EUROPEAN COMMISSION

Brussels, 29.6.2021
C(2021) 4927 final

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Allianz S.p.A
Piazza Tre Torri No. 3
20145 Milan
Italy

Subject: **Case M.10229 – Allianz/Aviva Italia**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 27 May 2021, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Allianz S.p.A. ("Allianz", Italy or the "Notifying Party") acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Aviva Italia S.p.A ("Aviva Italia", Italy) by way of purchase of shares[3]. Together, Allianz and Aviva Italia are referred to hereinafter as the "Parties".

1 OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.
2 OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').
3 Publication in the Official Journal of the European Union No C 210, 03.06.2021, p. 8.

Commission européenne, DG COMP MERGER REGISTRY, 1049 Bruxelles, BELGIQUE
Europese Commissie, DG COMP MERGER REGISTRY, 1049 Brussel, BELGIË

Tel: +32 229-91111. Fax: +32 229-64301. E-mail: COMP-MERGER-REGISTRY@ec.europa.eu.

1. THE PARTIES

(2) Allianz is a joint stock company active in the provision and distribution of both life and non-life insurance, as well as being active in the reinsurance sector in Italy. It is part of the Allianz Group, which provides financial services mainly in the field of life and non-life insurance and asset management.

(3) Aviva Italia is a joint stock company active in the market for non-life insurance products in Italy. Aviva Italia is currently wholly owned by Aviva Italia Holding S.p.A ("AIH", Italy), part of Aviva Group, which is active in the insurance sector.

2. THE TRANSACTION

(4) Pursuant to a share purchase agreement, dated 3 March 2021, Allianz will acquire 100% of the issued share capital of Aviva Italia from AIH (the "Transaction"). As a result, Allianz will acquire sole control over Aviva Italia.

(5) The Transaction would therefore give rise to a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million (Allianz Group: EUR 142 508 million; Aviva Italia: […])[4]. Each of them has a Union-wide turnover in excess of EUR 250 million (Allianz Group: […]; Aviva Italia: […]). Aviva Italia achieves more than two-thirds of its aggregate EU-wide turnover in Italy, but Allianz Group does not.

(7) Therefore, the notified concentration has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

4. RELEVANT MARKETS

(8) Aviva Italia is an insurance company active principally in the provision and direct distribution of non-life insurance services in Italy. Allianz also offers such services in Italy.[5]

(9) The Parties' activities overlap mainly in credit and suretyship insurance. The Transaction also gives rise to a number of horizontal and vertical overlaps between the Parties' activities in non-life insurance sector in Italy that do not result in affected markets[6]. These are not discussed further in the present Decision.

---

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

5 In addition to Allianz, some other (branches of) companies belonging to Allianz Group are active in the non-life insurance sector in Italy. These include Allianz Global Corporate & Speciality, Allianz Partners, Euler Hermes and Allianz Worldwide Care. In the remainder of the decision, references to the activities of Allianz include also activities of these entities.

6 The Parties overlap in all segments of the non-life insurance market listed in recital (12). However, with the exception of credit and suretyship insurance, the combined market share of the Parties in 2020, 2019, and 2018 was below 20% in each of these plausible relevant markets and their sub-segments or the

(10) The remainder of this Section discusses market definitions in the non-life insurance sector, which are relevant for the analysis of the horizontal and non-horizontal overlaps in the Parties' activities.

4.1. Credit and suretyship insurance

4.1.1. Product market definition

4.1.1.1. Previous Commission decisions

(11) In its decisional practice, the Commission consistently identifies three categories of insurance services: life insurance; non-life insurance; and reinsurance.[7]

(12) As regards non-life insurance products, the Commission's consistent approach is to consider that relevant product markets can be divided along the lines of the risks insured. The Commission's previous decisional practice typically considers a distinction between the following non-life insurance products: (i) accident and sickness, (ii) motor vehicle, (iii) property, (iv) liability, (v) marine, aviation and transport ("MAT"), (vi) credit and suretyship, and (vii) travel insurance.[8]

(13) As indicated at recital (9) above, the Parties' insurance activities result in affected horizontal and vertical overlaps only in credit and suretyship insurance. Credit and suretyship insurance products offer protection to insured parties (including suppliers of goods and services) against the effect of insolvency of a debtor or against extended late payments.[9] In relation to credit and suretyship insurance, the Commission in the past considered five types of services:[10] (i) delcredere insurance;[11] (ii) capital goods insurance;[12] (iii) consumer credit insurance;[13] (iv) fidelity insurance;[14] and (v) guarantee insurance.[15] In its most recent decisional

---

Parties' activities did not overlap. Regarding vertical links, the Parties' individual or combined market share was below 30% in each of these plausible relevant markets and their sub-segments, with the exception of delcredere insurance. Moreover, both Parties have minimal activities in the distribution of their own non-life insurance products. The combined market share of the Parties in a market for insurance distribution is less than 5-10% under any plausible market definition (Form CO, fn. 24 and fn. 37).

7 See recently, Commission decision of 29 July 2020, Case M.9796 – *Uniqa/Axa (Insurance, Asset Management and Pensions – Czechia, Poland and Slovakia),* recital 7 and Commission decision of 26 September 2019, Case M.9432 – *Allianz Holdings/Legal and General Insurance*, recitals 7ff.

8 See recently, Commission decision of 29 July 2020, Case M.9796 – *Uniqa/Axa (Insurance, Asset Management and Pensions – Czechia, Poland and Slovakia),* recital 9; Commission decision of 10 December 2018, Case M.9056 – *Generali CEE/AS*, recital 12; and Commission decision of 7 April 2017, Case M.8257 – *NN Group/Delta Lloyd*, recital 73.

9 Commission decision of 8 May 1998, Case M.1082 – *Allianz/AGF*, recital 17.

10 See recently, Commission decision of 19 November 2012, Case M.6743 - *Talanx International/Meiji Yasuda Life Insurance Company/Hdi Poland*, recitals 38-39.

11 Delcredere insurance services protect policy holders against insolvency of their clients in the domestic market and abroad (see Commission decision of 8 May 1998, Case M.1082 – *Allianz/AGF*, recital 17).

12 Capital goods insurance services cover insolvency risks deriving from the purchase of installations and factories in the domestic market of the insured party and abroad (see Commission decision of 19 May 1998, Case M.1101 – *Hermes/Sampo/FGB-FCIC*, recital 26).

13 Consumer credit insurance covers the ability of policyholders to meet credit repayments vis-a-vis banks and other financial institutions (cf. Commission decision of 8 May 1998, Case M.1082 – *Allianz/AGF*, recital 20).

14 Fidelity insurance services cover internal risks deriving from illicit actions committed by employees of the insured (Commission decision of 19 May 1998, Case M.1101 – *Hermes/Sampo/FGB-FCIC*, recital 25).

practice, the Commission left open the question whether there is one single market for all credit and suretyship insurance services or whether separate markets should be defined for each type of services listed under (i)-(v) above.[16]

4.1.1.2. Notifying Party's view

(14) In the present case, the Notifying Party considers that the precise product market definition should be left open because the Transaction does not give rise to competition concerns under any plausible product market definition.[17]

4.1.1.3. Commission's assessment

(15) The Commission's investigation did not provide any indications that it would be appropriate for the Commission to depart from its previous decisional practice to consider a distinct market for credit and suretyship insurance.

(16) In this case, the question whether the market for credit and suretyship insurance should be further narrowed in line with the five types of service listed at recital (13) above can be left open since the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement under any of these narrower plausible market definitions.

4.1.2. Geographic market definition

4.1.2.1. Previous Commission decisions

(17) In previous decisions, the Commission has considered that the markets for non-life insurance products and their sub-segmentations are likely national in scope, and potentially wider than national for certain risk classes of non-life insurance (e.g., for MAT insurance).[18]

(18) The Commission has consistently considered the relevant market for credit and suretyship insurance services (and its possible sub-segments) to be national in scope.[19]

4.1.2.2. Notifying Party's view

(19) The Notifying Party did not contest that the relevant markets concerning non-life insurance services in general and credit and suretyship insurance in particular are national in scope. The Notifying Party added that it is the established practice of the

---

15 Guarantee insurance is a type of insurance which covers the will to perform certain contractual or statutory obligations (Commission decision of 29 March 2006, Case M.3786 – *BPI/Euler Hermes/Cosec*, recital 17).

16 Commission decision of 19 November 2012, Case M.6743 -- *Talanx International/Meiji Yasuda Life Insurance Company/Hdi Poland*, recitals 38-39; Commission decision of 4 April 2012, Case M.6521 – *Talanx International/Meiji Yasuda Life Insurance/Warta*, recitals 48-49; Commission decision of 15 April 2008, Case M.5083, *Groupama/OTP Garancia*, recitals 12-13.

17 Form CO, recital 6.13.

18 See recently, Commission decision of 29 July 2020, Case M.9796 – *Uniqa/Axa (Insurance, Asset Management and Pensions – Czechia, Poland and Slovakia)*, recital 10.

19 See recently, Commission decision of 19 November 2012, Case M.6743 -- *Talanx International/Meiji Yasuda Life Insurance Company/Hdi Poland*, recitals 65-67.

Italian Competition Authority to consider the relevant markets for non-life insurance services as national in scope.[20]

4.1.2.3. Commission's assessment

(20) The Commission's investigation did not provide any indications that would require the Commission to depart from its previous decisional practice on the geographic scope of the markets for non-life insurance services (including the market for credit and suretyship insurance and its possible sub-segments) being national.

(21) For the purposes of this decision, therefore, the Commission considers the geographic scope of the market for credit and suretyship insurance (and its possible sub-segments) to be national in scope.

4.2. Insurance distribution

4.2.1. Product market definition

4.2.1.1. Previous Commission decisions

(22) Insurance products are distributed by brokers ("brokerage distribution"), or through other channels ("direct distribution"). Direct distribution channels include distribution by the insurers themselves through own sales forces ("pure direct distribution" or other outward channels (e.g., agents, banks, or other insurers).

(23) Brokerage distribution is generally required by large corporations that require professional broker advice and complex customized insurance solutions when insuring large and complex risks. In previous Decisions, the Commission has considered the distribution of insurance via brokers as a separate product market, as most customers consider that the other channels are not substitutes for brokerage services.[21]

(24) The Commission has previously identified a market for the distribution of insurance products, but has left open the question of whether this market includes only outward channels, or both outward channels and pure direct distribution.[22] However, for the purposes of this Decision, only a market for insurance distribution including both outward channels and pure direct distribution is relevant as both Allianz and Aviva Italia are each involved in pure direct distribution only (they do not distribute third-party products).[23] The remainder of this Decision therefore refers to a plausible market for direct insurance distribution including both pure direct distribution and other outward channels.[24]

---

20 IAA, Decision of 17 March 2020, No. 28193. Case C12283 -- *Intesa Sanpaolo/RBM Assicurazione Salute*; IAA, Decision of 5 March 2014, No. 24828 -- Case C11936 – *Societa Cattolica di Assicurazione/Fata Assicurazioni Danni*.

21 See recently Commission decision of 22 March 2019, Case M.9196 – *March & McLennan Companies/Jardine Lloyd Thompson Group*, recital 14.

22 See e.g., Commission decision of 26 June 2019, Case M.9432 – *Allianz Holdings/Legal and General Insurance*, recital 21; Commission decision of 18 October 2017, Case M.8617 – *Allianz/LV General Insurance Business*, recital 22.

23 Form CO, recitals 6.5 and 6.6.

24 Direct distribution only is not a plausible market. It includes the sales forces and office network of insurance companies themselves that is by definition not open to other competing insurance providers.

(25) The Commission previously considered that a distinction could be made between the distribution of (i) life and (ii) non-life insurance products, as different providers tend to be involved and the distribution of life insurance in Europe is regulated separately from other types of insurance but ultimately left the exact product market definition open.[25]

4.2.1.2. Notifying Party's view

(26) In the present case, the Notifying Party considers that the precise product market definition regarding insurance distribution should be left open because the Transaction does not give rise to competition concerns under any plausible product market definition.[26]

4.2.1.3. Commission's assessment

(27) The Commission's investigation did not provide any indications that it would be appropriate for the Commission to depart from its previous decisional practice of distinguishing separate markets for insurance distribution between brokerage distribution and other direct insurance distribution channels.[27]

(28) In this case, the exact product market definition for direct insurance distribution can be left open since the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement under any plausible market for direct distribution (i.e., direct distribution including pure direct distribution; direct distribution excluding pure direct distribution; life insurance direct distribution including pure direct distribution; life insurance direct distribution excluding pure direct distribution; non-life insurance direct distribution including pure direct distribution; and non-life insurance direct distribution excluding pure direct distribution). The market for direct insurance distribution is hereinafter referred as the market for "insurance distribution".

