

THIRD DIVISION

[G.R. No. 183212, March 16, 2015]

**WALLEM PHILIPPINES SERVICES, INC. AND WALLEM SHIP
MANAGEMENT, LTD., PETITIONERS, VS. HEIRS OF THE LATE
PETER PADRONES, RESPONDENTS.**

D E C I S I O N

PERALTA, J.:

Before the Court is a petition for review on *certiorari* assailing the Decision^[1] and Resolution^[2] of the Court of Appeals (CA), dated August 17, 2007 and May 19, 2008, respectively, in CA-G.R. SPNo. 94357.

The factual and procedural antecedents of the case are as follows:

Peter Padrones (*Padrones*) was employed as a "motorman" by petitioners on board the vessel M/V "Spirit" from December 30, 1998 to November 23, 1999.^[3] He finished his contract and was repatriated to the Philippines after completion thereof.

On April 25, 2001, Padrones died of cardio-respiratory arrest brought about by complications of lung cancer.^[4] Thereafter, or on July 18, 2001, herein respondents, filed with the National Labor Relations Commission (*NLRC*) a Complaint^[5] against herein petitioners for recovery of death benefits, exemplary and moral damages, child allowance, burial expenses and attorney's fees arising from the death of Padrones. In their Position Paper,^[6] respondents alleged that Padrones' death is compensable because the cause of such death was aggravated by tuberculosis, an illness which he acquired during the existence of his contract.

On October 30, 2003, the Labor Arbiter (*LA*) handling the case rendered judgment in favor of herein respondents. The dispositive portion of the *LA*'s Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered directing respondents Wallem Maritime Services, Inc. and Wallem Ship Management Ltd. to pay the complainants heirs of Peter Padrones, jointly and solidarity the sum of US\$65,000.00 equivalent to death benefits under the POEA Standard Employment Contract, and attorney's fees [equivalent] to ten percent (10%) of the award as well as dismissing the prayer for damages for lack of merit.

The award is payable in Philippine peso at the rate of exchange prevailing at the time of payment.

SO ORDERED.^[7]

Aggrieved, petitioners filed an appeal with the NLRC contending that, contrary to the claims of respondents that Padrones died of tuberculosis, he, in fact, died of lung cancer.^[8] Petitioners also argued that Padrones' death is not compensable because he did not die during the effectivity of his contract; instead, he died one year and five months after his employment contract expired and that his death was due to an illness which was not related to nor contracted from his employment.^[9]

On April 18, 2005, the NLRC promulgated its Decision^[10] reversing the Decision of the LA and dismissing respondents' complaint for lack of merit. The NLRC held that:

x x x x

x x x "as over emphasized by appellant [herein petitioners] the seafarer [Padrones] passed away one year and five months from the time he finished his employment contract. The employment contract expired on October 30, 1999, but was repatriated on November 23, 1999; Mr. Padrones, the seafarer died on April 25, 2001. Clearly, the employment contract was no longer in force when the seafarer died. Applying the POEA SEC [Standard Employment Contract], complainants are not entitled to death benefits.

Respondents-appellants were able to belie appellee's allegation that complainant was repatriated due to medical reasons. Appellants submitted in evidence a copy of the CLAIM FORM filled up by Mr. Padrones when he reported to respondent's office after sign off from the vessel. In the said claim form, the deceased was asked of his claims, including claims for illness or injury. Mr. Padrones affixed, N/A or "not applicable."

x x x x^[11]

Respondents filed a Motion for Reconsideration,^[12] but the NLRC denied it in its Resolution^[13] dated February 24, 2006.

