



EUROPEAN COMMISSION  
DG Competition

***Case M.10360 – ASSICURAZIONI  
GENERALI/ SOCIETÀ CATTOLICA  
DI ASSICURAZIONE***

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: 21/10/2021

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EUROPEAN COMMISSION

Brussels, 21.10.2021  
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## PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

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**Subject: Case M.10360 – ASSICURAZIONI GENERALI / SOCIETÀ CATTOLICA DI ASSICURAZIONE**  
**Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004<sup>1</sup> and Article 57 of the Agreement on the European Economic Area<sup>2</sup>**

Dear Sir or Madam,

- (1) On 17 September 2021, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Assicurazioni Generali S.p.A. (“Generali”) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Società Cattolica di Assicurazione (“Cattolica”) (the “Transaction”)<sup>3</sup>. Generali is designated hereinafter as the “Notifying Party” and, together with Cattolica, the “Parties”.

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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> OJ L 1, 3.1.1994, p. 3 (the ‘EEA Agreement’).

<sup>3</sup> Publication in the Official Journal of the European Union No C390, 27.9.2021, p. 10.

## 1. THE PARTIES AND THE OPERATION

- (2) **Generali** is the ultimate parent company of an international group of companies operating in the insurance and financial sectors. The Generali group is mainly active in Europe in the provision and distribution of both life and non-life insurance products, reinsurance products, assistance services, and real estate and asset management services.
- (3) **Cattolica** is primarily active in Italy –directly, or indirectly through its subsidiaries– in the provision and distribution of life and non-life insurance products and, to a marginal extent, in the provision of reinsurance, as well as ancillary and support activities.
- (4) The Transaction concerns the acquisition of sole control of Cattolica by Generali.
- (5) On the 31<sup>st</sup> of May 2021, Generali has publicly announced the launch of a voluntary public tender offer for the acquisition of all ordinary shares of Cattolica, excluding the shares already owned by Generali,<sup>4</sup> listed on the electronic stock market organised and managed by the Italian Stock Exchange (Borsa Italiana S.p.A.). With its offer, Generali intends to acquire, upon completion of the Transaction, the entire share capital of Cattolica.<sup>5</sup>
- (6) The Transaction is the continuation of a strategic partnership, established on 24 June 2020, between Generali and Cattolica.<sup>6</sup> That partnership included the entry of Generali into the shareholding of Cattolica, in order, among other things, to satisfy the capitalisation requests made by the Italian Insurance Supervisory Authority (“IVASS”) to Cattolica.<sup>7</sup> Following another request from IVASS, in January 2021, reiterating the need to further strengthen Cattolica’s capitalisation, Generali subsequently announced the launch of a public tender offer for the acquisition of all ordinary shares of Cattolica. As such, the Transaction aims at allowing Cattolica to benefit from the financial solidity, support and expertise of Generali.
- (7) The Transaction therefore constitutes a concentration pursuant to Article 3(1)(b) of the Merger Regulation.

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<sup>4</sup> The Transaction concerns the acquisition of 174,293,926 ordinary shares of Cattolica, namely, all the shares issued by Cattolica as of today but excluding the 54,054,054 shares already owned by Generali prior to the Transaction (26.9% of the share capital).

<sup>5</sup> For completeness, Generali intends to acquire the entire share capital of Cattolica, or at least a shareholding equal to 66.67% of the share capital with voting rights, or, in any case, at least 50% plus one share of the share capital with voting rights of Cattolica.

<sup>6</sup> On 24 June 2020, the Parties signed a strategic partnership agreement covering four commercial areas – asset management, internet of things, business health, and reinsurance – aiming at leveraging skills and abilities of Generali in investment management, digital innovation and health services, and allowing Cattolica to expand its offer to customers with ancillary services. The implementation of the partnership agreement started in the first quarter of 2021.

<sup>7</sup> In a letter to Cattolica, IVASS highlighted the weakened solvency position of the Cattolica Group because of the deterioration of the financial markets following the spread of the COVID-19 pandemic, and pointed out to the need to take steps to increase capitalisation.

## **2. UNION DIMENSION**

- (8) The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5 000 million (Generali: EUR 70 704 million; Cattolica: EUR 4 705 million<sup>8</sup>). Each of them has an EU-wide turnover in excess of EUR 250 million, (Generali: EUR [...]; Cattolica: EUR [...]), and only one of them (Cattolica) achieves more than two-thirds of its aggregate EU-wide turnover within one and the same Member State (Italy).<sup>9</sup> The Transaction, therefore, has an EU dimension.

## **3. COMPETITIVE ASSESSMENT**

### **3.1. Analytical framework**

- (9) Article 2 of the Merger Regulation requires the Commission to examine whether notified concentrations are compatible with the internal market, by assessing whether they would significantly impede effective competition in the internal market or in a substantial part of it.
- (10) In this respect, a merger may entail horizontal and/or non-horizontal effects. Non-horizontal effects are those deriving from a concentration where the undertakings concerned are active in different, but related, relevant markets.
- (11) As regards the assessment of horizontal overlaps, the Commission's guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings (the "Horizontal Merger Guidelines")<sup>10</sup> distinguish between two main ways in which mergers between actual or potential competitors on the same relevant market may significantly impede effective competition, namely non-coordinated and coordinated effects.
- (12) Non-coordinated effects may significantly impede effective competition by eliminating important competitive constraints on one or more firms, which consequently would have increased market power, without resorting to coordinated behaviour. In that regard, the Horizontal Merger Guidelines consider not only the direct loss of competition between the merging firms, but also the reduction in competitive pressure on non-merging firms in the same market that could be brought about by the merger.
- (13) As regards non-horizontal mergers, the Commission's guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of

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<sup>8</sup> The Commission notes that Cattolica's turnover does not include the turnover of IMA Italia and IMA Servizi ("IMA Italia Group"), which Cattolica jointly controls together with IMA France. Cattolica does not consolidate the turnover of these companies within its consolidated annual accounts. The Parties have indicated that IMA Italia Group's turnover amounted to EUR [...] in 2020, and [...], of which EUR [...] accounts for the insurance and reinsurance activities of the group (out of which about EUR [...] relates to Cattolica) and EUR [...] relates to the provision of assistance services to third parties (out of which EUR [...] account for services provided to Cattolica).

<sup>9</sup> For completeness, in 2020, Cattolica achieved a turnover of [...] in Italy out of an EU-wide turnover of [...].

<sup>10</sup> Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 31, 05.02.2004, p.5-18.

concentrations between undertakings (the “Non-Horizontal Merger Guidelines”)<sup>11</sup> distinguish between two broad types of such mergers: vertical and conglomerate mergers. Vertical mergers involve companies operating at different levels of the supply chain.<sup>12</sup> Conglomerate mergers are mergers between firms that are in a relationship, which is neither horizontal (as competitors in the same relevant market) nor vertical (as suppliers or customers).<sup>13</sup>

- (14) A case where a merger entails both horizontal and non-horizontal effects may for instance be when the merging firms are not only in a vertical or conglomerate relationship, but are also actual or potential competitors of each other in one or more of the relevant markets concerned. In such a case, the Commission will appraise horizontal, vertical and/or conglomerate effects in accordance with the guidance set out in the relevant notices.<sup>14</sup>

### 3.2. Introduction

- (15) The insurance industry provides financial protection to individuals, companies and government entities when certain specified events occur. This protection is referred to as insurance cover and an event against which a party seeks protection is referred to as the risk. Companies known as insurance carriers or insurers typically provide the insurance cover. In relation to insurance, the Commission identified three broad categories of insurance products: life insurance, non-life insurance, and reinsurance, which can be distinguished within each of insurance provision (upstream) and insurance distribution (downstream).
- (16) Generali and Cattolica are both active in Italy, primarily in the provision and distribution of insurance, both non-life and life, and reinsurance products, and in the provision of services that are ancillary to insurance.
- (17) As a result, the Transaction gives rise to a number of horizontal and vertical effects, which will be assessed in section 3.3 and 3.4, respectively. For ease of reference, the Commission will first focus on each horizontally affected market and/or segment, with the market definition and the competitive assessment for each market set out in a single section. An assessment of all vertical links will follow, including a market definition for those markets which were not touched upon in the previous section.

### 3.3. Assessment of horizontal effects

- (18) The Transaction gives rise to the following horizontally affected markets:<sup>15</sup>
- i) **the overall market for the provision of non-life insurance in Italy**, as well as some plausible narrower sub-segments according to the underlying risk

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<sup>11</sup> Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 265, 18.10.2008, p.6-25.

<sup>12</sup> Non-Horizontal Merger Guidelines, recital 4.

<sup>13</sup> Non-Horizontal Merger Guidelines, recital 5.

<sup>14</sup> Non-Horizontal Merger Guidelines, recital 7.

<sup>15</sup> For completeness, the Commission notes that the Parties’ activities also overlap in the provision of (i) reinsurance products and (ii) real estate services, [...]. Nevertheless, in light of the fact that the combined market shares of the Parties do not exceed 20% under any plausible product or geographic market or sub-segment considered, these two markets and potential sub-segments will not be assessed any further for the purposes of the present decision.

type, namely accidents, sickness, fire and natural forces, other damage to property, general liability, miscellaneous financial loss, legal expenses, assistance and Maritime, Aviation and Transport (“MAT”);<sup>16,17</sup>

- ii) **several plausible narrower sub-segments of the market for the provision of life insurance in Italy**, according to the underlying risk type, namely human life, sickness, capitalization and retirement funds;<sup>18</sup>
- iii) **the overall markets for the distribution of (i) non-life<sup>19</sup> and (ii) life<sup>20</sup> insurance products in Italy;**<sup>21</sup>
- iv) **the market for the provision of assistance services;** and
- v) **the market for the provision of health insurance management services.**

### 3.3.1. Provision of non-life insurance products

- (19) Non-life insurance is any insurance that is not related to life insurance. General insurance, property insurance, casualty insurance, motor, fire, transport, health, general civil liability, litigation, working accidents, credit insurance are some examples of non-life insurance. People, legal liabilities, properties, *inter alia*, are

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<sup>16</sup> The Commission notes that the “MAT” market and a number of sub-segments, would be affected at national level (Italy). This is the case for the “MAT” sub-segments, namely aviation insurance, maritime insurance and transportation insurance, as well as for the segmentations defined according to Italian insurance regulatory law, namely Railway rolling stock (Risk Class 4), Aircraft (Risk Class 5), Ships (Risk Class 6), Good in transit (Risk Class 7) and Aircraft liability (Risk Class 11).

<sup>17</sup> The Commission also considered some further plausible narrower segmentations within the product markets for the provision of non-life insurance products, according to the type of customers involved (individual and group customers), which has a particular relevance for some specific lines, namely Accidents (Risk Class 1), Sickness (Risk Class 2), Land vehicles (Risk Class 3) and Motor Vehicle liability (Risk Class 4). Should such segmentation be considered, the Transaction would give rise to two additional affected markets, namely Accidents for group customers and Sickness for individual customers. Finally, with respect to the possible segmentation between large vehicles and automobile / small commercial vehicles, the Commission notes that this segmentation would only give rise to one additional minor affected segment, i.e. the provision of third party liability insurance (Risk Class 10) for large vehicles.

<sup>18</sup> The Commission also considered some further plausible narrower segmentations within the product markets for the provision of life insurance products, according to the type of customers involved (individual and group customers). Should such segmentation be considered relevant, the Transaction would give rise to five additional affected markets, namely Human life for individual customers, Human life for group customers, Sickness for individual customers, Capitalisation for group customers and Retirement funds for group customers.

<sup>19</sup> The Commission also considered some further plausible narrower segmentations within the product markets for the distribution of non-life insurance products according to the type of distribution (direct sales and outward distribution) and notes that, should these segmentations be considered, the Parties’ combined market shares would exceed 20% on all potential segments.

<sup>20</sup> The Commission also considered some further plausible narrower segmentations within the product markets for the distribution of life insurance products according to the type of distribution (direct sales and outward distribution) and notes that, should these segmentations be considered, the Parties’ combined market shares would exceed 20% with respect to direct, and overall sales.

<sup>21</sup> The Parties submit that the life and non-life distribution markets are at least national in scope. The Commission however notes that, should a regional or narrower scope be considered (*i.e.* at the level of Italian regions or provinces, in compliance with the approach taken in some cases), the Parties’ combined market shares would exceed 20% on a number of segments.

covered under a non-life insurance policy, which is aimed at compensating the insured for the loss incurred from a specific financial event.

### 3.3.1.1. Product market definition

#### *Notifying Party's view*

- (20) The Notifying Party submits that the exact product market for provision of non-life insurance can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition. For completeness, the Notifying Party provides, in compliance with the Commission and the Italian Competition Authority's ("ICA") previous decisional practice,<sup>22</sup> a competitive assessment with respect to the overall market for non-life insurance, as well as for each of the 18 categories defined in non-life insurance regulatory law in Italy.<sup>23</sup> The 18 categories are defined as follow: accident, sickness, land vehicles, railway rolling stock, aircraft, ships, goods in transit, fire an natural forces, other damages to property, motor vehicle liability, aircraft liability, liability for ships, general liability, credit, suretyship, miscellaneous financial loss, legal expenses and assistance.

#### *Commission's assessment*

- (21) In its prior practice, the Commission considered that non-life insurance could be divided into as many different product markets as there are types of risks to insure.<sup>24</sup> More specifically, the Commission has distinguished between the following segments: (i) accident and sickness, (ii) motor vehicle,<sup>25</sup> (iii) property, (iv) liability, (v) marine, aviation and transport ("MAT"), (vi) credit and suretyship, (vii) travel, (viii) cargo, (ix) specialty and (x) aerospace.<sup>26</sup>
- (22) Moreover, in its past decisional practice, the Commission has considered several alternative segmentations of the non-life insurance market, and, in particular, envisaged to further segment the market based on the applicable national insurance classification, as well as between individual and group customers.<sup>27</sup>

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<sup>22</sup> ICA decision n. 26413 of 7 February 2017, C12079 – *Società Reale Mutua di Assicurazioni /Uniqa Assicurazioni*; and ICA decision n. 23678 of 19 June 2012, C11524 – *Unipol Gruppo Finanziario/Unipol Assicurazioni – Premafin Finanziaria – Fondiaria SAI – Milano Assicurazioni*; M.2343 – *Toro Assicurazioni/Lloyd Italico*.

