

FIRST DIVISION

[G.R. No. 190161, October 13, 2014]

ANITA N. CANUEL, FOR HERSELF AND ON BEHALF OF HER MINOR CHILDREN, NAMELY: CHARMAINE, CHARLENE, AND CHARL SMITH, ALL SURNAMED CANUEL, PETITIONERS, VS. MAGSAYSAY MARITIME CORPORATION, EDUARDO U. MANESE, AND KOTANI SHIPMANAGEMENT LIMITED, RESPONDENTS.

D E C I S I O N

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the Decision^[2] dated May 19, 2009 and the Resolution^[3] dated October 30, 2009 of the Court of Appeals (CA) in CA-G.R. SP. No. 104479 which dismissed petitioners' complaint for death benefits.

The Facts

On July 14, 2006, Nancing R. Canuel (Nancing) was hired by respondent Magsaysay Maritime Corporation (Magsaysay) as Third Assistant Engineer for its foreign principal, respondent Kotani Shipmanagement Limited (Kotani), to be deployed on board the vessel M/V North Sea (vessel) for a period of twelve (12) months, with a basic salary of US\$640.00 a month.^[4] He underwent the required pre-employment medical examination, and was declared fit to work by the company-designated physician.^[5] Thereafter, he joined the vessel and commenced his work on July 19, 2006.^[6]

On February 20, 2007, Nancing figured in an accident while in the performance of his duties on board the vessel, and, as a result, injured the right side of his body.^[7] On March 5, 2007, he was brought to Shanghai Seamen's Hospital in Shanghai, China where he was diagnosed to have suffered "bilateral closed traumatic hemothorax."^[8] On March 12, 2007, Nancing informed his wife, herein petitioner Anita N. Canuel (Anita), about the accident and his confinement.^[9] On March 24, 2007, he was medically repatriated and immediately admitted to the Manila Doctor's Hospital under the care of a team of medical doctors led by Dr. Benigno A. Agbayani, Jr., Magsaysay's Medical Coordinator.^[10] Due to his worsening condition, Nancing was placed at the hospital's intensive care unit on April 8, 2007.^[11] He eventually died on April 25, 2007.^[12] Nancing's death certificate^[13] indicated the immediate cause of his death as acute respiratory failure, with lung metastasis and r/o bone cancer as antecedent cause and underlying cause, respectively.

On May 23, 2007, Nancing's widow, Anita, for herself and on behalf of their children, Charmaine, Charlene, and Charl Smith, all surnamed Canuel (petitioners) filed a complaint^[14] against Magsaysay and Kotani, as well as Magsaysay's

Manager/President, Eduardo U. Manese (respondents), before the National Labor Relations Commission (NLRC), docketed as NLRC-OFW Case No. (M)-07-05-01423-00, seeking to recover death benefits, death compensation of minor children, burial allowance, damages, and attorney's fees.

In their defense, respondents denied any liability and contended that while Nancing died of acute respiratory failure, the real cause of his death, as shown in the autopsy conducted by the National Bureau of Investigation, was "moderately differentiated adenocarcinoma, pneumonia and pulmonary edema, lung tissue" or lung cancer.^[15] The said illness is not work-related per advise of their company doctor, Dr. Marie Cherry Lyn Samson-Fernando, hence, not compensable.^[16]

The LA Ruling

In a Decision^[17] dated December 27, 2007, the Labor Arbiter (LA) ruled in favor of petitioners and thereby ordered respondents to pay them: (a) the aggregate sum of US\$72,000.00 consisting of US\$50,000.00 as death benefits, US\$21,000.00 as death compensation for the three minor children (US\$7,000.00 each), and US\$1,000.00 for burial expenses; (b) illness allowance from March 5, 2007 to April 25, 2007; (c) P100,000.00 as moral damages; (d) P100,000.00 as exemplary damages; and (e) 10% of the total award as attorney's fees.^[18]

The LA found that Nancing's death on April 25, 2007 occurred during the term of his twelve-month employment contract.^[19] Moreover, the evidence on record supports the conclusion that his demise was caused by the injury he sustained in an accident while performing his job on board the vessel. Hence, his death was the result of a work-related injury that occurred during the term of his employment.^[20] Corollary thereto, the LA disregarded respondents' contention that lung cancer, a non-work related illness, caused Nancing's death as it was apparent that it was the injury he sustained while working on board the vessel that triggered the deterioration of his resistance against the said illness or any other affliction that he may have had.^[21]

At odds with the LA Ruling, respondents appealed to the NLRC.

The NLRC Ruling

Respondents' appeal^[22] was denied by the NLRC in a Decision^[23] dated April 30, 2008.

The NLRC ruled that while respondents correctly argued that Nancing's death did not occur during the term of his employment pursuant to Section 18 of the Philippine Overseas Employment Administration Standard Employment Contract (POEA-SEC) as his employment was deemed terminated after his medical repatriation, still, it cannot be doubted that his death was brought about by the same or similar cause or illness which caused him to be repatriated.^[24] Thus, it sustained the findings of the LA that petitioners are entitled to receive compensation for Nancing's death.^[25] It further affirmed the award of damages and attorney's fees in petitioners' favor but found respondents not liable for sickness allowance and burial benefits since the same were already paid by respondents.^[26]

Dissatisfied, respondents sought reconsideration^[27] but were denied by the NLRC in a Resolution^[28] dated June 18, 2008, prompting them to elevate the case to the CA on *certiorari*.^[29]

The CA Ruling

In a Decision^[30] dated May 19, 2009, the CA found that the NLRC Ruling was tainted with grave abuse of discretion and, thus, rendered a new judgment dismissing petitioners' complaint for death benefits.^[31] Citing the case of *Klaveness Maritime Agency, Inc. v. Beneficiaries of the Late Second Officer Anthony S. Allas (Klaveness)*,^[32] it held that the death of the seafarer after the termination of his contract is not compensable, even if the death is caused by the same illness which prompted the repatriation of the seafarer and the termination of his contract.^[33]

Petitioners' motion for reconsideration^[34] therefrom was denied by the CA in a Resolution^[35] dated October 30, 2009, hence, the instant petition.

