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MEDIA RELEASE

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COMPETITION COMMISSION CONDITIONALLY CLEARS THE ACQUISITION OF 30% SHARES IN MEDSCHEME (MTIUS) LTD BY EAGLE INSURANCE LTD

This media release relates to the decision of the Commissioners of the Competition Commission to clear the acquisition of 30% of the shares of Medscheme (Mtius) Ltd by Eagle Insurance Ltd (the 'transaction'), subject to behavioural commitments from the parties. On 21st December 2018, Eagle Insurance Ltd and Medscheme (Mtius) Ltd informed the Competition Commission of the proposed transaction and applied for the guidance of the Competition Commission.

Eagle Insurance Ltd is a member of the IBL Group and supplies various short-term insurance products (general insurance) in Mauritius such as motor, marine, travel, property and health insurance.

Medscheme (Mtius) Ltd is a third-party medical scheme administrator. It essentially administers membership and medical claims of medical schemes of its clients which are provident associations and insurance companies. It is the largest third-party administrator for medical insurance schemes in Mauritius.

Medscheme (Mtius) Ltd is not itself a health insurance provider, but it administers the scheme of insurance providers. The clients of Medscheme (Mtius) Ltd may be in direct or indirect competition with Eagle Insurance Ltd and they bring a competitive dynamic in the market for health insurance. The Competition Commission was concerned that with the transaction, Eagle Insurance Ltd may have access to sensitive data on those clients. For instance, this information can be used while making offers to those clients. Some clients of Medscheme (Mtius) Ltd are health insurance companies and knowing about the policy of those companies may soften competition between Eagle Insurance Ltd and those client health insurers to the detriment of competition.

This concern was nonetheless lessened by the fact that Eagle Insurance Ltd did not directly provide medical insurance in the past, though it started to do so in 2018, and as such did not have very high market shares on its own. Further, Eagle Insurance Ltd will not acquire a majority stake in Medscheme (Mtius) Ltd; meaning that Eagle Insurance Ltd and Medscheme (Mtius) Ltd will remain two separate companies.

Eagle Insurance Ltd and Medscheme (Mtius) Ltd submitted undertakings to allay the concerns of the Competition Commission in February 2019. They have proposed a mechanism to ensure that Eagle

Insurance Ltd does not have access to sensitive data on clients of Medscheme (Mtius) Ltd. For instance, Eagle Insurance Ltd, including its directors and employees, will not have access to individual or consolidated data on the medical schemes of the clients of Medscheme (Mtius) Ltd. Directors of Eagle Insurance Ltd should be informed in writing of this restriction and would be bound by same. The IT System of Medscheme (Mtius) Ltd will have to be hosted in a manner such that Eagle Insurance Ltd will not have access to database on clients of Medscheme (Mtius) Ltd.

Both parties recognise that they will continue to remain distinct enterprises within the meaning of the Competition Act 2007 and shall continue to operate as distinct enterprises. The undertakings have other salient features.

After assessing the undertakings, the Executive Director was of the view that the undertakings address the competition concerns identified and as such, submitted his report on the undertakings to the Commissioners in April 2019, recommending the Commissioners to accept the undertakings.

On 17th June 2019, the Commissioners issued their decision on the matter. The Commissioners secured an additional undertaking from the parties to the effect that the parties will allow the Competition Commission to access required information to allow the Competition Commission to verify and ensure that the ring fencing is working properly. Consequently, the Commissioners determined that the undertakings offered by both parties indeed satisfactorily address the competition concerns that the transaction may raise and as such, accepted the undertakings, giving it the form of a direction of the Commission.

The Executive Director said:

“This transaction will have an important bearing on the market for medical insurance in Mauritius. It is likely to boost competition with the entry of Eagle Insurance Ltd in the market for medical insurance. Consumers are likely to benefit from the transaction in that they will have more choice, they will be able to benefit from the network of Medscheme (Mtius) Ltd through the health insurance of Eagle Insurance Ltd and from the resulting competition.

However, it was important to ensure that the potential anticompetitive side of the transaction is carved out, while allowing for the beneficial aspects to flourish. As such, the commitments given by the parties will allow for the introduction of new products and services on the market while preserving sound competition in the long term, to the ultimate benefit of consumers and economy at large.

The Competition Commission appreciates the proactiveness of Eagle Insurance Ltd and Medscheme (Mtius) Ltd in notifying the Competition Commission of the transaction and ensuring that they are compliant with the law.”

The decision of the Commissioners can be accessed from the website of the Competition Commission on www.ccm.mu.

End of Media Release