

**INDUSTRIAL PERSONNEL AND MANAGEMENT SERVICES, INC.,
PETITIONER, V. COUNTRY BANKERS INSURANCE CORPORATION,
RESPONDENT.**

G.R. No. 194126. October 17, 2018

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CAGUIOA, J:

Before this Court is a Petition for Review on Certiorari[1] (Petition) under Rule 45 of the Rules of Court filed by petitioner Industrial Personnel and Management Services, Inc. (IPAMS) assailing the Decision[2] dated October 14, 2010 (assailed Decision) of the Court of Appeals (CA) Eleventh Division in CA-G.R. SP No. 114683, which reversed and set aside the following rulings:

- the Resolution[3] dated June 26, 2007 and Order[4] dated December 4, 2007 issued by the Insurance Commission (IC);
- the Decision[5] dated September 17, 2008 and Resolution[6] dated April 29, 2009 issued by the Department of Finance (DOF); and
- the Decision[7] dated January 8, 2010 and Resolution[8] dated June 1, 2010 issued by the Office of the President (OP).

These issuances upheld the ruling of the IC that respondent Country Bankers Corporation (Country Bankers) shall be subjected to disciplinary action pursuant to Section 241 (now Section 247) and Section 247 (now Section 254) of the Insurance Code, as amended,[9] if respondent Country Bankers does not settle the subject claims presented by petitioner IPAMS.

The Facts and Antecedent Proceedings

As narrated by the CA in its assailed Decision, the essential facts and antecedent proceedings of the instant case are as follows:

In 2000, Industrial Personnel and Management Services, Inc. (IPAMS) began recruiting registered nurses for work deployment in the United States of America (U.S.). It takes eighteen (18) to twenty four (24) months for the entire immigration process to complete. As the process requires huge amounts of money, such amounts are advanced [to] the nurse applicants.

By reason of the advances made to the nurse applicants, the latter were required to post surety bond. The purpose of the bond is to guarantee the following during its validity period: (a) that they will comply with the entire immigration process, (b) that they will complete the documents required, and (c) that they will pass all the qualifying examinations for the issuance of immigration visa. The Country Bankers Insurance Corporation (Country Bankers for brevity) and IPAMS agreed to provide bonds for the said nurses. [Under the agreement of IPAMS and Country Bankers, the latter will provide surety bonds and the premiums therefor were paid by IPAMS on behalf of the nurse applicants.[10]]

[The surety bonds issued specifically state that the liability of the surety company, i.e., respondent Country

Bankers, "shall be limited only to actual damages arising from Breach of Contract by the applicant." [11]

A Memorandum of Agreement (MOA) was executed by the said parties on February 1, 2002 [which stipulated the various requirements for collecting claims from Country Bankers, namely:

B. REQUIREMENTS FOR CLAIM

Requirements are as follows:

SURETY BOND:

- 1[st] demand letter requiring his/her to submit complete documents.
- 2[nd] Demand letter (follow up of above).
- Affidavit stating reason of any violation to be executed by responsible officer of Recruitment Agency;
- Statement of Account (detailed expenses).
- Transmittal Claim Letter.[12] (Emphasis and underscoring in the original)]

[On the basis of the MOA, IPAMS submitted its claims under the surety bonds issued by Country Bankers. For its part, Country Bankers, upon receipt of the documents enumerated under the MOA, paid the claims to IPAMS.[13]] According to IPAMS, starting 2004, some of its claims were not anymore settled by Country Bankers.

[In 2004, Country Bankers was not able to pay six (6) claims of IPAMS. The claims were not denied by Country Bankers, which instead asked for time within which to pay the claims, as it alleged to be cash- strapped at that time. Thereafter, the number of unpaid claims increased. By February 16, 2007, the total amount of unpaid claims was P11,309,411.56.

