



Legal Opinion (LO) No.:	2020 - 07
Date:	07 August 2020

MR. BRILLY V. BERNARDEZ
President
Dragon Construction, Inc.
 315 Roosevelt Avenue, SFDM,
 Quezon City 1105, Metro Manila

SUBJECT: Request for Legal Opinion on Accrual of Penalties

Dear **Mr. Bernardez**:

This refers to your letter dated 22 June 2020 requesting for a legal opinion “relative to the correct interpretation of Sections 241, 243 and 442 of the Insurance Code as Amended [sic], particularly on when the date or period of counting of penalties validly starts.” This query is in relation to the Decision dated 12 August 2011 rendered by the Insurance Commission in favor of Dragon Construction, Inc. (DCI) in IC Adm. Case No. RD 386. The dispositive portion of the said Decision reads as follows:

“WHEREFORE, the Commission finds respondent BF General Insurance Corporation liable for violating Sections 241, 243 and 415 of the Insurance Code and Insurance Memorandum Circular 4-93 for its unjustified and willful refusal to pay the claim of Complainants, and hereby imposes upon it the following penalties:

1. **A fine payable to the Insurance Commission of P500.00 per day** until satisfactory settlement of the claim is presented;
2. A stern warning to revoke the Respondents Certificate of Authority upon finding of a similar incidence of unfair claims settlement practice.

SO ORDERED.” (Emphasis supplied.)

Section 243 of Presidential Decree No. 612 or the Insurance Code provides for the payment of interest in case of refusal or failure of the insurer to pay the loss or damage within the time prescribed, to wit: