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***Case No COMP/M.6743 - TALANX INTERNATIONAL/  
MEIJI YASUDA LIFE INSURANCE COMPANY/ HDI  
POLAND***

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: 19/11/2012

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Brussels, 19.11.2012  
C(2012)8606

PUBLIC VERSION

MERGER PROCEDURE

**To the notifying parties:**

**Subject: Case No COMP/M.6743 - Talanx International/ Meiji Yasuda Life Insurance Company/ HDI Poland  
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004<sup>1</sup>**

Dear Sir/Madam,

1. On 17 October 2012 the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which Talanx International AG ("TINT", Germany) and Meiji Yasuda Life Insurance Company ("MY", Japan) acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control of HDI Asekuracja S.A ("HDI Poland Non-life", Poland) and HDI-Gerling Życie S.A ("HDI Poland Life", Poland) by way of purchase of shares.

**I. THE PARTIES**

2. TINT is a fully-owned direct subsidiary of Talanx AG, [...] <sup>2</sup>. Talanx provides life and non-life insurance products and is also active in the market for reinsurance. Its activities have a worldwide scope, and it is also active in Poland.
3. MY is a Japanese insurance company, providing both life and non-life insurance products and to a much lesser extent reinsurance. Outside Japan, MY operates through subsidiaries and affiliates in Asia, Europe and North America. In Poland, MY only operates through its shareholdings in Towarzystwo Ubezpieczeń i Reasekuracji Warta S.A. ("WARTA Non-Life"), Towarzystwo Ubezpieczeń na Życie Warta S.A ("WARTA Life")

<sup>1</sup> OJ L24, 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> HDI V.a.G holds 82.34% of the shares in Talanx, while MY holds 6.49% of the shares. The remaining shares are in free float.

(collectively referred to as "WARTA") and Towarzystwo Ubezpieczeń Europa S.A. ("TU Europa"), all of which are jointly controlled with TINT.

4. HDI Poland Non-life is a Polish company providing non-life insurance to individual and business customers in Poland and having only marginal reinsurance activities.
5. HDI Poland Life is a Polish company providing life insurance to individual and business customers in Poland. It is not active in the reinsurance market.
6. Both HDI Poland Non-life and HDI Poland Life (collectively referred to as "HDI Poland") are currently fully-owned subsidiaries of TINT.

## **II. THE OPERATION AND THE CONCENTRATION**

7. The notified transaction consists in the acquisition of joint control by TINT and MY over HDI Poland. It follows the earlier acquisition of joint control by the same parties over WARTA, which was cleared by Commission decision on 4 April 2012 (the "WARTA Decision")<sup>3</sup>.
8. The proposed transaction will take place in three consecutive stages. First HDI Poland Non-life will be merged into WARTA Non-life as surviving entity. TINT, as the sole shareholder of HDI Poland Non-life, will receive from WARTA Non-life newly issued ordinary shares in return. Upon completion, TINT will hold 75.003% of the shares in WARTA Non-life, while MY will hold 24.997%.
9. In a second stage, TINT, as the sole shareholder of HDI Poland Life, will contribute all of the shares in HDI Poland Life to WARTA Non-life. TINT will receive from WARTA Non-life newly issued ordinary shares in return. Upon completion, TINT will hold 75.74% of the shares in WARTA Non-life, while MY will hold 24.26%.
10. Finally, WARTA Life, a fully-owned subsidiary of WARTA Non-life, will be merged into HDI Poland Life as surviving entity.
11. As a result of the transaction, TINT and MY will hold, respectively, 75.74% and 24.26% of the shares in WARTA Non-Life, which in turn will hold 100% of the shares of HDI Poland Life. Furthermore, WARTA Non-Life will own all assets and liabilities of HDI Poland Non-Life. [Description of the corporate governance regarding Warta agreed between TINT and MY].
12. [Description of the deadlock resolution mechanism regarding Warta agreed TINT and MY].
13. Therefore, TINT and MY will acquire joint control over HDI Poland for the purposes of the EU Merger Regulation and the notified transaction represents a concentration within the meaning of Article 3(1)(b) of the Regulation.

