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***Case No COMP/M.6694 - HELVETIA/ CERTAIN PARTS
OF GAN EUROCOURTAGE'S MARINE INSURANCE
PORTFOLIO***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 09/11/2012

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Brussels, 9.11.2012
C(2012) 8210

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

COMP Operations

MERGER PROCEDURE

PUBLIC VERSION

To the notifying party:

Subject: Case No COMP/M.6694 - HELVETIA/ CERTAIN PARTS OF GAN EUROCOURTAGE'S TRANSPORT AND MARINE INSURANCE PORTFOLIO
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004¹

Dear Sir/Madam,

1. On 4 October 2012, following a referral pursuant to Article 4(5) of the Merger Regulation, the Commission received the notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Helvetia Assurances SA ("Helvetia Assurances SA", France) indirectly controlled by Helvetia Holding AG ("Helvetia Holding", Switzerland) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of part of Gan Eurocourtage SA ("the target", France) by way of purchase of assets². Helvetia is designated hereinafter as the "notifying party".

¹ 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.

² Publication in the Official Journal of the European Union No C 312, 16.10.2012, p. 24.

(1) THE PARTIES

2. Helvetia is a pan-European insurance company active both in the life and the non-life insurance sectors.
3. The target is the portfolio of Gan Eurocourtage's ("GEC") Marine and Transport Insurance contracts (excluding aviation and space) and their related assets underwritten in France and various French overseas territories³.

(2) THE OPERATION

4. On 16 July 2012, GEC agreed to sell to Helvetia discrete parts of its Transport and Marine Insurance portfolio. The transaction consists in the purchase of the portfolio of GEC's Marine and Transport Insurance contracts (excluding aviation and space) and their related assets underwritten in France and the various French overseas territories. More specifically, the transferred assets consist in (i) the French insurance transportation portfolio held by GEC (including current policies and future production capabilities) together with the related technical reserves, invested assets and reinsurance protection; (ii) other non-technical assets (including rights under certain other contracts, IP rights and IT capabilities) necessary for the operation of the French transportation portfolio; and (iii) the automatic transfer of 240 employees that are dedicated to the French transportation portfolio.

(3) CONCENTRATION

5. Following the operation Helvetia will acquire sole control over the target. The transaction, therefore, constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

(4) EU DIMENSION

6. Though the undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁴ (Helvetia: EUR 5 826 million, Target: [...]), only one of them has an EU-wide turnover in excess of EUR 250 million (Helvetia: [...]), whereas the target's aggregate EU-wide turnover is [...]. The concentration also does not meet the thresholds laid down in Article 1(3) of the Merger Regulation: the EU-wide turnover of each of the two undertakings concerned is more than 25 million only in one of those Member States in which the combined aggregate turnover of both is more than EUR 100 million.
7. On 21 August 2012, the Commission received, by means of a reasoned submission, a referral request pursuant to Article 4(5) of the Merger Regulation with respect to the concentration cited above. The Commission transmitted this submission to all Member States on 24 August 2012. The Member States competent to examine the concentration

³ GEC is a controlled subsidiary of Groupama SA.

⁴ Turnover calculated in accordance with Article 5 of the Merger Regulation.

did not express their disagreement to the request for referral within 15 working days. The case is therefore deemed to have an EU dimension.

(5) COMPETITIVE ASSESSMENT

Product market definitions

8. Within the insurance sector, the Commission distinguished in previous cases three different segments, namely: (i) life-insurance, (ii) non-life insurance and (iii) reinsurance⁵. The proposed concentration only concerns the provision of non-life insurance.
9. The Commission also noted that, from the demand side, life and non-life insurance can be sub-divided into as many potential product markets as different types of risks covered, as there are different kinds of risks covered, given that their characteristics, premiums and purposes are distinct and that there is no substitutability from the consumers' perspective between different risks insured⁶. However, the Commission recognized that supply-side considerations 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 market⁷.
10. In past decisions the Commission identified transport insurance as a segment of the wider non-life insurance branch⁸. Within transport insurance, the Commission envisaged further sub-segments by reference to the applicable national insurance classification⁹. The notifying party does not disagree with such practice and submits that the relevant insurance classification is consistent across those Member States where the combined entity will be active, i.e. Austria, France, Germany, Italy and Spain.
11. Based on the above, the parties' activities overlap in the following sub-segments: (i) marine hull insurance, (ii) cargo insurance and (iii) transport liability insurance¹⁰.

