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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 Where possible the information omitted has been replaced by ranges of figures or a general description.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.9531 – Assicurazioni Generali/Seguradoras Unidas/AdvanceCare**
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 16 October 2019, 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", Italy) intends to acquire sole control by way of purchase of shares of Seguradoras Unidas, S.A. ("Seguradoras Unidas", Portugal) and AdvanceCare Gestão de Serviços de Saúde, S.A ("AdvanceCare", Portugal) both currently controlled by investment funds managed by affiliates of Apollo Management, LP. (the "Apollo Group", USA).[3] Generali is designated hereinafter as the "Notifying Party" and, together with Seguradoras Unidas and AdvanceCare, 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 360, 24.10.2019, p. 33.

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1. THE PARTIES

(2) Generali is active in the insurance and financial sector, in Western, Central and Eastern Europe, as well as outside the EEA. In Portugal, Generali is active in non-life insurance, life insurance, and assistance services (in particular with the Europ Assistance brand).

(3) Seguradoras Unidas is active in the insurance sector in Portugal, covering all main life and non-life risks. It is active with the Tranquilidade, Açoreana and LOGO brands.

(4) AdvanceCare is active in health insurance management services, risk assessment and claims management in Portugal. It also provides health insurance management services in Portugal.

(5) Both Seguradoras Unidas and AdvanceCare (together the "Targets") are currently controlled by the Apollo Group via two investment funds, Calm Eagle Holdings S.à.r.l. and Calm Eagle Parent Holdings II S.à.r.l.

2. THE OPERATION

(6) On 18 July 2019, Generali signed a Sale and Purchase Agreement with Calm Eagle Holdings S.à.r.l. and Calm Eagle Parent Holdings II S.à.r.l., pursuant to which Generali will acquire 100% of the issued share capital of Seguradoras Unidas and Calm Eagle Portugal, Sociedade Unipessoal, Lda, a holding company that fully owns AdvanceCare.

3. THE CONCENTRATION

(7) The concentration concerns the acquisition by Generali of the entire issued share capital, and thus of sole control, of Seguradoras Unidas and AdvanceCare, within the meaning of Article 3(1)(b) of the EUMR, *[CONFIDENTIAL]*.[4]

4. EU DIMENSION

(8) The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5 000 million (Generali: EUR 66 691 million; Seguradoras Unidas: EUR 800 million; AdvanceCare: EUR *[BUSINESS SECRET]*). Each of Generali and Seguradoras Unidas has an EU-wide turnover in excess of EUR 250 million (Generali: EUR *[BUSINESS SECRET]*; Seguradoras Unidas: EUR *[BUSINESS SECRET]*). Seguradoras Unidas and AdvanceCare both achieve more than two-thirds of their respective EU-wide turnover in Portugal, but Generali does not. The notified operation therefore has an EU dimension.

[4] Such operations are however irrelevant for the purposes of the assessment of the impact of the Transaction in the EEA.

5. COMPETITIVE ASSESSMENT

(9) In the past, the Commission has considered three broad categories of insurance product markets: (i) life insurance, (ii) non-life insurance, and (iii) reinsurance.[5] Previous decisions of the Commission also consider assistance services (i.e. the provision of support to persons who encounter difficulties while travelling or away from their home) as distinct from the provision of non-life insurance products.[6]

(10) The Parties' activities overlap with respect to all these categories in Portugal, but affected markets only arise in relation to non-life insurance or services provided as input to non-life insurance, namely health insurance management services, as well as assistance services.[7]

5.1. Non-life insurance

5.1.1. Previous decisional practice

(11) As regards product market definition, the Commission's consistent approach is to consider that non-life insurance can be divided into as many different product markets as there are types of risks to insure.

(12) For the purposes of the present investigation, the Commission notes that precedents distinguish the following non-life insurance segments: (i) accident and sickness, (ii) motor vehicle,[8] (iii) property, (iv) liability, (v) marine, aviation and transport ("MAT"), (vi) credit and suretyship and (vii) travel insurance. In certain decisions, the Commission also distinguished fire insurance, and legal assistance. This possible segmentation is based on the fact that the characteristics and purpose of the different types of insurance are distinct, and that there is typically no substitutability between different types of insurance from a customer's perspective. The Commission also considered several alternative segmentations of the non-life insurance market, including based on the national insurance classification or between individual and group customers. The Commission ultimately left open the precise product market definition for non-life insurance products.[9]

(13) As regards geographic market definition, in previous decisions, the Commission considered that the relevant market for non-life insurance products and its sub-segments is likely to be national in scope with the exception of certain insurance

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5 Case COMP M.9056 – Generali CEE/AS, para. 10 and cases cited.

