

***Case No COMP/M.5925 -
METLIFE/ ALICO/
DELAM***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 24/08/2010

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EUROPEAN COMMISSION

Brussels, 24.8.2010

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party:

Dear Sir/Madam,

**Subject: Case No COMP/M.5925 - METLIFE/ ALICO/ DELAM
Notification of 19 July 2010 pursuant to Article 4 of Council Regulation
No 139/2004¹**

1. On 19/07/2010, the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which the undertaking MetLife Inc. ("MetLife", USA) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of the undertakings American Life Insurance Company ("Alico", USA) and Delaware American Life Insurance Company ("DelAm", USA) by way of purchase of shares.

I. THE PARTIES

2. MetLife is a US-based company active worldwide in the life insurance, non-life insurance and reinsurance sectors and also provides financial products and services to individual and institutional customers.
3. Both Alico and DelAm (jointly the "Target Companies") are US-based subsidiaries of American International Group, Inc ("AIG", USA). Alico is a provider of life, accident &

¹ OJ L 24, 29.1.2004, p. 1, hence "Merger Regulation". With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

health insurance, retirement planning, and wealth management solutions on a worldwide basis to individual customers, corporate clients and high net worth individuals and is also active in the global reinsurance market. DelAm provides wealth management, retirement planning, life and health insurance services for commercial, institutional and individual customers, only in the US.

II. CONCENTRATION

4. On March 7, 2010, MetLife entered into a Stock Purchase Agreement with AIG in order to acquire the entire issued share capital of the Target Companies. MetLife will finance the operation partially in cash and partially through the issue, by MetLife to AIG, of MetLife Common Equivalent Securities, which will have economic rights equivalent to MetLife's common stock. The common stock and common stock equivalents to be issued is expected to be less than 23.5% of MetLife's outstanding common stock and according to the notifying party the acquisition by AIG of Metlife shares will not enable AIG to exercise any type of control over MetLife within the meaning of the EU Merger Regulation.
5. Metlife will thus acquire sole control over the Target Companies and constitute a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

III. EU DIMENSION

6. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion² [MetLife: EUR 53,830 million; Alico: EUR 8,145 million; DelAm: EUR 24 million]. Each of MetLife and Alico has a EU-wide turnover in excess of EUR 250 million [MetLife: EUR [...] million; Alico: EUR [...] million], but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.
7. The notified operation therefore has an EU dimension under Article 1 of the Merger Regulation.

IV. COMPETITIVE ASSESSMENT

Relevant product and geographic markets

8. Both MetLife and Alico are active in the provision of life insurance, non-life insurance and reinsurance in the EU. DelAm is not active in the EU.
9. Concerning the product market definition, the Commission has in the past distinguished between three broad categories of insurance, namely: (i) life insurance, (ii) non-life insurance and (iii) reinsurance³.
10. The Commission has also noted that, from the demand side, both life and non-life insurance may at least in theory be divided into as many individual product markets as there are different kinds of risks covered, given that their characteristics, premiums

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p1).

³ COMP/M.4284 AXA/Winterhur, Commission Decision of 28 August 2006.

and purposes are distinct and that there is no substitutability from the consumers' perspective between different risks insured. However, the Commission has recognised that supply side considerations may lead to broader product markets in respect of certain types of risk.⁴ This indicates that different types of insurance may be included in the same product market.

11. With respect to life insurance, the Commission has traditionally made a primary distinction between group life insurance products and individual life insurance⁵. However, the Commission has also made a general distinction between predominantly risk-based products, on the one hand, and products oriented towards savings and pension provision, on the other⁶. In previous decisions, however, the Commission has left open the exact product market definitions.
12. As regards non-life insurance, the Commission has previously considered various possible segments, inter alia, motor, fire, transport, health, property, general civil liability, casualty, litigation, working accidents and credit insurance⁷. In previous decisions, however, the Commission has left open the exact product market definitions.
13. The Commission has so far left open whether reinsurance constitutes a single relevant product market or whether it should be further subdivided into life and non-life segments⁸.
14. The notifying party accepts all the above sub-segmentations of the Commission and has provided data on this basis.

Geographic Markets

15. With respect to the geographical scope, while recognising that insurance markets are becoming more open to intra-Community competition⁹, the Commission, in its previous decisions, has defined the markets for both life and non-life insurance as being national in scope as a result of national distribution channels, the established market structures, fiscal constraints and differing regulatory systems¹⁰. The Commission has previously found that the scope of the geographic market for reinsurance is global due to the need to pool risks on a worldwide basis¹¹. As there is no indication that the geographic market is different in the present case, a global market for reinsurance is considered.

⁴ COMP/M.5384 *BNP Paribas/Fortis*, Commission Decision of 3 December 2008, para. 69.

⁵ COMP/M.4284 *AXA/Winterthur*, Commission Decision of 28 August 2006, paras. 11-12.

⁶ COMP/M.5384 *BNP Paribas/Fortis*, Commission Decision of 3 December 2008, para. 70.

⁷ Comp/M.5083 *Groupama/OTP Garancia*, Commission Decision of 15 April 2008, para. 12.

⁸ Comp/M.5083 *Groupama/OTP Garancia*, Commission Decision of 15 April 2008, para. 14.

⁹ Case No. COMP/M.2225 *Fortis/ASR*, Commission Decision of 13 December 2000; Case Comp/M.759 *Sun Alliance/Royal Insurance*, Commission Decision of 18 June 1996

¹⁰ See: COMP/M.5075 *Vienna Insurance Group/Erste Bank Versicherungssparte*; COMP/M.4844 *Fortis/ABN AMRO Assets*; COMP/M.4284 *AXA/Winterthur*, Commission Decision of 28 August 2006.