## **III. EU DIMENSION**

14. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million<sup>4</sup> (TINT: EUR 24 756 million; MY: EUR 48 468 million). Moreover, the aggregate Community-wide turnover of each of at least two of the undertakings concerned is more than EUR 250 million (TINT: EUR [...] million; MY:

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<sup>3</sup> Case COMP/M.6521 *Talanx International/Meiji Yasuda Life Insurance/Warta*, decision of 04.04.2012.

<sup>4</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p1).

EUR [...] million). Finally, although MY achieves more than two thirds of its Community-wide turnover within Germany, TINT does not. Therefore the notified transaction has an EU dimension.

## **IV. COMPETITIVE ASSESSMENT**

### **IV.1. Relevant Markets**

#### ***IV.1.1. Product Market definition***

15. With regard to the relevant product market, in previous decisions the Commission has distinguished between three broad categories of insurance products: life insurance, non-life insurance and reinsurance<sup>5</sup>. Within these categories, insurance products are designed to cover specific risks.
16. From a demand side perspective, the Commission in previous decisions has noted that life and non-life insurance products might be sub-divided into as many product markets as there are different kinds of risks 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>.
17. From a supply side perspective, however, the Commission has noted that certain types of risks are covered under similar conditions by a large number of companies which are simultaneously active in providing insurance against several risks, as a result of which it has considered that in certain cases a broader product market definition might be appropriate<sup>7</sup>.
18. The Notifying Parties share the supply side considerations and agree that a broader definition of the markets would be more appropriate than one based on demand side considerations only. Nevertheless, they have provided market data also on the basis of the segmentation established by the Polish Insurance Act, and where suggested by Commission precedent also on a narrower basis.

#### ***IV.1.1.1. Life insurance***

19. With respect to life insurance, the Commission has in certain previous decisions looked separately at (i) pure protection products, (ii) pension products and (iii) investment products<sup>8</sup>, but also, on other occasions, considered pension and investment products together,

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<sup>5</sup> See, e.g., Cases COMP/M.4284 *AXA/Winterthur*, decision of 28.08.2006; COMP/M.6053 *CVC/Apollo/Brit Insurance*, decision of 09.01.2011; COMP/M.6217 *Bâloise Holding/Nateus/Nateus Life*, decision of 03.08.2011.

<sup>6</sup> See, e.g., Cases COMP/M.5075 *Vienna Insurance Group/EBV*, decision of 17.06.2008; COMP/M.5925 *Metlife/Alico/Delam*, decision of 24.08.2010; COMP/M.5083 *Groupama/OTP Garancia*, decision of 15.04.2008; COMP/M.6217 *Bâloise Holding/Nateus/Nateus Life*, decision of 03.08.2011.

<sup>7</sup> See, e.g., Cases COMP/M.5075 *Vienna Insurance Group/EBV*, decision of 17.06.2008; COMP/M.5728 *Crédit Agricole/Société Générale Asset Management*, decision of 22.12.2009; COMP/M.5925 *Metlife/Alico/Delam*, decision of 24.08.2010; COMP/M.6217 *Bâloise Holding/Nateus/Nateus Life*, decision of 03.08.2011.

<sup>8</sup> See Case COMP/M.4701 *Generali/PPF Insurance business*, decision of 03.12.2007.

but in a separate class from pure protection products<sup>9</sup>. The Commission has, however, so far left the exact product market definition open<sup>10</sup>.

20. The Notifying Parties point out that the classification according to the Polish Insurance Act does not strictly distinguish between protection, pension and insurance products. Rather, within some classes of insurance different types of products are grouped<sup>11</sup>. Therefore the Notifying Parties propose a market segmentation by insurance class.

#### ***IV.1.1.2. Non-life insurance***

21. Within the non-life insurance market, the Commission has generally considered a distinction between the following segments: (i) accident and sickness; (ii) motor vehicle; (iii) property; (iv) marine, aviation and transport ("MAT"); (v) liability; (vi) credit and suretyship and (vii) travel insurance<sup>12</sup>. The precise segmentation of the non-life insurance markets retained in different cases has differed slightly from case to case, given the particularities of individual situations.

