

## THIRD DIVISION

**[ G.R. No. 213130, September 09, 2020 ]**

**SECURITIES AND EXCHANGE COMMISSION & INSURANCE  
COMMISSION, PETITIONERS, VS. COLLEGE ASSURANCE PLAN  
PHILIPPINES, INC., RESPONDENT.**

**[G.R. No. 218193, September 9, 2020]**

**INSURANCE COMMISSION, PETITIONER, VS. COLLEGE  
ASSURANCE PLAN PHILIPPINES, INC., RESPONDENT.**

### **D E C I S I O N**

**LEONEN, J.:**

The doctrine of immutability of judgment does not apply whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable.

These are consolidated<sup>[1]</sup> cases involving jurisdiction over pre-need companies and subsidiary companies (G.R. No. 218193), and the propriety of extending the period of corporate rehabilitation (G.R. No. 213130). They originate from the Petition for Corporate Rehabilitation<sup>[2]</sup> filed by respondent College Assurance Plan Philippines, Inc., before the Regional Trial Court of Makati City.

G.R. No. 218193 resolves a Petition for Review on Certiorari<sup>[3]</sup> under Rule 45 of the 1997 Rules of Civil Procedure, praying for the issuance of a temporary restraining order and/or writ of preliminary injunction and the reversal of the Court of Appeals Decision<sup>[4]</sup> in CA-G.R. SP No. 124031.

Meanwhile, G.R. No. 213130 is a Petition for Review on Certiorari<sup>[5]</sup> praying for the issuance of a temporary restraining order and/or writ of preliminary injunction and the reversal of the Court of Appeals Decision<sup>[6]</sup> in CA-G.R. SP No. 131991.

The antecedents of G.R. No. 218193 are as follows:

College Assurance Plan Philippines, Inc. (CAPPI) is a domestic corporation engaged in the sale of "pre-need educational plans[.]"<sup>[7]</sup> CAPPI owns 86% of the outstanding capital stock of its subsidiary, the Comprehensive Annuity Plans and Pension (CAP Pension).<sup>[8]</sup>

On August 26, 2005, CAPPI filed a Petition for Rehabilitation before the Makati Regional Trial Court.<sup>[9]</sup> Finding the petition sufficient in form and substance, the Regional Trial Court, in its capacity as a rehabilitation court,<sup>[10]</sup> issued a Stay Order on September 13, 2005.<sup>[11]</sup>

On October 17, 2005, the Securities and Exchange Commission filed its Comment opposing CAPPI's rehabilitation.<sup>[12]</sup>

The rehabilitation court gave due course to CAPPI's Petition for Rehabilitation on December 16, 2005 and referred the case to a receiver.<sup>[13]</sup>

On May 8, 2006, Interim Rehabilitation Receiver Mamerto A. Marcelo (Rehabilitation Receiver Marcelo) submitted an Evaluation Report stating that CAPPI's 2006 Revised Rehabilitation Plan was a "more conservative and realistic approach to rehabilitation."<sup>[14]</sup>

On November 8, 2006, the rehabilitation court approved CAPPI's revised Rehabilitation Plan through a Resolution.<sup>[15]</sup> Its dispositive portion partly provides:

WHEREFORE, premises considered, this court hereby APPROVES the revised Rehabilitation Plan of petitioner subject to the following terms and conditions:

I. For the Board of Directors, Stockholders and Officers of petitioner:

. . . .

b. They are hereby ordered to dispose and sell all these subsidiaries and affiliates not later than December 31, 2008, listed in page 7 of the audited financial statements issued by San Buenaventura & Co., CPAs for year ending December 31, 2004.

. . . .

SO ORDERED.<sup>[16]</sup>

The Securities and Exchange Commission did not move for reconsideration of the rehabilitation court's Resolution.<sup>[17]</sup>

Meanwhile, Republic Act No. 9829 or the Pre-Need Code of the Philippines took effect on December 4, 2009<sup>[18]</sup> Pursuant to Section 5<sup>[19]</sup> and Section 49<sup>[20]</sup> of the law, the Insurance Commission sent a letter to CAP Pension on June 28, 2010, directing its President to "show cause why the company should not be put under conservatorship."<sup>[21]</sup>

Receiving no response, the Insurance Commission informed the Board of Directors of CAP Pension that the corporation was placed under conservatorship and that a conservator had been designated on September 13, 2010.<sup>[22]</sup>

CAPPI filed an Urgent Motion to Enforce Stay Order dated April 12, 2011 before the rehabilitation court.<sup>[23]</sup>

