

CMS Romania: Romanian competition regulator now probing automotive and insurance sectors



The Romanian Competition Council (RCC) recently announced a new investigation into possible price-fixing arrangements between auto repair shops and insurers underwriting mandatory civil third party liability insurance (MTPL) for motor vehicles. According to the RCC (see [Inspectii-Auto-Italia-nov-2021.pdf \(competition.ro\)](#)) the investigation is currently focusing on 29 companies, including car suppliers, auto repair shops and insurers.

The RCC suspects that these companies coordinated conduct in the market by agreeing to fix tariffs, discounts and other commercial terms for maintenance and repairs of motor vehicles in Romania. In this context, the RCC has already carried out dawn raids at the premises of six of the suspected companies.

Automotive repair services and related insurance sectors are a sensitive topic in Romania, with the RCC already pursuing other related investigations from 2017 in the area of repair services for insured motor vehicles. In 2019, this investigation was extended to cover insurers. The RCC has also carried out dawn raids at the premises of several automotive producers in Romania, in addition to the premises of major Romanian insurers.

Although dawn raids are only a preliminary step in the RCC's investigation and do not automatically imply a finding of infringement, the RCC President has issued statements suggesting that the authority is confident it will issue final results in the foreseeable future for at least one of the two pending investigations.

Such enforcement actions have not been uncommon for the Romanian competition authority. In 2018, the RCC issued a fine of EUR 53 million against the National Union of Insurance and Reinsurance Companies in Romania for coordinating conduct in the MTPL insurance market, resulting in an increase in insurance premiums. The RCC expressed concern over the differences in prices for repairs of insured motor vehicles paid by insurers compared with the lower prices for similar services paid by motor-vehicle owners. In this context, the RCC issued recommendations on increased protection for insureds, which were partially reflected in both primary and secondary insurance legislation.

Clearly, the RCC is not satisfied with measures taken so far and continues to signal that these markets are not functioning well. Taking into account the magnitude of the two current investigations into motor vehicle repairs and related insurance services, as well as the RCC's previous track record in fining decisions, the RCC is not expected to be lenient should it uncover competition law breaches in its current probes. To prove breaches and assess fines, the RCC must gather sufficient information, either by means of dawn raids or through the help of

whistle blowers who may step forward in order to benefit by immunity from fines.

The RCC is expected to make announcements on its findings early next year.

*For more information on these investigations and the Romanian insurance industry, contact your CMS client partner or local CMS experts: **Horia Draghici** (Automotive), **Cristina Popescu** (Insurance) and **Laura Capata** (Competition).*