6 Case COMP M.8905 – AXA Group/Roland, para.7.

7 The Parties' combined market share in life insurance in Portugal is below 2% overall and below 6% in any plausible sub-segments. In reinsurance, Seguradoras Unidas only provides in-house reinsurance for the activities of [BUSINESS SECRET]. Generali also provides mainly intra-group reinsurance coverage and participates in terrorism and pollution pools, set up and managed by other reinsurance providers. AdvanceCare is not active in reinsurance. The Parties' combined market share in the global reinsurance market are significantly below 5%.

8 The Commission considered further segmenting the motor vehicle insurance market based on (i) third party liability ("TPL") motor insurance, and (ii) non-TPL (or "Casco") insurance. See Case COMP/M.6521, Talanx International/Meiji Yasuda Life Insurance/Warta, paras. 24 and following, Case COMP/M.4701, Generali/PPF Insurance Business, para. 24, and Case COMP/M.4284, AXA/Winterthur, para. 14. The Commission also considered segmenting the motor vehicle insurance market based on (i) large vehicle (e.g. trucks and buses) insurance, and (ii) automobile and/or small commercial vehicle insurance. See Case COMP/M.6521, Talanx International/Meiji Yasuda Life Insurance/Warta, paras. 24 and following.

9 Case COMP M.9056 – Generali CEE/AS, para. 11-12 and cases cited.

risks, including MAT insurance and generally large risk insurance, which the Commission considered to be wider than national in scope.[10]

5.1.2. Notifying Party's view

(14) The Notifying Party submits that the top non-life insurers in Portugal are authorised to provide non-life insurance in essentially all insurance classes,[11] and actually did generate gross written premiums ("GWP") in all those classes in 2018. As a result, the competitive landscape is relatively homogeneous across all non-life insurance classes, which would support the definition of one non-life insurance market without sub-segments.

(15) The Notifying Party however provided market share data for several market definitions corresponding to the non-life insurance classes defined in the relevant Portuguese law, namely the RJASR. The Notifying Party concludes that in any case no competition concerns arise as a result of the transaction in any sub-segment of the non-life insurance market in Portugal.

5.1.3. Commission's assessment

(16) For the purpose of the present decision, the exact product and geographic market definition for the 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 identified in paragraphs 12 to 14.

5.2. Health insurance management services

5.2.1. Notifying Party's view

(17) According to the Notifying Party, health insurance management services consist in administrative and management services (such as claims management, health provider network negotiations, 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 policy holders and corporate entities.

(18) These services can be provided by insurers in-house or be outsourced to a third party. The Notifying Party submits that in-house and third party provision of health insurance management services should be considered as part of the same product market, given that the two forms exert competitive pressure on each other. According to the Notifying Party, cost is the main factor for deciding whether to provide such services internally or to outsource them.

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10 Case COMP M.9056 – Generali CEE/AS, para. 16 and cases cited.

11 The insurance classes are defined in the Legal Regime Governing the Access to and Exercise of Insurance and Reinsurance Activities (Regime Jurídico de Acesso e Exercício da Atividade Seguradora e Resseguradora, "RJASR") contained in Annex I to Law No. 147/2015 which transposes Directive No. 2009/138/EC (Solvency II) into Portuguese law. Those classes correspond to the sub-segments of the non-life insurance market identified in the Commission's previous decisional practice. In particular, Article 12 RJSAR covers (i) accident and sickness (Article 12(a) RJASR), (ii) motor vehicle (Article 12(b) RJASR), (iii) property (Article 12(e) RJASR), (iv) liability (Article 12(f) RJASR), (v) MAT (Articles 12(c)-(d) RJASR), (vi) credit and suretyship (Article 12(g) RJASR) and (vii) travel insurance (Article 8(r) RJASR).

(19) In terms of geographic market, the Notifying Party submits that the market is national, given that health insurance management services are an input for the provision of health insurance products, which is a national market.[12]

5.2.2. Commission's assessment

(20) The Commission's market investigation confirmed the scope of the product and geographic market definition.

