



**REPUBLIC OF ALBANIA**  
**-COMPETITION AUTHORITY-**  
**Competition Commission**

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**D E C I S I O N**

**No. 55, Dated 11 . 09. 2007**

**On**

**“The authorization of concentration realized through the purchase of 75%+1 of shares of Sigma sh.aa, by TBIH Financial Servis Group N.V(TBIH)”**

The Competition Commission, on its meeting held on 11.09.2007, with the participation of:

- Mrs. Lindita Milo (Lati)      Chairwoman
- Mr. Lush Përpali            Deputy chairman
- Mrs. Servete Gruda          Member
- Mr. Koço Broka              Member

Discussed the following issue:

Subject:            The notification “On the concentration realized through the purchase of 75%+1 of shares of Sigma sh.a., by TBIH Financial Servis Group N.V(TBIH)”

Legal basis:        Law No. 9121, dated 28.07.2003, titled “On Protection of Competition”, Article 24, letter “d”, Articles 10-12, in particular Chapter III “Concentrations of Companies”, Articles 53-56, 58, the Regulation “On the implementation of procedures for the concentration of enterprises“, Guideline “On the method of notification of the concentration and the option for simplified notification method“ and the Form “On the notification of concentration“.

Upon review of the notification of concentration, the Competition Commission,

**NOTED THAT:**

1. TBIH Financial Servis Group N.V(TBIH), the buyer of 75 % +1 of the owners' capital of SIGMA sh.a., is a company founded in compliance with the legislation in effect in the Netherlands, and has its headquarters in Prins Hendriklaan 52, 1075 BE Amsterdam, the Netherlands. TBIH is a group, which operates in the market of financial services, in particular in the area of insurance and pension (retirement) funds.

In the year 2006, the annual turnover in the international market of TBIH was 190 609 000 Euro, equivalent to 23 444 907 000 Lek.

2. SIGMA sh.a., was founded in December 1998 and is part of the Albanian financial system. SIGMA sh.a. is licensed and supervised by the Authority for Financial Supervision. SIGMA sh.a. operates mainly in the insurance market (excluding life insurance services). The market share of SIGMA sh.a. in the Albanian insurance market is 18.4 %. Sigma sh.a owns 100% of the shares of Sigma in FYROM, and also has a branch in Kosova. The international network of SIGMA sh.a includes 25 branches and representations in all three countries. SIGMA sh.a realizes a profit equal to 15 million Euro.

Sigma sh.a owns 25% of the shares of Garantsig, a company that administers the voluntary, private pension funds. The object of the activity of Garantsig is the collection of contributions and distribution of benefits among the participants to the Private Pension Fund, in compliance with the effective legislation in Albania.

3. The shareholder's structure of SIGMA sh.a. is composed of 14 shareholders; the smaller owns 2% of the shares and the biggest shareholder owns 19 % of the shares.
4. For the year 2006, the total annual turnover in the national market of SIGMA sh.a. was 779 million Lek.
5. The notified transaction consists in the control of the package of 75. %+1 of the shares of SIGMA sh.a., by TBIH Financial Servis Group N.V. (TBIH), and does not cause any changes in the general structure of the Albanian insurance market and the private pensions' market.
6. This transaction consists on the acquisition of control over a considerable share of the owners' capital and the voting power, and constitutes a concentration that accomplishes the conditions of becoming subject of review by the Competition Authority, in conformity with the Article 12, Paragraph 1/a and b of the Law.

### **Assesment of impact in competition**

#### **7. Relevant market**

Pursuant to Article 3, paragraph 7, of Law No. 9121, dated 28.07.2003, titled "On Protection of Competition", the definition of "relevant market" comprises two components:

a) *Product market; and*

b) *Geographical market*

**7/a Product market:** Based on the Law, all the services offered by the parties to this transaction, and rendered to the consumers in the relevant market, are considered as products (insurance against damage, in compliance with the respective license for operation), based on the definition in the licenses issued by the Authority for Financial Supervision (the Insurance Supervision Commission):

- a. Health insurance and accident insurance;
- b. Vehicle insurance;
- c. Insurance for airplanes, ships, naval and air transport;
- d. Insurance against fire and other property damages;
- e. Insurance against liability;
- f. Insurance of credit and guarantees;

- In the market of insurance against property damage, SIGMA sh.a. owns 18.4% of the market, divided on the basis of underwritten primes. In total, the market of non-life insurance was 34 million and 143 thousand Euro, and SIGMA sh.a. owned 6 million and 283 thousand, in value, of underwritten insurance primes.
- In the market of voluntary pension funds operate three companies. SIGMA sh.a. is present in that market indirectly, by owning 25% of the capital of Garantsig IPP sh.a., therefore SIGMA sh.a. does not have the controlling package, but according to the shares sale agreement, it aims to increase its control over Garantsig, by reaching 75 % of the shares.

**7.b. Geographical market:** The geographical market is the physical space where are traded the products and services defined in the product market. Given that the operations of the parties shall affect the local market, in assessing this concentration, the national market is considered to be the geographical market.

We note here that the parties operate in separated geographical markets and do not have clients in common.

## **8. Competitors operating in the national market**

- A. In the Albanian (national) insurance market, in all operate eleven insurance companies, from which three provide life insurance products, and the other eight provide non-life insurance products. In the Albanian insurance market, the realized net volume of underwritten primes was equal to 36.4 million Euro. The market is oriented primarily towards non-life insurance, which constitutes 93.2 % of the overall market. The total prime value of non-life insurance is 34 million and 143 thousand Euro. The main competitors of SIGMA sh.a. are: Sigal sh.a., which market share is 27.34%; and Insig sh.a., which market share is 18.64%. The other insurance companies have smaller , respective market shares.

- B. The general insurance market (mainly those that are obligatory) is open to new entries, has a satisfactory number of insurance companies and is supervised by the Authority for Financial Supervision.
- C. In the market of voluntary pensions, the operations are based on a fund of 13.25 million Lek and about 2,600 funders. In the market operate three insurance companies. It must be stated that the market is at its initial phasis, and is still at a modest level of funds and funders. Garantsig staerted its operations on 1 January 2006, and within the same year, the number of funders was 892, (who represented 34 % of the total number operating in the market), who have disbursed 2.62 million Lek (or 19.7% of the whole market).

As a conclusion, the notified transaction resulting in the acquisition of control over the 75. %+1 of the shares of SIGMA sh.a. by TBIH Financial Servis Group N.V(TBIH) does not cause any changes in the overall structure of the Albanian insurance market and the market of private retirement funds (pensions). Furthermore, the concentration can not produce anti-competition effects, because, in the meaning of Article 13, paragraph 1 of the Law, it does not risk to create or strengthen any dominant position of the companies involved in the concentration. Thus, does not exist any causal relation between the realisation of this concentration and the creation or consolidation of the dominant position.

### **FOR THE ABOVE REASONS**

Based on article 24, letter “d”, and the article 56 Paragraph 1 of Law No. 9121, dated 28.07.2003, titled “On the Protection of Competition”

### **DECIDED:**

1. To authorize the concentration realized through the purchase of 75%+1 of the shares of Sigma sh.a., by TBIH Financial Servis Group N.V(TBIH).
2. This decision enters into effect immediatey.

### **COMPETITION AUTHORITY**

**Lush Përpali**  
( )  
**Deputy Chairman**

**Servete Gruda**  
( )  
**Member**

**Koço Broka**  
( )  
**Member**

**Lindita Milo (Lati)**  
**CHAIRWOMAN**