IPAMS took the matter up with the General Manager of Country Bankers, Mr. Ignacio Ong (Ong). In response, Country Bankers, through its letter[14] dated November 14, 2005 signed by Mr. Ong, acknowledged the obligations of Country Bankers, apologized for the delay in the payment of claims, and proposed to amortize the settlement of claims by paying a semi-monthly amount of P850,000.00. In addition, Country Bankers promised to pay future claims within a ninety (90)-day period. That commitment made by Country Bankers was not fulfilled and IPAMS had to deal with Country Bankers' new General Manager, Ms. Tess Valeriano (Valeriano). Ms. Valeriano assured IPAMS that the obligations of Country Bankers would be paid promptly.

However, the counsel of Country Bankers, Atty. Marisol Caleja, started to oppose the payment of claims and insisted on the production of official receipts of IPAMS on the expenses it incurred for the application of nurses. IPAMS opposed this, saying that the Country Bankers' insistence on the production of official receipts was contrary to, and not contemplated in, the MOA and was an impossible condition considering that the U.S. authorities did not issue official receipts. In lieu of official receipts, IPAMS submitted statements of accounts, as provided in the MOA.[15]

Then, [in a letter[16] dated August 22, 2006,] Country Bankers limited the authority of its agent [assigned to the accounts of IPAMS,] Mr. Jaime C. Lacaba [(Lacaba),] to transact business with IPAMS.

[Due to the unwillingness of Country Bankers to settle the claims of IPAMS, the latter sought the intervention of the IC, through a letter--complaint dated February 9, 2007.[17]]

Country Bankers on the other hand alleged that until the third quarter of 2006, it never received any complaint from IPAMS. Due to remarkable high loss ratio of IPAMS, the latter's accounts were evaluated and audited by the

Country Bankers. The IPAMS was informed of the same problem. Instead of complying with the requirements for claim processes, IPAMS insisted that the supporting documents cannot be produced.

[The] [c]ontending parties went to a series of conferences to settle the differences but to no avail. The [IC] therefore ordered the parties to submit [their] respective Position Papers.[18] On June 26, 2007, the Claims Division of the [IC] [issued] a [R]esolution[19] declaring the following:

"IN VIEW OF THE FOREGOING, this Commission believes and so holds that there is no ground for the refusal of CBIC to pay the claims of IPAMS. Its failure to settle the claim after having entered into an Agreement with the complainant, IPAMS, demonstrates respondent's bad faith in the fulfillment of their obligation, to the prejudice of the complainant.

Accordingly, we find the insurance company liable to settle the subject claim otherwise, this Commission shall be constrained to take disciplinary action pursuant to Sections 241 and 247 of the Insurance Code, as amended." (Underscoring supplied)

The move by Country Bankers to reconsider the above resolution was denied by the [IC] in an [O]rder[20] dated December 4, 2007.

Country Bankers made an appeal before the [DOF]. The [DOF] decided to affirm the assailed orders of the [IC]. The dispositive portion of the said [D]ecision[21] [dated September 30, 2008] reads:

"WHEREFORE, foregoing premises considered, the questioned Resolution of the Commission dated June 26, 2007, as reiterated in its Order dated December 7, 2007, is hereby AFFIRMED and that the same be implemented in accordance with Sec. 241, in relation to Sec. 247 of the Insurance Code and other pertinent rules and regulations on the matter."

A motion to reconsider the x x x aforementioned decision was filed but was denied [by the DOF in its Resolution[22] dated] April 29, 2009.

On appeal to the [OP], the ruling of the [DOF] was affirmed in a [D]ecision[23] docketed as O.P. Case No. 09-E-190 and dated January 8, 2010[:

WHEREFORE, herein appeal is DISMISSED for lack of merit. The Decision of the Secretary of Finance dated September 17, 2008 and its Resolution dated April 29, 2009 are hereby AFFIRMED.][24]

A subsequent motion to reconsider the same was denied by the said office in its [R]esolution[25] dated June 1, 2010.