(21) The market investigation confirmed the Notifying Party's claim that internal provision of health insurance management services exert a competitive constraint on third party providers as several large and vertically integrated insurers provide these services to other smaller insurers, in addition to providing them in-house for their own health insurance business.[13]

(22) In any case, for the purpose of the present decision, the exact 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 regardless of whether health insurance management services should include those services provided in-house or not.

5.3. Assistance services

5.3.1. Previous decisional practice

(23) In terms of product market definition, the Commission defined assistance services in its previous decisions as organizing assistance/support for customers,[14] e.g. in the form of sending a car recovery vehicle or organizing repatriation of a policy holder.[15] The Commission considered potential sub-segments for road assistance and travel assistance,[16] and segmenting individual and corporate customers (such as insurance companies, leasing companies, car rental companies, or manufacturing companies).[17]

(24) In terms of geographic market definition, the Commission considered assistance services to be national in scope in previous decisions.[18]

5.3.2. Notifying Party's view

(25) The Notifying Party refrains from taking a position as to whether assistance services in the form of an insurance belong to the same market as assistance services for a service fee, by noting that there are similarities indicating that they may belong to the same relevant market, but also differences that would support separate markets. From a supplier's perspective, assistance provided in return for an insurance premium is an insurance activity, and is as such a regulated activity, subject in particular to the RJSAR, while assistance services provided for a fee are not. The

12 Case COMP M.9056 – Generali CEE/AS, para. 16 and cases cited.
13 Minutes of a call with a competitor.
14 Case COMP M.8905 – AXA Group/Roland, para.13ff and cases cited.
15 Case COMP M.4701 – Generali/PPF Insurance Business, para. 29.
16 Case COMP M.4701 – Generali/PPF Insurance Business, para. 30.
17 Case COMP M.8905 – AXA Group/Roland, para. 14.
18 Case COMP M.8905 – AXA Group/Roland, para. 25 and cases cited.

only relevant difference between both types of services from a customer's perspective is that in insurance-based assistance services the customer pays an insurance premium (as opposed to a "pay per use" model when procuring assistance services for a fee). Hence, from a demand-side perspective the products are somewhat interchangeable. However, while the insurance-based assistance product is often sold in a bundle with other insurance products (e.g. in case of road side assistance, it can typically be sold together with motor vehicle insurance), the fee-based assistance service product is typically sold on a stand-alone basis.

(26) The Notifying Party further considers that the putative market for assistance should include in-house provision of equivalent services by vertically integrated insurance companies, as these exert competitive pressure on third party providers. In addition, the direct provision of assistance insurance to end-customers should be considered as part of the same market as "assistance reinsurance" provided to insurers, which then bundle the assistance insurance with related insurance products and sell this bundle to end-customers.

(27) The Notifying Party did not provide an opinion on the geographic dimension of the market but assumed it to be national in scope.

(28) In any case, the Notifying Party argues that the market definition can be left open as no concerns arise under either market delineation.

5.3.3. Commission's assessment

(29) The Commission notes that fee-based assistance services are mostly sold to corporate customers while insurance-based assistance services are customarily bundled with related insurance products and sold to end-customers. However, at least in the Portuguese market, there seem to be overlaps in terms of customers with some procuring both assistance in the form of a service and in the form of an insurance.

(30) In any case, for the purpose of the present decision, the exact market definition 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, regardless of whether fee-based assistance services and insurance-based assistance services form part of the same product market.

6. COMPETITIVE ASSESSMENT

(31) Horizontally, the following markets are affected:[19] (i) Accident insurance (a potential sub-segment of the accident and sickness non-life insurance market), (ii) Motor vehicle insurance (and potential sub-segments thereof), (iii) Goods in transit insurance (a potential sub-segment of the MAT non-life insurance market), and (iv) Assistance services.

[19] See Commission Regulation (EC) No 802/2004 of 21 April 2004 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings, OJ L 133, 30.4.2004, p.1 (the "Implementing Regulation"), Annex I, Section 6.3.

(32) Vertically, the following markets are affected: health insurance management services (upstream), and health insurance (a potential sub-segment of the accident and sickness non-life insurance market) (downstream).

(33) The table below includes the Parties market shares in the affected markets.

