

ALMENDRAS MINING CORPORATION, PETITIONER, VS. OFFICE OF THE INSURANCE COMMISSION AND COUNTRY BANKERS INSURANCE CORPORATION, RESPONDENTS.

G.R. No. 72878. April 15, 1988

Ponente: FELICIANO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-72878/>

FELICIANO, J.:

At about two-thirty in the morning of 3 September 1984, the marine cargo vessel LCT "Don Paulo", while on a voyage from Davao to Mariveles, Bataan, was forced aground somewhere in the vicinity of Sogod, Tablas Island, Romblon after having been hit by strong winds and tidal waves brought about by tropical typhoon "Nitang". Later that same day, petitioner Almendras Mining Corporation ("Almendras"), owner of the vessel, executed and filed the corresponding Marine Protest.[1] Subsequently, in a latter dated 6 September 1984,[2] petitioner Almendras formally notified the vessel's insurer, private respondent Country Bankers Insurance Corporation ("Bankers"), of its intention to file a provisional claim for indemnity for damages sustained by the vessel.[3]

Immediately following the marine casualty, private respondent Bankers commissioned the services of Audemus Adjustment Corporation, which estimated the insurer's liability at P2,187,983.00, or the equivalent of seventy percent (70%) of all expenses necessary for the repair of the vessel. Private respondent accepted and approved this estimate.

Salvage operations on the LCT "Don Paulo" were commenced on 5 September 1984. By 24 September 1984, the vessel had been towed to and docked at the Philippine National Oil Corporation (PNOC) marine facility in Bauan, Batangas where repair work on the same was subsequently performed by the PNOC Marine Corporation.

Delay, however, overtook the repair work on the LCT "Don Paulo". Private respondent Bankers explained that the delay was due to the unavailability of spare parts needed in the repair of the vessel's four (4) damaged engines. Notwithstanding this explanation, petitioner Almendras, on 18 April 1985, filed with the public respondent Office at the Insurance Commission an administrative complaint[4] (docketed as Administrative Case No. 006) against private respondent Bankers. In its complaint, petitioner Almendras sought (1) revocation or suspension of private respondent Bankers' Certificate of Authority to engage in the insurance business; (2) an administrative directive ordering immediate completion of all repair work on and delivery to petitioner of the LCT "Don Paulo"; and (3) damages.

At the initial hearings on Administrative Case No. 006 held before public respondent Commission, private respondent Bankers agreed to replace the four (4) damaged engines of the LCT "Don Paulo" with one (1) brand new engine and three (3) reconditioned engines. This entailed a total additional cost of P3,000,000.00, seventy percent (70%) of which private respondent Bankers had previously obligated itself, as insurer, to shoulder. For its part, petitioner Almendras agreed to pay a thirty percent (30%) share in the cost, but only after it had inspected one of the proposed replacement engines -- a brand new Caterpillar D-3408 marine engine -- which petitioner had claimed was not a suitable replacement for the vessel's damaged main engine.

Inspection of the Caterpillar D-3408 engine took place at the premises of the Actrade Machinery Corporation (supplier of the engine) on 16 July 1985 in the presence of representatives of both petitioner and private respondent. Engineers of the PNOC Marine Corporation who conducted the inspection found said engine to have met the engineering requirements of the LCT "Don Paulo"; private respondent Bankers thus anticipated a favorable response in this regard from petitioner Almendras.

The following day, however, petitioner Almendras, reiterating its claim that the proposed Caterpillar D-3408 engine was not at par with the vessel's original but damaged main engine, demanded instead cash settlement of its insurance claim. This unexpected turn of events moved the Insurance Commissioner to terminate the hearing then in progress and to require private respondent Bankers to submit its Answer to the complaint of petitioner Almendras.

Meanwhile, on 13 August 1985, petitioner Almendras filed a separate civil action for damages (docketed as Civil Case No. 3120-P) with the Regional Trial Court of Pasay City.[5]

At the 23 August 1985 Commission hearing, both parties agreed to submit Administrative Case No. 006 for resolution on a single issue -- i.e., whether or not revocation or suspension of private respondent Bankers' Certificate of Authority to engage in the insurance business was justified and proper under the circumstances of this case.

On 23 October 1985, public respondent Commission, through the Insurance Commissioner, issued a Resolution[6] ordering the dismissal of petitioner Almendras' complaint. It was found by the Insurance Commissioner that failure by private respondent Bankers to settle promptly and expeditiously the insurance claim of petitioner Almendras was attributable to the latter's own act of insisting on cash settlement thereof, even after the parties had already agreed upon outright replacement of the vessel's damaged engines. The Insurance Commissioner also stated in his resolution that, assuming that private respondent Bankers had incurred in delay in the repair of the LCT "Don Paulo", nevertheless, there was nothing in the record of the case to show that such delay was unreasonable or was the result of any unfair claim settlement practice -- as defined under the Insurance Code, as amended -- as would warrant revocation or suspension of private respondent's Certificate of Authority.

