Competition Commission

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Common Market for Eastern and Southern Africa

Case File No. CCC/MER/09/26/2021

Decision[1] of the Eighty-First (81st) Committee Responsible for Initial Determination Regarding the Proposed Merger involving Standard Bank Group Limited and Liberty Holdings Limited

ECONOMIC SECTOR: Banking and Insurance

20th February 2022

[1] In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible, the information omitted has been replaced by ranges of figures or a general description.

Introduction and Relevant Background

1. On 4th November 2021, the COMESA Competition Commission (the "Commission") received a notification of a merger between Standard Bank Group Limited ("**SBG**" or the "**acquiring undertaking**") and Liberty Holdings Limited ("**Liberty**" or the "**target undertaking**"), pursuant to Article 24(1) of the COMESA Competition Regulations of 2004 (the "**Regulations**").

2. Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the transaction between the parties would or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.

3. Pursuant to Article 13(4) of the Regulations, there is established a Committee Responsible for Initial Determinations, referred to as the CID. The decision of the CID is set out below.

The Parties

SBG (the "acquiring undertaking")

4. SBG is a public company incorporated under the laws of the Republic of South Africa. SBG is listed on the Johannesburg Stock Exchange, the Namibian Stock Exchange and the A2X Market.

5. SBG is a financial institution that offers banking and financial services to individuals, businesses, institutions and corporations in Africa and abroad. SBG offers transactional banking, saving, borrowing, lending, investment, risk management, wealth management and advisory services.

6. In the Common Market, the acquiring undertaking is active in Eswatini, the Democratic Republic of Congo, Kenya, Malawi Mauritius, Uganda, Zambia and Zimbabwe through the following entities:

Table 1 – Entities of SBG in the Common Market

Member State	Name of Entity
DRC	Standard Bank RDC S.A.
Eswatini	Standard Bank Eswatini Limited
	Standard Financial Services Eswatini Limited
	Standard Nominees Eswatini (Proprietary) Limited
Kenya	Stanbic Holdings plc
	Stanbic Bank Kenya Limited
	Stanbic Insurance Agency Limited
Malawi	Standard Bank Plc
	Standard Bank Nominees Limited
	Standard Bank Bureau de Change Limited
Mauritius	Standard Bank (Mauritius) Limited

Uganda	Stanbic Uganda Holdings Limited
	Stanbic Bank Uganda Limited
	SBG Securities Uganda Limited
	Stanbic Properties Limited
	Stanbic Business Incubator Limited
	FLYHUB Uganda Limited
Zambia	Stanbic Bank Zambia Limited
	Stanbic Nominees Zambia Limited
	Stanbic Securities Zambia Limited
	Stanbic Insurance Brokers Zambia Limited
	Burnet Investments Limited
Zimbabwe	Stanbic Bank Zimbabwe Limited
	Stanbic Nominees (Pvt) Limited

Liberty (the "Target Undertaking")

7. Liberty, the target undertaking is a public company incorporated in accordance with the laws of the Republic of South Africa. It is a financial services group that offers an extensive, highly competitive range of products and services to help clients build and protect their wealth and lifestyle.

8. Liberty is a holding company of various operating subsidiaries within the Common Market which are grouped according to their products or services offering as follows:

   i) *Long-term insurance:*

9. Liberty Life Swaziland, Liberty Life Kenya, Liberty Life Uganda and Liberty Life Zambia, all offer long-term insurance products ranging from life insurance to severe illness and permanent disability cover, as well as education protection.

   ii) Short-term insurance:

10. Heritage Insurance Kenya and Liberty General Insurance Uganda are short term insurers which offer cover for various assets and trigger events. Further, Heritage Insurance Kenya offers: (i) personal lines protection (which include motor and household insurance, as well as personal accident and travel insurance); (ii) commercial lines protection (being insurance of the following kinds – engineering, marine and aviation), group personal accident, medical insurance, work injury benefits, terrorism insurance, trade credit insurance, professional indemnity, and commercial motor insurance, as well as vicarious or third-party liability; and fire and perils. Liberty General Insurance Uganda offers coverage of, *inter alia,* workmen's compensation, business interruption, public and product liability, and fire and special perils.