<sup>23</sup> Article 2.3 of Legislative Decree n. 209/2005.

<sup>24</sup> M.9056 – *Generali CEE/AS*; M.8905 – *AXA Group/Roland*; M.8617 – *Allianz/LV general insurance businesses*, M.8257 – *NN Group/Delta Lloyd*; M.9531 – *Assicurazioni Generali/Seguradoras Unidas/Advancecare*.

<sup>25</sup> The Commission considered further segmenting the motor vehicle insurance market between (i) third party liability ("TPL") motor insurance, and (ii) non-TPL (or "Casco") insurance. See M.6521 – *Talanx International/Meiji Yasuda Life Insurance/Warta*; M.4701 – *Generali/PPF Insurance business* and M.4284 – *AXA/Winterthur*. The Commission also considered segmenting the motor vehicle insurance market between (i) large vehicle (e.g. trucks and buses) insurance, and (ii) automobile and/or small commercial vehicle insurance. See M.6521 – *Talanx International/Meiji Yasuda Life Insurance/Warta*.

<sup>26</sup> M.9531 – *Assicurazioni Generali/Seguradoras Unidas/Advancecare*; M.9056 – *Generali CEE/AS*.

<sup>27</sup> M.1712 – *Generali/INA*; M.6649 – *Allianz/Insurance Portfolio and Brokerage Services of Gan Eurocourtage*; M. 9056 – *Generali CEE / AS*.

- (23) In this respect, the Commission notes that, in Italy, ICA has also considered a segmentation according to the type of risks insured in its previous decisional practice.<sup>28</sup>
- (24) Regarding the relevance of a product market distinguishing among the various underlying risk classes, in the present case, the market investigation results are mixed. While a number of customers indicated that competition takes place at the overall level of non-life insurance since the main insurers active in the market are present across all risk classes, an equal number of customers considered that competition occurs at the level of individual risk classes. On the side of competitors, a slight majority also supported a segmentation of the market for the provision of non-life insurance products according to the type of risk covered.<sup>29</sup>
- (25) Likewise, as regards a possible market segmentation by customer type, *i.e.* individual customers and group customers, the results of the market investigation are also mixed. A majority of competitors considered that selling non-life insurance products to individuals and group customers are different activities, while acknowledging at the same time that most insurers are able to offer non-life insurance products to both types of customers. For instance, one competitor indicated that both the provision of insurance products to individuals and to companies involve the implementation of IT platforms and specific actuarial and management models. The same competitor noted that the value chain is largely the same for both individuals and corporations and almost all insurers are able to offer insurance products to both individuals and group customers.<sup>30</sup> The majority of customers considered that insurers who provide non-life insurance products to individuals are capable to compete with those insurers providing non-life insurance products to group customers.<sup>31</sup>
- (26) In any event, the exact product market definition for the provision of non-life insurance can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition.

### 3.3.1.2. Geographic market definition

#### ***Notifying Party's view***

- (27) The Notifying Party considers that the geographic scope of the market for the provision of non-life insurance and relative segments should be national in scope, except for the risk classes mentioned below.
- (28) The Notifying Party argues that the geographic market of some risks, such as MAT insurance or insurance for large commercial, industrial and environmental risks, should be considered to be at least EEA-wide in scope. In particular, the Notifying Party submits that the segments concerning the following categories defined of non-life insurance regulatory law in Italy should be considered EEA-wide in scope: railway rolling stock, aircraft, ships, goods in transit, aircraft liability and liability

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<sup>28</sup> ICA decision C12250 – *Eurovita/Pramerica*; and ICA decision C12194 – *Crédit Agricole Assurances/Global Assicurazioni*.

<sup>29</sup> Questionnaire 1 to Competitors, question 16 and Questionnaire 2 to Customers, question 20.

<sup>30</sup> Questionnaire 1 to Competitors, question 17.

<sup>31</sup> Questionnaire 2 to Customers, question 21.



for ships. The Notifying Party submits that there are no national distribution channels since distribution channels for these risk classes are primarily organised at international level and sold *via* tenders or international brokers.

### ***Commission's assessment***

- (29) Regarding the provision of non-life insurance market and its segments, in its prior practice the Commission considered that they are generally national in scope. Within non-life insurance, the Commission has however found that the insurance of certain risks, including MAT insurance and generally large risk insurance, or so-called speciality insurance, is most likely to be at least EEA-wide in scope, due to the fact that certain business activities require coverage exceeding national borders.<sup>32</sup>
- (30) The market investigation revealed that the majority of competitors consider that competition takes place at national level. For some risk classes, such as railway rolling stock, aircraft, ships, goods in transit, aircraft liability and liability for ships, a number of competitors responded that the scope of this market might be wider, *i.e.*, at least, EEA-wide. For instance, one competitor stated that competition among insurers generally takes place at the national level for almost all risk classes, with some exceptions and mentions Maritime insurance as an example.<sup>33</sup>
- (31) Customers indicated that, for almost all risk classes, competition takes place at national level. Customers' views in relation to those risk classes falling under MAT insurance are not particularly conclusive.<sup>34</sup>
- (32) In any event, the exact geographic market definition for the provision of non-life insurance can be left open in this case, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any market definition.

#### 3.3.1.3. Competitive assessment

- (33) The Parties' combined market shares in the main horizontally affected markets and segments for the provision of non-life insurance products are presented below.<sup>35</sup>

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<sup>32</sup> M.9531 – *Assicurazioni Generali/Seguradoras unidas/Advancecare*; M.9056 – *Generali CEE/AS*.

<sup>33</sup> Questionnaire 1 to Competitors, question 18.

<sup>34</sup> Questionnaire 2 to Customers, question 22.

<sup>35</sup> There is a number of segments where the Transaction gives rise to horizontal overlaps but they do not result affected. Consequently, these segments are not listed in Table 1 and will not be analysed in the competitive assessment. These segments are: land vehicles (17.55% combined market share, with an increment of 4.58%-point brought by Cattolica); motor vehicle liability (18.52% combined market share, with an increment of 6.70%-point brought by Cattolica); credit (0.15% combined market share, with an increment of 0.02%-point brought by Cattolica); suretyship (14.52% combined market share, with an increment of 3.96%-point brought by Cattolica); and liability for ships (14.3%, with an increment of 3.39%-point brought by Cattolica).

**Table 1: Estimate of the Parties’ market shares for the main horizontally affected markets and segments for the provision of non-life insurance products in Italy (2020)<sup>36</sup>**

Provision of non-life insurance products in Italy			
2020 – Products and plausible segments	Generali	Cattolica <sup>37</sup>	Combined
Provision of non-life insurance products overall	15.40%	5.54%	20.94%
Accidents insurance products ( <i>Risk Class 1</i> )	16.49%	5.68%	22.17%
Sickness insurance products ( <i>Risk Class 2</i> )	21.57%	3.00%	24.57%
Fire and nat. forces insurance products ( <i>Risk Class 3</i> )	20.01%	5.66%	25.67%
Other damage to property ( <i>Risk Class 9</i> )	20.37%	6.76%	27.13%
General Liability ( <i>Risk Class 13</i> )	16.96%	4.66%	21.62%
Miscellaneous financial loss ( <i>Risk Class 16</i> )	15.32%	4.72%	20.04%
Legal expenses ( <i>Risk Class 17</i> )	16.00%	4.27%	20.27%
Assistance ( <i>Risk Class 18</i> )	13.90%	6.21%	20.11%
Maritime	[20-30]%	[5-10]%	[20-30]%
Aviation	[40-50]%	[0-5]%	[40-50]%
Transport (EC classification) <sup>38</sup>	[20-30]%	[0-5]%	[20-30]%
Railway rolling stock ( <i>Risk Class 4</i> )	59.32%	15.28%	74.60%
Aircraft ( <i>Risk Class 5</i> )	36.59%	0.81%	37.40%
Ships ( <i>Risk Class 6</i> )	23.33%	7.11%	30.44%
Good in transit ( <i>Risk Class 7</i> )	24.71%	2.28%	26.99%
Aircraft liability ( <i>Risk Class 11</i> ) <sup>39</sup>	47.82%	0.47%	48.29%

<sup>36</sup> The Commission further considered the possibility for a *potential segmentation of the market for the provision of non-life insurance products according to the type of customer, and concluded that, should such segmentation be envisaged, it would not be likely to differ significantly from the competitive assessment at overall level*. Under a potential segmentation by customer type, the only affected segments would be: (i) the segment for accidents risk class provided to group customers, where the Parties’ combined market share would amount to [20-30]% (with an increment brought by Cattolica of [0-5]%-point), and (ii) the segment for sickness risk class provided to individual customers, where the Parties’ combined market share would amount to [20-30]% (with an increment brought by Cattolica of [5-10]%-point). Considering the Parties’ relatively moderate combined market shares and minimal increment brought by Cattolica in these potential segments, the Commission considers that, similarly to the competitive assessment on the overall market for the provision of non-life insurance in Italy, the Transaction is not likely to give rise to any horizontal effects. Likewise, the Commission considered the possibility for a *potential segmentation of non-life motor insurance by “Casco” insurance (or land vehicles) and third-party liability insurance (or motor vehicle liability)*, and notes that, under any of these plausible market segmentations, the Transaction would not give rise to any affected markets (the Parties’ combined market shares would be [10-20]% and [10-20]% for “Casco” insurance and for third-party liability insurance, respectively). Finally, even considering *a potential segmentation of the “Casco” insurance and third-party liability insurance by large and small vehicles*, only the segment for large vehicles under the third-party liability insurance would be affected, and the Parties’ combined market share would be very moderate and only slightly exceed 20% ([20-30]%), so that the Transaction would not give rise to any competition concerns in this respect.

<sup>37</sup> The market shares in the table do not include the activities of IMA Italia Group, jointly controlled by Cattolica. However, since the market share of IMA Italia Group does not exceed [0-5]% in any of the non-life insurance risk classes in which it is active, the inclusion of its premiums within the total premiums of Cattolica would not have a meaningful impact on the combined market position of the Parties in any possible non-life insurance market and/or segments, as well as on the identification of the affected markets and/or segments.

<sup>38</sup> For completeness, the Commission includes the Parties’ combined market shares for the “MAT” segments at national level, although, as mentioned in the market definition, the Commission traditionally defined the geographic scope of these markets as wider than national (while leaving the question open). Only if a national geographic scope (Italy) were considered, these segments would be affected. Considering the geographic scope of these markets as wider than national, the Parties’ combined market shares would be below 20% in each of Maritime ([5-10]% in 2020 at EEA-wide level), Aviation ([0-5]% in 2020 at worldwide level), and Transport ([5-10]% in 2020 at EEA-wide level).

Source: Form CO.

### **Notifying Party's view**

- (34) The Notifying Party argues that, in the overall market for the provision of non-life insurance products, the merged entity will hold a market share well below 30% and will be closely followed by other strong suppliers, such as Unipol, Allianz, Reale Mutua Assicurazioni, and AXA. According to the Notifying Party, the competitive assessment is largely the same across all risk classes falling under the provision of non-life insurance products.
- (35) As regards MAT insurance, the Notifying Party submits that, as already mentioned above, this market should be wider than national and, at least, EEA-wide. The Notifying Party puts forward that, should a wider geographic scope of the market for MAT insurance be considered, there would be no affected markets. The Notifying Party argues that this segment, as well as its potential sub-segments, would be particularly small in Italy, since around [70-80]% of all MAT premiums written in Europe are written in the UK, further pointing towards a broader scope of the relevant market.<sup>40</sup>

### **Commission's assessment**

- (36) Considering that the Parties' combined market shares remain moderate on each given segment, corresponding to the underlying risk classes, and the market investigation results did not suggest the existence of significant differences in the competitive dynamics across segments, the Commission will provide, in Section A below, an overall assessment encompassing all risk classes falling under the provision of non-life insurance products.
- (37) A separate section (Section B) will be dedicated to the individual risk classes falling under MAT insurance, considering that, at national level, the Parties' combined market shares in these segments are higher and a separate competitive assessment is warranted.

#### **(A) Provision of non-life insurance products**

- (38) Excluding the risk classes falling under MAT insurance, which will be assessed separately below, as regards the provision of non-life insurance, the Parties' combined market share is above 20% in the overall market for the provision of non-life insurance products in Italy (20.94%) and in the following segments in Italy: (i) accidents (22.17%); (ii) sickness (24.57%); (iii) fire and natural forces (25.67%); (iv) other damage to property (27.13%); (v) general liability (21.62%); (vi) miscellaneous financial loss (20.04%); (vii) legal expenses (20.27%); and (viii) assistance (20.11%).

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<sup>39</sup> Aircraft insurance covers damage or loss to the aircraft, including its machinery and equipment, whereas aircraft liability insurance covers legal liability *vis-à-vis* any third party due to negligence related to the aircraft's operations or the actions of the crew.

<sup>40</sup> According to the statistics published by Insurance Europe, available at <https://www.insuranceeurope.eu/statistics>.

- (39) In the overall market for the provision of non-life insurance products in Italy, as well as across the various segments identified above, the Parties' combined market shares will remain moderate and below 30%. Moreover, the increment brought by Cattolica across these segments will be between 4-7%-point.
- (40) Post-Transaction, the merged entity will continue to face competition from various market players, such as Unipol (20.52%), Allianz (12.66%), Reale Mutua Assicurazioni (6.05%), or AXA (5.74%). Both customers and competitors have consistently mentioned these companies as credible competitors in response to the market investigation.<sup>41</sup> Additionally, the majority of both customers and competitors indicated that these players exercise competitive pressure on the Parties.<sup>42</sup>
- (41) The market investigation indicated that, generally, Generali and Cattolica compete closely but that a number of other players are competing equally closely with the Parties.<sup>43</sup> For example, one customer indicated that there is a sufficient number of insurers operating in the Italian market for the provision of non-life insurance products and, among those, Cattolica should not be considered as a close competitor to Generali, while other companies such as Unipol, Allianz, Reale Mutua Assicurazioni, should be considered as closer competitors. Depending on the risk class, the same customer observes that other players can also be considered as being particularly close competitors to Generali, in comparison with Cattolica: Axa, Swiss RE, Chubb, AIG (American International Group), Allianz, COFACE, Atradius, and Elba Assicurazioni S.p.A..<sup>44</sup>
- (42) Furthermore, the market investigation indicated that customers would face no significant difficulties to switch to other insurance providers and that switching is relatively easy and can be done in a timely fashion.<sup>45</sup>
- (43) Considering the overall market for the provision of non-life insurance products and the various risk segments, a majority of customers and competitors indicated that, post-Transaction, a sufficient number of suppliers would remain in the market. For instance, one competitor stated that the market for the provision of non-life insurance products is quite fragmented, despite the presence of some big players, such as Unipol. One customer confirmed that, post-Transaction, competition levels will not change.<sup>46</sup>
- (44) Moreover, the majority of customers and competitors replied that the impact of the Transaction on the market will be neutral both considering the overall market for the provision of non-life insurance products as well as on the individual potential risk classes (accidents, sickness, fire and natural forces, other damage to property, general liability, miscellaneous financial loss, legal expenses, and assistance).<sup>47</sup>

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<sup>41</sup> Questionnaire 1 to Competitors, question 20 and Questionnaire 2 to Customers, question 24.

