

***Case No COMP/M.6649 - ALLIANZ/  
INSURANCE PORTFOLIO AND BROKERAGE  
SERVICES OF GAN EUROCOURTAGE***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 23/07/2012

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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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

**Subject: Case No COMP/ M.6649 - ALLIANZ/ INSURANCE PORTFOLIO AND BROKERAGE SERVICES OF GAN EUROCOURTAGE  
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004**

Dear Sir/Madam,

1. On 25/06/2012, the European Commission received the notification of a proposed concentration pursuant to Article 4 of the Council Regulation (EC) No 139/2004<sup>1</sup> by which the undertaking Allianz IARD SA ("A.I." France), a member of the Allianz Group ("Allianz", Germany) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of a self-standing non-life insurance portfolio comprised of insurance contracts and their related brokerage businesses, assets and liabilities, in France (the "Target", France), hitherto belonging to Gan Eurocourtage SA ("GEC", France) by way of purchase of shares. Allianz is designated hereinafter as the "notifying party".

## **(1) THE PARTIES**

2. A.I. is a French subsidiary of Allianz SE.<sup>2</sup> It provides various kinds of non-life and life insurance, asset management and banking operations services.
3. The Target is the self-standing insurance portfolio of GEC relating to non-life insurance products provided to individuals, professionals and businesses, as well as the related

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<sup>1</sup> OJ L 24, 29.1.2004, p. 1 ("the 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.

<sup>2</sup> Allianz also controls other life and non-life insurance companies in France, such as Allianz Vie, AGCS, Euler Hermes and Mondial Assistance (now Allianz Global Assistance after rebranding).

brokerage businesses and management activities, together with the related non-portfolio items, assets and liabilities.

4. GEC, a wholly-owned subsidiary of Groupama, a French insurance company, is active in the market for the provision of non-life insurance products to individuals and businesses, transport insurance and group insurance products.

## **(2) THE OPERATION**

5. Allianz will acquire sole control of the Target pursuant to a Portfolio Sale Agreement dated 7 June 2012. Therefore the notified transaction represents a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## **(3) EU DIMENSION**

6. The combined aggregate worldwide turnover of the Allianz Group and the Target exceeded EUR 5 000 million in 2010 (Allianz EUR 110 256 million, the Target EUR [...] million). Each of the Allianz Group and the Target achieved in 2010 an aggregate EU-wide turnover in excess of EUR 250 million (Allianz EUR [...] million, the Target EUR [...] million). While the Target achieves more than two-thirds of its turnover in the territory of France, the Allianz Group does not generate more than two-thirds of its EU-wide turnover in any EU Member State.
7. Therefore, the transaction has a Union dimension pursuant to Article 1(2) of the Merger Regulation.

## **(4) COMPETITIVE ASSESSMENT**

### **4.1. Relevant markets**

#### **4.1.1. Product markets**

##### *Non-life Insurance*

8. The notified transaction concerns the French non-life insurance sector. With regard to the relevant product market, in previous decisions the Commission distinguished between three broad categories of insurance products: life insurance, non-life insurance and reinsurance.<sup>3</sup> Consistent with this approach, non-life insurance is the only market in which the transaction would lead to horizontal overlaps between the concerned undertakings. Within these categories, insurance products are intended to cover specific risks.
9. The Commission noted that supply-side considerations<sup>4</sup> may lead to broader product markets in respect of certain types of risk, indicating that different types of insurance may be included in the same product market.<sup>5</sup>

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<sup>3</sup> See for example cases COMP/M.4284 AXA/Winterthur; COMP/M.6053 CVC/Apollo/Brit Insurance; COMP/M. 6217 Baloise Holding/Nateus/Nateus Life.

<sup>4</sup> Cases COMP/M.5925 Metlife/Alico/Delam, at para. 10; COMP/M.4284 AXA/Winterthur at para. 9; COMP/M.6217 Baloise Holding/Nateus/Nateus Life, at para 12.

<sup>5</sup> Cases IV/M.1142 Commercial Union/General Accident, at para. 12; COMP/M.4950 Aviva/Bank Zachodni, at para. 16; COMP/M.5075 Vienna Insurance Group/EBV; COMP/M.5728 Crédit Agricole/Société