##### ***IV.1.1.2.1. Accident and sickness insurance***

22. Whilst the Commission has in the past considered accident and sickness products as part of a single market<sup>13</sup>, the Notifying Parties note that, according to the Polish Insurance Act two separated classes of insurance are identified, i.e. Class 1 – Accident and Class 2 – Sickness. The Notifying Parties therefore provided the market shares also on this narrower basis.
23. In any event, the exact product market definition for accident and sickness insurance products can be left open in this case as the proposed transaction does not raise serious doubts as to its compatibility with the internal market irrespective of the precise market definition.

##### ***IV.1.1.2.2. Motor vehicle insurance***

24. As regards motor vehicle insurance, the Notifying Parties note that this category comprises two classes of insurance, i.e. Class 3 – Overland vehicle hull insurance ("casco"), excluding railway, and Class 10 – Motor vehicle third party liability ("TPL") insurance. Nonetheless, the Notifying Parties argue that that the motor vehicle insurance should be considered as a single market without any segmentation, but provided market shares also for Class 3 and Class 10 segments separately.

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<sup>9</sup> See Cases COMP/M.5075 *Vienna Insurance Group/EBV*, decision of 17.06.2008; COMP/M.5728 *Crédit Agricole/Société Générale Asset Management*, decision of 22.12.2009; COMP/M.5384 *BNP Paribas/Fortis*, decision of 27.10.2008.

<sup>10</sup> In Case COMP/M.5075 *Vienna Insurance Group/EBV*, protection products were excluded from the relevant market but it was left open whether or not it needed to be further subdivided.

<sup>11</sup> In particular, the Notifying Parties note that, whilst class 1 includes both protection products as well as savings-investment insurance products, Class 3 also includes savings-investment products. The difference between Class 1 and Class 3 is the allocation of the risk: while Class 1 products have capital guarantees, the insured bears the risk with regard to Class 3 products. However, customers tend to switch between Class 1 and Class 3 insurance products e.g. as a result of changes to the tax regime.

<sup>12</sup> See, e.g., Cases COMP/M.4284 *AXA/Winterthur*, decision of 28.08.2006; COMP/M.4701 *Generali/PPF Insurance Business*, decision of 03.12.2007.

<sup>13</sup> Cases COMP/M.4284 *AXA/WINTERTHUR*, decision of 28.08.2006, COMP/M.4701 *Generali/PPF Insurance Business*, decision of 03.12.2007, COMP/M.6521 *Talanx International/Meiji Yasuda Life Insurance/Warta*, decision of 04.04.2012.

25. In a previous case<sup>14</sup>, the Commission considered the motor vehicle insurance market in the Czech Republic. The market investigation, in that case, indicated that this market could be further subdivided into hull insurance and motor TPL insurance. Indeed, whilst motor TPL insurance is obligatory for each motor vehicle, the penetration of hull insurance in the Czech Republic was much lower. In another case<sup>15</sup>, the Commission determined that in Romania, there were indications that these should be viewed as two separate markets, but ultimately left this question open.
26. In the *Warta Decision*,<sup>16</sup> the market investigation was not conclusive as to whether or not supply side substitutability might result in a single market across both classes of motor vehicle insurance in Poland. The market investigation was also inconclusive as to whether a distinction should be drawn between TLP and hull insurance as between automobiles and small commercial vehicles on the one hand and large vehicles (buses and trucks) on the other.
27. In any case, it is not necessary for the purposes of the present decision to conclude as to the relevance of each of these possible segmentations of the market, since regardless of how the market is exactly defined the proposed transaction does not raise serious doubts as to its compatibility with the internal market.

#### ***IV.1.1.2.3. Property insurance***

28. In previous cases, the Commission has generally not distinguished between property insurance on the basis of the origin of the risk<sup>17</sup>. The Notifying Parties note that, according to the Polish Insurance Act, two classes of insurance are identified within the broader category "property insurance", i.e. Class 8 – Natural disasters and Class 9 – Other property losses if the causes are not included in class 8. Although the Notifying Parties agree with the Commission's previous practice which tended to find that a single, overall market existed for property insurance, the Notifying Parties provide the market shares also on the basis of a breakdown between classes 8 and 9.
29. In any event, the exact product market definition for property insurance can be left open in this case as the proposed transaction does not raise serious doubts as to its compatibility with the internal market irrespective of the precise market definition.