⁵ See for example Case COMP/M.5925 *Metlife/Alico/Delam*, paragraph 9.

⁶ See Case COMP/M.5925 *Metlife/Alico/Delam*, paragraph 10; Case COMP/M.5083 *Groupama/OTP Garancia*, paragraph 10; and Case COMP/M.5010 *Berkshire Hathaway/Munich RE/GAUM*, paragraph 23.

⁷ See Case COMP/M.5925 *Metlife/Alico/Delam*, paragraph 10; and Case Comp/M.4284 *AXA/Winterthur*, paragraph 9.

⁸ See Case COMP/M.6217 *Baloise Holding/Nateus/Nateus Life*, paragraph 17; and Case COMP/M.4284 *AXA/Winterthur*, paragraph 14.

⁹ See Case COMP/M.6217 *Baloise Holding/Nateus/Nateus Life*, paragraph 20.

¹⁰ For the sake of completeness, the notifying party notes that the target's activities include insurance contracts covering the insurance against fire and other damage to property. Such contracts are underwritten to cover industrial risks, risks for goods belonging to clients (regarding buildings, equipment, computer science, offices, etc.), as well as goods under the client's responsibility pursuant to his professional activity (e.g. stored goods). Those damaged goods insurance contracts which are transferred to Helvetia as part of the proposed concentration are underwritten by transporters but are not considered to be part of the transport insurance sector. These contracts fall within the relevant product market for damaged goods insurance. Helvetia is also active in this product market which means that the parties' activities overlap, although this overlap is inconsequential given that the parties' combined share does not exceed [0-5]% in any of the potential geographic markets (EU, EFTA, EEA, Austria, France, Italy, Germany and Spain).

12. Marine hull insurance provides coverage for damage incurred by all floating methods of transport. Within such a branch, the Commission also considered further potential product markets, i.e. sea marine hull insurance and inland marine hull insurance¹¹. The former segment can be further sub-divided into marine hull insurance for sea-going vessels and insurance for construction risks (which covers damages caused by shipbuilders and repairers) and the latter can be sub-divided into marine hull insurance for inland crafts and insurance against damage to land-based (harbour) materials (such as cranes used in the context of marine transport).
13. Cargo insurance covers against the damage or loss of goods that are transported, irrespective of the means of transportation used.
14. Transport liability insurance covers the mandatory liability which road transporters have with respect to transported goods on the basis of the Convention on the Contract for the International Carriage of Goods by Road¹².
15. According to the notifying party, it would not be appropriate to further sub-divide the product markets for cargo insurance and transport liability insurance by the means of transport involved. In fact, such segmentation would be neither meaningful nor practical, because most insurance contracts cover multimodal transportation within a single voyage. Thus, sub-divisions within the voyage itself, and according to the particular means of transport used for every leg of a journey, would be artificial.
16. In any event, the exact product market definitions can be left open in this case as the notified transaction does not raise serious doubts as to its compatibility with the internal market under any alternative definition.

Geographic market definitions

17. The Commission generally defined the geographic scope of non-life insurance markets as national because of national distribution channels, established market structures, fiscal constraints and differing regulatory systems¹³. However, with respect to the geographic scope of markets related to transport insurance, the Commission indicated that it is likely to be wider than national for large corporate customers and large risk insurance respectively¹⁴. In two past decisions regarding the marine insurance sector the Commission considered that the market could be at least EEA-wide, but ultimately left the exact scope of the relevant geographic market open¹⁵.
18. The notifying party submits that each of the relevant product markets defined is indeed at least EEA-wide.
19. In any event, the exact geographic market definitions can be left open in this case as the notified transaction does not raise serious doubts as to its compatibility with the internal market under any alternative definition.

