

BOSNA I HERCEGOVINA
Konkurencijsko vijeće



БОСНА И ХЕРЦЕГОВИНА
Конкуренијски савјет

BOSNIA AND HERZEGOVINA
Council of Competition

DECISION

Upon Notification of intended concentration between «Zavarovalnica Triglav» d.d., Ljubljana, Republic of Slovenia and »Krajina-Kopaonik«, a.d., Istočno Sarajevo, BiH

Sarajevo
October, 2007



BOSNIA AND HERZEGOVINA
Council of Competition

Number: 01-03-26-022-5-II/07

Sarajevo, 23.10. 2007.

Pursuant to Article 25, paragraph (1), item e), Article 42, item d), in connection with Articles 12,14,16 and 18 and pursuant to Article 24, paragraph (2) of the Act on Competition («Official Gazette of BH», No.48/05 and 76/07), upon Notification of intended concentration between the undertaking «Zavarovalnica Triglav d.d.», Miklošičeva 19, 1000 Ljubljana, Republic of Slovenia, represented by Andrej Kocič, MSc, a chairman of the Management Board and undertaking »Krajina-Kopaonik«, a.d., Ulica Srpskih ratnika 1, Istočno Sarajevo, Bosnia and Herzegovina entered under the registration No. 01-03-26-022-II/07 on 28.06.2007., the Council of Competition on its 52nd session held on 23.10. 2007 has adopted

DECISION

1. A concentration that will be created in the insurance market in Bosnia and Herzegovina through the purchase of majority stocks in undertaking »Krajina-Kopaonik«, a.d., Ulica Srpskih ratnika 1, Istočno Sarajevo, Bosnia and Herzegovina by undertaking «Zavarovalnica Triglav d.d.», Miklošičeva 19, 1000 Ljubljana, Republic of Slovenia is declared compatible.
2. This Decision on concentration is final and it shall be recorded in the Register on concentrations.
3. This Decision shall be published in Official Gazette of BH and in official gazettes of Entities and Brčko District.

Exposition

«Zavarovalnica Triglav d.d.», Miklošičeva 19, 1000 Ljubljana, Republic of Slovenia (hereinafter: the Applicant or Triglav), submitted, on 28.06.2007, to the Council of Competition a Notification of intended concentration stating its intention to purchase majority stocks in »Krajina-Kopaonik«, a.d., Ulica Srpskih ratnika 1, Istočno Sarajevo, Bosnia and Herzegovina (hereinafter: Krajina-Kopaonik).

As the Notification was not complete, the Council of Competition requested the supplements to it on 20.08.2007. The Notification was supplemented on 24.08.2007.

On 19.09.2007. the Council of Competition issued an Acknowledgement of receipt of adequate and complete Notification NO.: 01-03-26-022-3-II/07, pursuant to Article 30, paragraph (3) of the Act.

During the financial year 2006 (the year preceding the concentration in question), the parties to the concentration acquired the following total annual income (on 31.12.2006):

Table 1.

Consolidated income statement(KM)	Triglav	Krajina Kopaonik
Worldwide	(..)** ¹	(..)**
Bosnia and Herzegovina	(..)**	(..)**

The Council of Competition ascertains that this concentration falls under notification obligation due to the fact that criteria of realized total annual income of the parties to the concentration in the products and/or services market in Bosnia and Herzegovina (in the year preceding the concentration) are satisfied, pursuant to Article 14, paragraph (1) of the Act.

¹ (..)** - the data is deemed to be a business secret

The Applicant submitted together with the Notification an Opinion issued by the Management Board for competition protection of Republic of Slovenia stating that concentration concerned need not be submitted to the responsible body for competition in Republic of Slovenia.

Having analyzed all data from the Notification, the data in possession of the Council of Competition and other supplements, which provided the basis for evaluation of the positive and negative effects of concentration in question, pursuant to Article 17 of the Act, the Council of Competition, applying the stipulations of the Act, Regulation on Notification and Criteria for Assessment a Concentration of Undertakings («Official Gazette of BiH», No.: 95/06) and Regulation on Definition of a Relevant Market («Official Gazette of BiH», No.: 18/06), established the following:

1. Legal basis and form of the concentration

Legal basis of the concentration in question is an Agreement for sale of stocks. The Applicant together with the majority shareholders in the company Krajina Kopaonik signed, on 26.06.2007, an Agreement on sale of stocks which would be realized after fulfillment of all legal and agreed requirements, in accordance with the takeover procedure determined for in public tender offer, and submitted to all shareholders of Krajina Kopaonik. After implementation of the concentration, Triglav shall be the owner 95% of stocks in Krajina Kopaonik and enter to the market of Republic of Srpska where he performs no activities until now.

