

**SOUTHERN LUZON EMPLOYEES' ASSOCIATION, PLAINTIFF,
VS. JUANITA GOLPEO, ET AL., DEFENDANTS AND APPELLANTS;
AQUILINA MALOLES, ET AL., DEFENDANTS AND APPELLEES; ELSIE
HICBAN, ET AL....**

G.R. No. L-6114. October 30, 1954

Ponente: PARAS, C.J.

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PARAS, C.J.:

The plaintiff, Southern Luzon Employees' Association, is composed of laborers and employees of Laguna Tayabas Bus Co., and Batangas Transportation Company, and one of its purposes is mutual aid of its members and their dependents in case of death. Roman A. Concepcion was a member until his death on December 13, 1950. The association adopted on September 17, 1949 the following resolution:

"RESOLVED: That a family record card of each member be printed wherein the members will put down his dependents and/or beneficiaries.

"BE IT RESOLVED, FURTHER, that a member may, if he chooses, put down his common-law wife as his beneficiary and/or children had with her as the case may be; that in case of a widower, he may put down his legitimate children with the first marriage who are below 21 years of age, single, and may at the same time, also name his common-law wife, if he has any, as dependents and/or beneficiaries; and

"BE IT RESOLVED: That such person so named by the member will be the sole persons to be recognized by the Association regarding claims for condolence contributions."

In the form required by the association to be accomplished by its members, with reference to the death benefit, Roman A. Concepcion listed as his beneficiaries Aquilina Maloles, Roman M. Concepcion, Jr., Estela M. Concepcion, Rolando M. Concepcion and Robin M. Concepcion. After the death of Roman A. Concepcion, the association was able to collect voluntary contributions from its members amounting to P2,505. Three sets of claimants presented themselves, namely, (1) Juanita Golpeo, legal wife of Roman A. Concepcion, and her children; (2) Aquilina Maloles, common law "wife of Roman A. Concepcion, and her children, named beneficiaries by the deceased; and (3) Elsie Hicban, another common law wife of Roman A. Concepcion, and her child. The plaintiff association was accordingly constrained to institute in the Court of First Instance of Laguna the present action for interpleading against the three conflicting claimants as defendants. Marcelino and Josefina Concepcion, children of the deceased Roman A. Concepcion with Juanita Golpeo, intervened in their own rights, aligning themselves with the defendants Juanita Golpeo and her minor children. After hearing, the court rendered a decision, declaring the defendants Aquilina Maloles and her children the sole beneficiaries of the sum of P2,505.00, and ordering the plaintiff to deliver said amount to them. From this decision only the defendants Juanita Golpeo and her minor children and the intervenors Marcelino and Josefina Concepcion have appealed to this court

The decision is based mainly on the theory that the contract between the plaintiff and the deceased Roman A.

Concepcion partook of the nature of an insurance and that, therefore, the amount in question belonged exclusively to the beneficiaries, invoking the following pronouncements of this Court in the case of *Del Val vs. Del Val*, 29 Phil, 534:

"With the finding of the trial court that the proceeds of the life-insurance policy belongs exclusively to the defendant as his individual and separate property, we agree. That the proceeds of an insurance policy belong exclusively to the beneficiary and not to the estate of the person whose life was insured, and that such proceeds are the separate and individual property of the beneficiary, and not of the heirs of the person whose life was insured, is the doctrine in America. We believe that the same doctrine obtains in these Islands by virtue of section 428 of the Code of Commerce, which reads:

" 'The amounts which the underwriter must deliver to the person insured, in fulfillment of the contract, shall be the property of the latter, even against the claims of the legitimate heirs or creditors of any kind whatsoever of the person who effected the insurance in favor of the former.'

"It is claimed by the attorney for the plaintiffs that the section just quoted is subordinated to the provisions of the Civil Code as found in article 1035. This article reads:

" 'An heir by force of law surviving with others of the same character to a succession must bring into the hereditary estate the property or securities he may have received from the deceased during the life of the same, by way of dowry, gift, or for any good consideration, in order to compute it in fixing the legal portions and in the account of the division.'

"Counsel also claims that the proceeds of the insurance policy were a donation or gift made by the father during his lifetime to the defendant and that, as such, its ultimate destination is determined by those provisions of the Civil Code which relate to donations, especially article 819. This article provides that 'gifts made to children which are not betterments shall be considered as part of their legal portion.'

"We cannot agree with these contentions. The contract of life insurance is a special contract and the destination of the proceeds thereof is determined by special laws which deal exclusively with that subject. The Civil Code has no provisions which relate directly and specifically to life-insurance contracts or to the destination of life-insurance proceeds. That subject is regulated exclusively by the Code of Commerce which provides for the terms of the contract, the relations of the parties and the destination of the proceeds of the policy." (*Supra*, pp. 540-541.)

It is argued for the appellants, however, that the Insurance Law is not applicable because the plaintiff is a mutual benefit association as defined in section 1628 of the Revised Administrative Code. This argument evidently ignores the fact that the trial court has not considered the plaintiff as a regular insurance company but merely ruled that the death benefit in question is analogous to an insurance. Moreover, section 1628 of the Revised Administrative Code defines a mutual benefit association as one, among others, "providing for any method of accident or life insurance among its members out of dues or assessments collected from the membership." The comparison made in the appealed decision is, therefore, well taken.

Appellants also contend that the stipulation between the plaintiff and the deceased Roman A. Concepcion regarding¹ the specification of the latter's beneficiaries, and the resolution of September 17, 1949, are void for being contrary to law, moral or public policy. Specifically, the appellants cite article 2012 of the new Civil Code providing that "Any person who is forbidden from receiving any donation under article 739 cannot be named beneficiary of a life insurance policy by the person who cannot make any donation to him, according to said article." Inasmuch as, according to article 739 of the new Civil Code, a donation is void when made "between persons who are guilty of adultery or concubinage at the time of the donation," it is alleged that the defendant-appellee, Aquilina Maloles, cannot be named a beneficiary, even assuming that the insurance law is

applicable. Without Considering the intimation in the brief for the defendants-appellees that appellant Juanita Golpeo, by her silence and actions, had acquiesced in the illicit relations between her husband and appellee Aquilina Maloles, appellants' argument would certainly not apply to the children of Aquilina, likewise named beneficiaries by the deceased Roman A. Concepcion. As a matter of fact the new Civil Code recognizes certain successional rights of illegitimate children. (Article 287.)

The other contentions advanced rather exhaustively by counsel for appellants, and the citations in support thereof, are either negatived or rendered inapplicable by the decisive considerations already stated. In this connection it is noteworthy that the estate of the deceased Roman A. Concepcion was not entirely left without anything legally due it, since it is an admitted fact that the sum of P500 was paid by Laguna Tayabas Bus Co., employer of the deceased, to the appellants under the Workmen's Compensation Act.

Wherefore, the appealed decision is affirmed, and it is so ordered without costs.

Bengzon, Jugo, and Bautista Angelo, JJ., concur.

Padilla and Reyes, A., JJ., concur in the result.

CONCURRING

REYES, J. B. L., J.:

I concur in the result for the reason that the contract here involved was perfected before the new Civil Code took effect, and hence its provisions cannot be made to apply retroactively. Concepcion and

Montemayor, JJ., concur.

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