



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Insurance Commission Ruling (ICR) No.:	2019-03
Date:	17 July 2019

DR. BENITO R. REVERENTE, JR.

Executive Medical Director

Medicare Plus, Inc.

3/F B&P Building,

843 Arnaiz Avenue, Makati City

SUBJECT: Use of the 20% Deposit as Collateral for a Loan

Dear Dr. Reverente, Jr.:

This refers to the letters of your counsel, MTLGB Law Offices, dated 4 April 2019 and 5 July 2019 inquiring whether or not:

1. The deposit mentioned in Section 1.2. (a) of this Commission's Circular Letter No. 2016-41 may be used as a collateral for a loan; and
2. If so, prior written approval of this Commission is necessary?

The first question must be answered in the negative. The deposit mentioned in Circular Letter No. 2016-41 **cannot** be used as a collateral for a loan.

Section 1.2. (e) of said Circular Letter provides that, "[the] Deposit shall be used to protect the interests of the HMOs' enrolled members and to assure continuation of health care services to them."

Said deposit under Section 1.2. (a) of said Circular Letter is intended to ensure the delivery of the guaranteed benefits and services provided under the HMOs' enrolled members' respective contracts; and consequently shall, at all times, remain for the exclusive benefit of said enrolled members. Accordingly, it cannot be used for or diverted to any purpose other than for the exclusive benefit of the HMOs' enrolled members.

Considering that the first question was answered in the negative, it is no longer necessary to address the second question.