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Common Market for Eastern and Southern Africa

Case File No. CCC/MER/8/37/2022

Decision[1] of the Ninety-Third (93rd) Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Merger involving Sanlam Limited and Allianz SE

ECONOMIC SECTOR: Insurance

COMESA COMPETITION COMMISSION 30 APR 2023

30 April 2023

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

The Committee Responsible for Initial Determinations,

Cognisant of Article 55 of the Treaty establishing the Common Market for Eastern and Southern Africa (the "**COMESA Treaty**");

Having regard to the COMESA Competition Regulations of 2004 (the "**Regulations**"), and in particular Part 4 thereof;

Mindful of the COMESA Competition Rules of 2004, as amended by the COMESA Competition [Amendment] Rules, 2014 (the "**Rules**");

Conscious of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation of 2015;

Recalling the overriding need to establish a Common Market;

Recognising that anti-competitive mergers may constitute an obstacle to the achievement of economic growth, trade liberalization and economic efficiency in the COMESA Member States;

Considering that the continued growth in regionalization of business activities correspondingly increases the likelihood that anti-competitive mergers in one Member State may adversely affect competition in another Member State,

Desirability of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States' economies through the attainment of full market integration,

Having regard to the COMESA Merger Assessment Guidelines of 2014,

Determines as follows:

Introduction and Relevant Background

1. On 22 September 2022, the COMESA Competition Commission (the "**Commission**") received a notification for a merger involving Sanlam Limited and Allianz SE, pursuant to Article 24(1) of the Regulations.

2. In terms of the proposed transaction, Sanlam Limited ("**Sanlam**", together with its subsidiaries and controlled affiliates, the "**Sanlam Group**"), through Sanlam Emerging Markets Proprietary Limited ("**SEM**"), and Allianz SE ("**Allianz**", together with its subsidiaries and controlled affiliates, the "**Allianz Group**"), through Allianz Europe B.V. ("**Allianz Europe**"), have reached an agreement to contribute certain of their respective African operations (excluding operations in South Africa) to a South African incorporated joint venture holding company, Main Street 1889 Proprietary Limited (to be renamed Sanlam Allianz Africa Proprietary Limited) ("**Sanlam Allianz Africa**").

3. 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.

4. 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.

5. Article 25(1) of the Regulations provides that the Commission shall examine a merger within 120 days. Further, Article 25(2) of the Regulations provides that if prior to the expiry of the 120-days period, the Commission has decided that a longer time period is necessary, it shall so inform the parties and seek an extension from the Board. In the present case, the 120-days period would expire on 10 February 2023 (excluding the official COMESA closure period). During its review of the transaction, the Commission identified potential concerns in relation to the life and non-life insurance markets in certain Member States. In this regard, the Commission noted that it required additional time to assess these concerns and to further engage the merging parties and affected Member States and informed the parties of its intention to seek an extension of the assessment period. On 19 December 2022, the Commission received approval for an extension of the statutory period for assessment of 30 days starting from 11 February 2023, until 13 March 2023.

6. At its 91st meeting held on 9-10 February 2023, the CID considered the assessment report by the Commission and deferred making a decision due to concerns that it raised. Specifically, the CID was concerned that the market share accretion of the merging parties in Uganda and Madagascar may raise concerns and therefore referred the transaction back to the Commission for further assessment and engagements with the merging parties on the potential concerns from the market share accretions. The Commission noted that it required additional time to conduct interviews with market participants and further, in the spirit of natural justice to ensure that the parties are provided sufficient time to address the CID's concerns, on 6 March 2023, the Commission informed the parties of its intention to seek a further extension of sixty (**60**) days to the timeline for concluding the review of this transaction. At its 92nd meeting via round robin on 10 March 2023, the Commission received approval for an extension of the statutory period for assessment of sixty (**60**) days until 15 May 2023.

The Parties

Sanlam

7. Sanlam is a public company incorporated in accordance with the laws of the Republic of South Africa. Sanlam is the ultimate holding company of the Sanlam Group (including SEM - a subsidiary of Sanlam).

8. SEM, a wholly owned subsidiary of Sanlam, is a company established under the laws of South Africa and is a wholly owned affiliate part of the Sanlam Group. The

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Sanlam Group is an international financial services group comprising several insurers, financial services providers and other financial institutions in and outside of South Africa.

