SECOND DIVISION

[G.R. No. 251119. November 18, 2025]

MAPFRE INSULAR INSURANCE CORPORATION (MAPFRE), PETITIONER, VS. ATTY. ARIS L. GULAPA, IN HIS CAPACITY AS REHABILITATION RECEIVER FOR THE PHILIPPINE PHOSPHATE FERTILIZER CORPORATION, AND PHILIPPINE PHOSPHATE FERTILIZER CORPORATION, RESPONDENTS.

D E C I S I O N

KHO, JR., J.:

Assailed in this Petition for Review on *Certiorari*[1] are the Resolutions dated December 21, 2017[2] and December 4, 2019[3] of the Court of Appeals (CA) in CA-G.R. CEB-SP No. 11367, which affirmed the Order[4] dated September 12, 2017 of Branch 8, Regional Trial Court, Tacloban City (RTC) directing petitioner MAPFRE Insular Insurance Corporation (MAPFRE), among other insurers, to submit to arbitration with respondent Philippine Phosphate Fertilizer Corporation (PhilPhos), upon the Motion of PhilPhos's receiver, Atty. Aris L. Gulapa (Atty. Gulapa).

The Facts

This case stemmed from the Motion to Compel Petitioner's Insurers to Submit to Arbitration[5] (Motion) filed by respondent Atty. Gulapa, in his capacity as PhilPhos's rehabilitation receiver, against petitioner MAPFRE, among other insurers, in relation to PhilPhos's insurance claim.

In the Motion, Atty. Gulapa alleged that PhilPhos insured its buildings, machinery, and equipment (BME) for a total insured value of PHP 17,572,571,300.00 with the following insurers: (*a*) The Solid Guaranty, Inc.; (*b*) QBE Insurance (Philippines), Inc.; (*c*) PNB General Insurers Co., Inc.; (*d*) The New India Assurance Co., Ltd.; (*e*) Malayan Insurance Co., Inc.; (*f*) Oriental Assurance Corp.; (*g*) BPI/MS Insurance Corporation; (*h*) AFP General Insurance Corporation; (*i*) UCPB General Insurance Co. Inc.; (*j*) MAA General Assurance Philippines, Inc.; (*k*) **MAPFRE**; and (*l*) Charter Ping An Insurance Corporation (collectively, insurers).[6]

Following the onslaught of Typhoon Yolanda on November 8, 2013, PhilPhos lodged insurance claims against its insurers, including MAPFRE under MAPFRE Insurance Policy Number FI-SRR-EO-0000120 (insurance policy),[7] for the damages suffered by

its BME in the total amount of PHP 7,293,174,817.00, from which amount, PHP 734,910,000.00 had already been paid by the insurers.[8] Consequently, PhilPhos sent a Formal Demand Letter[9] dated December 22, 2015 asking the insurers to pay the balance of PHP 6,558,264,817.00 as indemnity claim.[10]

Notwithstanding said demand, the insurers refused to settle PhilPhos's claim. Hence, on May 4, 2017, PhilPhos sought to refer the matter to arbitration through its Request for Arbitration.[11] In response, the insurers averred that its appointed loss adjuster, Crawford & Company Philippines, Inc. (Crawford), appraised the total indemnity owing to PhilPhos at only PHP 1,150,000,000.00.[12] Moreover, in a letter dated May 15, 2017, Crawford stated that there is a need to settle the issue on the fair market value of PhilPhos's two sulfuric acid plants.[13] Accordingly, Crawford requested for further negotiations but was rejected by PhilPhos.[14]

Meanwhile, on September 17, 2015, PhilPhos initiated rehabilitation proceedings through a Petition for Voluntary Rehabilitation,[15] which was later assigned to the RTC as rehabilitation court, and where Atty. Gulapa was appointed as the court-appointed receiver.[16]

