

## FIRST DIVISION

[ G.R. No. 207277, January 16, 2017 ]

**MALAYAN INSURANCE CO., INC., YVONNE S. YUCHENGCO, ATTY. EMMANUEL G. VILLANUEVA, SONNY RUBIN,<sup>[1]</sup> ENG. FRANCISCO MONDELO, AND MICHAEL REQUIJO,<sup>[2]</sup> PETITIONERS. VS. EMMA CONCEPCION L. LIN,<sup>[3]</sup> RESPONDENT.**

### D E C I S I O N

**DEL CASTILLO, J.:**

Assailed in this Petition for Review on *Certiorari*<sup>[4]</sup> are the December 21, 2012 Decision<sup>[5]</sup> of the Court of Appeals (CA) and its May 22, 2013 Resolution<sup>[6]</sup> in CA-G.R. SP No. 118894, both of which found no grave abuse of discretion in the twin Orders issued by the Regional Trial Court (RTC) of Manila, Branch 52, on September 29, 2010<sup>[7]</sup> and on January 25, 2011<sup>[8]</sup> in Civil Case No. 10-122738.

#### ***Factual Antecedents***

On January 4, 2010, Emma Concepcion L. Lin (Lin) filed a Complaint<sup>[9]</sup> for Collection of Sum of Money with Damages against Malayan Insurance Co., Inc. (Malayan), Yvonne Yuchengco (Yvonne), Atty. Emmanuel Villanueva, Sonny Rubin, Engr. Francisco Mondelo, Michael Angelo Requiyo (collectively, the petitioners), and the Rizal Commercial and Banking Corporation (RCBC). This was docketed as Civil Case No. 10-122738 of Branch 52 of the Manila RTC.

Lin alleged that she obtained various loans from RCBC secured by six clustered warehouses located at Plaridel, Bulacan; that the five warehouses were insured with Malayan against fire for P56 million while the remaining warehouse was insured for P2 million; that on February 24, 2008, the five warehouses were gutted by fire; that on April 8, 2008 the Bureau of Fire Protection (BFP) issued a Fire Clearance Certification to her (April 8, 2008 FCC) after having determined that the cause of fire was accidental; that despite the foregoing, her demand for payment of her insurance claim was denied since the forensic investigators hired by Malayan claimed that the cause of the fire was arson and not accidental; that she sought assistance from the Insurance Commission (IC) which, after a meeting among the parties and a conduct of reinvestigation into the cause/s of the fire, recommended that Malayan pay Lin's insurance claim and/or accord great weight to the BFP's findings; that in defiance thereof, Malayan still denied or refused to pay her insurance claim; and that for these reasons, Malayan's corporate officers should also be held liable for acquiescing to Malayan's unjustified refusal to pay her insurance claim.

As against RCBC, Lin averred that notwithstanding the loss of the mortgaged

properties, the bank refused to go after Malayan and instead insisted that she herself must pay the loans to RCBC, otherwise, foreclosure proceedings would ensue; and that to add insult to injury, RCBC has been compounding the interest on her loans, despite RCBC's failure or refusal to go after Malayan.

Lin thus prayed in Civil Case No. 10-122738 that judgment be rendered ordering petitioners to pay her insurance claim plus interest on the amounts due or owing her; that her loans and mortgage to RCBC be deemed extinguished as of February 2008; that RCBC be enjoined from foreclosing the mortgage on the properties put up as collaterals; and that petitioners be ordered to pay her P1,217,928.88 in the concept of filing fees, costs of suit, P1 million as exemplary damages, and P500,000.00 as attorney's fees.

Some five months later, or on June 17, 2010, Lin filed before the IC an administrative case<sup>[10]</sup> against Malayan, represented this time by Yvonne. This was docketed as Administrative Case No. 431.

In this administrative case, Lin claimed that since it had been conclusively found that the cause of the fire was "accidental," the only issue left to be resolved is whether Malayan should be held liable for unfair claim settlement practice under Section 241 in relation to Section 247 of the Insurance Code due to its unjustified refusal to settle her claim; and that in consequence of the foregoing failings, Malayan's license to operate as a non-life insurance company should be revoked or suspended, until such time that it fully complies with the IC Resolution ordering it to accord more weight to the BFP's findings.