Hence, [the] instant [P]etition [for Review filed by respondent Country Bankers before the CA under Rule 43 of the Rules of Court.][26]

The Ruling of the CA

In its assailed Decision, the CA granted the Rule 43 Petition filed by respondent Country Bankers, reversing and setting aside the rulings of the IC, DOF, and OP, the dispositive portion of which states:

WHEREFORE, premises considered, the petition is GRANTED and the following issuances are hereby REVERSED and SET ASIDE:

- June 1, 2010 decision of the Office of the President in O.P. Case No. 09-E-190;
- January 8, 2010 decision of the Office of the President in O.P. Case No. 09-E-190;
- Department of Finance resolution dated April 29, 2009;

- Department of Finance decision dated September 17, 2008;
- Insurance Commission order dated December 4, 2007; and the
- Insurance Commission resolution dated June 26, 2007.

SO ORDERED.[27] (Emphasis in the original)

The CA held that respondent Country Bankers was justified in delaying the payment of the claims to petitioner IPAMS because of the purported lack of submission by petitioner IPAMS of official receipts and other "competent proof"[28] on the expenses incurred by petitioner IPAMS in its recruitment of nurse applicants. The CA held that Section 241 (now Section 247) of the Insurance Code, which defines an unfair claim settlement practice, and Section 247 (now Section 254), which provides for the suspension or revocation of the insurer's authority to conduct business, should not be made to apply to respondent Country Bankers because of the failure of petitioner IPAMS to provide competent proof of its claims.

Instead of filing a motion for reconsideration, petitioner IPAMS decided to directly file the instant Petition[29] dated November 2, 2010 on November 4, 2010 before the Court.

On April 4, 2011, respondent Country Bankers filed its Comment (To Petition for Review on Certiorari dated November 2, 2010).[30] On August 18, 2011, petitioner IPAMS filed its Reply.[31]

Issue

Stripped to its core, the present Petition asks the Court to resolve whether the CA erred in issuing its assailed Decision which reversed and set aside the rulings of the IC, DOF, and OP, which found that respondent Country Bankers has no ground to refuse the payment of petitioner IPAMS' claims and shall accordingly be subjected to disciplinary action pursuant to Sections 241 (now Section 247) and 247 (now Section 254) of the Insurance Code if the latter does not settle the subject claims of petitioner IPAMS.

The Court's Ruling

The appeal is partly meritorious.

In reversing and setting aside the rulings of the IC, DOF, and OP, the CA, in the main, found that as provisions of applicable law are deemed written into contracts, Article 2199 of the Civil Code[32] should be applied regarding the MOA between petitioner IPAMS and respondent Country Bankers. The CA reasoned that since "[c]ompetent proof x x x must be presented to justify award for actual damages,"[33] respondent Country Bankers was correct in not paying the subject claims of petitioner IPAMS because the latter failed to present official receipts and other "competent" evidence establishing the actual costs and expenses incurred by petitioner IPAMS.

Apparently, the CA concurred with the reason posited by respondent Country Bankers for not paying the claims presented by petitioner IPAMS, i.e., the failure of petitioner IPAMS to present official receipts of expenses it incurred. Consequently, the CA found that mere Statements of Accounts with detailed expenses, without accompanying official receipts or any other "competent" evidence, cannot prove actual expenses. Hence, respondent Country Bankers was supposedly justified in not paying the claims of petitioner IPAMS.