Table 1: Affected markets in Portugal in 2018

Market shares based on GWP in million Euro

	Accident Insurance	**Motor Vehicle Insurance**	**Assistance services**	**Goods in transit insurance**	**Health insurance (downstream)**	**Health insurance management services (upstream)**
Combined market share	**[20-30]%**	**[20-30]%**	**[30-40]%**	**[20-30]%**	**[10-20]%**	**[10-20]%**
Seguradoras Unidas / AdvanceCare	[10-20]%	[10-20]%	[20-30]%	[20-30]%	[5-10]%	[10-20]%
Generali	[5-10]%	[0-5]%	[5-10]%	[0-5]%	[0-5]%	/

6.1. Horizontally-affected markets

6.1.1. General considerations

(34) The horizontally affected markets in this case (accident insurance, motor vehicle insurance, goods in transit insurance, and assistance services) present a certain number of similarities listed below.

(35) In most horizontally affected market, the Parties' combined market share is below 25%, the level under which concentrations are presumed to not impede effective competition.[20] In the only segment where the Parties exceed this threshold, their market share remains below 35%. The Parties' market shares are thus significantly below the threshold under which a transaction is presumed to give rise to the creation or strengthening of a dominant position.[21]

(36) In addition, in each horizontally affected market, the increment brought about by the smaller party (Generali) is relatively small, and in any event below 6%. The market investigation further did not reveal that Generali is a strong or disruptive player on the market, which would mitigate the relevance of such limited increment.

[20] Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 031, of 05/02/2004 (the "Horizontal Merger Guidelines"), para. 18.

[21] Horizontal Merger Guidelines, para. 17.

(37) Furthermore, non-life insurance markets in Portugal are typically not strongly concentrated. On all horizontally affected markets, a significant number of competitors (at least nine) remain active, typically including the leading insurer for non-life insurance in Portugal, Fidelidade. As a result, customers would retain the ability to switch to a number of alternative suppliers post-transaction. The relatively limited concentration levels on these markets, combined with the lack of symmetry among Portuguese insurers preclude coordinated effects from arising as a result of the transaction.[22]

(38) Finally, no respondent to the market investigation indicated that the transaction would be likely to have any negative impact on competition in the markets for non-life insurance services in Portugal.

6.1.2. Accident insurance

6.1.2.1. Notifying Party's view

(39) The Notifying Party states that the overlap between the Parties' activities does not give rise to competition concerns, notably on the grounds that: (i) the combined market share[23] in the potential market for accident insurance is only slightly over the affected market threshold of 20%; (ii) the increment of the concentration is small, and (iii) when combined with the market share in the market of health insurance (which is part of the same national insurance class), the combined market share is below 20%.

(40) In addition, and this applies to all affected markets, the Notifying Party considers that switching costs are low, there are low barriers to entry and practically no capacity constraints for expansion and there are well-established and accessible distribution channels.

6.1.2.2. Commission's assessment

(41) The table below includes the Parties and their main competitors' market shares.

22 Horizontal Merger Guidelines, paras. 39 and 48.

23 Unless otherwise noted, the market shares in this decision are based on GWP.

Table 2: Market shares – Accident insurance (Portugal, 2018)

Accidents (Acidentes)			
#	**2018**	**GWP €m**	**%**
	Market	[...]	[90-100]%
1	Fidelidade	[...]	[20-30]%
	Combined entity	**[...]**	**[20-30]%**
2	**Seguradoras Unidas**	**[...]**	**[10-20]%**
3	Allianz	[...]	[10-20]%
4	Ageas	[...]	[5-10]%
5	Lusitania	[...]	[5-10]%
6	Liberty	[...]	[5-10]%
7	Zurich	[...]	[5-10]%
8	**Generali**	**[...]**	**[5-10]%**
9	CA Seguros	[...]	[0-5]%
10	Mapfre	[...]	[0-5]%

Source: Autoridade de Supervisão de Seguros e Fundos de Pensões ("ASF"); Associação Portuguesa de Seguradores ("APS")

(42) The market share of the combined entity post-transaction remains below 25%, with a relatively small increment of 5% by Generali.

(43) Furthermore, the Commission observes that the combined entity would face an important number of competitors post transaction. Competitors include in particular market leader Fidelidade, with a share of 23.9%, exceeding the Parties', as well as five other competitors with market shares above 5% in the market for accident insurance in Portugal. As a result, customers would have the ability to switch to other suppliers post-transaction.

