

SECOND DIVISION

[G.R. No. 205206, March 16, 2016]

BANK OF THE PHILIPPINE ISLANDS AND FGU INSURANCE CORPORATION (PRESENTLY KNOWN AS BPI/MS INSURANCE CORPORATION), PETITIONERS, VS. YOLANDA LAINGO, RESPONDENT.

DECISION

CARPIO, J.:

The Case

This is a petition for review on certiorari^[1] assailing the Decision dated 29 June 2012^[2] and Resolution dated 11 December 2012^[3] of the Court of Appeals in CA-G.R. CV No. 01575.

On 20 July 1999, Rheozel Laingo (Rheozel), the son of respondent Yolanda Laingo (Laingo), opened a "Platinum 2-in-1 Savings and Insurance" account with petitioner Bank of the Philippine Islands (BPI) in its Claveria, Davao City branch. The Platinum 2-in-1 Savings and Insurance account is a savings account where depositors are automatically covered by an insurance policy against disability or death issued by petitioner FGU Insurance Corporation (FGU Insurance), now known as BPI/MS Insurance Corporation. BPI issued Passbook No. 50298 to Rheozel corresponding to Savings Account No. 2233-0251-11. A Personal Accident Insurance Coverage Certificate No. 043549 was also issued by FGU Insurance in the name of Rheozel with Laingo as his named beneficiary.

On 25 September 2000, Rheozel died due to a vehicular accident as evidenced by a Certificate of Death issued by the Office of the Civil Registrar General of Tagum City, Davao del Norte. Since Rheozel came from a reputable and affluent family, the Daily Mirror headlined the story in its newspaper on 26 September 2000.

On 27 September 2000, Laingo instructed the family's personal secretary, Alice Torbanos (Alice) to go to BPI, Claveria, Davao City branch and inquire about the savings account of Rheozel. Laingo wanted to use the money in the savings account for Rheozel's burial and funeral expenses.

Alice went to BPI and talked to Jaime Ibe Rodriguez, BPI's Branch Manager regarding Laingo's request. Due to Laingo's credit standing and relationship with BPI, BPI accommodated Laingo who was allowed to withdraw P995,000 from the account of Rheozel. A certain Ms. Laura Cabico, an employee of BPI, went to Rheozel's wake at the Cosmopolitan Funeral Parlor to verify some information from Alice and brought with her a number of documents for Laingo to sign for the withdrawal of the P995,000.

More than two years later or on 21 January 2003, Rheozel's sister, Rhealyn Laingo-Concepcion, while arranging Rheozel's personal things in his room at their residence in Ecoland, Davao City, found the Personal Accident Insurance Coverage Certificate No. 043549 issued by FGU Insurance. Rhealyn immediately conveyed the information to Laingo.

Laingo sent two letters dated 11 September 2003 and 7 November 2003 to BPI and FGU Insurance requesting them to process her claim as beneficiary of Rheozel's insurance policy. On 19 February 2004, FGU Insurance sent a reply-letter to Laingo denying her claim. FGU Insurance stated that Laingo should have filed the claim within three calendar months from the death of Rheozel as required under Paragraph 15 of the Personal Accident Certificate of Insurance which states:

15. Written notice of claim shall be given to and filed at FGU Insurance Corporation within three calendar months of death or disability.

On 20 February 2004, Laingo filed a Complaint^[4] for Specific Performance with Damages and Attorney's Fees with the Regional Trial Court of Davao City, Branch 16 (trial court) against BPI and FGU Insurance.

In a Decision^[5] dated 21 April 2008, the trial court decided the case in favor of respondents. The trial court ruled that the prescriptive period of 90 days shall commence from the time of death of the insured and not from the knowledge of the beneficiary. Since the insurance claim was filed more than 90 days from the death of the insured, the case must be dismissed. The dispositive portion of the Decision states:

PREMISES CONSIDERED, judgment is hereby rendered dismissing both the complaint and the counterclaims.

SO ORDERED.^[6]

Laingo filed an appeal with the Court of Appeals.

The Ruling of the Court of Appeals

In a Decision dated 29 June 2012, the Court of Appeals reversed the ruling of the trial court. The Court of Appeals ruled that Laingo could not be expected to do an obligation which she did not know existed. The appellate court added that Laingo was not a party to the insurance contract entered into between Rheozel and petitioners. Thus, she could not be bound by the 90-day stipulation. The dispositive portion of the Decision states:

WHEREFORE, the Appeal is hereby GRANTED. The Decision dated April 21, 2008 of the Regional Trial Court, Branch 16, Davao City, is hereby REVERSED and SET ASIDE.

Appellee Bank of the Philippine Islands and FGU Insurance Corporation are DIRECTED to PAY jointly and severally appellant Yolanda Laingo Actual Damages in the amount of P44,438.75 and Attorney's Fees in the amount of P200,000.00.

Appellee FGU Insurance Corporation is also DIRECTED to PAY appellant

the insurance proceeds of the Personal Accident Insurance Coverage of Rheozel Laingo with legal interest of six percent (6%) *per annum* reckoned from February 20, 2004 until this Decision becomes final. Thereafter, an interest of twelve percent (12%) *per annum* shall be imposed until fully paid.

SO ORDERED.^[7]

Petitioners filed a Motion for Reconsideration which was denied by the appellate court in a Resolution dated 11 December 2012.

Hence, the instant petition.

The Issue

The main issue for our resolution is whether or not Laingo, as named beneficiary who had no knowledge of the existence of the insurance contract, is bound by the three calendar month deadline for filing a written notice of claim upon the death of the insured.

The Court's Ruling

The petition lacks merit.

Petitioners contend that the words or language used in the insurance contract, particularly under paragraph 15, is clear and plain or readily understandable by any reader which leaves no room for construction. Petitioners also maintain that ignorance about the insurance policy does not exempt respondent from abiding by the deadline and petitioners cannot be faulted for respondent's failure to comply.

Respondent, on the other hand, insists that the insurance contract is ambiguous since there is no provision indicating how the beneficiary is to be informed of the three calendar month claim period. Since petitioners did not notify her of the insurance coverage of her son where she was named as beneficiary in case of his death, then her lack of knowledge made it impossible for her to fulfill the condition set forth in the insurance contract.

In the present case, the source of controversy stems from the alleged non-compliance with the written notice of insurance claim to FGU Insurance within three calendar months from the death of the insured as specified in the insurance contract. Laingo contends that as the named beneficiary entitled to the benefits of the insurance claim she had no knowledge that Rheozel was covered by an insurance policy against disability or death issued by FGU Insurance that was attached to Rheozel's savings account with BPI. Laingo argues that she dealt with BPI after her son's death, when she was allowed to withdraw funds from his savings account in the amount of P995,000. However, BPI did not notify her of the attached insurance policy. Thus, Laingo attributes responsibility to BPI and FGU Insurance for her failure to file the notice of insurance claim within three months from her son's death.

We agree.