Autonomy of Contracts

At the onset, it is important to note that according to the autonomy characteristic of contracts, the contracting parties may establish such stipulations, clauses, terms and conditions as they may deem convenient, provided they are not contrary to law, morals, good customs, public order, or public policy.[34]

The stipulation of the MOA at issue is the provision enumerating requirements (Requirements for Claim Clause) that must be presented by petitioner IPAMS in order to make a valid claim against the surety bond. To reiterate, the Requirements for Claim Clause provides:

B. REQUIREMENTS FOR CLAIM

Requirements are as follows:

SURETY BOND:

- F. 1[st] demand letter requiring his/her to submit complete documents.
- G. 2[nd] Demand letter (follow up of above).
- H. Affidavit stating reason of any violation to be executed by responsible office of Recruitment Agency;
- I. Statement of Account (detailed expenses).
- J. Transmittal Claim Letter.[35] (Emphasis and underscoring in the original)

Petitioner IPAMS and respondent Country Bankers in essence made a stipulation to the effect that mere demand letters, affidavits, and statements of accounts are enough proof of actual damages — that more direct and concrete proofs of expenditures by the petitioner such as official receipts have been dispensed with in order to prove actual losses.

As to why the parties agreed on the sufficiency of the listed requirements under the MOA goes into the motives of the parties, which is not hard to understand, considering that the covered transactions, i.e., the processing of applications of nurses in the U.S., are generally not subject to the issuance of official receipts by the U.S. government and its agencies.[36]

Considering the foregoing, the question is crystallized: Can the parties stipulate on the requirements that must be presented in order to claim against a surety bond? And the answer is a definite YES, pursuant to the autonomy characteristic of contracts, they can. In an insurance contract, founded on the autonomy of contracts, the parties are generally not prevented from imposing the terms and conditions that determine the contract's obligatory force.[37]

Thus, the view posited by the CA that the Requirements for Claim Clause is contrary to law because it is incongruent with Article 2199 of the Civil Code and, therefore, an exception to the rule on autonomy of contracts is erroneous. A more thorough examination of Article 2199 does not support the CA's view.

Article 2199 of the Civil Code states:

Article 2199. Except as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. Such compensation is referred to as actual or compensatory damages. (Emphasis and underscoring supplied)

The law is clear and unequivocal when it states that one is entitled to adequate compensation for pecuniary loss only for such losses as he has duly proved EXCEPT: (1) when the law provides otherwise, or (2) by stipulation of the parties. Otherwise stated, the amount of actual damages is limited to losses that were actually incurred and proven, except when the law provides otherwise, or when the parties stipulate that actual damages are not limited to the actual losses incurred or that actual damages are to be proven by specific documents agreed upon.

The submission of official receipts and other pieces of evidence as a prerequisite for the payment of claims is excused by stipulation of the parties; and in lieu thereof, the presentation of statement of accounts with detailed expenses, demand letters, and affidavits is, by express stipulation, sufficient evidence for the payment of claims.

To reiterate, Article 2199 of the Civil Code explicitly provides that the prerequisite of proof for the recovery of

actual damages is not absolute. This was illustrated in *People of the Philippines v. Jonjie Eso y Hungoy, et al.*,^[38] wherein this Court held that the requirement of providing actual proof found under Article 2199 for the recovery of actual and compensatory damages (in that case, funeral expenses) may be dispensed with, considering that there was a stipulation to that effect made by the parties.

In the instant case, it is not disputed by any party that in the MOA entered into by the petitioner IPAMS and respondent Country Bankers, the parties expressly agreed upon a list of requirements to be fulfilled by the petitioner in order to claim from respondent Country Bankers under the surety bond.

Hence, it is crystal clear that the petitioner IPAMS and respondent Country Bankers, by express stipulation, agreed that in order for the former to have a valid claim under the surety bond, the only requirements that need to be submitted are the two demand letters, an Affidavit stating reason of any violation to be executed by responsible officer of the Recruitment Agency, a Statement of Account detailing the expenses incurred, and the Transmittal Claim Letter. Evidently, the parties did not include as preconditions for the payment of claims the submission of official receipts or any other more direct or concrete piece of evidence to substantiate the expenditures of petitioner IPAMS. If the parties truly had the intention of treating the submission of official receipts as a requirement for the payment of claims, they would have included such requirement in the MOA. But they did not.

