



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



Insurance Commission Ruling (ICR) No.:	2021-01
Date:	05 Feb 2021

MR. CHRISTIAN S. ARGOS

President

MAXICARE HEALTHCARE CORPORATION

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SUBJECT: Guidance on the Application of PFRS and IC Circular Letter No. 2020-22

Dear **Mr. Argos**:

This refers to your letter dated 16 December 2020, requesting for guidance from the Insurance Commission on the following matters:

- (1) Whether Maxicare Healthcare Corporation (“the company”) should recognize Membership Fee Receivables in its Financial Statements based on the billed amount or the Total Contract Value for the current coverage year regardless of whether billed or not;
- (2) Whether the company should adopt IC Circular Letter No. 2020-22 on Valuation Standards for HMO Agreement Liabilities and apply the provisions of said circular in the company’s 2020 audited financial statements; and
- (3) In preparing the financial statements in accordance with Philippine Financial Reporting Standards (PFRS), what transition approach should be applied in the year that the valuation standards are adopted by HMOs.

Upon careful consideration of the matters set forth above, the following are the answers to your queries:

- I. **On whether the company should recognize Membership Fee Receivables in the Financial Statements based on the billed amount or the Total Contract Value for the current coverage year regardless of whether billed or not:**