

GERRY S. MOJICA, PETITIONER, VS GENERALI PILIPINAS LIFE ASSURANCE COMPANY, INC., RESPONDENT.

G.R. No. 222455. September 18, 2019

Ponente: CARPIO, ACTING C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-222455/>

CARPIO, ACTING C.J.:

The Case

This petition for review[1] assails the 31 October 2014 Decision[2] and the 13 January 2016 Resolution[3] of the Court of Appeals in CA-G.R. CV No. 96584. The Court of Appeals affirmed with modification the 24 June 2010 Decision[4] of the Regional Trial Court, Branch 141, Makati City in Civil Case No. 04-1111.

The Facts

Petitioner Gerry S. Mojica (petitioner) used to be a Unit Manager and Associate Branch Manager of respondent Generali Pilipinas Life Assurance Company, Inc. (respondent). Respondent is a domestic corporation engaged in the business of life and non-life insurance.

On 28 September 2004, respondent filed a Complaint[5] for collection of sum of money and damages against petitioner. Respondent sought to collect from petitioner the amount of P514,639.17 representing unpaid monthly drawing allowances, unpaid Health Maintenance Insurance dues, group insurance premium and other liabilities, plus legal interest from the time of demand, exemplary damages, attorney's fees and litigation expense.

Respondent alleged that petitioner used to be its agent, designated as Unit Manager and later as Associate Branch Manager. Respondent maintains that under the Unit Manager's Agreement[6] and Associate Branch Manager's Agreement,[7] executed by the parties on 19 January 2001 and 24 January 2002, respectively, respondent hired petitioner as an agent and independent contractor, and not as employee of respondent. Furthermore, under the Memorandum of Agreement[8] executed by the parties on 19 February 2001, petitioner was granted a P40,000 monthly drawing allowance as an advance against the Unit Manager's total expected future override commission earnings. According to respondent, the monthly drawing allowance was a start-up fund for petitioner to organize, develop and maintain a strong branch sales force. The P40,000 monthly drawing allowance, which was later reduced to P30,000, was however subject to meeting monthly validation requirements and performance standards and must be repaid by petitioner over a period of eighteen (18) months or less by applying his override commission earnings and commissions on personal business. Respondent claimed that petitioner failed to comply with the premium production and manpower requirements and did not reach the targets which he himself set in his business plan. As a consequence, respondent stopped releasing monthly drawing allowances to petitioner, in accordance with the Memorandum of Agreement.

Respondent averred that petitioner resigned on 1 March 2003 without paying the monthly drawing allowances he advanced. On 6 March 2003, respondent sent petitioner a letter,[9] accepting petitioner's resignation and demanding payment of petitioner's outstanding obligations. Respondent alleged that from January 2001 to July 2002, petitioner drew a total of P660,000 from his monthly drawing allowances, but only repaid P151,368.95,

leaving a balance of P508,631.05. In addition, petitioner had unpaid Health Maintenance Insurance dues, group insurance premium for hospitalization, and other payables amounting to P6,008.12.

On the other hand, petitioner asserted that he was an employee of respondent, and not its agent or independent contractor. Petitioner insisted that as an employee of respondent, he had no obligation to liquidate the monthly drawing allowances and that he was entitled to the P40,000 monthly drawing allowance which was not even enough to cover all his expenses in maintaining respondent's branch office and the recruitment of insurance agents for respondent. Although petitioner admitted receiving the monthly drawing allowances, petitioner claimed that he had no obligation to return such allowances since these were his salaries as full time unit manager.