On August 17, 2010, Malayan filed a motion to dismiss Civil Case No. 10-122738 based on forum shopping. It argued that the administrative case was instituted to prompt or incite IC into ordering Malayan to pay her insurance claim; that the elements of forum shopping are present in these two cases because there exists identity of parties since Malayan's individual officers who were impleaded in the civil case are also involved in the administrative case; that the same interests are shared and represented in both the civil and administrative cases; that there is identity of causes of action and reliefs sought in the two cases since the administrative case is merely disguised as an unfair claim settlement charge, although its real purpose is to allow Lin to recover her insurance claim from Malayan; that Lin sought to obtain the same reliefs in the administrative case as in the civil case; that Lin did not comply with her sworn undertaking in the Certification on Non-Forum Shopping which she attached to the civil case, because she deliberately failed to notify the RTC about the pending administrative case within five days from the filing thereof.

This motion to dismiss drew a Comment/Opposition,<sup>[11]</sup> which Lin filed on August 31, 2010.

### ***Ruling of the Regional Trial Court***

In its Order of September 29, 2010,<sup>[12]</sup> the RTC denied the Motion to Dismiss, thus:

WHEREFORE, the *MOTION TO DISSMISS* filed by [petitioners] is hereby DENIED for lack of merit.

Furnish the parties through their respective [counsels] with a copy each [of] the Order.

SO ORDERED.<sup>[13]</sup>

The RTC held that in the administrative case, Lin was seeking a relief clearly distinct from that sought in the civil case; that while in the administrative case Lin prayed for the suspension or revocation of Malayan's license to operate as a non-life insurance company, in the civil case Lin prayed for the collection of a sum of money with damages; that it is abundantly clear that any judgment that would be obtained in either case would not be *res judicata* to the other, hence, there is no forum shopping to speak of.

In its Order of January 25, 2011,<sup>[14]</sup> the RTC likewise denied, for lack of merit, petitioners' Motion for Reconsideration.

### ***Ruling of the Court of Appeals***

Petitioners thereafter sued out a Petition for *Certiorari* and Prohibition<sup>[15]</sup> before the CA. However, in a Decision<sup>[16]</sup> dated December 21, 2012, the CA upheld the RTC, and disposed as follows:

WHEREFORE absent grave abuse of discretion on the part of respondent Judge, the Petition for *Certiorari* and Prohibition (with Temporary Restraining Order and Preliminary Injunction) is DISMISSED.

SO ORDERED.<sup>[17]</sup>

The CA, as did the RTC, found that Lin did not commit forum shopping chiefly for the reason that the issues raised and the reliefs prayed for in the civil case were essentially different from those in the administrative case, hence Lin had no duty at all to inform the RTC about the institution or pendency of the administrative case.

The CA ruled that forum shopping exists where the elements of *litis pendentia* concurred, and where a final judgment in one case will amount to *res judicata* in the other. The CA held that of the three elements of forum shopping *viz.*, (1) identity of parties, or at least such parties as would represent the same interest in both actions, (2) identity of rights asserted and reliefs prayed for, the relief being founded on the same facts and (3) identity of the two proceedings such that any judgment rendered in one action will, regardless of which party is successful, amount to *res judicata* in the other action under consideration, only the first element may be deemed present in the instant case. The CA held that there is here identity of parties in the civil and administrative cases because Lin is the complainant in both the civil and administrative cases, and these actions were filed against the same petitioners, the same RCBC and the same Malayan, represented by Yvonne, respectively. It held that there is however no identity of rights asserted and reliefs prayed for because in the civil case, it was Lin's assertion that petitioners had violated her rights to recover the full amount of her insurance claim, which is why she prayed/demanded that petitioners pay her insurance claim plus damages; whereas in the administrative case, Lin's assertion was that petitioners were guilty of unfair claim settlement practice, for which reason she prayed that Malayan's license to operate as an insurance company be revoked or suspended; that the

judgment in the civil case, regardless of which party is successful, would not amount to *res judicata* in the administrative case in view of the different issues involved, the dissimilarity in the quantum of evidence required, and the distinct mode or procedure to be observed in each case.

Petitioners moved for reconsideration<sup>[18]</sup> of the CA's Decision, but this motion was denied by the CA in its Resolution of May 22, 2013.<sup>[19]</sup>

### **Issues**

Before this Court, petitioners instituted the present Petition,<sup>[20]</sup> which raises the following issues:

The [CA] not only decided questions of substance contrary to law and the applicable decisions of this Honorable Court, it also sanctioned a flagrant departure from the accepted and usual course of judicial proceeding.

#### **A.**

The [CA] erred in not dismissing the Civil Case on the ground of willful and deliberate [forum shopping] despite the fact that the civil case and the administrative case both seek the payment of the same fire insurance claim.