<sup>42</sup> Questionnaire 1 to Competitors, question 21 and Questionnaire 2 to Customers, question 25.

<sup>43</sup> Questionnaire 1 to Competitors, question 25 and Questionnaire 2 to Customers, question 28.

<sup>44</sup> Questionnaire 2 to Customers, question 28.

<sup>45</sup> Questionnaire 2 to Customers, question 29.

<sup>46</sup> Questionnaire 1 to Competitors, question 26 and Questionnaire 2 to Customers, question 31.

<sup>47</sup> Questionnaire 1 to Competitors, question 27 and Questionnaire 2 to Customers, question 32.

(B) MAT

- (45) Regarding MAT insurance, the Parties' combined market shares in Italy, across the various segments, would amount to 74.6% for railway rolling stock, 37.4% for aircraft, 30.44% for ships, 26.99% for goods in transit, and 48.29% for aircraft liability.<sup>48</sup>
- (46) The Commission notes that, in line with its prior practice, the geographic scope of a number of non-life insurance risks, such as MAT insurance, is most likely to be wider than national in scope, due to the fact that certain business activities require coverage exceeding national borders. Considering the geographic scope of these segments as wider than national, the Parties' combined market shares would be below 20% in each of Maritime ([5-10]% at EEA-wide level), Aviation ([0-5]% at worldwide level<sup>49</sup>), and Transport ([5-10]% at EEA-wide level).<sup>50</sup> A wider than national geographic market definition is also supported by the Notifying Party's arguments, indicating that the vast majority of its customers select their insurance provider through a tender process which is frequently organized at EEA level or through an international broker. Moreover, the insurance coverage granted covers all geographic areas where the client is active, regardless of the country where it is located and of the beginning or the end of a given transport route. Customers and competitors who responded to the market investigation also indicated that international players – such as Lloyd's, Allianz, Swiss RE, and Chubb – exercise strong competitive pressure on the Parties.<sup>51</sup>
- (47) Hence, should a geographic scope wider than national be considered for those segments falling under MAT insurance, there would be no affected markets.
- (48) Even if a national market for those segments falling under MAT insurance is to be considered – which would not be fully in line with the Commission's past practice – the Transaction would not appear to raise serious doubts regarding its compatibility with the internal market, for the following reasons:
- i) In the segments for aircraft and aircraft liability in Italy, where the Parties' combined market shares would amount to 37.4% and 48.29%, respectively, the increment brought by Cattolica would be below 1%-point, *i.e.*, 0.81%-point and 0.47%-point, respectively;

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<sup>48</sup> These risk classes identified by the Italian regulatory framework can be reconciled with the MAT category identified by the Commission in its previous decisions; more specifically, Maritime would comprise the categories ships and liability for ships, Aviation would comprise the categories aircraft liability and aircraft, and Transport would comprise the categories railway rolling stock and goods in transit.

<sup>49</sup> Due to the absence of any reliable estimates on the total market size for aviation on an EEA-wide level, the Notifying Party was only able to provide estimated market shares on the worldwide level which, in any event, would be in line with the Commission's past decisions.

<sup>50</sup> The Notifying Party submits that there are no reliable estimates on the total market size for those segments identified within the Italian regulatory framework (such as railway rolling stock) on an EEA-wide level. Therefore, at EEA-wide level, the Notifying Party was only able to provide estimated market shares for the categories identified also in the Commission's past practice (such as Transport and Maritime) which, in any event, would be in line with the Commission's previous decisions.

<sup>51</sup> Questionnaire 1 to Competitors, question 20 and Questionnaire 2 to Customers, question 24.

- ii) In the segment for goods in transit, the Parties' combined market share would remain below 30% (26.99%) and the increment brought by Cattolica is negligible, *i.e.*, 2.28%-point;
  - iii) In the segment for ships, the Parties' combined market share would be just above 30% (30.44%) and the increment brought by Cattolica is moderate, *i.e.*, 7.11%-point;
  - iv) Finally, in the segment for railway rolling stock, where the Parties' combined market share would amount to 74.6% and the increment brought by Cattolica is of 15.28%-point, the Commission notes that Cattolica's market share is based on the [...] customers Cattolica has in the railway rolling stock segment in Italy<sup>52</sup>. These [...]. While the coverage of [...] of these customers' contracts is wider than national, *i.e.*, at least European, the other customers are small regional players, whose insurance policies values are quite limited, making it inefficient for them to source these policies from multiple insurers at the same time. Similarly, Generali's market share in Italy is largely based on [...] big clients, which in 2020 represented about [...] of Generali's overall premiums in railway rolling stock in Italy.<sup>53</sup> Based on the Notifying Party's market knowledge, [...] clients ([...]) multi-source their railway rolling stock insurance needs from Generali and [...], whereas [...] customer ([...]) is sourced by Generali at [...].<sup>54</sup> These clients would unlikely consider switching to Cattolica as a potential provider, as the geographic coverage of their contracts is, at least, EEA-wide (if not global in certain instances) and Cattolica would not be able to compete closely with Generali on the EEA-wide level. Additionally, as these [...] customers represent the large majority of Generali's premiums in this segment, they exert a sufficient degree of buyer power over Generali. The Commission also notes that the most important insurance railway rolling stock contracts for Generali in Italy are awarded through EEA-wide tenders or through international brokers and the insurance coverage offered by Generali and by insurers, in the framework of railway rolling stock insurance contracts, has a scope that covers all the geographic areas where the client is active, beyond the country where it is located. By way of example, [...].
- (49) The same conclusions made above regarding the number of suppliers remaining in the market post-Transaction and the neutral impact of the Transaction apply to the individual risk classes falling under MAT insurance. In particular, the market investigation indicated that, generally, Generali and Cattolica compete closely but that a number of other players are competing equally closely with the Parties.<sup>55</sup> With specific reference to the segment for railway rolling stock, customers and competitors mentioned Unipol, Chubb, Allianz, and Lloyd's<sup>56</sup> as particularly close

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<sup>52</sup> [...].

<sup>53</sup> [...].

<sup>54</sup> Notifying Party's reply to RFI 6, question 1.

<sup>55</sup> Questionnaire 1 to Competitors, question 25 and Questionnaire 2 to Customers, question 28.

<sup>56</sup> The Notifying Party provided market shares for competitors in Italy for the category of Transport, comprising both railway rolling stock and goods in transit. Based on these market shares, in 2020, Chubb holds a market share of [10-20]%, Unipol of [10-20]%, AXA of [10-20]%, Allianz of [5-10]%, and Lloyd's of [5-10]%. On the segment for Transport in Italy, Generali would hold a market share of [20-30]% and Cattolica of [0-5]%. Considering the potential segment for railway rolling stock in Italy, in

competitors to Generali rather than Cattolica.<sup>57</sup> Furthermore, the market investigation indicated that customers would face no significant difficulties to switch to other insurance providers and that switching is relatively easy and can be done in a timely fashion.<sup>58</sup> Considering the various risk segments falling under MAT insurance, a majority of customers and competitors indicated that, post-Transaction, a sufficient number of suppliers would remain in the market.<sup>59</sup> Finally, the majority of customers and competitors replied that the impact of the Transaction on the market will be neutral both considering, more generally, the segments falling under MAT insurance and, more specifically, railway rolling stock insurance.<sup>60</sup>

#### 3.3.1.4. Conclusion

- (50) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts as to its compatibility with the internal market as regards the various possible relevant markets for the provision of non-life insurance.

#### 3.3.2. *Provision of life insurance products*

- (51) Life insurance typically involves an insurer providing protection in the event of the policyholders' death or serious illness.

##### 3.3.2.1. Product market definition

#### ***Notifying Party's view***

- (52) The Notifying Party submits that it is appropriate to consider an overall market for the provision of life insurance products. According to the Notifying Party, it is not warranted to sub-segment the market for the provision of life insurance as the top life insurers in Italy are authorised to provide life insurance in practically all insurance classes and actually were active in all those classes in 2020, so that the competitive landscape is relatively homogeneous across all life insurance classes.

#### ***Commission's assessment***

- (53) In its past decisional practice, the Commission has considered that the market for the provision of life insurance could be further segmented according to the type of risk covered or the purpose served by the product and, in this respect, further distinguished between: (i) pure risk protection products; (ii) savings and investment products and (iii) pension products.<sup>61</sup>
- (54) Similar to non-life insurance, the Commission has also envisaged to further segment the market based on the applicable national insurance classification.<sup>62</sup> In this respect,

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2020, Unipol would have a market share of 11.20%, Allianz of 8.92%, and Le Assicurazioni di Roma of 3.06%. The Notifying Party was unable to provide market share data for competitors for the category of Transport on the EEA-wide level.

<sup>57</sup> Questionnaire 1 to Competitors, question 20 and Questionnaire 2 to Customers, question 24.

<sup>58</sup> Questionnaire 2 to Customers, question 29.

<sup>59</sup> Questionnaire 1 to Competitors, question 26 and Questionnaire 2 to Customers, question 31.

<sup>60</sup> Questionnaire 1 to Competitors, question 27 and Questionnaire 2 to Customers, question 32.

<sup>61</sup> M.4701 – *Generali/PPF Insurance business* and M.6521 – *Talanx International/Meiji Yasuda Life Insurance/Warta*.

<sup>62</sup> M.9796 – *UNIQA / AXA (insurance, asset management and pensions - Czechia, Poland and Slovakia)*.

the Italian regulatory framework defines five main risk classes relevant for life insurance: human life (“*ramo vita umana - Ramo Vita I*”), investment funds (“*ramo fondi di investimento - Ramo Vita III*”), sickness (“*ramo malattia - Ramo Vita IV*”), capitalisation (“*ramo capitalizzazione - Ramo Vita V*”), and retirement funds (“*ramo fondi pensione - Ramo Vita VI*”).<sup>63</sup>

- (55) In addition, the Commission has considered a possible segmentation of these product markets between group and individual products.<sup>64</sup>
- (56) In the present case, the results of the market investigation provided mixed results on the appropriateness to further segment the market for the provision of life insurance according to the underlying risk types being insured. While competitors confirmed that a sub-segmentation per risk class could be relevant since, in their view, it is at that level that competition takes place and that the identity of suppliers tends to vary according to the underlying risk types, customers, however, indicated that almost all insurers are capable of providing all life insurance products across risk classes.<sup>65</sup>
- (57) As to the possibility for a sub-segmentation by customer type, the market investigation results are inconclusive, as only a slight majority of customers consider that there is no significant difference between the provision of life insurance products to individuals, as opposed to group customers.<sup>66</sup>
- (58) In any event, the precise definition of the product market for the provision of life insurance products can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market concerning life insurance provision, or any other plausible segment previously envisaged by the Commission.

### 3.3.2.2. Geographic market definition

#### ***Notifying Party's view***

- (59) The Notifying Party submits that the geographic scope of the market should be considered as national, and that it is not necessary to further segment the market, considering that Cattolica provides life insurance products across the whole of Italy.

#### ***Commission's assessment***

- (60) The Commission previously considered the geographic market for the provision of life insurance and its respective segments to be national in scope.<sup>67</sup>
- (61) The results of the market investigation confirmed the Commission's past decisional practice, by indicating that a national scope is the appropriate geographic market for

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<sup>63</sup> On the basis of the information provided by the Parties relying on a report of IVASS of 2019, the provision of life insurance relating to marriage and natality (“*Ramo Vita II*”) was non-existent in 2019. Accordingly, this category will not be considered any further for the purposes of the present decision.

<sup>64</sup> M.5075 – *Vienna Insurance Group/EBV* and M.4701 – *Generali/PPF Insurance business*.

<sup>65</sup> Questionnaire 1 to Competitors, question 5; Questionnaire 2 to Customers for provision of life and non-life insurance products, question 6.

<sup>66</sup> Questionnaire 1 to Competitors, question 6; Questionnaire 2 to Customers for provision of life and non-life insurance products, question 7.

<sup>67</sup> M.4701 – *Generali/PPF Insurance business* and M.6521 – *Talanx International/Meiji Yasuda Life Insurance/Warta*.



the purposes of the present case. A vast majority of competitors indicated that a national scope is appropriate, and that this finding is valid across all life insurance underlying risk types.<sup>68</sup> Customers also indicated that competition takes place at national level, and could even take place at wider than national level.<sup>69</sup>

- (62) For the purposes of the present decision, the exact geographic market definition for the provision of life insurance, *i.e.*, national or possibly wider than national, can however be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible geographic market definition.

### 3.3.2.3. Competitive assessment

- (63) In the present case, the Transaction gives rise to affected markets in the provision of life insurance at national level in Italy,<sup>70</sup> on several plausible segments, namely the segments for life insurance relating to (i) Human life, (ii) Sickness, (iii) Capitalisation and (iv) Retirement funds.<sup>71</sup> The Parties' combined market shares on the overall market and on all affected segments are presented in the table below.<sup>72</sup>

**Table 2: Estimate of the Parties' market shares on the market for the provision of life insurance products and plausible segments in Italy, 2020**

Provision of life insurance products in Italy			
2020 – Products and plausible segments	Generali	Cattolica	Combined
Provision of life insurance products overall	17.44%	2.28%	19.72%
Human life insurance products ( <i>Ramo Vita I</i> )	21.27%	2.87%	24.14%
Sickness insurance products ( <i>Ramo Vita IV</i> )	58.70%	0.71%	59.41%
Capitalisation insurance products ( <i>Ramo Vita V</i> )	25.20%	1.15%	26.35%
Retirement funds insurance products ( <i>Ramo Vita VI</i> )	46.13%	1.04%	47.17%

Source: Form CO.