Petitioner also questioned the trial court's jurisdiction and maintained that the National Labor Relations Commission (NLRC) has jurisdiction because of the existence of an employer-employee relationship between the parties. Thus, petitioner moved to dismiss the case for lack of jurisdiction,[10] which the trial court denied for lack of merit.[11] The Court of Appeals, in a Decision[12] dated 23 June 2009, affirmed the trial court's Orders denying petitioner's motion to dismiss. The Court of Appeals, in ruling that the trial court has jurisdiction and not the Labor Arbiter, held that the "three (3) agreements executed by the parties clearly stipulated that petitioner in the performance of his duties shall be considered an independent contractor and not an employee." [13]

The Ruling of the Trial Court

On 24 June 2010, the trial court rendered a Decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff, ordering the defendant:

- To pay the plaintiff the amount of Php514,639.17 as unpaid monthly drawing allowances he advanced, HMI membership dues, group premium and other liabilities, plus an interest computed at 6% per annum from the finality of this decision until fully paid;
- To pay the plaintiff the amount of Php70,000 as attorney's fees and costs of suit.

SO ORDERED.[14]

The trial court held that the contractual relationship between the parties as expressly provided in the Unit Manager's Agreement, Associate Branch Manager's Agreement, and the Memorandum of Agreement shows that petitioner was respondent's agent and not its employee. Under the Memorandum of Agreement, the monthly drawing allowance given to petitioner was subject to meeting monthly validation requirements. Thus, petitioner should have liquidated the allowances he received for a period of 18 months from February 2001 to July 2002 under the terms specified in the Memorandum of Agreement. Petitioner himself testified that he failed to liquidate the allowances he received. The trial court ruled that petitioner failed to prove that he satisfied the monthly validation requirements specified in the Memorandum of Agreement, and he is thus obliged to repay respondent the monthly drawing allowances he advanced.

The Ruling of the Court of Appeals

The Court of Appeals denied petitioner's appeal, and affirmed with modification the 24 June 2010 Decision of the trial court. The dispositive portion of the Decision of the Court of Appeals reads:

WHEREFORE, the decision of the Regional Trial Court of Makati City, Branch 141 in Civil Case No. 04-1111 dated June 24, 2010 is AFFIRMED with MODIFICATION. Defendant-appellant Gerry Santos Mojica shall pay plaintiff-appellee Generali Pilipinas Life Assurance Company, Inc. the principal amount of Five Hundred Fourteen Thousand Six Hundred Thirty-Nine and 17/100 Pesos (P514,639.17), with interest of six (6%) percent delete [sic] per annum on the aforesated principal obligation computed from March 6, 2003 until finality of this decision and additional interest of six [percent] (6%) per annum on the judgment award until the

same is satisfied. The award of attorney's fees is DELETED.

SO ORDERED.[15]

The Court of Appeals held that petitioner is an independent contractor under the terms of the Unit Manager's Agreement and the Associate Branch Manager's Agreement. The Court of Appeals found that petitioner was authorized to: (1) recruit insurance agents with whom he exercised the right to assign, control and supervise the performance of activities necessary for the operations of his unit; (2) supply his branch with the necessary tools, with an option of availing the monthly drawing allowance to meet his requirement pursuant to the terms of the Memorandum of Agreement; and (3) choose how to conduct his business. Furthermore, petitioner received commissions and not salaries or wages. Thus, the Court of Appeals concluded that petitioner is an independent contractor and not an employee of respondent.

On the issue of unliquidated allowances, the Court of Appeals found that petitioner continuously availed of the monthly drawing allowance from January 2001 until July 2002 in the total amount of P660,000, as evidenced by various documents marked as exhibits and by petitioner's own admission that he availed of the monthly drawing allowance. On 6 March 2003, respondent sent a letter to petitioner, accepting petitioner's resignation and demanding that he pay his outstanding balance. Petitioner was able to offset the amount of P151,368.95, leaving an unpaid balance of P508,631.05. Based on the records, the Court of Appeals concurred with the finding of the trial court that petitioner's outstanding obligation to respondent amounted to P514,639.17.