#### ***IV.1.1.2.4. MAT insurance (classes 4, 5, 6, 11 and 12)***

30. In previous decisions, the Commission has considered MAT insurance as a separate segment within non-life insurance<sup>18</sup>, but it has also considered whether a further segmentation was necessary on the basis of the means of transport<sup>19</sup>.
31. The Notifying Parties agree with the latter segmentation and note that a distinction by means of transport would also be in line with a number of other cases in which the Commission specifically investigated aviation and aerospace risks, or even sub-segments thereof, such as airline risks, product and airport risks, general aviation risks, banks/non-ownership risks (insurance of legal owners of aircrafts when these are not their users, e.g.,

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<sup>14</sup> Case COMP/M.4701 *Generali/PPF Insurance Business*, decision of 03.12.2007.

<sup>15</sup> Case COMP/M.5075 *Vienna Insurance Group/EBV*, decision of 17.06.2008, recitals 48-51.

<sup>16</sup> Case COMP/M.6521 *Talanx International/Meiji Yasuda Life Insurance/Warta*, decision of 04.04.2012.

<sup>17</sup> See, e.g., Case COMP/M.5075 *Vienna Insurance Group/EBV*, decision of 17.06.2008, recital 56.

<sup>18</sup> See, e.g., Cases COMP/M.4284 *AXA/Winterthur*, decision of 28.08.2006; COMP/M.4701 *Generali/PPF Insurance Business*, decision of 03.12.2007; COMP/M.5075 *Vienna Insurance Group/EBV*, decision of 17.06.2008; COMP/M.6217 *Baloise Holding/Nateus/Nateus Life*, decision of 03.08.2011.

<sup>19</sup> See, e.g., Case COMP/M.2676 *Sampo / Varma Sampo / IF Holding / JV*, decision of 03.01.2002.

banks and leasing companies), satellite and space risks<sup>20</sup>. Moreover, in support of this segmentation, the Notifying Parties argue that insurance companies that seek to offer coverage for insurance of marine and aviation risks tend to require specific know-how.

32. In this respect, the Notifying Parties provided market shares according to the classes of the Polish Insurance Act, which identifies different classes according to the means of transport (Class 4 – Railway hull insurance; Class 5 – Aviation hull insurance; Class 6 - Marine and inland navigation hull insurance; Class 11 – Aircraft third party liability insurance; and Class 12 Marine and inland third party liability insurance).
33. In the most recent cases where the Commission examined whether segmentation by means of transport would be appropriate, the results of the market investigation were inconclusive as regards the pertinence or otherwise of supply side substitution to the definition of the relevant product market<sup>21</sup>.
34. In any case, the market definition for the purposes of the present case can be left open since, regardless of the exact definition, the proposed transaction does not raise serious doubts as to its compatibility with the internal market.

#### ***IV.1.1.2.5. Cargo insurance (class 7)***

35. The Notifying Parties also considered cargo insurance as a possible separate segment, and provided market shares for insurance Class 7 named "Cargo in transit insurance". The Notifying Parties note that while cargo insurance is frequently referred to in publications of the Polish Financial Supervision Authority and the Polish Insurance Chamber as "goods-in-transit insurance", the risks covered under Class 7 relate to all cargo shipped into, from or within Poland, not just transit cargo in a strict sense, i.e. cargo neither the origin nor the destination of which is located in Poland. Therefore, the Notifying Parties refer to Class 7 in general as "cargo insurance" and not as "goods-in-transit insurance".
36. In the *Warta Decision*<sup>22</sup>, the Commission investigated cargo insurance in Poland and whether, within it, it was possible to identify any relevant segmentation. In that case, the market investigation revealed that a distinction could be made based on different types of risks and also between international and domestic shipments. Nonetheless, type of cargo and means of transport were not significant factors impeding supply-side substitutability.
37. However, the market definition can be left open for the purposes of the present decision since, regardless of the exact market definition considered, serious doubts do not arise as to the compatibility of the notified transaction with the internal market.

#### ***IV.1.1.2.6. Financial insurance including credit and suretyship insurance (classes 14 through 16)***

38. As regards credit and suretyship insurance, the Commission has in previous cases considered a possible segmentation into the following segments: (i) delcredere insurance, (ii) capital

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<sup>20</sup> See, e.g., Cases COMP/M.5010 *Berkshire Hathaway/Munich Re/GAUM*, decision of 14.07.2008; COMP/M.1017 *Hannover Re/Skandia*, decision of 03.11.1997.

