission at all, then said ruling is palpably erroneous, being contrary to Section 1 of the same Rule 15 referred to above, which says that "any party-in-interest who is dissatisfied with the decision or order of the referee may within fifteen (15) days from receipt of notice thereof file with the referee a petition for the review or reconsideration of said decision or order."

But whatever be the import of the order of the hearing officer now sought to be reviewed - that it is not appealable to the Commission at all or that the appeal therefrom was premature - we have deemed it wise and expedient to resolve the question of jurisdiction on the merits in connection with the first issue, for to return the case below so that the Commission may consider and resolve it would be an exercise in futility, and might only involve further delay of the case to the prejudice of the claimants-employees.

Wherefore, the writ prayed for is denied and the petition dismissed, with costs against petitioner.

Concepcion, C.J., Reyes, J.B.L., Zaldivar, Ruiz Castro, Fernando, Teehankee, Barredo, and Villamor, JJ., concur. Dizon and Makasiar, JJ., on official leave.

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