



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

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**DECISION**

**No. 106, Dated 23. 04. 2009**

**“On**

**the authorization of concentration realized through the acquisition of direct control at the company Sigma ShA, by company Vienna Insurance Group, through the purchase of 87% of the capital.”**

The Competition Authority, in its meeting held on 23.04.2009, with the participation of:

- |                           |                 |
|---------------------------|-----------------|
| ▪ Ms. Lindita Milo (Lati) | Chairwoman      |
| ▪ Mr. Lush Përpali        | Deputy chairman |
| ▪ Ms. Servete Gruda       | Member          |
| ▪ Mr. Koço Broka          | Member          |
| ▪ Znj. Rezana Konomi      | Member          |

Discussed the following issue :

**Subject:** The notification of concentration realized through the acquisition of direct control at the company Sigma ShA, by company Vienna Insurance Group, through the purchase of 87% of the capital..”

**Legal basis :** Law No. 9121, dated 28.07.2003, titled “On the Protection of Competition”, as amended, Article 24, letter “d”, and Articles 10-12, in particula Chapter III “Concentrations of undertakings”, Articles 53-56, the Guideline “On the form of the notification of concentration” and Annex I – The Simplified Form “On the notification of concentration” .

The Competition Authority, after reviewing the Report prepared by the Secretariat and the Presentation made by the Secretary General, enclosed to the report,

## **NOTED THAT:**

### **The participating parties:**

1. TBIH Financial Servis Group N.V (TBIH)", in the quality of the seller, is a limited liability company, founded and operating in compliance with the effective legislation in the Netherlands, with headquarters at the following address: Claude Debussylaan 30, Floor 13, 1082 MD, Amsterdam, The Netherlands.

The main activity of TBIH Financial Servis Group N.V "(TBIH)" is the offering of services in the field of insurance and pensions. The shareholders of TBIH Financial Servis Group N.V(TBIH) are: Vienna Insurance Group that owns 60 % of the shares, and Kardan Financial Services B.V holding 40 % of the shares.

2. Vienna Insurance Group (VIG), in the quality of the buyer, is a company founded and operating in compliance with the effective legislation in Austria, with headquarters at the following address: Schottering 30, 1010 Vienna, Austria.

The main activity of Vienna Insurance Group is life insurance, including supplemental insurance, health insurance, etc. licensed by the Austrian Insurance Supervision Authority. Since the year 2007(1), Vienna Insurance Group has controlled indirectly, through the company TBIH, the activity of the Sigma sh.a..

3. The company where the transaction is taking place is Sigma SHA, a company founded and operating in compliance with the effective legislation in Albania, with headquarters at the following address: "Komuna e Parisit", Pallatet "Lura", Kati I, Tirana, Albania.

The activity of the company Sigma sh.a. is life and non-life insurance, exercised in compliance with license No. 1, dated 3.2.1999, and the license issued in 2002 by the Insurance Supervision Commission, today called the Financial Monitoring Authority.

The capital of the company consists of 39,627 shares with face value of xxxxxx Lek each, divided between 5 shareholders, the biggest of which owns 87% of the shares and 4 others own from 1% -6%.

### *The Operation:*

4. The shareholder TBIH Financial Services Group (TBIH), owner of 87% of the capital in the company Sigma sh.a., sells this part to its majority shareholder, the company Vienna Insurance Group. Upon completion of the operation, TBIH ceases to exist and Vienna Insurance Group acquires direct control of the company Sigma sh.a..

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<sup>1</sup> Decision No. 55, dated 11.9.2007 of the Competition Commission.

The value of the transaction is xxxxx million EUR and will be accomplished exclusively by the resources of the Vienna Insurance Group.

*Economic rationale for the concentration*

5. The realized transaction, which causes the change of control, through the purchase of equity share of 87% is in line with the strategy of the Vienna Insurance Group, to expand its activity in the market of life, and non- life insurance in the countries of South Eastern Europe.

6. MARKET TURNOVER:

A. The total turnover in the international market for the year 2007 is xxxxxx billion Eur = xxxxxx billion Lek<sup>(2)</sup>, divided as follows:

- Vienna Insurance Group for the year 2007 is xxxxxx billion Eur = xxxxxx billion Lek; and,
- Sigma sh.a. (and its branches and agencies in Macedonia and Kosovo) is xxxxx million Euro = xxxxxx billion Lek.

