

I have translated the main paragraphs in this decision that discuss the use of PCAIDS by the Italian Competition Authority. In the near future I hope to translate the decision in its entirety.

RJE

Provvedimento

C5422B - SAI – SOCIETÀ ASSICURATRICE INDUSTRIALE/LA FONDIARIA ASSICURAZIONI

DATI GENERALI

<i>tipo</i>	Chiusura istruttoria
<i>numero</i>	11475
<i>data</i>	17/12/2002

PROCEDIMENTI COLLEGATI

<i>fattispecie</i>	6-Concentrazione tra imprese indipendenti
<i>esito</i>	Autorizzazione con condizioni
<i>anno</i>	2002

PUBBLICAZIONE

<i>Bollettino n.</i>	51-52/2002
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[142] ... The simulations carried out by the Authority on the basis of a model of the type PCAIDS have shown that, with reasonable hypotheses for assumed values of the elasticities for the market and for a single firm, the transaction under examination allows the parties to increase their own prices by a considerable measure above those existing in the pre-transaction equilibrium. For example, regarding the RC Auto line [automobile third party liability] such price increases on average are above 10% for the firms participating in the merger.

[144] PCAIDS...moreover is based on hypotheses altogether less restrictive than those underlying the Logit method....As illustrated in paragraph 122 and in the economic appendix, the values of the elasticities adopted for the PCAIDS simulations carried out by the Authority are neutral or favorable to the parties.

The results of the Logit simulations based on less realistic values of the elasticities therefore are not relevant for the analyses, considering the results of the Logit simulations that hypothesize more appropriate values, it emerges that the predicted price increases from the transaction are high however, even if less than those produced by the PCAIDS method, being contained for example between 6% and 8% in the RC Auto line.

[146] All in all, the acquisition ... appears suitable to bring about the creation of a dominant position...apt to reduce competition in a substantial and lasting manner. And that [follows] in consideration of the combined market shares of the parties, the increase in the degree of concentration of the markets, the existence of numerous elements of rigidity in the insurance markets, ... as well as the possibility for the firms participating in the transaction to increase prices appreciably above those that characterize the pre-merger market equilibrium.