

EN

***Case No COMP/M.5083 -  
GROUPAMA / OTP  
GARANCIA***

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: 15/04/2008

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15-IV-2008

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

**Subject: Case No COMP/M.5083 – Groupama/ OTP Garancia  
Notification of 10.03.2008. pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 10 March 2008, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which the undertaking Groupama Int ("Groupama", France) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the undertaking OTP Garancia Biztosító Zártkörűen Működő Részvénytársaság ("OTP Garancia", Hungary) by way of purchase of shares.
2. After examination of the notification, the Commission has concluded that the operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and the EEA agreement.

**I. THE PARTIES**

3. **Groupama** is a wholly owned subsidiary of Groupama S.A., which is the parent company of an insurance group which provides insurance related services and banking activities.
4. **OTP Garancia** is an insurance company active in life and non-life insurances, mainly in Hungary and, to a lesser extent, in Romania.

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

## II. THE OPERATION

5. Pursuant to a Memorandum of Understanding of 11 February 2008 Groupama will acquire all shares in OTP Garancia<sup>2</sup>.
6. As the proposed transaction would provide Groupama with sole control over OTP Garancia, it constitutes a concentration within the meaning of Article 3 (1) (b) of the Merger Regulation.

## III. COMMUNITY DIMENSION

7. The transaction has a Community dimension pursuant to Article 1(2) of the Merger Regulation. The parties have a combined aggregate worldwide turnover in excess of EUR 5,000 million (Groupama EUR 14,165 million, OTP Garancia EUR 316 million) and a Community-wide turnover in excess of EUR 250 million (Groupama EUR 13,977 million, OTP Garancia EUR 316 million). Only OTP Garancia achieved more than two thirds of its Community-wide turnover in one Member State (Hungary).
8. Based on the above, the notified operation constitutes a concentration within the meaning of Article 3(1) (b) of the Merger Regulation.

## IV. THE RELEVANT MARKETS

### A. Relevant product markets

9. The proposed transaction concerns the insurance sector. In previous decisions, the Commission has generally distinguished between three large categories of insurance services: life insurance, non-life insurance and reinsurance.<sup>3</sup>
10. Although the Commission has not previously definitively concluded on the matter, it has suggested that from the demand side, life and non-life insurance could be divided into as many product markets as there are different kinds of risks covered, given that their characteristics, premiums and purposes are distinct and that there is typically no substitutability from the consumer's perspective between certain different risks insured. However, the Commission has also recognised that from a supply-side perspective the conditions for insurance of different types of risk are quite similar and most large insurance companies are active in several types of risk.
11. In relation to life insurance the Commission has considered in previous decisions the following segmentations: life-individual, life-group and unit linked, or, alternatively, individual protection, group protection, personal pension, group pensions, savings and investments.<sup>4</sup>

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<sup>2</sup> Currently held by OTP Bank (([...])%) and Merkantil Bank ([...])%.

<sup>3</sup> See e.g. Case COMP/M 4284 *Axa/Winterthur* 27/07/2006, Case No. COMP/M.4701 *Generali/PPF Insurance Business* 13/12/2007 and Case No COMP/M.4047 *Aviva/Arik Life* 20/01/2006.

<sup>4</sup> See e.g. Case No. COMP/4047 *Aviva/Ark life* 20/01/2006, Case No. COMP/M.4284 *Axa/Winterthur* 27/07/2006 and Case No. COMP/M.4701 *Generali/PPF Insurance Business* 13/12/2007.

12. In relation to non-life insurance the Commission has previously considered *inter alia* motor, fire, transport, health, property, general civil liability, casualty, litigation, working accidents and credit insurance.<sup>5</sup> In relation to credit insurance the Commission has in the past considered the following sub-segments: *delcredere* insurance, capital goods insurance, consumer credit insurance, fidelity insurance and guarantee insurance.<sup>6</sup> The precise segmentation of the non-life insurance markets retained in different cases has differed slightly from case to case, given in particular the classifications made of insurances under national law.
13. Groupama submits that in Hungary the non-life insurance market can be divided into motor, fire, transport, health, property, general civil liability, casualty-accident, litigation, guarantee/bond, credit, financial losses, assistance and funeral insurance in view of regulatory and non-regulatory specificities of the Hungarian market. The results of the market investigation conducted by the Commission largely support the segmentation of the non-life insurance market put forward by Groupama.<sup>7</sup> For the purpose of this case the Commission can leave the exact product market definitions open as the proposed transaction does not lead to any competitive concerns under any alternative market definition.
14. As regards, reinsurance, 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 segments. It has also considered a segmentation according to the class of risk covered (e.g. liability, motor, property, etc.).<sup>8</sup> For the purpose of this case the Commission can leave the exact product market definitions open as the proposed transaction does not lead to any competitive concerns under any alternative market definition.

