

MACHUCA TILE CO., INC., PETITIONER, VS. SOCIAL SECURITY SYSTEM, RESPONDENT.

G.R. No. L-24883. October 31, 1969

Ponente: TEEHANKEE, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/543b8f37e6f4/>

TEEHANKEE, J.:

We affirm, in this appeal, the Resolution of the Social Security Commission holding petitioner-appellant Machuca Tiles Com-pany, Inc. liable under Section 24(a) of the Social Security Act for the payment of damages in the form of death benefits to the legal heirs of its deceased employee, Eduardo Jungay, in the sum of P810.00 by virtue of its failure to make a timely report to the System during the lifetime of said deceased that the latter was in its employ and had qualified for compulsory coverage in the System.

The undisputed facts of the case are thus related in the appealed Resolution: "The deceased, Eduardo Jungay, was a former employee of the petitioner and as such, qualified for compulsory coverage in December 1961. He died on June 17, 1962, whereupon a claim for death benefits was filed with the System by Prudencio Jungay, a brother of the deceased, as one of the legal heirs. The claim was duly processed by the System's Claims Department, and in the course thereof, it discovered that the deceased was reported by the petitioner for coverage in the System only on September 5, 1962, when the premiums on this account were remitted to the System. After processing of the claim, the Claims Department adjudicated the sum of P810.00 as death benefits payable to the deceased's legal heirs, namely: Prudencio, Rogelio, Tranquilino, and Patricio, all surnamed Jungay, but in view of the failure of the petitioner to report his coverage prior to his death on June 17, 1962, the Acting Administrator of the Social Security System declared the petitioner liable to pay to the said heirs the amount of P810.00 as adjudicated by the Claims Department. Taking exception to this ruling, the petitioner filed the instant petition." [1]

The Social Security Commission, after due hearing rendered its Resolution of May 18, 1965 affirming the Administrator's ruling declaring the petitioner, rather than the System, legally liable for the payment of death benefits to the deceased employee's legal heirs, as follows:

"WHEREFORE, PREMISES CONSIDERED, the petition should be, as it is hereby, denied. Within fifteen (15) days from its receipt hereof, the petitioner is directed to pay to the legal heirs of the deceased, Eduardo Jungay, whose names are set out hereinabove, the sum of EIGHT HUNDRED TEN PESOS (P810.00) as damages equivalent to the death benefits which the legal heirs would have received had the name of the deceased been reported to the System on time, pursuant to Section 24(a) of the law, conformably with the Administrator's ruling which is hereby affirmed, and to submit to the System proof of such payment." [2]

On appeal, petitioner in its lone assignment of error contends that since some months after the death on June 17, 1962 of its employee, Eduardo Jungay, it had submitted on September 5, 1962 to the System its report on its Employees and remitted the corresponding premiums, including the sum of P28.80 representing the deceased Jungay's premiums from December, 1961 to June, 1962, it would not be just for respondent-appellee to receive and keep the premiums paid for the deceased Jungay and still hold petitioner liable for payment of the death benefits. Petitioner further contends that since respondent was aware that Jungay's premiums were paid only after

his death but did not return nor even offer to return the same, respondent should be held in estoppel and liable for the payment of the death benefits.

The fallacy of petitioner's contentions lies in its failure to realize that it has two distinct obligations under the Social Security Act, to wit, the obligation of making a timely remittance of premiums under Section 22(a) and the obligation of making a timely report of its employees' names and other personal data, including the social security number assigned to each employee, for coverage, under Section 24(a).

Section 22(a) thus requires the employer to make a timely remittance of the premium contributions of both employer and employee, under pain of being subject to payment of a 3% monthly penalty:

"SEC. 22. Remittance of Premiums. -- (a) The contributions imposed in the preceding sections shall be remitted to the System within the first seven days of each calendar month following the month for which they are applicable to within such time as the Commission may prescribe. Every employer required to deduct and to remit such contributions shall be liable for their payment, and if any contribution is not paid to the System, as herein prescribed, he shall pay beside the contribution a penalty thereon of three per centum per month from the date the contribution falls due until paid. If deemed expedient and advisable by the Commission, the collection and remittance of contributions shall be made quarterly or semi-annually in advance, the contributions payable by the employees to be advanced by their respective employers: Pro-vided, That upon separation of an employee, any premium so paid in advance but not due shall be credited or refunded to his employer." [3]

On the other hand, Section 24(a) requires the timely report of employees' names and personal data for coverage under the System, under penalty of being liable for damages equivalent to the benefits the employee or his heirs would have been entitled to received from the System had his name been reported on time by the employer:

"SEC. 24. Employment records and reports. -- (a) Each employer shall report immediately to the System the names, ages, civil status, occupations, salaries and dependents of all his employees, who are in his employ and who are or may later be subject to compulsory coverage: Provided, That if an employee subject to compulsory coverage should die or become sick or disabled without the System having previously received a report about him from his employer, the said employer shall pay to the employee or his legal heirs damages equivalent to the benefits to which said employee would have been entitled had his name been reported on time by the employer to the System." [4]

