
Executive Summary

Competition Enforcement Office vs. Beneficial Life Insurance Company, et al. **PCC Case No. E-2019-008**

04 February 2020

On 27 December 2019, the Competition Enforcement Office (“Enforcement Office”) of the Philippine Competition Commission (“PCC”) filed a *Statement of Objections* against: the “Pag-IBIG MRI Pool” composed of Beneficial Life Insurance Company, Inc., Country Bankers Life Insurance Corporation, First Life Financial Co., Inc., Fortune Life Insurance Company, Inc., Manila Bankers Life Insurance Corporation, Philippines International Life Insurance Co., Inc., The Manufacturers Life Insurance Company (Phils), Inc., and United Life Assurance Corporation, and their respective responsible officers; the “PMRI Pool Executive Committee” composed of Ignacio A. Macrohon, Jr., Daniel M. Mercado, Jr., Jaime M. Santiago, and Evelyn T. Carada; and the National Home Mortgage Finance Corporation (“NHMFC”).

The Enforcement Office alleges in its *Statement of Objections* that the Pag-IBIG MRI Pool and NHMFC entered into agreements that were exclusive and of indefinite duration which reserved to the pool of insurance companies the business of providing Mortgage Redemption Insurance (“MRI”) coverage to NHMFC and its covered borrowers. Further, the Enforcement Office found that the agreements could not be terminated by mere notice by the parties. With the agreements in place and facilitated by the PMRI Pool Executive Committee, the insurance pool has benefitted from the lack of any competitive constraints for almost forty (40) years, which has resulted in poor service, unfavorable premium rates, and lack of options to the detriment of the beneficiaries of the MRI coverage. These agreements still exist despite the lapse of the two-year transitory period during which entities were given the opportunity to renegotiate their agreements, amend their practices, and restructure themselves to comply with the Philippine Competition Act (“PCA”).

The NHMFC brought the matter to the attention of the PCC which resulted in the opening of the Enforcement Office’s investigation. The Enforcement Office claims that there is substantial evidence to hold the respondents liable for violation of Section 14(c) of the PCA considering that the agreements have the object or effect of substantially preventing, restricting, or lessening competition.

Under the PCA, entities found to have entered into an anti-competitive agreement could face an administrative fine of up to PHP 100 million.

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