Respondents then filed a special civil action for *certiorari* with the CA contending that the NLRC committed grave abuse of discretion in reversing the decision of the LA which granted death benefits in their favor.^[14]

In its assailed Decision promulgated on August 17, 2007, the CA ruled in respondents' favor. The CA held that, while respondents are not entitled to death benefits, they should be paid disability benefits which has accrued in favor of Padrones prior to his death. The CA held that:

x x x x

Clearly, Padrones is entitled to be compensated - not of death benefits as awarded by the Labor Arbiter - but of disability benefits caused by his

illness. We cannot grant the award of death benefits as Padrones died after the completion of the employment contract. However, We rule and so hold that his death should not in any way forfeit his right to be entitled to disability benefits which has accrued even prior to his death.

x x x x

While there was no disability claim instituted by Padrones, this will not preclude this Court from awarding disability benefits rightly due to Padrones. From the circumstances leading to his death, there can be no other logical conclusion why Padrones was not able to file for disability benefits than the deterioration of his condition which prevented him from doing the same. In fact, he died after only one (1) year and five (5) months from his repatriation. During the time that he was ill, it cannot be expected that Padrones would have thought of, much less had the time to institute a claim and do other legal matters. His primary concern then was¹ his worsening condition. His disability claims had been overtaken by his death such that his heirs filed the instant complaint for death benefits. It would be unjust and unfair if We will not allow Padrones' entitlement to disability benefits merely by his failure to file one. The protection and compassion extended by the State to the seamen working on-board ocean-going vessels would best be served if We will treat this complaint as one for disability benefits which is rightly due to Padrones, as substituted by his heirs.

x x x x^[15]

Accordingly, the CA disposed of the case as follows:

WHEREFORE, premises considered, finding grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the NLRC in dismissing the complaint filed by petitioners, the instant petition for certiorari is **GRANTED**. The Decision dated April 18, 2005 and the Resolution dated February 24, 2006, respectively, of the NLRC are **SET ASIDE**. The Decision dated October 30, 2003 of the Labor Arbiter is hereby **REINSTATED** with a **MODIFICATION** that respondents should pay to Peter Padrones, herein represented by his heirs, the sum of US\$60,000.00 as **disability benefits** to be paid in Philippine currency equivalent at the exchange rate prevailing during the time of payment. The award of attorney's fees is likewise maintained.

SO ORDERED.^[16]

Petitioners filed a Motion for Reconsideration,^[17] but the CA denied it in its Resolution dated May 19, 2008.

Hence, the present petition raising the following issues:

I.

WHETHER THE COURT OF APPEALS MAY AWARD DISABILITY BENEFITS
IN A CASE FOR DEATH BENEFITS

II.

WHETHER THE DECISION OF THE COURT OF APPEAL CONSTITUTES A
DENIAL OF DUE PROCESS

III.

WHETHER THE DECISION OF THE COURT OF APPEALS IS ACCORDANCE
WITH LAW^[18]

The basic issue in the present case is whether the CA erred in awarding disability benefits in favor of respondents who were asking for death benefits.

The Court finds the petition meritorious.

Preliminarily, the Court agrees with the CA and the NLRC that herein respondents are not entitled to death benefits.

It is settled that the terms and conditions of a seafarer's employment, including claims for death and disability benefits, is a matter governed, not only by medical findings, but by the contract he entered into with his employer and the law which is deemed integrated therein.^[19] In the present case, considering that Padrones' employment contract was executed in December 1998, the provisions of POEA Standard Employment Contract (POEA-SEC), based on POEA Memorandum Circular No. 55, series of 1996, govern. Section 20(A) of the POEA-SEC provides as follows:

SECTION 20. COMPENSATION AND BENEFITS

A. COMPENSATION AND BENEFITS FOR DEATH

1. In case of death of the seafarer **during the term of his contract**, the employer shall pay his beneficiaries the Philippine Currency equivalent to the amount of Fifty Thousand US dollars (US\$50,000) and an additional amount of Seven Thousand US dollars (US\$7,000) to each child under the age of twenty-one (21) but not exceeding four (4) children, at the exchange rate prevailing during the time of payment. (Emphasis supplied.)

Thus, it is clear that for the death of a seafarer to be compensable, the same must occur during the term of his contract of employment.^[20] If the seaman dies after the termination of his contract, his beneficiaries are not entitled to death benefits.^[21] In the instant case, Padrones' employment contract ended on November 23, 1999. He died on April 25, 2001, more than one (1) year and five (5) months from the time his employment contract expired. It, therefore, follows that respondents,