PANDIMAN PHILIPPINES, INC., PETITIONER, VS. MARINE MANNING MANAGEMENT CORPORATION AND ROSITA D.R. SINGHID, RESPONDENTS.

G.R. NO. 143313. June 21, 2005

Ponente: GARCIA, J.

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GARCIA, J.:

Before the Court is this petition for review on certiorari under Rule 45 of the Rules of Court to nullify and set aside the following issuances of the Court of Appeals in CA-G.R. SP No. 53648, to wit:

> 1) Decision[1] dated February 17, 2000, affirming the decision of the National Labor Relations Commission in NLRC CN-OFW (M) 98-07-0815 CA No. 017712-99, which set aside an earlier decision of the Labor Arbiter in a claim for death benefits thereat commenced by respondent Rosita Singhid against respondent Marine Manning Management Corporation and the herein petitioner, among others; and
>
> 2) Resolution[2] dated May 16, 2000, denying petitioner's motion for reconsideration.

As summarized by the Court of Appeals, the case unfolded as follows:

Respondent Rosita Singhid's deceased husband Benito Singhid (Benito) was hired by Fullwin Maritime Limited (Fullwin), through its local agent, respondent Marine Manning and Management Corporation (MMMC), as chief cook on board the vessel MV Sun Richie Five for a term of twelve (12) months.

The vessel and its crew were insured with Ocean Marine Mutual Insurance Association Limited (OMMIAL), a Protection and Indemnity Club (P&I Club) of which the Sun Richie Five Bulkers S.A., owner of the vessel Sun Richie Five, is a member. OMMIAL transacted business in the Philippines through its local correspondent, herein petitioner Pandiman Philippines, Inc. (PPI).

While the vessel was on its way to Shanghai, China from Ho Chih Minh City, Vietnam Benito suffered a heart attack, and subsequently died on June 24, 1997. His remains were flown back to the Philippines.

After Benito's remains were interred, his widow Rosita filed a claim for death benefits with MMMC, which, however, referred her to herein petitioner PPI. Upon Rosita's submission of all the required documents, petitioner approved the claim and recommended payment thereof in the amount of US$79,000.00. But, despite said recommendation, Rosita's death claims remained unpaid.

Hence, Rosita filed with the Labor Arbiter a complaint for recovery of death benefits, moral and exemplary damages and attorney's fees. Named respondents in the complaint are MMMC, Fullwin, petitioner PPI and OMMIAL.

In a decision dated 16 November 1998,[3] the Labor Arbiter dismissed the complaint insofar as petitioner is concerned. More specifically, the decision dispositively reads:

> WHEREFORE, premises considered, judgment is hereby rendered ordering the respondents jointly and severally to pay complainant's claims as hereunder stated:
>
> 1. US$50,000.00 representing death benefits resulting from the death of her late husband Benito Singhid;
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> 2. US$28,000.00 representing additional benefits for her four (4) children who are below twenty one (21) years old;
>
> 3. US$1,000.00 for burial expenses of the late Benito Singhid;
>
> 4. 10% of the recoverable award in this case for reasonable attorney's fees;
>
> 5. The claim for moral and exemplary damages is hereby dismissed for lack of merit.
>
> The claim against respondent Pandiman Philippines, Inc. should be as it is hereby dismissed for lack of merit (Emphasis ours).
>
> SO ORDERED.

On MMMC's appeal to the National Labor Relations Commission (NLRC), the latter, in its decision of 8 April 1999,[4] set aside that of the Labor Arbiter, absolved respondent MMMC from any liability and instead held petitioner and OMMIAL liable for Rosita's claim, thus:

> WHEREFORE, the appealed decision dated November 15, 1998 is hereby SET ASIDE. A new one is hereby entered absolving Marine Manning and Management Corporation from any liability in this case; respondents Pandiman Philippines Inc. and Ocean Marine Mutual Insurance Association Ltd. are in its stead, hereby directed to pay jointly and severally the complainant and her four (4) minor children US$78,000.00 representing the death benefits due them for the death of complainant's husband Benito Singhid on June 24, 1997.
>
> SO ORDERED.

Therefrom, petitioner went to the Court of Appeals on a petition for certiorari, thereat docketed as CA-G.R. SP No. 53648.

In the herein assailed decision dated 17 February 2000,[5] the appellate court dismissed the petition "for lack of merit" and accordingly affirmed the challenged decision of the NLRC, to wit:

> WHEREFORE, the instant petition is DISMISSED for lack of merit and the decision of the National Labor Relations Commission is AFFIRMED.
>
> SO ORDERED.

