



Republic of the Philippines
 Supreme Court
 Manila

SECOND DIVISION

THE HEIRS OF
 REYNALDO A. ANDAG,
 namely VENERANDA B.
 ANDAG, JAYMARK B.
 ANDAG, HONEY GRACE B.
 ANDAG and KIM PHILIP B.
 ANDAG, represented by their
 ATTORNEY-IN-FACT,
 VENERANDA B. ANDAG,
 Petitioners,

G.R. No. 244361

Present:

PERLAS-BERNABE, S.A.J.,
 Chairperson,
 J. REYES, JR.,*
 HERNANDO,
 ZALAMEDA,** and
 GAERLAN,*** JJ.

- versus -

Promulgated:

13 JUL 2020

DMC CONSTRUCTION
 EQUIPMENT RESOURCES
 INC., JORGE A. CONSUNJI,
 President, and AGUSTINE B.
 GONZALEZ, Area Manager,
 Respondents.

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RESOLUTION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*¹ are the Decision² dated February 28, 2018 and the Resolution³ dated December 12, 2018 of the Court of Appeals (CA) in CA-G.R. CEB-SP No. 10946 which upheld the

* Designated additional member per raffle dated March 16, 2020.

** Designated additional member per raffle dated June 22, 2020.

*** Designated additional member per Special Order No. 2780 dated May 11, 2020.

¹ Rollo, pp. 24-42.

² Id. at 63-73. Penned by Associate Justice Marilyn B. Lagura-Yap with Associate Justices Geraldine C. Fiel-Macaraig and Gabriel T. Robeniol, concurring.

³ Id. at 45-48. Penned by Associate Justice Marilyn B. Lagura-Yap with Associate Justices Edgardo L. Delos Santos (now a member of this Court) and Emily R. Aliño-Geluz, concurring.

Decision⁴ dated January 30, 2017 and the Resolution⁵ dated March 23, 2017 of the National Labor Relations Commission (NLRC) in NLRC Case No. VAC-01-000024-2017 which held, *inter alia*, that: (a) petitioners Heirs of Reynaldo A. Andag (Reynaldo), namely Veneranda B. Andag, Jaymark B. Andag, Honey Grace B. Andag, *et al's* (petitioners) claim for damages against respondent DMC Construction Equipment Resources, Inc. (DMCI) is a claim based on torts which is cognizable by the regular courts; and (b) petitioners are not entitled to the monetary reliefs sought.

The Facts

Petitioners alleged that on July 16, 2012, respondent DMC Construction Equipment Resources Inc. (DMCI) employed Reynaldo as Second Mate on its tugboat, the M/T Alexander Paul. On October 18, 2013, as the tugboat was towing an overloaded barge, a recoiling rope accidentally struck Reynaldo causing him to be thrown towards the ship's iron bars. Reynaldo was rushed to the hospital where he was pronounced dead on arrival. Months after, DMCI contacted petitioners and told them that it would give them the amount of ₱200,000.00 as compensation for Reynaldo's death under the condition that they would execute a waiver and quitclaim in its favor. After refusing the offer, petitioners no longer heard from DMCI, prompting them to send a formal demand letter, which the latter ignored.⁶ Thus, they were constrained to file the instant complaint against respondent before the National Labor Relations Commission (NLRC), Regional Arbitration Branch No. VI of Iloilo City seeking, *inter alia*, the payment of: (a) death compensation/benefits; (b) actual damages, moral damages, exemplary damages, and attorney's fees for the latter's alleged negligence resulting in the death of Reynaldo; and (c) other monetary claims due to Reynaldo, *e.g.*, holiday pay, service incentive leave pay, and 13th month pay.⁷

In its defense, DMCI maintained that: (a) petitioners should recover death benefits not from it as Reynaldo's employer, but from the State Insurance Fund, *i.e.*, the Social Security System (SSS); (b) the amount of ₱200,000.00 it offered to petitioners represents the proceeds of the accidental death insurance policy it voluntarily secured in favor of its employees which the latter, unfortunately, refused to accept; and (c) it had already paid Reynaldo's monetary benefits as evidenced by various documents such as the latter's payslips.⁸

⁴ Id. at 233-243. Penned by Presiding Commissioner Violeta Ortiz-Bantug with Commissioners Julie C. Rendoque and Jose G. Gutierrez, concurring.