Pursuant to Article 12, paragraph (1) b) of the Act the concentration between undertakings occurs in the case of, besides others, acquisition of control of one undertaking over another undertaking through purchase of majority stocks or majority voting rights. The acquisition of control, pursuant to Article 12, paragraph (2) is gained by conclusion of agreement through which one undertaking acquires the possibility of exercising a dominant influence over another undertaking. Triglav is obliged, on the basis of stipulations of the Act cited herein and having concluded the Agreement for sale of stocks, to notify the concentration concerned, which is used as the legal basis of the concentration concerned.

2. The parties to the concentration

Zavarovalnica Triglav d.d.

The Applicant, «Zavarovalnica Triglav d.d.», Miklošičeva 19, 1000 Ljubljana, Republic of Slovenia, that entered into Court register of the Municipal Court in Ljubljana on 17.03.1992. under the number 061/11068700, is a leading Slovenian insurance company with 43% share and annual premium income of (...)** in the market in Republic of Slovenia. Triglav provides all kinds of life and non-life insurance, health and accident insurance. Non-life insurance includes property and engineering insurance, motor insurance, agricultural, transport, credit and bond insurance and spare time and travel insurance. Life, health and accident insurance include all kinds of life assurance, annuities insurance, pension insurance and accident insurance.

In Republic of Slovenia Triglav Group is represented, besides the Applicant, by Triglav Re (Triglav Reinsurance Company) d.d., headquartered in Ljubljana and Triglav Zdravstvena Zavarovalnica (Triglav Health Insurance Company), d.d., headquartered in Kopar. Triglav generates its annual income from insurance operations mainly in the Slovenian insurance market.

With its insurance branch offices in foreign countries where it has 100% or majority of share, Triglav expands its business to Republic of Croatia, Bosnia and Herzegovina, Czech Republic, Republic of Slovakia, Republic of Serbia and Montenegro.

Subsidiary companies of Triglav in BIH

Subsidiary company of Triglav in Bosnia and Herzegovina is Triglav BH Insurance Company d.d. Sarajevo, Dolina 8 71000 Sarajevo, Bosnia and Herzegovina, entered into register of the Municipal Court in Sarajevo under the number 1-13016. Triglav is the owner of 68, 94 % stocks in Triglav BH Insurance Company d.d. Sarajevo.

Krajina Kopaonik

Krajina Kopaonik entered into register of the Municipal Court in Srpsko Sarajevo under the number 1-2090, on 10.05.2002. It consists of central office and 10 branch offices in Bileća, Istočno Sarajevo, Zvornik, Bijeljina, Brčko, Doboј, Banja Luka, Mrkonjić Grad, Prijedor and Gradiška. Its main business activity is distribution of motor insurance policies (90% is sold through technical inspection of vehicles and own sales network). The sale of other insurance products is under responsibility of employees in branch offices and sub-branches, salesmen and contracted insurance sales assistants- agents. Krajina Kopaonik has no subsidiary companies.

3. Analysis of the relevant market

Pursuant to Article 3 of the Act and Article 4, 5 and 6 of the Regulation on Definition of relevant market («Official Gazette of BH», No. 18/06), relevant market is a market of particular products/services which are the subject to business activities in the particular geographic market.

Relevant products market of the concentration concerned is offering insurance services.

Relevant geographic market for the concentration concerned is the territory of Republic of Bosnia and Herzegovina due to the fact that the Triglav's entering the market of Republic of Srpska through implementation of the concentration in question, enables the parties to concentration to provide the insurance services in the whole territory of Bosnia and Herzegovina.

Accordingly, the Council of Competition establishes that relevant market of the concentration in question is a market for providing insurance services in the whole territory of Bosnia and Herzegovina.

Considering the information provided by the Applicant, Triglav BH Osiguranje d.d. Sarajevo handles distribution and sales network of its insurance products only in the part of Bosnia and Herzegovina, in Federation of Bosnia and Herzegovina , and it (with the assortment of services)has not yet been present in the market of Republic of Srpska. Triglav BH Osiguranje provides all kinds of non-life and life insurance. Non-life insurance includes property and property interests, vehicle, transport, agricultural insurance, bond insurance and travel insurance. A fully rounded offer of life insurance includes all kinds of life assurance, annuities insurance, pension insurance, accident and health insurance.