iii) Investment and asset management

11. STANLIB Eswatini is involved in investment and asset management and specifically manages investments in the following funds: the Standard Bank Eswatini Money Market Fund; and the Standard Bank Eswatini Managed Fund.

iv) Health insurance

12. Heritage Kenya, Liberty Life Uganda and Liberty Life Zambia all provide health insurance products.

v) Property development and letting enterprises

13. STANLIB Africa Direct Property Development Fund Limited (SADPDF)[2] is an investment vehicle with ultimately two investments in the Common Market, being: a mall in Kampala, Uganda, which has recently been completed and is in the process of commencing operations; and vacant land in Nairobi, Kenya.

14. The parties also submitted the details of various entities in which Liberty either holds no interest or holds a non-controlling interest and which also provide products/services in the Common Market as follows:

    i. Libertas General Insurance (Libertas), an entity in which Liberty does not have a shareholding, but which sells health insurance products that have been designed and developed by Liberty, under its own (i.e. Libertas') licence in Malawi.

    ii. Swan Reinsurance Protected Cell Captive (an entity in which Liberty has a limited beneficial interest) (Swan Re) provides, among other things, investment and insurance management which includes health re-insurance in Mauritius.

    iii. EXEO Capital is domiciled in Mauritius and is an alternative investment partner in Africa. It invests in Agri-Funds (Agri-Vie II) which invest in the food & agribusiness sector. In addition, Liberty holds an economic interest in SADPDF, which has two investments in the Common Market, namely (i) Arena Mall in Kampala, Uganda that has recently been completed and is in the process of commencing operations; and (ii) vacant land, in Nairobi, Kenya. It was submitted that SADPDF recently commenced trading operations and as such did not generate revenue in any Member State.

Jurisdiction of the Commission

15. Article 24(1) of the Regulations requires 'notifiable mergers' to be notified to the Commission. Rule 4 of the Rules on the Determination of Merger Notification

[2] The parties clarified that Liberty holds an economic interest (through indirect shareholdings in various entities) in SADPDF. It is, however, not necessary for the Commission to determine if Liberty controls is only now commencing trading operations, as such, did not generate revenue in any COMESA Member State during Liberty's preceding financial year.

Thresholds and Method of Calculation (the "**Merger Notification Thresholds Rules**") provides that:

> *Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:*
>
> *a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds COM$ 50 million; and*
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> *b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds COM$ 10 million,*
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> *unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State.*

16. The merging parties have operations in more than two COMESA Member States. Further, the parties' combined annual asset value in the Common Market exceeds the threshold of USD 50 million and they each hold asset value of more than USD 10 million in the Common Market. Also, the merging parties do not achieve more than two-thirds of their respective COMESA-wide asset value within one and the same Member State. The notified transaction is therefore notifiable to the Commission within the meaning of Article 23(5)(a) of the Regulations.

Details of the Merger

17. SBG currently holds 53.62% of the ordinary shares in Liberty and has exercised control over Liberty since 1999. The Proposed Transaction entails SBG acquiring the remaining shares of Liberty. As a result of the Proposed Transaction, Liberty will become a wholly owned subsidiary of SBG.

18. During the review of this transaction, the Commission learnt that the 53.62% shareholding by SBG in Liberty conferred SBG sole control over Liberty. Therefore, the instant transaction was not resulting in a change of control on a lasting basis. This then means that even though the merger had already been notified to the Commission, it did not appear to be a notifiable merger on the basis of this finding during the assessment. Nevertheless, out of abundance of caution and to fulfil its obligation to ensure competitive markets, the Commission continued to review the merger to determine if there would be any changes in the structure of the market by virtue of SBG acquiring all the remaining shares in Liberty.

