PHILIPPINE COMPETITION COMMISSION
Ensuring businesses compete and consumers benefit

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**PRESS RELEASE**
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## PCC approves AIA Philippines' acquisition of MediCard shares

The Philippine Competition Commission (PCC) has approved the proposed acquisition by **AIA Philippines Life and General Insurance Company Inc. (AIA Philippines)** of 100% of shares in **MediCard Philippines Inc. (MediCard)**.

In a Commission Decision released today, the PCC found that the proposed takeover will not likely result in substantial lessening of competition in the markets *for individual and group health or medical coverage*. After the transaction, PCC notes that other health plan companies offering the same services remain to pose substantial competitive constraints on the merged firms.

"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," the decision stated, as cleared by PCC OIC Chairperson Johannes R. Bernabe, Commissioners Emerson B. Aquende, Marah Victoria S. Querol, and Michael B. Peloton.

While Medicard is among the top health maintenance organizations (HMOs) in the Philippines at the time of the merger holding 16.93% of the market share, it competes with Maxicare HealthCare Corporation that holds 36.29%, Asalus Inc. (Intellicare) with 26.12%, PhilHealth Care Inc. with 4.89%, Value Care Health Systems Inc. with 4.20%, and other HMOs composing 11.57% of the remaining share in the market.

The PCC expects that the current concentration of Medicard's market shares will spread thinner when reviewed to compete with not only other HMOs but also insurance companies offering similar services and health plans. Currently, 29 health maintenance organizations and 30 life insurance companies compete in providing individual and group health or medical coverage.

In its market analysis, the PCC Mergers and Acquisitions Office also found that customers are able to switch easily to other health or medical coverage firms, since majority of HMO plans run only for a year and policyholders are not barred from switching providers. Moreover, with information on their product offerings readily available to the public, and agents constantly jockeying to secure a sale, customers can easily switch to another provider. This low barrier to switch to different competing firms is indicative of a competitive market.

PCC also observed that customers looking for group health or medical coverage have high bargaining power and can negotiate with service providers for better terms. The high bargaining power of these customers pose sufficient competitive constraints as well for the merged firm.

AIA Group Limited and its subsidiaries comprise one of the largest independent publicly listed pan-Asian life insurance group present in 18 markets, including the Philippines, China, Hong Kong, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR, and a joint venture in India. In the Philippines, AIA Philippines was formerly known as Philippine American Life and General Insurance Company or AIA Philam Life, is a life insurance company.

On the other hand, Medicard is among the largest health maintenance organizations (HMO) in the Philippines with over 920,000 members and nationwide coverage in 523 hospitals and 641 clinics comprising engaged with the services of 23,000 doctors and 817 dentists.

As the country's antitrust authority, PCC is mandated under the Philippine Competition Act to review mergers, acquisitions, and joint ventures of firms across all sectors that meet the threshold to ensure that these deals do not result in a monopoly or harm the interest of consumers.

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