

**THE PHILIPPINE AMERICAN GENERAL INSURANCE COMPANY, INC.
AND MIGUEL CAMPOS, PLAINTIFFS AND APPELLANTS, VS. C. H.
HOSKINS & CO., INC., DEFENDANT AND APPELLANT.**

G.R. No. 12437. June 30, 1959

Ponente: BAUTISTA ANGELO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-12437/>

BAUTISTA ANGELO, J.:

In the early part of June, 1952, the Philippine American General Insurance Company, Inc., PHILAMGEN for short, a private corporation engaged in the insurance business in the Philippines, was approached by Epifanio J. Alano to give a bond to guarantee the payment of a loan of P25,000 which he was seeking to obtain from Antonio I. Roque. In consideration of the issuance of the bond, Alano offered to execute with his wife in favor of PHILAMGEN a first mortgage on three (3) parcels of land which were covered by Torrens titles. In order that PHILAMGEN may be in a position to consider Alanos application, it asked C. M. Hoskin & Co., Inc., HOSKINS for short, to conduct an ocular inspection of said three parcels of land and to submit an appraisal report thereon.

On June 20, 1952, HOSKINS submitted its appraisal report, together with a document purporting to be a location plan for the property, wherein the following representations appeared: (a) that the property was within twenty-six (26) kilometers from the City of Manila; (b) that the property was accessible by regular bus service; and (c) that the property was at least $\frac{3}{4}$ productive and had a fair valuation of at least P43,000. Relying on this appraisal report, the PHILAMGEN issued on June 23, 1952, a bond for P25,000 in behalf of Alano and his wife, in favor of Antonio I. Roque, to secure the payment of a promissory note for the same amount executed by the Alanos in favor of Roque on June 23, 1952. In turn, the Alanos executed a first mortgage on the three parcels of land in favor of PHILAMGEN, but because the register of deeds of Bulacan refused to register the mortgage because the property had been originally acquired as a homestead and could not be mortgage to a private corporation such as PHILAMGEN, an arrangement was made whereby Miguel Campos, PHILAMGEN's president, became the mortgagee of the property, thus facilitating the registration of the mortgage in the office of the register of deeds. Campos, however, executed in favor of PHILAMGEN an indemnity agreement in behalf of the Alanos.

The Alanos failed to pay the promissory note to Antonio I. Roque, who thereupon made demand for payment upon PHILAMGEN pursuant to its bond, and accordingly PHILAMGEN paid to Roque on October 4, 1952, Alanos' obligation amounting to P25,000. After Roque was paid, Campos instituted an action in the Court of First Instance of Bulacan for the foreclosure of Alanos' mortgage, which in due time was decided against the Alanos, the Court decreeing the foreclosure of the mortgage. After the decision had become final, the provincial sheriff sold at public auction the three parcels of land covered by the mortgage, the same having been awarded to Campos as the highest bidder for the sum of P10,000. And by virtue of the sale executed by the provincial sheriff, the register of deeds issued new certificates of title in the name of Campos in lieu of those originally issued in the name of Alanos, which were in due course cancelled.

After obtaining title to the aforesaid three parcels of land, Campos sought to take possession of them and for this

purpose he asked Antonio Varias, Hoskins' vice-president, who had prepared and submitted the appraisal report, to accompany him and indicate the location of said three parcels of land. Varias agreed to do so, but after motoring to Novaliches with Campos, Rodis, manager of PHILAMGEN's Bonding Department, and one Jose Florentino Varias was unable to indicate any of the three parcels, although the entire area mentioned in the appraisal report had been covered. Varias gave us an excuse for his inability that when he had inspected the property as pointed to him by Alano, there was then a marker which served as an identification mark but which could no longer be found when he made the trip with Campos and his other companions. After several attempts to have Varias locate the property had failed, Varias referred Campos to a realtor by the name of Ildefonso, who promised to look for someone who know the location of the property. Ildefonso made an attempt to locate the property, and when he failed, Campos, upon Ildefonso's recommendation, engaged the services of surveyor Pedro Bundang. As a result of his work, Bundang was able to indicate to Campos the property in question and submitted a plan showing the location of the three parcels of land in relation to the Manila-Novaliches-Ipo road.

In view of glaring discrepancies existing between the appraisal report of Varias and the findings made by the surveyor hired by Campos to locate the property which show that the representations made by Varias in his report were inaccurate and false, the PHILAMGEN and Manuel Campos filed the present action on July 26, 1954, against HOSKINS seeking to recover P50,000 as damages, and P60,000 as attorney's fees and other incidental expenses.