The rehabilitation court issued an April 15, 2011 Order,<sup>[24]</sup> reiterating its jurisdiction over CAPPI and all its assets, including CAP Pension, through the approved rehabilitation plan. In the same Order, the Court directed CAPPI to inform the court "on how to handle the issue of the management and/or sale of [CAP Pension]."<sup>[25]</sup>

Thereafter, the Rehabilitation Receiver and the Philippine Veterans Bank (PVB), as trustee of CAPPI, filed a Manifestation and Motion on May 3, 2011 praying for the "payment of the expenses and fees [to the planholders] . . . from the proceeds of the sale of the properties of the companies controlled by CAP Pension."<sup>[26]</sup>

On May 23, 2011, the Insurance Commission filed a Motion for Reconsideration with Comment/Opposition assailing the April 15, 2011 Order and praying for the denial of the Receiver and PVB's Manifestation and Motion.<sup>[27]</sup>

The rehabilitation court granted the Rehabilitation Receiver and PVB's Manifestation and Motion on June 17, 2011.<sup>[28]</sup>

In a December 12, 2011 Order,<sup>[29]</sup> the rehabilitation court denied the Insurance Commission's Motion for Reconsideration with Comment/Opposition.<sup>[30]</sup>

Aggrieved, the Insurance Commission and the Securities and Exchange Commission filed a Petition for Certiorari before the Court of Appeals assailing the rehabilitation court's orders.<sup>[31]</sup> The Petition was docketed as CA-G.R. SP No. 124031.

In its April 28, 2015 Decision,<sup>[32]</sup> the Court of Appeals dismissed the Insurance Commission's petition. The Court of Appeals found that the rehabilitation court did not gravely abuse its discretion,<sup>[33]</sup> as it "validly acquired jurisdiction over CAP Pension ahead of the Insurance Commission when it granted CAP's Petition for Rehabilitation[.]"<sup>[34]</sup> The dispositive portion of the Court of Appeals Decision reads:

**WHEREFORE**, in view of the foregoing, this Petition for Certiorari is hereby **DISMISSED**.

**SO ORDERED.**<sup>[35]</sup> (Emphasis in the original)

Hence, this Petition (With Urgent Prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction)<sup>[36]</sup> was filed on July 3, 2015.

G.R. No. 213130 involves the rehabilitation court's extension of CAPPI's rehabilitation period and the modification of the revised rehabilitation plan.

Based on the same facts, CAPPI filed a Motion for Extension and Modification of the Rehabilitation Plan on September 21, 2012 before the rehabilitation court. It prays for an extension of the rehabilitation until 2021.<sup>[37]</sup>

Conferences were held to discuss the viability of the extension. In CAPPI's proposed 2012 Revised Rehabilitation Plan, it was stated that a developer is interested in CAPPI's idle real properties.<sup>[38]</sup>

The Insurance Commission and Securities and Exchange Commission opposed CAPPI's motion, arguing that the 2012 Revised Rehabilitation Plan is speculative, erroneously involves CAP Pension's properties, and may be prejudicial to the interest of CAP Pension's planholders.<sup>[39]</sup>

In a September 5, 2013 Order, the rehabilitation court granted CAPPI's motion and approved the 2012 Revised Rehabilitation Plan.

WHEREFORE, premises considered, the Motion for the Extension and Modification of the Rehabilitation Plan filed by petitioner is hereby GRANTED.

The 2012 Revised Rehabilitation Plan as embodied in the Compliance dated December 5, 2012 is hereby APPROVED, which is good for a period of three (3) years, unless sooner terminated by this court for good reason. The same is likewise subject to yearly review to ensure compliance with all the terms and conditions of the plan. Accordingly, the rehabilitation of petitioner College Assurance Plan Philippines, Inc. is hereby extended for a period of three (3) years from date hereof.

SO ORDERED.<sup>[40]</sup>

Assailing the order of the rehabilitation court, the Insurance Commission and the Securities and Exchange Commission filed a Petition for Certiorari<sup>[41]</sup> with the Court of Appeals docketed as CA-G.R. SP. No. 131991.