The posthumous remittance of the deceased employee's premiums served but to extinguish petitioner's liability therefor and to free it from the imposition of the 3% monthly penalty from the date the contribution falls due until actually paid. These accrued premiums were legally due to the System as the contribution of both employer and employee under Sections 18 and 19 of the Act and the death of the employee did not extinguish petitioner's liability to remit the same. There is no justification, consequently, for petitioner's claim that respondent should be held in estoppel for having retained them. As this Court has held in upholding the amendment on January 14, 1958 of the System's Rules, eliminating the provision for rebate of a proportionate amount of the premiums paid on behalf of temporarily employed alien technicians upon their departure from the Philippines and allowing such rebate only if they have been members for at least two years, "membership in this institution is not the result of a bilateral, consensual agreement where the rights and obligations of the parties are defined by and subject to their will. Republic Act 1161 requires compulsory coverage of employers and employees under the System. It is actually a legal imposition, on said employers and employees, designed to provide social security to the workingmen. Membership in the SSS is, therefore, in compliance with a lawful exercise of the police power of the State, to which the principle of non-impairment of the obligation of contract is not a proper defense." [5]

Petitioner's separate mandatory liability under Section 24(a) of the Act for failure to make a timely report of the

employee's name and personal data for coverage under the system therefore remains and must be enforced. It is obvious that the Act attaches greater importance to this requirement and obligation of the employer than that of timely remittance of the premiums. For failure to make such report in fact excludes the employee from the System's coverage and the Act therefore shifts to the erring employer the responsibility of paying the social security benefits "to which the employee or his heirs would have been en-titled had his name been reported on time by the employer to the System." Where the employer has, however, timely and pro-perly reported the employee's name for coverage but has failed or refused to pay or remit the premiums, such failure or refusal, by express provision of the Act in Section 22(b) "shall not preju-dice the right of the covered employee to the benefits of the coverage." The Act, in such cases as above stated, exacts the lesser liability of payment of the delinquent premiums with a 3% monthly penalty. Thus, in a similar case,[6] this Court brushed aside the employer's contention that its failure to make such a report was due to the deceased employee's refusal to have his share of the monthly premiums deducted from his salary and upheld the Social Security Commission's jurisdiction to enforce the manda-tory provisions of Section 24(a) against the employer.

Petitioner's invoking of the ruling of this Court in a commer-cial insurance case[7] that acceptance by the insurer of insurance premiums with full knowledge of the facts entitling it to treat the policy as no longer in force estops it from claiming forfeiture, has no application to the case at bar. In said case, liability of the insurer had not yet attached when it collected premiums for a pol-icy that it had issued under circumstances which it knew rendered the policy void, and therefore it could not invoke in bad faith the policy's nullity against a subsequent claim of loss under the policy. Here, the mandatory liability of the employer in place of the System for the social security benefits due to the deceased employee had already been incurred, and its posthumous payment of the ac-cruded premiums was but in discharge of a separate and distinct liability therefor. Petitioner's solace lies in that its contributions to the System and its discharging of its liabilities under the Act, will have helped subsidize the cause of social security to protect not only its own employees but the general membership of the System against the hazards of disability, sickness, old age and death in line with the Constitutional mandate to promote social justice and to insure the well-being and economic security of all the people.[8]

One last item. Payment by petitioner of the death benefits in the sum of P810.00 awarded to the legal heirs of the deceased employee under the Social Security Commission's Resolution of May 18, 1965 has been delayed pending this unjustified appeal. It is only just and in accordance with law[9] that the sum due said heirs bear legal interest of six (6%) per cent per annum from June 4, 1965, date of receipt of said Resolution by petitioner.[10]

ACCORDINGLY, the Resolution appealed from is hereby affirmed, with the modification that petitioner shall pay the legal heirs of the deceased Eduardo Jungay six (6%) per cent interest per annum on the sum of P810.00 from June 4, 1965 until the date of actual payment.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Sanchez, Castro, and Fernando, JJ., concur.
Zaldivar and Barredo, JJ., did not take part.

[1] Rec. on Appeal, pp. 9-10.

[2] Idem. pp. 16-17.

[3] Rep. Act 1161, as amended by Sec. 13, Rep. Act 2658.

[4] Rep. Act 1161, as amended by Sec. 15, Rep. Act 1792.

[5] Phil. Blooming Mills, Inc. et al. vs. SSS, 17 SCRA 1077, 1080; (1966), cf. Roman Catholic Archbishop vs. SSS, 1 SCRA 10 (1961).

[6] Poblete Construction Co. v. Asiain et al., 20 SCRA 1143 (1967).

[7] Que Chee Gan v. Law Union & Roces Ins. Co., 98 Phil. 85.

[8] Archbishop of Manila vs. SSS, fn. 5.

[9] Art. 2209, Civil Code.

[10] Rec. on Appeal, p. 18.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.