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**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2016/03/07/02/JB

**Decision¹ of the Nineteenth Meeting of the Committee Responsible for
Initial Determination Regarding the Proposed Merger between Exor
S.P.A and PartnerRe Ltd**

ECONOMIC SECTOR: Insurance

7th March 2016 – Johannesburg, South Africa

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. This report concerns a merger in terms of which Exor S.p.A (hereinafter referred to as "Exor") intends to acquire sole control of PartnerRe Ltd (hereinafter referred to as "PartnerRe").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed 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. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") noted that the Commission has jurisdiction on mergers primarily with a regional dimension. This therefore means that mergers that do not meet the regional dimension requirement should be assessed by the Member States concerned. Article 23(3)(a) establishes the regional dimension requirement when it provides that:

"This Article shall apply where both the acquiring firm and the target firm or either the acquiring firm or target firm operate in two or more Member States".

4. Further, Article 3(2) provides that the Regulations are only applicable to mergers that have an appreciable effect on trade between Member States and that restrict competition in the Common Market. This means that a merger only has a regional dimension if more than one Member State is affected.
5. In the case under consideration, the parties have operations in the following Member States:
 - Congo DRC
 - Djibouti
 - Egypt
 - Eritrea
 - Ethiopia
 - Kenya
 - Libya
 - Madagascar
 - Malawi
 - Mauritius
 - Rwanda
 - Seychelles
 - Sudan
 - Uganda
 - Zambia
 - Zimbabwe

6. The above list of Member States shows that the parties have operations in more than two Member States thereby satisfying the Regional Dimension requirement under Article 23(3)(a) of the Regulations. Further, transactions that are likely to have an appreciable effect on trade are those that satisfy the merger notification thresholds prescribed under Rule 4 of the COMESA Competition Rules on the Determination of Merger Notification Thresholds and Method of Calculation which stipulate 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\$² 50million; and***
- (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,***

unless each of the parties to a merger achieves more than two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State”.

7. In the case under consideration, the parties have a combined turnover of more than COM\$ 50 Million and each has a turnover of more than COM\$ 10 million in the Common Market. This therefore that the Commission has the jurisdiction to review the merger.

The Parties

Exor

8. Exor is a listed investment company headquartered in Turin, Italy. Exor's activities are generally focused on long-term investments in diversified sectors across Europe and the United States. Exor's current core investments are Fiat Chrysler Automobiles N.V. a global manufacturer of passenger cars, light commercial vehicles, components and production systems, and CNH Industrial N.V. a global manufacturer of agricultural and construction vehicles, in addition to a portfolio of power train applications.

PartnerRe

9. PartnerRe is a global reinsurance company headquartered in Pembroke, Bermuda. The majority of PartnerRe's worldwide turnover (approximately 96% worldwide) is generated from the provision of reinsurance, with the other 4% of its turnover generated from the provision of certain specialty insurance lines).
10. PartnerRe primarily provides non-life insurance in COMESA. PartnerRe is listed on the New York Stock Exchange. No shareholder currently holds more than 9.9% of PartnerRe's common shares, and 100% of its common shares are classified as "free float". Consequently, no person or undertaking is currently able to exercise control, either de jure or de facto, over PartnerRe.

² One COM\$ is equivalent to one US\$

Nature of the Transaction

11. The transaction involves the acquisition of all the outstanding shares of PartnerRe by Exor.

Competition Analysis

12. The CID defined the relevant market as the provision of:

- Non-Life Reinsurance services at global level

13. The CID established that the markets are highly fragmented and several players will remain in the market post-merger. Further, the CID observed that the parties' products were not overlapping pre-merger and therefore the structure of the markets shall remain unaltered post-merger. In addition, the CID established that the merged entity is not likely to be dominant post-merger.

Determination

14. The CID determined that the merger does not substantially prevent or lessen Competition in the Common Market and is compatible with the Treaty Establishing the Common Market for Eastern and Southern Africa. The CID therefore decided to approve the transaction.
15. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.

Dated this 7th day of March, 2016.



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Commissioner Matthews Chikankheni (Chairman)



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Commissioner Thabisile Langa (Member)
(Member)



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Commissioner Georges Tirant