Competitive Assessment

Relevant Markets

Relevant Product Market

19. The CID noted that while the SBG focuses on banking services and insurance brokerage (through bancassurance), Liberty primarily focuses on the provision of various insurance products/services in the form of long-term and short-term insurance, investment and asset management and property development. Given that the SBG brokers some of Liberty's products, the CID considered that there are likely vertical competition concerns that may arise by virtue of the transaction.

20. The CID thus focussed on the acquirer's banking services and the target's insurance activities, where it is likely that vertical relations do exist.

The provision of insurance services

21. Insurance services can be distinguished as life insurance, non-life insurance, and re-insurance[3]. Life insurance entails the coverage against the risk of death whether in the form of assurance on survival to stipulated age; death; or insurance against personal injury and disability resulting from accident or sickness[4]. Non-life insurance includes insurance against risks such as accidents, fire, damage to property, motor vehicle liability, aircraft liability, miscellaneous financial loss and legal expenses. Re-insurance entails a scenario where an insurance company with policy holders transfers some of the risks incurred to other insurance enterprises.

22. The various forms of insurance products can be seen as separate markets due to the differences in the nature of the services and the intended purpose that each category seeks to achieve. For instance, life insurance is claimed upon the death of a person and may be seen as an investment in favour of the beneficiaries of the deceased policy holder. To the contrary, most forms of non-life insurance are claimed upon loss or damage of the insured property such as under motor vehicle insurance or property insurance. Further, re-insurance is different from life and non-life insurance given that it entails insurance between insurance providers.

23. Thus, there exists sub-market within the insurance sector namely, life insurance, non-life insurance and re-insurance whose distinction is based on the nature of the products. These are not likely to be substitutable given their differences. For instance, a person looking for a life insurance cover is unlikely to substitute this with non-life insurance products such as motor vehicle insurance, property insurance given that in the unfortunate event of death, the person's beneficiaries may not get

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[3] https://www.oecdilibrary.org/docserver/9789264220676en.pdf?expires=1631523522&id=id&accname=guest&checksum=25678AABDD51E5EE80826328A6628702 Page 400, accessed on 1st December 2021

[4] https://www.acko.com/general-info/non-life-insurance/ accessed on 6th December 2021

the compensation by using a non-life insurance policy. In ***Kuramo/Platcorp***[5], the CID confirmed the existence of life insurance and non-life insurance as separate markets on the understanding that the former covers life-changing events in a person's life, such as death, retirement and disability as opposed to the later.

24. Insurance services can also be distinguished based on the time the insurance cover is paid to a client when an event occurs. Thus, insurance can be categorised as either long-term or short term. An instance of long-term insurance is life insurance which is paid upon the death of a person or in the event of a permanent disability of a person. In ***Metropolitan Holdings Limited/HTG Life Limited***, the South Africa Competition Tribunal defined long-term insurance as a relevant market and further held that the market can be delineated into individual insurance product and corporate customer group insurance and further segmented into assistance and life policies[6]. Long-term insurance is distinguishable from short-term insurance which covers risks on certain assets for a limited amount of time and provides flexibility to a policy holder's changing circumstances, needs and risk profile (i.e., motor vehicle insurance which provides for monthly insurance cover to accommodate a policy holders limited ability to pay for a year's cover).

25. In view of the above, the CID concluded that there is a clear distinction between long-term and short-term insurance and that there is a further possibility of segmenting insurance markets according to the differences in the products' intended usage. However, it was noted that there is no horizontal overlap in the activities of the parties in the insurance services hence it was not necessary to further segment the market. This notwithstanding, there is a clear difference between long-term and short-term insurance. Therefore, given the parties submission that Liberty is active in the provision of long-term and short-term insurance, the CID **determined that the provision of long-term and short-term insurance services are two distinct relevant product markets**.

