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 Where possible the information omitted has been replaced by ranges of figures or a general description.

To the notifying party

Subject: **Case M.9398 – Centerbridge Partners/Amtrust Corporate Member**
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 9.07.2019, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation (the "**Transaction**"), by which Centerbridge Partners, L.P. ("**Centerbridge**", USA or the "**Notifying Party**") acquires sole control within the meaning of Article 3(1)(b) of the Merger Regulation of AmTrust Corporate Member Limited and certain other business assets together comprising the AmTrust at Lloyds business ("**AmTrust**", UK)[3].

(2) Centerbridge and AmTrust are referred to below 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 239, 16.07.2019, p. 8.

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1. THE PARTIES

(3) **Centerbridge** is an investment management firm based in the USA focused on private equity and distressed investment opportunities. Amongst other businesses, Centerbridge solely controls Canopius AG ("**Canopius**", Switzerland), which provides non-life insurance and reinsurance services.

(4) **AmTrust** provides insurance solutions for a wide range of risks in the UK and around the world. It provides non-life insurance and reinsurance services.

2. THE OPERATION AND THE CONCENTRATION

(5) Pursuant to a Framework Agreement entered into on 18 April 2019 between a subsidiary ultimately wholly owned by funds managed by Centerbridge and AmTrust International Limited (the "Seller"), Centerbridge will acquire 100% of the shares and assets constituting AmTrust.[4]

(6) As a result of the Transaction, Centerbridge will obtain sole control over AmTrust within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

(7) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million (*Centerbridge*: EUR […], *AmTrust*: EUR […])[5]. Each of them has an EU-wide turnover in excess of EUR 250 million (*Centerbridge*: EUR […], *AmTrust*: EUR […]). They do not both achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The notified operation therefore has an EU dimension.

4. MARKET DEFINITION

(8) Both Parties are active in non-life insurance in the EEA in the following sub-segments: (i) credit and suretyship, (ii) property, (iii) liability, (iv) accident and sickness, (v) motor, and (vi) marine, aviation and transport ("MAT"). The Parties are also active in the supply of non-life reinsurance services worldwide (including in the EEA). Neither Party provides life insurance or reinsurance services.

(9) The Notifying Party submits that all of the relevant product and geographic market definitions can be left open.

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4 AmTrust includes certain businesses over which Centerbridge is acquiring control on a transitory basis under the Framework Agreement but which will be ceded back to the Seller immediately following completion. In addition, after completion of the Transaction, the Seller will acquire a minority, non-controlling shareholding in the Centerbridge subsidiary that is acquiring AmTrust (this does not result in joint control).

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

(10) In previous decisions, the Commission has distinguished between three broad categories of insurance products: life insurance, non-life insurance and reinsurance.[6]

4.1. Non-life insurance

(11) The Commission has noted in previous decisions that non-life insurance products might be subdivided into as many product markets as there are different kinds of risk covered in light of the differences in their characteristics and purpose and the lack of substitutability from a customer's perspective.[7] More specifically, the Commission distinguished the following non-life insurance segments: (i) accident and sickness, (ii) motor vehicle, (iii) property, (iv) liability, (v) MAT, (vi) credit and suretyship, and (vii) travel insurance. However, the Commission also noted that there were some indications of a potential degree of supply-side substitutability between some insurance products. The Commission ultimately left open the precise product market definition for non-life insurance products.

(12) In previous decisions, the Commission considered that the relevant geographic market for non-life insurance products and its sub-segments is likely to be national in scope with the exception of MAT insurance, which the Commission considered as likely to be wider than national.[8] However, the Commission has ultimately left open the precise geographic market definition.

(13) In the present case, the exact product and geographic market definitions can be left open, as the Transaction does not significantly impede effective competition irrespective of the alternative market definitions considered.

4.2. Reinsurance

(14) In previous decisions, the Commission left open whether a distinction should be made between reinsurance for the life and non-life insurance segments and whether, within the non-life segment, further segmentation according to the class of risk should be considered.[9]

(15) The Commission has previously considered the market for reinsurance to be global due to the need to pool risks on a worldwide basis.[10]

(16) In any event, in the present case, the exact product and geographic market definitions can be left open, as the Transaction does not significantly impede effective competition irrespective of the alternative market definitions considered.

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6 Case COMP/M.6521 – *Talanx International/Meiji Yasuda Life Insurance/Warta*, decision of 4 April 2012 and Case COMP/M.9056 – *Generali CEE/AS*, decision of 10 December 2018.