- (64) The Commission also considered the Parties' combined shares on some further plausible narrower segmentations within the product markets for the provision of life insurance products, according to the type of customers involved *i.e.*, individual and group customers. In such case, the Transaction would give rise to five other affected markets, which are presented in section (B) below.

<sup>68</sup> Questionnaire 1 to Competitors, questions 8-9.

<sup>69</sup> Questionnaire 2 to Customers for provision of life and non-life insurance products, question 8.

<sup>70</sup> The Commission notes that the Transaction would not give rise to any other affected market if a market wider than national were to be considered.

<sup>71</sup> The Commission notes that the market for the provision of life insurance, considered overall is not affected in the context of the present Transaction.

<sup>72</sup> In line with the Commission's previous decisional practice, the Parties provided their market share data according to the five main risk classes defined by the Italian regulatory framework. Considering that this segmentation is narrower than the alternative product market definition envisaged by the Commission in its prior practice (according to the type of risk covered or the purpose served by the product, namely (i) pure risk protection products; (ii) savings and investment products and (iii) pension products), the Commission considers that the competitive assessment is not likely to differ significantly, should these segmentations were to be considered.

### ***Notifying Party's view***

- (65) The Notifying Party argues that the Transaction is unlikely to create a significant impediment of effective competition in relation to the provision of life insurance. While the Notifying Party acknowledges that Generali is a sizeable competitor on the market, they submit that Cattolica is a small player, so that post-Transaction the size of the merged entity is not going to be significantly different of that of Generali today. Furthermore, the Notifying Party submits that the Merged Entity will also face the competition of a number of strong players.

### ***Commission's assessment***

- (66) For the purposes of its competitive assessment, the Commission will first assess the Transaction on the overall market and main plausible segments according to the relevant underlying risks (section (A)), and further consider, for completeness, the competitive dynamics on additional plausible sub-segments within the main segments previously identified according to the type of customer served, *i.e.* individual or group customers (section (B)).

(A) Provision of life insurance products and segments according to the underlying risk

- (67) Overall, the Parties' combined market share on the market for the provision of life insurance products does not give rise to an affected market, as it does not exceed 20%. On four main segments and five additional sub-segments, however, the Parties' combined market share give rise to affected markets and vary greatly depending on the segment. Despite these differences, the Commission considers that the impact of the Transaction is likely to be similar, in light, notably, of Cattolica's small size across segments, as set out below.
- (68) On the segments for the provision of life insurance relating to human life and capitalisation, the Parties' combined shares are moderate and remain below 30%, *i.e.* 24.14% combined for human life and 26.35% for capitalisation. On the two other segments, the Parties' combined shares are higher, amounting to 47.17% for life insurance relating to retirements funds and 59.41% for life insurance relating to sickness.
- (69) On the four main segments considered, the Commission observes that the increment brought by Cattolica is negligible, as it remains below 3%-point or even below 1.05%-point for segments where the combined market share exceeds 30%. Accordingly, based on the information provided by the Parties, on all four segments considered, the HHI levels post-Transaction are either between 1000 and 2000, with a delta below 250 (even 150 in some instances), or above 2000, with a delta below 150.<sup>73</sup>

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<sup>73</sup> Pursuant to paragraph 20 of the Horizontal Merger Guidelines, "*the Commission is also unlikely to identify horizontal competition concerns in a merger with a post-merger HHI between 1000 and 2000 and a delta below 250, or a merger with a post-merger HHI above 2000 and a delta below 150*".

- (70) The results of the market investigation confirmed the Parties' position and overall dynamics on the market. Competitors and customers alike indicated that they viewed the market as highly competitive, overall and on each segment or sub-segment.<sup>74</sup>
- (71) Furthermore, the market investigation highlighted the presence of a number of strong competitors active across segments, namely Intesa San Paolo, Poste Vita, Allianz, Unipol and Axa. Market participants rated these competitors as equally strong as Generali and indicated that these competitors would be able to exert a significant competitive pressure on the merged entity post-Transaction.<sup>75</sup>
- (72) Conversely, Cattolica was rated as a less strong market participant and market participants indicated more generally that the Parties are not particularly close competitors, as they are different in terms of market positioning and in terms of size.
- (73) Lastly, a vast majority of market participants indicated that a sufficient number of players would remain on the market post-Transaction, and accordingly indicated that they did not foresee that the Transaction would have any negative impact.<sup>76</sup>

(B) Segmentation by type of customer

- (74) For completeness, the Commission also considered the sub-segments according to the type of customers. The Parties' combined market shares on all affected sub-segments are presented in the table below.

**Table 3: Estimate of the Parties' market shares on the segments for the provision of life insurance products, according to underlying risk, and customer type in Italy, 2020**

Segments of the provision of life insurance products market in Italy				
2020 – Products and plausible segments	Customer type	Generali	Cattolica	Combined
Human life insurance products ( <i>Ramo Vita I</i> )	Individual	[20-30]%	[0-5]%	[20-30]%
Human life insurance products ( <i>Ramo Vita I</i> )	Group	[30-40]%	[0-5]%	[30-40]%
Sickness insurance products ( <i>Ramo Vita IV</i> )	Individual	[50-60]%	[0-5]%	[50-60]%
Capitalisation insurance products ( <i>Ramo Vita V</i> )	Group	[50-60]%	[0-5]%	[50-60]%
Retirement funds insurance products ( <i>Ramo Vita VI</i> )	Group	[50-60]%	[0-5]%	[50-60]%

Source: Form CO.

- (75) Regarding the two affected sub-segments for the provision of life insurance to (i) individual customers and (ii) group customers, relating to human life, on which the Parties' combined market shares amount to [20-30]% and [30-40]%, respectively, the Parties' combined market shares remain relatively moderate as they do not exceed [30-40]%, with a limited increment ([0-5]-point at most).<sup>77</sup>

<sup>74</sup> Questionnaire 1 to Competitors, questions 8-9; Questionnaire 2 to Customers for provision of life and non-life insurance products, question 9.

<sup>75</sup> Questionnaire 1 to Competitors, questions 9-10; Questionnaire 2 to Customers for provision of life and non-life insurance products, questions 10-11.

<sup>76</sup> Questionnaire 1 to Competitors, questions 14-15; Questionnaire 2 to Customers for provision of life and non-life insurance products, questions 17-18.

<sup>77</sup> For completeness, the Commission notes that Cattolica's shares relating to the provision of life insurance relating to human life exclude the premiums of Lombarda Vita, which was sold to Intesa San Paolo in April 2021.

- (76) As to the other three sub-segments considered, i.e. the provision of life insurance to (i) individual customers relating to sickness, (ii) group customers relating to capitalisation and (iv) group customers relating to retirement funds, while the market shares range between 50 and 60%, the increment brought by Cattolica is very minor and does not exceed [0-5]%-point.
- (77) Similarly to the situation on the main segments assessed in section (A) above, the Commission notes that Cattolica's activities in non-life insurance are relatively limited and that the market shares levels primarily derive from Generali's position on the market. In this respect, the results of the market investigation clearly highlighted the competitiveness of the overall market, segments and sub-segments.<sup>78</sup>
- (78) Furthermore, the market share levels on these sub-segments also reflect a positioning of the Parties on one sub-segment or the other (individual or customers), while the results of the market investigation provided some indications that competitors are able to serve both types of customers. In the course of the market investigation a competitor highlighted for example that most insurers are today well equipped to serve individuals and group customers equally, notably because the value chain is very similar (e.g. the operational circuit for after sales and claims is similar, and both require the implementation of IT platforms and specific actuarial and management models). A majority of customers also indicated that players providing insurance products to individuals compete with players providing insurance products to group customers.<sup>79</sup>

#### 3.3.2.4. Conclusion

- (79) In view of the elements set out above, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market on the market for the provision of life insurance in Italy, nor on any other plausible narrower segments or sub-segments identified.

#### 3.3.3. *Distribution of non-life and life insurance products*

- (80) Insurance distribution refers to the activity of selling, proposing to sell, advising on or preparing, in any other way, the conclusion of insurance contracts. It also covers the sale of insurance products through websites, including comparison websites if they allow concluding an insurance contract.

##### 3.3.3.1. Product market definition

###### ***Notifying Party's view***

- (81) The Notifying Party submits that, for the purpose of the present case, the exact product market for the distribution of insurance products can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition identified.

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<sup>78</sup> Questionnaire 1 to Competitors, questions 8-9; Questionnaire 2 to Customers for provision of life and non-life insurance products, question 9.

<sup>79</sup> Questionnaire 2 to Customers for provision of life and non-life insurance products, question 7.

### *Commission's assessment*

- (82) In its previous decisions, the Commission has identified a downstream market for the distribution of insurance products, which 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, brokers, and financial promoters.<sup>80</sup>
- (83) Within the market for insurance distribution, the Commission considered that a distinction could be made between the distribution of non-life and life insurance products.<sup>81</sup>
- (84) Furthermore, while the Commission has left open the question of whether the markets for the distribution of life and non-life insurance include exclusively third-party outward insurance distribution channels (*e.g.*, agents and banks) or whether it should also comprise direct sales forces,<sup>82</sup> with respect to the distribution of non-life insurance through brokers, the Commission has considered distinct markets from the other types of distribution, in view of the specificities of the services provided by such brokers.<sup>83</sup>
- (85) The market investigation results confirmed the Commission's previous findings, according to which a distinction should be drawn between distribution of life insurance products and distribution of non-life insurance products. The market investigation, moreover, supported a segmentation of the market for the distribution of insurance products by distribution channels, distinguishing between direct sales and outward distribution channels. With respect to the distribution of life insurance products, specifically, one competitor indicated that direct sales and outward distribution channels, encompassing agents, banks, post offices, financial promoters, should not be seen as substitutable, since the distribution of life insurance products is an activity implying consultation skills, aimed at identifying the best product to fulfill customers' needs.<sup>84</sup>
- (86) In any event, the exact product market definition for the distribution of insurance products – both life and non-life – can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition.

#### 3.3.3.2. Geographic market definition

##### *Notifying Party's view*

- (87) The Notifying Party argues that the distribution of insurance products has at least a national geographic dimension, in view of a number of elements: the existence of

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<sup>80</sup> M.6957 – *IF P&C / Topdanmark*; M.6053 – *CVC / Apollo/ Brit Insurance* and M.4284 – *Axa / Winterthur*.

<sup>81</sup> M.8257 – *NN Group/Delta Lloyd*. See also M.4284 – *AXA/Winterthur* and M.6957 – *IF P&C/ TopDanmark*.

<sup>82</sup> M.7233 – *Allianz/Going concern of Unipolsai Assicurazioni*; M.8257 – *NN Group/Delta Lloyd*.

<sup>83</sup> M.9829 – *Aon/Willis Towers Watson*; M.9196 – *Marsh & McLennan Companies/Jardine Lloyd Thompson Group*.

<sup>84</sup> Questionnaire 1 to Competitors, questions 28 and 39.

national regulations on distribution of different types of insurance products in Italy; the homogeneous conditions of competition throughout Italy (as most insurers are active at national level); [...].

### ***Commission's assessment***

- (88) In its decisional practice, the Commission has acknowledged that insurance distribution channels may be national or even wider than national in scope, while ultimately leaving this question open.<sup>85</sup>
- (89) In some of its previous decisions, the Commission has also taken into consideration the appropriateness of a narrower segmentation at a local level, *i.e.*, at the level of administrative regions or provinces.<sup>86</sup> Such possible narrower segmentation has been considered also by the ICA.<sup>87</sup>
- (90) The market investigation results suggested that the geographic scope of the market for the distribution of insurance products in Italy could be national; however, a smaller sub-set of competitors who responded to the market investigation do not exclude that the market might be narrower in scope, *e.g.*, regional or, for certain risks types, even provincial. In this respect, one competitor declared that competition develops mainly on the national level and the main players are all active throughout the national territory, thanks to capillary sales networks. Another competitor indicated that, while for insurance products distributed to group customers/companies, competition operates more on the regional or national level, for insurance products distributed to individual customers, competition operates more on the local level, for example at the level of provinces.<sup>88</sup>
- (91) In any event, the exact geographic market definition for the distribution of insurance products – both life and non-life – can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition.

### **3.3.3.3. Competitive assessment**

- (92) The Parties' combined market shares on a national level in the main horizontally affected markets and segments for the distribution of life and non-life insurance products are presented below, whereas their combined market shares on a narrower level, *i.e.*, regional and provincial, are provided in Annex 1.<sup>89</sup>

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<sup>85</sup> M.8617 – *Allianz/LV general insurance businesses*; M.7233 – *Allianz/Going concern of Unipolsai Assicurazioni*; M.6053 – *CVC/Apollo/Brit Insurance*.

<sup>86</sup> M.7233 – *Allianz/Going concern of Unipolsai Assicurazioni*; M.5057 – *Aviva/UBI Vita*; and M.2768 – *Generali/Banca Intesa/JV*.

<sup>87</sup> ICA decision C11524 – *Unipol Gruppo Finanziario/Unipol Assicurazioni-Premafin Fianziaria-Fonsiaria SAI-Milano Assicurazioni*; ICA decision C11936 – *Società Cattolica di Assicurazioni/Fata Assicurazioni Danni*. See also ICA decision C9557 – *Cattolica Previdenza in azienda/Ramo d'azienda Eurizon Vita* and ICA decision C8027 – *Banca Intesa/San PaoloIMI* (the latter two cases with reference to the distribution of life insurance).

<sup>88</sup> Questionnaire 1 (Competitors), questions 29 and 40.