#### B. Relevant geographic markets

15. In past decisions, whilst recognising that life and non-life insurance are becoming more open to intra-Community competition, the Commission has held that these markets are generally national in scope due to national distribution channels, the established market structures, fiscal constraints and differing regulatory systems.<sup>9</sup> Groupama has not

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<sup>5</sup> See e.g. Case No. M.2676 *Sampo/Vama/IF Holding/JV*, 18/12/2001, Case No. COMP/M.2400, *Dexia/Artesia*, 14/06/2001, Case No COMP/M.2343 *Toro Assicurazioni/Lloyd Italiano*, 15/03/2001, Case No. COMP/M.2225, *Fortis/ASR*, 13/12/2000, Case No. COMP/M.1886, *CGU/Norwich Union*, 13/04/2000, Case COMP/M.1712, *Generali/INA*, 12/01/2000, Case No. COMP/M.4284, *Axa/Winterthur*, 27/07/2006 and Case No. COMP/M.4701 *Generali/PPF Insurance Business*, 03/12/2007.

<sup>6</sup> See Case No. COMP/M.3786 *BP/Euler Hermes/Cosec*, 29/3/2006 and Case No. COMP/M4701 *Generali/PPF Insurance Business*; 03/12/2007.

<sup>7</sup> However, a number of respondents indicated that there is no need to further segment the Hungarian market for non-life insurance in sub-segments.

<sup>8</sup> See Case No. COMP/M. 4059 *Swiss Re/ GE insurance solutions* 15/03/2006.

<sup>9</sup> See Case No. IV/M.759, *Sun Alliance/Royal Insurance*, 18/06/1996; Case No. COMP/M.2225, *Fortis/ASR*, 13/12/2000 and Case No. COMP/M.4713 *Aviva/Hamilton*, 27/09/2007.

objected to this approach, which was also largely confirmed by the respondents to the market investigation.

16. As regards reinsurance, the Commission has previously found that the scope of the relevant geographic market is global.<sup>10</sup>
17. However, for the purpose of this case the Commission can leave the exact geographic market definitions open as the proposed transaction does not lead to any competitive concerns under any alternative market definition.

## **V. COMPETITIVE ASSESSMENT**

18. The proposed transaction does not give rise to any affected market within the EEA except for two segments of the non-life insurance markets in Hungary.
19. The combined market share of the parties on the Hungarian overall non-life insurance market amounts to [5-15]% (Groupama [0-5]%, OTP Garancia [5-15]%).
20. There are two segments of the Hungarian market for non-life insurance which could hypothetically be considered as affected markets: the segment of casualty-accident insurance (combined market share of [20-30]%; Groupama [0-5]%, OTP Garancia [20-30]%) and fire insurance (combined market share of [15-25]%; Groupama [0-5]%, OTP [15-25]%).
21. The parties submit that the two horizontal overlaps are unlikely to raise competition concerns considering i) the small size of the market share increments, ii) the fact that the combined market shares of the parties do not exceed [20-30]% on either market, and iii) the presence on the market of strong and internationally active competitors, such as Allianz and Generali Providencia.
22. The increments due to this transaction are small ([0-5]% on the casualty – insurance segment; [0-5]% on the fire segment). The market investigation has confirmed that the merged entity will experience strong competition from a number of internationally active competitors.<sup>11</sup> In addition, there are no significant barriers to entry. Recent entrants to the Hungarian market for non-life insurance include: AIM General Insurance, Genertel Insurance and MKB General Insurance. In view of the foregoing, the proposed transaction does not significantly impede effective competition in the common market or in a substantial part of it.

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<sup>10</sup> See Case No. COMP/M. 4059 *Swiss Re/ GE insurance solutions*, 15/03/2006.

<sup>11</sup> The main competitors of the parties are on Hungarian market are: Allianz, Generali, K&H and Aegon.

## **VI. CONCLUSION**

23. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1) (b) of Council Regulation (EC) No 139/2004.

For the Commission  
[signed]  
Neelie KROES  
Member of the Commission