Petitioner Almendras' Motion for Reconsideration was denied for lack of merit by public respondent Commission on 11 November 1985.[7]

In the present Petition for Certiorari filed with this Court on 28 November 1985, petitioner Almendras presents only one issue for determination -- i.e., whether or not there exist valid and substantial grounds to revoke or suspend private respondent Bankers' Certificate of Authority to engage in the insurance business. Public respondent Commission would, however, raise as an additional issue the argument that the present Petition for Certiorari is improperly filed, that appeal to the Secretary of Finance from public respondent Commission's disputed Resolution and Order is the proper recourse for petitioner under the facts and circumstances of this case.[8]

Viewed in the light of the facts obtaining in Administrative Case No. 006 and the pertinent legal provisions on the matter, we hold that the Court has no jurisdiction to try and decide the instant Petition.

The provisions of the Insurance Code (Presidential Decree No. 1460), as amended, clearly indicate that the Office of the Insurance Commission is an administrative agency vested with regulatory power as well as with adjudicatory authority. Among the several regulatory or non-quasi-judicial duties of the Insurance Commissioner under the Insurance Code is the authority to issue, or refuse issuance of, a Certificate of Authority to a person or entity desirous of engaging in insurance business in the Philippines,[9] and to revoke or suspend such Certificate

of Authority upon a finding of the existence of statutory grounds for such revocation or suspension. The grounds for revocation or suspension of an insurer's Certificate of Authority are set out in Section 241[10] and in Section 247[11] of the Insurance Code as amended. The general regulatory authority of the Insurance Commissioner is described in Section 414 of the Insurance Code, as amended, in the following terms:

"Section 414. The Insurance Commissioner shall have the duty to see that all laws relating to insurance, insurance companies and other insurance matters, mutual benefit associations, and trusts for charitable uses are faithfully executed and to perform the duties imposed upon him by this Code, and shall, notwithstanding any existing laws to the contrary, have sole and exclusive authority to regulate the issuance and sale of variable contracts as defined in section two hundred thirty-two and to provide for the licensing of persons selling such contracts, and to issue such reasonable rules and regulations governing the same.

The Commissioner may issue such rulings, instructions, circulars, orders and decisions as he may deem necessary to secure the enforcement of the provisions of this Code, subject to the approval of the Secretary of Finance. Except as otherwise specified, decisions made by the Commissioner shall be appealable to the Secretary of Finance." (Underscoring supplied)

which Section also specifies the authority to which a decision of the Insurance Commissioner rendered in the exercise of its regulatory function may be appealed.

The adjudicatory authority of the Insurance Commissioner is generally described in Section 416 of the Insurance Code, as amended, which reads as follows:

"Sec. 416. The Commissioner shall have the power to adjudicate claims and complaints involving any loss, damage or liability for which an insurer may be answerable under any kind of policy or contract of insurance, or for which such insurer may be liable under a contract of suretyship, or for which a reinsurer may be sued under any contract or reinsurance it may have entered into, or for which a mutual benefit association may be held liable under the membership certificates it has issued to its members, where the amount of any such loss, damage or liability, excluding interests, cost and attorney's fees, being claimed or sued upon any kind of insurance, bond, reinsurance contract, or membership certificate does not exceed in any single claim one hundred thousand pesos.

x x x x x x x x

The authority to adjudicate granted to the Commissioner under this section shall be concurrent with that of the civil courts, but the filing of a complaint with the Commissioner shall preclude the civil courts from taking cognizance of a suit involving the same subject matter." (Underscoring supplied)

Continuing, Section 416 (as amended by B.P. Blg. 874) also specifies the authority to which appeal may be taken from a final order or decision of the Commissioner given in the exercise of his adjudicatory or quasi-judicial power:

"Any decision, order or ruling rendered by the Commissioner after a hearing shall have the force and effect of a judgment. Any party may appeal from a final order, ruling or decision of the Commissioner by filing with the Commissioner within thirty days from receipt of copy of such order, ruling or decision a notice of appeal to the Intermediate Appellate Court (now the Court of Appeals) in the manner provided for in the Rules of Court for appeals from the Regional Trial Court to the Intermediate Appellate Court (now the Court of Appeals).

x x x x x x x x"(Underscoring supplied)

It may be noted that under Section 9 (3) of B.P. Blg. 129, appeals from a final decision of the Insurance Commissioner rendered in the exercise of his adjudicatory authority now fall within the exclusive appellate jurisdiction of the Court of Appeals.