#### **B.**

The [CA] erred in not dismissing the civil case for failure on the part of [Lin] to comply with her undertaking in her verification and certification of non-forum shopping appended to the civil complaint.<sup>[21]</sup>

### ***Petitioners' Arguments***

In praying for the reversal of the CA Decision, petitioners argue that regardless of nomenclature, it is Lin and no one else who filed the administrative case, and that she is not a mere complaining witness therein; that it is settled that only substantial identity of parties is required for *res judicata* to apply; that the sharing of the same interest is sufficient to constitute identity of parties; that Lin has not denied that the subject of both the administrative case and the civil case involved the same fire insurance claim; that there is here identity of causes of action, too, because the ultimate objective of both the civil case and the administrative case is to compel Malayan to pay Lin's fire insurance claim; that although the reliefs sought in the civil case and those in the administrative case are worded differently, Lin was actually asking for the payment of her insurance claim in both cases; that it is well-entrenched that a party cannot escape the operation of the principle in *res judicata* that a cause of action cannot be litigated twice just by varying the form of action or the method of presenting the case; that *Go v. Office of the Ombudsman*<sup>[22]</sup> is inapplicable because the issue in that case was whether there was unreasonable delay in withholding the insured's claims, which would warrant the revocation or suspension of the insurers' licenses, and not whether the insurers should pay the insured's insurance claim; that *Almendras Mining Corporation v. Office of the*

*Insurance Commission*<sup>[23]</sup> does not apply to this case either, because the parties in said case agreed to submit the case for resolution on the sole issue of whether the revocation or suspension of the insurer's license was justified; and that petitioners will suffer irreparable injury as a consequence of having to defend themselves in a case which should have been dismissed on the ground of forum shopping.

### ***Respondents Arguments***

Lin counters that as stressed in *Go v. Office of the Ombudsman*,<sup>[24]</sup> an administrative case for unfair claim settlement practice may proceed simultaneously with, or independently of, the civil case for collection of the insurance proceeds filed by the same claimant since a judgment in one will not amount to *res judicata* to the other, and *vice versa*, due to the variance or differences in the issues, in the quantum of evidence, and in the procedure to be followed in prosecuting the cases; that in this case the CA cited the teaching in *Go v. Office of the Ombudsman* that there was no grave abuse of discretion in the RTC's dismissal of petitioners' motion to dismiss; that the CA correctly held that the RTC did not commit grave abuse of discretion in denying petitioners' motion to dismiss because the elements of forum shopping were absent; that there is here no identity of parties because while she (respondent) is the plaintiff in the civil case, she is only a complaining witness in the administrative case since it is the IC that is the real party in interest in the administrative case; that the cause of action in the civil case consists of Malayan's failure or refusal to pay her insurance claim, whereas in the administrative case, it consists of Malayan's unfair claim settlement practice; that the issue in the civil case is whether Malayan is liable to pay Lin's insurance claim, while the issue in the administrative case is whether Malayan's license to operate should be revoked or suspended for engaging in unfair claim settlement practice; and that the relief sought in the civil case consists in the payment of a sum of money plus damages, while the relief in the administrative case consists of the revocation or suspension of Malayan's license to operate as an insurance company. According to Lin, although in the administrative case she prayed that the IC Resolution ordering Malayan to accord weight to the BFP's findings be declared final, this did not mean that she was therein seeking payment of her insurance claim, but rather that the IC can now impose the appropriate administrative sanctions upon Malayan; that if Malayan felt compelled to pay Lin's insurance claim for fear that its license to operate as an insurance firm might be suspended or revoked, then this is just a logical result of its failure or refusal to pay the insurance claim; that the judgment in the civil case will not amount to *res judicata* in the administrative case, and *vice versa*, pursuant to the case law ruling in *Go v. Office of the Ombudsman*<sup>[25]</sup> and in *Almendras v. Office of the Insurance Commission*,<sup>[26]</sup> both of which categorically allowed the insurance claimants therein to file both a civil and an administrative case against insurers; that the rule against forum shopping was designed to serve a noble purpose, *viz.*, to be an instrument of justice, hence, it can in no way be interpreted to subvert such a noble purpose.

### **Our Ruling**

We deny this Petition. We hold that the case law rulings in the *Go* and *Almendras* cases<sup>[27]</sup> control and govern the case at bench.

First off, it is elementary that "an order denying a motion to dismiss is merely