10. From a demand side perspective, however, the Commission in previous decisions noted that life and non-life insurance products might be sub-divided into as many product markets as there are different kinds of risk covered since the characteristics of individual policies are distinct and the insurance against a given risk is not generally substitutable with insurance against another risk from the consumer's perspective.<sup>6</sup> Accordingly, the Commission in the past considered the possibility that distinctions might be drawn among non-life policies between the following insurable risks: (i) accident and sickness; (ii) motor vehicle; (iii) property; (iv) marine, aviation and transport; (v) liability; (vi) credit and suretyship; and (vii) travel.<sup>7</sup>
11. As regards the further sub-segmentation of the specific non-life insurance market in France, the notifying party notes that the decisional practice at national level<sup>8</sup> under the Code des Assurances suggests that the following categories of insurance products might be distinguished: a) motor vehicle insurance for individuals – including both two and four-wheeled vehicles; b) home insurance for individuals – including home and real estate property insurances for individuals, as well as insurance products related to damages caused to products related to the household (e.g. cell-phone damage); c) general liability for individuals – insurance products covering individuals from the risks of liabilities imposed by lawsuits and similar claims, as well as the consequences of the actions of individuals; d) insurance for fleets of motor vehicles for businesses – including insurance for vehicle fleets and groups; e) construction insurance – including general civil liability, site risks, and building and constructors' liability; f) real estate property insurance for professionals/businesses – covering damages to real estate property owned by professionals/businesses; g) property damage insurance for professionals/businesses – including damages to other professional/business property, as well as other risks (excluding assumption); h) general liability insurance for professionals/businesses – covering liability for the conduct of professional activities; j) other insurance products – covering natural disasters, credit insurance, etc.
12. In the past, the Commission often carried out its initial analysis on the basis of a segmentation by insurance class, following the classification used in the national regulatory framework, which transposes the relevant EU Directive.<sup>9</sup> However, where necessary and in particular in relation to large commercial risks, the Commission also looked at more narrow possible markets.<sup>10</sup>

*Insurance underwriting and management service*

13. In its previous administrative practice, the Commission distinguished between, on the one hand, a relevant product market for insurance and reinsurance services and, on the other, a downstream relevant product market for the underwriting and management of insurance and

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Générale Asset Management; COMP/M.5925 Metlife/Alico/Delam; COMP/M.4284 AXA/Winterthur; COMP/M. 6217 Baloise Holding/Nateus/Nateus Life.

<sup>6</sup> See for example cases COMP/M.5075 Vienna Insurance Group/EBV; COMP/M.5925 Metlife/Alico/Delam; COMP/M.5083 Groupama/OTP Garancia; COMP/M.5010 Berkshire Hathaway/Munich RE/GAUM; COMP/M. 6217 Baloise Holding/Nateus/Nateus Life.

<sup>7</sup> Case COMP/M.4701 Generali/PPF Insurance Business, at para. 22-23.

<sup>8</sup> Decision No 10-DCC-148 of 15 November 2010; Decision No 11-DCC-163 of 9 November; Decision No 12-DCC-36 of 19 March 2011; Decision No 12-DCC-36 of 19 March 2012; Decision No 11-DCC-215 of 29 December 2011; Decision No 11-DCC-186 of 14 December 2011.

<sup>9</sup> For example with reference to the Italian market, see cases COMP/M.1507 Aviva/Ubi Vita; COMP/M.2768 Generali/Banca Intesa/Intesa Vita; COMP/M.1712 Generali/INA.

<sup>10</sup> For example, in case COMP/M.5010 Berkshire Hathaway/Munich Re/GAUM, the Commission looked at aerospace insurance including a possible sub-segment for space and satellite risks.

reinsurance risks to insurers and reinsurers.<sup>11</sup> In doing so, it concluded that these downstream services constitute a single relevant product market which is distinct from the provision of insurance/reinsurance.<sup>12</sup> Although the Commission considered whether this market should be further segmented according to the types of risks involved, the precise market definition was thus far left open.

14. The notifying party submits that a separate relevant product market for underwriting and management of insurance products does not exist in France, given that insurance undertakings are characterized by high levels of vertical integration and generally perform all the business-related functions themselves, including underwriting and management services. However, even if the Commission were to consider that there exists a separate relevant product market for underwriting and management, that would not change the competitive assessment of the transaction as, according to the Commission's previous decisional practice,<sup>13</sup> the assessment of the parties' shares should be based on their gross premiums, thus reflecting the total value of insurance placed by them. In effect, market shares would in the case at hand be the same as for insurance production.

#### *Distribution of insurance products*

15. In its administrative practice, the Commission in the past concluded that a downstream market for insurance distribution involves the procurement of insurance cover for individual and corporate customers through different distribution channels, whether comprised of direct writers, tied agents or intermediaries such as banks and brokers.<sup>14</sup> In doing so, the Commission always left open the possibility of whether the market for insurance distribution comprises exclusively all outward (i.e. non-owned and third-party) insurance distribution channels (e.g. brokers and agents), or whether the sales forces and office networks of insurance undertakings (constituting a direct means of sale to end-customers) should also fall within the market for insurance distribution.<sup>15</sup>
16. As regards the French market for insurance distribution, Allianz submits that its classification generally corresponds to the classification adopted by the Commission for insurance distribution.<sup>16</sup>

#### *Assistance Service*

17. In its previous decisions, the Commission defined a separate market for the provision of assistance services.<sup>17</sup> In such a market, it is the assistance provider who organises the assistance to the policyholder (such as sending an ambulance or a car recovery vehicle, organising the repatriation of the policyholder or contacting travel agents, airlines and hotels to make the necessary changes to a trip, etc.) while it is the insurer who covers the costs related to such unexpected events.<sup>18</sup>

#### 4.1.2. Geographical market

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<sup>11</sup> Case COMP/M.6053 CVC/Apollo/Brit Insurance, at para. 12.