<sup>21</sup> Cases COMP/M.6217 *Bâloise Holding/Nateus/Nateus Life*, decision of 03.08.2011; COMP/M.6521 *Talanx International/Meiji Yasuda Life Insurance/Warta*, decision of 04.04.2012.

<sup>22</sup> Case COMP/M.6521 *Talanx International/Meiji Yasuda Life Insurance/Warta*, decision of 04.04.2012.

goods insurance, (iii) consumer credit insurance, (iv) fidelity insurance and (v) guarantee insurance<sup>23</sup>. The Notifying Parties have provided market share data at the narrowest level.

39. The exact product market definition for credit and suretyship insurance can, however, be left open in this case as the proposed transaction does not raise serious doubts as to its compatibility with the internal market irrespective of the exact market definition.

#### ***IV.1.1.3. Reinsurance***

40. Reinsurance consists in providing insurance cover to another party (the insurer) for part or all of the liability assumed by it under a policy or policies of insurance which it has issued. It is a means of risk management, to transfer risk from the insurer to the reinsurer.
41. The Commission has in the past distinguished the market for reinsurance from those for life insurance and non-life insurance, but left open whether, within the reinsurance market, a further segmentation should be considered<sup>24</sup>.
42. The Notifying Parties, in the present case, argue for a broad product market definition of reinsurance, distinct from life and non-life insurance, but not itself further subdivided.
43. In any event, the precise product market definition for reinsurance can be left open in this case, since the transaction does not raise serious doubts as to its compatibility with the internal market regardless of the exact market definition.

#### ***IV.1.2. Geographic Market definition***

##### ***IV.1.2.1. Life insurance***

44. As concerns life insurance, the Commission in its previous decisions has considered the geographic market to be national due to the different states of development of different national markets, differing regulatory frameworks, differing distribution structures and established brands<sup>25</sup>. The Notifying Parties agree with this definition of the market.
45. In any event, the geographic market definition for life insurance can be left open for the purposes of the present decision as the proposed transaction does not raise serious doubts as to its compatibility with the internal market irrespective of the precise market definition.

##### ***IV.1.2.2. Non-life insurance***

46. With regard to the geographic scope of non-life insurance markets, the Commission has generally considered these markets as national<sup>26</sup>, with the exception of large commercial risks, such as the insurance of aerospace risks, which is likely to be at least EEA-wide in scope<sup>27</sup>, and with respect to MAT insurance, for which the Commission has indicated that the market is likely to be wider than national for large/multinational corporate customers

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<sup>23</sup> See, e.g., Cases COMP/M.3786 *BP/Euler Hermes/Cosec*, decision of 29.03.2006, COMP/M.2602 *Gerling/NCM*, decision of 11.12.2001, COMP/M.4701 *Generali/PPF Insurance Business*, decision of 03.12.2007.

<sup>24</sup> See, e.g., Cases COMP/M.5925 *MetLife/Alico/Delam*, decision of 24.08.2010; COMP/M.5083 *Groupama/OTP Garancia*, decision of 15.04.2008; COMP/M.6053 *CVC/Apollo/Brit Insurance*, decision of 09.01.2011.

<sup>25</sup> See, e.g., Cases COMP/M.5075 *Vienna Insurance Group/EBV*, decision of 17.06.2008; COMP/M.5057 *Aviva/UBI Vita*, decision of 11.03.2008.

<sup>26</sup> See, e.g., Case COMP/M.4284 *AXA/Winterthur*, decision of 28.08.2006.

<sup>27</sup> See, e.g., Case COMP/M.5010 *Berkshire Hathaway/Munich RE/GAUM*, decision of 14.07.2008.



and large risk insurance respectively.<sup>28</sup> However, the Commission finally left the exact scope of the geographical market open.

47. The Parties agree with the Commission's previous findings as regards the geographic market definition and consider that the geographic scope of the affected markets for non-life insurance is national, with the exception of MAT insurance, including cargo insurance, which in their view would be at least EEA-wide, if not international.
48. The market investigation in the Warta Decision<sup>29</sup> suggested that the geographic scope of the market(s) for MAT insurance and cargo insurance was at least EEA-wide in case of large risks, but nonetheless remained national for smaller risks and, in case of cargo insurance, for most purely domestic shipments.
49. In any event, the exact scope of the relevant geographic market for each of the classes of non-life insurance considered can be left open for the purposes of the present decision since the notified transaction does not lead to serious doubts as to its compatibility with the internal market, whether or not each of the markets is national or EEA-wide (or wider) in scope.

