Merger between The Yasuda Fire and Marine Insurance Co., Ltd. and The Nissan Fire and Marine Insurance Co., Ltd.

Maech 14, 2002
Fair Trade Commission

The Fair Trade Commission (hereinafter referred to as "FTC") received a request from The Yasuda Fire and Marine Insurance Co., Ltd. (hereinafter referred to as "Yasuda Fire and Marine") and The Nissan Fire and Marine Insurance Co., Ltd. (hereinafter referred to as "Nissan Fire and Marine") for prior consultation regarding the proposed merger between the two companies to be scheduled on July 1, 2002.

The FTC has examined the request and replied to the parties that, the proposed merger may not be likely to violate provisions of the Antimonopoly Act, if judged from the explanations given by the parties concerning the content of the merger and the examination conducted by the FTC.

I. Outline of the merger

In order to improve the efficiency of their management and to strengthen their competitiveness in the rapidly changing business environment of non-life insurance industry, Yasuda Fire and Marine and Nissan Fire and Marine are planning to merge with Yasuda Fire and Marine as transferee company on July 1, 2002.(The name of new company will be “ Sompo Japan Insurance Inc.”)

II. Views with respect to the Antimonopoly Act

(A) Particular fields of trade

It has been concluded that not only the non-life insurance industry as a whole, but also each class of insurance business (voluntary automobile, personal accident, fire, compulsory automobile liability, general liability, and marine & transit insurances) in the light of the particular insurance coverage provided, constitute particular fields of trade.

(B) Impact on competition

i) The combined share of the parties in the total domestic non-life insurance premiums on the basis of the net premiums written will be over 15%, ranking the third. We also note that the concentration ratio would further increase in the event of the planned consolidations of other non-life insurance companies.

The following points also merit attention:

(a) The parties to the proposed merger face vigorous competition from non-life insurance company which is planning to consolidate before long (market share after consolidation will be under 25% , ranking the first) and other major non-life insurance companies, each assuming a market share between 10% and over 15%.

(b) Life insurance companies, foreign insurance companies and players from other industries have been entering the non-life insurance market.

(c) The liberalization of insurance premiums rates and the entries of new players have been intensifying price competition. Moreover, non-life insurance companies are competing with each other in the development effort of new insurance products, and are diversifying the service offers of their insurance products.

(d) In addition to the sales of conventional insurance products through non-life insurance agents, sales of insurance products via such channels as telephone and the Internet typically through the new entrants are on the increase.

ii) As for each class of insurance business, the parties, once merged, will rank second (a combined market share in general liability insurance will be about 20%, the largest) or third respectively in a combined market share and face vigorous competition from other major non-life insurance companies in every classes.

iii) As a result of the comprehensive examination of all factors as stated above, the FTC has concluded that the proposed merger may not substantially restrict competition in any of the particular fields of trade listed in (A) above.