



Republic of the Philippines
SUPREME COURT
Manila

THIRD DIVISION

G.R. No. L-49699 August 8, 1988

PERLA COMPANIA de SEGUROS, INC., petitioner,

vs.

HON. CONSTANTE A. ANCHETA, Presiding Judge of the Court of First instance of Camarines Norte, Branch III, **ERNESTO A. RAMOS** and **GOYENA ZENAROSA-RAMOS**, for themselves and as Guardian Ad Litem for Minors **JOBET, BANJO, DAVID** and **GRACE** all surnamed **RAMOS**, **FERNANDO M. ABCEDE, SR.**, for himself and Guardian Ad Litem for minor **FERNANDO G. ABCEDE, JR.**, **MIGUEL JEREZ MAGO** as Guardian Ad Litem for minors **ARLEEN R. MAGO**, and **ANACLETA J. ZENAROSA.**, respondents.

Jose B. Sanez for petitioner.

James B. Pajares for private respondents.

CORTES, J.:

The instant petition for certiorari and prohibition with preliminary injunction concerns the ability of insurers under the "no fault indemnity" provision of the Insurance Code. *

On December 27, 1977, in a collision between the IH Scout in which private respondents were riding and a Superlines bus along the national highway in Sta. Elena, Camarines Norte, private respondents sustained physics injuries in varying degrees of gravity. Thus, they filed with the Court of First Instance of Camarines Norte on February 23, 1978 a complaint for damages against Superlines, the bus driver and petitioner, the insurer of the bus [Rollo, pp. 27-39.] The bus was insured with petitioner for the amount of P50,000.00 as and for passenger liability and P50,000.00 as and for third party liability. The vehicle in which private respondents were riding was insured with Malayan Insurance Co.

Even before summons could be served, respondent judge issued an order dated March 1, 1978 [Rollo, pp. 40-41], the pertinent portion of which stated:

The second incident is the prayer for an order of this court for the Insurance Company, Perla Compania de Seguros, Inc., to pay immediately the P5,000.00 under the "no fault clause" as provided for under Section 378 of the Insurance Code, and finding that the requisite documents to be attached in the record, the said Insurance Company is therefore directed to pay the plaintiffs (private respondents herein) within five (5) days from receipt of this order.

Petitioner denied in its Answer its alleged liability under the "no fault indemnity" provision [Rollo, p. 44] and likewise moved for the reconsideration of the order. Petitioner held the position that under Sec. 378 of the Insurance Code, the insurer liable to pay the P5,000.00 is the insurer of the vehicle in which private respondents were riding, not petitioner, as the provision states that "[i]n the case of an occupant of a vehicle, claim shall lie against the insurer of the vehicle in which the occupant is riding, mounting or dismounting from." Respondent judge, however, denied reconsideration. A second motion for reconsideration was filed by petitioner. However, in an order dated January 3, 1979, respondent judge denied the second motion for reconsideration and ordered the issuance of a writ of execution [Rollo, p. 69.] Hence, the instant petition praying principally for the annulment and setting aside of respondent judge's orders dated March 1, 1978 and January 3, 1979.

The Court issued a temporary restraining order on January 24, 1979 [Rollo pp. 73-74.]

The sole issue raised in this petition is whether or not petitioner is the insurer liable to indemnify private respondents under Sec. 378 of the Insurance Code.

The key to the resolution of the issue is of courts e Sec. 378, which provides:

Sec. 378. Any claim for death or injury to any passenger or third party pursuant to the provision of this chapter shall be paid without the necessity of proving fault or negligence of any kind. Provided, That for purposes of this section —

(i) The indemnity in respect of any one person shall not exceed five thousand pesos;

(ii) The following proofs of loss, when submitted under oath, shall be sufficient evidence to substantiate the claim:

(a) Police report of accident, and

(b) Death certificate and evidence sufficient to establish the proper payee, or

(c) Medical report and evidence of medical or hospital disbursement in respect of which refund is claimed;

