566 Phil. 603

THIRD DIVISION

[G.R. No. 171052, January 28, 2008]

PHILIPPINE HEALTH-CARE PROVIDERS, INC. (MAXICARE), Petitioner, vs. CARMELA ESTRADA/CARA HEALTH SERVICES, Respondent.

DECISION

NACHURA, J.:

This petition for review on *certiorari* assails the Decision[1] dated June 16, 2005 of the Court of Appeals (CA) in CA-G.R. CV No. 66040 which affirmed *in toto* the Decision[2] dated October 8, 1999 of the Regional Trial Court (RTC), Branch 135, of Makati City in an action for breach of contract and damages filed by respondent Carmela Estrada, sole proprietor of Cara Health Services, against Philippine Health-Care Providers, Inc. (Maxicare).

The facts, as found by the CA and adopted by Maxicare in its petition, follow:

> [Maxicare] is a domestic corporation engaged in selling health insurance plans whose Chairman Dr. Roberto K. Macasaet, Chief Operating Officer Virgilio del Valle, and Sales/Marketing Manager Josephine Cabrera were impleaded as defendants-appellants.
>
> On September 15, 1990, [Maxicare] allegedly engaged the services of Carmela Estrada who was doing business under the name of CARA HEALTH [SERVICES] to promote and sell the prepaid group practice health care delivery program called MAXICARE Plan with the position of Independent Account Executive. [Maxicare] formally appointed [Estrada] as its "General Agent," evidenced by a letter-agreement dated February 16, 1991. The letter agreement provided for plaintiff-appellee's [Estrada's] compensation in the form of commission, *viz*.:
>
> > Commission
> >
> > In consideration of the performance of your functions and duties as specified in this letter-agreement, [Maxicare] shall pay you a commission equivalent to 15 to 18% from individual, family, group accounts; 2.5 to 10% on tailored fit plans; and 10% on standard plans of commissionable amount on corporate accounts from all membership dues collected and remitted by you to [Maxicare].
> >
> > [Maxicare] alleged that it followed a "franchising system" in dealing with its agents whereby an agent had to first secure permission from [Maxicare] to list a prospective company as

> client. [Estrada] alleged that it did apply with [Maxicare] for the MERALCO account and other accounts, and in fact, its franchise to solicit corporate accounts, MERALCO account included, was renewed on February 11, 1991.

Plaintiff-appellee [Estrada] submitted proposals and made representations to the officers of MERALCO regarding the MAXICARE Plan but when MERALCO decided to subscribe to the MAXICARE Plan, [Maxicare] directly negotiated with MERALCO regarding the terms and conditions of the agreement and left plaintiff-appellee [Estrada] out of the discussions on the terms and conditions.

On November 28, 1991, MERALCO eventually subscribed to the MAXICARE Plan and signed a Service Agreement directly with [Maxicare] for medical coverage of its qualified members, *i.e.*: 1) the enrolled dependent/s of regular MERALCO executives; 2) retired executives and their dependents who have opted to enroll and/or continue their MAXICARE membership up to age 65; and 3) regular MERALCO female executives (exclusively for maternity benefits). Its duration was for one (1) year from December 1, 1991 to November 30, 1992. The contract was renewed twice for a term of three (3) years each, the first started on December 1, 1992 while the second took effect on December 1, 1995.

The premium amounts paid by MERALCO to [Maxicare] were alleged to be the following: a) P215,788.00 in December 1991; b) P3,450,564.00 in 1992; c) P4,223,710.00 in 1993; d) P4,782,873.00 in 1994; e) P5,102,108.00 in 1995; and P2,394,292.00 in May 1996. As of May 1996, the total amount of premium paid by MERALCO to [Maxicare] was P20,169,335.00.

On March 24, 1992, plaintiff-appellee [Estrada], through counsel, demanded from [Maxicare] that it be paid commissions for the MERALCO account and nine (9) other accounts. In reply, [Maxicare], through counsel, denied [Estrada's] claims for commission for the MERALCO and other accounts because [Maxicare] directly negotiated with MERALCO and the other accounts(,) and that no agent was given the go signal to intervene in the negotiations for the terms and conditions and the signing of the service agreement with MERALCO and the other accounts so that if ever [Maxicare] was indebted to [Estrada], it was only for P1,555.00 and P43.l2 as commissions on the accounts of Overseas Freighters Co. and Mr. Enrique Acosta, respectively.

[Estrada] filed a complaint on March 18, 1993 against [Maxicare] and its officers with the Regional Trial Court (RTC) of Makati City, docketed as Civil Case No. 93-935, raffled to Branch 135.