Krajina Kopaonik provides the insurance services only to customers in the market of Republic of Srpska. The main and only activity of Krajina Kopaonik is non-life and life insurance, as is compulsory vehicles insurance, voluntary non-life and life insurance and life assurance.

A structure of the market and market shares, by insurance premium, of the parties to the concentration concerned and their subsidiary companies (other insurance companies) in 2006 in Federation of Bosnia and Herzegovina and in Republic of Srpska, is shown as follows:

Table 2.

Market share by insurance premium in 2006 in the market of Federation of BiH			Market share by insurance premium in 2006 in the market of RS		
Insurance company	Total premium (KM)	(%)	Insurance company	Total premium (KM)	(%)
Sarajevo Osiguranje	49.480.340,00	18,62	Bobar osiguranje	17.817.530,00	18,8
Croatia Osiguranje	32.660.228,00	12,30	Kosig Dunav osiguranje	17.658.997,00	18,6
Euroherc Osiguranje	24.091.584,00	9,07	Jahorina osiguranje	15.308.083,00	16,1
Triglav BH Osiguranje	23.861.923,00	8,98	Drina osiguranje	10.783.941,00	11,3
Uniqa Osiguranje	21.106.856,00	7,95	Nešković osiguranje	10.459.910,00	11,0
VGT Osiguranje	17.616.712,00	6,63	Krajina osiguranje	7.486.791,00	7,9

Sunce BiH Osiguranje	17.444.484,00	6,56	Krajina Kopaonik osiguranje	6.719.395,00	7,1
Bosna Osiguranje	15.794.698,00	5,95	Brčko gas osiguranje	5.441.675,00	5,07
Others	63.546.936,00	23,94	Grawe osiguranje	3.309.081,00	3,5
TOTAL	265.603.761,00	100	TOTAL	94.985.403,00	100

The source of the data: Insurance Agency of F BiH, 2006.

The source of the data: Insurance Agency of RS, 2006.

Table 2 shows that Sarajevo Osiguranje has the biggest market share of 18,62% in the insurance market in Federation of Bosnia and Herzegovina, Croatia Osiguranje has 12,30% and Euroherc Osiguranje has 9,07% market share.

Triglav BH Osiguranje achieved the forth position in terms of share value with 8, 98% market share.

Bobar osiguranje has the biggest market share of 18,8% in the insurance market of Republic of Srpska, then follows Kosig Dunav osiguranje with 18,6% and Jahorina osiguranje with 16,1% market share.

Krajina Kopaonik has 7,1% market share in the insurance market of Republic of Srpska.

In 2006 , total annual insurance premium in the market of Bosnia and Herzegovina was 360.589.164,00 KM. Sarajevo Osiguranje had the biggest market share, by total insurance premium, of 13,72% and Croatia Osiguranje followed with 9,05%.

Upon implementation of the concentration the parties to the concentration will have 8,48% market share by insurance premium in the insurance market of Bosnia and Herzegovina, which does not cause the creation or strengthening of dominant position of any party to the concentration, pursuant to Article 9 of the Act.

4. Appraisal of the concentration

Having analyzed the relevant market structure and market shares of the parties to the concentration, pursuant to Article 17 of the Act, the Council of Competition declares the concentration compatible and decides as it is stated in enacted terms of this Decision.

The Council of Competition keeps in mind that implementation of this concentration does not significantly increase market shares of the parties to the concentration , that it does not prevent , restrict or distort market competition in the relevant market and that it enhances market competition in insurance services in Bosnia and Herzegovina.

Administration tariffs

On this Decision the Applicant, pursuant to the Article 2, tariff number 107, paragraph (1), item d) 1) of the Regulation on administration taxes relating to the practices before the Council of Competition ("Official Gazette of BIH", No. 30/06), is obliged to pay administration tariff of 2.500,00 KM for the benefit of the budget of Institutions of Bosnia and Herzegovina.

LEGAL REMEDY

This Decision is final and no appeal is allowed against it. Unsatisfied party shall be entitled to bring an administrative dispute before the Court of Bosnia and Herzegovina within thirty days (30 days) from the date of acceptance of this Decision, i.e. from the date of its publication.

President

Sanja Božić