4.2.2. Geographic market definition

4.2.2.1. Previous Commission decisions

(29) In previous decisions, the Commission has generally considered the market for the distribution of insurance products and non-life insurance products (including the distribution of non-life insurance products) and its various sub-segments as national.[28]

---

25 See e.g., Commission decision of 26 June 2019, Case M.9432 – *Allianz Holdings/Legal and General Insurance*, recital 21; Commission decision of 18 October 2017, Case M.8617 – *Allianz/LV General Insurance Business*, recital 22, Commission decision of 22 March 2019, Case M.9196 – *March & McLennan Companies/Jardine Lloyd Thompson Group*, recital 10.

26 Form CO, recital 6.20.

27 We note, however, that previous Decisions where the Commission considered the markets for brokerage distribution (e.g. decision of 22 March 2019, Case M.9196 – *March & McLennan Companies/Jardine Lloyd Thompson Group)* relate largely to brokerage for large corporate clients and complex risks, where the distinction between brokerage and other channels is clearer than in case of individual clients for more simple risks.

28 See e.g., Commission decision of 26 June 2019, Case M.9432 – *Allianz Holdings/Legal and General Insurance*, recital 22; Commission decision of 18 October 2017, Case M.8617 – *Allianz/LV General Insurance Business*, recital 25.

(30) For insurance distribution in Italy, the Commission has also considered in the past a geographic market definition that is narrower than national, i.e., at the level of province in Italy.[29] In that case, the Commission ultimately left open the question whether the market(s) for insurance distribution cover the whole of Italy or whether there are separate markets for each province in Italy.[30]

4.2.2.2. Notifying Party's view

(31) In the present case, the Notifying Party considers that the precise geographic market definition can be left open because the Transaction does not give rise to competition concerns under any plausible geographic market definition.[31]

4.2.2.3. Commission's assessment

(32) The Commission's investigation did not provide any indications that would require the Commission to depart from its previous decisional practice that the geographic market for insurance distribution is at most national in scope.

(33) The question whether the geographic market definition should be further narrowed (i.e. to the level of each province in Italy) can be left open since the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement under either plausible geographic market definition.

5. COMPETITIVE ASSESSMENT

5.1. Introduction

(34) 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, in particular as a result of the creation or strengthening of a dominant position.

(35) A merger giving rise to a significant impediment of effective competition may do so as a result of the creation or strengthening of a dominant position in the relevant market(s). Moreover, mergers in oligopolistic markets involving the elimination of the important competitive constraints that the parties previously exerted on each other, together with a reduction of competitive pressure on the remaining competitors, may also result in a significant impediment to effective competition, even in the absence of dominance.

(36) The Commission Guidelines on the assessment of horizontal mergers under the Merger Regulation (the "Horizontal Merger Guidelines")[32] describe horizontal non-coordinated effects as follows: "*A merger may significantly impede effective*

29 See Commission decision of 10 June 2014, Case M.7233 – *Allianz/Going Concern of Unipolsai Assicurazioni*, recitals 23-26.

30 See Commission decision of 10 June 2014, Case M.7233 – *Allianz/Going Concern of Unipolsai Assicurazioni*, recital 26.

