

STANDARD INSURANCE COMPANY, INC., REPRESENTED BY VIOLETA I. VENERACION, PLAINTIFF-APPELLEE, VS. AURELIO LAPUZ, WILFREDO T. DELA CRUZ, FELIPE BALARIA AND DALMACIO P. BALARIA, DEF...

Ponente: ANTONIO-VALENZUELA, J.

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ANTONIO-VALENZUELA, J.:

This is the appeal filed by Aurelio Lapuz, Wilfredo T. Dela Cruz, Felipe Balaria and Dalmacio P. Balaria (“defendants-appellants”), assailing the Decision dated 20 January 2010[1] (“assailed Decision”) issued by the Regional Trial Court, Branch 28, Cabanatuan (“RTC”), in Civil Case No. 540-AF, for Specific Performance, Sum of Money with Damages, entitled “Standard Insurance Co. Inc., represented by Violeta I. Veneracion, Area Manager, Cabanatuan City v. Aurelio Lapuz, Wilfredo T. Dela Cruz, Felipe Balaria and Dalmacio P. Balaria.”

The undisputed facts are as follows: Aurelio Lapuz (“defendant-appellant Lapuz”) is a warehouse and ricemill operator, and is engaged in the business of warehousing, buying, selling and milling of rice and other grain products, while Standard Insurance Co. Inc., (“plaintiff-appellee Standard”) is engaged in the business of issuing warehouse bonds, among others.

Defendant-appellant Lapuz, as a warehouse operator, was required under the General Bonded Warehouse Law to file bond, the amount of which was fixed by the National Food Authority (“NFA”) to, at least not less than 33 1/3% of the current market value of the commodity received for storage. Defendant-appellant Lapuz, secured two bonds from plaintiff-appellee Standard: Bond CAB/G-19-00017[2] for Php 175,000.00 and Bond CAB/G-19-00019[3] for Php 242,083.33. In case defendant-appellant Lapuz failed to deliver palay commodities or to pay their value, plaintiff-appellee Standard undertook to pay NFA the amounts indicated in the bonds.

As security to plaintiff-appellee Standard's undertaking, defendants-appellants Lapuz, Wilfredo T. Dela Cruz (“defendant-appellant Dela Cruz”), and Felipe Balaria (“defendant-appellant Felipe”) executed the Indemnity Agreement[4] to guarantee plaintiff-appellee Standard against all damages and costs in relation to Bond CAB/G-19-00017, while defendants-appellants Lapuz, Felipe, and Dalmacio P. Balaria (“defendant-appellant Dalmacio”) executed the Indemnity Agreement[5] for Bond CAB/G-19-00019.

On 7 November 1988, the NFA informed plaintiff-appellee Standard that defendant-appellant Lapuz violated rules when palay stocks stored in defendant-appellant Lapuz' warehouse were missing. Consequently, NFA made a demand upon plaintiff-appellee Standard for the payment of the amounts indicated in the bonds (i.e., Php 175,000.00 and Php 242,083.33). Plaintiff-appellee Standard in turn made a demand upon defendants-appellants for payment, as guaranteed by the two Indemnity Agreements. Despite demands, defendants-appellants failed to pay. Thus, plaintiff-appellee Standard filed the Complaint[6] for Specific Performance, Sum of Money and Damages with Attachment before the RTC.

The Complaint before the RTC alleged: defendant-appellant Lapuz defaulted in his obligation which was secured by the bonds obtained from plaintiff-appellee Standard; pursuant to the Indemnity Agreement,

defendants-appellants Dela Cruz, Felipe, and Dalmacio are solidarily liable to the plaintiff-appellee Standard upon the default of the principal, defendant-appellant Lapuz; despite demands, defendants-appellants failed to indemnify plaintiff-appellee Standard and to pay Php 175,000.00 and Php 242,083.33; defendant-appellant Lapuz has several real and personal properties in Manila and Nueva Ecija; defendant-appellant Lapuz was about to depart the Philippines with intent to defraud his creditors.

