



Republic of the Philippines  
**Supreme Court**  
Manila

**SECOND DIVISION**

**LOUE B. MUTIA,**

*Petitioner,*

**G.R. No. 242928**

Present:

— versus —

**C.F. SHARP CREW MGT.,  
INC., NORWEGIAN CRUISE  
LINES, M/V NORWEGIAN  
JADE and JUAN JOSE P.  
ROCHA,**

*Respondents.*

LEONEN, *SAJ.*,

*Chairperson,*

LAZARO-JAVIER,

LOPEZ, M.,

LOPEZ, J., *and*

KHO, JR., *JJ.*

Promulgated:

**JUN 27 2022**

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**DECISION**

**LOPEZ, M., J.:**

The seafarers' intentional concealment of pre-existing illnesses bars their claim for disability benefits following Section 20(E) of the 2010 Philippine Overseas Employment Administration Standard Employment Contract<sup>1</sup> (POEA-SEC). However, the applicability of Section 20(E) should be limited to the disability resulting from the concealed illness. The Court applies this

<sup>1</sup> POEA MEMORANDUM CIRCULAR NO. 10, SERIES OF 2010 dated October 26, 2010.

analysis in resolving the petition for review on certiorari<sup>2</sup> under Rule 45 of the Revised Rules of Court (Rules) questioning the Court of Appeals' (CA) Decision<sup>3</sup> dated January 10, 2018 and Resolution<sup>4</sup> dated October 26, 2018 in CA-G.R. SP No. 146859.

### ANTECEDENTS

In September 2013, petitioner Loue Mutia (Mutia) was hired as an assistant cook by respondent C.F. Sharp Crew Management, Inc. (C.F. Sharp) on behalf of its foreign principal, respondent Norwegian Cruise Lines (NCL).<sup>5</sup> Mutia's duties include preparing meals for passengers and crew of the M/V Norwegian Jade.<sup>6</sup> The employment contract is covered by a Collective Bargaining Agreement (CBA), which grants employees a maximum benefit of US\$100,000.00 in case of disability resulting in loss of profession.<sup>7</sup>

Before boarding the vessel, Mutia underwent a pre-employment medical examination (PEME). When asked whether he had a previous medical condition, including ear trouble and deafness, Mutia ticked the box "No."<sup>8</sup> However, his audiometry results showed that Mutia has "*mild hearing loss, bilateral,*"<sup>9</sup> as reflected in the PEME. Even so, he was found fit to work. The attestation in his PEME states:

The seafarer concerned is not suffering from any medical condition likely to be aggravated by sea service or to render the seafarer unfit for such service or to endanger the health of other persons on board.<sup>10</sup>

On October 13, 2013, Mutia was transferring a box containing 50 kilograms of chicken meat onto a trolley when the trolley suddenly moved, forcing him to carry the full weight of the box.<sup>11</sup> As a result, he felt a snap on his back, suddenly felt weak, and fell to the floor.<sup>12</sup> After the incident, he started to feel lower back pain and requested an examination.<sup>13</sup> The request was denied, and Mutia was directed to continue his chores.<sup>14</sup> On another occasion, and without his back pain resolved, Mutia accidentally dropped one kilo of chicken seasoning into a pot of boiling corn soup while cooking, and the hot liquid splashed towards his face and eyes.<sup>15</sup> He went off-balance and

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<sup>2</sup> *Rollo*, pp. 29–37.

<sup>3</sup> *Id.* at 116–118; Penned by Associate Justice Elihu A. Ybañez and concurred by Associate Justices Pedro B. Corales and Gabriel T. Robeniol.

<sup>4</sup> *Id.* at 100–114; Penned by Associate Justice Elihu A. Ybañez and concurred by Associate Justices Jose C. Reyes, Jr. (later appointed as Supreme Court Associate Justice) and Pedro B. Corales.

<sup>5</sup> *Id.* at 101.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 34.

<sup>9</sup> *Id.* at 109.

<sup>10</sup> *Id.* at 117.

