

INTESTATE ESTATE OF HONOFRE LEYSON (DECEASED) MARGARITA LEYSON LAURENTE, ADMINISTRATRIX AND APPELLEE, VS. RIZAL SURETY AND INSURANCE COMPANY, BONDSMAN-APPELLANT.

G.R. No. L-21250. March 31, 1966

Ponente: REGALA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/99ccb94f27d6/>

REGALA, J.:

The Rizal Surety & Insurance Co. brings this appeal from an order of the Court of First Instance of Manila which declared it liable for P6,051.57 on its bond it had given in behalf of Victorio L. Rodriguez.

Rodriguez was the administrator of the estate of Honofre Leyson. On December 27, 1951, the Manila Court of First Instance, in which the estate was at the time pending settlement, ordered Rodriguez relieved of his trust after finding him guilty of maladministration. As Rodriguez appealed the order of relief, the court, as a measure of "protection of this estate," required him to file an increased bond of P10,000 (which then was P500 only) to answer for "the faithful execution of his trust as of the date of his appointment."

Rodriguez filed a bond, given by the appellant, but instead of a bond for the purpose specified by the court in its order, he filed a bond which reads:

"R.S. & I. No. 28764

REPUBLIC OF THE PHILIPPINES

COURT OF FIRST INSTANCE OF MANILA

Case No. 1894.—In the matter of the Intestate Estate of
Honofre Leyson, Deceased.

ADMINISTRATOR'S BOND

Know all Men by these Presents:

That we, Victorio L. Rodriguez - 232 Madrid St., Manila as principal, and the Rizal Surety & Insurance Company, a corporation duly organized and existing under and by virtue of the laws of the Philippine Islands, as surety, are held and firmly bound to the Republic of the Philippines in the sum of Ten Thousand & 00/100 _____(P10,000.00) Pesos, Philippine currency for the benefit of the heirs, legatees or creditors of the said Honofre Leyson deceased, for which payment, well and truly to be made, we bind ourselves, our heirs, executors and administrators, jointly and severally, firmly by these presents.

The condition of the foregoing bond is such that whereas an order was issued by the Court of First Instance of Manila, Philippine Islands, on the ____ day of _____, 19__ appointing _____ administrator of the estate of Honofre Leyson deceased, and to whom it was ordered that letters of administration be issued, upon him furnishing a bond in the sum of Ten Thousand & 00/100 (P10, 000.00) Pesos, Philippine Currency, with good and sufficient surety to the satisfaction of the Court.

THEREFORE, if the said Victorio L. Rodriguez faithfully prepares and present to the Court, within three months from the date of his appointment, a correct inventory of all the property of the deceased which may have come into his possession or into the possession of any other person representing him according to law, if he administers all the property of the deceased which at any time comes into his possession or any other person representing him faithfully pays all the debts, legacies, and bequests which encumber said estate, pays whatever dividends which the Court may decide should be paid, and renders a just and true account of his administration to the Court within a year or at any other date that he may be required so to do, and faithfully execute all orders and decrees of said Court, then in this case obligation shall be void, otherwise it shall remain in full force and effect.

(s/t) VICTORIO L. RODRIGUEZ
Principal

RIZAL SURETY & INSURANCE CO.

By: (Sgd.) Pablo I. Be Jesus
Executive Vice President

* * * * *

In its order of June 27, 1952 approving the bond, the court stated:

"The bond filed by Victorio L. Rodriguez in the amount of P10,000.00 in accordance with the order of May 28, 1952 is hereby approved.

"Said bond shall answer for the faithful execution of his trust as of the date of his appointment.

"Let the Rizal Surety & Insurance Company be notified of this order."

Required to account for the period June 27, 1951 to August 30, 1954 , Rodriguez was found short of P6,248.22. (The amount of shortage was later found by final judgment of the Court of Appeals to be P6,051.57.) Despite several deadlines given to him, Rodriguez failed to pay the money in court, for which reason he was ordered arrested and declared in contempt.

On November 8, 1962, the Court, acting on motion of the new administratrix, ordered the confiscation of Rodriguez' bond for the satisfaction of the amount of P6,051.57. It is from this order that the surety company appeals.

It is first of all contended that appellant cannot be held liable on its bond because the defalcations, for which the bond was ordered forfeited, were committed by the principal before the bond was filed. The rule is invoked that a contract of suretyship must be strictly construed and since the contract in this case contains no provision making it expressly retroactive, the point is made that the bond cannot cover violations of trust by the administrator before the filing of that bond.