With its motion for reconsideration having been denied by the same court in its resolution of May 16, 2000,[6] petitioner PPI is now with us on the following assigned errors:

> FIRSTLY, a mere agent of an insurance company cannot be held liable for the face value of any coverage or policy its principal may have issued;
>
> SECOND, the findings of fact of the NLRC are clearly gratuitous and even outright erroneous, such that the same should be corrected;
>
> THIRD, the decision of the NLRC which the Court of Appeals refused to traverse and reverse deprived the petitioner of due process; and
>
> FINALLY, it was error to have excluded MMMC and its foreign principal from liability, considering that their participation and liability is clear cut under the facts and applicable law and jurisprudence.

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We initially note that in the decision subject hereof, the Court of Appeals refused to traverse and reverse the factual conclusions commonly arrived at by both the Labor Arbiter and the NLRC in this wise:

> It must be noted that both the Labor Arbiter and the National Labor Relations Commission in their decision concluded that vessel MV Sun Richie Five and its crew were insured with Ocean Marine Mutual Insurance Association Limited[7], whose local agent is Pandiman, Philippines, Inc. In this respect, it is worth mentioning that the Supreme Court has consistently held that findings of fact of administrative agencies and quasi judicial bodies which have acquired expertise because their jurisdiction is confined to specific matters are generally accorded not only respect but even finality and are binding upon this Court unless there is grave abuse of discretion or where it is clearly shown that they were arrived at arbitrarily or in disregard of the evidence on record.[8] Petitioner in the case at bench failed to convince us that we should depart from this time-honored rule, thus, the National Labor Relations Commission's findings stand.

In petitions for review on certiorari like the instant case, the Court invariably sustains the unanimous factual findings of the Labor Arbiter, the NLRC and the Court of Appeals, specially when such findings are supported by substantial evidence and there is no cogent basis to reverse the same, as in this case.

The very recent case of Gallera De Guison Hermanos, Inc. vs. Cruz[9] reiterates the Court's consistent ruling on the matter:

> xxx time and again the much-repeated but not so well-heeded rule that findings of fact of the Court of Appeals, particularly where it is in absolute agreement with that of the NLRC and the Labor Arbiter, as in this case, are accorded not only respect but even finality and are deemed binding upon this Court so long as they are supported by substantial evidence xxx.

This decision, therefore, shall be just limited to the legal issues of: (1) whether or not petitioner PPI may be held liable for Rosita's claim for death benefits as Benito's widow; and (2) whether or not respondent MMMC and its foreign principal Fullwin with whom unquestionably the late Benito had an employment contract, should be absolved from death claim liabilities in this case.

We find merit in the petition.

MV Sun Richie Five Bulkers S.A., owner of the vessel Sun Richie Five, was a member of a P&I Club, which is "an association composed of shipowners in general who band together for the specific purpose of providing insurance cover on a mutual basis against liabilities incidental to shipowning that the members incur in favor of third parties."[10] The vessel and its crew were covered by a "Class 1 – Protection and Indemnity" agreement beginning noon of February 20, 1997 up to February 20, 1998 as embodied in the Certificate of Entry[11] issued by OMMIAL.

In this protection and indemnity agreement, which is actually an insurance contract, the provisions of the Insurance Code (P.D. 1460, as amended) is the governing law. In the subject insurance contract, the P&I Club (OMMIAL) is the insurer, the shipowner (Sun Richie Five Bulkers S.A.) is the insured, and herein respondent Rosita Singhid as widow and heir of a crew on board the insured vessel like Benito, is a beneficiary.

In the decision under review, the Court of Appeals held petitioner PPI liable for Rosita's death claims under the said contract of insurance, on the postulate that petitioner is an insurance agent, a term defined and understood under Section 300 of the Insurance Code, as follows:

> Section 300. Any person who for compensation solicits or obtains insurance on behalf of any insurance company transmits for a person other than himself an application for a policy or contract of insurance to or from such company or offers or assumes to act in the negotiating of such insurance shall be an insurance agent within the intent of this section and shall thereby become liable to all the duties, requirements, liabilities and

> penalties to which an insurance agent is subject.

Petitioner PPI, however, claims that it is not an insurance agent but a mere local correspondent[12] of the P&I Club. Thus, petitioner maintains that even if OMMIAL (the P&I Club), as insurer of Sun Richie Five, is held principally liable to Rosita for her husband's death benefits, petitioner cannot be held solidarily liable together with said insurer.