The insurers' continued refusal to settle PhilPhos's claim prompted Atty. Gulapa to file the Motion invoking his duty, as rehabilitation receiver, to preserve and maximize the value of PhilPhos's assets. In support of his Motion, Atty. Gulapa argued, among others, that: (a) Section 26 of Republic Act No. (RA) 10142 or the Financial Rehabilitation and Insolvency Act of 2010[17] vests the RTC, sitting as a rehabilitation court, the authority to refer any dispute relating to the rehabilitation proceedings pending before it to arbitration;[18] (b) Item No. 22 of the Insurance Policy Conditions provides that all differences as to the amount of any loss or damage covered thereby shall be referred to the decision of an arbitrator;[19] and (c) the appraisal of the BME and the corresponding valuation of indemnity require special attention and technical expertise, hence, should be heard by a specialized tribunal.[20] Notably, despite absence of hearing, the RTC took cognizance of the Motion.[21]

In defense, the insurers argued that Atty. Gulapa's Motion is completely bereft of merit. In their Opposition *Ad Cautelam* (Opposition) filed on September 18, 2017,[22] the insurers mainly submitted that the RTC, a court of limited jurisdiction sitting as a rehabilitation court, does not have jurisdiction over the insurers and the subject matter of PhilPhos's insurance claim.[23]

The RTC Ruling

In an Order[24] dated September 12, 2017 (assailed Order)—before MAPFRE even filed its Opposition to the Motion on September 18, 2017[25]—the RTC granted the Motion and ordered MAPFRE, among others, to submit to arbitration with PhilPhos to

determine the remaining insurance indemnity balance due. The RTC likewise directed the parties to immediately constitute the arbitration panel and proceed promptly with the arbitration proceedings in accordance with the arbitration clause of the insurance policy and thereafter make a report to the Court upon conclusion of the arbitration.[26]

Echoing the view of Atty. Gulapa, the RTC explained that the resolution of the matter relating to the accuracy of the amount of PhilPhos's claim for indemnity would be resolved expeditiously and efficiently if heard in an arbitration proceeding instituted especially for the purpose, given the special attention and technical expertise it may provide relative to the issue.[27] More importantly, the RTC gave due deference to Item No. 22 of the Insurance Policy Conditions which unequivocally declared that all differences as to the amount of any loss or damage shall be referred to arbitration.[28]

Aggrieved, MAPFRE, along with other insurers, filed a Petition for *Certiorari* and Prohibition (With Application for the Issuance of a Temporary Restraining order and/or Writ of Preliminary Injunction)[29] under Rule 65 of the Rules of Court before the CA (Petition for *Certiorari*).

The insurers argued that they were deprived of their right to due process as they were not afforded the opportunity to be heard.[30] They further averred that ***the RTC had absolutely no jurisdiction over the subject matter as well as the persons of the insurers; thus, any order rendered by the RTC in relation to the insurance claim is a nullity and has no legal effect.***[31] Considering this, ***the filing of a Motion for Reconsideration will not amount to a plain, speedy, adequate remedy to afford insurers any relief against the assailed order; hence, the immediate recourse to the CA via a petition for certiorari.*** Finally, the insurers claimed that the case fell under the enumeration of extraordinary circumstances wherein a motion for reconsideration may be dispensed with.[32]

The CA Ruling

In a Resolution[33] dated December 21, 2017, the CA dismissed the Petition for *Certiorari* for MAPFRE's failure to comply with the mandatory filing of a motion for reconsideration before filing the Petition for *Certiorari*.[34]

Here, the CA found that MAPFRE was not able to discharge its burden of proving that the assailed Order granting the Motion was a patent nullity; hence, a motion for reconsideration should be a condition *sine qua non* for the filing of the Petition for *Certiorari* as none of the exceptions to this rule was established by MAPFRE.[35] It further explained that, contrary to MAPFRE's claim of lack of due process, the Motion can be acted upon by the RTC without prejudicing the rights of the adverse party. As such, the RTC is not required to set the Motion for hearing before acting upon it.[36] The CA also maintained that it would even benefit both parties if the matter relating to the accuracy of the amount of PhilPhos's claim for indemnity, particularly the issue on

the fair market value of the two sulfuric acid plants, as well as the BMEs, be addressed by the parties first in an arbitration.[37]

MAPFRE thereafter filed a Motion for Reconsideration[38] but this was denied in a Resolution[39] dated December 4, 2019.