Defendant, in its answer, set up the following defense: "That plaintiff sent Epifanio Alano to defendant, with a plan of the property to be appraised by defendant; and that the appraisal of the property in question made by the defendant, as set forth in its report * * * was based upon the information that plaintiff told defendant that said Epifanio Alano would give, in fact, gave to defendant, and upon study made by defendant of the facts, to the best of defendant's knowledge." Defendant set up a counterclaim for damages and attorney's fees in the aggregate amount of P60,000.

After both plaintiffs and defendant had submitted testimonial and documentary evidence, the Court rendered decisions, absolving defendant from plaintiffs' complaint, but dismissing defendant's counterclaim, without pronouncement as to costs. Both parties appealed in due time, plaintiffs in view of the dismissal of their complaint, and defendant because of the dismissal of its counterclaim, and the case was taken directly to this Court because the amount in litigation involves more than P50,000.

The appraisal report, Exhibit "E", submitted by HOSKINS, through its vice-president Antonio Varias, to PHILAMGEN pursuant to the latter's request to conduct an ocular inspection of the property which Alano was offering as a security to PHILAMGEN so that it may issue a bond in his behalf in favor of one Antonio Roque, states that said property was actually inspected by Varias and that "it is situated approximately 800 m. east of the Novaliches-Ipo Road, at a point about 7 kms. after the Municipality of Novaliches, or approximately 26 kms. from Manila." But an examination of the index map, Exhibit "S", drawn to the scale of 1:50,000, shows that the area referred to is within the Municipality of Caloocan, province of Rizal, the boundary, on the same road, between the provinces of Rizal and Bulacan being situated at kilometer 28 post. On the other hand, it clearly appears that the property subject of appraisal is not in Novaliches nor in Caloocan, Rizal, but is situated in different towns of an entirely different province—Bulacan. Thus, the two parcels of land are located in Norzagaray, Bulacan, while the third is situated in San Jose Del Monte, Bulacan. The fact appears not only in the location plan accompanying defendant's report but is borne out by the certificates of title of Alano, copies of which were given to Varias on the day of the ocular inspection. The statement given in the appraisal report with regard to the location of the property is, therefore, inaccurate.

Again, the statements made in the appraisal report as to public services and the possibilities of the property, its

productivity and income analysis, proved also to be inaccurate. Thus, as to public services and possibilities, the report states that "there is a regular bus service on the Novaliches-Ipo dam and trips to and from Manila to subject property by public transportation take less than an hour." As to production, the report states that the "information gathered from farmers in the vicinity and from certain persons familiar with this section, confirms owner's claim of 20-30 cavans of palay per hectare harvest from his farm. Owner's farm had also informed us that no less than half of the area is already newly planted with this season's crop of rice and they expect to be able to plant at least $\frac{3}{4}$ " As to income, the report states that the estimated net income of the property is P2,000 a year.

It appears, however, that the two parcels of land situated in Norzagaray, according to surveyor Pedro Bundang, can only be reached by a foot trail branching southeastward from kilometer 44 post along the Manila-Novaliches-Ipo Road, which foot trail is the only most direct means of access to said parcels of land. No vehicle of any kind can be used on said foot trail. The parcel of land situated in San Jose del Monte, according to Bundang, can also be reached only by a foot trail branching eastward from kilometer 36 post along the Novaliches-Ipo Road, which foot trail is likewise the only most direct means of access to said parcels of land. No vehicle of any kind can also be used on said foot trail. The first two parcels are "overgrown with tall grasses", containing no evidence of having been planted to any crops like rice, and with the exception of about five mango fruit-bearing trees, they are entirely without improvements. The third parcel contains also no improvements of any kind and appears not to have been cultivated at all.

In view of the above discrepancies, the trial court made the following finding: "It is undeniable that the appraisal report referred to does not fit the lands covered by the certificates of Alano because they are not the ones pointed out by Alano to Varias. In this sense, the said report may be said to be false or fabricated."

But why has the trial court absolved defendant from liability? Its reasons are: "It was a rush appraisal work or job, and the interested party was sent to defendant to specifically point out the location of the property. Plaintiff company must have known from experience it would take time for defendant company, composed of realtors, not surveyors, to locate the property to be appraised; and it must have been for this reason that Mauricio Rodriguez of plaintiff company had to call defendant's office to inform that the owner of the property would specifically point out the location of the same to save time. Under these circumstances, it is not seen how defendant company could be held liable for complying with instructions."

