



REPUBLIC OF ALBANIA
-COMPETITION AUTHORITY-
Competition Commission

D E C I S I O N

No. 28, Dated 23. 12. 2005

On

**On Some Opinions and Recommendations of the Competition
Commission on the current situation in the Insurance Market**

Based on Article 24, paragraphs “d” and “f”, and Article 41 of Law No. 9121, dated 28.07.2003, titled “On Protection of Competition”, the Competition Commission made an assesment of the Report on the Insurance Market prepared by the Secretariat of the Competition Authority and presented by the Secretary General.

Upon review of the report, the Commission of Competition Authority,

NOTED THAT:

- The the reason for the drafting of the Report is the “Agreement on the pool of border insurance policy against third parties’ liability, held by owners of motorized vehicles” dated 05.04.2005 and signed by eight Insurance Companies.
- Based on information made available to the Competition Authority, it results that the insurance market is open to competition, and is not characterized by concentration. Nevertheless, the said market is not completely liberalized because the State still preserves control over pricing for the compulsory insurance of motorized vehicles, one of which is the insurance policy against third parties’ liability, held by owners of motorized vehicles. The bylaws in effect, grant to the Minister of Finance the right to determine the premium of the insurance policy against third parties’ liability for all categories of motorized vehicles. To the amount of the prime are added administrative expenses and the VAT. The resulting amount is supervised by the Insurance Supervision Authority Board.
- The service of insurance results to be under the jurisdiction of the Albanian Insurance Bureau and this fact, together with the determination of the prime amount by the Minister of Finance, can be considered as an intervention that restricst competition.

FOR THESE REASONS:

Pursuant to Article 24, paragraphs “d” and “f”, and Article 41 of Law No. 9121, dated 28.07.2003, titled “ On Protection of Competition”, the Competition Commission, upon proposal of the Secretary General,

DECIDED:

To approve, in principle, the assessments and recommendations on the Insurance Market made on the Report “On Some Assessments and Recommendations of the Competition Authority on the Current Situation on Insurance Market”, attached to this Decision, and specifically:

1. To recommend to the Minister of Finance the following: Under Ordinance No. 14, dated 06.05.2005 “On the sale and administration of border insurances by the Albanian Insurance Bureau ”, to abrogate points 1 and 2 concerning the “Production, Sale and Administration of Border Insurance”, as well as point 16 “On Distribution of Revenue from Insurance Sales” as they are in conflict with Law No. 9121, dated 28.07.2003, titled “ On Protection of Competition” Article 4, paragraph 1, letter “a”.
2. To recommend the Albanian Insurance Bureau:
 - a. To immediately terminate the Agreement “On the pool of border insurance against third parties’ responsibility, held by owners of motorized vehicles” dated 05.04.2005 and signed by eight Insurance Companies, because it conflicts with with Law No. 9121, dated 28.07.2003 titled “ On Protection of Competition” Article 4.
 - b. To waive the right of administration of the border insurance, because it conflicts with Law No. 9121, dated 28.07.2003 titled “ On Protection of Competition” Article 4, paragraph 1, letter “a”.
 - c. To ensure that the insurance is printed with the logo of the operator.
 - d. To ensure that all insurance companies provide this service through their licensed agents.

This decision enters into effect immediately.

THE COMPETITION COMMISSION

Franc Zhupa
(_____)
Member

Raimond Cimbi
(_____)
Member

Teuta Shkenza
(_____)
Member

Lush PËRPALI

DEPUTY CHAIRMAN