The Court of Appeals, however, modified the reckoning period for the application of the 6% per annum interest rate on the principal obligation. The Court of Appeals ruled that the interest rate of 6% per annum should be applied on the unpaid amount of P514,639.17 from the date of extrajudicial demand on 6 March 2003. Furthermore, if the obligation is still not satisfied, an interest rate of 6% per annum shall also be applied from the date of finality of the judgment until the total amount awarded is fully paid.

The Court of Appeals also deleted the attorney's fees awarded by the trial court for lack of factual, legal, and equitable justification.

The Issue

Whether the Court of Appeals erred in ruling that petitioner is an independent contractor and in ordering petitioner to refund the monthly drawing allowances he received.

The Court's Ruling

We find the petition without merit. We affirm the ruling of the Court of Appeals with modification.

Petitioner is an Independent Contractor

We affirm the ruling of the trial and appellate courts that petitioner is an independent contractor and not an employee of respondent, as clearly stipulated in the contractual agreements entered into between petitioner and respondent.

The Unit Manager's Agreement dated 19 January 2001 pertinently provides:

xxx. The Unit Manager in performance of his duties defined herein, shall be considered an independent contractor and not an employee of Generali Pilipinas. He shall be free to exercise his own judgment as to time, place and means of soliciting insurance. However, he shall observe and conform to all existing rules and regulations as may be prescribed by Generali Pilipinas from time to time. Under no circumstance shall the Unit Manager (and/or his agents) be considered employees of Generali Pilipinas.[16] (Emphasis supplied)

The Associate Branch Manager's Agreement dated 24 January 2002 similarly states:

The Branch Manager, in the performance of his duties defined herein, shall be considered an independent contractor and not an employee of Generali Pilipinas. He shall be free to exercise his own judgment as to time, place and means of soliciting insurance. However, he shall observe and conform to all existing rules and regulations as may be prescribed by Generali Pilipinas from time to time.[17] (Emphasis supplied)

As an independent contractor, petitioner earned through commissions and was not paid a fixed salary or wage. Petitioner's remuneration on a commission basis is expressly provided under the Unit Manager's Compensation Schedule[18] which was incorporated in the Unit Manager's Agreement, and the Associate Branch Manager's Compensation Schedule[19] which formed part of the Associate Branch Manager's Agreement.

The Unit Manager's Compensation Schedule provides:

II. BASIC REMUNERATION

Override Commissions

Policy Year

% of Basic Commissions*

1

20%

2

10%

3

10%

* Applies to all plans except Five-Year Renewable & Convertible Term, Decreasing Term and other Bancassurance plans. Also excludes the Unit Manager's commissions on his personal businesses.

x x x x[20]

Similarly, the Associate Branch Manager's Compensation Schedule provides:

II. BASIC COMPENSATION

Override Commissions

Policy Year

% of Basic Commissions*

1

8%

2

4%

3

4%

* Applies to all Plans except 5-Year Renewable & Convertible Term, Decreasing Term and other

Bancassurance Plans. Also excludes the Branch Manager's commissions on his personal business.

x x x x[21]

Another factor which militates against the claim of petitioner that he is an employee of respondent is the latter's lack of control over the means and methods employed by petitioner in the performance of his duties. Under the four-fold test in determining the existence of an employer-employee relationship which considers the following elements: (1) the power to hire; (2) the payment of wages; (3) the power to dismiss; and (4) the power to control, the last is the most important factor.[22] As found by the trial court and the Court of Appeals, petitioner carried on the business of his unit independently and exercised wide latitude in the conduct of his business. In fact, as expressly stated in the Unit Manager's Agreement and the Associate Branch Manager's Agreement, petitioner was "free to exercise his own judgment as to time, place and means of soliciting insurance."

Besides, the Decision of the Court of Appeals dated 23 June 2009, affirming the Orders of the trial court which declared petitioner an independent contractor and not an employee of respondent, has already attained finality.[23]

Unpaid Monthly Drawing Allowances

On the issue of the unpaid monthly drawing allowances, petitioner admits receiving the monthly drawing allowances but claims that he is not obligated to refund the allowances which should be considered as his salaries.