The Complaint prayed for: (1) Writ of Attachment against the properties of defendant-appellant Lapuz; (2) payment of Php 175,000.00 and Php 242,083.33, with interests of 12% per annum from the filing of the Complaint; and (3) litigation costs and attorney's fees.

On 7 December 1988, the RTC issued the Writ of Preliminary Attachment.[7] Per Notice of Levy on Attachment,[8] the Sheriff levied one Land Cruiser, one Isuzu Elf Pick-up, and four parcels of land registered under defendant-appellant Lapuz' name.

In the meantime, on 10 August 1989, the RTC declared defendants-appellants Dela Cruz, Felipe, and Dalmacio in default for failure to file answer.[9] These three defendants-appellants later filed Motion to Lift Order of Default.[10]

Plaintiff-appellee Standard, presented evidence against the three defendants-appellants (i.e., Dela Cruz, Felipe, and Dalmacio) who had been declared in default.[11]

Defendant-appellant Lapuz filed Motion to Dismiss[12] on the grounds of improper venue, plaintiff-appellee Standard's lack of legal capacity, and lack of cause of action. Plaintiff-appellee Standard filed Opposition with Motion to Declare Defendant Aurelio Lapuz in Default.[13]

On 27 November 1991, the RTC granted defendant-appellant Lapuz' Motion to Dismiss on the ground that venue was improper.[14] Plaintiff-appellee Standard filed Motion for Reconsideration.[15] The RTC denied the Motion in the Order dated 20 December 1991.[16]

On appeal, the Special First Division of the Court of Appeals reversed the dismissal, and directed the RTC to proceed with the resolution of the case.[17] Thereafter, the proceedings before the RTC continued.

Defendant-appellant Lapuz filed Answer with Counterclaim[18] and alleged: defendant-appellant Lapuz was absolved of any obligation to the NFA or to the Quedans Guarantee Fund Board; since defendant-appellant Lapuz has no obligation to NFA, there was no reason to utilize the bonds; plaintiff-appellee Standard's payment to the NFA was without basis; by way of counterclaim, plaintiff-appellee Standard is liable in applying defendant-appellant Lapuz' proceeds of his accident insurance policy to the alleged indebtedness.

Pre-trial was conducted and terminated.

Thereafter, trial proceeded.

The following persons testified for plaintiff-appellee Standard: Violeta Veneracion;[19] Celia Alvaran;[20] and Nida Guevarra.[21]

The evidence for the plaintiff-appellee Standard is summarized thus: plaintiff-appellee Standard issued two bonds for 175,000.00 and Php 242,083.33 to guarantee the obligations of defendant-appellant Lapuz as a warehouse operator; in turn, plaintiff-appellee Standard required defendants-appellants to execute the Indemnity Agreements which stipulated that they would be jointly and severally liable to indemnify plaintiff-appellee Standard upon default of the principal, defendant-appellant Lapuz; defendant-appellant Lapuz defaulted in its obligation to store palay, thus the NFA made a demand for the payment of the value of the bonds from plaintiff-appellee Standard; plaintiff-appellee Standard sent the letter dated 15 November 1988[22] to defendants-appellants, demanding

indemnification pursuant to the Indemnity Agreements; defendants-appellants did not heed the demand of plaintiff-appellee Standard to pay, thus plaintiff-appellee Standard filed the Complaint before the RTC on 28 November 1988; during the trial, plaintiff-appellee Standard subsequently paid Php 813,749.99 to NFA (i.e., Php 200,000 on 3 December 1991;[23] Php 200,000 on 18 March 1992;[24] Php 200,000 on 16 June 1992[25] Php 213,749.99 on 14 December 1992);[26] out of the Php 813,749.99 paid by plaintiff-appellee Standard, Php 175,000.00 and Php 242,083.33 were allotted to defendant-appellant Lapuz' obligation;[27] due to the default and negligence of the defendants-appellants, the accreditation of plaintiff-appellee Standard to issue warehouse bonds was cancelled in 1998, thus plaintiff-appellee Standard suffered business losses in the form of loss of premiums; plaintiff-appellee Standard's accreditation was only renewed in 1992 upon the payment of plaintiff-appellee Standard to NFA.

