

TERESA VDA. DE FERNANDEZ, ET AL. PLAINTIFFS AND APPELLANTS VS. THE NATIONAL LIFE INSURANCE CO. OF THE PHILIPPINES DEFENDANT AND APPELLEE

G. R. No. L-9146. January 27, 1959

Ponente: ENDENCIA, J.

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ENDENCIA, J.:

Appeal from a decision of the Court of First Instance of Manila applying the Ballantyne scale of values upon the proceeds of life insurance taken and maturing during the Japanese occupation but claimed after liberation.

It is undisputed that on July 15, 1944, the National Life Insurance Company of the Philippines insured the life of Juan D Fernandez for the sum of P10,000 under Policy No. 16346 upon payment by the latter of the amount of P444 for the period from July 15, 1944, to July 14, 1945, the beneficiaries thereof being his mother Teresa Duat Vda. de Fernandez and his sisters Maria Teresa Fernandez and Manuela Fernandez. The insured died on November 2, 1944, at Muntinglupa, Rizal, while the policy was in force.

After a lapse of more than seven years, or on August 1st, 1952, Atty. Alberto L. de la Torre, in representation of the beneficiaries, wrote the company advising it that the insured had died in 1944, and claimed the proceeds of the policy. On August 21, 1952, the company answered Atty. De la Torre stating that inasmuch as the status of the policies issued during the Japanese occupation was still pending consideration before the courts, it would like to know whether the beneficiaries represented by him were willing to compute the value of their claim under the Ballantyne scale of values. There was no reply to this inquiry, but on July 9, 1954, the beneficiaries presented instead proofs of death of the insured and at the same time filed Statement Exhibit 6 claiming the amount P10,000. On July 21, 1954, the company. advised the beneficiaries that inasmuch as the policy matured upon the death of the insured on November 2, 1944, the proceeds should be computed in accordance with the Ballantyne scale, which amount only to P500. In view of this, the beneficiaries commenced suit on August 6, 1954, but the lower court sustained the stand of the company and dismissed the complaint, awarding however to plaintiffs the sum of P500 in Philippine currency, without interest; hence the appeal.

Appellants vigorously maintain that the obligation of the company to pay the proceeds of the insurance accrued not upon the death of the insured on November 2, 1944, but only upon receipt and approval by the company, at its Home Office, of proof of death of the insured, which was on July 9, 1954, in accordance with the provision of the policy which reads —

"National life Insurance Company of the Philippines hereby agrees to pay at its Home Office, Manila, Ten Thousand Pesos to Juan D. Fernandez (hereinafter called the insured) on the 15th day of July, 1964, if the Insured is living and this Policy is in force, or upon receipt and approval at its Home Office of due proofs of the title of the claimant and of the prior death of the Insured while this Policy is in force to Teresa Duat Vda. de Fernandez, Maria T. and Manuela Fernandez, mother and sisters respectively of the Insured (hereinafter called the Beneficiary) subject to the right of the Insured to change the beneficiary as stated on the second page of this Policy."

The above stipulation is apparently based on Sec. 91-A of the Insurance Law which provides as follows:

"The proceeds of a life insurance policy shall be paid immediately upon maturity of the policy, unless such proceeds are made payable in installments or as an annuity, in which case the installments or annuities shall be paid as they become due; Provided, however, That in case of a policy maturing by the death of the insured, the proceeds thereof shall be paid within sixty days after presentation of the claim and filing of the proof of the death of the insured. Refusal to pay the claim within the time prescribed herein will entitle the beneficiary to collect interest on the proceeds of the policy for the duration of the delay at the rate of six per centum per annum, unless such failure or refusal to pay is based on the ground that the claim is fraudulent ***."

Buttressed on the foregoing provision of law and the aforequoted stipulation as well as on the allegation that the filing of proof of death by the beneficiaries is a condition precedent to the demandability of the obligation of the insurer to pay the proceeds, appellants claim that they should be paid P10,000 in Philippine currency and not under the Ballantyne scale of values.