<sup>11</sup> *Id.* at 101.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 102.

fell face down on the floor.<sup>16</sup> He was brought to a Slovenian Clinic on the following day because he could no longer stand due to severe lower back pain.<sup>17</sup> He was administered an intramuscular analgesic and went back on board.<sup>18</sup> However, Mutia's condition did not improve, and he was subsequently brought to a Croatian hospital, where he underwent medical examinations.<sup>19</sup> The computerized tomography (CT) scan of the brain and eye fundus examination yielded normal results, but the doctors suspected a "*clear vision disorder*."<sup>20</sup>

On November 4, 2013, Mutia was repatriated to the Philippines and was referred to Shiphealth, Inc. for initial evaluation.<sup>21</sup> His lumbar spine magnetic resonance imaging (MRI) showed that he has "*L5-S1 desiccation with annular tear*."<sup>22</sup> He was referred to an orthopedic surgeon and was advised to undergo physical therapy and further evaluation.<sup>23</sup>

On November 14, 2013, Mutia was admitted to the hospital to examine his eye problem. He was later discharged after the MRI showed "*normal orbits with no intraorbital mass lesion and optic nerve thickening or abnormal enhancements*."<sup>24</sup> Later, Mutia was readmitted to the hospital for additional examinations. He was then diagnosed with "*Multiple Sclerosis*" and "*Blurring of Vision*."<sup>25</sup> He underwent a series of check-ups, examinations, and therapies from December 18, 2013 to March 14, 2014.<sup>26</sup>

Despite the therapies, Mutia still complained of lower back pains. This continuing complaint prompted the attending physician to request Shiphealth, Inc. for a "*Thoracic MRI with Contrast*."<sup>27</sup> Mutia underwent an MRI, but the results were not released.<sup>28</sup> Then, respondents C.F. Sharp and NCL stopped paying for Mutia's treatment.<sup>29</sup>

On April 2, 2014, the attending physician issued a medical certificate to enable Mutia to claim disability benefits with the Overseas Workers Welfare Administration (OWWA). The certificate stated that Mutia has the following medical conditions: "*a) Disc degeneration, L5-S1; b) Neuromyelitis optica; c) To consider Behçet's disease; and d) s/b Lumbar tap*."<sup>30</sup>

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<sup>16</sup> Id.

<sup>17</sup> Id.

<sup>18</sup> Id.

<sup>19</sup> Id.

<sup>20</sup> Id.

<sup>21</sup> Id.

<sup>22</sup> Id.

<sup>23</sup> Id.

<sup>24</sup> Id. at 103.

<sup>25</sup> Id.

<sup>26</sup> Id.

<sup>27</sup> Id.

<sup>28</sup> Id.

<sup>29</sup> Id.

<sup>30</sup> Id.

On April 8, 2014, the OWWA's government physician confirmed that Mutia has "*Neuromyelitis optica*" and certified his claim for permanent total disability benefits for loss of function of both eyes.<sup>31</sup> On April 24, 2014, Mutia sought the medical opinion of another physician who found that he was unfit for duty as a seafarer in whatever capacity due to herniated disc at *L5-S1*.<sup>32</sup>

On July 9, 2014, Mutia filed a complaint for permanent total disability benefits, moral and exemplary damages, and attorney's fees. He claimed that he was incapacitated to perform his duties for more than 120 days, and the company-designated physician failed to make a definitive assessment of his medical condition within the allowed period. The incomplete medical attention justifies his claim for damages.<sup>33</sup>

Respondents countered that Mutia is disqualified from claiming permanent total disability benefits because he materially concealed a pre-existing medical condition in his PEME.<sup>34</sup> They claimed that Mutia was earlier diagnosed with "*[a]cute otitis media with perforated tympanic membrane*" (acute otitis media) and had instituted a claim for disability benefits with his former employee.<sup>35</sup> They point to Mutia's affidavit of quitclaim in favor of his previous employer.<sup>36</sup> Thus, they assert that Section 20(E) of the 2010 POEA-SEC, which disqualifies seafarers from claiming disability benefits if they conceal their previous medical condition, is applicable.<sup>37</sup>

### LABOR ARBITER

In its Decision dated October 30, 2015, the Labor Arbiter (LA) granted the claim for permanent total disability benefits based on the CBA and attorney's fees but denied the claims for moral and exemplary damages.<sup>38</sup> The respondents failed to rebut Mutia's allegations that his medical conditions were work-related and that they were acquired during his employment.<sup>39</sup> The respondents did not even dispute Mutia's claim but only raised the defense of material concealment of a pre-existing illness. The LA rejected the defense of

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<sup>31</sup> Id. at 103–104.

<sup>32</sup> Id. at 104.

<sup>33</sup> Id. at 105.

