



Republic of the Philippines
SUPREME COURT
Manila

FIRST DIVISION

G.R. No. L-36480 May 31, 1988

ANDREW PALERMO, plaintiff-appellee,
vs.

PYRAMID INSURANCE CO., INC., defendant- appellant.

GRIÑO-AQUINO, J.:

The Court of Appeals certified this case to Us for proper disposition as the only question involved is the interpretation of the provision of the insurance contract regarding the "authorized driver" of the insured motor vehicle.

On March 7, 1969, the insured, appellee Andrew Palermo, filed a complaint in the Court of First Instance of Negros Occidental against Pyramid Insurance Co., Inc., for payment of his claim under a Private Car Comprehensive Policy MV-1251 issued by the defendant (Exh. A).

In its answer, the appellant Pyramid Insurance Co., Inc., alleged that it disallowed the claim because at the time of the accident, the insured was driving his car with an expired driver's license.

After the trial, the court *a quo* rendered judgment on October 29, 1969 ordering the defendant "to pay the plaintiff the sum of P20,000.00, value of the insurance of the motor vehicle in question and to pay the costs."

On November 26, 1969, the plaintiff filed a "Motion for Immediate Execution Pending Appeal." It was opposed by the defendant, but was granted by the trial court on December 15, 1969.

The trial court found the following facts to be undisputed:

On October 12, 1968, after having purchased a brand new Nissan Cedric de Luxe Sedan car bearing Motor No. 087797 from the Ng Sam Bok Motors Co. in Bacolod City, plaintiff insured the same with the defendant insurance company against any loss or damage for P 20,000.00 and against third party liability for P 10,000.00. Plaintiff paid the defendant P 361.34 premium for one year, March 12, 1968 to March 12, 1969, for which defendant issued Private Car Comprehensive Policy No. MV-1251, marked Exhibit "A."

The automobile was, however, mortgaged by the plaintiff with the vendor, Ng Sam Bok Motors Co., to secure the payment of the balance of the purchase price, which explains why the registration certificate in the name of the plaintiff remains in the hands of the mortgagee, Ng Sam Bok Motors Co.

On April 17, 1968, while driving the automobile in question, the plaintiff met a violent accident. The La Carlota City fire engine crashed head on, and as a consequence, the plaintiff sustained physical injuries, his father, Cesar Palermo, who was with him in the car at the time was likewise seriously injured and died shortly thereafter, and the car in question was totally wrecked.

The defendant was immediately notified of the occurrence, and upon its orders, the damaged car was towed from the scene of the accident to the compound of Ng Sam Bok Motors in Bacolod City where it remains deposited up to the present time.

The insurance policy, Exhibit "A," grants an option unto the defendant, in case of accident either to indemnify the plaintiff for loss or damage to the car in cash or to replace the damaged car. The defendant, however, refused to take either of the above-mentioned alternatives for the reason as alleged, that the insured himself had violated the terms of the policy when he drove the car in question with an expired driver's license. (Decision, Oct. 29, 1969, p. 68, Record on Appeal.)

Appellant alleges that the trial court erred in interpreting the following provision of the Private Car Comprehensive Policy MV-1251:

AUTHORIZED DRIVER:

Any of the following:

(a) The Insured.

(b) Any person driving on the Insured's order or with his permission. Provided that the person driving is permitted in accordance with the licensing or other laws or regulations to drive the Motor Vehicle and is not disqualified from driving such motor vehicle by order of a Court of law or by reason of any enactment or regulation in that behalf. (Exh. "A.")

There is no merit in the appellant's allegation that the plaintiff was not authorized to drive the insured motor vehicle because his driver's license had expired. The driver of the insured motor vehicle at the time of the accident was, the insured himself, hence an "authorized driver" under the policy.

While the Motor Vehicle Law prohibits a person from operating a motor vehicle on the highway without a license or with an expired license, an infraction of the Motor Vehicle Law on the part of the insured, is not a bar to recovery under the insurance contract. It however renders him subject to the penal sanctions of the Motor Vehicle Law.

The requirement that the driver be "permitted in accordance with the licensing or other laws or regulations to drive the Motor Vehicle and is not disqualified from driving such motor vehicle by order of a Court of Law or by reason of any enactment or regulation in that behalf," applies only when the driver is driving on the insured's order or with his permission." It does not apply when the person driving is the insured himself.

This view may be inferred from the decision of this Court in *Villacorta vs. Insurance Commission*, 100 SCRA 467, where it was held that:

The main purpose of the "authorized driver" clause, as may be seen from its text, is that a person other than the insured owner, who drives the car on the insured's order, such as his regular driver, or with his permission, such as a friend or member of the family or the employees of a car service or repair shop, must be duly licensed drivers and have no disqualification to drive a motor vehicle.

In an American case, where the insured herself was personally operating her automobile but without a license to operate it, her license having expired prior to the issuance of the policy, the Supreme Court of Massachusetts was more explicit:

... Operating an automobile on a public highway without a license, which act is a statutory crime is not precluded by public policy from enforcing a policy indemnifying her against liability for bodily injuries The inflicted by use of the automobile." (*Drew C. Drewfield McMahon vs. Hannah Pearlman, et al.*, 242 Mass. 367, 136 N.E. 154, 23 A.L.R. 1467.)

WHEREFORE, the appealed decision is affirmed with costs against the defendant-appellant.

SO ORDERED.

Narvasa, Cruz, Gancayco and Medialdea, JJ., concur.