While it is indeed true that the bond does not specify the date when it took effect, the fact is that both in its order requiring the administrator to file an increased bond and in its subsequent order approving the bond, the court made plain that the bond would answer "for the faithful execution of his (administrator's) trust as of the date of his appointment." Rodriguez' appointment as administrator was made on December 8, 1947 and it was on this date that the bond must be understood to have taken effect. That the court should require this condition is

understandable, considering that it had earlier found the former administrator guilty of maladministration and, as a consequence, ordered his removal. To repeat, the bond in question was required by the court "for the protection of (the) estate" in view of the fact that Rodriguez had appealed the order of removal and, therefore, could not immediately be relieved of his position of trust.

Of course the bond given by the appellant is not responsive to the requirement of the court order. Instead of reciting that it is being given "to answer for the faithful execution (by the administrator) of his trust as of the date of his appointment," it recites that—

"The condition of the foregoing bond is such that whereas an order was issued by the Court of First Instance of Manila, Philippine Islands, on the ____ day of _____, 19__, to whom it was ordered that letters of administration be issued * * *"

But, then, the contract, having been made on a form prepared by the surety, must be construed against the surety and in favor of the promisee. (*Pacific Tobacco Corp. vs. Lorenzana*, G. R. No. L-8086, Oct. 31, 1957. Cf. *Vadil vs. de Venecia*, G. R. No. L-16113, Oct. 31, 1963) As this Court explained in *Pacific Tobacco*:

"Although We might acknowledge that a surety is a favorite of the law and his contract strictissimi juris, this rule has no bearing on the case at bar. Anyway, it commonly refers to an accommodation surety and should not be extended to favor a compensated surety, as is appellant in the instant case. The rationale of this doctrine is reasonable; an accommodation surety acts without motive of pecuniary gain and, hence, should be protected against unjust pecuniary impoverishment by imposing on the principal duties akin to those of a fiduciary. This cannot be said of a compensated corporate surety which is a business association organized for the purpose of assuming classified risks in the medium of standardized written contractual forms drawn by its representatives with the primary aim of protecting his own interest. (See Stearn's *The Law of Suretyship*, 4th ed., 402-403) American courts in refusing to apply this rule on compensated sureties have expressed themselves in varying language. Sometimes it is said that a corporate compensated surety is not entitled to the benefit of the strictissimi juris (*U.S. vs. Geo. F. Dawling & Co.*, 297 F. 65); or that the contract is to be construed against the surety and in favor of the promisee (*Consolidated Indem. & Ins. Co. vs. State*, 184 Ark. 581, 43 S.W.[2] 240); or that the contract is like one of insurance hence one or the other of the above rules is to be applied (*Lassetter vs. Becker*, 26 Ariz. 224, 224 P. 810; *Md. Cas. Co. vs. Dunlap*, 68 F. [2d] 289 * * *"

Slovenko states with lucidity the distinction between an accommodation and a compensated corporate sureties and the reasons for treating them differently thus:

"The law has authorized the formation of corporations for the purpose of conducting surety business, and the corporate surety differs significantly from the individual private surety. First, unlike the private surety, the corporate surety signs for cash and not for friendship. The private surety is regarded as someone doing a rather foolish act for praiseworthy motives; the corporate surety, to the contrary, is in business to make a profit and charges a premium depending upon the amount of guaranty and the risk involved. Second, the corporate surety, like an insurance company, prepares the instrument, which is a type of contract of adhesion, whereas the private surety usually does not prepare the note or bond which he signs. Third, the obligation of the private surety often is assumed simply on the basis of the debtor's representations and without legal advice, while the corporate surety does not bind itself until a full investigation has been made. For these reasons, the courts distinguish between the individual gratuitous surety and the vocational corporate surety. In the case of the corporate surety, the rule of strictissimi juris is not applicable, and courts apply the rules of interpretation . . . appertaining to contracts of insurance. (Slovenko, *Suretyship*, 39 TUL. L. REV. 427, 442-443[1965])

Nor is there any merit in the claim that the bond in this case was confiscated without giving the appellant a chance to be heard on "the reality and reasonableness of the damages." It has already been held that the nature of a surety's obligation on an administrator's bond, which makes him privy to the proceedings against his principal, is

such that he is bound and concluded, in the absence of fraud or collusion, by a judgment against his principal, even though the surety was not a party to the proceedings. (Philippine Trust Co. vs. Luzon Surety Co., G. R. No. L-13031, May 30, 1961)

Furthermore, the record shows that the surety was given an opportunity to be heard. In the order of the Court dated November 8, 1962, the following appears:

"The Rizal Surety and Insurance Company filed its opposition to the above motion on October 22, this year, to which opposition the administratrix filed her reply, dated October 27, 1962.* * *"

This motion refers to the petition filed by the heiress and the temporary administratrix to make the surety liable to the extent of P6,051.57, which amount was found due from the said former administrator.

Wherefore, the order appealed from is affirmed, without pronouncement as to costs.

Bengzon, C.J., Bautista Angelo, Concepcion, Reyes, J. B. L., Barrera, Makalintal, Bengzon, J. P., Zaldivar, and Sanchez, JJ., concur.

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.