31 Form CO, paragraph 6.23.

32 OJ C 31, 5.2.2004, p. 5.

competition in a market by removing important competitive constraints on one or more sellers who consequently have increased market power. The most direct effect of the merger will be the loss of competition between the merging firms. For example, if prior to the merger one of the merging firms had raised its price, it would have lost some sales to the other merging firm. The merger removes this particular constraint. Non-merging firms in the same market can also benefit from the reduction of competitive pressure that results from the merger, since the merging firms' price increase may switch some demand to the rival firms, which, in turn, may find it profitable to increase their prices. The reduction in these competitive constraints could lead to significant price increases in the relevant market."[33]

(37) The Horizontal Merger Guidelines list a number of factors which may influence whether or not significant non-coordinated effects are likely to result from a merger, such as the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important competitive force.[34] That list of factors applies equally regardless of whether a merger would create or strengthen a dominant position, or would otherwise significantly impede effective competition due to non-coordinated effects. Furthermore, not all of these factors need to be present for significant non-coordinated effects to be likely. The list of factors, each of which is not necessarily decisive in its own right, is also not an exhaustive list.[35]

(38) Finally, the Horizontal Merger Guidelines describe a number of factors, which could counteract the harmful effects of the merger on competition, including the likelihood of buyer power, the entry of new competitors on the market, and efficiencies.

(39) In addition, the Commission Guidelines on the assessment of non-horizontal mergers under the Merger Regulation (the "Non-horizontal Merger Guidelines") distinguish between two main ways in which vertical mergers may significantly impede effective competition, namely input foreclosure and customer foreclosure.[36]

(40) For a transaction to raise input foreclosure competition concerns, the merged entity must have a significant degree of market power upstream.[37] In assessing the likelihood of an anticompetitive input foreclosure strategy, the Commission has to examine whether (i) the merged entity would have the ability to substantially foreclose access to inputs; (ii) whether it would have the incentive to do so; and (iii) whether a foreclosure strategy would have a significant detrimental effect on competition downstream.[38]

(41) For a transaction to raise customer foreclosure competition concerns, the merged entity must be an important customer with a significant degree of market power in the downstream market.[39] In assessing the likelihood of an anticompetitive customer foreclosure strategy, the Commission has to examine whether (i) the merged entity would have the ability to foreclose access to downstream markets by reducing its

33 Horizontal Merger Guidelines, paragraph 24.
34 Horizontal Merger Guidelines, paragraphs 27 and following.
35 Horizontal Merger Guidelines, paragraphs 24-38.
36 OJ L 24, 29.1.2004, p. 1.
37 Non-horizontal Merger Guidelines, paragraph 35.
38 Non-horizontal Merger Guidelines, paragraph 32.
39 Non-horizontal Merger Guidelines, paragraph 61.

purchases from upstream rivals; (ii) whether it would have the incentive to do so; and (iii) whether a foreclosure strategy would have a significant detrimental effect on consumers in the downstream market.[40]

5.2. Overview of Affected Markets

(42) On the basis of the above market definitions and the Parties' activities, the Transaction results in the following affected markets:

(a) the provision of credit and suretyship insurance services in Italy; and

(b) the provision of credit and suretyship insurance (if the product market was limited to delcredere insurance) (upstream) and (non-life) insurance distribution in Italy or in each Italian province (downstream).

5.3. Horizontally affected market (Credit and suretyship insurance in Italy)

(43) The activities of the Parties in non-life insurance services only give rise to a horizontally affected market in the plausible market for credit and suretyship insurance services in Italy.[41]

(44) **Table 1** below shows the market shares of the Parties and their competitors in the credit and suretyship insurance market in Italy in the last three years.

40 Non-horizontal Merger Guidelines, paragraph 59.

41 The proposed Transaction does not give rise to horizontally affected markets in any of the plausible narrower markets related to credit and suretyship insurance services (listed in recital (13) above). The Parties' activities do not overlap in delcredere insurance in Italy (only Allianz is active). Neither of the Parties is active in capital goods insurance or in fidelity insurance in Italy. The Parties are both active in consumer credit insurance and in guarantee insurance in Italy but their combined share was below 20% in 2020, 2019, and 2018.