The monthly drawing allowance is provided in the Memorandum of Agreement[24] executed by the parties on 19 February 2001. The pertinent provisions of the Memorandum of Agreement read:

That for and in consideration of the mutual covenants and agreements made by the parties hereto, the Company and the Unit Manager, by these presents enter into this Memorandum of Agreement, whereby the Company grants to the Unit Manager a gross MONTHLY DRAWING ALLOWANCE (MDA) of Forty Thousand Pesos (Php40,000.00) per month, subject to the terms and conditions embodied in the Company's Special Agency Leader Drawing Allowance Program. The Unit Manager binds himself/herself to abide by all the terms and conditions of said program as enumerated in this Memorandum of Agreement as follows:

1. Objective

To extend financial assistance to a newly appointed Unit Manager in the form of an advance against the Manager's total expected future override commission earnings over a period of eighteen (18) months or less, for the purpose of addressing his/her monthly income needs, and shall be released by way of a MONTHLY DRAWING ALLOWANCE (MDA), subject to meeting specified monthly validation requirements. This facility (MDA) shall not negate the fact of the Unit Manager being an independent contractor who is free to exercise his own judgment as to time, place and means of soliciting insurance, and shall therefore not be construed as creating an employer-employee relationship between the Company and the Unit Manager.

x x x x

2.5

The monthly drawing allowance shall be repaid and validated monthly over a period of eighteen (18) months or less as per Exhibit B-1, attaching herewith and forming part of this Memorandum of Agreement by applying the Unit Manager's override commission earnings and commissions on personal business, if any, (net of 10% withholding tax) against total monthly drawing allowances.

x x x x

2.6

While enrolled in the program, all present and future commissions of the Manager (override commissions as well as agents' commissions on his/her personal business) shall be pledged to the company as security to offset any net outstanding accountability owed by the manager to the company in case of insufficient earnings as against the advances/monthly drawing allowance received by him/her.

2.7.

At the end of the eighteen (18) months or sooner, should the Unit Manager either opt to get out of the program or be disqualified from the program for the non-meeting of validation requirements, resign or be terminated, the total debits (advances) and total credits (commissions earned) will be determined and this will put the Manager on either a net debit or net credit balance. Any net credit balance will be given in lump sum to the Manager at the end of the Program or if he opts to get out of the program sooner, or upon resignation while a net debit balance will be paid in equal monthly installments for a maximum period of six months at 12% interest per annum if the manager completes the 18 month period, or opts to get out of the Program sooner. In case of resignation or termination however, any debit will be paid in full within three (3) days from termination or acceptance of resignation.[25] (Boldfacing and underscoring supplied)

Under the Memorandum of Agreement executed by the parties, the monthly drawing allowance granted to petitioner is "an advance against the Manager's total expected future override commission earnings over a period of eighteen (18) months or less," and "subject to meeting specified monthly validation requirements." The Memorandum of Agreement requires petitioner to repay and validate the monthly drawing allowances by applying his commission earnings against the monthly drawing allowances.

In his testimony, petitioner admitted receiving the monthly drawing allowances and that he failed to liquidate the allowances he received. The monthly drawing allowance is not petitioner's salary as insisted by him, and he is bound to repay it pursuant to the Memorandum of Agreement.

Imposition of the Stipulated 12% Interest Per Annum on the Unpaid Monthly Drawing Allowances

Under paragraph 2.7 of the Memorandum of Agreement, petitioner is liable to pay 12% interest per annum on the net debit balance of the unpaid monthly drawing allowances. Thus, when petitioner resigned, respondent sent him a letter[26] dated 6 March 2003, accepting petitioner's resignation and demanding payment of petitioner's accountability, with 12% interest in case of delay in payment, pursuant to the Memorandum of Agreement.