<sup>34</sup> Id.

<sup>35</sup> Id.

<sup>36</sup> Id. at 51.

<sup>37</sup> Id. at 105–106.

<sup>38</sup> Id. at 106–107; The dispositive portion of the decision reads:

WHEREFORE, premises considered, respondents C.F. Sharp Crew Management Inc., and Norwegian Cruise Lines Limited, are hereby jointly and solidarily liable to pay complainant his total and permanent disability benefit of USD 100,000.00, pursuant to their CBA, or its peso equivalent at the time of payment, plus ten (10%) attorney's fees.

Other claims are dismissed for lack of basis.

SO ORDERED.

<sup>39</sup> *Rollo*, p. 106.

material concealment because the prior illness had no causal connection with the present medical conditions. It also dropped Mr. Juan Jose Rocha as a respondent in the absence of proof that he is the president or an officer of respondent C.F. Sharp.<sup>40</sup>

### NATIONAL LABOR RELATIONS COMMISSION

In its Decision dated January 29, 2016, the National Labor Relations Commission (NLRC) reversed the LA.<sup>41</sup> It held that Section 20(E) of the 2010 POEA-SEC applies to all pre-existing illnesses or conditions with no exception. Thus, it is immaterial whether the concealed illness directly correlates with the disability suffered by the seafarer.<sup>42</sup>

### COURT OF APPEALS

In his petition for certiorari, Mutia echoed the LA's reasoning that the absence of a causal relationship between the concealed illness and his current illness made Section 20(E) of the 2010 POEA-SEC inapplicable to him. He also pointed out that the PEME indicated "*mild hearing loss, bilateral,*" which should have informed the company physician of his ear condition.<sup>43</sup> Also, the company physician filled out the PEME, and he merely signed it.<sup>44</sup>

In its Decision dated January 10, 2018, the CA rejected Mutia's arguments. Relying on the legal maxim of "*Ubi lex non distinguit, nec nos distinguere debemos,*"<sup>45</sup> it opined that Section 20(E) of the 2010 POEA-SEC did not distinguish the type of pre-existing medical condition required to be disclosed. Thus, the provision should not be limited to medical conditions having a direct causal connection to the concealed illness.<sup>46</sup> Therefore, Mutia's claim for disability benefits is barred. To support the application of Section 20(E), the CA relied on *Vetyard Terminals & Shipping Terminals v. Perez* that "*willful concealment of a vital information in his PEME disqualified him from claiming disability benefits pursuant to Section 20(E) of the POEA-SEC x x x.*"<sup>47</sup>

The CA also rejected Mutia's claim that the audiometry results in the PEME, stating a "*mild hearing loss, bilateral,*" negates concealment.<sup>48</sup>

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<sup>40</sup> Id. at 106-107.

<sup>41</sup> Id. at 107-108; The dispositive portion reads:

WHEREFORE, premises considered, respondents' Appeal is hereby GRANTED. The Decision of Labor Arbiter Jonalyn M. Gutierrez dated October 30, 2015 is REVERSED and SET ASIDE, and a new Judgment is rendered DISMISSING the complaint for lack of merit.

SO ORDERED.

<sup>42</sup> Id. at 107-108.

<sup>43</sup> Id. at 109.

<sup>44</sup> Id.

<sup>45</sup> The English translation of this maxim is "where the law does not distinguish, neither should we distinguish."

<sup>46</sup> *Rollo*, pp. 111-112.

<sup>47</sup> Id. at 111.

<sup>48</sup> Id. at 112.

Audiometry is a test to evaluate the sensitivity of a person's hearing and is not designed to diagnose a person's auditory illness.<sup>49</sup> Further, the allegation that the company physician filled out the PEME for Mutia has no evidentiary support. In denying Mutia's motion for reconsideration, the CA emphasized that a reasonable person will not sign a document without examining the contents of the document. Thus, Mutia's claim that the company physician filled out the PEME has no bearing.<sup>50</sup> The PEME is also not thoroughly exploratory and could not be expected to reveal the seafarer's illnesses.<sup>51</sup>

### THE PETITION

Mutia now comes before this Court via a petition for review on certiorari under Rule 45. He reiterates that Section 20(E) of the 2010 POEA-SEC is not applicable when the concealed illness is unrelated to the present medical condition while onboard the vessel. If Section 20(E) applies to unrelated illnesses, there is no material concealment because the company physician should be deemed notified of his ear illness, and the respondents should be deemed to have taken the attendant risks of employing him.<sup>52</sup> Thus, he prays that the LA Decision be reinstated.