Defendants-appellants [Maxicare] and its officers filed their Answer with Counterclaim on September 13, 1993 and their Amended Answer with Counterclaim on September 28, 1993, alleging that: plaintiff-appellee [Estrada] had no cause of action; the cause of action, if any, should be is against [Maxicare] only and not against its officers; CARA HEALTH's appointment as agent under the February 16, 1991 letter-agreement to

> promote the MAXICARE Plan was for a period of one (1) year only; said agency was not renewed after the expiration of the one (1) year period; [Estrada] did not intervene in the negotiations of the contract with MERALCO which was directly negotiated by MERALCO with [Maxicare] and [Estrada's] alleged other clients/accounts were not accredited with [Maxicare] as required, since the agency contract on the MAXICARE health plans were not renewed. By way of counterclaim, defendants-appellants [Maxicare] and its officers claimed P100,000.00 in moral damages for each of the officers of [Maxicare] impleaded as defendant, P100,000.00 in exemplary damages, P100,000.00 in attorney's fees, and P10,000.00 in litigation expenses.[3]

After trial, the RTC found Maxicare liable for breach of contract and ordered it to pay Estrada actual damages in the amount equivalent to 10% of P20,169,335.00, representing her commission for the total premiums paid by Meralco to Maxicare from the year 1991 to 1996, plus legal interest computed from the filing of the complaint on March 18, 1993, and attorney's fees in the amount of P100,000.00.

On appeal, the CA affirmed *in toto* the RTC's decision. In ruling for Estrada, both the trial and appellate courts held that Estrada was the "efficient procuring cause" in the execution of the service agreement between Meralco and Maxicare consistent with our ruling in *Manotok Brothers, Inc. v. Court of Appeals*.[4]

Undaunted, Maxicare comes to this Court and insists on the reversal of the RTC Decision as affirmed by the CA, raising the following issues, to wit:

1. Whether the Court of Appeals committed serious error in affirming Estrada's entitlement to commissions for the execution of the service agreement between Meralco and Maxicare.

2. Corollarily, whether Estrada is entitled to commissions for the two (2) consecutive renewals of the service agreement effective on December 1, 1992[5] and December 1, 1995.[6]

We are in complete accord with the trial and appellate courts' ruling. Estrada is entitled to commissions for the premiums paid under the service agreement between Meralco and Maxicare from 1991 to 1996.

Well-entrenched in jurisprudence is the rule that factual findings of the trial court, especially when affirmed by the appellate court, are accorded the highest degree of respect and are considered conclusive between the parties.[7] A review of such findings by this Court is not warranted except upon a showing of highly meritorious circumstances, such as: (1) when the findings of a trial court are grounded entirely on speculation, surmises or conjectures; (2) when a lower court's inference from its factual findings is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion in the appreciation of facts; (4) when the findings of the appellate court go beyond the issues of the case, or fail to notice certain relevant facts which, if properly considered, will justify a different conclusion; (5) when there is a misappreciation of facts; (6) when the findings of fact are conclusions without mention of the specific evidence on which they are based, are premised on the absence of evidence, or are contradicted by evidence on record.[8] None of the foregoing exceptions which would warrant a reversal of the assailed decision obtains

in this instance.

Maxicare urges us that both the RTC and CA failed to take into account the stipulations contained in the February 19, 1991 letter agreement authorizing the payment of commissions only upon satisfaction of twin conditions, *i.e.*, collection and contemporaneous remittance of premium dues by Estrada to Maxicare. Allegedly, the lower courts disregarded Estrada's admission that the negotiations with Meralco failed. Thus, the flawed application of the "efficient procuring cause" doctrine enunciated in *Manotok Brothers, Inc. v. Court of Appeals*,[9] and the erroneous conclusion upholding Estrada's entitlement to commissions on contracts completed without her participation.

We are not persuaded.

Contrary to Maxicare's assertion, the trial and the appellate courts carefully considered the factual backdrop of the case as borne out by the records. Both courts were one in the conclusion that Maxicare successfully landed the Meralco account for the sale of healthcare plans only by virtue of Estrada's involvement and participation in the negotiations. The assailed Decision aptly states:

> There is no dispute as to the role that plaintiff-appellee [Estrada] played in selling [Maxicare's] health insurance plan to Meralco. Plaintiff-appellee [Estrada's] efforts consisted in being the first to offer the Maxicare plan to Meralco, using her connections with some of Meralco Executives, inviting said executives to dinner meetings, making submissions and representations regarding the health plan, sending follow-up letters, etc.
>
> These efforts were recognized by Meralco as shown by the certification issued by its Manpower Planning and Research Staff Head Ruben A. Sapitula on September 5, 1991, to wit:
>
> > "This is to certify that Ms. Carmela Estrada has initiated talks with us since November 1990 with regards (sic) to the HMO requirements of both our rank and file employees, managers and executives, and that it was favorably recommended and the same be approved by the Meralco Management Committee."
>
> x x x x
>
> This Court finds that plaintiff-appellee [Estrada's] efforts were instrumental in introducing the Meralco account to [Maxicare] in regard to the latter's Maxicare health insurance plans. Plaintiff-appellee [Estrada] was the efficient "intervening cause" in bringing about the service agreement with Meralco. As pointed out by the trial court in its October 8, 1999 Decision, to wit:
>
> > "xxx Had not [Estrada] introduced *Maxicare Plans* to her bosom friends, Messrs. Lopez and Guingona of Meralco, PHPI would still be an anonymity. xxx"[10]

Under the foregoing circumstances, we are hard pressed to disturb the findings of the RTC, which the CA affirmed.