Petitioner Almendras in his Complaint filed with the Insurance Commission, originally sought remedies which would have required the Insurance Commissioner to adjudicate on matters pertaining to performance and satisfaction by private respondent Bankers of its legal obligations under its Contract of Insurance (policy No. MH-HO/84-305) with petitioner Almendras. The Court observes, however, that both parties had agreed at the 23 August 1985 hearing before the Insurance Commissioner to submit the case for resolution on the sole issue of whether or not revocation or suspension of private respondent Bankers' Certificate of Authority to engage in insurance business was justified. The scope of the issues involved having been so limited, the Insurance Commissioner was left with the task of determining whether or not private respondent Bankers was guilty of an act or acts constituting a statutory ground for revocation or suspension of its Certificate of Authority. Clearly, therefore, the Insurance Commissioner's disputed Resolution and Order was issued in the performance of administrative and regulatory duties and functions and should have been appealed by petitioner to the Office of the Secretary of Finance.

Petitioner Almendras in effect invoked only the Commissioner's regulatory authority to determine whether or not private respondent Bankers had violated provisions of the Insurance Code, as amended. Petitioner had chosen to litigate the substantive aspects of its insurance claim against Bankers in a different forum -- a judicial one -- for it instituted a separate civil action for damages before the Regional Trial Court of Pasay City, on 13 August 1985, that is, after efforts at amicable settlement of Administrative Case No. 006 had failed. Petitioner Almendras had in fact to go before a judicial forum and to limit the proceedings before the Insurance Commissioner to regulatory, non-judicial, matters; the claim of petitioner Almendras was in excess of P100,000.00 and, therefore, fell outside the quasi-judicial jurisdiction of the Insurance Commissioner under Section 416 of the Insurance Code, as amended.

We conclude that petitioner Almendras' remedy after its Motion for Reconsideration in Administrative Case No. 006 had been denied by public respondent Commission was to interpose an appeal to the Secretary of Finance. The present Petition for Certiorari is neither proper nor an appropriate substitute for such an appeal.

WHEREFORE, the Petition for Certiorari is DISMISSED. Costs against petitioner.

SO ORDERED.

Fernan (Chairman), Gutierrez, Jr., Bidin, and Cortes, JJ., concur.

[1] Rollo, p. 20, Annex "H" of Petition.

[2] Id., p. 21, Annex "I" of Petition.

[3] The LCT "Don Paulo" was then insured under Policy No. MH-HO/84-305, issued by private respondent, in the amount of P7,000,000.00 and for the period covering 25 June 1984 to 25 June 1985.

[4] Rollo, pp. 96-98, Annex "9" of Comment of private respondent.

[5] Complaint; Rollo, pp. 112-115.

[6] Rollo, pp. 66-69.

[7] Order; Rollo, p. 70.

[8] Comment; Rollo, pp. 100-106.

[9] Insurance Code, as amended, Secs. 186 and 187.

[10] Section 241 provides in part:

"Section 241. (1) No insurance company doing business in the Philippines shall refuse, without just cause, to pay or settle claims arising under coverages provided by its policies nor shall any such company engage in unfair claim settlement practices. Any of the following acts by an insurance company, if committed without just cause and performed with such frequency as to indicate a general business practice, shall constitute unfair claim settlement practices:

- (a) knowingly misrepresenting to claimants pertinent facts or policy provisions relating to coverages at issue;
- (b) failing to acknowledge with reasonable promptness pertinent communications with respect to claims arising under its policies;
- (c) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under its policies;
- (d) not attempting in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear; or
- (e) compelling policy holders to institute suits to recover amounts due under its policies by offering without justifiable reason substantially less than the amounts ultimately recovered in suits brought by them.

x x x x x x x x

(3) If it is found, after notice and an opportunity to be heard, that an insurance company has violated this section, each instance of non-compliance with paragraph (1) may be treated as a separate violation of this section and shall be considered sufficient cause for the suspension or revocation of the company's certificate of authority."

[11] Section 247 provides:

"Sec. 247. If the Commissioner is of the opinion upon examination or other evidence that any domestic or foreign insurance company is in an unsound condition, or that it has failed to comply with the provisions of law or regulations obligatory upon it, or that its condition or methods of business is such as to render its proceedings hazardous to the public or to its policyholders or that its paid-up capital stock, in the case of a domestic stock company, or its available cash assets, in the case of a domestic mutual company, or its security deposits, in the case of a foreign company is impaired or deficient, or that the margin of solvency required of such company is deficient, the Commissioner is authorized to suspend or revoke all certificates of authority granted to such insurance company, its officers and agents, and no new business shall thereafter be done by such company or for such company by its agent in the Philippines while such suspension, revocation or disability continues or until its authority to do business is restored by the Commissioner. Before restoring such authority, the Commissioner shall require the company concerned to submit to him a business plan showing the company's estimated receipts and disbursements, as well as the basis therefor, for the next succeeding three years."

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.