Provision of bancassurance services

26. The CID recalled that SBG distributes Liberty's insurance services to its banking clients using its banking system. This mode of distribution of insurance is particularly called bancassurance. It is a mode of distributing insurance product be it life or non-life insurance using the banking systems as a distribution channel. The bank providing bancassurance service is itself not a provider of the insurance product nor is it in a position to pay out insurance claims. Thus, the provision of bancassurance services was considered as distinguishable from the provision of insurance services due to the differences in the nature of the services.

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[5] See CID **Decision/12/2021**

[6] Case No. 58/LM/Jun07 (11th June 2007)

27. **In view of the above and given that SBG provides bancassurance services to Liberty's clients, the provision of bancassurance services is determined as a relevant product market.**

Provision of banking services

28. Provision of banking services comprises of various segments such as retail banking, corporate banking, and other financial market services[7]. Each of these segments may be considered as separate markets on account of the nature of the services provided and the customers for which the services are intended.

Provision of retail banking services

29. The retail banking services entails provision of the banking products and services to consumers and small business which includes deposits accounts and related services such as ATMs, direct deposit, credit transfers and credit lines[8].

30. The various products under retail banking services may be seen as narrow markets given the uniqueness of the products which limits substitution from a customer's point of view. For instance, deposit services are meant to give a customer an opportunity to save funds thereby postponing present consumption to the future and earn interest in the process. On the other hand, credit is provided to a customer to meet present expenditure needs but a customer is expected to re-pay the money in future with interest.

31. From a supply perspective, retail banking products may be provided as a package. A bank's ability to provide individual retail banking products/services may depend on other retail banking products which influence customer demand patterns. For instance, a personal current account may be linked to other retail banking services which may influence a customer's choice of which bank to approach. Thus, a personal current account may be linked to a better mortgage, credit facilities, ATM card services which encourages banks to diversify their product portfolio from the traditional products and leverage new products in order to attract new customers.

32. Considering that the definition of product markets extends to all those products that are regarded as interchangeable from a customer point of view by virtue of the products characteristics, intended use and prices, individual retail banking products can be categorised into separate product markets. However, the strong possibilities for supply side substitution whereby a bank is able to provide retail banking services as a package suggest that the relevant product market can be categorised broadly as retail banking. This approach is considered since the transaction is unlikely to raise horizontal overlap in the activities of the parties hence consideration of narrower markets is not necessary.

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[7] See Case No COMP/M.1910 - Meritanordbanken/Unidanmark

[8] https://openknowledge.worldbank.org/bitstream/handle/10986/34444/Competition-in-Retail-Banking-Services-in-Latin-America.pdf?sequence=1&isAllowed=y, accessed on 2nd February 2022 at 11:55 am

33. In light of the above, the CID determined the relevant product market broadly as the **provision of retail banking services.**

Provision of corporate banking services

34. Corporate banking services entail the provision of banking services to small/medium enterprises and large corporate customers[9] as opposed to private individuals or very small enterprises which fall under retail banking services.

35. Generally, the core products under corporate banking are like those under retail banking with the major difference being the type of customers served and the manner in which the customers are served. While no threshold can be said to exist, demarcating retail banking and corporate banking, one distinguishing feature separating the two can be seen as the differences in the value of transactions involved which tend to be low in retail banking and higher in corporate banking[10]. Another distinguishing feature is the handling charges which tends to be low in retail banking as compared to corporate banking. A further distinguishing feature is that retail banking often supports day-to-day banking services to private individuals while corporate banking is mostly intended to support the development of customers' businesses and projects.

36. Therefore, on account of the above stated differences, there is bound to be limited substitution by a customer between retail and corporate banking. Switching from retail banking services to corporate banking services would entail incurring additional expenses for a customer. Further, the volumes and values of transactions undertaken at corporate level may not be relevant and appropriate at retail level, making the two products distinct.

37. A similar distinction was made by the CID in ***I&M Holdings/Orient Bank***[11] where it was considered that while demand substitution may exist between retail banking and corporate banking, limitations may arise given that for a retail banking customer to access corporate banking services, he/she would have to incur higher costs. Therefore, substitution will only be possible to the extent that a retail customer is willing to pay more for tailor made corporate banking services. The cost to a retail banking customer is likely to be high and would discourage switching.