In their Comment<sup>53</sup>, respondents maintain that a causal connection between the concealed illness and the present medical condition is unnecessary. The PEME is not exploratory and cannot justify Mutia's concealment of his prior ear illness.

### ISSUES

The core issue is whether Section 20(E) of the 2010 POEA-SEC is applicable, Mutia's claim for permanent total disability benefits. This issue may be resolved by addressing the following sub-issues:

- (1) Whether there is material concealment of a pre-existing illness as contemplated by the 2010 POEA-SEC; and
- (2) Whether Section 20(E) of the 2010 POEA-SEC is applicable because Mutia failed to disclose his prior ear illness (acute otitis media), an unrelated illness to his present claim for disability benefits, in the PEME.

### RULING

The petition is meritorious.

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<sup>49</sup> Id.

<sup>50</sup> Id. at 117.

<sup>51</sup> Id.

<sup>52</sup> Id. at 36-37.

<sup>53</sup> Id. at 80-87.

At the outset, the Court emphasizes that the LA found Mutia's medical conditions work-related and acquired during the term of his contract.<sup>54</sup> The respondents did not dispute this finding and solely relied on the concealment defense under Section 20(E) of the 2010 POEA-SEC.

It must be emphasized that the seafarers' entitlement to disability benefits is governed by the medical findings, law, and contract.<sup>55</sup> The POEA-SEC and the CBA bind the seafarers and their employers by contract.<sup>56</sup> Section 20(A) of the 2010 POEA-SEC provides that the employer is liable when the seafarer suffers work-related injury or illness during the contract term.<sup>57</sup> It also provides the reciprocal obligations of the seafarer and the employer to arrive at a definitive medical assessment of the seafarer's injury or illness.<sup>58</sup> The seafarers are required to submit themselves to a post-employment medical examination upon arrival; otherwise, their disability claims are barred:

#### SECTION 20. COMPENSATION AND BENEFITS

##### A. COMPENSATION AND BENEFITS FOR INJURY OR ILLNESS

**The liabilities of the employer when the seafarer suffers from work-related injury or illness during the term of his contract are as follows:**

x x x x

3. In addition to the above obligation of the employer to provide medical attention, the seafarer shall also receive x x x until he is declared fit to work or the degree of disability has been assessed by the company-designated physician. x x x

**For this purpose, the seafarer shall submit himself to a post-employment medical examination by a company-designated physician within three working days upon his return x x x.** Failure of the seafarer to comply with the mandatory reporting requirement shall result in his forfeiture of the right to claim the above benefits.

If a doctor appointed by the seafarer disagrees with the assessment, a third doctor may be agreed jointly between the Employer and the seafarer. The third doctor's decision shall be final and binding upon both parties.

4. **Those illnesses not listed in Section 32 of this Contract are disputably presumed as work-related.**

x x x x

6. In case of permanent total or partial disability of the seafarer caused by either injury or illness the seafarer shall be compensated in accordance with the schedule of benefits enumerated in Section 32 of his Contract. x

<sup>54</sup> Id. at 106.

<sup>55</sup> *Maersk-Filipinas Crewing, Inc. v. Malicse*, 820 Phil. 941, 948-949 (2017), citing *Tagalog v. Crossworld Marine Services, Inc.*, 761 Phil. 270 (2015).

<sup>56</sup> Id. at 949, citing *Vergara v. Hammonia Maritime Services, Inc.*, 588 Phil. 895 (2008).

<sup>57</sup> See *Clemente v. Status Maritime Corporation*, G.R. No. 238933, July 1, 2020.

<sup>58</sup> *Career Philippines Shipmanagement, Inc. v. Serna*, 700 Phil. 1, 15 (2012).

x x (Emphases supplied)

Here, it is undisputed that Mutia was medically repatriated during his contract and that he submitted himself for a post-medical examination upon his repatriation. He was initially diagnosed with “L5-S1 desiccation with annular tear,” “Multiple Sclerosis,” “Blurring of Vision,” and “Neuromyelitis optica.” The respondents also did not dispute that Mutia’s medical conditions are work-related. The company-designated physician also did not issue a final medical assessment.