<sup>89</sup> Annex 1 includes the Parties' market shares for 2017, 2018, and 2019, both at regional and provincial level, calculated on the basis of the data published by ANIA (*Associazione Nazionale fra le Imprese Assicuratrici*), the Italian Insurers Association, and the data published by IVASS (*Istituto per la Vigilanza*

**Table 4: Estimate of the Parties’ market shares for the main horizontally affected markets and segments for the distribution of life and non-life insurance products in Italy (2020)**

Distribution of insurance products in Italy			
2020 – Products and plausible segments	Generali	Cattolica	Combined
Distribution of non-life insurance products overall	[10-20]%	[5-10]%	[20-30]%
Distribution of life insurance products overall	[10-20]%	[0-5]%	[20-30]%

Source: Form CO.

### *Notifying Party’s view*

- (93) As mentioned above, the Notifying Party considers that the geographic scope of the market for the distribution of both life and non-life insurance products should be national and, therefore, the competitive assessment should be carried out taking into consideration the competitive dynamics on a national basis.
- (94) On the national level, the Notifying Party observes that, both for life and non-life, the Parties’ combined market share will remain below 25% and, therefore, the Transaction would not appear to raise serious doubts as regards its compatibility with the internal market.
- (95) The Notifying Party also argues that, should the geographic scope of the market be considered narrower than national, *i.e.*, provincial, there would only be 11 provinces where the Parties’ combined market shares would be above 30%, across both life and non-life insurance distribution. The Notifying Party notes that, in three out of 11 provinces, the increment brought by Cattolica would be negligible and, in the remaining eight provinces, the competitive landscape would remain sufficiently dynamic with players, such as Unipol, Intesa San Paolo, Axa, and Allianz, with a significantly broad distribution network across the whole country.

### *Commission’s assessment*

- (96) The Commission will provide below an assessment for distribution of non-life insurance products (Section A) and life insurance products (Section B), separately. Under each of these assessments, the Commission will provide an overall analysis encompassing the competitive assessment at national level and at the level of provinces where the Parties’ combined market share is between 20% and 30% and, afterwards, it will then provide a separate assessment for those provinces where the Parties’ combined market share is above 30%.<sup>90</sup>

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*sulle Assicurazioni*), the Insurance Supervisory Authority. For the purposes of its assessment, the Commission will take into consideration both sets of market share data, which are largely aligned.

<sup>90</sup> The Commission further considered the possibility for a *potential segmentation by distribution channel i.e., direct sales and outward distribution, and concluded that should such segmentation be envisaged, it would not be likely to differ significantly from the competitive assessment at overall level.* Indeed, for the distribution of non-life insurance products, the Parties’ combined market share would remain below 25% in the segment for direct sales ([20-30]%) as well as in the segment for outward distribution channels ([20-30]%). As to the distribution of life insurance products, on a potential segment for outward distribution, the Parties’ combined market share would not give rise to an affected market ([10-20]%) and regarding a potential segment for direct sales distribution, while the Parties’ combined market share be

(A) Distribution of non-life insurance products

(A.i) *Overall assessment at national level and for provinces where the Parties' combined market share is between 20% and 30%*

- (97) Based on the Parties' market share at national level, post-Transaction, the Parties' combined market share would amount to [20-30]% in the market for non-life insurance products distribution. Competitors who responded to the market investigation indicated that there are several players who are competitive in the market and would be able to exert competitive pressure on the Parties, mentioning, among the others, Allianz, Unipol, Axa, and Reale Mutua Assicurazioni. One competitor argued that the market is particularly competitive with a significant number of suppliers, who would prevent the increase of the Parties' market power.<sup>91</sup>
- (98) Moreover, the market investigation indicated that, generally, Generali and Cattolica compete closely but also that there are other players competing equally closely with the Parties. A number of respondents to the market investigation noted that the Parties cannot be considered as close competitors.<sup>92</sup>
- (99) The competitive assessment would not materially change for those provinces where the Parties' combined market share is between 20% and 30%, which would be 58 provinces, based on the market share data collected by IVASS, and 42 provinces, based on the market share data collected by ANIA.
- (100) Almost all competitors indicated that, post-Transaction, a sufficient number of players would remain in the market for the distribution of non-life insurance products and they confirmed that their reply would not change considering a geographic level different from the national level.<sup>93</sup>
- (101) The majority of competitors replied that the Transaction will have a neutral impact on the market for the distribution of non-life insurance products and one competitor noted that this market in Italy is particularly mature.<sup>94</sup>

(A.ii) *Assessment for provinces where the Parties' combined market share is above 30%*

- (102) Based on the market shares collected by IVASS, there would be five provinces – Trieste, Rome, Imperia, Venice, and Verona – where the Parties' combined market share is above 30%. However, while in Rome, Imperia, Venice, and Verona, the Parties' combined market share would be just above 30%, Trieste is the only

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relatively high ([70-80]%), the increment brought by Cattolica is extremely limited ([0-5]-point). The Commission, additionally, analysed the Parties' position on the segment for outward distribution, both including and excluding distribution *via* brokers and there is no material change in the Parties' position across these two potential sub-segments, as both Parties use brokers only to a limited extent. Similarly, the Commission alternatively considered the possibility for a regional geographic scope for the distribution of non-life and life insurance and concluded that, in light of the Parties' market share at regional level, such a scope would not significantly change from the assessment –detailed in the present decision– carried out at provincial level. Market shares at regional level are provided under Annex 1.

<sup>91</sup> Questionnaire 1 to Competitors, questions 42-43.

<sup>92</sup> Questionnaire 1 to Competitors, question 47.

<sup>93</sup> Questionnaire 1 to Competitors, question 48.

<sup>94</sup> Questionnaire 1 to Competitors, question 49.



province where the Parties' combined market share would reach [40-50]%. In the province of Trieste, while the combined market share would amount to [40-50]%, the increment brought by Cattolica is moderate, *i.e.* [0-5]-point.

- (103) Similarly, based on the market shares collected by ANIA, the only province where the Parties' market share would be above 30% is the province of Trieste. According to this alternative set of data, the Parties' combined market share would amount to [40-50]%, with a limited increment brought by Cattolica, of [0-5]-point.
- (104) Moreover, the Commission's findings described above in relation to the competitive landscape, closeness of competition, and impact of the Transaction equally apply to those provinces where the Parties' combined market share is above 30% in the distribution of non-life insurance products.
- (B) Distribution of life insurance products
- (B.i) *Overall assessment at national level and for provinces where the Parties' combined market share is between 20% and 30%*
- (105) Based on the Parties' market share at national level, post-Transaction, the Parties' combined market share would amount to [20-30]% in the market for life insurance products distribution. Competitors who responded to the market investigation indicated that there are several players who are competitive in the market and would be able to exert competitive pressure on the Parties, mentioning, among others, Allianz, Unipol, Axa, and Reale Mutua Assicurazioni.<sup>95</sup>
- (106) Moreover, the market investigation indicated that, generally, Generali and Cattolica compete closely but also that there are other players competing sufficiently closely with the Parties. One competitor specified that Generali and Cattolica do not compete particularly closely as they use also different distribution channels, in particular, Generali by using more agents and financial promoters and Cattolica by using more banks.<sup>96</sup>
- (107) The competitive assessment would not materially change for those provinces where the Parties' combined market share is between 20% and 30%, which would be 35 provinces, based on the market share data collected by IVASS, and 14 provinces, based on the market share data collected by ANIA.
- (108) All competitors also indicated that, post-Transaction, a sufficient number of players would remain in the market for the distribution of life insurance products and they confirmed that their reply would not change considering a geographic level different from the national level.<sup>97</sup>
- (109) The majority of competitors replied that the Transaction will have a neutral impact on the market for the distribution of life insurance products and one competitor

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<sup>95</sup> Questionnaire 1 to Competitors, questions 31-32.

<sup>96</sup> Questionnaire 1 to Competitors, question 36.

<sup>97</sup> Questionnaire 1 to Competitors, question 37.

noted that Cattolica will not add anything significant to Generali's position in the market.<sup>98</sup>

*(B.ii) Assessment for provinces where the Parties' combined market share is above 30%*

- (110) Based on the market shares collected by IVASS, there would be four provinces – Trieste, Lodi, Sondrio, and Trapani – where the Parties' combined market is above 30%. However, while in Lodi and Sondrio, the Parties' combined market share would remain between [30-40]%, in Trieste and Trapani, the Parties' combined market share would be above 40%. More specifically, in Trieste, the Parties' combined market share would amount to [80-90]%, although with a negligible increment brought by Cattolica of below [0-5]-point and, in Trapani, the Parties' combined market share would amount to [40-50]%, with a negligible increment brought by Cattolica of [0-5]-point.
- (111) Similarly, based on the market shares collected by ANIA, the only three provinces where the Parties' market share would be above 30% are the provinces of Trieste, Sondrio, and Trapani. According to this alternative set of data, the Parties' combined market share would amount to [70-80]%, [30-40]%, and [30-40]%, respectively, in the three provinces. In all three of these provinces, the increment brought by Cattolica is well below [0-5]-point.
- (112) Moreover, the Commission's findings described above in relation to the competitive landscape, closeness of competition, and impact of the Transaction would apply to those provinces where the Parties' combined market share is above 30% in the distribution of life insurance products. More specifically, the majority of competitors indicated that there are several players who are particularly competitive in the market and would be able to exert competitive pressure on the Parties, mentioning, among the others, Allianz, Unipol, Axa, and Reale Mutua Assicurazioni.<sup>99</sup> Moreover, the market investigation indicated that, generally, Generali and Cattolica compete closely but also that there are other players competing sufficiently closely with the Parties.<sup>100</sup> All competitors also indicated that, post-Transaction, a sufficient number of players would remain in the market for the distribution of life insurance products, also considering the market dynamics on a different geographic level than national.<sup>101</sup> The majority of competitors replied that the Transaction will have a neutral impact on the market for the distribution of life insurance products.<sup>102</sup>

#### 3.3.3.4. Conclusion

- (113) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts as to its compatibility with the internal market as regards the various possible relevant markets and segments for the distribution of insurance products.

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<sup>98</sup> Questionnaire 1 to Competitors, question 38.

<sup>99</sup> Questionnaire 1 to Competitors, questions 31-32.

<sup>100</sup> Questionnaire 1 to Competitors, question 36.

<sup>101</sup> Questionnaire 1 to Competitors, question 37.

<sup>102</sup> Questionnaire 1 to Competitors, question 38.

### 3.3.4. Assistance services

- (114) Assistance services are defined as services organising assistance or support for customers, *e.g.* in the form of sending a car recovery vehicle or organising repatriation of a policyholder.

#### 3.3.4.1. Product market definition

##### ***Notifying Party's view***

- (115) The Notifying Party considers the provision of assistance services as an overall market and acknowledges, regarding the possibility for assistance services provided in the form of an insurance, on the one hand, and provided in the form of a service, on the other hand, to belong to the same market, that there are certain similarities<sup>103</sup> but also some differences<sup>104</sup> between the two.
- (116) The Notifying Party further submits that, for the purpose of the present case, the exact product market for the provision of assistance services can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition identified.

##### ***Commission's assessment***

- (117) In its past decisional practice, the Commission defined assistance services as organising assistance or support for customers. In such market, the assistance provider organises the assistance to the policyholder, while the insurer covers the costs of such unexpected events. These assistance services can be provided contractually to both individuals and corporate customers.<sup>105</sup>
- (118) Within this market, the Commission considered a number of potential sub-segments, according to (i) the type of assistance provided (*e.g.* (i) travel assistance, (ii) road assistance, (iii) home assistance, and (iv) health assistance), (ii) the type of customer (consumers purchasing contracts on an individual basis, as opposed to corporate customers), as well as (iii) the marketing arrangements for the assistance services (fee-based as opposed to insurance-based). Each type of sub-segment may be considered cumulatively.<sup>106</sup>
- (119) In relation to road assistance specifically, the Commission considered a potential distinction between (i) direct sales of assistance services to individuals by operators that have their own fleet or which use an independent network of affiliated but

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<sup>103</sup> In this respect, the Notifying Party notes that from the demand-side perspective, *e.g.*, from the perspective of a car rental agency, assistance provided as part of an insurance product may to some extent be interchangeable with assistance provided as a service.

<sup>104</sup> The Notifying Party highlights notably the fact that assistance provided as part of an insurance product is often sold and purchased as part of a bundle with other insurance products, *e.g.* in the case of roadside assistance insurance, motor vehicle liability and “Casco” insurance (insurance which covers damages to the insurance holder’s own vehicle) and/or legal warranty extensions. Conversely, assistance provided as a service is typically sold on a stand-alone basis.

<sup>105</sup> M.9974 – *Groupe Credit Agricole/Groupe Generali/Europ Assistance France/Viavita*; M.9531 – *Assicurazioni Generali/Seguradoras Unidas/AdvanceCare*.

<sup>106</sup> M.9974 – *Groupe Credit Agricole/Groupe Generali/Europ Assistance France/Viavita*; M.9531 – *Assicurazioni Generali/Seguradoras Unidas/AdvanceCare*; M.8905 – *Axa Group/Roland*; M.4701 – *Generali/PPF Insurance Business*; M.3772 – *Avica/RAC* and M.3517 – *CVC/Permira/AA*.

independently owned and operated assistance vehicles, and (ii) indirect sales through intermediaries, (e.g. car manufacturers, fleet operations, affinity schemes, financial intermediaries, *etc.*) which purchase in bulk from a supplier with a fleet or network and sell it on to end-user customers.<sup>107</sup>

- (120) In the present case, the market investigation did not provide any elements which would justify departing from the Commission's previous practice.
- (121) In any event, the precise definition of the product market for the provision of assistance services can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market concerning an overall market, or any other plausible segment previously envisaged by the Commission.

#### 3.3.4.2. Geographic market definition

##### *Notifying Party's view*

- (122) With respect to the geographic scope of the market of the provision of assistance services, the Notifying Party does not challenge the Commission's prior practice and considers the market to be national in scope.

##### *Commission's assessment*

- (123) In its previous decisional practice, the Commission has consistently considered the market for the provision of assistance services and its potential sub-segments to be national in scope.<sup>108</sup>
- (124) The results of the market investigation conducted in this case did not provide any elements which would justify departing from the Commission's previous findings.