38. From a supply perspective, banks tend to consider corporate banking customers as low risk customers compared to retail banking customers who are considered high risk. Thus, a bank is more flexible to tailor make banking products and offer on flexible/favourable terms to corporate customers as opposed to retail customers that access standard credit facilities on standard terms and conditions. Further, banks

[9] https://www.myaccountingcourse.com/accounting-dictionary/corporate-banking
[10] https://theinvestorsbook.com/retail-banking-vs-corporate-banking.html#DifferenceandComparison
[11] See CID-Decision/3/2021

tend to prioritise the handling of transaction by a corporate customer as opposed to retail customer transactions.

39. In view of the above discussion, the CID considered that **the provision of corporate banking services is categorised as a separate product market.**

40. On the basis of the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the relevant product markets are construed as follows:

    a) the provision of long-term insurance services;

    b) the provision of short-term insurance services;

    c) the provision of bancassurance services;

    d) the provision of retail banking services; and

    e) the provision of corporate banking services.

Relevant Geographic Market

41. With respect to the provision of long-term and short-term insurance services, it is recalled that Liberty provides its services at national level in Eswatini, Kenya, Uganda, and Zambia. Insurance services tend to be regulated under the relevant laws in a country where the services are provided such that different requirements for operation are likely to apply in different countries. Further, the insurance distribution channels are bound to be different across countries since these are likely to be influenced by social and economic dynamics of a country. For instance, the proportion of the population engaged in formal businesses and the number of people possessing national identification may influence the distribution approach. Such factors are likely to make a country present a homogenous environment when compared to other countries making substitution across countries unlikely.

42. In ***Canada Life/Irish Life***[12], the EC similarly defined the geographic scope of life insurance services as national on the basis of the existence of national distribution channels, different regulatory framework and fiscal regimes. Among the reasoning for limiting the market to national was that a customers' search for life insurance products tended to be limited to local providers and that competition amongst providers tended to be limited to the geographic boundaries of a single country. Further, in terms of clients' convenience in lodging a claim, it is likely that clients would prefer to lodge claims within their country of residence as opposed to lodging a claim beyond a country of residence which may be time consuming and costly to a client.

43. **Premised on the foregoing, the CID considered that the geographic market for long-term and short-term insurance services for the current transaction is**

[12] Case COMP/M.6883 Canada Life/Irish Life, para 19.

national in scope and pertains to Eswatini, Kenya, Uganda and Zambia where the target operates.

44. With respect to retail banking and corporate banking services, the geographic scope of the market is often limited to national. From a supplier's perspective, banks are closely regulated by respective central banks of the countries where they operate such that extending their operations beyond one country would first require relevant approvals. As much as banks may switch their operations beyond one country, such switching is not likely to occur in a timely manner in response to a 5% to 10% increase in expected profits. Thus, the geographic scope is likely to be limited to national.

45. From a demand perspective, it should be noted that customers may switch their services from banks across countries in response to an increase in the charges levied by banks in one country. For instance, expatriates working away from their home countries are often faced with a choice of operating a local account in their country of work or maintain bank accounts in their home country but still meet daily expenditure needs by using ATMs or online banking platforms.

46. The above may suggest that the geographic scope for banking services could be broader than national. However, this possibility may only apply to a small sample of clients and hence may not be representative of how the majority ordinary customers will respond to such a scenario.

47. **In view of the above and due to the fact that the acquirer provides banking services in DRC, Eswatini, Kenya, Malawi, Mauritius, Uganda, Zambia and Zimbabwe, the relevant geographic markets are determined as national, pertaining to these respective Member States.**

48. With regard to the provision bancassurance services, it has been noted that the acquirer SBG, provides these services to its banking clients on behalf of the target, Liberty. The relevant clients are clients who are enjoying banking services provided by SBG whose geographic scope is limited to national. From a supply perspective, a bank's choice of which clients to provide bancassurance services to is likely to be limited to clients within the national borders of a country since these are the clients who have access to the banking services.