In *Elburg Shipmanagement Phils. v. Quiogue, Jr.*,<sup>59</sup> the Court set the following rules governing a seafarer’s claim for permanent total disability benefits, the period to issue a final medical assessment, and the effect of non-compliance with the period:

1. The company-designated physician must issue a final medical assessment on the seafarer’s disability grading within a period of 120 days from the time the seafarer reported to him;
2. **If the company-designated physician fails to give his assessment within the period of 120 days, without any justifiable reason, then the seafarer’s disability becomes permanent and total;**

x x x (Emphasis supplied)

In *Razonable v. Maersk-Filipinas Crewing, Inc.*,<sup>60</sup> the Court awarded permanent total disability benefits because the company-designated physicians failed to issue a valid medical assessment within the prescribed periods. The law already considers the seafarer’s disability as total and permanent absent a valid medical assessment.<sup>61</sup>

Here, the respondents stopped paying for Mutia’s treatment without issuing a final medical assessment. More than 120 days lapsed from November 4, 2013, the day Mutia was repatriated<sup>62</sup>, but no final medical assessment was issued. Following *Elburg Shipmanagement Phils.*, Mutia’s disability, or the inability to work resulting in the impairment of earning capacity,<sup>63</sup> is deemed permanent and total when the complaint for permanent total disability benefits was filed.

Nonetheless, the respondents argue that Mutia’s claim for disability benefits is barred by Section 20(E) of the 2010 POEA-SEC, which provides:

E. A seafarer who **knowingly conceals a pre-existing illness or condition in**

<sup>59</sup> 765 Phil. 341, 362–363 (2015).

<sup>60</sup> G.R. No. 241674, June 10, 2020.

<sup>61</sup> Id.

<sup>62</sup> See *Pastrana v. Bahia Shipping Services*, G.R. No. 227419, June 10, 2020. The Court held that the counting of the 120 days upon which the company-designated physician should issue a valid medical assessment should be reckoned on the date of the seafarers’ repatriation for medical treatment.

<sup>63</sup> See *Iloreta v. Philippine Transmarine Carriers, Inc.*, 622 Phil. 832 (2009). The Court explained that the notion of disability is related to the worker’s capacity to earn. The seafarer is compensated for his or her inability to work resulting in the impairment of earning capacity.



**the Pre-Employment Medical Examination (PEME)** shall be liable for misrepresentation and **shall be disqualified from any compensation and benefits**. This is likewise a just cause for termination of employment and imposition of appropriate administrative sanctions. (Emphasis supplied)

The respondents are mistaken. Under the definition of terms of the 2010 POEA-SEC, a pre-existing illness is described as follows:

Definition of Terms:

For purposes of this contract, the following terms are defined as follows:

x x x x

11. Pre-existing illness – an illness shall be considered as pre-existing if prior to the processing of the POEA contract, any of the following conditions are present:

- a. The advice of a medical doctor on treatment was given for such **continuing illness or condition**; or
- b. The seafarer had been diagnosed and has knowledge of such an illness or condition but failed to disclose the same during pre-employment medical examination (PEME), **and such cannot be diagnosed during the PEME**. (Emphases supplied)

Mutia's acute otitis media does not fall under any of the conditions mentioned constituting a pre-existing illness.

Item 11 (a) of the 2010 POEA-SEC definition of terms is not applicable because it presupposes that the seafarer is advised to undergo treatment for a **continuing illness or condition**. The respondents merely point out a statement in Mutia's affidavit that he executed a quitclaim in favor of his previous employer. The specific details on Mutia's ear illness, whether it was already healed or needed further treatment, are unclear. Due to insufficient evidence, it is doubtful whether Mutia still had "*[a]cute otitis media with perforated tympanic membrane*" when he underwent the PEME and boarded M/V Norwegian Jade. It is worth emphasizing that the employer bears the burden to prove the concealment of a pre-existing illness or injury.<sup>64</sup> The respondents did not even examine Mutia's ear condition and solely relied on his affidavit of quitclaim. The audiometry results indicating "*mild hearing loss, bilateral*" could not be automatically attributed to Mutia's prior ear illness, absent any evaluation or expert opinion. The Court cannot simply presume the connection between the acute otitis media and the "*mild hearing loss, bilateral*" because the affidavit mentioned "*recovery*."