#### ***IV.1.2.3. Reinsurance***

50. As regards reinsurance, the Commission has previously defined this market as global, due to the need to pool risks on a worldwide basis<sup>30</sup>. The Notifying Parties agree with this definition and as the transaction does not raise serious doubts as to its compatibility with the internal market with respect to the reinsurance market, there is no reason to depart from the Commission's previous practice.

#### **IV.2. Competitive Assessment**

51. The Notifying Parties' activities overlap horizontally, resulting in certain possible affected markets with respect to life and non-life insurance. Regarding reinsurance, whilst the transaction will not result in a horizontally affected market, in view of the vertical relationship with life and non-life insurance products, it would on certain possible market definitions be vertically affected by the notified transaction.
52. All of these overlaps have been previously assessed and cleared by the Commission in the Warta Decision<sup>31</sup> for the purposes of which it was assumed, on a conservative basis, that the entities concerned, including HDI Poland, could not be assumed to operate independently from each other on the market.

#### ***IV.2.1. Life insurance***

53. As regards life insurance, the Notifying Parties' combined market share would be below 15% on the basis of the classification under the Polish insurance act with two exceptions: (i) Class 1, including both protection and savings-investment insurance products with capital guarantee, where the Notifying Parties' share in 2011 would be [10-20]%; and (ii) Class 3 – Life insurance linked to capital (where the insured bears the investment risk), where the

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<sup>28</sup> See, e.g., Cases COMP/M.4284 *AXA/Winterthur*, decision of 28.08.2006, COMP/M.3556 *FORTIS/BCP*, decision of 19.01.2005, COMP/M.5010 *Berkshire Hathaway/Munich RE/GAUM*, decision of 14.07.2008.

<sup>29</sup> Case COMP/M.6521 *Talanx International/Meiji Yasuda Life Insurance/WARTA*, decision of 04.04.2012.

<sup>30</sup> See Cases COMP/M.5925 *MetLife/Alico/Delam*, decision of 24.08.2010; COMP/M.5083 *Groupama/OTP Garancia*, decision of 15.04.2008; COMP/M.4059 *Swiss Re/GE Insurance Solutions*, decision of 24.04.2006; COMP/M.6053 *CVC/Apollo/Brit Insurance*, decision of 09.01.2011.

<sup>31</sup> Case COMP/M.6521 *Talanx International/Meiji Yasuda Life Insurance/Warta*, decision of 04.04.2012.

estimated combined share in 2011 would be [20-30]%. Taking into account the limited increment in the HHI due to the merger ([1-100] points for Class 1 and [200-300] points for Class 3) and the fact that the market will continue to be characterized by a number of viable competitors including PZU Życie S.A., ING S.A., Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A and Allianz Życie Polska S.A., serious doubts do not arise as to the compatibility of the proposed transaction with the internal market.

54. As concerns an overall market for the provision of life insurance, the combined market share of the parties would be [10-20]%, with a limited increment to the HHI ([1-100] points). Here also due to the number and strength of the other competitors, including the market leader PZU Życie S.A., which achieved a market share of above 30% in 2011, the transaction does not raise serious doubts as to its compatibility with the internal market.
55. If a distinction between pure risk products and investment/pension products were considered, the combined market share would also be above 15% ([20-30]% in 2011 according to the Notifying Parties' estimates) in the market segment for investment/pension products.
56. This market is similarly characterized by a number of other strong competitors, including PZU Życie S.A (25-35% market share), ING S.A, AVIVA Życie S.A, Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A, and AMPLICICO (each with market shares between 5-10%). As a result, serious doubts do not arise as to the compatibility of the notified transaction with the internal market.