The Issue Before the Court

The core issue for the Court's resolution is whether or not the CA committed reversible error in holding that the NLRC committed grave abuse of discretion in granting petitioners' complaint for death benefits.

Petitioners claim that the death of Nancing after his repatriation is compensable because it was the accident he suffered on board the vessel that triggered his traumatic hemothorax,^[36] eventually leading to his acute respiratory failure, the immediate cause of his death.^[37]

Echoing the CA, respondents aver that since the Nancing's employment contract was deemed terminated when he was medically repatriated on March 24, 2007, petitioners are not entitled to death and other benefits.^[38] They also maintain that Nancing died of lung cancer which is not a work-related illness.^[39]

The Court's Ruling

The terms and conditions of a seafarer's employment are governed by the provisions of the contract he signs with the employer at the time of his hiring. Deemed integrated in his employment contract is a set of standard provisions determined and implemented by the POEA, called the "Standard Terms and Conditions Governing the Employment of Filipino Seafarers on Board Ocean-Going Vessels," which provisions are considered to be the minimum requirements acceptable to the government for the employment of Filipino seafarers on board foreign ocean-going vessels.^[40]

The provisions currently governing the entitlement of the seafarer's beneficiaries to death benefits are found in Section 20 of the 2000 POEA-SEC.

Part A (1) thereof states that the seafarer's beneficiaries may successfully claim death benefits if they are able to establish that the seafarer's death is (a) work-

related, and (b) had occurred during the term of his employment contract, viz.:

SECTION 20. COMPENSATION AND BENEFITS

A. COMPENSATION AND BENEFITS FOR DEATH

1. In case of **work-related 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. (Emphases supplied)

Part A (4) of the same provision further complements Part A (1) by stating the "other liabilities" of the employer to the seafarer's beneficiaries if the seafarer dies (a) as a result of work-related injury or illness, and (b) during the term of his employment, viz.:

SECTION 20. COMPENSATION AND BENEFITS

A. COMPENSATION AND BENEFITS FOR DEATH

x x x x

4. **The other liabilities of the employer when the seafarer dies as a result of work-related injury or illness during the term of employment are as follows:**

- a. The employer shall pay the deceased's beneficiary all outstanding obligations due the seafarer under this Contract.
- b. The employer shall transport the remains and personal effects of the seafarer to the Philippines at employer's expense except if the death occurred in a port where local government laws or regulations do not permit the transport of such remains. In case death occurs at sea, the disposition of the remains shall be handled or dealt with in accordance with the master's best judgment. In all cases, the employer/master shall communicate with the manning agency to advise for disposition of seafarer's remains.
- c. The employer shall pay the beneficiaries of the seafarer the Philippines currency equivalent to the amount of One Thousand US dollars (US\$1,000) for burial expenses at the exchange rate prevailing during the time of payment. (Emphasis and underscoring supplied)

Integral as they are for a valid claim for death compensation, the Court examines

this case according to the above-stated dual requirements.

First Requirement:
The Seafarer's Death Should Be Work-Related.

While the 2000 POEA-SEC does not expressly define what a **"work-related death"** means, it is palpable from Part A (4) as above-cited that the said term refers to the **seafarer's death resulting from a work-related injury or illness**. This denotation complements the definitions accorded to the terms "work-related injury" and "work-related illness" under the 2000 POEA-SEC as follows:

Definition of Terms:

For purposes of this contract, the following terms are defined as follows:

x x x x

11. Work-Related Injury – **injury(ies) resulting in disability or death arising out of and in the course of employment.**
12. Work-Related Illness – **any sickness resulting to disability or death** as a result of an occupational disease listed under Section 32-A of this contract with the conditions set therein satisfied.
(Emphases supplied)

Given that the seafarer's death in this case resulted from a work-related injury as defined in the 2000 POEA-SEC above, it is clear that the first requirement for death compensability is present.

As the records show, Nancing suffered a work-related injury within the term of his employment contract when he figured in an accident while performing his duties as Third Assistant Engineer at cylinder number 7 of the vessel on February 20, 2007.

[41] The foregoing circumstances aptly fit the legal attribution of the phrase "arising out of and in the course of employment" which the Court, in the early case of *Iloilo Dock & Engineering Co. v. Workmen's Compensation Commission*,^[42] pronounced as follows:

The two components of the coverage formula – "arising out of" and "in the course of employment" – are said to be separate tests which must be independently satisfied; however, it should not be forgotten that the basic concept of compensation coverage is unitary, not dual, and is best expressed in the word, "work-connection," because an uncompromising insistence on an independent application of each of the two portions of the test can, in certain cases, exclude clearly work-connected injuries. The words **"arising out of"** refer to the **origin or cause of the accident**, and are **descriptive of its character**, while the words **"in the course of"** refer to the **time, place, and circumstances under which the accident takes place**.

As a matter of general proposition, an injury or accident is said to arise