49. **In view of the above and given that the bancassurance services are provided in Eswatini, Kenya, Uganda and Zambia, the relevant geographic market is determined as national and pertains to these Member States.**

Conclusion of Relevant Market Definition

50. For the purposes of assessing the proposed transaction only, and without prejudice to future cases, the CID identified the following relevant markets:

a) **provision of long-term insurance services in Eswatini, Kenya, Uganda and Zambia;**
b) **provision of short-term insurance services in Eswatini, Kenya, Uganda and Zambia;**
c) **provision of bancassurance services in Eswatini, Kenya, Uganda and Zambia;**
d) **provision of retail banking services in DRC, Eswatini, Kenya, Malawi, Mauritius, Uganda, Zambia and Zimbabwe; and**
e) **provision of corporate banking services in DRC, Eswatini, Kenya, Malawi, Mauritius, Uganda, Zambia and Zimbabwe.**

Market Shares and Concentration

51. From table 1 below, the CID noted that pre-merger, the target undertaking will maintain the same market share post-merger given the absence of horizontal overlap between the parties to the transaction.

52. Using the CR3, the long-term insurance service industry concentration ratio in Eswatini, Zambia, Kenya, and Uganda are 74%, 61%, 54.2%, and 49.9% respectively. The CR3 results indicated that the relevant markets range from moderately to highly concentrated in most of the affected Member States except in Uganda where the market is not concentrated.

53. Therefore, the CID noted that the transaction is not likely to negatively affect competition in the provision of long-term insurance services since despite the markets being generally concentrated in most of the Member States, the merged entity's market shares will not change.

Table 1: Estimated Market Shares in the provision of long-term insurance for the Target and Competitors in COMESA[13]

Member State	Name of Company	Product/Service	Pre-merger (%)	Post-merger (%)
Eswatini	Eswatini Royal Insurance Company	Long-term insurance	[35% – 40%]	[35%–40%]
	Old Mutual Eswatini Limited	Long-term insurance	[20% – 25%]	[20%–25%]
	Metropolitan Life Eswatini Limited	Long-term insurance	[10% – 15%]	[10%–15%]
	Liberty Life Eswatini	Long-term insurance	[10%–15%]	[10%–15%]
	United Life Assurance Limited	Long-term insurance	[1% – 5%]	[1% – 5%]

[13] Confidential information claimed by merging parties

Member State	Name of Company	Product/Service	Pre-merger (%)	Post-merger (%)
	Orchard Insurance Limited	Long-term insurance	[1% – 5%]	[1% – 5%]
Kenya	Britam Life Assurance Company (K) Limited	Long-term insurance	[25% – 30%]	[25%–30%]
	The Jubilee Insurance Company of Kenya Limited	Long-term insurance	[15% – 20%]	[15%– 20%]
	ICEA Lion Life Assurance Company Limited	Long-term insurance	[15%– 20%]	[15%– 20%]
	CIC Life Assurance Company Limited	Long-term insurance	[5% – 10%]	[5% – 10%]
	Liberty Life Kenya	Long-term insurance	[5% – 10%]	[5% – 10%]
	Sanlam Life Insurance Company Limited	Long-term insurance	[1% – 5%]	[1% – 5%]
Uganda	UAP Old Mutual Uganda Limited	Long-term insurance	[15% – 20%]	[15%– 20%]
	Jubilee Insurance Company of Uganda Limited	Long-term insurance	[15%– 20%]	[15% –20%]
	Liberty Life Uganda	Long-term insurance	[15% – 20%]	[15%– 20%]
	Sanlam Uganda Limited	Long-term insurance	10 – 15%	[10% – 15%
	ICEA Lion Life Assurance Limited	Long-term insurance	[10% – 15%]	[10%– 15%]
	Prudential Uganda Limited	Long-term insurance	[10% – 15%]	[10%– 15%]
Zambia	Sanlam Life Insurance Zambia Limited	Long-term insurance	[30% – 35%]	[30%– 35%]
	Prudential Zambia Limited	Long-term insurance	[15% – 20%]	[15%– 20%]
	Madison Life Insurance Company Limited	Long-term insurance	[10% – 15%]	[10%– 15%]
	ZSIZ Life Plc	Long-term insurance	10 – 15%	[10%– 15%]
	SES Zambia Limited	Long-term insurance	[5% – 10%]	[5% – 10%]
	Liberty Life Zambia	Long-term insurance	[5% – 10%]	[5% - 10%]