In its June 18, 2014 Decision,<sup>[42]</sup> the Court of Appeals dismissed the Petition and ruled that under Rule 3, Section 12 of the 2008 Rules of Procedure on Corporate Rehabilitation, the Rehabilitation Receiver has the power to recommend amendments or modifications to the approved rehabilitation plan.<sup>[43]</sup> The approval of these recommendations is left to the discretion of the rehabilitation court, pursuant to Section 22 of the same Rule.<sup>[44]</sup>

According to the Court of Appeals, the designated Rehabilitation Receiver, after having evaluated the proposed Redevelopment Project, financial projections, draft Memorandum of Agreement, Lease Agreement, and Joint Development Agreement, recommended the extension of the rehabilitation plan to three years only, subject to an annual review. The Receiver rejected the proposal to extend it until 2021. Thus, the rehabilitation court made its own assessment and found no sufficient ground for the disapproval of the request for extension of the rehabilitation plan.<sup>[45]</sup>

The dispositive portion of the Court of Appeals Decision reads:

**WHEREFORE**, premises considered, the instant petition is **DISMISSED** for lack of merit Accordingly, the assailed order dated September 5, 2013 of the court a quo is **AFFIRMED**.

**SO ORDERED.**<sup>[46]</sup> (Emphasis in the original)

Hence, petitioners Insurance Commission and Securities and Exchange Commission filed this Petition for Review<sup>[47]</sup> on August 14, 2014.<sup>[48]</sup>

In an August 18, 2014 Resolution,<sup>[49]</sup> this Court, through the Second Division, issued a temporary restraining order enjoining the Court of Appeals, CAPPI, its agents, representatives or other persons acting on its behalf, from implementing the Court of Appeals' June 18, 2014 Decision in CA-G.R. SP No. 131991.<sup>[50]</sup> In the same Resolution, CAPPI was required to file its Comment on the Petition within 10 days from notice thereof.<sup>[51]</sup>

The Second Division issued a September 8, 2014 Resolution<sup>[52]</sup> transferring this case to the First Division.

On September 11, 2014, CAPPI filed a Motion for Reconsideration<sup>[53]</sup> (with Urgent Motion to Lift Temporary Restraining Order) of the August 18, 2014 Resolution.<sup>[54]</sup>

Requesting for an additional period of 10 days, CAPPI filed a Motion for Extension<sup>[55]</sup> to file its comment on the Petition for Review on September 19, 2014. CAPPI eventually filed its Comment<sup>[56]</sup> on October 1, 2014.<sup>[57]</sup>

The Securities and Exchange Commission and the Insurance Commission filed their Reply<sup>[58]</sup> on April 6, 2015.<sup>[59]</sup>

In a July 29, 2015 Resolution,<sup>[60]</sup> this Court transferred this case to the Third Division.

On August 13, 2015, Rehabilitation Receiver Marcelo filed a July 29, 2015 Urgent Motion for Approval to Sell Property.<sup>[61]</sup>

On October 13, 2015, CAPPI filed a Manifestation with Urgent Motion to Resolve,<sup>[62]</sup> manifesting that the 2012 Rehabilitation Plan "provides for the growth of CAP's existing P3.9 billion Trust Fund to P11.737 billion over a period of [25] years[,]"<sup>[63]</sup> and praying for the lifting of the restraining order as well as the resolution of the Petition.

In an October 21, 2015 Resolution,<sup>[64]</sup> the Third Division of this Court referred these cases to the Raffle Committee in view of Justice Francis H. Jardeleza's inhibition due to his prior participation in the case as Solicitor General.

On November 9, 2015, CAPPI filed an Urgent Motion to Resolve (Re: Rehabilitation Receiver's Urgent Motion to Sell Property dated 29 July 2015).<sup>[65]</sup>

In a November 25, 2015 Resolution,<sup>[66]</sup> this Court, through the Second Division, required the parties to file their Comment on the Urgent Motion to Sell Property filed by the counsel for Rehabilitation Receiver Marcelo within 10 days from notice thereof.

On February 1, 2016, CAPPI filed its Comment (Re: Rehabilitation Receiver's July 29, 2015 Urgent Motion for Approval to Sell Property),<sup>[67]</sup> arguing that the sale of the property is not in pursuit of the 2012 Revised Rehabilitation Plan. Allegedly, the restraining order enjoins the implementation of the 2012 Revised Rehabilitation Plan.<sup>[68]</sup>

On February 3, 2016, the Office of the Solicitor General, counsel for Securities and Exchange Commission and Insurance Commission, filed a Motion for Extension of Time to File Comment<sup>[69]</sup> on the Urgent Motion for Approval to Sell Property filed by the Rehabilitation Receiver, requesting for an additional period of 15 days.

The Securities and Exchange Commission and Insurance Commission filed their Comment<sup>[70]</sup> on the Rehabilitation Receiver's Urgent Motion for Approval to Sell Property on February 17, 2016.<sup>[71]</sup>