

FIRST DIVISION

[G.R. No. 138737, July 12, 2001]

**FINMAN GENERAL ASSURANCE CORPORATION, PETITIONER, VS.
COURT OF APPEALS AND USIPHIL INCORPORATED,
RESPONDENTS.**

D E C I S I O N

KAPUNAN, J.:

Through this petition for review on certiorari Finman General Assurance Corporation (petitioner) seeks to reverse and set aside the Decision, dated January 14, 1999, of the Court of Appeals (CA) in CA-G.R. CV No. 46721 directing petitioner to pay the insurance claim of Usiphil Incorporated (private respondent). The appellate court's Resolution, dated May 13, 1999, which denied petitioner's motion for reconsideration, is likewise sought to be reversed and set aside.

The antecedent facts, as culled from the decision of the trial court and the CA, are as follows:

On September 15, 1981, private respondent obtained a fire insurance policy from petitioner (then doing business under the name Summa Insurance Corporation) covering certain properties, e.g., office, furniture, fixtures, shop machinery and other trade equipment. Under Policy No. F3100 issued to private respondent, petitioner undertook to indemnify private respondent for any damage to or loss of said properties arising from fire.

Sometime in 1982, private respondent filed with petitioner an insurance claim amounting to P987,126.11 for the loss of the insured properties due to fire. Acting thereon, petitioner appointed Adjuster H.H. Bayne to undertake the valuation and adjustment of the loss. H.H. Bayne then required private respondent to file a formal claim and submit proof of loss. In compliance therewith, private respondent submitted its Sworn Statement of Loss and Formal Claim, dated July 22, 1982, signed by Reynaldo Cayetano, private respondent's Manager. Respondent likewise submitted Proof of Loss signed by its Accounting Manager Pedro Palallos and countersigned by H.H. Bayne's Adjuster F.C. Medina.

Palallos personally followed-up private respondent's claim with petitioner's President Joaquin Ortega. During their meeting, Ortega instructed their Finance Manager, Rosauro Maghirang, to reconcile the records. Thereafter, Maghirang and Palallos signed a Statement/Agreement, dated February 28, 1985, which indicated that the amount due respondent was P842,683.40.

Despite repeated demands by private respondent, petitioner refused to pay the insurance claim. Thus, private respondent was constrained to file a complaint against petitioner for the unpaid insurance claim. In its Answer, petitioner

maintained that the claim of private respondent could not be allowed because it failed to comply with Policy Condition No. 13 regarding the submission of certain documents to prove the loss.

Trial ensued. On July 6, 1994, the trial court rendered judgment in favor of private respondent. The dispositive portion of the decision reads:

WHEREFORE, in view of the above observations and findings, judgment is hereby rendered in favor of the plaintiff and against the defendant, ordering the latter:

1. To pay the plaintiff the sum of P842,683.40 and to pay 24% interest per annum from February 28, 1985 until fully paid (par. 29 of Exh. K);
2. To pay the plaintiff the sum equivalent to 10% of the principal obligation as and for attorney's fees, plus P1,500.00 per court appearance of counsel;
3. To pay the plaintiff the amount of P30,000.00 as exemplary damages in addition to the actual and compensatory damages awarded;
4. Dismissing the claim of P30,000.00 for actual damages under par. 4 of the prayer, since the actual damages has been awarded under par. 1 of the decision's dispositive portion;
5. Dismissing the claim of interest under par. 2 of the prayer, there being no agreement to such effect;
6. Dismissing the counter-claim for lack of merit;
7. Ordering the defendant to pay the cost of suit.

SO ORDERED.^[1]

On appeal, the CA substantially affirmed the decision of the trial court. The dispositive portion of the CA decision reads:

WHEREFORE, the appealed decision is hereby AFFIRMED with the modification that defendant-appellant is ordered to pay plaintiff-appellee the sum of P842,683.40 and to pay 24% interest per annum from 03 May 1985 until fully paid. In all other respects, the appealed decision is AFFIRMED *IN TOTO*.

SO ORDERED.^[2]

Petitioner now comes to this Court assailing the decision of the appellate court. Petitioner alleges that:

Respondent Court of Appeals erred in finding that there is evidence sufficient to justify the Decision of the lower court;

Respondent Court of Appeals erred in failing to consider the fact that Private Respondent committed a violation of the Insurance Policy which justifies the denial of the claim by Petitioner;

Respondent Court of Appeals further erred in finding that Petitioner is liable to pay the respondent, Usiphil, Inc., an interest of 24% per annum in addition to the principal amount of P842,683.40.^[3]

Essentially, petitioner argues that the disallowance of private respondent's claim is justified by its failure to submit the required documents in accordance with Policy Condition No. 13. Said requirements were allegedly communicated to private respondent in the two letters of H.H. Bayne to private respondent. The first letter stated:

To be able to expedite adjustment of this case, please submit to us without delay the following documents and/or particulars:

For FFF, Machineries/Equipment Claims

1. Your formal claim (which may be accomplished in the enclosed form) accompanied by a detailed inventory of the documents submitted.

2. Certification from the appropriate government office indicating the date of the occurrence of the fire, the property involved, its location and possible point of origin.

3. Proof of premium payment.

4. Three color photographs of the debris properly captioned/identified/dated and initiated by the claimant at the back.

4.1 Close-up (not more than 2 meters away) of the most severely damaged.

4.2 Close-up (not more than 2 meters away) of the least damaged.

4.3. Original view of the debris (may be from farther than 2 meters away); splice two or more frames if necessary.

Though our adjusters will also take photographs in the manner prescribed above, please do not rely on his photographs in the preservations of your evidence of loss thru pictures.

5. Copies of purchase invoices.

6. In the absence of No. 5, suppliers' certificates of sales and delivery.

7. Appraisal report, if any.

8. Where initial estimated loss is exceeding P20,000.00, submit estimate by at least 2 contractors/suppliers.

9. Others (to be specified)

1. Repairs cost of the affected items including quotation or invoices in support thereof;
2. Complete lists of furniture, fixtures & fittings including date and cost of acquisition, and;
3. Statement of salvage on burned items.

Your preferential attention to this request will be fully appreciated.^[4]

While the other letter stated:

Please submit to us without delay the following documents and/or particulars.

For Stock Claim

1. Your formal claim (which may be accomplished in the enclosed), accompanied by a detailed inventory of the documents submitted.
 2. Certification from the appropriate government office showing that the Insured's property was involved in the fire as a consequence of which the claim is being filed.
 3. Proof of premium payment.
 4. Three colored photographs of the debris, property captioned/identified/dated and initiated by the claimant at the back; in a floor plan, indicate the point from where the picture was taken and by an arrow where the camera was facing.
 - 4.1. Close-up (not more than 2 meters away) of the most severely damaged.
 - 4.2. Close-up (not more than 2 meters away) of the least damaged.
 - 4.3. Overall view of the debris (may be from farther than 2 meters away); splice two or more frames if necessary.
- Our adjuster will also take photographs.
5. Books of accounts bill, invoices and other vouchers, or certified copies thereof if originals be lost. This requirement includes, but is not limited to, purchase and sales invoices, delivery
 6. Certified copies of income tax returns for the last three years and the accompanying financial statements.
 7. Latest inventory of merchandise filed with a financial institution, the