



Insurance & Antitrust Policy of DG COMP

Session I: **Horizontal** Cooperation

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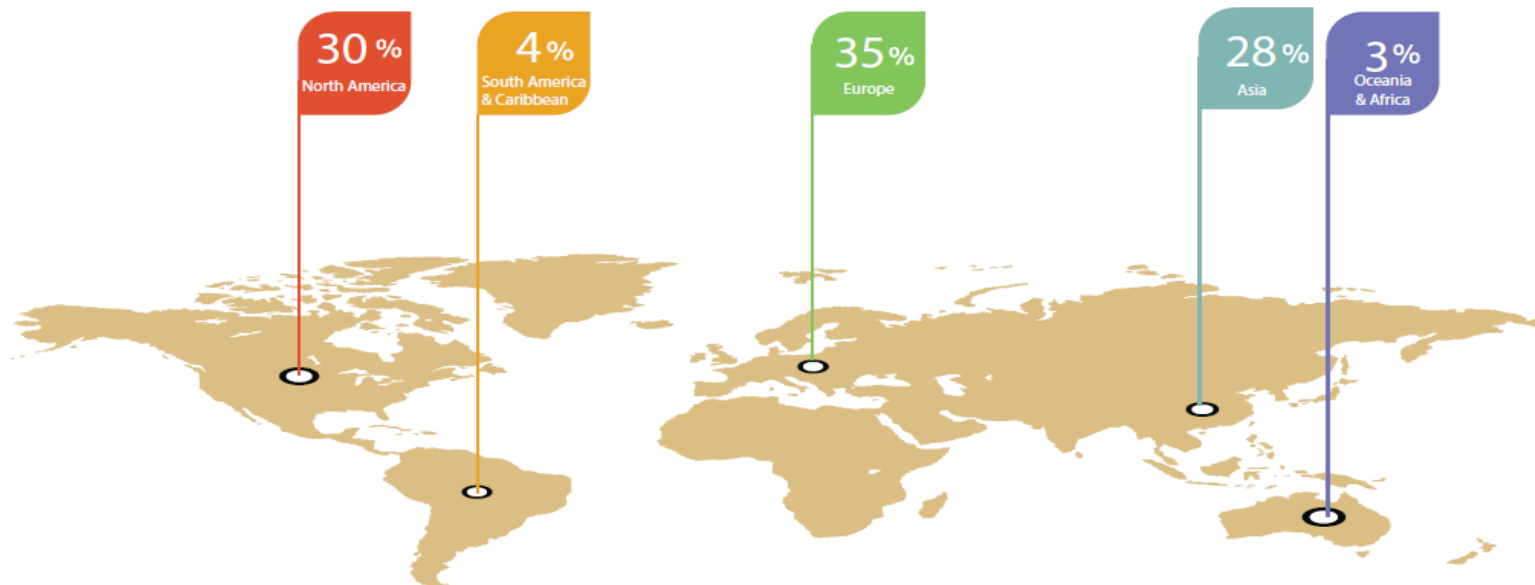
Outline

- The Insurance Sector in the EU
- Typical Forms of Horizontal Cooperation
- Regulation 267/2010/EU of 24.3.2010
(OJ L 83/1 30.3.2010) and Communication from the
Commission of 30.3.2010 (OJ C 82/02 30.3.2010)
- Commission Guidelines on Horizontal Cooperation
(OJ C 11/1, 14.1.2011)

I. European insurance in the world

With a 35% share of the global market, the European insurance industry is the largest in the world, followed by North America (30%) and Asia (28%).

Distribution of insurance premiums — 2013



Source: Swiss Re, Sigma No.3/2014: "World insurance in 2013"

NB: "Europe" covers western, central and eastern Europe and therefore includes Russia and Ukraine (which together account for 1% of global premiums)

Source: Insurance Europe, Key Facts, August 2014



II. European premiums, benefits and claims paid in 2013



€1 119bn
Total premiums

€943bn
Total benefits and
claims paid



€667bn
Life premiums

€618bn
Life benefits paid



€334bn
Property, casualty and
accident premiums

€229bn
Property, casualty and
accident claims paid



€118bn
Health premiums

€96bn
Health claims paid

Source: Insurance Europe, Key Facts, August 2014



IV. Companies and employees



5 100
insurance companies
in Europe



995 000
direct employees in
Europe

More than 5 100 insurance companies² were operating in Europe in 2013. The majority of the companies are joint stock companies and mutual insurers, but some also take a different form such as public institutions or cooperatives.

The European insurance industry employs more than 995 000 people directly. There are also around a million outsourced employees and independent intermediaries.

² Not including the small regional German insurance associations, France's "Mutuelles 45", Belgium's "mutuelles" and Spain's regionally supervised insurers

Source: Insurance Europe, Key Facts August 2014

EU Antitrust Policy - overview

- No general exemption of insurance sector from antitrust rules
- Rich case practice in 1980s and 1990s
- Block exemptions in 1992, 2003 and 2010
- Business Insurance sector inquiry in 2007
- Study on Co(re)Insurance in 2013
- http://ec.europa.eu/competition/sectors/financial_services/insurance.html

Why do insurers co-operate?

- Joint compilations, tables and studies
- Co(re)-insurance of large risks
- Standard policy conditions
- Security devices (joint testing and certification)
- Settlement of claims
- Registers on aggravated risks

What is "price fixing" in insurance ?

- **"Pure" premiums** – historic statistic on average frequency and size of claims
- **"Risk premium"** – is the "pure" premium corrected to allow for estimated future changes in claims
- **"Commercial premium"** – may be higher or lower than the risk premium: higher if the insurer adds his administrative cost, lower if he chooses to use revenues from investments to offer lower prices to consumers in a certain segment

Only commercial premiums are "prices". "Pure" premiums and "risk" premiums are not prices and cooperation to calculate pure or risk premiums are not per se restrictive of competition. Agreements between insurers to fix commercial premiums are however per se prohibited.

Other problematic co-operations I

Agreements on standard policy conditions for direct insurance

which contain clauses which for instance ...

- impose comprehensive cover including risks to which a significant number of policyholders is not simultaneously exposed, without indicating explicitly that each insurer remains free to propose separate cover;
- fix the 'excess' (the amount of the cover or the part which the policyholder must pay himself;
- allow the insurer to unilaterally modify the terms of the policy to the disadvantage of the policy holder without the express consent of the policyholder;
- require the policyholder to obtain cover from the same insurer for different risks (bundling) etc

Other problematic co-operations II

Co(re)insurance agreements

which contain clauses which for instance ...

- oblige each insurance company which participates in the co(re)insurance pool to submit all risks of a certain category to the insurance pool (exclusivity)

Regulation 267/2010/EU of 24 March 2010

Joint compilations of

- (i) average cost of covering certain risks
- (ii) mortality tables

Co(re)insurance of certain risks

Commission Communication 2010/C 82/02

- Standard Policy Conditions
- Security Devices



For more information ...

Study on Co(re)insurance in Europe (2014)

http://ec.europa.eu/competition/sectors/financial_services/KD0414707ENN.pdf

Insurance Block Exemption (2010)

- http://ec.europa.eu/competition/sectors/financial_services/legislation.html

Commission Sector Inquiry into Business Insurance (2007)

- http://ec.europa.eu/competition/sectors/financial_services/inquiries/business.html