Only defendant-appellant Lapuz testified for defendants-appellants.[28] On the scheduled cross-examination of defendant-appellant Lapuz on 20 December 2004, defendant-appellant Lapuz failed to appear despite notice.[29] Upon motion of plaintiff-appellee Standard, the testimony of defendant-appellant Lapuz was stricken off the Record, and the case was submitted for resolution based on the evidence presented by plaintiff-appellee Standard.[30]

On 11 February 2005, the RTC issued the Decision in favor of plaintiff-appellee Standard.[31]

Defendant-appellant Lapuz, upon receipt of the RTC Decision dated 11 February 2005, filed Motion for Reconsideration and Relief from Judgment.[32] Defendant-appellant Lapuz also filed Manifestation[33] praying for the setting aside of the RTC Decision dated 11 February 2005, and that he be allowed to present evidence. Plaintiff-appellee Standard filed Opposition to Petition for Relief.[34]

On 5 September 2005, the RTC granted defendant-appellant Lapuz' Motion, set aside the Decision dated 11 February 2005,[35] and allowed defendant-appellant Lapuz to present evidence.

The evidence for defendant-appellant Lapuz is summarized thus: defendant-appellant Lapuz, as a rice miller and warehouse operator, was required to secure bond to guarantee his obligations to the NFA; NFA filed a case against defendant-appellant Lapuz which was subsequently dismissed; defendant-appellant Lapuz and NFA entered into a settlement agreement where defendant-appellant Lapuz paid 80 to 85% of his obligation to NFA; due to the payment to NFA, defendant-appellant Lapuz has no obligation to plaintiff-appellee Standard; plaintiff-appellee Standard is liable in offsetting defendant-appellant Lapuz' insurance claims of Php 110,500.00 to the liability of defendant-appellant Lapuz in the bonds.

On 20 January 2010, the RTC rendered the assailed Decision.[36] Its dispositive portion read:

“WHEREFORE, foregoing premises considered, judgment is hereby rendered:

1. Ordering the defendants Aurelio Lapuz, Wilfredo T. dela Cruz and Felipe E. Balaria to pay the plaintiff, jointly and severally, the sum of one hundred twenty eight thousand and five hundred ninety pesos (P128,590.00), with interest thereon at the rate of 12% per annum counted from the date of the filing of this complaint;
2. Ordering the defendants Aurelio Lapuz, Felipe E. Balaria and Dalmacio P. Balaria to pay the plaintiff, jointly and severally, the sum of one hundred seventy seven thousand nine hundred ninety three pesos and thirty three centavos (P177,993.33), with interest thereon at the rate of 12% per annum counted from the date of the filing of this complaint;
3. Ordering all the defendants to pay the plaintiff, jointly and severally, the amount of P30,000.00 as attorney's fees and to pay the costs of suit.

SO ORDERED.”

Thus, this appeal, defendants-appellants making the following assignment of errors:

I. THE LOWER COURT ERRED IN GIVING WEIGHT OR CONCENTRATING ON THE INDEMNITY AGREEMENT WHICH WAS NOT EVEN CONTESTED.

II. THE COURT ERRED IN NOT CONSIDERING THE TESTIMONY OF THE APPELLANT AURELIO LAPUZ.

III. THE COURT ERRED IN NOT CONSIDERING THE SUPPRESSION OF EVIDENCE ON THE PART OF PLAINTIFF-APPELLEE.

The issue is whether defendants-appellants are liable to plaintiff-appellee Standard.

Defendants-appellants answer in the negative. Defendants-appellants are not liable to plaintiff-appellee Standard.