B. The total turnover in the national market for the year 2007 of Sigma sha is xxxxxx billion Lek;, while for the year 2008 = xxxxxx billion Lek.

7. THE RELEVANT MARKET:

*a. The product market*

In accordance with the activities that the parties exercise, for the assessment of this concentration, the relevant product market will be considered the provision of vehicle insurance service, non-life insurance and voluntary pensions.

- **TBIH** exercises its activities in the field of insurance and pension market in the European and Eastern European countries. It is present in the Albanian market of life and non life insurance since 2006, through the activity of Sigma sh.a.. company.
- Vienna Insurance Group exercises its activities in the field of life insurance, including supplemental insurance, health insurance, providing coverage in case of disasters, as well as property insurance, financial loss insurance, for the authorized categories. It is present in the Albanian market through TBIH from 2006.

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<sup>2</sup> According to the official Exchange rate applied by the Bank of Albania for the year 2007, 1 EUR=123 Lek.  
Source: Statistical report.

- Sigma JSC exerts its activity in accordance with the license granted for activity in the non-life insurance market, and also exercises indirect activity in the voluntary pension market through the control of 75% of capital in the company Sigma IPP sh.a..

*The non-life insurance market*

In the Albanian market of non-life insurance exercise their activity eight companies. For the year 2008, the market achieved a volume of gross signed premiums at the value of 6.5 billion Lek, with an increase of 19% compared with the year 2007, of which 1 billion Lek and an increase of 3.6% was the contribution of Sigma sh.a..

9. The market is oriented mainly towards non-life insurance, which comprise 92.7% of the overall insurance market. The market that occupies Sigma sh.a. is 15:47%. The main competitors of the company Sigma sh.a., [with respective market shares], are: Sigal (27.16%); INSIG (15.15%); Atlantic (11.52%); InterAlbanian (10.55%); Albsig (7.97%); Intersig (7.65%); Eurosig (4.53%) etc..

The market of non-life insurance is divided into: (a) vehicle insurance; and, (b) voluntary insurance.

The gross prime realized by Sigma sh.a. in the vehicle insurance market for the year 2008 reached the value of xxxxxxxx thousand Lek and is divided according to products (internal TPL - xxxxxxxx thousand Lek, or 17% of the market; green card xxx- thousand Lek , or 18% of the market; border police - xxxxxxxx thousand Lek, or 15% of the market and Casco xxxxxxxx thousand l Lek, or 14% of the market.

10. Voluntary private pension market: In the market of voluntary private pensions, in the year 2008 exercised their activity three companies, with the respective market shares for the year 2008: Sigma IPP (17.56%); IAPPSH (42.5%) and Capital (39 , 94%), with a total number of 3861 contributors, reaching a value of xxxxxx million Lek.

*b. The geographic market*

This market includes the area where are traded the products or services provided, as determine by the product market. The transaction brings changes only in the structure of the company and does not cause changes to the structure of the insurance market in terms of market share that is occupied by the company Sigma sha. The relevant geographic market is considered the internal market / the territory of the Republic of Albania.

10. The notified transaction consists in obtaining control of the package of 87% by Vienna Insurance Group and does not bring any change in the overall structure of the Albanian insurance market and private pensions market.

11. The transaction of sale of shares in Sigma sh.a. realizes the change in the form of control, from by indirect common, indirect control, to sole, direct control.
12. In this context, the concentration can not produce anti-competition effects, since, in the meaning of Article 13, paragraph 1 of the Law, it does not risk to create or strengthen dominant position of the undertakings involved in concentration. Thus, there is no causal connection between the implementation of this concentration and the creation or strengthening of a dominant position.

**FOR THESE REASONS:**

The Competition Commission, pursuant to Article 24, letter “d”, and Article 56, paragraph 1, of the Law No.9121, dated 28.07.2003, titled “On the Protection of Competition”, as amended,

**DECIDED:**

1. To authorize the concentration realized through the acquisition of control through the purchase of 87% of the shares at Sigma Sigma sh.a by Viena Insurance Group.
2. The Secretary General is in charge for the notification of the parties.
3. This decision enters into effect immediately.

Was proclaimed today, on 23.04.2009, in Tirana.

**THE COMPETITION COMMISSION**

**Lush Perpali**

**Servete Gruda**

**Rezana Konomi**

**Koço Broka**

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**Deputy Chairman**

**Member**

**Member**

**Member**

**Lindita Milo (Lati)**

**CHAIRWOMAN**