⁵ Id. at 211-215.

⁶ Id. at 234-235.

⁷ Id. at 233-234.

⁸ Id. at 236.

The LA Ruling

In a Decision⁹ dated September 28, 2016, the Labor Arbiter (LA) dismissed the complaint for lack of cause of action.¹⁰ The LA agreed with DMCI that petitioners' claim for death benefits should have been made before the State Insurance Fund. It also pointed out that petitioners failed to present evidence of DMCI's liability for Reynaldo's death.¹¹ Further, it denied their claim for moral and exemplary damages for lack of merit.¹² Finally, the LA found that DMCI had already paid all the wages and monetary benefits due to Reynaldo.¹³

Aggrieved, petitioners appealed to the NLRC.

The NLRC Ruling

In a Decision¹⁴ dated January 30, 2017, the NLRC affirmed the LA ruling with modification, ordering DMCI to turn over to petitioners the ₱200,000.00 accidental death insurance proceeds without any condition.¹⁵ It ruled that: *first*, as to the death benefits, since it was shown that Reynaldo was an inter-island seaman, *i.e.*, working within Philippine waters, and in the absence of any contractual provision showing that DMCI is liable for death benefits, petitioners should seek payment of such death benefits not from DMCI, but from the State Insurance Fund, particularly the SSS.¹⁶ *Second*, as for the claim of damages arising from DMCI's alleged negligence resulting in the death of Reynaldo, the NLRC held that the Labor Tribunals have no jurisdiction to hear this cause of action, as it is a claim based on torts which is cognizable by the regular courts.¹⁷ *Third*, as for the additional death insurance proceeds, the same should be released to petitioners without any condition considering that the same had already been released to DMCI, albeit the latter was unable to turn-over the same to petitioners because it unduly conditioned it on petitioners signing a waiver and quitclaim.¹⁸ Finally, while the NLRC was silent as to petitioners' other monetary claims due to Reynaldo, the ruling implied that it was upholding the LA's findings on this regard, *i.e.*, that the same had already been paid by DMCI.

Dissatisfied, petitioners moved for partial reconsideration¹⁹ but were denied in a Resolution²⁰ dated March 23, 2017. Hence, they filed a petition

⁹ Id. at 245-253. Penned by Labor Arbiter Rodrigo P. Camacho.

¹⁰ Id. at 253.

¹¹ Id. at 251-252.

¹² Id. at 252-253.

¹³ Id. at 253.

¹⁴ Id. at 233-243.

¹⁵ Id. at 243.

¹⁶ Id. at 238-239.

¹⁷ Id. at 239-242.

¹⁸ Id. at 242.

¹⁹ Id. at 216-231.

²⁰ Id. at 211-215.

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for *certiorari*²¹ before the CA, principally assailing the NLRC's findings that: (a) petitioners' claim for damages against DMCI is a claim based on torts which is cognizable by the regular courts; and (b) petitioners are not entitled to the monetary reliefs sought.

The CA Ruling

In a Decision²² dated February 28, 2018, the CA upheld the assailed NLRC rulings. It held that the NLRC did not gravely abuse its discretion in holding that: (a) petitioners' claim for damages against DMCI is a claim based on torts which is cognizable by the regular courts; and (b) petitioners are not entitled to the monetary reliefs sought as it was shown that DMCI had already paid the same.²³

Undaunted, petitioners moved for reconsideration which the CA denied in a Resolution²⁴ dated December 12, 2018. Hence, this petition.²⁵

The Issue Before the Court

The issue for the Court's resolution is whether or not the CA correctly ruled that the NLRC did not gravely abuse its discretion in issuing its assailed rulings.

The Court's Ruling

The petition is without merit.

"Preliminarily, the Court stresses the distinct approach in reviewing a CA's ruling in a labor case. In a Rule 45 review, the Court examines the correctness of the CA's Decision in contrast with the review of jurisdictional errors under Rule 65. Furthermore, Rule 45 limits the review to questions of law. In ruling for legal correctness, the Court views the CA Decision in the same context that the petition for *certiorari* was presented to the CA. Hence, the Court has to examine the CA's Decision from the prism of whether the CA correctly determined the presence or absence of grave abuse of discretion in the NLRC decision."²⁶

²¹ Id. at 74-100.

²² Id. at 63-73.