The Brief for the Appellant (sic)[37] thrusts: there was no basis for plaintiff-appellee Standard's payment to NFA because defendant-appellant Lapuz paid NFA on 2 October 1991; by the time of payment of plaintiff-appellee Standard on 3 December 1991, 18 March 1992 and 16 June 1992, the obligation of defendants-appellants was already extinguished by payment in cash and in kind (i.e., defendant-appellant Lapuz' Lancer vehicle); plaintiff-appellee Standard could not demand reimbursement from defendants-appellants because plaintiff-appellee Standard's payment was without consent and against the will of defendants-appellants; the double payment was through the negligence of plaintiff-appellee Standard in not verifying the status of the case involving the obligation of defendants-appellants; had plaintiff-appellee Standard exercised due diligence, it could have been informed that defendant-appellant Lapuz already settled its liability to NFA; defendant-appellant Lapuz testified that the records of payment were submitted in evidence before the Regional Trial Court, Branch 96, Quezon City, for the case entitled Quedan Guaranty Fund Board v. Aurelio Lapuz, docketed as Civil Case No. Q-89-2293; defendant-appellant Lapuz' testimony that the case records in RTC, Branch 96 were burned together with the evidence of defendants-appellants, remains uncontested; under *solutio indebiti*, plaintiff-appellee Standard could recover from NFA.

Plaintiff-appellee Standard did not file Appellee's Brief.

THE COURT'S RULING

The Court rules in the affirmative. Defendants-appellants are liable to plaintiff-appellee Standard under the Indemnity Agreements, and under the concept of subrogation.

In this case, defendant-appellant Lapuz procured from plaintiff-appellee Standard, two surety bonds. Also, the defendants-appellants signed the two documents entitled Indemnity Agreement with plaintiff-appellee Standard.

A contract of surety is an agreement where a party called the surety guarantees the performance by another party called the principal or obligor of an obligation or undertaking in favor of a third person called the obligee.[38] Specifically, suretyship is a contractual relation resulting from an agreement whereby one person, the surety, engages to be answerable for the debt, default or miscarriage of another, known as the principal.[39]

In this case, under Bond CAB/G-19-00017[40] and Bond CAB/G-19-00019,[41] plaintiff-appellee Standard (as surety), guaranteed the performance by defendant-appellant Lapuz (as principal) of an obligation, in favor of the NFA (as obligee).

Perusal of the Indemnity Agreements signed by: (1) defendants-appellants Lapuz, Dela Cruz and Felipe for Bond CAB/G-19-00017 and (2) defendants-appellants Lapuz, Felipe and Dalmacio for Bond CAB/G-19-00019, shows

they were contracts of indemnity.

Indemnity Agreements are contracts of indemnification not only against actual loss but against liability as well. While in a contract of indemnity against loss an indemnitor will not be liable until the person to be indemnified makes payment or sustains loss, in a contract of indemnity against liability, the indemnitor's liability arises as soon as the liability of the person to be indemnified has arisen without regard to whether or not he has suffered actual loss.[42] The indemnity agreement was not executed for the benefit of the creditors; it was rather for the benefit of the surety and if the latter thought it necessary in its own interest to impose this stipulation, and the indemnitors voluntarily agreed to the same, the court should respect the agreement of the parties and require them to abide by their contract.[43]

Under the Indemnity Agreements, the defendants-appellants (as indemnitors) undertook to indemnify the plaintiff-appellee Standard, in connection with damages or losses it shall sustain under the surety bonds it issued.

The pertinent portion of the Indemnity Agreement[44] provides:

INDEMNITY- The undersigned, jointly and severally, agree at all times to indemnify the COMPANY and keep it indemnified and hold and save it harmless from and against any and all damages, losses, costs, stamps, taxes, penalties, charges and expenses of whatsoever kind and nature which the COMPANY shall or may, at any time sustain or incur in consequence of having become surety upon this bond

xxx xxx xxx

As above-quoted, the defendants-appellants Lapuz, Dela Cruz and Felipe, are solidarily liable to plaintiff-appellee Standard, for the amounts paid by plaintiff-appellee Standard in connection with Bond CAB/G-19-00017 while defendants-appellants Lapuz, Felipe and Dalmacio are solidarily liable for the amounts paid by plaintiff-appellee Standard in connection with Bond CAB/G-19-00019.