It is elementary that when the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be no evidence on such terms other than the contents of the written agreement.^[39] Further, when the terms of the contract are clear and leave no doubt upon the intention of the contracting parties, the stipulations of the parties are controlling.^[40]

In the case at hand, respondent Country Banker failed to present any compelling evidence that convinces the Court that the parties had the intention of adding requirements other than the five requirements for payment of claims enumerated in the Requirements for Claim Clause. On the contrary, several circumstances show that the submission of official receipts was really NOT intended by the parties to be a precondition for the payment of claims.

As found by the OP in its Decision dated January 8, 2010, respondent Country Bankers "knew as a matter of IPAMS' regular course of business that these covered transactions are generally not issued official receipts by US government and its agencies and the US based professional organizations and institutions involved to complete the requirements for the issuance of an immigrant visa."^[41]

Further, as found by the IC in its Resolution dated June 26, 2007, which the CA did not controvert in its assailed Decision, respondent Country Bankers had previously admitted liability and promised to make payment on similar claims under the surety agreement even without the submission of official receipts.^[42] In fact, respondent Country Bankers had previously paid similar claims made by petitioner IPAMS on the basis of the same set of documents, even without the submission of official receipts and other pieces of evidence.

As the contemporaneous and subsequent acts of the contracting parties shall be principally considered in determining the intention of the parties,^[43] and that, by virtue of estoppel, an admission or representation is rendered conclusive upon the person making it and cannot be denied or disproved as against the person relying thereon,^[44] the prior actuations of respondent Country Bankers clearly establish that it did not intend the submission of official receipts to be a prerequisite for the payment of claims. Respondent Country Bankers is therefore estopped from claiming that the submission of official receipts and other "competent proof" is a further requirement for the payment of claims.

Hence, the Court finds that, by stipulation of petitioner IPAMS and respondent Country Bankers in their MOA,

the parties waived the requirement of actually proving the expenses incurred by petitioner IPAMS through the submission of official receipts and other documentary evidence. Thus, respondent Country Bankers was not justified in denying the payment of claims presented by petitioner IPAMS based on the lack of official receipts.

Under the Insurance Code, all defects in the proof of loss, which the insured might remedy, are waived as grounds for objection when the insurer omits to specify to him without unnecessary delay.

While placing utmost concentration on Article 2199 of the Civil Code in ruling that competent proof is required for the payment of the subject claims, the assailed Decision of the CA failed to take into consideration the applicable provisions of the Insurance Code.

The subject agreement of the parties indubitably contemplates a surety agreement,[45] which is governed mainly by the Insurance Code, considering that a contract of suretyship shall be deemed an insurance contract within the contemplation of the Insurance Code if made by a surety which is doing an insurance business.[46] In this case, the surety, i.e., respondent Country Bankers, is admittedly an insurance company engaged in the business of insurance. In fact, the CA itself in its assailed Decision mentioned that a contract of suretyship is defined and covered by the Insurance Code.[47]

Moreover, the Insurance Code[48] specifically provides applicable provisions on suretyship, stating that pertinent provisions of the Civil Code shall only apply suppletorily whenever necessary in interpreting the provisions of a contract of suretyship.[49] Jurisprudence also holds that a specific law should prevail over a law of general character.[50]

Hence, in the resolution of the instant case, the CA erred in not considering the applicable provisions under the Insurance Code on the required proof of loss and when such requirement is waivable.

