

***Case No IV/M.919 -  
ABEILLE VIE /  
VIAGÈRE / SINAFER***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION

Date: 12/06/1997

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## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.06.1997

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

**Subject: Case No IV/M. 919 - Abeille Vie/Viagère/Sinafer**  
**Notification of 6 May 1997 pursuant to Article 4 of Council**  
**Regulation No 4064/89**

1. On 6 May 1997, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89, by which Abeille Vie/Société anonyme d'assurance vie et de capitalisation ("Abeille Vie") acquires within the meaning of Article 3 (1) (b) of the Council Regulation control of the whole of Société d'Epargne Viagère - Société Anonyme d'Assurance Vie et de Capitalisation ("SEV") and Sinafer SA, by way of purchase of shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89, and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

### **I THE PARTIES**

3. Abeille Vie is a wholly owned subsidiary of Commercial Union France SA ("Commercial Union France") whose ultimate parent is Commercial Union plc ("Commercial Union"). Commercial Union France operates the French business of the group of companies owned by Commercial Union. The activities of the

Commercial Union Group include the transaction of all classes of insurance and life assurance, other than industrial life. The Group also provides certain insurance-related financial services (including unit trust, investment management, banking, stockbroking, private client investment management) and invests in stocks and shares, properties, loans and mortgages, as well as trading in property. The principal activities of Abeille Vie are in the life assurance sector.

4. SEV was founded in 1990 as a French registered public limited life assurance company (“société anonyme”). At present almost all the shares in SEV are held by Société Financière d’Epargne (“SFE”), which in turn is wholly owned by Compagnie de Suez SA (“Suez”). SEV’s entire business is derived from a co-insurance arrangement with Abeille Vie in respect of a group insurance policy with the Association Française d’Epargne et de Retraite (“AFER”).
5. Sinafer SA, which will be created as a subsidiary of SFE within the Suez group for the purposes of the operation, will be incorporated immediately prior to closing as a French public limited company (“société anonyme”). It will be the successor to some of the businesses currently owned by Société d’Information et de Développement des Conventions AFER (“SINAFER SNC”), which is itself currently part of the Suez group.. Sinafer SA’s principal activity will be as an insurance broker whose sole purpose is to market, on a non-exclusive basis, AFER policies to the general public. SINAFER SNC’s broking activities in the Western part of France are carried out through a subsidiary. This subsidiary will also be transferred to Sinafer SA upon completion.

## **II THE CONCENTRATION**

6. The operation involves Abeille Vie, acquiring sole control of both SEV and Sinafer SA from SFE, and hence from the Suez group. The transaction is effectively the last stage in the acquisition, begun in 1994, by Commercial Union plc, of Groupe Victoire from Compagnie de Suez. (The 1994 acquisition was also notified under the Merger Regulation as Case No IV/M.498).
7. Abeille Vie will acquire 100% of the shares in Sinafer SA. It will acquire a 73.06% shareholding in SEV, which, when added to its existing 1.94%, will give Abeille Vie a total of 75%. [...] of the remaining shareholding will be [...] held by minority shareholders, who [...] cannot exercise decisive influence over key decisions. This holding does not therefore give rise to control within the meaning of Article 3(3) of the ECMR, and the acquisition is to be treated as an acquisition of sole control.

## **III COMMUNITY DIMENSION**

8. Commercial Union, in its financial year ending 31 December 1996, had a world-wide turnover based on gross premium income in excess of ECU 11 billion and a Community-wide turnover in excess of ECU 8 billion. SEV in its financial year ending on 31 December 1996, had a turnover based on gross premium income in excess of ECU 1 billion, all of it arising in France. The turnover represented by

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<sup>1</sup> Deleted for publication

the activities of SINAFER SNC to be transferred to Sinafer SA, in the financial year ending on 31 December 1996, was in excess of ECU [...] million, all of it achieved in France. Although SEV and Sinafer achieve all their turnover within one and the same EU member state, there is no one EU member state in which the Commercial Union group achieves more than two-thirds of its EU-wide gross premium income. Therefore the concentration has a Community dimension under Article 1(2) of the Merger Regulation.

#### **IV COMPATIBILITY WITH THE COMMON MARKET**

##### **A. Relevant Product Market**

9. The parties submitted that the relevant product markets for the purpose of assessing the case must be defined by reference to the activities within the insurance market of the two target companies.