Hence, this Petition wherein MAPFRE averred, among others, that: (a) the assailed Order is void as the RTC had no jurisdiction to issue it; (b) the RTC committed grave abuse of discretion when it issued the assailed Order without regard for due process; and (c) the non-filing of a motion for reconsideration should not be fatal to the Petition for *Certiorari*.[40]

The Issue Before the Court

The issue before the Court is whether the RTC, as rehabilitation court, has jurisdiction to compel MAPFRE to submit to arbitration.

The Court's Ruling

The Petition is denied.

At the outset, the Court notes that the CA did not err in dismissing the Petition for *Certiorari* for MAPFRE's failure to comply with the mandatory filing of a motion for reconsideration. It is well-settled that the filing of a motion for reconsideration is a condition *sine qua non* for the filing of a petition for *certiorari* in order to grant an opportunity for the court to correct any actual or perceived error attributed to it by re-examination of the legal and factual circumstances of the case.[41] While this rule is subject to well-recognized exceptions,[42] none of those were established by MAPFRE in the instant case; hence, direct resort to the CA via a petition for *certiorari* is not warranted by the Rules.

On the merits, Section 4 of RA 10142 defines "rehabilitation" as "the restoration of the debtor to a condition of successful operation and solvency, if it is shown that its continuance of operation is economically feasible and its creditors can recover by way of the present value of payments projected in the plan, more if the debtor continues as a going concern than if it is immediately liquidated." Relatedly, in *Bureau of Internal Revenue v. Lepanto Ceramics, Inc.*,[43] the Court elucidated that ***"the inherent purpose of rehabilitation is to find ways and means to minimize the expense of the distressed corporation during the rehabilitation period by providing the best possible framework for the corporation to gradually regain or achieve a sustainable operating form."***[44]

To achieve this purpose, Section 26 of RA 10142 instructs that after the petition for rehabilitation is given due course, the rehabilitation receiver shall review, revise, and/or recommend action on the rehabilitation plan and submit it or a new one to the rehabilitation court. Pursuant to the rehabilitation plan, the rehabilitation court is given the authority to refer any dispute relating thereto to arbitration:

> Section 26. *Petition Given Due Course*. – If the petition is given due course, the court shall direct the rehabilitation receiver to review, revise[,] and/or recommend action on the Rehabilitation Plan and submit the same or a new one to the court within a period of not more than ninety (90) days.
>
> *The Court may refer any dispute relating to the Rehabilitation Plan or the rehabilitation proceedings pending before it to arbitration or other modes of dispute resolution*, as provided for under Republic Act No. 9285, or the Alternative Dispute Resolution Act of 2004, should it determine that such mode will resolve the dispute more quickly, fairly and efficiently than the court. (Emphasis supplied)

To recall, Atty. Gulapa used, among others, the abovementioned provision as basis in filing the Motion. However, MAPFRE, in its Petition, insists that the RTC has no jurisdiction to grant the Motion, invoking the Court's ruling in *Steel Corporation of the Philippines v. MAPFRE*.[45] There, Steel Corporation of the Philippines (SCP) filed with the rehabilitation court a motion to direct its insurers to pay insurance proceeds after a fire broke out in its plant which damaged its properties. The Court held that "[t]he RTC, acting as a rehabilitation court, has no jurisdiction over the subject matter of the insurance claim of SCP against respondent insurers."[46] It ratiocinated that "***the jurisdiction of the rehabilitation court is over claims against the debtor that is under rehabilitation, not over claims by the debtor against its own debtors or against third parties.***"[47] To support this finding, Steel Corporation of the Philippines pointed out that the term "claim," under RA 10142, refers to "all claims or demands of whatever nature or character ***against the debtor or its property***."[48] Notably, while SCP's motion to pay differs from PhilPhos's Motion, MAPFRE, nonetheless, argues that PhilPhos's claim is in fact calculated to set the stage for PhilPhos's collection of insurance indemnity under the rehabilitation proceedings. In view of this, MAPFRE argues that *Steel Corporation of the Philippines* applies to the present case.[49]