Therefore, Section 92[51] of the Insurance Code must be taken into consideration. The said provision states that all defects in the proof of loss, which the insured might remedy, are waived as grounds for objection when the insurer omits to specify to him without unnecessary delay. It is the duty of the insurer to indicate the defects on the proofs of loss given, so that the deficiencies may be supplied by the insured. When the insurer recognizes his liability to pay the claim, there is waiver by the insurer of any defect in the proof of loss.[52]

In the instant case, it must be emphasized that respondent Country Bankers, through its General Manager, Mr. Ong, issued a letter dated November 14, 2005 which readily acknowledged the obligations of Country Bankers under the surety agreement, apologized for the delay in the payment of claims, and proposed to amortize the settlement of claims by paying a semi-monthly amount of P850,000.00.[53] In addition, Country Bankers promised to pay future claims within a 90-day period:

First of all, allow us to apologize for the delay in our response to you considering that we still had to do some reconciliation of our records with that of Mr. Lacaba. After evaluating the total number of claims filed by IPAMS, we have come up with the final figure of P20,575,492.25.

In this regard, we wish to propose to amortize the settlement of the said amount by paying you the semi-monthly amount of P850,000.00 until the entire amount of P20,575,492.25 is fully paid. With respect to future claims (after the cut-off date, October 28, 2005), we shall see to it that they are settled within the 90 days time frame allowed us.[54]

It bears stressing that respondent Country Bankers, after undergoing an evaluation of the total number of claims of petitioner IPAMS, undertook the settlement of such claims even WITHOUT the submission of official receipts.

In fact, respondent Country Bankers raised up the issue on the missing official receipts and other evidence to

prove the expenses incurred by petitioner IPAMS only when the latter requested the intervention of the IC in 2007. If respondent Country Bankers truly believed that the submission of official receipts was critical in providing proof as to petitioner IPAMS' claims, then it would have raised the issue on the lack of official receipts at the earliest possible opportunity. This only shows that the argument of respondent Country Bankers on the lack of official receipts was a mere afterthought to evade its obligation to pay the claims presented by petitioner IPAMS.

While not denying the existence of the said letter, respondent Country Bankers attempts to downplay it by arguing that the claims covered by the letter and the claims raised by petitioner IPAMS before the IC are different and distinct from each other. Such argument deserves scant consideration.

While the claims in the said letter may be different from the specific claims presented before the IC, both sets of claims were similarly made under the same suretyship agreement between the parties. Thus, the fact still remains that respondent Country Bankers had previously acknowledged the validity of a set of claims under a surety bond within the purview of the Requirements for Claim Clause despite the lack of official receipts and other pieces of evidence aside from the required documents enumerated in the MOA. To be sure, it must also be pointed out that the representations of respondent Country Bankers in the said letter likewise refer to future and similar claims of petitioner IPAMS. Hence, respondent Country Bankers' attempt to downplay the ramifications of its letter dated November 14, 2005 is puerile.

Also, it must be emphasized that the IC, after holding a series of conferences between the parties and after the assessment of the respective position papers and evidence from both parties, made the factual finding in its Resolution dated June 26, 2007 that respondent Country Bankers committed certain acts constituting a waiver of its right to require the presentation of additional documents to prove the expenses incurred by petitioner IPAMS, such as the issuance of the letter dated November 14, 2005 and the acceptance by respondent Country Bankers of reimbursement from the nurse applicants of petitioner IPAMS on the basis of the Statements of Accounts presented, even without any official receipt attached.[55] In fact, the records show that respondent Country Bankers does not deny the fact that it accepted the reimbursements from the nurse applicants based on the Statements of Accounts of petitioner IPAMS.[56]

Furthermore, the DOF likewise factually determined that respondent Country Bankers, through its new General Manager, Ms. Valeriano, had assured IPAMS that the obligations of Country Bankers would be paid promptly, again, even without the submission of official receipts and other pieces of evidence.[57] The DOF similarly found that the proposal by respondent Country Bankers to amortize the settlement of petitioner IPAMS' claims by paying the latter the semi-monthly amount of P850,000.00 and respondent Country Bankers' acceptance of reimbursements from the nurse- applicants based on the mere Statements of Accounts submitted by petitioner IPAMS are tantamount to an acknowledgment on the part of respondent Country Bankers of its liability for claims under the surety bonds.