We have carefully gone over the records, and truly, as claimed by petitioner, there is nothing therein to show that an insurance contract in this case was in fact negotiated between the insured Sun Richie Five and the insurer OMMIAL, through petitioner as insurance agent which will make petitioner an insurance agent under the aforequoted Section 300 of the Insurance Code. As it is, the NLRC, in its decision, merely relied on petitioner's reference to OMMIAL as its "principal" instead of its "client". Such "reference", however, will not and cannot vary the definition of what an insurance agent actually is under the aforecited law, nor can it automatically turn petitioner into one, thereby becoming correspondingly liable to all the duties, requirements, liabilities and penalties to which an insurance agent is subject to. We, therefore, hold that petitioner PPI is not an insurance agent under the obtaining circumstances.

In any event, payment for claims arising from the peril insured against, to which the insurer is liable, is definitely not one of the liabilities of an insurance agent. Thus, there is no legal basis whatsoever for holding petitioner solidarily liable with insurer OMMIAL for Rosita's claim for death benefits on account of her husband's demise while under the employ of MMMC's principal, Fullwin.

Besides, even under the principle of "relativity of contracts", petitioner PPI cannot be held liable for the same death benefits claims. The insurance contract between the insurer and the insured, under Article 1311 of the Civil Code, is binding only upon the parties (and their assigns and heirs) who execute the same. With the reality, as borne by the records, that petitioner PPI is not a party to the insurance contract in question, no liability or obligation arising therefrom, may be imposed upon it.

Anent the second issue, the Court agrees with petitioner's contention that the appellate court erred in affirming the NLRC's decision which absolved Fullwin and its manning agent, respondent MMMC, of their joint and solidary liability arising from Benito's employment contract with Fullwin.

It is undisputed that Benito was employed by Fullwin through its manning agency, MMMC. Neither is it disputed that Benito died during the effectivity of their employment contract while on board the vessel MV Sun Richie Five. Fullwin, Benito's principal employer is, therefore, liable under the same employment contract. For its part, MMMC is bound by its undertaking pursuant to the Rules and Regulations Governing Overseas Employment (1991)[13] that the manning applicants:

> xxx xxx xxx
>
> (3) Shall assume joint and solidary liability with the employer for all claims and liabilities which may arise in connection with the implementation of the contract, including but not limited to payment of wages, health and disability compensation and repatriation;
>
> xxx xxx xxx

By reason of the foregoing undertaking, respondent MMMC is jointly and solidarily liable with its foreign principal Fullwin, for whatever death benefits Benito's widow is entitled to under Benito's employment contract.

In fine, the Court of Appeals gravely erred in affirming the NLRC's decision absolving Fullwin and MMMC, the parties with whom the late Benito Singhid had a contract of employment at the time of his death. Accordingly, we

rule and so hold that Fullwin and MMMC are jointly and solidarily liable for Benito's death benefits, pursuant to the parties' overseas employment contract in this case. NLRC's ruling as to OMMIAL's liability, as insurer is, however, affirmed.

WHEREFORE, the instant petition is GRANTED and the assailed decision and resolution of the Court of Appeals REVERSED and SET ASIDE. The decision of the Labor Arbiter dated November 16, 1998 in NLRC-NCR-OFW (M) 98-07-0815 is hereby REINSTATED.

No pronouncement as to costs.

SO ORDERED.

Panganiban, (Chairman), Sandoval-Gutierrez, Corona, and Carpio-Morales, JJ., concur.

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[1] Penned by Associate Justice Eugenio S. Labitoria and concurred in by Associate Justices Rodrigo V. Cosico and Elvi John Asuncion; Rollo, pp. 50-56.

[2] Rollo, p. 58.

[3] Rollo, pp. 114-122.

[4] Rollo, pp. 89-103.

[5] Rollo, pp. 50-56.

[6] Rollo, p. 58.

[7] Citing NLRC Decision, p. 3 (Rollo, p. 91); and Labor Arbiter's Decision, p. 2 (Rollo, p. 115).

[8] Citing the case of Maya Farms Employees Organization vs. NLRC, 239 SCRA 508 (1994).

[9] G.R. No. 159390, June 10, 2004, per Tinga, J., ponente.

[10] Hyopsung Maritime Co., Ltd. vs. Court of Appeals, G.R. No. L-77369, August 31, 1988.

[11] Rollo, p. 145-146.

[12] Reply letter of petitioner PPI dated July 23, 1998; Rollo, p. 147.

[13] Book II, Rule II, Section 1, paragraph (f).

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