#### 3.3.4.3. Competitive assessment

- (125) As a preliminary point, the Commission notes that, while Generali is directly active on the market for the provision of assistance services in Italy, this is not part of Cattolica's core activities, which is [...] active in this sector through IMA Italia Group. Cattolica and IMA France jointly control IMA Italia Group, which is a company active in the provision of non-life insurance, non-life reinsurance as well as assistance services in Italy.<sup>109</sup>
- (126) The Commission also further notes that, within the provision of assistance services, fee-based road assistance services<sup>110</sup> account for the vast majority of the Parties' activities, *i.e.* [...] for Generali and [...] for Cattolica.

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<sup>107</sup> M.3772 – *Avica/RAC* and M.3517 – *CVC/Permira/AA*.

<sup>108</sup> M.9974 – *Groupe Credit Agricole/Groupe Generali/Europ Assistance France/Viavita*; M.9531 – *Assicurazioni Generali/Seguradoras Unidas/AdvanceCare*; M.8905 – *Axa Group/Roland*.

<sup>109</sup> The Commission cleared the joint acquisition of IMA Italia Group by Cattolica and IMA France on 5 February 2019 (case M.9241 – *Cattolica/IMA France/IMA Italia Group*). IMA Italia Group is therefore considered as part of the Cattolica group for the purpose of the competitive assessment.

<sup>110</sup> As all assistance services provided by the Parties to third-party insurance companies or other types of corporate customers (such as OEMs and car rental companies) are provided on a fee-based basis, the data provided by the Parties with respect to the provision of assistance services only relate to fee-based

### ***Notifying Party's view***

- (127) The Notifying Party first argues that the Transaction does not give rise to a direct horizontal overlap of the Parties in the assistance services market since Cattolica is not directly present in this market.
- (128) Furthermore, the Notifying Party submits that, in any event, the Transaction will not give rise to any horizontal competition concerns considering the number of alternative players active in the provision of assistance services, and the fact that the Parties' position on the overall market or any other potential sub-segments is not significant.

### ***Commission's assessment***

- (129) On the segment for the provision of fee-based road assistance services in Italy, the Parties' combined market share would amount to about [40-50]%, with the increment brought by Cattolica being approximately [5-10]-point.<sup>111</sup>
- (130) The Commission, however, notes that the Parties' market shares are likely to be over-estimated, as the Parties were only able to provide market share data for a segment which is not representative of the competition occurring between segments, and does not include a number of smaller assistance operators providing these services to individual or smaller corporate customers and exerting a competitive pressure on the Parties. The Notifying Party also puts forward that the Parties would continue to face, post-Transaction, competition from a number of players such as ACI, AXA, AWP, and Allianz (AGA).
- (131) The results of the market investigation confirmed in this respect the high number of strong competitors with respect to the provision of road assistance and assistance services in general, such as AXA, Filo Diretto, ACI, MAPFRE, Unipol, Blue Assistance (Reale Mutua Assicurazioni), and Allianz (AGA).<sup>112</sup>
- (132) Both competitors and customers largely indicated that these players would be in a position to exert significant competitive pressure on the merged entity post-

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assistance services. The insurance-based assistance services provided directly by the Parties to final customers (i.e., not corporate customers) were accounted for in the context of the provision of insurance covering assistance risks (in particular in Class Risk 18 – Assistance). In this case, a premium is obtained from the final client as the consideration for the insurance of an assistance risk.

<sup>111</sup> With respect to the alternative potential segmentations considered in the Commission's previous practice, according to the type of customer, marketing arrangements or direct and indirect sales, the Notifying Party indicates that individual customers represent less than [...] of its overall fee turnover for the provision of assistance services, and that only about [...] of its assistance services are achieved through direct sales. The Notifying Party further pointed out that in absence of publicly available data relating to the size of each sub-segment, it was not in a position to provide more granular information with respect to the Parties' market share in narrower plausible segments, but put forward that the Parties' combined position was not likely to change significantly when considering narrower sub-segments.

<sup>112</sup> Questionnaire 1 to Competitors, question 52; Questionnaire 3 to Customers for assistance services, question 5.

Transaction,<sup>113</sup> and that a sufficient number of players would remain on the market.<sup>114</sup>

- (133) Accordingly, a majority of competitors and customers indicated that they did not expect the Transaction to have any significant impact on the market.<sup>115</sup>

#### 3.3.4.4. Conclusion

- (134) In light of the elements set out above, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market on the market for the provision of assistance in Italy, nor on any other plausible narrower segments or sub-segments identified.

#### 3.3.5. *Health insurance management services*

- (135) Health insurance management services encompass administrative and management services (such as, claims management, negotiations with health provider networks, contracts maintenance and management, payment management and complaints handling) to insurance companies as well as managing access to a designated health network for health insurance policyholders and corporate entities. These services can be provided by insurers in-house or be outsourced to a third party.

##### 3.3.5.1. Product market definition

###### ***Notifying Party's view***

- (136) The Notifying Party does not challenge the Commission's conclusions in its past decisional practice and submits that, for the purpose of the present case, the exact product market definition for the provision of health insurance management services can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition identified.

###### ***Commission's assessment***

- (137) In its previous decisional practice, the Commission has identified a separate market for the provision of health insurance management services, and left the question open as to whether health insurance management services should include those services provided in-house or not.<sup>116</sup>
- (138) The Commission has not identified any specific elements, which would justify a change in its previous decisional practice. In any event, the exact product market definition for the provision of health insurance management services can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition.

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<sup>113</sup> Questionnaire 1 to Competitors, question 55; Questionnaire 3 to Customers for assistance services, question 8.

<sup>114</sup> Questionnaire 1 to Competitors, question 56; Questionnaire 3 to Customers for assistance services, question 9.

<sup>115</sup> Questionnaire 1 to Competitors, question 58; Questionnaire 3 to Customers for assistance services, question 10.

<sup>116</sup> M.9531 – *Assicurazioni Generali/Seguradoras Unidas/AdvanceCare*.

### 3.3.5.2. Geographic market definition

#### *Notifying Party's view*

(139) The Notifying Party does not challenge the Commission's conclusions in its past decisional practice and considers the market to be national in scope.

#### *Commission's assessment*

(140) In its previous practice, the Commission has argued that the market is national in scope, given that health insurance management services are an input for the provision of health insurance products, which in turn constitutes a national market.<sup>117</sup>

(141) The Commission has not identified any specific elements which would justify a change in its previous decisional practice.

### 3.3.5.3. Competitive assessment

(142) The Parties' combined market share in the Italian market for the provision of health insurance management services, including captive sales, is [20-30]%, with an increment brought by Cattolica of [0-5]-point. Should the product scope of the market be considered as excluding captive sales, the Parties' combined market share would amount to [10-20]%, with an increment brought by Generali of [0-5]-point; this market, therefore, would not even be affected.

#### *Notifying Party's view*

(143) The Notifying Party argues that, even considering the scope of the market including captive sales, the Parties' combined market share would remain below 30% and just slightly above [20-30]%. Additionally, the Notifying Party observes that a number of competitors are active in the provision of health insurance management services in Italy, such as Previmedical, Unisalute, Poste Welfare e Servizi and Blue Assistance.

#### *Commission's assessment*

(144) The Transaction only gives rise to an affected market with respect to the market for the provision of health insurance management services if captive sales are included in the market, in line with the product market definition previously envisaged by the Commission. Even so, the Parties' combined market share would remain rather moderate and amount to approximately [20-30%], with a limited increment brought by Cattolica of about [0-5]-point.

(145) Furthermore, it results from the market investigation that post-Transaction, the merged entity will continue to face competition from various market players, such as Previmedical (with approximately [20-30]% market share), Unisalute (with approximately [20-30]% market share), Poste Welfare e Servizi (with approximately [10-20]% market share), and Blue Assistance (with approximately [10-20]% market share). The majority of competitors who responded to the market investigation have

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<sup>117</sup> M.9531 – *Assicurazioni Generali/Seguradoras Unidas/Advancecare*.

consistently mentioned these players as strong providers of health management insurance services in Italy.<sup>118</sup>

- (146) The large majority of competitors indicated that, post-Transaction, there will be a sufficient number of players remaining in the market and the majority of them replied that the impact of the Transaction on the market for health insurance management services in Italy will be neutral.<sup>119</sup>

#### 3.3.5.4. Conclusion

- (147) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts as to its compatibility with the internal market as regards the market for the provision of health insurance management services.

### 3.4. Assessment of vertical effects

- (148) The Transaction gives rise to a number of vertically affected markets, between the markets for the **provision of non-life and life insurance products** (and other plausible narrower segments) and the following markets:

- i) the downstream market for **the distribution of non-life insurance**, on which both Generali and Cattolica are active;
  - ii) the downstream market for **the distribution of life insurance**, on which both Generali and Cattolica are active;
  - iii) the upstream market for the **provision of assistance services**, on which Generali is directly active and Cattolica is active through IMA Italia Group;
  - iv) the upstream market for **the provision of health insurance management services**, on which Generali is active and Cattolica is active through IMA Italia Group; and
  - v) the upstream market for **the provision of asset management services**, on which Generali is active providing its services to third parties;
  - vi) the upstream market for **the provision of real estate services**, on which both Generali and Cattolica are active;<sup>120</sup> and
  - vii) the upstream market for **the provision of digital services** on which Generali is active.
- (149) To the extent that one of the above-mentioned relevant markets has not been defined in section 3.3 above, the market definition will be included prior to the competitive assessment of vertical effects.

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<sup>118</sup> Questionnaire 1 to Competitors, question 60.

<sup>119</sup> Questionnaire 1 to Competitors, questions 63-64.

<sup>120</sup> As mentioned above, the Commission notes that while the Parties' activities overlap in the provision of real estate services, the combined market shares of the Parties do not exceed 20% under any plausible product or geographic market or sub-segment considered, so that these markets are not affected.



### 3.4.1. *Provision and distribution of non-life insurance products*

#### 3.4.1.1. Competitive assessment

(150) The Parties' combined market share would be above 30%, upstream, on a number of segments for the provision of non-life insurance products, *i.e.*, railway rolling stock, aircraft, ships, and aircraft liability, should these segments be considered national in scope. Moreover, should the geographic scope of the market for the distribution of non-life insurance be considered narrower than national, the merged entity's market share would be above 30%, downstream, in the provinces of Trieste, Rome, Imperia, Venice, and Verona (based on IVASS), and in the province of Trieste (based on ANIA).<sup>121</sup> This would create an affected vertical relationship between the various segments for the provision of non-life insurance products and the market for the distribution of life insurance products.

#### ***Notifying Party's view***

(151) The Notifying Party submits that neither Generali nor Cattolica sell or distribute insurance products other than their own. Moreover, the Notifying Party observes that, in light of the merged entity's moderate positioning in the potential vertical markets, the Transaction is not likely to create any vertical effects.

#### ***Commission's assessment***

(152) The Commission considers that, even if the vertical relationship between the provision and the distribution of non-life insurance in Italy gives rise to affected markets, it is unlikely that the Transaction will have any impact on competition in those markets, for the reasons set out below.

(153) Regarding input foreclosure, the Commission observes that the Parties do not distribute their insurance products through third parties. Already pre-Transaction, the Parties do not offer their products to competitors for distribution. Moreover, as already mentioned above, the Commission considered in its past practice more appropriate to define the relevant geographic scope for risk classes falling under MAT insurance to be wider than national, therefore, their distribution, similarly, occurs on a wider than national level. In addition, should a national scope of the market be considered, given the absence of a significant change in the degree of market power in the upstream market for the provision of non-life insurance in relation to aircraft (37.4% combined market share, with an increment brought by Cattolica of 0.81%-point), ships (30.44% combined market share, with an increment brought by Cattolica of 7.11%-point), and aircraft liability (48.29% combined market share, with an increment brought by Cattolica of 0.47%-point), input foreclosure of other downstream distributors of such insurance products, as a result of the Transaction, does not appear likely, due to lack of ability. Even for railway rolling stock, where the Parties' combined market share would be of 74.6%, with an increment brought by Cattolica of 15.28%-point, input foreclosure appears unlikely, since, as described above, the Parties only offer their own products for distribution

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<sup>121</sup> As previously mentioned, the Parties provided, at a level narrower than national, two sets of market share data, calculated on the basis of the data published by ANIA (Associazione Nazionale fra le Imprese Assicuratrici), the Italian Insurers Association, and the data published by IVASS (Istituto per la Vigilanza sulle Assicurazioni), the Insurance Supervisory Authority.

and, currently, the biggest share of their premiums comes from a limited number of customers, generally sourced for 100% of their needs by one of the Parties.

- (154) As regards customer foreclosure, considering that the Parties' combined market share on the possible national downstream market for the distribution of non-life insurance product is [20-30]% and considering the largely internal distribution method of such insurance products, customer foreclosure effects on the upstream providers of non-life insurance products is equally unlikely. The assessment would not materially change considering the provinces of Trieste, Rome, Imperia, Venice, and Verona, where, either the Parties' distribution market share is just above 30% or the increment brought by Cattolica is negligible, therefore, the market dynamics would not change post-Transaction.
- (155) Lastly, the Commission notes that the results of the market investigation did not evidence any competition issues with respect to the vertical relationships between the provision (upstream) and distribution (downstream) of non-life insurance products arising from the Transaction.

#### 3.4.1.2. Conclusion

- (156) In view of the elements set out above, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards potential vertical non-coordinated effects on the market for the provision of non-life insurance products, upstream, and the distribution of non-life insurance products, downstream.

#### 3.4.2. *Provision and distribution of life insurance products*

##### 3.4.2.1. Competitive assessment

- (157) The Transaction would create vertical links between the provision and distribution of life insurance products. In particular, the merged entity's market share would be above 30%, upstream, on a number of segments for the provision of life insurance products, *i.e.*, sickness and retirement funds. Moreover, should the geographic scope of the market for the distribution of life insurance be considered narrower than national, the merged entity's market share would be above 30%, downstream, in the provinces of Trieste, Lodi, Sondrio, and Trapani (based on IVASS), and in the province of Trieste (based on ANIA). This would create a vertical relationship between the two segments of sickness and retirement funds, and the market for the distribution of life insurance products.

#### ***Notifying Party's view***

- (158) The Notifying Party submits that neither Generali nor Cattolica sell/distribute insurance products other than their own. Moreover, the Notifying Party observes that, in light of the merged entity's moderate positioning in the potential vertical markets, the Transaction is not likely to create any vertical effects.