(iii) *Claim may be made against one motor vehicle only. In the case of an occupant of a vehicle, claim shall lie against the insurer of the vehicle in which the occupant is riding, mounting or dismounting from. In any other case, claim shall lie against the insurer of the directly offending vehicle. In all cases, the right of the party paying the claim to recover against the owner of the vehicle responsible for the accident shall be maintained. [Emphasis supplied.]*

From a reading of the provision, which is couched in straight-forward and unambiguous language, the following rules on claims under the "no fault indemnity" provision, where proof of fault or negligence is not necessary for payment of any claim for death Or injury to a passenger or a third party, are established:

1. A claim may be made against one motor vehicle only.

2. If the victim is an occupant of a vehicle, the claim shall lie against the insurer of the vehicle. in which he is riding, mounting or dismounting from.

3. In any other case (i.e. if the victim is not an occupant of a vehicle), the claim shall lie against the insurer of the directly offending vehicle.

4. In all cases, the right of the party paying the claim to recover against the owner of the vehicle responsible for the accident shall be maintained.

The law is very clear — the claim shall lie against the insurer of the vehicle in which the "occupant" ** is riding, and no other. The claimant is not free to choose from which insurer he will claim the "no fault indemnity," as the law, by using the word "shall, makes it mandatory that the claim be made against the insurer of the vehicle in which the occupant is riding, mounting or dismounting from.

That said vehicle might not be the one that caused the accident is of no moment since the law itself provides that the party paying the claim under Sec. 378 may recover against the owner of the vehicle responsible for the accident. This is precisely the essence of "no fault indemnity" insurance which was introduced to and made part of our laws in order to provide victims of vehicular accidents or their heirs immediate compensation, although in a limited amount, pending final determination of who is responsible for the accident and liable for the victims'injuries or death. In turn, the "no fault indemnity" provision is part and parcel of the Insurance Code provisions on compulsory motor vehicle ability insurance [Sec. 373-389] and should be read together with the requirement for compulsory passenger and/or third party liability insurance [Sec. 377] which was mandated in order to ensure ready compensation for victims of vehicular accidents.

Irrespective of whether or not fault or negligence lies with the driver of the Superlines bus, as private respondents were not occupants of the bus, they cannot claim the "no fault indemnity" provided in Sec. 378 from petitioner. The claim should be made against the insurer of the vehicle they were riding. This is very clear from the law. Undoubtedly, in ordering petitioner to pay private respondents the 'no fault indemnity,' respondent judge gravely abused his discretion in a manner that amounts to lack of jurisdiction. The issuance of the corrective writ of certiorari is therefore warranted.

WHEREFORE, the petition is GRANTED and respondent judge's order dated March 1, 1978, requiring petitioner to pay private respondents the amount of P5,000.00 as "no fault indemnity' under Sec. 378 of the Insurance Code, and that of January 3, 1979, denying the second motion for reconsideration and issuing a writ of execution, are ANNULLED and SET ASIDE. The temporary restraining order issued by the Court on January 24, 1979 is made permanent.

SO ORDERED.

Fernan, C.J., Gutierrez, Jr., Feliciano and Bidin, JJ., concur.

Footnotes

* P.D. No. 612, as amended by P.D. Nos. 1141, 1280 and 1455. In 1978, all insurance laws were consolidated and codified by P.D. No. 1460 into a single code known as the Insurance Code of 1978. Basically, P.D. No. 1460 reenacted P.D. 612, as amended. P.D. No. 1460 was later amended by P.D. No. 1814 and B.P. Blg. 874.

** The Insurance Code uses the General term "occupant" to distinguish from a "passenger," who is "any fare paying person being transported and conveyed in and by a motor vehicle for transportation of passengers for compensation, including persons expressly authorized by law or by the vehicle's operator or his agents to ride without fare," and a "third party," who is "any person other than a passenger as defined in this section" [See. 373] Thus, as used in Sec. 378, "occupant" includes both a "passenger" and a "third party," so long as they are riding in or mounting of dismounting from a motor vehicle.