

**IN THE MATTER OF THE PROPOSED
ACQUISITION BY AIA PHILIPPINES LIFE
AND GENERAL INSURANCE COMPANY,
INC. OF SHARES IN MEDICARD
PHILIPPINES, INC.**

MAO Case No. M-2022-003

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COMMISSION DECISION NO. 06-M-003/2022

This is a review of the proposed acquisition by AIA Philippines Life and General Insurance Company, Inc. (“AIA”) of shares in MediCard Philippines, Inc. (“MediCard”, and together with AIA, the “Parties”), pursuant to Sections 16 and 17 of Republic Act No. 10667 and Section 1, Rule 4 of the Rules and Regulations to Implement the Provisions of Republic Act No. 10667.

Upon review of the findings and recommendation of the Mergers and Acquisitions Office and the Parties’ submissions, the Commission finds that the acquisition by AIA of shares in MediCard (the “Transaction”) will not likely result to substantial lessening of competition in the markets for individual and group health or medical coverage. Post-Transaction, substantial competitive constraints remain from other companies offering the same services.

The Commission notes that the Parties shall have neither increased ability or incentive to decrease the quality of their products, nor raise the price of their premiums due to the following reasons:

(1) The presence of many players and robust competition in the relevant markets;

Based on the 2021 Insurance Commission fourth quarter report, estimated current market shares in the nationwide medical services coverage market.

NAME	MARKET SHARE
Maxicare HealthCare Corporation	36.29
Asalus Corporation	26.12
Medicard Philippines, Inc.	16.93
Philhealth Care, Inc.	4.89
Value Care Health Systems, Inc.	4.20
Others	11.57
TOTAL	100.00

The Commission expects that the current concentration is likely to go down further if the insurance companies are included. Currently, twenty-nine (29) health maintenance organizations (“HMOs”) and thirty (30) life insurance companies compete in providing individual and group health or medical coverage. There will be no significant shift in the share of the parties in the market and the number of players will remain unchanged post-Transaction.

(2) The ability of the customers to switch easily to other market players; and

Customers have the ability to easily switch to the remaining providers post-Transaction. The coverage of most group health or medical is only for one (1) year, and policyholders are in no way barred from switching providers. With information on their product offerings readily available to the public, and agents constantly jockeying to secure a sale, customers can switch to another provider with little to no effort.

(3) The high bargaining power of customers in the market for group health or medical coverage.

Customers that avail of group health or medical coverage are able to negotiate with service providers for better terms due to the number of policies that can be procured and potential revenue involved. The high bargaining power of these customers pose sufficient competitive constraints for the merged firm.

For all the foregoing reasons, the Commission finds that the Transaction is not likely to result in a substantial lessening of competition.

ACCORDINGLY, the Commission resolves to take no further action with respect to the proposed Transaction between AIA and MediCard.

This Decision is rendered solely on the facts disclosed and circumstances of the proposed Transaction and documents submitted by AIA and MediCard.

20 December 2022.


JOHANNES BENJAMIN R. BERNABE
Officer-in-Charge, Office of the Chairperson


EMERSON B. AQUENDE
Commissioner


MARAH VICTORIA S. QUEROL
Commissioner


MICHAEL B. PELOTON
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