MAPFRE's contention fails to persuade.

In City Government of *Taguig v. Shoppers Paradise Realty and Development Corporation*,[50] the Court explained that the interpretation of the term "claim" under RA 10142 ***does not in any way preclude claims by the debtor which are incidental to the rehabilitation plan and proceedings. As such, the rehabilitation court is empowered to issue orders necessary to carry out the rehabilitation of the insolvent debtor***.[51]

In that case, Shoppers Paradise FTI Corporation (SPFC) and Shoppers Paradise Realty & Development Corporation (collectively Shoppers Paradise Group of Companies or SPGC) underwent rehabilitation proceedings where the City Government of Taguig (CGT) was among the creditors, claiming unpaid realty taxes. Under the rehabilitation plan, CGT and SPGC instituted an offsetting scheme whereby SPFC's tax obligations will be paid by the accrued rentals of CGT in favor of SPGC. CGT later disavowed the offsetting scheme, prompting SPFC to file an urgent motion for collection with prayer

that CGT be directed to pay its unpaid rentals over the areas it leased from SPGC. This motion was granted over CGT's contention that the rehabilitation court lacks jurisdiction to resolve claims of such nature. The Court reasoned that: (a) the offsetting arrangement entered into between the parties was ***sanctioned by the rehabilitation plan*** so that SPGC may satisfy its unpaid realty taxes; (b) CGT was a party to the rehabilitation proceedings as it voluntarily appeared as a creditor therein; and (c) SPGC's claim against CGT was not disputed as it was duly established by evidence. Verily, "the Urgent Motion for Collection sought an incidental relief towards the successful rehabilitation of the SPGC."[52]

Simply put, the Court, in *City Government of Taguig*, upheld the rehabilitation court's jurisdiction to resolve the matter at hand for the simple reason that the offsetting scheme agreed upon by SPGC and CGT, while merely incidental to the rehabilitation proceedings, was sanctioned by the rehabilitation plan and, as such, necessary to rehabilitate SPGC, among other reasons. This is in contrast with *Steel Corporation of the Philippines* where SCP's claim against the insurer was beyond the rehabilitation court's jurisdiction as it was not in any manner included in the rehabilitation plan and, as such, cannot clearly be considered part of the framework by which SPC can regain its operating form.

Guided by the foregoing considerations, the Court holds that the RTC has jurisdiction to issue the assailed Order directing the insurers, including MAPFRE, to submit to arbitration.

It bears reiterating that Section 26 of RA 10142 clearly provides that the rehabilitation court has the authority to refer ***any dispute relating to the rehabilitation plan*** to arbitration upon finding that such mode will resolve the dispute more quickly, fairly, and efficiently than the rehabilitation court. Here, the evidence on record reveals that ***the collection of insurance claim from MAPFRE, among other insurers, relates to the rehabilitation proceedings as the same is sanctioned by PhilPhos's Revised Rehabilitation Plan***,[53] which was approved by the RTC through an Order[54] dated April 16, 2018. To be sure, this Revised Rehabilitation Plan provided a framework aimed at rehabilitating PhilPhos which includes the "Use of Insurance Proceeds,"[55] to wit:

