

FRANCISCA GALLARDO, PLAINTIFF AND APPELLEE, VS. HERMENEGILDA S. MORALES, DEFENDANT AND APPELLANT.

G.R. No. 12189. April 29, 1960

Ponente: CONCEPCION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-12189/>

CONCEPCION, J.:

The issue before us is whether a personal accident insurance which "insured for injuries and/or death as a result of murder or assault or attempt thereat" is a life insurance, within the purview of Rule 39, section 12, subdivision (k), of the Rules of Court, exempting from execution.

"All moneys, benefits, privileges, or annuities accruing or in any manner growing out of any life insurance, if the annual premiums paid do not exceed five hundred pesos, and if they exceed that sum a like exemption shall exist which shall bear the same proportion to the moneys, benefits, privileges, and annuities so accruing or growing out of such insurance that said five hundred pesos bears to the whole annual premiums paid."

In accordance with, a compromise agreement between the parties in the above-entitled case, a decision was rendered therein by the Court of First Instance of Manila, on February 3, 1956, sentencing defendant Hermenegilda S. Morales to pay to plaintiff Francisca Gallardo the sum of Seven Thousand Pesos (P7,000.00). In due course, the corresponding writ of execution was issued and delivered to the Sheriff of Manila, who, on August 8, 1956, garnished and levied execution on the sum of P7,000.00, out of the P30,000.00[a] due from the Capital Insurance & Surety Co., Inc., to said defendant, as beneficiary under a personal accident policy issued by said company to defendant's husband, Luis Morales, who died, on August 26, 1950, by assassination. Invoking the above-quoted provision of the Rules of Court, defendant asked the sheriff to quash and lift said garnishment or levy on execution. Upon denial of this request by the sheriff, defendant filed a motion praying that the aforementioned sum of P7,000.00 be declared exempt from execution under said provision of the Rules of Court, and that the Sheriff of Manila be ordered to quash or lift said garnishment or levy on execution. This motion was denied by an order dated October 18, 1956. Hence, the present appeal by the defendant, who maintains that the policy in question is a life insurance policy, within the purview of the aforementioned exemption, for it insured her husband " * * * for injuries and/or death as a result of murder or assault or attempt thereat."

In its order denying the claim for exemption set up by the defendant, the lower court expressed itself as follows:

"Upon a perusal of the authorities cited by the parties, this Court is fully convinced that there is a fundamental distinction between life insurance and accident insurance, and the insurance policy issued to Luis G. Morales, husband of herein defendant, was undoubtedly an accident insurance, as distinguished from a life insurance. As conceded by the facts appearing in the pleadings, the personal accident policy, part of the proceeds of which is under garnishment, was for P50,000.00 and yet the annual premium was for only P150.00. If it were an ordinary life insurance policy, taking into account that the insured, Luis G. Morales, was 38 years of age and the amount of the policy was for P50,000.00 the annual premium would have been around P1,206.00. (Besides, the period for the policy was stipulated for one year, and considerations as to age, health, occupation and other personal circumstances were not taken into account in an accident insurance policy. Even the certification

issued by the insurance commissioner on August 23, 1956, marked as Annex '1' of the opposition, shows that the Capital Insurance and Surety Company Inc. is a non-life insurance company and that the only authority granted to it to transact business covers fire, marine, surety, fidelity, accident, motor car, and miscellaneous insurance, except life insurance. From this circumstance alone, not to mention many others, there are abundant indications that there exists a fundamental distinction between life insurance and accident insurance. As counsel for oppositor has clearly pointed out, an accident policy merely insures the person from injury and or death resulting from murder, assault, or an attempt thereat, while in life insurance policy, what is insured is the life of the subject for a definite number of years. From the authorities quoted by the oppositor, this Court is fully convinced that an accident policy is fundamentally different from a life insurance policy, especially if this Court takes into account that accident insurance is an indemnity or casualty contract, while life insurance is an investment contract."

It is not disputed that a life insurance is, generally speaking, distinct and different from an accident insurance. However, when one of the risks insured in the latter is the death of the insured by accident, then there are authorities to the effect that such accident insurance may, also, be regarded as a life insurance.

" 'Life insurance' is a contract whereby one party insures, a person against loss by the death of another. *Petition of Robbins*, 140 A, 366, 367, 126 Me. 555."

"An insurance on life is a contract by which the insurer, for a stipulated sum, engages to pay a certain amount of money if another dies within the time limited by the policy. *Cason vs. Owens*, 26 S. B. 75, 76, 100 Ga. 142."

" 'Life insurance includes all policies of insurance in which the payment of the insurance money is contingent upon the loss of life. *Bowless vs. Mutual Ben, Health & Accident Ass'n*, C.C.A. Va. 99F. 2d 44, 48, 49."

"A contract for life insurance is really a contract for insurance for one year in consideration of an advanced premium, with the right of assured to continue it from year to year upon payment of a premium as stipulated. *Mutual Life Ins. Co. vs. Girard Life Ins. Co.*, 100 Pa 172, 180."

"In its broader sense, 'life insurance' includes accident insurance, since life is insured under either contract. *American Trust & Banking Co. vs. Lessly*, 106 S.W. 2d. 551, 552, 171 Tenn. 561, 111 A.L.R.59."

"Under statute providing that 'any life insurance' on life of husband shall insure to benefit of widow and children exempt from husband's debts, proceeds of policy insuring against death by accident insured to widow's benefit free from husband's debts. Code 1982, B 8456. *American Trust & Banking Co. vs. Lessly*, 106 S.W. 2d 551, 171 Term. 511 III A.L.E. '59."