Article 2209 of the Civil Code mandates that when a debtor incurs a delay in obligations to pay a sum of money, the indemnity for damages shall be the payment of the interest agreed upon. Article 2209 provides:

Art. 2209. If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six percent per annum. (Emphasis and italicization supplied)

Thus, if the rate of interest is stipulated, such stipulated interest shall apply and not the legal interest,[27] provided the stipulated interest is not excessive and unconscionable.[28] The stipulated interest shall be applied until full payment of the obligation because that is the law between the parties.[29] The legal interest only applies in the absence of stipulated interest.

In this case, petitioner is liable for the P508,631.05 unpaid monthly drawing allowances, which shall earn the stipulated interest of 12% per annum from the time of extrajudicial demand on 6 March 2003 until full payment.

Furthermore, as found by the trial court and the Court of Appeals, petitioner is also liable for the unpaid Health Maintenance Insurance dues, group premium for hospitalization, and other payables amounting to P6,008.12.[30] However, since there is no stipulated interest on these other payables, such amount due shall earn the prevailing legal interest at the rate of 12% per annum from the date of extrajudicial demand on 6 March 2003 until 30 June 2013,[31] and thereafter at the rate of 6% per annum from 1 July 2013 until full payment.[32]

The interest due on the unpaid monthly drawing allowances and unpaid Health Maintenance Insurance dues, group premium for hospitalization, and other payables, accruing as of judicial demand, shall also earn legal interest at the rate of 12% per annum from the date of judicial demand until 30 June 2013, and thereafter at the rate of 6% per annum from 1 July 2013 until full payment. This is in accord with the provision of the Civil Code under Article 2212, Chapter 2 (Actual or Compensatory Damages) of Title XVIII (Damages), which provides that: "Interest due shall earn legal interest from the time it is judicially demanded, although the obligation may be silent upon this point."

WHEREFORE, the Decision dated 31 October 2014 of the Court of Appeals in CA-G.R. CV No. 96584 is AFFIRMED with MODIFICATION, as follows:

Petitioner Gerry S. Mojica is ordered to pay respondent Generali Pilipinas Life Assurance Company, Inc. the following:

- Five Hundred Eight Thousand Six Hundred Thirty- One and 5/100 Pesos (P508,631.05) representing the unpaid monthly drawing allowances plus stipulated interest at 12% per annum to be computed from 6 March 2003, the date of extrajudicial demand, until full payment.
- Six Thousand Eight and 12/100 Pesos (P6,008.12) representing unpaid Health Maintenance Insurance dues, group premium for hospitalization, and other payables plus legal interest at the rate of 12% per annum to be computed from 6 March 2003, the date of extrajudicial demand, until 30 June 2013, and thereafter at the rate of 6% per annum from 1 July 2013 until full payment.
- Legal interest on the interest due on the unpaid monthly drawing allowances and unpaid Health Maintenance Insurance dues, group premium for hospitalization, and other payables, accruing as of judicial demand, at the rate of 12% per annum from the date of judicial demand on 28 September 2004 until 30 June 2013, and thereafter at the rate of 6% per annum from 1 July 2013 until full payment.

SO ORDERED.

Reyes, J., Jr., Lazaro-Javier, and Zalameda, JJ., concur.
Caguioa, J., see dissenting opinion.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 38-51. Penned by Associate Justice Myra V. Garcia-Fernandez, with Associate Justices Fernanda Lampas Peralta and Francisco P. Acosta concurring.

[3] Id. at 35-36.

[4] Id. at 165-171-A. Penned by Judge Maryann E. Corpus-Mañalac.

[5] Id. at 57-61.

[6] Id. at 65-70.

[7] Id. at 78-83.

[8] Id. at 93-96.

[9] Id. at 101.

[10] Id. at 113-117.

[11] Id. at 118-122. Orders dated 7 July 2008 and 31 October 2008.