#### ***IV.2.2. Non-life insurance***

57. As concerns non-life insurance, the Notifying Parties' combined market share would be below 15% under any possible market definition with the following exceptions: (i) a possible market for motor TPL insurance only (Class 10; combined market share: [10-20]%; (ii) property insurance (Class 8 and 9; combined market share: [10-20]%; if Class 8 was considered as a separate market the combined market share in 2011 would have amounted to [10-20]%; (iii) credit insurance (Class 14 combined market share: [20-30]%; Class 15 combined market share: [10-20]%; Class 17 combined market share[60-70]%; and (iv) MAT insurance. The combined market share under possible sub-segments of MAT insurance in Poland is shown in Table 1. The share of MY other than via TU Europa is zero in all cases, whilst TU Europa itself has a market share of zero in all classes except class 7, where its market share is [0-5]%

<b>Class</b>	<b>Talanx</b>	<b>WARTA</b>	<b>HDI Poland Non-Life</b>	<b>Total</b>
4	[0-5]%	[30-40]%	[0-5]%	[30-40]%
5	[0-5]%	[30-40]%	[0-5]%	[30-40]%
11	[0-5]%	[50-60]%	[0-5]%	<b>[50-60]%</b>
5 + 11	[0-5]%	[40-50]%	[0-5]%	<b>[40-50]%</b>
6	[0-5]%	[80-90]%	[0-5]%	<b>[80-90]%</b>
12	[0-5]%	[90-100]%	[0-5]%	[90-100]%
6 + 12	[0-5]%	[80-90]%	[0-5]%	<b>[80-90]%</b>
4 + 5 + 6 + 11 + 12	[0-5]%	[60-70]%	[0-5]%	<b>[60-70]%</b>
7	[0-5]%	[10-20]%	[10-20]%	[30-40]% <sup>32</sup>

Source: Form CO

##### ***IV.2.2.1. Motor TPL insurance***

58. As concerns the market for motor TPL insurance as a whole, the Notifying Parties achieve a combined market share of [10-20]%

<sup>32</sup> Including [0-5]% market share of TU Europa, jointly controlled by TINT and MY.

59. Given the relatively moderate combined market share, the presence of a number of other players including the market leader (PZU Życie S.A, [30-40]%) and the limited change in the HHI ([100-200] points), the transaction does not raise serious doubts as to its compatibility with the internal market.
60. If separate markets for automobile and large commercial vehicles were to be identified, the Notifying Parties indicate that their combined market share and those of their competitors in each of these segments would be proportional to those in the overall market for motor third party liability insurance (and for motor insurance as a whole) since there are no significant players in Poland present only in one or other of these segments or with a special advantage or focus thereon.
61. It follows that the transaction does not raise serious doubts as to its compatibility with the internal market, even if hypothetical separate segments for automobile and large commercial vehicle TPL insurance were to be considered.

#### ***IV.2.2.2. Property insurance***

62. In Classes 8 and 9 considered together, the Notifying Parties achieve a combined market share of [10-20]%; if Class 8 were considered as a separate market, the combined market share in 2011 would have amounted to [10-20]%.
63. The Notifying Parties therefore would have a relatively modest market share post-merger and continue to face numerous qualified competitors, including PZU Życie S.A ([10-20]%), Ergo Hestia ([5-10]%), Allianz Życie Polska S.A. ([5-10]%), Generali ([5-10]%) and Interrisk ([0-5]%), in what remains a rather fragmented market with a limited change to the HHI ([1-100] points).
64. It follows that the notified transaction does not raise serious doubts as to its compatibility with the internal market on the Polish market for property insurance, whether or not divided between Classes 8 and 9.

#### ***IV.2.2.3. Credit insurance***

65. The Notifying Parties would achieve a Class 14 combined market share of [20-30]%, Class 15 combined market share of [10-20]%, and [60-70]% in Class 17.
66. In Class 14, no merger-specific effect can be identified given the absence of HDI Poland in this market segment. In Class 15, the market share is slightly above 15% and the merged entity would continue to face a number of effective competitors. As regards Class 17, the increment brought by the present transaction is only an insignificant one of [0-5]%.
67. Therefore, the notified transaction does not raise serious doubts as to its compatibility with the internal market on the Polish market for credit insurance and suretyship, whether or not considered separately or together.

#### ***IV.2.2.4. MAT insurance***

68. As concerns MAT insurance markets, if the geographic scope of these markets were to be wider than national, according to the data provided by the Notifying Parties, no affected market would arise at EEA or global level from the transaction on any segmentation by type of insurance as the market share in all cases would be below 15%.