#### ***Commission's assessment***

- (159) The Commission considers that, even if the vertical relationship between the provision and the distribution of life insurance in Italy gives rise to affected markets,

it is unlikely that the Transaction will have any impact on competition in those markets for the reasons set out below.

- (160) Regarding input foreclosure, the Commission observes that the Parties do not distribute their insurance products through third parties. Already pre-Transaction, the Parties do not offer their products to competitors for distribution. In addition, given the absence of a significant change in the degree of market power in the upstream market for the provision of life insurance in relation to sickness (59.41% combined market share, with an increment brought by Cattolica of 0.71%-point) and retirement funds (47.17% combined market share, with an increment brought by Cattolica of 1.04%-point), input foreclosure of other downstream distributors of such insurance products, as a result of the Transaction, does not appear likely, due to lack of ability.
- (161) As regards customer foreclosure, considering that the Parties' combined market share on the possible national downstream market for the distribution of life insurance product is [20-30]% and considering the largely internal distribution method of such insurance products, customer foreclosure effects on the upstream providers of life insurance products is equally unlikely. The assessment would not materially change considering the provinces of Trieste, Lodi, Sondrio, and Trapani, where, either the Parties' market share is just above 30% or the increment brought by Cattolica is negligible, therefore, the market dynamics would not change post-Transaction.
- (162) Lastly, the Commission notes that competitors and customers did not evidence any competition issues with respect to the vertical relationships between the provision (upstream) and distribution (downstream) of life insurance products arising from the Transaction.

#### 3.4.2.2. Conclusion

- (163) In view of the elements set out above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the potential vertical non-coordinated effects on the markets for the provision of life insurance products, upstream, and the distribution of life insurance products, downstream.

#### 3.4.3. Assistance services and provision of insurance products

##### 3.4.3.1. Competitive assessment

- (164) The Transaction leads to a vertically affected link with respect to the provision of assistance services in Italy (upstream), where both Parties are active and would have a combined market share of [40-50]%, with the increment brought by Cattolica being approximately [5-10]-point<sup>122</sup> and all segments and sub-segments of the insurance provision market in Italy (downstream).

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<sup>122</sup> For completeness, the Notifying Party confirmed that its market share is not likely to significantly differ if some further narrower potential segments of the market for asset management services were to be considered.

### *Notifying Party's view*

(165) The Notifying Party argues that the provision of assistance services is an input for the provision of insurance, primarily for some specific types of insurance only, namely the provision of non-life insurance relating to Sickness (Risk class 2), Land vehicles (Risk class 3), Goods in transit (Risk class 7), Motor vehicles liability (Risk class 10), Miscellaneous financial loss (Risk class 16), and Assistance (Risk class 18). The Notifying Party argues that the Parties' shares are small and that Cattolica currently sources a limited amounts of assistance services from IMA Italia Group, so that any vertical effects can be excluded on the market.

### *Commission's assessment*

(166) The Commission considers that the Notifying Parties will have neither the ability nor the incentive post-Transaction to engage in either input foreclosure or customer foreclosure.

(167) As mentioned in section 3.3.4.3. above, the Parties are primarily active in the provision of road assistance services. As a result, the assistance services provided by the Parties do not constitute an input for the provision of all types of insurance, but rather focus on a number of specific types of insurance. The Notifying Party identified in this respect six different types of non-life insurance, relating to the following risks: Sickness (Risk class 2), Land vehicles (Risk class 3), Goods in transit (Risk class 7), Motor vehicles liability (Risk class 10), Miscellaneous financial loss (Risk class 16), and Assistance (Risk class 18). On each of these segments, the Parties' combined market share does not exceed 30%.

(168) Therefore, considering the Parties' position on these above-mentioned segments of non-life insurance, it appears unlikely that the Parties would have the ability to engage into customer foreclosure behaviours, in line with the Non-Horizontal Merger Guidelines.<sup>123</sup>

(169) With respect to input foreclosure, and the Parties' ability to restrain the access to the provision of assistance services as an input for insurance contracts, the Commission notes that the Parties would have a combined market share of [40-50]% on the upstream market for the provision of assistance services. In this respect, the results of the market investigation underlined that the merged entity would continue to face the competition of a number of strong providers, such as Axa, Filo Diretto, ACI, Blue Assistance, Unipol (Pronto Assistance), Allianz (AGA), able to exert a significant competitive constraint on the merged entity.<sup>124</sup> Similarly, the market investigation indicated that the vast majority of competitors and customers considered that the number of competitors upstream – which account for

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<sup>123</sup> Pursuant to paragraph 61 of the Non-horizontal Merger Guidelines, for customer foreclosure to be a concern, it must be the case that the vertical merger involves a company which is an important customer with a significant degree of market power in the downstream market. If, on the contrary, there is a sufficiently large customer base, at present or in the future, that is likely to turn to independent suppliers, the Commission is unlikely to raise competition concerns on that ground.

<sup>124</sup> Questionnaire 1 to Competitors, questions 52-54; Questionnaire 3 to Customers for assistance services, questions 5-7.

approximately [60-70]% of the supply base – is sufficient.<sup>125</sup> Accordingly, the vast majority of competitors indicated that they did not anticipate any input foreclosure risks.<sup>126</sup>

- (170) As to the merged entity's ability to foreclose competitors from accessing assistance services, the Commission notes that, pre-Transaction, both Parties were already active on the upstream market for the provision of assistance services, and that they have not set up such an input foreclosure strategy. As such, it appears unlikely that a market share increment of approximately [5-10]-point would create an ability to put into place such a strategy. In addition, considering that Cattolica is [...] active in the provision of assistance services through IMA Italia Group, which it jointly controls with IMA France, the set-up of an input foreclosure strategy would be rendered more difficult by the common governance of the company.
- (171) Lastly, the results of the market investigation did not evidence any competition issues with respect to the vertical relationships between the provision of assistance services in Italy (upstream) and the provision of non-life and life insurance products (downstream), resulting from the Transaction.

#### 3.4.3.2. Conclusion

- (172) It results from the above that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards potential vertical non-coordinated effects on the market for assistance services, upstream, and the provision of insurance, downstream.

#### 3.4.4. *Health management services and provision of insurance products*

##### 3.4.4.1. Competitive assessment

- (173) The Transaction would create vertical links between the provision of health management services and the provision of insurance products relating to health insurance, *i.e.*, accidents and sickness. While the merged entity's market share would be below 30% in the upstream market for health management services, it would be above 30% in the downstream market for the provision of life insurance related to sickness. This would create a vertical relationship between the market for the provision of health insurance management services and the market for the provision of insurance products.

#### ***Notifying Party's view***

- (174) The Notifying Party submits that the Transaction does not alter the upstream market position of the merged entity significantly, since Cattolica has a negligible presence in the market for health insurance management services. Additionally, the Notifying Party suggests that there are several alternatives to the merged entity for the provision of health insurance management services.

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<sup>125</sup> Questionnaire 1 to Competitors, questions 56; Questionnaire 3 to Customers for assistance services, question 9.

<sup>126</sup> Questionnaire 1 to Competitors, questions 57.

(175) According to the Notifying Party, similar considerations would apply to the risk of customer foreclosure. Generali sources health management services from companies that are part of the group, so it does not represent a buyer for third parties. For customer foreclosure to occur, Cattolica would have to be an important customer with a significant degree of market power in the downstream market, however, in the downstream market for the provision of insurance products in relation to sickness, Cattolica holds a market share of 0.71%.

#### ***Commission's assessment***

(176) The Commission considers that, even if the vertical relationship between the provision of health management services and insurance products in Italy gives rise to affected markets, it is highly unlikely that the Transaction will have any impact on competition in those markets for the reasons set out below.

(177) Regarding input foreclosure, the Commission observes that the Transaction will not lead to any significant change in the degree of market power in the upstream market for the provision of health insurance products ([20-30]% combined market share, with an increment brought by Cattolica of [0-5]%-point), therefore, input foreclosure of other downstream providers of insurance products, as a result of the Transaction, does not appear likely, due to lack of ability.

(178) As regards customer foreclosure, Generali sources these services internally and, therefore, does not represent a customer for alternative providers of health insurance management services active in the market upstream. Hence, only Cattolica's sourcing volumes would be relevant for the purposes of assessing whether a customer foreclosure strategy could be likely. Cattolica is, however, a very small player on the only relevant risk segment downstream for the sourcing of health management services, *i.e.*, sickness, where Cattolica has a market share of 0.71%. Customer foreclosure effects on the upstream providers of health management services are, therefore, equally unlikely.

(179) Lastly, the Commission notes that respondents to the market investigation did not evidence any competition issues with respect to the vertical relationships between the provision of health management services (upstream) and the provision of insurance products (downstream) arising from the Transaction.

#### 3.4.4.2. Conclusion

(180) In view of the foregoing, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards potential vertical non-coordinated effects on the market for the provision of health management services, upstream, and the provision of insurance products downstream.

#### 3.4.5. Asset management and provision of insurance products

(181) Asset management encompasses the provision and potential implementation of investment advice.

### 3.4.5.1. Market definition for asset management services

#### (A) Product market definition

##### *Notifying Party's view*

(182) The Notifying Party does not challenge the Commission's decisional practice relating to the provision of asset management services and underlines that the exact definition of the product market can be left open, as the Transaction is not likely to give rise to any competition concerns in relation to vertical links with respect to asset management services.

##### *Commission's assessment*

(183) In its decisional practice, the Commission considered a relevant product market for asset management overall, including the creation and management of mutual funds which are then marketed on an "off-the-shelf" basis (including to retail customers), the provision of portfolio management services to institutional investors (pension funds, institutions and international organisations), and the provision of custody services related to asset management.<sup>127</sup>

(184) The Commission also envisaged the possibility of there being narrower relevant product markets for asset management that would include the creation and management of mutual funds for retail clients and tailor-made funds for corporate and institutional customers, and portfolio management for private investors, pension funds and institutions.<sup>128</sup> The Commission further considered the possible existence of separate relevant product markets for each of the types of products mentioned above.<sup>129</sup>

(185) Within the market of asset management for retail customers, the Commission considered several sub-segmentations:<sup>130</sup> (i) between open and closed retail funds;<sup>131</sup> (ii) between mutual funds sold within a life insurance envelope and mutual funds sold on a standalone basis; (iii) between money market funds and other short term saving agreements, and within money market funds between (a) those sold to corporate investors and (b) those sold to retail investors and (iv) a possible distinction of the so-called *Fonds Communs de Placement d'Entreprise* ("FCPE") from open retail mutual funds.<sup>132</sup>

(186) Within the segment of asset management for institutional clients, the Commission considered the possibility of further sub-segmenting the institutional asset

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<sup>127</sup> M.8837 – *Blackstone/Thomson Reuters F&R Business*, M.8359 – *Amundi/Credit Agricole/Pioneer investments*, M.8257 – *NN Group/Delta Lloyd*, M.6812 – *SFPI/Dexia*.

<sup>128</sup> *Ibid.*

<sup>129</sup> *Ibid.*, M.3894 – *Unicredito/HVB*.

<sup>130</sup> M.5728 – *Crédit Agricole/Société Générale Asset Management*.

<sup>131</sup> M.8359 – *Amundi/Credit Agricole/Pioneer investments* and M.5728 – *Crédit Agricole/Société Générale Asset Management*.

<sup>132</sup> M.5728 – *Crédit Agricole/Société Générale Asset Management*.

management based upon a distinction between active asset management and passive asset management.<sup>133</sup>

- (187) The results of the market investigation in this case did not provide any elements which would justify departing from the Commission's previous decisional practice.
- (188) In any event, the precise definition of the product market for asset management can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market concerning the asset management market, or any other plausible segment previously envisaged by the Commission.

(B) Geographic market definition

***Notifying Party's view***

- (189) The Notifying Party puts forward that the appropriate geographic scope for the provision of asset management services is global or at least EEA-wide in scope, while indicating that this question can ultimately be left open.

***Commission's assessment***

- (190) The relevant geographic market for asset management, or any narrower segment, has previously been considered to be either national or EEA-wide by the Commission.<sup>134</sup> The results of the market investigation did not highlight any elements contradicting the Commission's previous findings.
- (191) In any event, the precise geographic market definition regarding asset management can be left open, as the Transaction does not raise any doubts as to its compatibility with the internal market, irrespective of the exact geographic market definition.

3.4.5.2. Competitive assessment of vertical effects

- (192) The Transaction gives rise to a number of affected vertical relationships with respect to asset management (upstream), where Generali is currently active, and would have a market share of [5-10]% in Italy,<sup>135</sup> and all segment and sub-segments of the insurance provision market in Italy (downstream) where the combined market share of the Parties is above 30%.

***Notifying Party's view***

- (193) The Notifying Party submits that the Transaction is not likely to create any vertical effects in light of Generali's limited market share on the upstream market.

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<sup>133</sup> M.8359 – *Amundi/Credit Agricole/Pioneer investments*, M.5728 – *Crédit Agricole/Société Générale Asset Management*, and M.5580 – *BlackRock/Barclays GIH*.

<sup>134</sup> M.8837 – *Blackstone/Thomson Reuters F&R Business*; M.8257 – *NN Group/Delta Lloyd*; M.6812 – *SFPI/Dexia*; M.4844 – *Fortis/ABN Amro Assets*.

<sup>135</sup> For completeness, the Notifying Party confirmed that its market share is not likely to significantly differ if some further narrower potential segments of the market for asset management services were to be considered.