> Assuming that PhilPhos recovers 50% of the proceeds before Year 3, Philphos would receive PhP2.9 billion (net of advance of PhP735 million). From the said amount, the Rehabilitation Receiver proposes to use PhP1.2 billion for the capital expenditure build-up of the GP(Line No.2), other auxiliary equipment (including the port), and PAP(Line No.2). The remaining PhP1.7billion is proposed to be used to repay the creditors under the MTI. On the basis of this assumption, the recovery of 50% of the proceeds under the Insurance Policy may further reduce the period of repayment by about 3 years. This is based on a total allocation of PhP2.9 billion, with application for PhP1.2 billion for capital expenditure plus the PhP1.7 billion to repay the creditors. For every PhP1.0 billion of insurance

proceeds from BME claim, the period of repayment will be reduced by 1 year.[56]

This finding is consistent with the Court's ruling in *City Government of Taguig* which held that claims made by the debtor may be taken cognizance by the rehabilitation court provided that these are incidental to the rehabilitation plan. It then goes without saying that the Motion, in this case, is inextricably related to the rehabilitation plan as it affects the viability of the plan. As aptly argued by Atty. Gulapa, the final determination of the value of PhilPhos's insurance claim in the arbitration proceedings can increase the resource pool of PhilPhos from which creditors may be paid, in furtherance of the effort to salvage PhilPhos and restore it to its former position of successful operation and solvency.[57]

As regards MAPFRE's claim that the Motion was fatally flawed as it failed to comply with the requirement of notice and hearing prescribed under Rule 15, Sections 4 and 5 of the Rules of Court, the Court is not convinced.

MAPFRE alleged that it received a copy of the Motion on September 4, 2017.[58] Consequently, on September 18, 2017, MAPFRE filed an Opposition to the said Motion. In the meantime, however, the RTC issued the Assailed Order granting the Motion on September 12, 2017. Given this timeline, the Court finds that MAPFRE was given sufficient notice regarding PhilPhos's demand to compel the insurers to submit to arbitration. In any case, the Court holds that the crux of MAPFRE's contention lies on the determination of the value of PhilPhos's claim for insurance indemnity. Hence, whatever opposition MAPFRE has against the questioned valuation may best be ventilated before the arbitration panel pursuant to the arbitration clause provided in the Insurance Policy MAPFRE itself executed with PhilPhos.

All told, the Court finds no reason to deviate from the findings of the CA that the RTC, as rehabilitation court, has jurisdiction to compel MAPFRE to submit to arbitration.

ACCORDINGLY, the Petition is **DENIED**. The Resolutions dated December 21, 2017 and December 4, 2019 of the Court of Appeals in CA-G.R. CEB-SP No. 11367 are hereby **AFFIRMED**.

SO ORDERED.

Leonen, SAJ. (Chairperson), Lazaro-Javier, J. Lopez, and *Villanueva, JJ.*, concur.

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[1] *Rollo*, pp. 12-27.

[2] *Id.* at 34-39. The December 21, 2017 Resolution was penned by Associate Justice and Chairperson Edgardo L. Delos Santos (a retired Member of this Court) and concurred in by Associate Justices Marilyn B. Lagura-Yap and Geraldine C. Fiel-Macaraig of the Special Nineteenth Division, Court of Appeals, Cebu City.

[3] *Id.* at 42-51. The December 4, 2019 Resolution was penned by Associate Justice and Chairman Edgardo L. Delos Santos (a retired Member of this Court) and concurred in by Associate Justices Marilyn B. Lagura-Yap and Carlito B. Calpatura of the Special Former Special Nineteenth Division, Court of Appeals, Cebu City.

[4] *Id.* at 155-161. The September 12, 20217 Order was issued by Presiding Judge Agerico A. Avila of Branch 8, Regional Trial Court, Tacloban City.

[5] *Id.* at 616-626.

[6] *Id.* at 616-617.

[7] *Id.* at 450-476.

[8] *Id.* at 617.