(44) Based on the considerations above, the Commission considers that the transaction does not raise serious doubts as to its compatibility with the internal market in relation to the potential market for accident insurance in Portugal, in particular as it does not lead to the creation or strengthening of a dominant position, or gives rise to coordinated effects.

6.1.3. Motor vehicle insurance

6.1.3.1. Notifying Party's view

(45) The Notifying Party submits that the overlap with Seguradoras Unidas' activities does not give rise to competition concerns notably on the grounds that: (i) the combined market share in the potential market for motor vehicle insurance is only slightly over the affected market threshold of 20%, and (ii) the increment of the concentration is very small.

6.1.3.2. Commission's assessment

(46) The table below includes the Parties and their main competitors' market shares.

Table 3: Market shares – Motor vehicle insurance (Portugal, 2018)

Motor (Automóvel)			
#	2018	GWP €m	%
	Market	[...]	[90-100]%
1	Fidelidade	[...]	[20-30]%
	Combined entity	**[...]**	**[20-30]%**
2	**Seguradoras Unidas**	**[...]**	**[10-20]%**
3	Ageas	[...]	[10-20]%
4	Liberty	[...]	[5-10]%
5	Zurich	[...]	[5-10]%
6	Allianz	[...]	[5-10]%
7	Lusitania	[...]	[0-5]%
8	**Generali**	**[...]**	**[0-5]%**
9	Mapfre	[...]	[0-5]%
10	CA Seguros	[...]	[0-5]%

Source: ASF

(47) The combined market share post-transaction remains below 25%, with an increment of less than 3% by Generali.

(48) Furthermore, the Commission notes that in the hypothetical market for motor vehicle insurance, the combined entity faces competitive constraints from an important number of players. Competitors include in particular market leader Fidelidade, with a share of 27%, exceeding the Parties', as well as five other competitors with market shares exceeding Generali's pre-transaction. As a result, customers would have the ability to switch to other suppliers post-transaction.

(49) The same considerations apply to the hypothetical narrower sub-segments of TPL and Casco motor vehicle insurance.[24]

[24] The Parties do not have market share estimates for sub-segments based on the type of vehicle concerned (large vehicles versus automobiles and small commercial vehicles). The Parties however believe that their market shares in these sub-segments would not differ significantly from their market shares in the overall market for motor vehicle insurance.

Table 4: Market shares – Motor vehicle insurance – Casco and TPL sub-segments (Portugal, 2018)

Casco				Liability			
#	2018	GWP €m	%	#	2018	GWP €m	%
	Market	[...]	[90-100]%		Market	[...]	[90-100]%
1	Fidelidade	[...]	[20-30]%	1	Fidelidade	[...]	[20-30]%
	Combined entity	**[...]**	**[20-30]%**		**Combined entity**	**[...]**	**[20-30]%**
2	**Seguradoras Unidas**	**[...]**	**[10-20]%**	**2**	**Seguradoras Unidas**	**[...]**	**[10-20]%**
3	Zurich	[...]	[10-20]%	3	Ageas	[...]	[10-20]%
4	Ageas	[...]	[10-20]%	4	Liberty	[...]	[5-10]%
5	Allianz	[...]	[5-10]%	5	Allianz	[...]	[5-10]%
6	Liberty	[...]	[5-10]%	6	Zurich	[...]	[5-10]%
7	Lusitania	[...]	[0-5]%	7	Lusitania	[...]	[0-5]%
8	Mapfre	[...]	[0-5]%	**8**	**Generali**	**[...]**	**[0-5]%**
9	**Generali**	**[...]**	**[0-5]%**	9	Mapfre	[...]	[0-5]%
10	CA Seguros	[...]	[0-5]%	10	CA Seguros	[...]	[0-5]%

Source: ASF

(50) Based on the considerations above, the Commission considers that the transaction does not raise serious doubts as to its compatibility with the internal market in relation to the potential market for motor vehicle insurance or any plausible sub-segments in Portugal, based on TPL versus Casco insurance, in particular as it does not lead to the creation or strengthening of a dominant position, or gives rise to coordinated effects.

6.1.4. Goods in transit

6.1.4.1. Notifying Party's view

(51) The Notifying Party submits that on a hypothetical market for MAT insurance in Portugal, the Parties' combined share would stay far below 20%. In a narrower potential sub-segment of that market, namely the goods in transit insurance market, the overlap with the Target's activities does not give rise to competition concerns because: (i) the combined market share is only slightly over the affected market threshold of 20%, and (ii) the increment of the concentration is very small.