²³ Id. at 69-73.

²⁴ Id. at 45-48.

²⁵ See id. at 32-36.

²⁶ *Pelagio v. Philippine Transmarine Carriers, Inc.*, G.R. No. 231773, March 11, 2019; citation omitted.

“Case law states that grave abuse of discretion connotes a capricious and whimsical exercise of judgment, done in a despotic manner by reason of passion or personal hostility, the character of which being so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law.”²⁷

“In labor cases, grave abuse of discretion may be ascribed to the NLRC when its findings and conclusions are not supported by substantial evidence, which refers to that amount of relevant evidence that a reasonable mind might accept as adequate to justify a conclusion. Thus, if the NLRC’s ruling has basis in the evidence and the applicable law and jurisprudence, then no grave abuse of discretion exists and the CA should so declare and, accordingly, dismiss the petition.”²⁸

Guided by the foregoing considerations, the Court finds that the CA correctly found no grave abuse of discretion on the part of the NLRC in issuing its assailed rulings, as the same is in accord with the evidence on record, as well as settled principles of labor law.

At this juncture, the Court deems it worthy to point out that petitioners seek the following: (a) death compensation/benefits for Reynaldo; (b) damages arising from DMCI’s purported negligence which resulted in Reynaldo’s death; (c) additional death benefits; and (d) other monetary claims due to Reynaldo, *e.g.*, holiday pay, service incentive leave pay, and 13th month pay.

Anent the death compensation/benefits, the NLRC aptly noted that while Reynaldo was indeed employed by DMCI as a seafarer, it must nevertheless be pointed out that he was merely deployed in an inter-island vessel sailing domestic waters. This being the case, his employment was not covered by any POEA-Standard Employment Contract typical to employment contracts involving seafarers sailing in international waters – a contract which specifically contains provisions which make an employer liable should a seafarer perish while on duty. Absent any specific provision in his employment contract with DMCI, Reynaldo’s death on duty is governed by the Labor Code, particularly, Articles 174, 178, 179, and 200 (a) [formerly Articles 168, 172, 173, and 194 (a)]²⁹ thereof. In this regard,

²⁷ Id.

²⁸ Id.

²⁹ See Department of Labor and Employment Department Advisory No. 1, series of 2015, entitled “RENUMBERING THE LABOR CODE OF THE PHILIPPINES, AS AMENDED”. The foregoing provisions read:

Article 174. [168] *Compulsory Coverage*. – Coverage in the State Insurance Fund shall be compulsory upon all employers and their employees not over sixty (60) years of age; *Provided*, That an employee who is over sixty (60) years of age and paying contributions to qualify for the retirement or life insurance benefit administered by the System shall be subject to compulsory coverage.

Article 178. [172] *Limitation of Liability*. – The State Insurance Fund shall be liable for compensation to the employee or his dependents, except when the disability or death was

case law instructs that “[t]he clear intent of the law is that the employer should be relieved of the obligation of directly paying his employees compensation for work-connected illness or injury on the theory that this is part of the cost of production or business activity; and that no longer would there be need for adversarial proceedings between an employer and his employee in which there were specific legal presumptions operating in favor of the employee and statutorily specified defenses available to an employer.”³⁰ Hence, “[o]nce the employer pays his share to the fund, all obligation on his part to his employees is ended.”³¹ Given the foregoing, the Labor Tribunals correctly ruled that DMCI is not liable for Reynaldo’s death benefits as it is the State Insurance Fund, more particularly the SSS, which is liable therefor.

Anent petitioner’s claim for damages arising from DMCI’s purported negligence which resulted in Reynaldo’s death, the NLRC correctly ruled that petitioners’ allegations in their Position Paper³² before the LA make out a cause of action for a tort, which is cognizable not by the labor tribunals, but by the regular courts.³³ On this note, while the maintenance of a safe and healthy workplace is ordinarily a subject of labor cases, case law nevertheless clarifies that a claim *specifically grounded on the employer’s negligence* to provide a safe, healthy and workable environment for its employees is no longer a labor issue, but rather, is a case for *quasi-delict* which is under the jurisdiction of the regular courts,³⁴ as in this case. Hence, should petitioners wish to pursue this cause of action against DMCI, it should file the proper case therefor before the regular courts.

occasioned by the employee’s intoxication, willful intention to injure or kill himself or another, notorious negligence, or otherwise provided under this Title.