Table 1 -- Market shares in Credit and Suretyship Insurance in Italy (Form CO, Table 13)

Credit and Suretyship Insurance – Italy (2018, 2019, 2020)						
Supplier	2018		2019		2020	
	GWP (EUR m)	Share (%)	GWP (EUR m)	Share (%)	GWP (EUR m)	Share (%)
Allianz Group	258	24,3	283,94	24.94	273,153	24,25
Aviva	8,2	0,8	10,18	0,9	11,267	1,0
Combined	266,3	25,1	294,13	25,8	284	25,25
Unipol	51,1	4,8	50	4,4	47	4,2
Generali	51,7	4,9	53	4,6	60	5,3
Cattolica	19,2	1,8	21	1,8	22	2,0
Coface	189	17,8	186,02	16,3	188,103	16,7
Atradius Credito Y Caucion	117	11	117,687	10,3	106,2	9,4
Sace BT	63,3	6	63,746	5,6	65,216	5,8
Elba Compagnia di ass.ni e riass.ni	50	5	58	5	54	5
Societa' Reale Mutua	36	3	37	3	36	3
Net Insurance	26	2	28	2	36	3
S2c	17	2	25	2	30	3
Axa Assicurazioni	27	3	30	3	29	3
HDI Assicurazioni	21	2	22	2	22	2
Groupama Assicurazioni	23	2	21	2	20	2
Credendo – Excess & Surety	12	1	16	1	14	1
Italiana Assicurazioni	15	1	16	1	17	1
Zurich Insurance	13	1	18	2	16	1
Cardif assurances risques divers	19	2	19	2	11	1
Itas Mutua	9	1	9	1	8	1
CF Assicurazioni	2	0	7	1	8	1
Tokio Marine Europe	-	0	-	0	6	1
Bene Assicurazioni	3	0	5	0	6	1
Total	1.062,5	100	1.138,39	100	1.126,41	100

Source: ANIA – *Premi Del Lavoro Diretto Italiano.*

(45) Post-Transaction, the combined share of the Parties in the market for credit and suretyship insurance in Italy would be 25.3%.[42] The Transaction is unlikely to give rise to competition concerns in this market for the following reasons:

(a) Post-Transaction, the combined share of the Parties will remain limited at 25.3%. This is very close to the 25% threshold set out in the Horizontal Merger Guidelines, below which a concentration is considered "*not liable to*

42 Form CO, Table 6. Market shares are estimated on the basis of the GWP ("Gross Written Premiums") of insurance products provided.

impede effective competition [and] *may be presumed to be compatible with the* [internal] *market*";[43]

(b) The share increment contributed by Aviva Italia is limited to 1%. The limited position of Aviva Italia in this market is reflected in an HHI delta of 71.[44] Thus, the Transaction is unlikely to cause significant change in the competitive landscape of credit and suretyship insurance in Italy;

(c) Post-Transaction, in credit and suretyship insurance services in Italy, the combined entity would continue facing competitive constraints from several competitors with shares higher than that of Aviva Italia. These include Coface (16.7% in 2020), Atradius Credito y Caucion (9.4%), Sace BT (5.8%), Generali (5.3%), and Elba Compagnia (5%);[45] and

(d) The Parties do not compete closely in a plausible market for credit and suretyship insurance in Italy. As shown in **Table 2** below, Allianz generates [80-90]% of its revenues in this market from delcredere insurance products, where Aviva Italia is not active. In addition, in consumer credit insurance and guarantee insurance sub-segments, where both Aviva Italia and Allianz are active, the market shares of both the Parties are limited. In both sub segments, the Parties combined market share is well below [10-20]% and the increment is minimal.

Table 2 -- Parties' Activities and Shares in Credit and Suretyship Insurance in Italy (2020)

Credit and Suretyship Insurance Segments[46]	Allianz		Aviva Italia	
	GWP[47] in EUR million (% of Total)	Market share	GWP in EUR million (% of Total)	Market share
Delcredere insurance	[…]	[40-50]%	[…]	Not active
Consumer credit insurance	[…]	[0-5]%	[…]	[5-10]%
Guarantee insurance	[…]	[5-10]%	[…]	[0-5]%
Total	[…] **(100%)**		[…] **(100%)**	

Source: Form CO, Table 10.

(e) Finally, in the course of its investigation, the Commission did not receive any feedback from the Parties' customers or competitors suggesting that the

43 Horizontal Merger Guidelines, OJ C 31, 05.02.2004, pages 5-18, paragraph 18.

44 Based on the Horizontal Merger Guidelines, paragraph 20, the Commission is unlikely to identify horizontal competition concerns in a merger concerning relevant markets with an HHI delta below 150 (subject to certain caveat factors). In the market for credit and suretyship insurance in Italy, none of these caveat factors apply.