The above finding is now vigorously disputed by appellants who claim that the same is contrary to the truth. They claim that the same is belied by their evidence. In fact they contend, if it were true that Varias merely followed the instruction given to him by Mauricio Rodriguez that the appraisal was a rush job and should be expedited, and that he was sending over Epifanio Alano, the interested party, who will indicate to him the property to be appraised, and that Varias merely followed the instruction by inspecting and appraising the property indicated by Alano, it is strange that the appraisal report he later submitted does not contain any statement to that effect, or that it was made hurriedly because it was a rush job, for which reason he was not able to make use of a surveyor as is to be expected from a reliable and competent appraiser as defendant.

There is indeed more than what the eye can see in this claim. The record shows that HOSKINS had been engaged to do appraisal work not only for PHILAMGEN but also for its sister companies, The Philippine American Life Insurance Company, and the United States Life Insurance Company, and as such, has collected from said companies considerable sums in appraisal fees. HOSKINS, therefore, can be considered as a confidential adviser to PHILAMGEN on appraisal matters, such that the latter had every right to rely on its advice and recommendation without further inquiry or investigation of its own. This requires that HOSKINS make its appraisal work as accurate as possible even if it were a rush job. The urgency of the work can not justify misrepresentation. Aside from this, there is one circumstance which creates doubt in our minds as to the manner

the appraisal was made by Varias even if we assume that he merely followed the instruction given by his employer. It is a matter that appears in the evidence that when Alano showed up in the office of Varias, in order to have his property appraised, he not only presented himself to be the interested party but handed over to Varias a blueprint of the property as certified by a surveyor of the Bureau of Lands, together with photostatic copies of his titles and tax declarations. In said blueprint the natural boundaries of the property are clearly indicated, as well as its exact location and area. And there it appears that two parcels of land are located in Norzagaray, Bulacan, whereas the other parcel is situated in San Jose del Monte, of the same province. If Varias had only observed ordinary diligence and exerted the effort a prudent man in *The Phil. American General Insurance Co., Inc., and Campos vs. C. H. Hoskins & Co., Inc.* locating the property, he would have found by a mere examination of the blueprint that the property indicated by Alano is not in Bulacan, but in Caloocan, or Novaliches, province of Rizal, and would have immediately detected evil design Alano had then in mind in carrying out his objective. But Varias failed to take such rudimentary precaution and now tries to shield himself behind so flimsy a claim that he just followed blindly what was told to him by Alano. There is therefore enough reason to believe that while it may be true that the appraisal job given to Varias is urgent in nature, Varias' action has not been one that may be justified under the circumstances.

We believe however that it is now of no moment to determine if under the circumstances HOSKINS could be held liable for the consequences of its professional conduct, which appellants claim has cost them the loss of a portion of their investment. The reason is one of procedure which in our opinion is decisive of this case. We refer to the claim that appellants have no cause of action against HOSKINS for lack of clear showing that they have actually sustained damages arising from such actuation.

The evidence shows that in consideration of the bond which PHILAMGEN executed in favor of Antonio I. Roque to guarantee the loan obtained from him by Epifanio G. Alano, Miguel Campos personally took a first mortgage on Alanos' property because the register of deeds of Bulacan had refused to register the mortgage executed by Alano in favor of PHILAMGEN on the claim that the property had been originally acquired as a homestead, and that subsequently Campos executed in favor of PHILAMGEN an indemnity agreement in behalf of the Alanos for the purpose of indemnifying the aforesaid bond. The evidence also shows that Alano defaulted and so Roque demanded payment from PHILAMGEN who immediately made good its obligation under the bond. The evidence further shows that Campos foreclosed the mortgage of Alano and that although he obtained judgment against the latter, he however bought the property of Alano as the highest bidder only for the sum of P10,000. The recourse therefore of PHILAMGEN is against Campos under the latter's indemnity agreement, while the remedy of Campos to recover the balance is to ask for an alias writ of execution against Alano. There is no showing that such steps had been taken.

It is with reason that the trial court made the following observation: "Plaintiff Campos has no cause of action against the herein defendant because it was not he, but plaintiff company, that paid the loan of Alano to Roque; on the other hand, plaintiff company has no cause of action against defendant because it has a counter-security in the form of counter-bond in its favor, the condition of which being that it would not collect the loss of Campos until the property is sold; hence, plaintiff company's recourse is against plaintiff Campos." As the situation now stands, appellants' action is premature.

We are therefore constrained to affirm, as we hereby do, the decision of the trial court, without pronouncement as to costs.

Paras, C. J., Bengzon, Padilla, Endencia, and Barrera, 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.