

FIRST DIVISION

[G. R. NO. 158883, April 19, 2006]

**PHILIPPINE TRANSMARINE CARRIERS, INC., PETITIONER, VS.
JOHN MELCHOR A. LAURENTE, SUBSTITUTED BY JUAN A.
LAURENTE, JR. AND NATIVIDAD A. AQUINO, RESPONDENTS.**

D E C I S I O N

CHICO-NAZARIO, J.:

Assailed in this Petition for Review under Rule 45 of the Rules of Court is the Decision^[1] dated 10 January 2003 of the Court of Appeals dismissing petitioner's Special Civil Action for *Certiorari* under Rule 65, and the Resolution dated 30 June 2003 denying petitioner's motion for reconsideration.

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

John Melchor A. Laurente (John Melchor) was employed as Second Assistant Engineer by petitioner Philippine Transmarine Carriers, Inc. for and in behalf of its principal, Lucky Ocean Marine Corporation, after he underwent a pre-employment medical examination at Physician's Diagnostic Center, petitioner's accredited clinic, and was given a clean bill of health. John Melchor signed a twelve-month contract with a basic monthly salary of US\$739.00.

On 20 June 1993, John Melchor embarked the vessel *Standard Star* where he was assigned at the engine room. After three months, he complained of dizziness and nausea and requested for his repatriation. On 5 October 1993, he arrived in the Philippines and immediately reported to petitioner, which referred him to a doctor for medical treatment at its expense. John Melchor was diagnosed with hypertension and chronic renal failure classified as disability Grade I. On 7 June 1994, he underwent kidney transplant. He was subsequently paid sickness allowance in the amount of P78,962.15 covering the period from 6 October 1993 to 2 February 1994.

On 30 March 1995, John Melchor filed a complaint against petitioner, Pioneer Insurance and Surety Corporation, and Lucky Ocean Marine Corporation for payment of disability benefits on the basis of the amendment to the Philippine Overseas Employment Administration (POEA) Standard Employment Contract increasing the total disability benefit from US\$11,000.00 to US\$50,000.00 effective 1 March 1994.

Petitioner disputed John Melchor's claim for disability benefit alleging that the latter did not disclose his actual medical condition that he had hypertension and kidney trouble during his pre-employment medical examination; that John Melchor was on board the vessel for only a little over three months such that his illness could not have been the result of work; and that although John Melchor was declared totally disabled only on 20 March 1994, his illness occurred on or before 5 October 1993 when he disembarked from the vessel, i.e., prior to the effectivity of the new

rate of disability benefits on 1 March 1994.

Labor Arbiter Pedro C. Ramos rendered a decision ordering petitioner to pay the amount of US\$50,000.00, or its peso equivalent, as disability benefit.

Petitioner appealed to the National Labor Relations Commission (NLRC), which rendered a decision on 31 May 1999 reversing the Labor Arbiter's decision and reducing the disability benefit to US\$11,000.00. However, on a motion for reconsideration filed by respondent, the NLRC reinstated the award of the disability benefit in the amount of US\$50,000.00 in a Resolution dated 21 June 2000, which reads:

WHEREFORE, our decision dated May 31, 1999 is reconsidered. In lieu of US\$11,000.00, respondents are hereby directed to jointly and severally pay the complainant his disability benefit of US\$50,000.00.^[2]

Petitioner's motion for reconsideration thereof was denied in a Resolution dated 29 December 2000.

On 20 April 2001, petitioner filed a Special Civil Action for *Certiorari* under Rule 65. This was dismissed by the Court of Appeals in the assailed Decision dated 10 January 2003, and a motion for reconsideration thereof was denied by the same court in the assailed Resolution dated 30 June 2003. The dispositive portion of the Decision of the Court of Appeals reads:

WHEREFORE, the petition is DISMISSED for lack of merit.^[3]

Hence, this appeal where petitioner raises but one issue: petitioner claims that the 1 March 1994 amendment to the POEA Standard Employment Contract, which increased the disability benefits of seamen from US\$11,000 to US\$50,000, should not apply to John Melchor's claim. John Melchor, on the other hand, claims that he should be entitled to US\$60,000 instead of the US\$50,000 awarded by the NLRC and the Court of Appeals, citing Appendix 1-A of the schedule of disability allowances in the POEA Standard Employment Contract, which entitles those suffering from impediment Grade 1 to 120% of the maximum rate of US\$50,000.

On 30 October 2003, and during the pendency of this appeal, John Melchor died of pulmonary congestion at 41 years of age.^[4] A motion for substitution filed by John Melchor's parents, Juan A. Laurente, Jr. and Natividad A. Aquino, was granted by this Court on 29 March 2004.^[5]

**The 31 March 1994 amendment
that increased the disability benefits of seamen
should apply to John Melchor's claim.**

The NLRC ruled, and the Court of Appeals agreed, that the 31 March 1994 amendment to the POEA Standard Employment Contract increasing the disability benefits of seamen from US\$11,000 to US\$50,000 should apply to John Melchor's claim. This is pursuant to Section 2 of the primary contract between petitioner and John Melchor which provides that "the terms and conditions of the Revised Employment Contract for seafarers governing the employment of all Filipino Seafarers approved by the POEA/DOLE on July 14, 1989 under Memorandum

Circular No. 41, series of 1989, and amending circulars relative thereto shall be strictly and faithfully observed.^[6]

The NLRC further ruled:

The employment contract of the complainant was twelve (12) months (June 20, 1993 to June 1994). The illness of the complainant was discovered on May 20, 1994, a date within the twelve-month period of the employment contract and already covered by the effectivity of the new rate of disability benefits under the Revised Employment Contract for seafarers. The revision of the rate of disability benefits under the amended POEA Standard Employment Contract is corrective in nature and favorable to the seafarers. To conform with the prevailing rate, there is a need to adjust the disability benefits awarded to the complainant.^[7]

Petitioner contests this ruling, asserting the inapplicability of the 31 March 1994 amendment: (a) because John Melchor's cause of action, if any, arose at a time prior to the effectivity of the amendment; and (b) because the employment contract between John Melchor and petitioner was no longer in force when the said amendment took effect.^[8]

Petitioner asserts that John Melchor's employment was deemed terminated when he was repatriated upon his request, arriving in the Philippines on 5 October 1993. According to petitioner, the termination was in accordance with Section H of the POEA Standard Employment Contract which states:

SECTION H. TERMINATION OF EMPLOYMENT. x x x The Master shall have the right to discharge or sign off the seaman at any place abroad in accordance with the terms and conditions of the contract and specifically for any of the following reasons: (a) if the seaman x x x is continuously incapacitated for the duties for which he was employed by reason of illness or injury.^[9]

This argument had been raised in the Court of Appeals, to which the latter ruled:

While it is true that private respondent was repatriated on October 5, 1993 upon his request because of his complaints of dizziness and nausea, however, it was only on May 20, 1994, after undergoing complete physical and laboratory examinations, that he was diagnosed to have hypertension and chronic renal failure and was declared unfit to work due to total permanent disability. In other words, private respondent was not yet considered incapacitated for work when he was repatriated on October 5, 1993.^[10]

We rule in favor of John Melchor.

Findings of fact of administrative agencies such as the NLRC are binding when supported by substantial evidence^[11]; moreover, they become conclusive when such findings are affirmed by an appellate court.^[12] Therefore, the findings of the NLRC, sustained by the Court of Appeals, that the illness of the complainant was discovered only on 20 May 1994,^[13] is conclusive to this Court. It was only on 20 May 1994, after undergoing complete physical and laboratory examinations, that