45 Form CO, Table 13.

46 None of the Parties is active in capital goods insurance or in fidelity insurance in Italy.

47 "GWP" stands for Gross Written Premiums.

Transaction could give rise to competition concerns in credit and suretyship insurance in Italy.

(46) In light of the above considerations, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement in terms of its competition impact in the plausible markets for credit and suretyship insurance in Italy.

5.4. Vertically affected markets (Delcredere insurance (upstream) and (non-life) insurance distribution (downstream) in Italy)

(47) Both Parties offer non-life insurance products in Italy. The only plausible relevant market in non-life insurance services where Parties – individually or combined – hold shares exceeding 30% is delcredere insurance services in Italy.[48] Only Allianz is active in this market and in 2020, it held a [40-50]% share as shown in **Table 3** below.

Table 3 -- Market shares in Delcredere Insurance in Italy (Form CO, Table 14)

Delcredere Insurance – Italy (2018, 2019, 2020)						
Supplier	**2018**		**2019**		**2020**	
	GWP (EUR m)	**Share (%)**	**GWP (EUR m)**	**Share (%)**	**GWP (EUR m)**	**Share (%)**
Allianz Group	[…]	[40-50]	[…]	[40-50]	[…]	[40-50]
Aviva	0	0	0	0	0	0
Combined	[…]	[40-50]	[…]	[40-50]	[…]	[40-50]
Unipol	-	[0-1]%	-	[0-1]%	-	[0-1]%
Generali	-	[0-1]%	-	[0-1]%	-	[0-1]%
Cattolica	-	[0-1]%	-	[0-1]%	-	[0-1]%
Coface	[…]	[30-40]	[…]	[20-30]	[…]	[20-30]
Atradius Credito Y Caucion	[…]	[10-20]	[…]	[10-20]	[…]	[10-20]
Sace BT	[…]	[5-10]	[…]	[5-10]	[…]	[5-10]
Total	**[…]**	**100**	**[…]**	**100**	**[…]**	**100**

Source: best estimates of the Parties based on ANIA, Trends Ramo Credito

48 See recital (50) concerning the implications on the Commission's competitive assessment of a possible narrower, provincial geographic market definition.

(48) Both Parties distribute insurance products in Italy. Allianz distributes (through pure direct distribution) [10-20]% of its non-life insurance products in the country and Aviva Italia distributes (through pure direct distribution) [0-5]% of its non-life insurance products.[49] The remainder of Allianz's and Aviva Italia's non-life insurance products are distributed through other outward channels. Neither Allianz nor Aviva distribute any third-party insurance products. The Notifying Party submits that pure direct distribution plays a marginal role for non-life insurance distribution in Italy, accounting for less than 5% of the GWP from products distributed in the country. As a result, the Notifying Party estimates that Allianz and Aviva Italia held a combined share of less than [5-10]% in 2020 in the market for non-life insurance distribution in Italy.[50]

(49) The Transaction results in the following vertical link, which gives rise to affected markets: credit and suretyship insurance (if the product market was limited to delcredere insurance (upstream)) and (non-life) insurance distribution in Italy or in each Italian province (downstream).

(50) The Commission notes that, given the Parties' similar market positions across all Italian provinces,[51] the competitive assessment in this section applies equally regardless of whether the geographic market is defined as national or each Italian province.

5.4.1. Input foreclosure

(51) The Transaction is unlikely to give rise to competition concerns in the downstream market for (non-life) insurance distribution as a result of input foreclosure (regardless of this market's precise geographic scope).

(52) *First*, the combined entity does not seem to have the ability to restrict access to important inputs for competitors in the downstream market:

(a) Delcredere insurance represents only a small part of all (non-life) insurance services in Italy. According to the Notifying Party, delcredere insurance GWP represented only 1.2% of the total GWP from non-life insurance products in Italy in 2020. The combined entity would not be able to foreclose competitors in the downstream market for (non-life) insurance distribution by restricting access to such a small part of the insurance products distributed in Italy; and

(b) While Allianz is the number one player in delcredere insurance in Italy, other competitors are active in this market, including Coface (with a [20-30]% share), Atradius Credito Y Caucion ([10-20]%) and Sace BT ([5-10]%) (see **Table 3** above). Post-Transaction, insurance distributors could turn to these suppliers to continue offering delcredere insurance if the combined entity restricted access to its input.