6.1.4.2. Commission's assessment

(52) The table below includes the Parties and their main competitors' market shares.

Table 5: Market shares – Goods in transit insurance (Portugal, 2018)

Goods in Transit (Mercadorias transportadas)			
#	**2018**	**GWP €m**	**%**
	Market	[...]	[90-100]%
1	Fidelidade	[...]	[30-40]%
	Combined entity	**[...]**	**[20-30]%**
2	**Seguradoras Unidas**	**[...]**	**[20-30]%**
3	Allianz	[...]	[10-20]%
4	Ageas	[...]	[10-20]%
5	Lusitania	[...]	[5-10]%
6	Liberty	[...]	[0-5]%
7	Mapfre	[...]	[0-5]%
8	**Generali**	**[...]**	**[0-5]%**
9	Caravela	[...]	[0-5]%
10	Una	[...]	[0-5]%

Source: ASF

(53) The combined market share post-transaction remains below 25%, with a marginal increment of around 1% by Generali.

(54) Furthermore, the Commission notes that in the hypothetical market for goods in transit insurance, the combined entity faces competitive constraints from six competitors with market shares exceeding Generali's pre-transaction, including three competitors with market shares above 10%, including market leader Fidelidade.

(55) The Commission notes that the broader MAT insurance market is not even an affected market.

(56) Based on the considerations above, the Commission considers that the transaction does not raise serious doubts as to its compatibility with the internal market in relation to the potential market for MAT insurance in Portugal, including on a potential sub-segment limited to the insurance for goods in transit, in particular as it does not lead to the creation or strengthening of a dominant position, or gives rise to coordinated effects.

6.1.5. Assistance services

6.1.5.1. Notifying Party's view

(57) The Notifying Party submits that while the Parties technically overlap in the market for assistance services horizontally, the impact of the transaction on market structure will be minor. This is because the Parties have existing commercial relationships, by which Europ Assistance (a Generali brand), provides [>50]% of Seguradoras Unidas' assistance insurance already pre-transaction.

6.1.5.2. Commission's assessment

(58) The table below includes the Parties and their main competitors' market shares.

Table 6: Market shares – Assistance (Portugal, 2018)

Assistance (Assistência)			
#	**2018**	**GWP €m**	**%**
	Market	[...]	[90-100]%
	Combined entity	**[...]**	**[30-40]%**
1	Fidelidade	[...]	[30-40]%
2	**Seguradoras Unidas**	**[...]**	**[20-30]%**
3	Liberty	[...]	[10-20]%
4	CA Seguros	[...]	[5-10]%
5	**Generali**	**[...]**	**[5-10]%**
6	Ageas	[...]	[0-5]%
7	Caravela	[...]	[0-5]%
8	RNA	[...]	[0-5]%
9	Inter Partner	[...]	[0-5]%
10	N Seguros	[...]	[0-5]%

Source: APS

(59) Table 6 presents Generali's and Seguradoras Unidas' market share in the overall assistance insurance market. Under alternative plausible market definitions the Parties generally have lower combined market shares.[25] The combined market share of the Parties is slightly higher on a potential sub-segment limited to roadside assistance insurance with *[30-40]*%.

(60) The Commission notes that post-transaction, the combined entity will face competition, in particular by three other strong insurers with market shares exceeding Generali's pre-transaction, including the leading Portuguese insurer, Fidelidade.

(61) The market investigation confirmed that the transaction is unlikely to have any negative impact on the market structure and competition in the market for assistance services/insurance in Portugal.

(62) Based on the considerations above, the Commission considers that the transaction does not raise serious doubts as to its compatibility with the internal market in relation to the potential market for assistance services/insurance including under any plausible alternative market definition in Portugal, in particular as it does not lead to the creation or strengthening of a dominant position, or gives rise to coordinated effects.

[25] This applies to (i) travel assistance, (ii) individual and group customers (group products are only marketed for travel assistance), (iii) direct assistance services and "reinsured" assistance services, or (iv) assistance as an insurance and assistance as a service.

6.2. Vertically-affected market: Health insurance management services (upstream) and health insurance (downstream)

6.2.1. Notifying Party's view

(63) The Parties submit that AdvanceCare is not only competing with other third party providers of health insurance management services in Portugal, but with any major vertically integrated health insurance provider in Portugal. Furthermore, the Parties submit that the market share in health insurance management services has to be seen in light of the related vertical market of health insurance, in which the Parties have a combined market share of 11,6%. AdvanceCare already provides [>50]% of Generali's health insurance management requirements pre-transaction. The Notifying Party therefore considers that the transaction cannot lead to any foreclosure effects.