69. However, if any of these markets were to be considered national in scope, the Notifying Parties' combined market share would be above 35% in each insurance class. Nonetheless, the increment following the merger is negligible and always well below [0-5]%, with the exception of an increment of [10-20]% for Class 7. Except for class 7, the notified transaction therefore results only in the elimination of a competitor which is at best marginal and therefore leaves the market structure essentially unchanged.
70. As regards Class 7 cargo insurance, at national level the combined market share would amount to [30-40]%<sup>33</sup>, with an increment brought by HDI Poland Non-Life of [10-20]%. Given the relatively moderate combined market share, the presence of a number of other players (PZU Życie S.A.: [20-30]%, Ergo Hestia: [10-20]%, Allianz Życie Polska S.A.: [10-20]%, and others) the transaction does not raise serious doubts as to its compatibility with the internal market.
71. If the cargo insurance market were to be segmented between purely domestic shipments and international shipments, the market investigation in the Warta Decision indicated that certain smaller insurers active on the domestic segment would not be active on the international segment. As a result of this, the combined share of the merged entity on the international segment could be expected to be somewhat higher than on the solely domestic segment. Nonetheless, all the larger players are present in both segments and the market investigation in the Warta Decision confirmed that the international segment would also remain competitive, with no competition concerns raised.
72. An analogous reasoning applies in relation to a segmentation based on risk, where certain smaller insurers would either not be able to price the insurance risk of particularly dangerous cargos or would be financially unable to insure such risk. Nonetheless, all the main players would remain present and are able to price all types of risk in this segment such that the merged entity would continue to face competition from a number of viable competitors. Once again, no concerns were raised by the market investigation in the Warta Decision or during the present procedure.
73. On either possible segmentation, the possibility that the relevant market might in part be wider than national in scope, and not captured in the available statistics, further acts to attenuate any possible competition concerns since, on such a wider market, the share of HDI Poland, which achieves most of its business with Polish clients, would be diluted further whilst additional providers are present who could enter these segments of the Polish market (and indeed might already service certain clients in Poland without this being picked up in the available statistics).
74. It follows that serious doubts do not arise as to the compatibility of the notified transaction with the EU internal market as regards cargo insurance.

#### ***IV.2.3. Reinsurance***

75. The Notifying Parties' combined market share in the worldwide market for reinsurance amounts to [10-20]%, therefore this market would not be horizontally affected as a result of the transaction. Nonetheless in view of the vertical relationship with life and non-life insurance products and given that the Notifying Parties' combined market share downstream would be above 25% in a certain number of market segments, the reinsurance market would be vertically affected on certain possible definitions of the downstream insurance markets.

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<sup>33</sup> Of which [0-5]% via joint control with MY over TU Europa.

76. Nonetheless, given the absence of horizontal concerns in all the markets where the combined market share would be above 25%, concerns can be excluded also with respect to the vertical relationship. Indeed, the presence of HDI Poland Non-Life in the reinsurance market is extremely marginal (less than [0-5]% at worldwide level). The presence of MY is slightly more significant ([0-5]%), but remains also very limited.
77. In view of this, the Commission concludes that the transaction does not raise serious doubts as to its compatibility with the internal market as a result of vertical links to the market for reinsurance.

## **V. COOPERATIVE EFFECTS OF A JOINT VENTURE**

78. Under Article 2(4) of the Merger Regulation, to the extent that the creation of a joint venture constituting a concentration pursuant to Article 3 has as its object or effect the coordination of the competitive behaviour of undertakings that remain independent, such coordination is to be appraised in accordance with the criteria of Article 101(1) and (3) of the Treaty on the Functioning of the European Union, with a view to establishing whether or not the operation is compatible with the internal market.
79. In the present case there are only limited overlaps between the geographic and product focus of each of the parent companies, and, even where such overlaps do occur within the EU, there is no evidence to suggest that the parents, even if they were to coordinate their activities, would jointly be able to exercise appreciable market power in such markets and therefore cause harm to competition.
80. It follows that the operation does not raise serious doubts in respect of potential cooperative effects resulting from the transaction.

## **VI. CONCLUSION**

81. 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*