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Competition - Portugal

Insurance Sector Restructuring Gets Competition All-Clear

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[Caixa Seguros/NHC \(Seguros BCP\)](#) [Fortis/BCP](#)

Millennium BCP (BCP), one of Portugal's leading private banks, has decided to restructure its presence in the insurance sector. From a strategic perspective, BCP intends to concentrate on banking business. This strategy was implemented through two major transactions, both of which are examined below.

Caixa Seguros/NHC (Seguros BCP)

The first transaction involved BCP and Caixa Geral de Depósitos Group (CGD), another banking and financial institution already present in this sector. The transaction saw BCP sell to CGD its shareholdings in insurance companies Império Bonança - Companhia de Seguros SA and Seguro Directo Gere - Companhia de Seguros SA. Ownership of Impergesto - Assistência e Serviços, SA and Servicocomercial - Consultoria e informática, Lda, providers of other services, was also transferred to CGD.

On July 27 2004 the transaction was notified to the Portuguese Competition Authority,⁽¹⁾ which decided to open proceedings as it believed the transaction could strengthen a dominant position in the Portuguese non-life insurance market.

CGD presented the Competition Authority with a set of undertakings in order to address these competition concerns, and the authority duly issued notice of non-opposition on December 30 2004. CGD has agreed to comply with the following undertakings, under the supervision of the Competition Authority:

- CGD must sell all shares in Seguro Directo, a telephone car insurance company, within one year of acquiring control of the new company, and in any event by March 31 2006;
- CGD must ensure that mediators working with Caixa Seguros under the exclusivity regime do not exceed one-third of the total number of mediators registered with the Portuguese Insurance Institute; and
- CGD must limit to a maximum period of two years its usage of the 'Médís' brand in relation to clientele and the corresponding management function transferred through this transaction by BCP.

In order to ensure full compliance with these commitments, CGD also accepted a set of information obligations.

These undertakings reflect the Competition Authority's chief concerns regarding the proposed transaction. A major worry was that the deal would allow CGD to acquire its only competitor in the telephone car insurance market. The Competition Authority has thus obliged CGD to divest all shares in Seguro Directo within a one-year period.

The authority's second main concern was to ensure that distribution channels remained accessible to competitors other than CGD. As such, the authority limited the number of mediators that can work with Caixa Seguros under the exclusivity regime. These may now not exceed one-third of the total number of mediators registered with the Portuguese Insurance Institute.

Fortis/BCP

The second transaction was notified to the European Commission on December 8 2004,⁽²⁾ and involved BCP and Fortis Insurance International NV. Fortis Insurance International is a member of the Fortis Group, an international banking and insurance group with its centre of interests in the Netherlands and Belgium.

Through this transaction, BCP transferred its four life and non-life insurance businesses⁽³⁾ to a newly established Portuguese-based company, Millenniumbcp Fortis Grupo Segurador, SGPS, SA.

Fortis has acquired a 51% stake in Millenniumbcp, while BCP retains the remaining 49% share. The two companies have joint control of Millenniumbcp and hence over the insurance businesses of BCP via *bancassurance* only.

As BCP's insurance activities are concentrated exclusively in Portugal, and as Fortis is not active in the Portuguese insurance market, the European Commission concluded that the transaction would not significantly impede effective competition in the European Economic Area or any substantial part thereof. The commission therefore issued notice of non-opposition on January 19 2005.

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Endnotes

(1) Case 28/2004 - CAIXA SEGUROS/NHC (Seguros BCP).

(2) Case COMP/M3556 Fortis/BCP.

(3) Companhia Portuguesa de Seguros de Vida, SA, Sociedade Gestora de Fundos de Pensões SA, Companhia Portuguesa de Seguros SA and Companhia Portuguesa de Seguros de Saúde, SA.

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