Republic of the Philippines
SUPREME COURT
Manila

THIRD DIVISION

G.R. No. 173773 November 28, 2012

PARAMOUNT INSURANCE CORPORATION, Petitioner,
vs.
SPOUSES YVES and MARIA TERESA REMONDEULAZ, Respondents.

D E C I S I O N

PERALTA, *J.:*

Before us is a Petition for Review on Certiorari under Rule 45 of the Rules of Court seeking the reversal and setting aside of the Decision[1] dated April 12, 2005 and Resolution[2] dated July 20, 2006 of the Court of Appeals in CA-G.R. CV No. 61490.

The undisputed facts follow.

On May 26, 1994, respondents insured with petitioner their 1994

Toyota Corolla sedan under a comprehensive motor vehicle insurance policy for one year.

During the effectivity of said insurance, respondents' car was unlawfully taken. Hence, they immediately reported the theft to the Traffic Management Command of the PNP who made them accomplish a complaint sheet. In said complaint sheet, respondents alleged that a certain Ricardo Sales (Sales) took possession of the subject vehicle to add accessories and improvements thereon, however, Sales failed to return the subject vehicle within the agreed three-day period.

As a result, respondents notified petitioner to claim for the reimbursement of their lost vehicle. However, petitioner refused to pay.

Accordingly, respondents lodged a complaint for a sum of money against petitioner before the Regional Trial Court of Makati City (trial court) praying for the payment of the insured value of their car plus damages on April 21, 1995.

After presentation of respondents' evidence, petitioner filed a Demurrer to Evidence.

Acting thereon, the trial court dismissed the complaint filed by respondents. The full text of said Order[3] reads:

Before the Court is an action filed by the plaintiffs, spouses Yves and Maria Teresa Remondeulaz against the defendant, Paramount Insurance Corporation, to recover from the defendant the insured value of the motor vehicle.

It appears that on 26 May 1994, plaintiffs insured their vehicle, a 1994 Toyota Corolla XL with chassis number EE-100-9524505, with defendant under Private Car Policy No. PC-37396 for Own Damage, Theft, Third-Party Property Damage and Third-Party Personal Injury, for the period commencing 26 May 1994 to 26 May 1995. Then on 1 December 1994, defendants received from plaintiff a demand letter asking for the payment of the proceeds in the amount of PhP409,000.00 under their policy. They alleged the loss of the vehicle and claimed the same to be covered by the policy's provision on "Theft." Defendant disagreed and refused to pay.

It appears, however, that plaintiff had successfully prosecuted and had been awarded the amount claimed in this action, in another action (Civil Case No. 95-1524 entitled Sps. Yves and Maria Teresa Remondeulaz versus Standard Insurance Company, Inc.), which involved the loss of the same vehicle under the same circumstances although under a different policy and insurance company. This, considered with the principle that an insured may not recover more than its interest in any property subject of an insurance, leads the court to dismiss this action.

SO ORDERED.[4]

Not in conformity with the trial court's Order, respondents interposed an appeal to the Court of Appeals (appellate court).

In its Decision dated April 12, 2005, the appellate court reversed and set aside the Order issued by the trial court, to wit:

Indeed, the trial court erred when it dismissed the action on the ground of double recovery since it is clear that the subject car is different from the one insured with another insurance company, the Standard Insurance Company. In this case, defendant-appellee herein petitioner denied the reimbursement for the lost vehicle on the ground that the said loss could not fall within the concept of the "theft clause" under the insurance policy x x x

x x x x

WHEREFORE, the October 7, 1998 Order of the Regional Trial Court of Makati City, Branch 63, is hereby REVERSED and SET ASIDE

x x x.

SO ORDERED.[5]

Petitioner, thereafter, filed a motion for reconsideration against said Decision, but the same was denied by the appellate court in a Resolution dated July 20, 2006.

Consequently, petitioner filed a petition for review on certiorari before this Court praying that the appellate court's Decision and Resolution be reversed and set aside.

In its petition, petitioner raises this issue for our resolution:

Whether or not the Court of Appeals decided the case a quo in a way not in accord with law and/or applicable jurisprudence when it promulgated in favor of the respondents Remondeulaz, making Paramount liable for the alleged "theft" of respondents' vehicle.[6]

Essentially, the issue is whether or not petitioner is liable under the insurance policy for the loss of respondents' vehicle.

Petitioner argues that the loss of respondents' vehicle is not a peril covered by the policy. It maintains that it is not liable for the loss, since the car cannot be classified as stolen as respondents entrusted the possession thereof to another person.

We do not agree.