7 Case COMP/M.6521 – *Talanx International/Meiji Yasuda Life Insurance/Warta*, decision of 4 April 2012 and Case COMP/M.9056 – *Generali CEE/AS*, decision of 10 December 2018.

8 Case COMP/M.9056 – *Generali CEE/AS*, decision of 10 December 2018 and Case COMP/M.6217 *Baloise Holding/Nateus/Nateus Life*, decision of 3 August 2011.

9 Case COMP/M.8257 *NN Group/Delta Lloyd*, decision of 7 April 2017 and Case COMP/M.6053 *CVC/Apollo/Brit Insurance*, decision of 19 January 2011.

10 Case COMP/M.8257 *NN Group/Delta Lloyd*, decision of 7 April 2017 and Case COMP/M.6848 *Aegon/Santander/Santander Vida/Santander Generales*, decision of 29 April 2013.

5. COMPETITIVE ASSESSMENT

5.1. Horizontal overlaps in non-life insurance

(17) Both Parties supply non-life insurance in the EEA. The Notifying Party estimates that their combined market shares in the supply of non-life insurance at national level are less than [0-5]% in each EEA Member State. According to the Notifying Party's estimates, if non-life insurance is further segmented by policy type, the Parties' combined market shares are less than [10-20]% in each EEA Member State, with the exception of MAT insurance in Norway.[11]

(18) The Notifying Party argues that the Parties' combined market share in the supply of MAT insurance in Norway is modest: [20-30]%. The increment from Canopius is small: [0-5]%. In 2018, Canopius' revenues from MAT insurance in Norway were EUR […] (i.e. less than [0-5]% of its EEA-wide MAT insurance revenues) and AmTrust's MAT insurance revenues in Norway were EUR […] (i.e. around [10-20]% of its EEA-wide MAT insurance revenues).

(19) The Notifying Party submits that these estimates, prepared using Insurance Europe data, significantly overstate the Parties' combined market share of MAT insurance in Norway, since the dataset used to calculate the total market size only includes premiums written by Norwegian insurance companies in Norway. Indeed the Notifying Party notes that MAT policies sold to Norwegian customers are typically 'large risk' (relating to off-shore platforms, tanker fleets, large fishing vessels) and held by large/multinational corporations. It argues that such risks are often contracted with insurers outside of Norway (for example by insurers on the Lloyds of London market) and consequently are not captured by the market size data.

(20) The Notifying Party submits alternative market share estimates based on: (i) OECD data, (ii) data from the national statistical institute of Norway, (iii) data from Lloyd's of London and (iv) data from Cefor, the Nordic Association of Marine Insurers. The Notifying Party argues that these estimates better reflect competitive conditions in the Norwegian MAT insurance market. All of these estimates show combined market shares in the supply of MAT insurance in Norway of less than [0-5]%.

(21) The Notifying Party submits that the merged entity will continue be constrained in the supply of MAT insurance in Norway by large, international competitors such as Allianz, Axa, AIG, Swiss Re Corporate Solutions and QBE as well as a number of local players based in Norway.

(22) Responses of MAT customers of the Parties in Norway confirmed that they also routinely consider international insurers to be alternative suppliers to the Parties. The respondents to the market investigation were of the opinion that the Transaction would not have any impact on the market for MAT insurance in Norway and that there will continue to be sufficient competition and choice on the market.

(23) In view of the above, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market in the supply of non-life insurance, regardless of the market definition adopted.

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[11] To the extent that the supply of MAT insurance is defined as a national market – if it is defined as wider than national, the Parties' combined market shares would be below [20-30]% as well.

5.2. Horizontal overlap in non-life reinsurance

(24) The Parties overlap in the global market for non-life reinsurance. According to the Notifying Party's estimates, their combined market share in the supply of non-life reinsurance worldwide is [0-5]% or less and their combined market shares on any plausible segmentation, for example by risk type, are less than [20-30]%.

(25) Therefore, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the supply of non-life reinsurance, regardless of the market definition adopted.

5.3. Vertical relationships between reinsurance (upstream) and non-life insurance (downstream)

(26) Both Parties are active in the upstream supply of reinsurance services and the downstream market for non-life insurance. However, these markets are not vertically affected. Upstream, the Notifying Party estimates that the Parties' combined market share in the supply of non-life reinsurance worldwide is de minimis (c. [0-5]%) and, as discussed in section 5.1.2 above, is less than [20-30]% on any plausible segmentation. Downstream, the Notifying Party estimates that their combined market shares do not exceed [30-40]% in any EEA Member State.

(27) Therefore, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the vertical links between the upstream market for the supply of reinsurance and the downstream market for non-life insurance.

6. CONCLUSION

(28) 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
Member of the Commission