### *Commission's assessment*

- (194) The Commission considers that the Notifying Parties will have neither the ability nor the incentive post-Transaction to engage in either input foreclosure or customer foreclosure.
- (195) First, regarding input foreclosure, in light of Generali's limited market share, below 10%, on the overall market for the provision of asset management services in Italy, the Commission considers it unlikely that the Parties will engage in any input foreclosure behaviour, for lack of ability, in line with the Non-Horizontal Merger Guidelines.
- (196) As to customer foreclosure, the Commission notes that the vertically affected links derive from the Parties' combined market share on a number of plausible segments and narrower sub-segments of the provision of non-life and life insurance downstream.
- (197) In terms of vertical relationship, nevertheless, all insurance provision segments typically require asset management services in similar proportions, so that the overall market for insurance provision may constitute a more relevant scope to assess the ability and incentive of the Parties to foreclose customers.
- (198) In this respect, the Commission notes that the Parties' combined market share with respect to the provision of (i) life and (ii) non-life insurance overall are very moderate and in any event below 30%, *i.e.* not exceeding 20% in the provision of life insurance and just above 20% in the provision of non-life insurance.
- (199) Furthermore, Cattolica already sources a significant proportion of its needs in asset management services from Generali, for the purpose of its insurance activities. Out of Cattolica's [...] EUR worth of assets under management, approximately [...] EUR are managed by Generali and [...] EUR by third party providers.
- (200) Considering the Parties' position on the overall markets for the provision of life insurance and of non-life insurance, it appears unlikely that the Parties would have the ability to engage into customer foreclosure behaviours. Furthermore, considering that Cattolica already sources a significant proportion of its asset management needs from Generali, only a residual proportion of the demand for asset management services could be diverted from rivals upstream to the combined entity.
- (201) Lastly, in the course of the market investigation, market participants did not highlight any competition issues in relation to the vertical relationships between the provision of asset management services (upstream) and the provision of non-life and life insurance products (downstream) in Italy.

#### 3.4.5.3. Conclusion

- (202) It results from the above that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards potential vertical non-coordinated effects on the market and all plausible segments and sub-segments for asset management, upstream, and the provision of insurance, downstream.

### 3.4.6. Real estate services and provision of insurance products

#### 3.4.6.1. Market definition for real estate services

##### (A) Product market definition

#### ***Notifying Party's view***

(203) The Notifying Party does not challenge the Commission's prior practice and submits that the product market definition can be left open in the present case, as the Transaction will not raise any competition concerns regardless of the exact definition adopted.

#### ***Commission's assessment***

(204) In its previous decisional practice,<sup>136</sup> the Commission has considered a market for the provision of real estate services, as well as the possibility to further divide the market into six main segments, while ultimately leaving this question open:

- i) Asset management: management of real estate asset portfolios;
- ii) valuation: appraisal and valuation of real estate assets;
- iii) development: construction or renovation of existing buildings with the aim of selling or letting the site;
- iv) brokerage: buying/selling and renting/leasing real estate assets on behalf of third parties;
- v) consulting: provision of advice on real estate; and
- vi) property management: management and operation of real estate assets for third parties.

(205) The Commission has also left open whether the market and its segments could also be segmented according to the use made of the real estate assets (commercial or residential) and/or the type of real estate involved (office, industrial, retail properties etc.).<sup>137</sup>

(206) In the present case, the results of the market investigation did not provide any elements which would justify departing from the Commission's previous decisional practice.

(207) The exact definition of the product market for real estate services can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market concerning the real estate market, or any other plausible segment previously envisaged by the Commission.

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<sup>136</sup> M.7663 – DTZ/Cushman & Wakefield; M.6889 – Sogecap/Cardif/Ensemble Immobilier Clichy-la-Garenne; M.7203 – Unibail-Rodamco/CPPIB/Centro; M.6834 – Goldman Sachs/TPG Lundy/Brookgate.

<sup>137</sup> M.7663 – DTZ/Cushman & Wakefield; M.6889 – Sogecap/Cardif/Ensemble Immobilier Clichy-la-Garenne; M.3370 – BNP Paribas/Atis Real International; M.2863 – Morgan Stanley/Olivetti/Telecom Italia/Tiglio.

(B) Geographic market definition

***Notifying Party's view***

(208) The Notifying Party does not challenge the Commission's prior practice and indicates that it is not necessary to determine the exact geographic scope of the market.

***Commission's assessment***

(209) The Commission has previously considered that the market for the provision of real estate services, and its narrower segments, could be national, regional, or local, while ultimately leaving this question open.<sup>138</sup>

(210) The results of the market investigation did not provide any elements contradicting the Commission's previous findings.

(211) Given however that the Transaction would not lead to any serious doubts under any plausible geographic scope, the precise geographic scope of the market can be left open.

3.4.6.2. Competitive assessment of vertical effects

(212) The Transaction results in the creation of a number of vertically affected relationships with respect to real estate services (upstream), where both Generali and Cattolica are active,<sup>139</sup> with a combined market share below 10%, and all segments and sub-segments of the insurance provision market in Italy (downstream) where the combined market share of the Parties is above 30%.

***Notifying Party's view***

(213) The Notifying Party argues that it is not clear whether the provision of real estate service could be considered as an upstream market for the provision of life and non-life insurance. In any event, it submits that the market share levels of the Parties on the upstream market or the downstream market are not likely to give rise to any competition issue.

***Commission's assessment***

(214) The Commission considers that the Notifying Parties will have neither the ability nor the incentive post-Transaction to engage in either input foreclosure or customer foreclosure.

(215) Regarding input foreclosure, in light of the Parties' limited market share (below 10%) on the overall market for the provision of real estate services in Italy, and the Parties' confirmation that on any other narrower segments or geographic scope their combined market share would not exceed 20%, the Commission considers that the Parties will have neither the ability nor the incentive to engage in any input foreclosure behaviour, in line with the Non-Horizontal Merger Guidelines.

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<sup>138</sup> M.7663 – DTZ/Cushman & Wakefield.

<sup>139</sup> As mentioned above, the Parties' overlapping activities in relation to the provision of real estate services do not give rise to any affected market or segments at horizontal level.

- (216) As to customer foreclosure, the Commission notes that real estate services may only serve as an input for certain types of insurance products related to property, and that it is relevant to primarily focus on the Parties' combined market shares on these markets. According to the definitions provided by the Parties of the Italian regulatory framework, the main relevant categories are the provision of non-life insurance relating to fire and natural forces (Risk class 8), as well as other damage to property (Risk class 9).
- (217) In terms of vertical relationship, nevertheless, all insurance provision segments typically require asset management services in similar proportions, so that the overall market for insurance provision may constitute a more relevant scope to assess the ability and incentive of the Parties to foreclose customers.
- (218) In this respect, the Commission notes that the Parties' combined market share on these segments is very moderate and in any event below 30%, *i.e.* not exceeding 20% in the provision of non-life insurance relating to fire and natural forces and below 28% in the provision of non-life insurance relating to other damages to property. Furthermore, both Generali and Cattolica source a significant proportion of their needs in real estate internally,<sup>140</sup> with a residual supply to third parties.
- (219) Considering the Parties' position on the segments of the provision of non-life insurance that are relevant to the provision of real estate services, it appears unlikely that the Parties would have the ability to engage into customer foreclosure behaviours. In addition, in light of the fact that both Parties pre-Transaction already source most of their need in real estate services internally, it is unlikely that the minor increment resulting from the Transaction in the provision of non-life insurance products brought by Cattolica will give them enough of an incentive to engage into a customer foreclosure behaviour.
- (220) Furthermore, the results of the market investigation did not evidence any competition issues with respect to the vertical links between the provision of real estate services (upstream) and the provision of non-life and life insurance products (downstream) in Italy, resulting from the Transaction.

#### 3.4.6.3. Conclusion

- (221) In light of the elements set out above, the Transaction does not raise serious doubts as to its compatibility with the internal market as regards potential vertical non-coordinated effects on the market and all plausible segments and sub-segments for real estate services, upstream, and the provision of insurance, downstream.

#### 3.4.7. *Digital services and provision of insurance products*

- (222) Digital services consist in the development and provision to consumers and undertakings of smart devices and technological solutions for internet-of-things systems, connected vehicles, demotics and occupational safety.

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<sup>140</sup> Generali's captive (intra-group) revenues account for approximately [...] of its real estate revenues of at group level.

### 3.4.7.1. Market definition for digital services

#### (A) Product market definition

##### ***Notifying Party's view***

(223) The Notifying Party submits that, for the purposes of this case, the exact definition of the product market can be left open, as the Transaction will not raise competition concerns under any plausible product market definitions.

##### ***Commission's assessment***

(224) In its past practice<sup>141</sup>, the Commission has examined the market for the provision of IT services and considered various sub-segmentations (based on the data gathered by the industry analyst Gartner), namely: (i) hardware maintenance, (ii) software maintenance and support, (iii) consulting, (iv) development integration, (v) IT management services, (vi) business management services, and (vii) education and training. The Commission has also considered the opportunity of subdividing the IT services market based on the customers' sector (*e.g.*, financial services, transport manufacturing, government), or of the distinction between small and larger customers.<sup>142</sup> The Commission ultimately left the exact definition of the product market open.

(225) The Commission has not identified any specific elements which would justify a change in its previous decisional practice. In any event, the exact product market definition for the provision of digital services can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition.

#### (B) Geographic market definition

##### ***Notifying Party's view***

(226) The Notifying Party submits that, for the purposes of this case, the exact definition of the geographic market can be left open, as the Transaction will not raise any competition concerns under any plausible geographic market definitions.

##### ***Commission's assessment***

(227) In its past decisional practice, the Commission has considered that certain IT services markets could have a national geographic market dimension (since IT solutions are customised according to language and require the maintenance of a close relationship between the service provider and the client). In recent cases, however, the Commission has found an increasing globalization of the supply and demand for IT services, therefore, arguing in favour of a broader geographic market definition, which could be, at least, EEA-wide.<sup>143</sup> The Commission ultimately left the geographic market definition open.

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<sup>141</sup> M.6127 – *Atos Origin/Siemens IT Solutions & Services*; M.3571 – *IBM/Maerskdata/DMDData*; M.5301 – *Cap Gemini/BAS*.

<sup>142</sup> M.6127 – *Atos Origin/Siemens IT Solutions & Services*.

<sup>143</sup> M.6127 – *Atos Origin/Siemens IT Solutions & Services*; M.5197 – *Hewlett Packard/EDS*.

(228) The Commission has not identified any specific elements which would justify a change in its recent decisional practice. In any event, the exact geographic market definition for the provision of digital services can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition.

#### 3.4.7.2. Competitive assessment of vertical effects

(229) Only Generali is active in the market for the provision of digital services, while Cattolica is not. Cattolica sources digital services from third party providers, including Generali, and offers them to insured customers as touchpoint (*e.g.*, mobile app or website) or as innovative services (such as motor telematics or telemedicine).

(230) The Notifying Party does not have reliable estimates on the size of the EEA market for the provision of digital services. For Italy, the Notifying Party has elaborated its best internal estimates based on the 2020 statistical data published by the Polytechnic University of Milan concerning the car & mobility sector as to the number of telematics devices in Italy and the value of car & mobility telematics services in Italy. On the basis of such data, the estimated market share of Generali in the car & mobility segment in terms of number of devices would amount to approximately [10-20]% and the estimated market share of Generali in terms of value of services would amount to approximately [10-20]%.<sup>144</sup>

(231) The Transaction would create affected vertical links between the provision of digital services and the provision of insurance products relating to all those risk classes where, downstream, the Parties' combined market share is above 30% (for non-life insurance, only in case a national geographic market definition is considered, these risk classes would be railway rolling stock, aircraft, ships, and aircraft liability. For life insurance, these risk classes would be sickness and retirement funds).

#### *Notifying Party's view*

(232) The Notifying Party submits that the Transaction does not alter the upstream market position of the merged entity, since Cattolica has no presence in the upstream market for the provision of digital services.

(233) The Notifying Party further observes that Generali sources digital services from companies that are part of the group, so it does not represent a buyer for third parties. For customer foreclosure to occur, Cattolica would have to be an important customer with a significant degree of market power in the downstream market, while it is not the case in practice.

#### *Commission's assessment*

(234) The Commission considers that, even if the vertical relationship between the provision of digital services and insurance products in Italy gives rise to affected markets, it is highly unlikely that the Transaction will have any impact on competition in those markets for the reasons set out below.

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<sup>144</sup> The Notifying Party confirmed that, under any plausible alternative product market segmentation of the market for digital services, Generali's market share would remain below 30%.

- (235) Regarding input foreclosure, the Commission observes that the Transaction will not change the Parties' position in the upstream market, since only Generali is currently active in this market with a market share of approximately [10-20]%, which would, in any case, be too limited to grant Generali the ability to carry out a strategy of input foreclosure. Input foreclosure, as a result of the Transaction, is, therefore, unlikely.
- (236) As regards customer foreclosure, Generali sources digital services from companies that are part of the group, therefore, it does not represent a buyer for third parties' input (digital services) and Cattolica does not hold a sufficient degree of market power on the downstream markets for the provision of life and non-life insurance products in any of the individual risk classes considered, to the extent that it cannot represent a significant buyer for third parties' input (digital services). Notably, Cattolica would hold a market share always below 3% across all risk classes for life insurance provision and it would hold a market share always below 7% across all risk classes for non-life provision, with the exception of ships, where it would hold 7.11% market share and railway rolling stock, where it would hold 15.28% market share. Notwithstanding the fact that 7.11% and 15.28% market share in ships and railway rolling stock, respectively, would not be sufficient to justify a strategy of customer foreclosure, the Commission also observes that, as already mentioned above, the most appropriate segmentation for these risk classes would appear to be wider than national and, on an EEA-wide basis, Cattolica's market share would be even more diluted. Therefore, customer foreclosure would appear unlikely.
- (237) Lastly, the Commission notes that the results of the market investigation did not evidence any competition issues with respect to the vertical relationships between the provision of digital services (upstream) and the provision of insurance products (downstream) arising from the Transaction.

#### 3.4.7.3. Conclusion

- (238) In view of the foregoing, the Commission concludes that the Transaction would not raise serious doubts as to its compatibility with the internal market as regards potential vertical non-coordinated effects on the market for the provision of digital services, upstream, and the provision of insurance products, downstream.

## 4. CONCLUSION

- (239) 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 and Article 57 of the EEA Agreement.

*For the Commission*

*(Signed)*  
*Margrethe VESTAGER*  
*Executive Vice-President*

## Annex 1

IVASS DATA - Market share of Generali and Cattolica at Province level of non-life insurance products for years 2017, 2018 and 2019 within Italy

[...]

IVASS DATA - Market share of Generali and Cattolica at Province level of life insurance products for years 2017, 2018 and 2019 within Italy

[...]

ANIA DATA - Market share of Generali and Cattolica at Province level of non-life insurance products for years 2017, 2018 and 2019 within Italy

[...]

ANIA DATA -Market share of Generali and Cattolica at Province level of life insurance products for years 2017, 2018 and 2019 within Italy

[...]