"Insurance policy, providing for payment in case of accidental death, is 'life insurance policy' to such extent within state statute prescribing in-contestable period, for such policies. Code Q.C. 1932 ss 7986, 7987. *Pacific Mut. Life Ins. Co. of California vs. Parker*, C.C.A.S.C., 71 F. 2d 872, 875.

"'Life insurance' includes all policies of insurance in which payment of insurance money is contingent upon loss of life. * * * *Smith vs. Equitable Life Assur. Soc. of U.S.*, 89 S.W. 2d 165, 167, 169 Tenn. 477."

"Insurance policy including a death benefit and a health or accident disability benefit constituted a 'life insurance policy' within meaning of laws 1926, e. 118, S, 134, imposing: privilege tax on insurance companies with different rates as between life insurance companies and other companies, in view of provisions of Code 1906, ss 2576, 2598 (*Hemingway's Code* 1927, ss 5830, 5856), and Law 1924, e. 191, s I (*Hemingway's Code* 1927, s 5995); it being immaterial that in some policy forms the health and disability feature was more valuable as a showing that death provision was inserted to avoid the higher tax. *Universal Life Ins. Co. vs. State*, 121 So. 849, 850, 155 Miss. 358." (25 Words & Phrases 260, 261, 202.)

"When the application was made, Harris W. Rimmer carried life insurance with the Equitable Life Assurance Society for \$10,000, payable upon proof of death, with a provision that upon death by accident the amount of

insurance payable would be increased to \$20,000. The plaintiff insisted that this was life insurance, a disclosure of which was not called for in question 10, while the defendant insisted It was accident insurance that should have been disclosed and further insisted that, it being a fact material to the risk the failure to disclose the policy in the Equitable Life Assurance Society rendered the policy issued to the applicant void. * *

*

"The court might have gone further and held that the failure of the applicant to characterize the insurance in the Equitable Life Assurance Society as accident insurance did not constitute a false answer to the inquiry of what accident or health insurance he was carrying. The policy in the Equitable Life Assurance Society covered loss of life from natural as well as external and accidental causes, and was life insurance. The mere addition of the double indemnity clause providing for increased insurance upon proof of death by accident did not divest the policy of its character of insurance on life, or make the contract other than life insurance, for insurance on life includes all policies of insurance in which the payment of the insurance money is contingent upon the loss of life. *Logan vs. Fidelity & Casualty Co.*, 146 Mo. 114, 47 S.W. 948. See also *Johnson vs. Fidelity & Guaranty Co.*, 148 Mich. 406, 151 N.W. 593, L.R.A. 1916A, 475; *Zimmer vs. Central Accidental Co.*, 207 Pa. 472, 56 A. 1003; *Wright vs. Fraternities Health & Accident Ass'n*. 107 Me. 418, 78A. 475, 32 L.R.A. (N.S.) 461, *Metropolitan Life Ins. Co. vs. Ins. Com'r* 208 Mass, 386, 94 N.E. 477; *Standard Life & Accident Ins. Co. vs. Carroll*, 86 F. 567, 41 L.R.A. 194; *Wahl vs. Interstate Business Men's Accident Ass'n* 201 Iowa; 1355, 207 N.W. 395, 50 A.L.R. 1377." (*Provident Life & Accident Ins. Co. vs. Rimmer*, 12 S. W. 2d Series, 365, 367.)

For this reason, and because the above-quoted provision of the Rules of Court makes reference to "any life insurance," we are inclined to believe that the exemption there established applies to ordinary life insurance contracts, as well as to those which, although intended primarily to indemnify for risks arising from accident, likewise, insure against loss of life due, either to accidental causes, or to the willful and criminal act of another, which, as such, is not strictly accidental in nature. Indeed, it has been held that statutes of this nature seek to enable the head of the family to secure his widow, and children from becoming a burden upon the community and, accordingly, should merit a liberal interpretation.

"The object of this statute was to enable a husband, when death deprived wife and children of his support, to secure them from want and to prevent them from becoming a charge upon the public. Necessities of the wife and children and the public interest are none the less if the death of the husband be brought about by accident rather than by disease. The intent of the legislature in the enactment of this statute, would not be advanced by the construction of the law upon which the petitioners insist." (*American Trust & Banking Co. vs. Lessly et al.*, Supreme Court of Tenn., 106 S.W. 2d, 551, 562.)

"Under statutes providing to that effect, the proceeds of life insurance are exempt from the claims of creditors, a limitation being sometimes imposed as to amount, see *infra* Sec. 10, or as to the beneficiaries entitled to the, exemption, see *infra* subdivision of this section. Statutes exempting life insurance are regarded as exemption laws, and not as part of the insurance law of the state., nor as designed simply to protect insurer from harassing litigation. Such statutes should be construed liberally and in the light of, and to give effect to, their purpose of enabling an individual to provide a fund after his death for his family which will be free from the claims of creditor. The exemption privilege is created not by contract but by legislative grant, and grounds for the exemption of the proceeds of insurance policies must be found in the statutes." (35 C.J.S., pp. 53-54.)

"By weight of authority, exemption statutes or rules should be liberally construed with a view to giving effect to their beneficent and humane purpose. To this end, every reasonable doubt as to whether a given property is or is not exempt should be resolved in favor of exemption." (Comments on the Rules of Court by Moran [1957 ed.] Vol. I, p. 564.)

Wherefore, the order appealed from is reversed, and the garnishment in dispute hereby set aside and quashed, with the costs of this instance against plaintiff Francisca Gallardo. It is so ordered.

Paras, C.J., Bengzon, Bautista Angelo, Labrador, Endencia, Barrera, and Gutierrez David, JJ., concur.

[a] The policy was for P50,000.00, but defendant had assigned her rights, as regards the sum of P20,000.00, to another person.

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.