<sup>12</sup> Case COMP/M.3035 Berkshire Hathaway/Converium/Gaum/JV, at para. 16.

<sup>13</sup> Case COMP/M.1307 Marsh & McLennan/Sedgwick, para. 30 et seq.

<sup>14</sup> Case COMP/M.6053 CVC/Apollo/Brit Insurance, at para. 19.

<sup>15</sup> Case COMP/M.6053 CVC/Apollo/Brit Insurance, at para. 20.

<sup>16</sup> Case COMP/M.1307 Marsh & McLennan/Sedgwick, at para. 19.

<sup>17</sup> Cases COMP/M.3772 Aviva/RAC, at para. 13; IV/862 AXA/UAP, at para. 9.

<sup>18</sup> Case COMP/M.4701 Generali/PPF Insurance Business, at para. 29.

18. In its administrative practice,<sup>19</sup> whilst recognising that insurance markets are becoming more open to intra-Community competition, the Commission consistently found that markets for non-life insurance and life insurance products are generally national in scope due to the particular national distribution channels, established market structures, fiscal constraints and different regulatory regimes. This also applies to the assistance market.<sup>20</sup>
19. As regards the geographic scope of the insurance underwriting and management market, the notifying party notes that the Commission's previous decisions suggest that the geographic dimension of the insurance underwriting market is at least EEA-wide.

#### 4.1.3. Conclusion on market definitions

20. The exact product and geographic market definitions can be left open in this case as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market irrespective of the market definition.

## 4.2. **Competitive assessment**

21. The transaction will lead to overlaps in France in (i) the non-life insurance and the related underwriting and management services market, the (ii) insurance brokerage market/distribution of insurance products; and (iii) the assistance market.

#### 4.2.1. The non-life insurance and the related underwriting and management services market

22. Following the transaction, in almost all of the possible product market segmentations under consideration the combined market share of the parties will not exceed 15% and does thus not raise serious doubts as to the transaction's compatibility with the internal market as regards these markets.
23. However, in the segment of general property damage insurance products, the parties will have a combined market share of [10-20]% (A.I. [10-20]%, Target [5-10]%). This will make them the second largest competitor in that market. Axa will continue to lead the market with a share of [20-30]%. Groupama and Covéa are still important competitors with a market share of respectively [10-20]% and [10-20]%. The notifying party underlines that the transaction will only combine the 4<sup>th</sup> and 6<sup>th</sup> largest competitors<sup>21</sup> to form a more credible competitor to compete against the leading position of Axa. On the basis of these considerations the transaction does not raise serious doubts as to its compatibility with the internal market as regards the French market for general property damage insurance products.
24. In the segment of non-life insurance products for professionals and businesses, the parties will have a combined market share of [10-20]% (A.I. [10-20]%, Target [0-5]%). Again Axa will continue to lead the market with a share of 20.4% and Covéa and Groupama are still important competitors with a market share of respectively [10-20]% and [10-20]%. The notifying party underlines that the transaction will group the 3<sup>rd</sup> and 7<sup>th</sup> largest competitors<sup>22</sup> to form a competitor more credible to compete against the leading position of Axa. On the basis of these considerations the transaction does not raise serious doubts

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<sup>19</sup> Case COMP/M.759 Sun Alliance/Royal Insurance, at para. 8.

<sup>20</sup> Case COMP/M.4701 Generali/PPF Insurance Business, at para. 30.

<sup>21</sup> There are in total seven market participants with market shares above 5%.

<sup>22</sup> There are another two market participants with market shares roughly equal to those of the Target.

as to its compatibility with the internal market as regards the French market for non-life insurance products for professionals and businesses.

#### 4.2.2 The distribution of insurance products

25. The transaction will lead to very limited overlaps in insurance distribution regardless of the segmentation or combination of segmentations used in order to define a market for such services. The combined market shares of the parties are in no occasion more than [5-10]% with an increment of less than [0-5]%. Therefore, the transaction does not raise serious doubts as to its compatibility with the internal market in this regard.

#### 4.2.3. The assistance market

26. The transaction will also lead to a very limited overlap in the assistance market. The combined market share will rise to [5-10]% (with a limited increment of [0-5]%). Post-transaction Allianz will remain far behind the major players in the French market (Generali [10-20]%, Sferen [10-20]%, Covea [10-20]%) Therefore, the transaction does not raise serious doubts as to its compatibility with the internal market in this regard.

#### 4.2.4. Conclusion

27. The transaction will lead to limited overlaps in the non-life insurance segment and more specifically in the non-life insurance products for professionals and businesses ([10-20]%) and in the relevant segment related to general property damage insurance products ([10-20]%). In both segments not only the combined market shares of the parties do not exceed 20%, but the merged entity remains the second largest competitor in a market where around ten competitive players are present. Therefore the transaction does not raise serious doubts as to its compatibility with the internal market.

### **(5) CONCLUSION**

28. 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 Commission  
(Signed)  
Joaquín ALMUNIA  
Vice-President*