We find appellants' contention untenable. In life insurance, the policy matures either upon the expiration of the term set forth therein, in which case its proceeds are immediately payable to the insured himself, or upon his death occurring at any time prior to the expiration of such stipulated term, in which case, the proceeds are payable to his beneficiaries within sixty days after their filing of proof of death (Sec. 91-A Insurance Law). In the case at bar, the policy matured upon the death of the insured on November 2, 1944, and the obligation of the insurer to pay arose as of that date. The sixty-day period fixed by law within which to pay the proceeds after presentation of proof of death is merely procedural in nature, evidently to determine the exact amount to be paid and the interest thereon to which the beneficiaries may be entitled to collect in case of unwarranted refusal of the company to pay, and also to enable the insurer to verify or check on the fact of death which it may even validly waive. It is the happening of the suspensive condition of death that renders a life policy matured and not the filing of proof of death which, as above stated, is merely procedural, for even if such proof were presented but it turns out later that the insured is alive, such filing does not give maturity to the policy. The insured having died on November 2, 1944, during the Japanese occupation, the proceeds of his policy should be adjusted accordingly, for

"The rule is already settled that where a debtor could have paid his obligation at any time during the Japanese occupation, payment after liberation must be adjusted in accordance with the Ballantyne schedule (*De Asis vs. Agdamag*, L-3709, Oct. 25, 1951; *Ang Lam vs. Peregrina*, L-48J1, Jan. 26, 1953; *Wilson vs. Berkenkotter*, L-4476, April 20, 1953, 49 O.G. No. 4, 1401; *Samson vs. Andalde Aguila*, L-5932, Feb. 25, 1954)." (*Valero vs. Sycip*, L-11119, May 23, 1958.)

Appellants vehemently invoke our ruling in the case of *Salvacion B. Londres vs. The National Life Insurance Company of the Philippines*, L-5921, March 29, 1954, wherein, although the policy matured during the Japanese occupation, we allowed the proceeds to be paid in the present, legal tender. That case, however, is not applicable to the present. In that case the insured, Jose "Londres, and his two sons were massacred by Japanese soldiers on February 7, 1945, while the battle for the liberation of Manila was still raging and downtown offices, including that of the appellee, were closed for the duration. Thus we declared:

"It may therefore be said that the policy became due when the City of Manila was still under the yoke of the enemy and became payable only after liberation which took place on March 10, 1945, when President Osmeña issued Proclamation No. 6 following the restoration of the civil government by General Douglas MacArthur. And we say that the policy became payable only after liberation even if it matured sometime before, because before that eventuality the insurance company, appellant herein, was not yet in a position to pay the value of the policy for the simple reason that it has not yet reopened, ***."

In the present case the Home Office of the appellee was open for business until the last days of January, 1945, and

had business transactions not only with the bank but also with its customers before its closure, and as a matter of fact had been making payments of claims as they were presented. The policy in question having matured on November 2, 1944, same could have been processed and paid before the company closed its Home Office in January, 1945. Appellants argue that they could not have presented their claim and proof of death during the Japanese occupation even if they wanted to because they knew that the deceased was insured only after liberation when the policy was handed to them by Mr. Pablo P. Gabriel, a business partner of the deceased. The delay in the presentation of proof of death does not make any difference, for it does not alter the date of maturity of the policy nor the ability of the company to pay the proceeds of the insurance during the Japanese occupation. Moreover, it is through no fault of the company that such delay was incurred. At any rate, irrespective of whether there was delay or not in the filing of proof of death, the hard fact remains that the policy matured and was payable during the Japanese occupation, and under the doctrine in the *Valero vs. Sycip* case, *supra*, payment should be adjusted in accordance with the Ballantyne scale of values.

Finding no error in the decision appealed from, and there being no question raised as to the adjusted amount of P500 under the Ballantyne schedule, judgment affirmed, with costs.

Paras, C.J., Bengzon, Padilla, Montemayor, Bautista Angelo, Labrador, Concepcion, and Reyes, J.B.L., JJ., concur.

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