[12] Id. at 139-143. Penned by Associate Justice Estela M. Perlas-Bernabe (now a member of this Court), with Associate Justices Pampio A. Abarintos and Romeo F. Barza concurring.

[13] Id. at 141.

[14] Id. at 171-171-A.

[15] Id. at 50.

[16] Id. at 65.

[17] Id. at 78.

[18] Id. at 71-72.

[19] Id. at 84-85.

[20] Id. at 71.

[21] Id. at 84.

[22] *Royale Homes Marketing Corp. v. Alcantara*, 739 Phil. 744 (2014); *AFP Mutual Benefit Association, Inc. v. NLRC*, 334 Phil. 712 (1997).

[23] *Rollo*, p. 360. Per Entry of Judgment, the Court of Appeals' Decision dated 23 June 2009 became final and executory on 25 October 2009.

[24] Id. at 93-96.

[25] Id. at 93-94.

[26] Id. at 101. The letter reads:

March 6, 2003

Mr. Gerry S. Mojica
Lot 9 Blk. 6 G. Laurente Ave.,
Brgy. Memije GMA
Cavite

Dear Mr. Mojica,

We hereby accept your resignation as Financial Counselor effective March 01, 2003 and we are canceling your FCs appointment effective the same date.

In view of this you are hereby directed to settle in full your outstanding accountabilities with the company, as of December 2002 this amount tentatively stands at Php551,830.64 pending our Accounting Department's final determination of your accountability with us. In case however that you are unable to do so, you must settle the account over a period of [twelve] (12) months at 12% interest through twelve postdated checks. You are

required to return all Company materials including, but not limited to, Provisional Receipts issued under your name.

We trust you will attend to this matter immediately.

Thank you.

(signed)

Roberto D. Crisologo

AVP-Sales Operations

[27] *Isla v. Estorga*, G.R. No. 233974, 2 July 2018; *Security Bank and Trust Co. v. RTC-Makati*, Br. 61, 331 Phil. 787(1996).

[28] In *Asian Cathay Finance and Leasing Corp. v. Spouses Gravador*, 637 Phil. 504, 510-511 (2010), this Court declared: "It is true that parties to a loan agreement have a wide latitude to stipulate on any interest rate in view of Central Bank Circular No. 905, series of 1982, which suspended the Usury Law ceiling on interest rate effective January 1, 1983. However, interest rates, whenever unconscionable, may be equitably reduced or even invalidated. In several cases, this Court had declared as null and void stipulations on interest and charges that were found excessive, iniquitous and unconscionable." See also *Vitug v. Abuda*, 116 Phil. 540 (2016); *Spouses Silos v. Philippine National Bank*, 738 Phil. 156(2014).

[29] Article 1159 of the Civil Code provides:

Art. 1159. Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith.

[30] The trial court found that the P6,008.12 which plaintiff [respondent] advanced for defendant's [petitioner's] medical insurance and group life insurance was sufficiently proven and that defendant [petitioner] failed to disprove his liability to reimburse the amount. *Rollo*, p. 171.

[31] Central Bank Circular No. 416, issued on 29 July 1974, prescribed a 12% per annum interest on loans, or forbearance of any money, goods or credits, and in judgments, in the absence of a stipulated interest.

[32] *Bangko Sentral ng Pilipinas Monetary Board (BSP-MB) Circular No. 799*, which took effect on 1 July 2013, provides that in the absence of stipulated interest, the rate of interest for loans, or forbearance of any money, goods or credits, and judgments shall be 6% per annum.