Article 179. [173] *Extent of Liability*. – Unless otherwise provided, the liability of the State Insurance Fund under this Title shall be exclusive and in place of all other liabilities of the employer to the employee, his dependents or anyone otherwise entitled to receive damages on behalf of the employee or his dependents. The payment of compensation under this Title shall not bar the recovery of benefits as provided for in Section 699 of the Revised Administrative Code, Republic Act Numbered Eleven Hundred Sixty-One, as amended, Republic Act Numbered Six Hundred Ten, as amended, Republic Act Numbered Forty-Eight Hundred Sixty-Four, as amended, and other laws whose benefits are administered by the System or by other agencies of the government.

Article 200. [194] *Death*. – (a) Under such regulations as the Commission may approve, the System shall pay to the primary beneficiaries upon the death of the covered employee under this Title, an amount equivalent to his monthly income benefit, plus ten percent thereof for each dependent child, but not exceeding five, beginning with the youngest and without substitution, except as provided for in paragraph (j) of Article 167 hereof: *Provided, however*, That the monthly income benefit shall be guaranteed for five years: *Provided, further*, That if he has no primary beneficiary, the System shall pay to his secondary beneficiaries the monthly income benefit but not to exceed sixty months: *Provided, finally*, That the minimum death benefit shall not be less than fifteen thousand pesos.

³⁰ *San Miguel Corporation v. NLRC*, 247 Phil. 338, 348 (1988).

³¹ *Id.*

³² See *rollo*, pp. 254-270, particularly pp. 265-267.

³³ See *id.* at 239-242.

³⁴ See *Indophil Textile Mills, Inc. v. Adviento*, 740 Phil 336, 348 (2014). See also *Tolosa v. NLRC*, 449 Phil. 271, 284 (2003).

As for the claim for additional death benefits, the Court notes that the NLRC already ruled that petitioners are entitled to the amount of ₱200,000.00 representing the accidental death insurance proceeds which DMCI voluntarily procured for its employees, such as Reynaldo; and that DMCI should turn-over said amount to petitioners *sans* any condition.

Finally, as for the other monetary claims purportedly still due to Reynaldo, the Labor Tribunals had correctly found that the same had already been paid for by DMCI, as such finding was substantiated by evidence on record, *e.g.*, payslips. Verily, factual findings of labor tribunals, especially when affirmed by the CA, are generally accorded not only with respect, but even with finality, and are thus binding on the Court.³⁵


In conclusion, no grave abuse of discretion may be ascribed in the assailed NLRC rulings. Hence, the CA correctly affirmed the same.


WHEREFORE, the petition is **DENIED**. The Decision dated February 28, 2018 and the Resolution dated December 12, 2018 of the Court of Appeals in CA-G.R. CEB-SP No. 10946 are hereby **AFFIRMED**.


SO ORDERED.



ESTELA M. PERLAS-BERNABE
 Senior Associate Justice

WE CONCUR:


JOSE C. REYES, JR.
 Associate Justice


RAMON PAUL L. HERNANDO
 Associate Justice

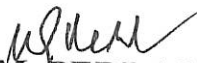

RODIL V. ZALAMEDA
 Associate Justice


SAMUEL H. GAERLAN
 Associate Justice

³⁵ See *Nahas v. Olarte*, 734 Phil. 569, 579 (2014); *ODFJELL Philippines, Inc. v. Cruz*, G.R. No. 246776, July 8, 2019 (Notice); and *Salazar v. Loxon Wandset, Inc.*, UDK-16194, June 18, 2018 (Minute Resolution). See also *Kintanar, et. al. v. Sampaguita Tourist Inn/Abella G. Dacudao, et. al.* (Minute Resolution), G.R. No. 225563, August 30, 2016; and *Padernal v. Pedia-AIDS, Inc.*, G.R. No. 215665, January 11, 2016 (Minute Resolution).

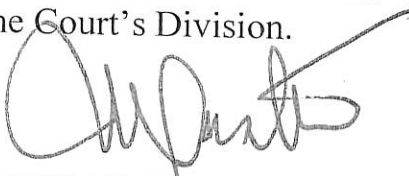
ATTESTATION

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


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

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


DIOSDADO M. PERALTA
Chief Justice