54. Furthermore, as indicated in table 2 below, the market share of the target group in the provision of short-term insurance service is less than [1% - 5%] in both Kenya and Uganda, which market share will not change post-merger as there is no overlap between the merging parties.

Table 2: Estimated Market Shares in the provision of short-term insurance for the Target and Competitors in COMESA

Member State	Name of Company	Product/Service	Pre-merger (%)	Post-merger (%)
Kenya	Jubilee Genera Insurance Limited	Short-term Insurance	[5% –10%]	[5% – 10%]
	CIC General Insurance Company Limited	Short-term Insurance	[5% – 10%]	[5% – 10%]
	APA Insurance Limited	Short-term Insurance	[5% – 10%]	[5% – 10%]
	UAP Old Mutual	Short-term Insurance	[5% – 10%]	[5% – 10%]
	Britam General Insurance Company (K) Limited	Short-term Insurance	5 – 10%	[5% – 10%]
	Heritage Kenya	Short-term Insurance	[1% – 5%]	[1% – 5%]
Uganda	Jubilee Insurance Company of Uganda Limited	Short-term Insurance	[25% – 30%]	[25%–30%]
	UAP Old Mutual Uganda Limited	Short-term Insurance	[15% – 20%]	[15%–20%]
	Sanlam Uganda Limited	Short-term Insurance	[10% – 15%]	[10%–15%]
	Britam Insurance	Short-term Insurance	[10% – 15%]	[10%–15%]
	Goldstar Insurance Company Limited	Short-term Insurance	[1% – 5%]	[1% –5%]
	Liberty General Insurance	Short-term Insurance	[1% – 5%]	[1% – 5%]

55. Using the CR3, the short-term insurance service industry concentration ratios in Kenya, and Uganda are 24% and 56.3% respectively. The CR3 result indicates that the relevant market is moderately concentrated in Uganda while the market is competitive in Kenya.

56. As there is no overlap between the merging parties and given the fact that the acquirer is an existing majority shareholder of the target, there will not be change in the market structure or accretion post-merger. In addition, the target undertaking is

and will not be a dominant player in the short-term insurance services market. As such, the transaction is not likely to raise any competition concerns.

57. The CID noted that the parties' activities result into a vertical relationship. The CID, however, found that the merged entity is not likely to foreclose other potential insurance service providers who may wish to supply insurance services through the Bancassurance arrangements that there are several competing firms that SBG's competitors could switch to. The CID therefore concluded that it is not likely that the merged entity will hold dominant positions to enable them to engage in market foreclosure strategies.

Third-Party Views

58. Submissions were received from Eswatini, Kenya, Malawi, Mauritius and Zambia which views did not raise any concerns, given that the parties do not operate in the same Member State.

Determination

59. Based on the foregoing reasons, the CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market or a substantial part of it, nor be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States. Further that the transaction did not lead to a change of control on a lasting basis and therefore was not capable of resulting in the alteration of market structure post-transaction.

60. The CID therefore cleared the transaction. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 20th day of February 2022

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Commissioner Deshmuk Kowlessur (Chairperson)

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Commissioner Mahmoud Momtaz

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Commissioner Islam Tagelsir Ahmed Alhasan