Moreover, the OP also factually found that respondent Country Bankers "knew as a matter of IPAMS' regular course of business that these covered transactions are generally not issued official receipts by US government and its agencies and the US based professional organizations and institutions involved to complete the requirements for the issuance of an immigrant visa." [58]

These factual findings of three separate administrative agencies, which were not at all reversed or refuted by the CA in its assailed Decision, should not be perturbed by the Court without any compelling countervailing reason. The Court has continuously adopted the policy of respecting the findings of facts of specialized administrative agencies.

In *Villafor v. Court of Appeals*,^[59] the Court held that the findings of fact of an administrative agency must be respected as long as they are supported by substantial evidence, even if such evidence might not be overwhelming or even preponderant, because it is not the task of an appellate court to weigh once more the evidence submitted before the administrative body and to substitute its own judgment for that of the administrative agency in respect of sufficiency of evidence.^[60]

Hence, considering that the IC, through the Insurance Commissioner, is particularly tasked by the Insurance Code to issue such rulings, instructions, circulars, orders and decisions as may be deemed necessary to secure the enforcement of the provisions of the law, to ensure the efficient regulation of the insurance industry, and considering that there are no compelling reasons provided by respondent Country Bankers to overthrow the IC's factual findings, the Court upholds the findings of the IC, as concurred in by both the DOF and OP, that respondent Country Bankers committed certain acts constituting a waiver of its right to require the presentation of additional documents to prove the expenses incurred by petitioner IPAMS.

Accordingly, under Section 92 of the Insurance Code, the failure to attach official receipts and other documents evidencing the expenses incurred by petitioner IPAMS, even assuming that it can be considered a defect on the required proof of loss, is therefore considered waived as ground for objecting the claims of petitioner IPAMS.

For the foregoing reasons, the ruling of the CA, which sets aside the rulings of the IC, DOF, and OP, which found that respondent Country Bankers has no ground to refuse the payment of petitioner IPAMS' claims and shall accordingly be subjected to disciplinary action pursuant to Sections 241 (now Section 247) and 247 (now Section 254) of the Insurance Code if the latter does not settle the subject claims of petitioner IPAMS, should be reversed.

Be that as it may, despite the reversal of the CA's assailed Decision, petitioner IPAMS' prayers for (1) the suspension/revocation of the license of respondent Country Bankers due to its commission of an unfair claim settlement practice for unreasonable delay in paying petitioner IPAMS' claim for the total amount of P21,230,643.19; (2) awarding of a total amount of P21,230,643.19 and 20% thereof; and (3) awarding of moral and exemplary damages, as well as attorney's fees and judicial costs, are denied.

It must be stressed that the instant case resolved by the Court is not a claims adjudication case. The subject Resolution and Order of the IC that was concurred in by the DOF and OP, which the Court now reinstates, were issued in the IC's capacity as a regulator and not as an adjudicator of claims, as admitted by the IC itself.^[61] Hence, while the Court herein reinstates the IC's Resolution finding that disciplinary action is warranted in the eventuality that respondent Country Bankers continues to delay settling the claims of petitioner IPAMS, the matter should be referred back to the IC so that it could determine the remaining amount and extent of the liability that should be settled by respondent Country Bankers in order to avoid the IC's disciplinary action.

WHEREFORE, in view of the foregoing, the appeal is hereby **PARTIALLY GRANTED**. The Decision dated October 14, 2010 issued by the Court of Appeals in CA-G.R. SP No. 114683 is **REVERSED AND SET ASIDE**. The Resolution dated June 26, 2007 and Order dated December 4, 2007 issued by the Insurance Commission, the Decision dated September 17, 2008 and Resolution dated April 29, 2009 issued by the Department of Finance, and the Decision dated January 8, 2010 and Resolution dated June 1, 2010 issued by the Office of the President are **REINSTATED** and **AFFIRMED**.

SO ORDERED.