Assuming that the "*mild hearing loss, bilateral*" should be attributed to Mutia's acute otitis media, Item 11 (b) of the 2010 POEA-SEC is also not applicable. The phrase "*and such cannot be diagnosed during the PEME*" excluded Mutia's acute otitis media as a pre-existing illness. It is undisputed

<sup>64</sup> *Deocariza v. Fleet Management Services Philippines, Inc.*, 836 Phil. 1087 (2018).

that the audiometry result of Mutia's hearing capacity is not within the normal range. The PEME showed that Mutia has "*mild hearing loss, bilateral.*" The audiometry results should enjoy primacy over Mutia's response that he has no history of ear trouble in determining his fitness to work. Acute otitis media is an infection of the middle ear.<sup>65</sup> It is true that the PEME is not thoroughly exploratory and cannot be expected to reveal all the illnesses of the seafarer. However, a PEME that contains a result that is not within the normal range deserves further evaluation. The respondents could have required additional medical screening of Mutia's ear and could have determined whether he is still afflicted with acute otitis media if this illness is used to defeat Mutia's disability claims. Their failure to do so only shows that they are negligent.

Further, Section 20(E) of the 2010 POEA-SEC will still be inapplicable because Mutia's prior ear illness is unrelated to his present medical conditions. There is no proof that the ear condition (acute otitis media) caused or aggravated Mutia's "*L5-S1 desiccation with annular tear,*" "*Multiple Sclerosis,*" "*Blurring of Vision,*" and "*Neuromyelitis optica*" because the respondents did not issue a final medical assessment and did not even examine Mutia's ear.

Indeed, the Court has disallowed disability claims due to fraudulent misrepresentation of a prior injury or illness in previous cases.<sup>66</sup> However, a review of these cases would show that the seafarers' concealed prior injuries or illnesses were related to their pending disability claims for injury or illness.

In *Philman Marine Agency v. Cabanban*,<sup>67</sup> the seafarer concealed that he has hypertension and had been taking medication for this illness for five (5) years. Thus, the Court disallowed his disability claim for hypertension and observed that the seafarer "*did not acquire hypertension during his employment and is therefore not work-related.*"

In *Vetyard Terminals & Shipping Services Inc. v. Suarez*,<sup>68</sup> which the CA relied upon, the concealed illness and the present illness are causal. The Court found that the seafarer concealed his eye cataract operation and that his present ailment was caused by the cataract extraction and not the paint droppings on the ship.

In *Status Maritime Corporation v. Delalamon*,<sup>69</sup> the concealed illness contributed to the seafarer's illness. The seafarer concealed that he had diabetes. The Court observed the following points:

Also, Margarito's [cardiovascular accident] was actually the resulting complication of his underlying illness of diabetes. x x x

<sup>65</sup> See <https://www.mayoclinic.org/diseases-conditions/ear-infections/symptoms-causes/syc-20351616>, last accessed on March 31, 2022.

<sup>66</sup> See *Philman Marine Agency v. Cabanban*, 715 Phil. 454 (2013); *Vetyard Terminals v. Suarez*, 728 Phil. 527 (2014); and *Status Maritime v. Delalamon*, 740 Phil. 175 (2014).

<sup>67</sup> 715 Phil. 454, 479 (2013).

<sup>68</sup> 728 Phil. 527, 530 (2014).

<sup>69</sup> 740 Phil. 175, 199 (2014).

The same is true with respect to his chronic renal ailment. The medical findings presented by both parties uniformly show that Margarito's renal ailment was contracted as a complication of his diabetes from which he has been suffering for 6 years prior to his employment with the petitioners.

Thus, it cannot be said that his risk of contracting renal insufficiency or CVA was increased by his working conditions because irrespective thereof, his complications would have set in because of his diabetic condition.

In *Manansala v. Marlow Navigations Phils. Inc.*,<sup>70</sup> the Court held that the seafarer's fraudulent misrepresentation of his prior illness bars the claim for disability benefits. Again, the concealed illness is related to the present illness of the seafarer. In *Manansala*, the seafarer concealed that he was diabetic and hypertensive. The seafarer filed a disability claim for the stroke he suffered during his employment. In disallowing the seafarer's claim, the Court noted that the medical literature on hypertension shows that it "*doubles the risk of cardio-vascular diseases, the most common cause of death in hypertensive patients. Hypertensive patients are also susceptible to having a stroke.*" The Court also noted that "[d]iabetes can lead to several complications, among which is suffering a stroke."