¹¹ Case No. 4059 *Swiss Re/GE Insurance Solutions*, Commission Decision of 24 April 2006, para.11.

16. The notifying party accepts all the above sub-segmentations of the Commission and has provided data on this basis.
17. In any event it is not necessary to conclusively define any relevant product and geographic market since the transaction will not lead to serious doubts as to its compatibility with the internal market irrespective of the exact product and geographic market definition.

Competitive assessment

18. According to MetLife, the activities of the undertaking concerned overlap in: life insurance in Greece, Hungary, Ireland, Poland, Spain and the UK; non-life insurance in Greece and the UK and finally reinsurance, which is a global market.
19. Concerning the overall life insurance market, the following table, compiled by MetLife, shows the combined market shares of Alico and MetLife on the basis of life insurance premiums generated in the Member States concerned in 2009. The transaction does not lead to any horizontally affected markets:

Table 1: overlapping life insurance markets

2009 EUR (m)	Total Size	ALICO GWP	ALICO Share	MetLife GWP	MetLife Share	Combined Share
Greece	2,446.99	[...]	[10-20%]	[...]	[0-5%]	[10-20%]
Hungary	1,466	[...]	[0-5%]	[...]	[0-5%]	[0-5%]
Ireland	28,000	[...]	[0-5%]	[...]	[0-5%]	[0-5%]
Poland	6,796	[...]	[5-10%]	[...]	[0-5%]	[5-10%]
Spain	28,116	[...]	[0-5%]	[...]	[0-5%]	[0-5%]
UK	52,997	[...]	[0-5%]	[...]	[0-5%]	[0-5%]

Source: notification, based on a number of data sources.

20. Turning now to further possible product market sub-segmentations for the life insurance market, under all possible market definitions in Hungary, Ireland, Poland, Spain and the UK, the combined market shares of Alico and MetLife are always below [5-10%], with the exception of the individual life risk protection market segment in Poland, where they are at [5-10%].
21. In Greece, MetLife has identified two possible market segmentations where the combined market shares of Alico and MetLife together could be [10-20%], namely those of (i) individual savings and pension life insurance products with [10-20%] and in the narrowest segment of (ii) individual savings life insurance products with [10-20%]. It should be noted in this context that MetLife is active in the life insurance market in Greece only through its individual life savings product called "Auvida".
22. MetLife stresses that the above market shares for Greece are the highest they could be, but is unable to provide more precise data. The reason for this is that the reporting of the insurance market size data by the Hellenic Republic Ministry of Economics and Finance, Private Insurance Supervisory Committee ("PISC"), the Greek insurance sector regulator, does not reflect the total insurance premiums written in Greece. The

PISC only publishes those premiums generated by Greek-licensed entities. Accordingly, those premiums generated by insurers providing insurance in Greece on a freedom of services (FOS) basis under Directive 2002/83/EC¹² are not captured in the data published by the PISC.

23. MetLife is active in the life insurance sector in Greece¹³ through MetLife Europe Limited ("MetLife Europe"), a wholly-owned subsidiary registered in Ireland¹⁴, on a FOS basis and is not, therefore, licensed by the PISC and its data are consequently not collected, reported and published.
24. MetLife, states that it is has not been able to identify any other insurance companies operating in Greece on a FOS basis. It has therefore reconstructed itself the two markets where it considers itself to be active (see above) as if it were the only company to operate in Greece on a FOS basis, by adding to the data provided by the PISC the premiums generated in Greece by MetLife. It has then calculated that the highest combined market shares of Alico and MetLife would be [10-20%] in the segment of individual savings and pension life insurance products, and [10-20%] in the individual savings life insurance products in Greece.
25. Account has also to be taken of the fact that for each of these two possible market segmentations, there will be, post-merger, two competitors with market shares higher or similar to those of Alico and MetLife (EFG Eurolife and InterAmerican for the individual savings and pension life insurance products and Ethniki and InterAmerican for the individual savings and pension life insurance products).
26. Turning now to the non-life insurance market, the following table, compiled by MetLife, shows the combined market shares of Alico and MetLife on the basis of non-life insurance premiums generated in the Member States concerned in 2009. MetLife states that on a narrower hypothetical market segmentation, the activities of the Parties would not overlap in non-life insurance activities in Greece and the UK. The transaction does not therefore lead to any horizontally affected markets:

EUR (m)	Total Size	ALICO GWP	ALICO Share	MetLife GWP	MetLife Share	Combined Share
Greece	2,978	[...]	[0-5%]	[...]	[0-5%]	[0-5%]
UK	112,241	[...]	[0-5%]	[...]	[0-5%]	[0-5%]

Source: notification

27. Finally, for the reinsurance market, in 2009, MetLife generated reinsurance premiums of EUR 810 million, ALICO of EUR 132.7 million and DelAm of EUR 7.1 million (in respect of life coverage in the US), each of the three having a market share (on a global basis) of less than [0-5%].

¹² Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance, [2002] OJ L 345/1, 19/12/2002 (the "FOS Directive").

¹³ In Greece, MetLife sells only one life insurance product, an individual savings product called "Auvida". "Auvida" is a form of retirement plan and belongs to the group of products known as variable annuities.

¹⁴ MetLife Europe is licensed by the Irish regulator, the Irish Financial Services Regulatory Authority.

28. Thus, the transaction will not give rise to any competition concerns in any relevant market.

V. CONCLUSION

29. For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

For the European Commission,
(signed)
Maroš Šefčovič
Vice-President of the European
Commission