The evidence shows that defendant-appellant Lapuz failed to perform his obligation to NFA (i.e., to maintain required palay stocks in defendant-appellant Lapuz' warehouse). Thus, pursuant to its obligation under the surety bonds, plaintiff-appellee Standard (as surety) paid the NFA (as obligee), after defendant-appellant Lapuz (as principal) failed to perform his obligation to NFA.

Plaintiff-appellee Standard sought payment from defendants-appellants for the amounts it paid to the NFA pursuant to the surety bonds, anchoring such right upon the Indemnity Agreement.

The defendants-appellants are liable to plaintiff-appellee Standard, under the Indemnity Agreements. There is solidary liability among defendants-appellants because the Indemnity Agreements,[45] expressly stipulated for solidary liability.

Under Article 1217 of the New Civil Code,[46] solidary debtors, insofar as the creditor is concerned, is the debtor of the entire amount; it is only with respect to his co-debtors that he is liable to the extent of his share in the obligation.[47]

Thus, plaintiff-appellee Standard (as solidary creditor), can demand the full amount of the obligation from each of the defendants-appellants (as solidary debtors) in connection with the respective Indemnity Agreements. If applicable, the paying solidary debtor has the right of reimbursement from his co-debtors.

Aside from the right of indemnity arising from the Indemnity Agreements, plaintiff-appellee Standard also has the benefit of subrogation when plaintiff-appellee Standard paid defendant-appellant Lapuz' obligation to the NFA. In *Autocorp Group et al., v. Intra Strata Assurance Corporation et al.*,[48] the Supreme Court held that the benefit of subrogation is granted by Article 2067 of the New Civil Code only to the surety who pays.

As shown by evidence,[49] plaintiff-appellee Standard paid NFA the value of the bonds, Php 175,000.00 and Php 242,083.33. Thus, plaintiff-appellee Standard, has a right to collect under the Indemnity Agreements, and also under the concept of subrogation.

Defendant-appellant Lapuz argues that he should not be held liable by plaintiff-appellee Standard Insurance because defendant-appellant Lapuz already paid NFA. Based on the testimony of defendant-appellant Lapuz, he paid 80% to 85% of his obligation to NFA. However, the RTC Quezon City, Branch 96, where the records of payment were contained, was gutted by fire. Thus, defendant-appellant Lapuz could no longer produce the receipts evidencing his payment to NFA.

We do not agree.

Factual findings of the RTC should be given full faith and credit unless there is a showing of a misinterpretation of material facts or grave abuse of discretion.[50] Patently, the RTC made the following observations and conclusions regarding defendant-appellant Lapuz' allegations on payment to NFA:

While defendant Aurelio Lapuz claims that he has already paid his obligations with the NFA QUEDANCOR, he cannot, however, produce receipts to support such claim. Also, the case filed against him by the NFA before RTC, Branch 96, Quezon City was dismissed, not because the obligation with the NFA was already paid, but due to the failure of the plaintiff therein to reconstitute the case pursuant to the provisions of Sec. 29 of Act No. 3115. Plaintiff (sic) himself even admitted during his testimony that he had only paid NFA about 80% to 85% of his obligation to the latter, yet regrettably, he failed to keep the receipts evidencing the alleged payments.

Bare and unsubstantiated allegations do not constitute substantial evidence and have no probative value.[51] Any decision based on unsubstantiated allegations cannot stand as it will offend due process.[52] A thorough review of the records shows that defendant-appellant Lapuz failed to substantiate his allegations that he had already paid NFA. Thus, we affirm the factual findings of the RTC that defendant-appellant Lapuz failed to produce evidence of his defense of payment to the NFA. There being no valid defense against indemnification to plaintiff-appellee Standard, defendants-appellants are solidarily liable to pay plaintiff-appellee Standard.

The RTC erred in computing the liability of defendants-appellants to plaintiff-appellee Standard.