6.2.2. Commission's assessment

(64) The tables below include the Parties and their main competitors' market shares.

Table 7: Market shares – Health insurance management services – Third party provision and total (including in-house services) (Portugal, 2018)

2018	Health Insurance GWP Managed (€m)		%	
	Total	3rd-party	Total	3rd-party
Total Market	[...]	[...]	[90-100]%	[90-100]%
AdvanceCare (SU)	[...]	[...]	[10-20]%	[50-60]%
Multicare (Fidelidade)	[...]	[...]	[30-40]%	[0-5]%
Médis (Ageas)	[...]	[...]	[30-40]%	[10-20]%
Allianz (Allianz)	[...]	[...]	[5-10]%	[0-5]%
Future Health Care	[...]	[...]	[0-5]%	[20-30]%

Source: ASF and AdvanceCare estimates

Table 8: Market shares – Health (/Sickness) insurance (Portugal, 2018)

Sickness (Doença)			
#	**2018**	**GWP €m**	**%**
	Market	[...]	[90-100]%
1	Fidelidade	[...]	[30-40]%
2	Ageas	[...]	[20-30]%
	Combined entity	**[...]**	**[10-20]%**
3	**Seguradoras Unidas**	**[...]**	**[5-10]%**
4	Allianz	[...]	[5-10]%
5	Victoria	[...]	[0-5]%
6	**Generali**	**[...]**	**[0-5]%**
7	Credit Agricole	[...]	[0-5]%
8	Lusitania	[...]	[0-5]%
9	Una	[...]	[0-5]%
10	Zurich	[...]	[0-5]%

Source: ASF

(65) Under the narrow market for health insurance management services provided by a third party (i.e. excluding in-house services), AdvanceCare would have a market share of *[50-60]*%, with only two competitors, based on the Notifying Party's estimates. However, the market investigation provided evidence that in-house provision of health insurance management services constrains third party providers given that *"large integrated players are typically willing to offer health insurance management services to smaller players"*, and actually do so to some extent, as confirmed by a competitor of the Parties.[26] Market share estimates provided by the Notifying Party for health insurance management services provided by third parties thus overestimate the share of AdvanceCare (as well as that of Medis and Future) in the market for health insurance management services, and underestimate that of other players. For instance, the market investigation revealed that Fidelidade, which is credited with a *[0-5]*% market share actually offers third party insurance management services to at least one other insurer in Portugal. A market for health insurance management services that would also comprise in-house services would not even be affected, as AdvanceCare's market share upstream (*[10-20]*%) would be far below the 30% threshold for an affected market to arise.

(66) In terms of input foreclosure, it is unlikely that AdvanceCare would be able to foreclose rivals from accessing health insurance management services post-transaction, given that customers could switch to in-house provision of services[27] or to large vertically integrated players in health insurance, in addition to relying on specialised third party providers such as Medis and Future Health Care which will remain on the market post transaction. Furthermore, AdvanceCare would not have an incentive to engage in input foreclosure, as the combined entity's share in the downstream health insurance market is only 11,6%.[28]

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26 Minutes of a call with a competitor.

27 For instance, Generali itself had started sourcing in-house [BUSINESS SECRET], despite its limited market share in health insurance.

28 Non-horizontal Merger Guidelines, para. 43.

(67) In terms of customer foreclosure, given the modest combined market share in the downstream market for health insurance, the combined entity would not be in a position to restrict the access of its upstream rivals to a significant customer base. Furthermore, the main competitors of the combined entity, Fidelidade, Ageas and Allianz, currently operate vertically integrated businesses, effectively creating their own customer base for health insurance management services.

(68) Apart from that, the Parties' existing supply relationships (see para. 56) imply that the transaction will have a limited impact on the market structure and will not result in significant merger-specific changes, as confirmed by the market investigation.[29]

6.2.3. Conclusion

(69) In light of the above considerations, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of either input or customer foreclosure on the markets for health insurance management services (upstream) and health insurance (downstream) in Portugal.

7. CONCLUSION

(70) 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

[29] Email from a competitor and minutes of a call with a competitor.