Although Section 20(E) of the 2010 POEA-SEC did not specifically mention that the concealed illness or injury must be related to the seafarer's present illness or injury. However, the concealment must be fraudulent.<sup>71</sup> A finding of fraudulent concealment means that a person failed to disclose the truth and that the non-disclosure is deliberate and for a malicious purpose.<sup>72</sup> The fraudulent concealment must be coupled with an intent to deceive and profit from that deception.<sup>73</sup>

Here, the unrelatedness of Mutia's prior ear illness and his present medical conditions negates an intent to profit from the concealment. In construing that Section 20(E) of the 2010 POEA-SEC unconditionally bars disability claims arising from concealed prior illness or injury, the CA held that the 2010 POEA-SEC did not qualify whether the concealed illness has a causal connection with the seafarer's present medical condition. However, the CA's interpretation runs contrary to the remaining provisions of the 2010 POEA-SEC. Section 20(E) must be harmonized with Section 20(A) that the employer shall be liable when a seafarer suffers a work-related injury or illness during the contract term. It must also be harmonized with Section 1(A)<sup>4</sup>,<sup>74</sup> which requires that the principal/employer/master/company must

<sup>70</sup> 817 Phil. 84, 116 (2017).

<sup>71</sup> See *Clemente v. Status Maritime Corporation*, G.R. No. 238933, July 1, 2020; *Rillera v. United Philippine Lines, Inc.*, G.R. No. 235336, June 23, 2020; *Ranoa v. Anglo-Eastern Crew Management Phils. Inc.*, G.R. No. 225756, November 28, 2019; and *Manasala v. Marlow Navigations Phils. Inc.*, 817 Phil. 84 (2017).

<sup>72</sup> *Rillera v. United Philippine Lines, Inc.*, G.R. No. 235336, June 23, 2020.

<sup>73</sup> See *Rillera v. United Philippine Lines, Inc.*, G.R. No. 235336, June 23, 2020; *Ranoa v. Anglo-Eastern Crew Management Phils., Inc.*, G.R. No. 225756, November 28, 2019.

<sup>74</sup> SECTION I. DUTIES

A. Duties of the Principal/ Employer/Master/Company:

x x x

*“provide a seaworthy ship and take all reasonable precautions to prevent accident and injury to the crew x x x and such other precautions necessary to avoid accident, injury or sickness to the seafarer.”* Section 1(A) 6 also requires that they must *“provide a workplace conducive for the promotion and protection of the health of the seafarers in accordance with the standards and guidelines in Title 4 of the ILO Maritime Labor Convention, 2006.”* Reference to Title 4 of the Maritime Labour Convention, 2006<sup>75</sup> shows that the seafarers should be *“protected from the financial consequences of sickness, injury or death occurring in connection with their employment.”* More importantly, the contemplated exclusion from liability arising from the seafarer’s illness or injury is limited to those intentionally concealed:

TITLE 4. HEALTH PROTECTION, MEDICAL CARE, WELFARE  
AND SOCIAL SECURITY PROTECTION

x x x x

Regulation 4.2. – Shipowner’s liability

Purpose: To ensure that seafarers are protected from the financial consequences of sickness, injury or death occurring in connection with their employment

x x x x

5. National laws or regulations may exclude the shipowner from liability **in respect of:**

x x x x

(c) **sickness or infirmity intentionally concealed when the engagement is entered into.** (Emphases supplied)

Following the CA’s interpretation of Section 20(E) of the 2010 POEA-SEC would lead to an absurd situation where seafarers are disadvantaged. The employers are absolved from liability arising from a work-related illness or injury even if they are negligent in their duties. The reasonable interpretation of Section 20(E) is that the employer should not be held liable for disability arising from the concealed illness or injury. This interpretation is consistent with the constitutional policy guaranteeing the full protection of labor<sup>76</sup> and that the POEA-SEC is imbued with public interest.<sup>77</sup> Thus, the POEA-SEC provisions must be construed fairly, reasonably, and liberally in favor of the seafarer.<sup>78</sup>

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4. To provide a seaworthy ship for the seafarer and take all reasonable precautions to prevent accident and injury to the crew including provision of safety equipment, fire prevention, safe and proper navigation of the ship and such other precautions necessary to avoid accident, injury or sickness to the seafarer.

<sup>75</sup> International Labour Organization, Maritime Labour Convention, 2006, available at <https://www.ilo.org/wcmsp5/groups/public/ednorm/normes/documents/normativeinstrument/wcms090250.pdf>, last accessed on April 4, 2022.

