



COMPETITION COMMISSION OF INDIA

(Combination Registration No.C-2020/09/773)



02.11.2020

Notice under Section 6 (2) of the Competition Act, 2002 jointly filed by ICICI Lombard General Insurance Company Limited and Bharti AXA General Insurance Company Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

Order under Section 31(1) of the Competition Act, 2002

1. On 22.09.2020, Competition Commission of India (**Commission**) received a notice jointly filed by ICICI Lombard General Insurance Company Limited (**ICICI Lombard**) and Bharti AXA General Insurance Company Limited (**Bharti AXA**). Hereinafter, ICICI Lombard and Bharti AXA are collectively referred to as "**Parties**". The notice has been filed pursuant to the Implementation Agreement dated 21.08.2020 (**Implementation Agreement**) *inter alia*, executed between Bharti General Ventures Private Limited (**Bharti**), Societe Beaujon (**AXA**), and Bharti Overseas Private Limited and Scheme of Arrangement (**Scheme**) dated 21.08.2020 approved by the respective board of directors of ICICI Lombard and Bharti AXA.
2. The proposed combination relates to the transfer by way of a demerger of the entire general insurance business of Bharti AXA to ICICI Lombard on a going concern basis, in consideration



of issuance of the Consideration Shares¹ by ICICI Lombard to Bharti and AXA (collectively, Promoters of Bharti AXA) (**Proposed Combination**).

3. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), the Commission *vide* its email dated 05.10.2020, sought certain information(s)/ clarification(s) *inter alia*, relating to the activities of the Parties; response to the same was received on 09.10.2020. On 13.10.2020 certain further clarification(s)/ information(s) necessary for the purpose of Proposed Combination were sought; responses to these were received on 14.10.2020 and 19.10.2020.
4. ICICI Lombard is a listed private sector general insurance company incorporated in India, registered with the Insurance Regulatory and Development Authority of India (**IRDAI**). It is engaged in providing general insurance products including motor, health, crop/ weather, fire, personal accident, marine, engineering and liability insurance, through multiple distribution channels.
5. Bharti AXA, an entity incorporated in India, is registered as a general insurance company with the IRDAI. It is engaged in providing general insurance products including motor, health, travel, crop, and home insurance. Bharti AXA is a joint venture between Bharti, a business group with interests in telecom, agriculture business and retail, and AXA, an organization with interests in financial protection and wealth management. The joint venture company is held by Bharti (51%) and AXA (49%).
6. It is stated in the notice that both Bharti AXA and ICICI Lombard are engaged in the general insurance business in India. As per notice, within the general insurance business, Bharti AXA and ICICI Lombard overlap in the segments of fire insurance, motor insurance, health insurance, marine insurance, engineering insurance, liability insurance, and other lines of business of general insurance. Within these segments, the parties further overlap in the following sub-segments: (i) Motor Third Party Damage (**TP**) and Motor Own Damage (**OD**); (ii) Marine Cargo and Marine Others; (iii) Workmens' Compensation; (iv) Health- Personal

¹ The Consideration Shares will be issued to Bharti and AXA in the proportion of their shareholding in Bharti AXA as on 21 August 2020.



Accident and Health-Travel; (v) Liability- Public Liability and Other Liability; (vi) Credit Insurance; and (vii) Others.

7. In relation to vertical relationship it is stated that certain entities of the ICICI Group are engaged in the distribution of general insurance products (**ICICI Distribution Entities**) as corporate agents. The Parties have submitted that such ICICI Distribution Entities distribute only the general insurance products of ICICI Lombard and not that of any other third party. As such, there is no existing vertical relationship between the Parties. However, considering that Bharti AXA provides general insurance products and ICICI Distribution Entities are engaged in the distribution of insurance products in India, there is a potential for vertical relationship between the Parties. In this context, the Parties have defined the relevant product market at the upstream level as the market for general insurance products in India (**Upstream Market**) and at the downstream level as the market for distribution of general insurance products in India (**Downstream Market**).
8. The Commission has considered the segments/ relevant market identified by the Parties for the purposes of assessment. However, the material available on record shows that the Proposed Combination is not likely to cause any competition concern in India. Thus, the exact delineation of relevant market is being left open in the case.
9. Based on the submissions of the Parties, it is noted that the presence of the Parties in the general insurance business, as well as most of its further segments and sub-segments, as mentioned above, and/or the increment due to the proposed combination is not significant so as to cause any appreciable adverse effect on competition. Only in the Health insurance segment the combined market shares of the Parties in terms of the number of policies is observed to be more than 30% and increment in market share in the range of 5-10%. However, the combined market share in terms of Gross Direct Premium Income (GDPI) in this segment is found to be less than 10% and increment also less than 5%. It is noted from the submission of the parties that the high volume of policies in the Health insurance segment is on account of Travel insurance policies included therein, which results in high volume but significantly low premium income *i.e.*, GDPI. If policies pertaining to Travel Insurance are excluded, the combined market share of the Parties in the Health insurance segment in terms of volume is observed to be less than 10%. In Travel Insurance sub-segment, the combined market share in terms of volume is in the range of 25-30%; however,



the increment in market share is less than 5%. In terms of GDPI, the combined market share in travel insurance is insignificant. Further, in terms of potential vertical relationship also no competition concern arises due to insignificant presence of the Parties at the identified upstream and downstream level.

10. Additionally, it is observed that there are several other players present in the general insurance business such as New India Assurance, United India Insurance, National Insurance Company, Oriental Insurance Company and Bajaj Allianz General Insurance, which continue to pose the competitive constraints to the Parties post the Proposed Combination.
11. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that Proposed Combination is not likely to have an appreciable adverse effect on competition in India.
12. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
13. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
14. The Secretary is directed to communicate to the Acquirer, accordingly.