Carpio (Chairperson), Perlas-Bernabe, A. Reyes, Jr., and J. Reyes, Jr.,[*] JJ., concur.

[*] Designated additional Member per Special Order No. 2587 dated August 28, 2018.

[1] Rollo, Vol. I , pp. 3-71.

[2] Id. at 73-86. Penned by Associate Justice Danton Q. Bueser, with Associate Justices Noel G. Tijam (now a member of this Court) and Marlene Gonzales-Sison concurring.

[3] Id. at 199-237.

[4] Id. at 239-242.

[5] Id. at 244-253.

[6] Id. at 255-256.

[7] Id. at 276-279.

[8] Id. at 281-283.

[9] Republic Act No. 1060: AN ACT STRENGTHENING THE INSURANCE INDUSTRY, FURTHER AMENDING PRESIDENTIAL DECREE NO. 612, OTHERWISE KNOWN AS THE INSURANCE CODE, AS AMENDED BY PRESIDENTIAL DECREE NOS. 1141, 1280, 1455, 1460, 1814 AND 1981, AND BATAS PAMBANSA BLG. 874, AND FOR OTHER PURPOSES [INSURANCE CODE].

[10] Rollo, p. 245.

[11] Id. at 95.

[12] Id. at 92.

[13] Id. at 246.

[14] Id. at 103.

[15] Id. at 246.

[16] Id. at 105.

[17] Id. at 246.

[18] Id. at 107-183, 185-197.

[19] Id. at 199-237.

[20] Id. at 239-242.

[21] Id. at 244-253.

[22] Id. at 255-256.

[23] Id. at 276-279.

[24] Id. at 279.

[25] Id. at 281-283.

[26] Id. at 74-77.

[27] Id. at 85.

[28] Id. at 81.

[29] Id. at 3-71.

[30] Id. at 506-564.

[31] Id. at 1227-1266.

[32] Article 2199. Except as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. Such compensation is referred to as actual or compensatory damages.

[33] Rollo, p. 81.

[34] CIVIL CODE, Art. 1306; *William Golanco Construction Corporation v. Philippine Commercial International Bank*, 520 Phil. 167, 171 (2006).

[35] Rollo, p. 92.

[36] Id. at 279.

[37] See Dissenting Opinion of Associate Justice Jose C. Vitug in *Sps. Tibay, v. Court of Appeals*, 326 Phil. 931, 954 (1996).

[38] 631 Phil. 547 (2010).

[39] RULES OF COURT, Rule 130, Sec. 9.

[40] CIVIL CODE. Art. 1370.

[41] Rollo, p. 279.

[42] Id. at 232-237.

[43] CIVIL CODE, Art. 1371.

[44] CIVIL CODE, Art. 1431.

[45] Section 177. A contract of suretyship is an agreement whereby 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 party called the obligee. It includes official recognizances, stipulations, bonds or undertakings issued by any company by virtue of and under the provisions of Act No. 536, as amended by Act No. 2206.

[46] INSURANCE CODE, Sec. 2 (a).

[47] Rollo, p. 78.

[48] Title 4 of the INSURANCE CODE.

[49] INSURANCE CODE, Sec. 180.

[50] *Valera v. Tuason, Jr.*, 80 Phil. 823, 827-828 (1948).

[51] Section 92. All defects in a notice of loss, or in preliminary proof thereof, which the insured might remedy, and which the insurer omits to specify to him, without unnecessary delay, as grounds of objection, are waived.

[52] HECTOR S. DE LEON AND HECTOR M. DE LEON, JR., *THE INSURANCE CODE OF THE PHILIPPINES ANNOTATED*, 294-295 (2010 Edition).

[53] Rollo, p. 103.

[54] Id.

[55] Id. at 232-237.

[56] Id. at 304.

[57] Id. at 246.

[58] Id. at 279.

[59] 345 Phil. 524, 562 (1997).

[60] Id.

[61] Rollo, p. 241.

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