Adverse to petitioner's claim, respondents' policy clearly undertook to indemnify the insured against loss of or damage to the scheduled vehicle when caused by theft, to wit:

SECTION III – LOSS OR DAMAGE

1. The Company will, subject to the Limits of Liability, indemnify the insured against loss of or damage to the Scheduled Vehicle and its accessories and spare parts whilst thereon: –

(a) by accidental collision or overturning, or collision or overturning consequent upon mechanical breakdown or consequent upon wear and tear;

(b) by fire, external explosion, self-ignition or lightning or burglary, housebreaking or theft;

(c) by malicious act;

(d) whilst in transit (including the process of loading and unloading) incidental to such transit by road, rail, inland waterway, lift or elevator.[7]

Apropos, we now resolve the issue of whether the loss of respondents' vehicle falls within the concept of the "theft clause" under the insurance policy.

In People v. Bustinera,[8] this Court had the occasion to interpret the "theft clause" of an insurance policy. In this case, the Court explained that when one takes the motor vehicle of another without the latter's consent even if the motor vehicle is later returned, there is theft – there being intent to gain as the use of the thing unlawfully taken constitutes gain.

Also, in Malayan Insurance Co., Inc. v. Court of Appeals,[9] this Court held that the taking of a vehicle by another person without the permission or authority from the owner thereof is sufficient to place it within the ambit of the word theft as contemplated in the policy, and is therefore, compensable.

Moreover, the case of Santos v. People[10] is worthy of note. Similarly in Santos, the owner of a car entrusted his vehicle to therein petitioner Lauro Santos who owns a repair shop for carburetor repair and repainting. However, when the owner tried to retrieve her car, she was not able to do so since Santos had abandoned his shop. In the said case, the crime that was actually committed was Qualified Theft. However, the Court held that because of the fact that it was not alleged in the information that the object of the crime was a car, which is a qualifying circumstance, the Court found that Santos was only guilty of the crime of Theft and merely considered the qualifying circumstance as an aggravating circumstance in the imposition of the appropriate penalty. The Court therein clarified the distinction between the crime of Estafa and Theft, to wit:

x x x The principal distinction between the two crimes is that in theft the thing is taken while in estafa the accused receives the property and converts it to his own use or benefit. However, there may be theft even if the accused has possession of the property. If he was entrusted only with the material or physical (natural) or de facto possession of the thing, his misappropriation of the same constitutes theft, but if he has the juridical possession of the thing his conversion of the same constitutes embezzlement or estafa.[11]

In the instant case, Sales did not have juridical possession over the vehicle. Hence, it is apparent that the taking of repondents' vehicle by Sales is without any consent or authority from the former.

Records would show that respondents entrusted possession of their vehicle only to the extent that Sales will introduce repairs and improvements thereon, and not to permanently deprive them of possession thereof. Since, Theft can also be committed through misappropriation, the fact that Sales failed to return the subject vehicle to respondents constitutes Qualified Theft. Hence, since repondents' car is undeniably covered by a Comprehensive Motor Vehicle Insurance Policy that allows for recovery in cases of theft, petitioner is liable under the policy for the loss of respondents' vehicle under the "theft clause."

All told, Sales' act of depriving respondents of their motor vehicle at, or soon after the transfer of physical possession of the movable property, constitutes theft under the insurance policy, which is compensable.[12]

WHEREFORE, the instant petition is DENIED. The Decision dated April 12, 2005 and Resolution dated July 20, 2006 of the Court of Appeals are hereby AFFIRMED in toto.

SO ORDERED.

DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:

TERESITA J. LEONARDO-DE CASTRO*
Associate Justice

ROBERTO A. ABAD
Associate Justice

JOSE PORTUGAL PEREZ***
Associate Justice

MARVIC MARIO VICTOR F. LEONEN
Associate Justice

A T T E S T A T I O N

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

DIOSDADO M. PERALTA**
Associate Justice
Acting Chairperson, Third Division

C E R T I F I C A T I O N

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice

Footnotes

* Designated Acting Member, per Special Order No. 1361 dated November 19, 2012.

** Per Special Order No. 1360 dated November 19, 2012.

*** Designated Acting Member, per Special Order No. 1382 dated November 27, 2012.

1 Penned by Associate Justice Jose Catral Mendoza (now a member of this Court), with Associate Justices Romeo A. Brawner and Edgardo P. Cruz, concurring; rollo, pp.35-43.

2 CA rollo, p. 101.

3 Rollo, p. 83.

4 Id.

5 Id. at 39-42.

6 Id. at 16.

7 Id. at 91. (Emphasis supplied.)

8 G.R. No. 148233, June 8, 2004, 431 SCRA 284, 297, citing Villacorta v. Insurance Commission, G.R. No. 54171, October 28, 1980, 100 SCRA 467.

9 230 Phil. 145, 147 (1986).

10 G.R. No. 77429, January 29, 1990, 181 SCRA 487, 260 Phil. 519 (1990).

11 Id. at 492. (Underscoring supplied).

12 People v. Roxas, 53 O.G. 716 (1956).