<sup>76</sup> See CONST. art XIII, sec 3.

<sup>77</sup> See *Javier v. Philippine Transmarine Carriers, Inc.*, 738 Phil. 374, 388–399 (2014).

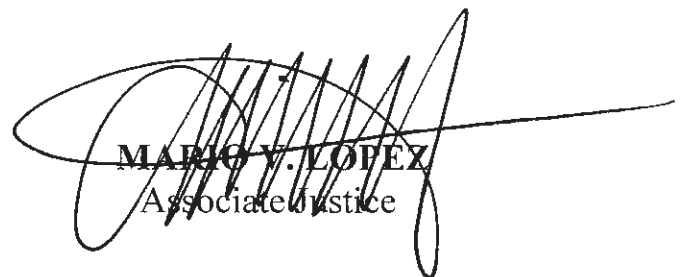
<sup>78</sup> See *id.*

In sum, Section 20(E) of the 2010 POEA-SEC is applicable if the following conditions are met: (1) the seafarer is suffering from a pre-existing illness or injury as defined under Item 11 (b) of the 2010 POEA-SEC, (2) the seafarer intentionally concealed the illness or injury, (3) the concealed pre-existing illness or injury has a causal or reasonable connection with the illness or injury suffered during the seafarer's contract.<sup>79</sup> Under the last condition, it is enough that the concealed illness or injury contributed to the seafarer's disability.<sup>80</sup> In the absence of these conditions, the employers remain liable for work-related injury or illness consistent with their duties to provide a seaworthy ship and to take precautions to avoid the seafarer's accident, injury, or sickness.<sup>81</sup>

Mutia is entitled to permanent total disability benefits. The LA Decision should be reinstated. Following *Nacar v. Gallery Frames*<sup>82</sup>, the Court will impose a legal interest of 6% on the monetary award until full payment.

**ACCORDINGLY**, the petition is **GRANTED**. The Court of Appeals Decision dated January 10, 2018 and Resolution dated October 26, 2018, in CA-G.R. SP No. 146859 are **REVERSED**. The Labor Arbiter's Decision dated October 30, 2015, ordering respondents C.F. Sharp Crew Management, Inc. and Norwegian Cruise Lines to pay petitioner Loue Mutia his total and permanent disability benefit of US\$100,000.00 under the Collective Bargaining Agreement or its peso equivalent at the time of payment, plus 10% attorney's fees is **REINSTATED** with **MODIFICATION** that a legal interest of 6% is imposed on the monetary awards upon finality of this Decision until fully paid.

**SO ORDERED.**

  
**MARIO V. LOPEZ**  
Associate Justice

<sup>79</sup> See *Manansala v. Marlow Navigations Phils. Inc.*, 817 Phil. 84–116 (2017); and *Vetyard Terminals & Shipping Services Inc. v. Suarez*, 728 Phil. 527–534 (2014).

<sup>80</sup> See *Status Maritime Corporation v. Delalamon*, 740 Phil. 175, 196 (2014).

<sup>81</sup> See POEA MEMORANDUM CIRCULAR NO. 10, SERIES OF 2010 dated October 26, 2010 (2010 POEA-SEC), Sections 1 and 20A.

<sup>82</sup> 716 Phil. 267 (2013).

WE CONCUR:

  
**MARVIC M.V.F. LEONEN**  
*Senior Associate Justice*  
*Chairperson*

  
**AMY C. LAZARO-JAVIER**  
*Associate Justice*

  
**JHOSEP V. LOPEZ**  
*Associate Justice*

  
**ANTONIO T. KHO, JR.**  
*Associate Justice*

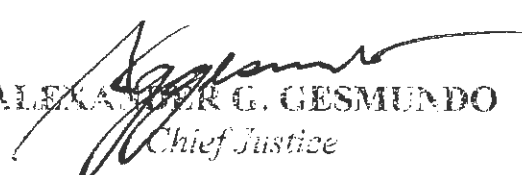
**ATTESTATION**

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.

  
**MARVIC M.V.F. LEONEN**  
*Senior Associate Justice*  
*Chairperson*

**CERTIFICATION**

Pursuant to Section 13, Article VII of the Constitution and the Division 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.

  
**ALEXANDER G. GESMUNDO**  
*Chief Justice*