



Determination No. M/05/067 of the Competition Authority, dated 18th November 2005, under Section 21 of the Competition Act, 2002

Notification No. M/05/067 – Proposed acquisition by Swiss Re Ireland Limited of Dortmund Re Ireland Limited and International Mutual Reinsurance Company Limited

Introduction

1. On 24th October the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Swiss Re Ireland Limited (“Swiss Re Ireland”) would acquire Dortmund Re Ireland Limited (“Dortmund Re”) and International Mutual Reinsurance Company Limited (“IMRe”) in two separate transactions.

The Undertakings Involved

2. All three undertakings involved are engaged in the reinsurance business. Reinsurance involves the transfer of all or part of the risk assumed by an insurer under one or more insurances to another insurer (called the reinsurer). The German parent companies of Dortmund Re and IMRe, namely Continentale Sachversicherung AG and Signal Unfallversicherung AG for Dortmund Re and Nova Allgemeine Versicherung AG and Gothaer Finanzholding AG for IMRe are involved primarily in the German primary insurance market and wish to exit their current joint venture arrangements with to focus on their core business in the home market.
3. Swiss Re Ireland is an indirect subsidiary of Swiss Reinsurance Company Zurich (“Swiss Re”). Swiss Re Ireland is certified by legislation to offer reinsurance only in respect of risks arising outside the State. The UK subsidiaries of Swiss Re do provide some re-insurance services to Irish customers: Swiss Re Life & Health UK Limited wrote c. €107 m of life business in Ireland in 2004; Swiss Re UK Limited wrote c. €17m of non-life business in 2004.
4. Dortmund Re is an Irish IFSC reinsurer. The lines of insurance covered include Motor, General Liability and Accident. 40% of its business is reinsurance services for its parent company, Continentale Sachversicherung AG. In the last financial year, it had a worldwide gross written premium of €91 million, of which €[less than 50] million was from Irish cedants (reinsurance customers).
5. IMRe is also an IFSC reinsurer. Like Dortmund Re, its lines of business include Motor, General Liability and Accident. 40% of its business is for its parent companies, Gothaer Finanz Holding AG and Nova Allgemeine Versicherung AG. In the last financial year, it had a worldwide gross written premium of €43million, of which €[less than 20] million was with Irish cedants.



Analysis

6. The Swiss Re Group does have some presence in the Irish life and non-life insurance markets through its subsidiaries Swiss Re Life & Health UK Limited and Swiss Re UK Limited. Since both Dortmund Re and IMRe operate exclusively in the non-life section of the reinsurance market, the only area of overlap is in respect of non-life reinsurance. The undertakings involved estimate that the target companies have a combined global share of less than 0.1% of reinsurance worldwide and that the acquirer Swiss Re, has 13.2% of the global market. With regard to reinsurance, the Insurance Information Institute estimates that in 2003, the net reinsurance premiums written by the world's top 40 reinsurance groups amounted to \$120.7 billion. A report published by Guy Carpenter¹ estimates that 3% of the global reinsurance premiums in 2003 were paid to Irish reinsurers. The combined turnover of the undertakings represents less than 0.1% of this. The transaction does not give rise to competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Swiss Re Ireland Limited of Dortmund Re Ireland Limited and International Mutual Reinsurance Company Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

¹ Guy Carpenter: Market Information Briefing, August 2005