In arriving at the total liability of defendants-appellants to plaintiff-appellee Standard, the RTC deducted the Php 110,500.00 which represented the proceeds of his insurance. Plaintiff-appellee Standard's letter dated 9 September 1992,[53] addressed solely to defendant-appellant Lapuz stated:

Your liability re: NFA Bonds had already been endorsed to Atty. Ariel Magno for collection. You may present this letter to show and claim credit for the Php 110,500.00 offsetted against your liability.

Plaintiff-appellee Standard's letter shows that the benefit of the offsetting of the Php 110,500.00 was personal to defendant-appellant Lapuz and did not extend to the other defendants-appellants.

Applicable is Article 1222 of the New Civil Code. It provides:

A solidary debtor may, in actions filed by the creditor, avail itself of all defenses which are derived from the nature of the obligation and of those which are personal to him, or pertain to his own share. With respect to those which personally belong to the others, he may avail himself thereof only as regards that part of the debt for which the latter are responsible.

As above-quoted, in cases filed by the creditor, a solidary debtor may invoke defenses arising from the nature of the obligation, those personal to him, or those defenses pertaining to his own share. A solidary debtor may invoke

defenses which are personal to his co-debtors provided that it is limited to that part of debt for which his co-debtors are responsible.

In this case, defendants-appellants Dela Cruz, Felipe, and Dalmacio did not avail for themselves, the defenses, personal to defendant-appellant Lapuz. Further, the deduction of the Php 110,500.00 was not automatic since it was preconditioned on the act of defendant-appellant Lapuz' claiming the credit of Php 110,500.00.

Thus, defendants-appellants are solidarily liable to the full amount of the bonds, subject to the defenses available to the respective solidary debtors.

As to payment of interests, the Indemnity Agreements stipulated payment of interests at the rate of 12% per annum for all sums of money paid by plaintiff-appellee Standard.[54] Thus, the payment of interests should not be reckoned from the date of the filing of the Complaint on 28 November 1998, but from payment to NFA on 3 December 1991.[55]

We MODIFY the Decision dated 20 January 2010 of the Regional Trial Court, Branch 28, Cabanatuan City, and ORDER as follows: (1) defendants-appellants Aurelio Lapuz, Wilfredo T. Dela Cruz, and Felipe E. Balaria: to pay plaintiff-appellee Standard Insurance Co. Inc., jointly and severally, Php 175,000.00 subject to the stipulated interest rate of 12% per annum, from 3 December 1991, plus legal interest at the rate of six percent (6%) per annum,[56] computed from the finality of the judgment until full satisfaction; (2) defendants-appellants Aurelio Lapuz, Felipe E. Balaria, and Dalmacio P. Balaria: to pay plaintiff-appellee Standard Insurance Co. Inc., jointly and severally, Php 242,083.33 subject to the stipulated interest rate of 12% per annum, from 3 December 1991, plus interest at the rate of six percent (6%) per annum,[57] computed from the finality of the judgment until full satisfaction; (3) all four defendants-appellants: to pay plaintiff-appellee Standard Insurance Co. Inc., jointly and severally, Php 30,000.00 as attorney's fees and to pay the costs of suit.

IT IS SO ORDERED.

Veloso (Chairperson) and Lantion, JJ., concur.

[1] Records, pp. 446-454.

[2] Exhibit "A," Records, pp. 60-61.

[3] Exhibit "C," Records, pp. 64-65.

[4] Exhibit "B," Records, p. 63.

[5] Exhibit "D," Records, p. 66.

[6] Records, pp. 1-5.

[7] Records, pp. 29-30.

[8] Records, pp. 49-52.

[9] Records, p. 54.

[10] Records, p. 56.

[11] TSN, 7 September 1989.

[12] Records, pp. 38-41.