##### **The activities of SEV**

10. SEV's business is derived from a co-insurance arrangement with Abeille Vie in relation to AFER (Association Française d'Epargne et de Retraite). AFER is a non-profit making association of members, who contribute agreed regular sums to the AFER fund. The AFER product is a savings related life product. During the term of the policy, interest, capitalisation and bonuses accrue which are repaid only on the death of the policy holder. AFER itself subscribes to a group insurance policy with Abeille Vie and SEV. This arrangement provides AFER with the capital to support the business, provide solvency, and makes available the technical capacity to control and invest the payments of its members.
11. The widest market definitions proposed were based on the type of risk covered, i.e. the life insurance market as a whole. Narrower definitions would have involved separate segments based on the characteristics of particular products, with the narrowest definitions of all based on the type of payment made by the investor. In the narrowest definition the relevant AFER products would fall within a 'versement libre' category. Since even on this narrowest market definition, no significant competition concerns arise, the precise market definition can be left open.

##### **The activities of Sinafer**

12. Sinafer's only activity will be to market AFER policies on a non-exclusive basis to the general public. It was proposed that the appropriate product market was the market for distribution of life insurance products. In principle, various narrower segmentations could be envisaged: for example, distinctions could be drawn between the different methods of distribution, (eg direct sale, or sale through agents, brokers or other intermediaries) or the breakdown of distribution arrangements for individual products. However, as no significant competition concerns arise in the present case, the precise product market definition can be left open.

B. Relevant Geographic Market

13. The parties contend that the relevant geographic market for Sinafer SA's activities is France, possibly extending to French-speaking Belgium, but no further. The market for SEV's activities may be wider than France. However, since no competition concerns arise when the market is geographically limited to France, it has not been necessary to decide whether the market is wider than France.

C. Assessment

SEV

14. Although Abeille Vie will be acquiring sole control of SEV, there are already links between the companies because of the arrangements between them in respect of the AFER product. The strategic management of AFER is carried out by a management committee comprised of two individuals directly elected by the policy-holder members of AFER. However, the day-to-day contract administration, is carried out by a Groupement d'Intérêt Economique (GIE) in which AFER, Abeille Vie and SEV are members. The management committee retains control of AFER because it has the power to dismiss GIE AFER. Although the acquisition of SEV will effectively give Abeille Vie control over the GIE, and hence over day-to-day contract administration, the independence of AFER will continue to be assured by the powers of the management committee, which remain unchanged. The actual fund management for AFER is already carried out by Abeille Vie, so the acquisition of SEV would not imply any change in existing arrangements.
15. According to the parties the main impact of the operation will be that Abeille Vie will bear the sole underwriting risk in respect of the AFER product. But in practice Abeille Vie already bears some 80% of the underwriting risk, even though the co-insurance arrangements specify a 50/50 underwriting ratio. This is because the 50-50 ratio only applied to premium income received from 1 October 1994 onwards, and due to the large amount of previous income, the overall ratio of underwritten risk borne by Abeille Vie is about 80%.
16. Other than Abeille Vie, Commercial Union France has no further existing subsidiaries active on the life assurance market in France.
17. The narrowest market definition proposed, ie a market for "versements libres", would imply a total market for such products by value of some 150,000 million French Francs, of which the market shares being brought together by the operation would represent some 11% of new policies issued. On any of the wider definitions suggested the market shares would be much lower. The operation therefore does not give rise to any serious competition concerns, and thus the precise market definition can be left open.

Sinafer SA

18. SINAFER SNC exists only to distribute the AFER product in France. Sinafer SA, its successor to the business concerned, will be only one of a number of distribution outlets for AFER products. Practically all Commercial Union's

distribution/brokering of life insurances in France are carried out through Abeille Vie and the Club Epargne controlled by it. Other distribution mechanisms are intermediaries such as Abeille Vie agents and brokers, financial intermediaries with a special relationship with AFER, regional banks and independent agents and brokers who include AFER products in their product range.

19. The main change brought about at the distribution level will be that one channel for the distribution of AFER products, namely Sinafer SA, will in future be owned by Abeille Vie. Sinafer SA will have therefore have an increased share of the distribution for the AFER product. The parties submit that the AFER product could in principle be distributed by anyone with the necessary skills in brokerage/distribution in the life assurance sector in France, and that the various distribution outlets compete vigorously with each other and, from a consumers' point of view, are highly interchangeable.. In any event the AFER product itself does not have such a strong position in the market that any competition concerns would arise about the distribution arrangements. As to Sinafer SA's position on the market for the distribution of all life insurance products, its share based on to the value of sales by the top 100 brokers in France will be under [...]. Its share of the total market will thus be smaller still.

## **VI CONCLUSION**

20. In view of the above the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation No 4064/89.

For the Commission,