¹¹ See Case COMP/M.6217 *Baloise Holding/Nateus/Nateus Life*, paragraph 22 *et seq.*

¹² Convention on the Contract for the International Carriage of Goods by Road (CMR), Geneva, 19 May 1956.

¹³ See for example Case COMP/M.4284 *AXA/Winterthur*, paragraph 17.

¹⁴ Case COMP/M.2676 *Sampo/Varma Sampo/If Holding/JV*, paragraph 19.

¹⁵ Case COMP/M.6217 *Baloise Holding/Nateus/Nateus Life*, paragraph 31; and Case COMP/M.4284 *AXA/Winterthur*, paragraph 18.

Assessment

20. The parties' activities overlap in a number of transport insurance markets, even though their market presence remains limited (with the exception of France).
21. At the EU level, there are no relevant product markets where the combined entity's post-transaction shares would be higher than 15%. The highest level of overlap created by the proposed concentration is in the cargo insurance market. However, even in this product market the combined entity's post-transaction share would remain below [10-20]%. As concerns the remaining overlaps, the combined entity's post-transaction shares will amount to [5-10]% and [5-10]% in the marine hull insurance for sea-going vessels and inland crafts sub-segments respectively and to [5-10]% in transport liability insurance. Therefore, the proposed concentration is unlikely to produce any anti-competitive effects in the markets concerned.
22. At a national level, post-transaction, the combined entity will have market shares below 15% in the marine hull insurance for sea-going vessels and inland crafts sub-segments (Austria [0-5]% and [5-10]%, Italy [0-5]% and [0-5]%, Germany [0-5]% and [5-10]%, Spain [0-5]% and [0-5]%), in cargo insurance (Austria [5-10]%, France [0-5]%, Italy [0-5]%, Germany [0-5]%, Spain [0-5]%) and in transport liability insurance (Austria [5-10]%, Italy [0-5]%, Germany [5-10]%, Spain [0-5%])¹⁶.
23. The combined entity would only have market shares above 15% in France in the marine hull insurance for sea-going vessels and inland crafts sub-segments ([20-30]% and [20-30]%) and in transport liability insurance ([20-30]%).
24. In the marine hull insurance for sea-going vessels and the inland crafts markets, the market share increments brought about by the proposed concentration are very small, due to Helvetia's very limited presence in France (around [0-5]% and [0-5]%, respectively)¹⁷.
25. In a hypothetical product market (confined to France only) for transport liability insurance, the combined entity's post-transaction share would be ([20-30]% (Helvetia [10-20]%, target [10-20]%). However, the combined entity would remain the second largest competitor (currently, the target already is the second largest competitor) behind the market leader AXA ([30-40]%). The market features at least three other competitors, Allianz, Covéa and Generali with non-insignificant market shares ([5-10]%, [5-10]% and [5-10]%, respectively), as well as a number of other players such as IF, Amlin and Mapfre. In the light of this, the combined entity, post-transaction, will continue to face sufficient competitive constraints.

¹⁶ As noted above, the notifying party notes that the combined entity's post-transaction share would remain well below [0-5]% in the relevant market for damaged goods insurance under any of the potential geographic markets (EU, EFTA, EEA, Austria, France, Italy, Germany and Spain).

¹⁷ The assessment of the proposed concentration would not change under any other plausible market definition. The combined entity's post-transaction shares in the wider product markets for sea marine hull insurance and inland marine hull insurance would remain almost identical, i.e. [20-30]% and [20-30]%. In the even wider market for marine hull insurance (created through the re-grouping of sea marine hull insurance and inland marine hull insurance), the analysis would not change, as the combined entity's post-transaction share would amount to [20-30]%.

(6) CONCLUSION

26. 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*