- [13] Records, pp. 43-44.
- [14] Records, pp. 75-76.
- [15] Records, pp. 77-80.
- [16] Records, pp. 81-82.
- [17] Records, pp. 87-95.
- [18] Records, pp. 137-139.
- [19] TSN, 7 September 1989. Per Order of the RTC dated 29 June 1998 (Records p. 232), the cross-examination of Violeta Veneracion was waived.
- [20] TSN, 15 January 1999.
- [21] TSN, 9 March 2007.
- [22] Records, pp. 14-15.
- [23] Exhibit “J,” Records, p. 162.
- [24] Exhibit “J-1,” Ibid.
- [25] Exhibit “J-2,” Records, p. 163.
- [26] Exhibit “J-3,” Records, p. 164.
- [27] Exhibit “K,” Records, p. 165.
- [28] TSN, 17 February 2006; TSN, 21 July 2006; TSN, 28 July 2006.
- [29] Records, p. 318.
- [30] Records, p. 319.
- [31] Records, pp. 320-327.
- [32] Records, pp. 328-332.
- [33] Records, pp. 393-395.
- [34] Records, pp. 399-405.
- [35] Records, pp. 407-408.
- [36] Supra note 1.
- [37] C.A. Rollo, pp. 23-33.
- [38] Visayan Surety & Insurance Corporation v. CA et al., G.R. No. 127261, 7 September 2001 citing Section 175, Insurance Code of the Philippines.
- [39] Ibid., citing Garcia, Jr. v. Court of Appeals, 191 SCRA 493, 495 (1990).
- [40] Supra note 2.
- [41] Supra note 3.

[42] Philippine Export and Foreign Loan Guarantee Corp., v. Philippine Infrastructures, Inc., et al., G.R. No. 120384, 13 January 2004 citing *Cochingyan, Jr. vs. R & B Surety and Insurance Co., Inc.*, 151 SCRA 339 [1987].

[43] *Manila Surety & Fidelity Co., Inc. v. CA et al.*, G.R. No. 55466, 3 December 1990 citing (*Mercantile Insurance Co., Inc. vs. Felipe Ysmael*, 169 SCRA 66 [1989]; *Security Bank vs. Globe Assurance*, 107 Phil. 733 [1960]).

[44] *Supra* notes 4 and 5.

[45] *Ibid.*

[46] Article 1217. - Payment made by one of the solidary debtors extinguishes the obligation. If two or more solidary debtors offer to pay, the creditor may choose which offer to accept. He who made payment may claim from his co-debtors only on the share which corresponds to each, with the interest for the payment already made. If the payment is made before the debt is due, no interest for the intervening period may be demanded. When one of the solidary debtors cannot, because of his insolvency, reimburse his share to the debtor paying the obligation, such share shall be borne by all his co-debtors, in proportion to the debt of each. (1145a)

[47] *Vigilla et al., v. Philippine College of Criminology, Inc., et al.*, citing *Varorient Shipping Co., Inc. v. NLRC*, 564 Phil. 119 (2007).

[48] G.R. No. 166662, 27 June 2008.

[49] Exhibits “J” to “J-3” and Exhibits “K” to “K-1,” Records, pp. 162-166.

[50] *People of the Philippines v. Bautista*, G.R. No. 191266, 6 June 2011.

[51] *LNS International Manpower Services v. Padua, Jr.*, G.R. No. 179792, 5 March 2010.

[52] *Crew and Ship Management International Inc. et al., v. Soria*, G.R. No. 175491, 10 December 2012.

[53] Exhibit 1, Records, p. 140.

[54] INTEREST ON AMOUNT PAID BY THE COMPANY – Any and all sums of money so paid by the Company shall bear interest at the rate of 12% per annum which interests, if not paid, will be accumulated and added to the capital quarterly in order to earn the same interest at the capital and the total sum thereof the capital and interest, shall be paid to the Company

[55] Exhibit “J-1-A,” Records, p. 162.

[56] Pursuant to *Nacar v. Gallery Frames and/or Felipe Bordey Jr.*, G.R. No. 189871, 13 August 2013 which cites Circular No. 799, Series of 2013 of the Bangko Sentral ng Pilipinas, effective on 1 July 2013 and the Resolution No. 796, of the Monetary Board, dated 16 May 2013.

[57] *Ibid.*

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