



COMESA Competition Commission
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**Common Market for Eastern
and Southern Africa**

CASE FILE No. CCC/MER/9/30/2014

**Decision¹ of the Fourteenth Meeting of the Committee of Initial
Determination Regarding the Proposed Merger between Cannon
Assurance Limited and Metropolitan International Holdings Proprietary
Limited**

ECONOMIC SECTOR: INSURANCE

10th March 2015 – 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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. On 15th September 2014, the COMESA Competition Commission (hereinafter referred to as "the Commission") received a notification for approval of a merger from Cannon Assurance Limited (hereinafter referred to as "Cannon") and Metropolitan International Holdings Proprietary Limited (hereinafter referred to as "Metropolitan").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Under this provision 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 pursuant to Article 26 of the Regulations.
3. The Committee of Initial Determination (hereinafter referred to as "the CID") noted that the parties operate in two or more COMESA Member States. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) of the Regulations are satisfied and asserts jurisdiction of the Commission to assess the transaction. The parties to the transaction are currently active in the following COMESA Member States:
 - Kenya
 - Malawi
 - Swaziland
 - Zambia

The Parties

Cannon

4. Cannon is a composite insurance company engaged in both general and long term insurance business in Kenya. It is licensed by the Insurance Regulatory Authority of Kenya in accordance with the provisions of the Insurance Act Chapter 487 of the Laws of Kenya. In addition, Cannon provides asset management services in Kenya, through its Kenyan subsidiary Cannon Asset Management Limited.

Metropolitan

5. Metropolitan is a company incorporated in South Africa with subsidiaries in Kenya, Malawi, Namibia, Swaziland and Zambia. Metropolitan and its subsidiaries operate primarily in the insurance business with some subsidiaries providing financial services such as asset management services. Metropolitan is a wholly owned subsidiary of MMI Holdings Limited which is a South African Insurance based financial services Group Company listed on the Johannesburg Stock Exchange.

Nature of the Transaction

6. The transaction involves the sale and purchase of 16,875,000 shares by Metropolitan in Cannon constituting 75% of Cannon's issued share capital together with any claims of the sellers against Cannon or its subsidiaries.

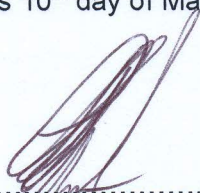
Competition Analysis

7. The CID defined the relevant product market as the provision of Life Insurance and General Insurance products. The CID established that the market is highly fragmented with several players and shall remain so post-merger. The CID established that the transaction would not frustrate the single market objective of the Treaty in that it does not have an appreciable effect on trade between Member States.


Determination

8. The CID determined that the merger does not substantially prevent or lessen competition and is compatible with the Treaty Establishing the Common Market. The CID has therefore decided to approve the transaction.
9. This decision is adopted in accordance with Article 26 of the Regulations.

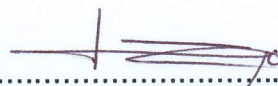
Dated this 10th day of March, 2015.



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Commissioner Alexander J. Kububa (Chairman)



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Commissioner Thabisile Langa (Member)



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Commissioner Chilufya Sampa (Member)