

## FIRST DIVISION

[ G.R. No. 194328, July 01, 2015 ]

**STRONGHOLD INSURANCE COMPANY, INCORPORATED,  
PETITIONER, VS. INTERPACIFIC CONTAINER SERVICES AND  
GLORIA DEE CHONG, RESPONDENTS.**

### D E C I S I O N

**PEREZ, J.:**

This is a Petition for Review on *Certiorari*<sup>[1]</sup> assailing the 30 July 2010 Decision<sup>[2]</sup> of the Court of Appeals in CA-G.R. CV No. 80557, which affirmed the 7 October 2003 Decision of the Regional Trial Court (RTC) of Caloocan City directing the petitioner Stronghold Insurance Company Incorporated to pay respondents Interpacific Container Services and Gloria Dee Chong the sum of P550,000.00 representing their insurance claim. The dispositive portion of the assailed decision reads:

**WHEREFORE**, premises considered, the appeal is **PARTLY GRANTED**. The assailed decision dated October 7, 2003 of the Regional Trial Court of Caloocan City, Branch 130 is **AFFIRMED** with the **MODIFICATION** that the P50,000.00 exemplary damages is hereby **DELETED**.

#### *The Facts*

Respondent Gloria Dee Chong is the owner of the Fuso truck with Plate No. PWH 512. The vehicle was insured by petitioner Stronghold Insurance Company under Commercial Vehicle Policy No. 279675.<sup>[3]</sup> The comprehensive motor car insurance policy for P15,306.45 undertook to indemnify the insured against loss or damage to the car and death or injury caused to third persons by reason of accident.

While the policy was in effect, the vehicle figured in an accident along National Highway in Brgy. Palihan, Hermosa, Bataan resulting in the death of four (4) persons while seriously injuring three (3) others. Two (2) vehicles were also heavily damaged as a result of the accident.

Pursuant to the provisions of the insurance contract, respondent Chong filed a claim for the recovery of the proceeds of her policy in the amount of P550,000.00, broken down as follows:

Comprehensive Third Party Liability (CTPL)----	P 50,000.00
Own Damage (OD)-----	P300,000.00
Excess / Bodily Injury (BI)-----	P100,000.00
Third Party Liability (TPL)-----	<u>P100,000.00</u>
Total-----	P550,000.00 <sup>[4]</sup>

The claim was, however, denied by the insurance company on the ground that at the time the accident took place the driver of the insured vehicle was heavily drunk as

shown in the *Pagpapatunay* issued by Barangay Chairman Rafael Torres and the Medico Legal Certificate which was signed by a certain Dr. Ferdinand Bautista.

The denial of the claim prompted respondents to initiate an action for the recovery of sum of money against petitioner before the RTC of Caloocan City, Branch 130. In their Complaint docketed as Civil Case No. C-18278, respondents alleged that their claim was unjustly denied by the insurance company. They argued that there was no sufficient proof to support the claim of the petitioner that the driver was drunk at the time of the incident underscoring the lack of mention of such crucial fact in the police blotter report documenting the incident. For lack of justifiable reasons to avoid the policy, respondents insisted that petitioner is liable to deliver their claim pursuant to the terms of the insurance contract.<sup>[5]</sup>

In refuting the allegations in the complaint, petitioner averred that the intoxication of the driver of the insured vehicle legally avoided the liability of the insurance company under the policy. Petitioner further claimed that the insured violated Section 53 of Republic Act No. 4136 (Land Transportation and Traffic Code) which prohibits driving of motor vehicles under the influence of alcohol. Since the driver of the insured vehicle was found drunk at the time of the accident, the denial of the insurance claim of by the respondents is therefore justified under provisions of the insurance contract and the existing statutes.<sup>[6]</sup>

After the pre-trial conference, trial on the merits ensued. During the hearing, both parties adduced testimonial and documentary evidence to support their respective positions.

On 7 October 2003, the RTC rendered a Decision<sup>[7]</sup> in favor of the respondents thereby ordering the petitioner to deliver the amount of P550,000.00 representing the proceeds of the insurance contract. According to the court *a quo*, petitioner failed to prove by *prima facie* evidence that the driver of the insured vehicle was indeed under the influence of alcohol at the time of the accident thereby making the avoidance of the policy unjustified under the circumstances. The decretal portion of the RTC decision reads:

**WHEREFORE**, judgment is hereby rendered in favor of the [respondents] Interpacific Container Services and Gloria Dee Chong and against the [petitioner] Stronghold Insurance. Co. Inc. as follows:

(1) Ordering the [petitioner] to pay [respondents] the (insurance claim) under the Third Party Liability Insurance Policy and the Commercial Vehicle Policy Number 279675, in the total amount of FIVE HUNDRED FIFTY THOUSAND PESOS (P550,000.00) broken down as follows:

Comprehensive Third Party Liability (CTPL)-----	P
50,000.00	
Own Damage (OD)-----	P300,000.00
Excess / Bodily Injury (BI)-----	P100,000.00
TPL/PD -----	<u>P100,000.00</u>
Total -----	P550,000.00

plus interest of 12% per annum on the said amount, from February 12, 1997 the date of the accident until fully paid.

(2) Ordering the [petitioner] to pay the amount of P50,000.00 as exemplary damages.

(3) Ordering the [petitioner] to pay the amount of P100,000.00 as and for attorney's fees.

(4) Ordering the [petitioner] to pay the costs of suit. The counterclaim of the [petitioner] is dismissed for lack of merit.<sup>[8]</sup>

On appeal, the Court of Appeals affirmed the findings of the RTC that there was no violation of the contract of insurance but deleted the award for exemplary damages. Resonating the ruling of the trial court, the appellate court dismissed the pieces of evidence presented by the petitioner as mere hearsay without evidentiary value. It underscored the absence of any statement in the police blotter report about the crucial fact of intoxication. On the finding that there was a failure to prove that it is exempted from liability under the contract of insurance, petitioner was adjudged as under obligation to pay respondents their insurance claim in accordance with the provisions of the policy.<sup>[9]</sup>

Arguing that the Court of Appeals erred in rendering the assailed Decision, petitioner filed this instant Petition for *Certiorari* seeking the reversal of the appellate court's decision on the following grounds:

I

THE HONORABLE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN NOT APPRECIATING THE CLEAR EVIDENCE OF RESPONDENT'S DRIVER'S INTOXICATION AND DRUNKENNESS;

II.

THE HONORABLE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN FINDING THE PETITIONER LIABLE FOR THE CLAIMS OF THE RESPONDENTS IN THE ABSENCE OF PROOF;

III.

THE HONORABLE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN AFFIRMING THE IMPOSITION OF INTEREST WHICH IS CONTRARY TO LAW AND JURISPRUDENCE.<sup>[10]</sup>

***The Court's Ruling***

The issue nestled in the contentions of parties is whether or not it was proven during the trial that the driver of the insured vehicle was intoxicated at the time of the accident thereby precluding the respondents from claiming the proceeds of the insurance policy.

In insisting that the factual findings reached by the lower courts were fallible, petitioner, in turn, is urging this Court to calibrate the probative value of the evidence adduced during the trial, a task which we do not routinely do, without