



(Case No. 101/2013)

Shri. Wedkumar B. Kapoor

...Informant

And

Metlife India Insurance Co. Ltd.

...Opposite Party

CORAM:

Mr. Ashok Chawla
Chairperson

Dr. Geeta Gouri
Member

Mr. M. L. Tayal
Member

Mr. Justice S. N. Dhingra (Retd.)
Member

Mr. S. L. Bunker
Member

Present: Informant in person

Order under Section 26(2) of the Competition Act, 2002

The information in the present case was filed under Section 19(1)(a) of the Competition Act, 2002, (“Act”)alleging abuse of dominant position by Opposite Party (“OP”) under Section 4 of the Act by imposing unfair conditions upon persons procuring ‘life insurance policies’ from OP.

2. The Informant alleged that he procured a *Met Smart Plus Policy* (a whole life unit linked insurance policy) issued by OP in July 2007. As of July 2012, the informant had paid an amount of Rs. 90,000/- to OP as premium amount. In the month of February 2013, OP terminated the insurance contract unilaterally and refunded an amount of Rs. 8,229.29 to informant by invoking *Clause 21* of the insurance contract which reads as follows:



“after the first three policy years, if the surrender value falls below the annualized premium at any point of time, the policy would be terminated by paying the surrender value as on that date to you.”

3. Informant alleged that the aforesaid *Clause 21* of the insurance contract empowered the OP to terminate abruptly, unilaterally and without notice the contract of insurance effected with the informant. It was further alleged that OP occupied a dominant position since it enjoyed a position of strength in the relevant market in India on the basis of which it could operate independently of competitive forces prevailing in the market and it could also affect its consumers in its favour. The informant alleged that *Clause 21* of the insurance contract was manifestly unfair and against public interest, as it was one-sided and gave a unilateral discretion to the OP being in dominant position.

4. It may be noted that the life insurance market in India consists of 24 companies and all of these companies offer Unit Linked Insurance Policies (“**ULIPs**”). Other than ULIPs, the insurance companies offer various other products like, ‘term insurance policy’, ‘whole life policy’, ‘endowment policy’, ‘money-back policy’, etc. However, looking at the features, premium, benefits, etc. these insurance products are not similar and are distinguishable from each other. For an insurer all these products may not be substitutable. As per Insurance Regulatory Development Authority (“**IRDA**”), the various sources of funds available for investment by life insurers can be classified as funds from traditional products and funds from ULIP products. According to need and preference, a consumer chooses the relevant product. In view of the aforesaid, the relevant product market in the present case appears to be *“the market for Unit Linked Insurance Policies (ULIPs) in India”*.

5. Though the informant has alleged that OP enjoyed a dominant position, there is no material provided to support his contention in this regard. However, on an analysis of the insurance market, Commission observes that in terms of premium earned, while the overall life insurance market is dominated by Life Insurance Corporation of India with a market share of 71% in 2011-12, the ULIPs market in India is fairly concentrated with top 4 companies enjoying a market share of 59%. The Life Insurance Corporation leads with market share of 21.39%. Among the private insurers in the ULIPs market, ICICI Prudential is the market leader with 15.74% market share followed by SBI Life and HDFC Standard with 11.04% and 10.22% market share respectively in 2011-12. Be that as it may, based on ULIPs



premium, Metlife (OP) only had a market share of 2.36% in terms of premium earned among all life insurers and 3.01% among all private insurers in 2011-12. In overall life insurance market, the market share of OP further dwindles in terms of various parameters of market presence like number of policies issued (0.5% among all insurers, 2% among private insurers), premium earned (1% among all insurers, 3% among private insurers), etc. The above information makes it clear that OP did not enjoy a dominant position in the relevant market, i.e. “*the market for Unit Linked Insurance Policies (ULIPs) in India*” Given the fact that *prima facie* OP is not in a dominant position in the relevant market, so the question of abuse does not arise for consideration by the Commission.

6. As such the Commission finds that no *prima facie* case is made out for directing the Director General to carry out investigation into the matter under Section 26(1) of the Act. However Informant is free to explore other remedies for its grievances.

7. For the reasons mentioned above, the Commission is of the opinion that the case deserves to be closed under Section 26(2) of the Act. The case is therefore, hereby closed under Section 26(2) the Act.

9. The Secretary is directed to inform the concerned parties accordingly.

New Delhi
Date: February 12, 2014

Sd/-
(Ashok Chawla)
Chairperson

Sd/-
(Geeta Gouri)
Member

Sd/-
(M.L. Tayal)
Member

Sd/-
(Justice (Retd.) S.N. Dhingra)
Member

Sd/-
(S.L. Bunker)
Member