[9] *Id.* at 659-661.

[10] *Id.* at 617.

[11] *Id.* at 668-671, 689.

[12] *Id.* at 617, 662.

[13] *Id.* at 618.

[14] *Id.*

[15] *Id.* at 477-494.

[16] *Id.* at 16.

[17] Republic Act No. 10142 (2010), An Act Providing for the Rehabilitation or Liquidation of Financially Distressed Enterprises and Individuals.

[18] *Rollo*, p. 619.

[19] *Id.* at 620. Item No. 22 of the Policy Conditions reads:

> All differences as to the amount of any loss or damage covered by the Policy shall be referred to the decision of an arbitrator to be appointed by the parties in difference or if they cannot agree upon a single arbitrator to the decision of two arbitrators one to be appointed in writing by each of the parties within thirty (30) days after having been required in writing to do so by either of the parties or in case of disagreement between the arbitrators to

the decision of an umpire to be appointed in writing by the arbitrators before entering on the reference and an award by the arbitrator or arbitrators or umpire shall be a condition precedent to any right of action against the company, only in cases of difference as to the amount of liability arising out of this policy.

[20] *Id.* at 620-621.

[21] *Id.* at 16.

[22] *Id.* at 511-542.

[23] *Id.* at 512-513.

[24] *Id.* at 155-161.

[25] *Id.* at 16.

[26] *Id.* at 161.

[27] *Id.* at 160.

[28] *Id.* at 157.

[29] *Id.* at 52-116.

[30] *Id.* at 54-55.

[31] *Id.* at 55.

[32] *Id.* at 55-56. The insurers claimed that the case falls under the following enumeration of extraordinary circumstances warranting direct recourse to the CA via a petition for *certiorari* under Rule 65 of the Rules of Court:

(a) where the order is a patent nullity, as where the court *a quo* has no jurisdiction;
(b) where, under the circumstances, a motion for reconsideration would be useless;
(c) where petitioner was deprived of due process and there is extreme urgency for relief;
(d) where the proceedings in the lower court are a nullity for lack of due process;
(e) where the proceedings were *ex parte* or in which the petitioner had no opportunity to object; and

(f) where the issue raised is one purely of law and where public interest is involved.

[33] *Id.* at 34-39.

[34] *Id.* at 38.

[35] *Id.* at 35-36.

[36] *Id.* 36-38.

[37] *Id.* at 38.

[38] *Id.* at 162-187.

[39] *Id.* at 42-51.

[40] *Id.* at 17-25.

[41] **Republic v. Bayao**, 710 Phil. 279, 287 (2013) [Per J. Leonen, Third Division].

[42] **Seagull Shipmanagement and Transport, Inc. v. NLRC**, 388 Phil. 906, 912 (2000) [Per J. Quisumbing, Second Division].

[43] 809 Phil. 278 (2017) [Per J. Perlas-Bernabe, First Division].

[44] *Id.* at 286. (Emphasis supplied)

[45] 719 Phil. 683 (2013) [Per J. Carpio, Second Division].

[46] *Id.* at 655.

[47] *Id.* at 656. (Emphasis supplied)

[48] *Id.* at 657. (Emphasis supplied)

[49] *Rollo*, p. 518.

[50] 908 Phil. 320 (2021) [Per J. J. Lopez, Third Division].

[51] *Id.* at 328, 336.

[52] *Id.* at 333.

[53] *Id.* at 216-224. The New Revised Rehabilitation Plan of Philippine Phosphate Fertilizer Corporation ("PhilPhos") dated February 6, 2018.

[54] *Rollo*, pp. 434-449.

[55] *Id.* at 223.

[56] *Id.* at 224.

[57] **BPI Family Savings Bank, Inc. v. St. Michael Medical Center, Inc.**, 757 Phil. 251 (2015) [Per J. Perlas-Bernabe, First Division].

[58] *Rollo*, p. 511.

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