CONCURRING AND DISSENTING OPINION

CAGUIOA, J.:

I reiterate my position in my Concurring and Dissenting Opinion in *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*,^[1] and hold that:

- Although unpaid monthly drawing allowances are not loans or forbearances^[2] of money, goods, or credit, parties are free to stipulate on the payment of interest under the principle of autonomy of contracts.^[3] Hence, I agree with the ponencia that the stipulated rate of 12% should be applied until full payment because it is the law between the parties.^[4] However, while I agree that Article 2212^[5] of the Civil Code applies to the stipulated interest that has already accrued on the unpaid monthly drawing allowances at the time of judicial demand (the last paragraph of the dispositive portion), I find that the 6% per annum legal rate provided under Article 2209 in

relation to Article 2212 of the Civil Code should instead be applied.[6]

- Further, I note that unpaid health maintenance insurance dues, group premium for hospitalization, and other payables are likewise not loans or forbearances of money, goods, or credit. Hence, it is not subject to the BSP-prescribed interest rate of 12% per annum[7] In addition, I find that no compensatory interest under Article 2212 of the Civil Code (the last paragraph of the dispositive portion) is due on the unpaid Health Maintenance Insurance dues, group premium for hospitalization, and other payables as no interest has been stipulated.[8] The Court has held that "Article 2212 contemplates the presence of stipulated or conventional interest, i.e., monetary interest, which has accrued when demand was judicially made. In cases where no monetary interest had been stipulated by the parties, no accrued monetary interest could further earn compensatory interest upon judicial demand." [9]

WHEREFORE, I vote that the Decision dated October 31, 2014 of the Court of Appeals in CA-G.R. CV No. 96584 be AFFIRMED with MODIFICATION as follows:

Petitioner Gerry S. Mojica is ordered to pay respondent Generali Pilipinas Life Assurance Company, Inc. the following:

- Five Hundred Eight Thousand Six Hundred Thirty-One and 5/100 Pesos (P508,631.05) representing the unpaid monthly drawing allowances plus stipulated interest at 12% per annum to be computed from March 6, 2003, the date of extra-judicial demand, until full payment; and interest on the stipulated interest due that has accrued thereon from extrajudicial demand to judicial demand, at the rate of 6% per annum from September 28, 2004, the date of judicial demand, until full payment.

- Six Thousand Eight and 12/100 Pesos (P6,008.12) representing unpaid Health Maintenance Insurance dues, group premium for hospitalization, and other payables plus legal interest at the rate of 6% per annum to be computed from extrajudicial demand until full payment.

SO ORDERED.

[1] G.R. No. 225433, August 28, 2019.

[2] J. Caguioa, Concurring and Dissenting Opinion, G.R. No. 225433, August 28, 2019, p. 48. "A forbearance is (1) an agreement or contractual obligation (2) to refrain from enforcing payment or to extend the period for the payment of (3) an obligation that has become due and demandable. (4) in return for some compensation or interest."

[3] CIVIL CODE, Art. 1306.

[4] Ponencia, p. 10.

[5] ART. 2212. Interest due shall earn legal interest from the time it is judicially demanded, although the obligation may be silent upon this point.

[6] See J. Caguioa, Concurring and Dissenting Opinion, supra note 2, at 49, paragraph II(a) of the Guidelines on the Imposition of Interest, which states:

II. All Other Monetary Obligations Not Constituting Loans or Forbearances

- If the parties stipulate on the payment of interest and the rate thereof, the interest due shall be that which has been stipulated. Such interest shall run in accordance with the parties' agreement, or in default thereof, from extrajudicial or judicial demand, and shall continue to run until full payment. Such stipulated interest shall, except

as otherwise provided, be controlling as the compensatory interest. In addition, any stipulated interest that has accrued at the time of judicial demand shall itself earn interest from judicial demand until full payment at the 6% per annum legal rate provided under Article 2209 in relation to Article 2212 of the Civil Code.

[7] See *Reformina v. Tomol, Jr.*, 223 Phil. 472 (1985); *National Power Corp. v. Angas*, 284-A Phil. 39 (1992).

[8] See *Ponencia*, p. 11.

[9] *Isla v. Estorga*, G.R. No. 233974, July 2, 2018, p. 7; see also *Hun Hyung Park v. Eung Won Choi*, G.R. No. 220826, March 27, 2019, p. 17.

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.