49 Form CO, paragraph 7.30.

50 The Notifying Party considers that the Parties also held a share of less than [5-10]% in a broader plausible market for (life and non-life) insurance distribution in Italy in 2020 (Form CO, footnote 24). The Notifying Party also confirmed that the Parties held a share of less than 5-10% in the plausible markets for insurance distribution or non-life insurance distribution in each province in Italy (Form CO, footnote 37).

51 See footnote 50 above.

(53) *Second*, the vertical link between the market for delcredere insurance in Italy (upstream) and (non-life) insurance distribution in Italy (downstream) exists already today -- Allianz is active in both markets. Aviva Italia is only active downstream (with a share of approximately [0-5]%)[52] and in any event, it does not distribute delcredere insurance services.[53] Today, Allianz distributes the vast majority (~[90-100]%) of its insurance products through third parties and does not engage in input foreclosure. Allianz's incentives in this respect are unlikely to change post-Transaction, given Aviva Italia's limited position in the downstream market.

(54) Given that the combined entity would have neither the ability nor the incentive to foreclose its downstream rivals in (non-life) insurance distribution in Italy, any attempted foreclosure strategy would have no impact on the (non-life) insurance distribution market in Italy.

(55) The above conclusion is further supported by the fact that, in the course of its investigation, the Commission did not receive any feedback from the Parties' customers or competitors suggesting that the Transaction could give rise to competition concerns in the downstream market for (non-life) insurance distribution in Italy (regardless of this market's precise geographic scope).

5.4.2. Customer foreclosure

(56) The Transaction is unlikely to give rise to competition concerns in the upstream market for delcredere insurance as a result of customer foreclosure. The combined entity does not seem to have the ability to engage in customer foreclosure to the detriment of delcredere insurance rivals for the following reasons:

(a) Today, none of the competitors in the market for delcredere insurance in Italy relies on Allianz or Aviva Italia for the distribution of their products. Allianz and Aviva Italia each distribute their own insurance products;

(b) The combined entity does not hold a significant degree of market power in the downstream market for (non-life) insurance distribution. Rather, the combined entity would only hold a market share of [5-10]% or less in the downstream market for insurance distribution in Italy (regardless of the precise product market delineation);[54] and

(c) The share of the combined entity in the market for (non-life) insurance distribution reflects the limited importance of pure direct distribution as a distribution channel for insurance products in general, but also specifically for delcredere insurance products in Italy. According to the Notifying Party, the vast majority (90% of GWP) of delcredere insurance products in Italy is distributed through other channels (including agencies, distance selling and financial intermediaries).[55] Each of these channels would remain available to delcredere insurance competitors post-Transaction.

52 Form CO, paragraph 7.30.
53 Form CO, paragraph 7.33.
54 The Notifying Party also confirmed that Allianz and Aviva Italia hold a share of less than 5-10% in the plausible markets for insurance distribution or non-life insurance distribution in each province in Italy (Form CO, footnote 37).
55 See Reply to RFI 8, of 2 June 2021.

(57) Given that the combined entity would not have the ability to foreclose its upstream rivals in the provision of delcredere insurance in Italy, it would also not have an incentive to attempt a foreclosure as it would not be able to gain anything from such a strategy. In the absence of the ability to foreclose, any foreclosure strategy by the combined entity would have no impact on the market for delcredere insurance in Italy.

(58) The above conclusion is further supported by the fact that, in the course of its investigation, the Commission did not receive any feedback from the Parties' customers or competitors suggesting that the Transaction could give rise to competition concerns in the upstream market for delcredere insurance in Italy.

5.4.3. Conclusion

(59) In light of the above considerations, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement as a result of either input or customer foreclosure on the markets for (non-life) insurance distribution in Italy or in each Italian province (downstream) or credit and suretyship insurance (upstream) in Italy.

6. CONCLUSION

(60) 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