9. The Sanlam Group has life and non-life insurance operations in more than 30 countries. The Sanlam Group is also active in the provision of micro insurance services to MTN subscribers, through its acquisition of shares in aYo Holdings Limited. Within the Common Market, the Sanlam Group is active in all the Member States except for Tunisia.

Allianz

10. Allianz is a company registered in accordance with the corporate laws of Germany. Allianz is the ultimate holding company of the Allianz Group (including Allianz Europe - a subsidiary of Allianz).

11. Allianz Europe, a wholly owned subsidiary of Allianz, is a company established under the laws of the Netherlands and it is an affiliate part of the Allianz Group. The Allianz Group is a global integrated financial services group operating in life and non-life insurance and assets management products in over 70 countries with the largest of its operations in Europe.

12. The Allianz Group offers a wide range of life and non-life insurance products to both retail and corporate customers in the Common Market. The Allianz Group is also active in the provision of international private health insurance business, through its recent acquisition of Aetna Global Benefit (UK) Limited. Within the Common Market, the Allianz Group is active in all the Member States.

13. ***Sanlam Allianz Africa (the Joint Venture Company)***

14. Sanlam Allianz Africa, a private company incorporated on 10 November 2021 in accordance with the laws of the Republic of South Africa, is a holding company established for the purposes of the proposed transaction and currently a wholly owned subsidiary of SEM.

15. Pursuant to the proposed transaction, it will operate as a pan-African life and general insurance joint venture between the Sanlam Group (through SEM) and the Allianz Group (through Allianz Europe).

<u>Sanlam Transaction Assets</u>

16. In terms of the Proposed Transaction, the Sanlam Group will contribute the companies set out in Part A of Schedule 1 and Part A of Schedule 2 of the Contribution Agreement into and in exchange for shares in Sanlam Allianz Africa. These are the entities through which the Sanlam Group carries out its insurance and asset management businesses in the following African jurisdictions: Angola, Benin, Botswana, Burkina Faso, Cameroon, Congo, Gabon, Ghana, Guinea, Ivory Coast,

Kenya, Madagascar, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Togo, Uganda and Zambia (collectively, the **Sanlam Transaction Assets**). The shares in Sanlam Allianz Africa will be owned through SEM, a wholly owned affiliate part of the Sanlam Group.

Allianz Transaction Assets

17. In terms of the Proposed Transaction, the Allianz Group will contribute the companies set out in Part B of Schedule 1 and Part B of Schedule 2 of the Contribution Agreement into and in exchange for shares in Sanlam Allianz Africa. These are the entities through which the Allianz Group carries out insurance business in the following African jurisdictions: Burundi, Cameroon, Egypt, Ghana, Ivory Coast, Kenya, Madagascar, Mauritius, Morocco, Nigeria, Senegal, Tanzania, and Uganda (collectively, the **Allianz Transaction Assets**). The shares in Sanlam Allianz Africa will be owned through Allianz Europe, a wholly owned affiliate part of the Allianz Group.

Jurisdiction of the Commission

18. 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 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

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 at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State.

19. The undertakings concerned have operations in two or more Member States. The parents to the joint venture hold a combined asset value in excess of the threshold of USD 50 million in the Common Market and they each hold asset value of more than USD 10 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate COMESA-wide asset 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

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20. Sanlam Limited, through SEM, and Allianz, through Allianz Europe have reached an agreement to contribute certain of their respective African operations (excluding operations in South Africa) to a South African incorporated joint venture holding company, Sanlam Allianz Africa[2].

21. The parties submitted that the proposed transaction entails the acquisition of joint control over the Sanlam Transaction Assets and the Allianz Transaction Assets as defined above. The Sanlam Group and the Allianz Group will contribute the Sanlam Transaction Assets and the Allianz Transaction Assets, respectively, in exchange for shares in Sanlam Allianz Africa.

22. The parties submitted that through the proposed transaction, both the Sanlam Group and the Allianz Group reaffirm their respective strategic intent to have a stronger presence in Africa. The Proposed Transaction will enable the Parties to enhance their capabilities in existing markets where they are present and expand their footprints to compete more effectively in certain key jurisdictions on the African continent. The Parties foresee the strategic benefits of entering into the Proposed Transaction to include:

    (i) Enabling a strategic partnership between a pan-African insurance group and an established international financial services group and insurer;

    (ii) Leveraging the Sanlam Group's experience, expertise, and footprint in Africa and the Allianz Group's broad international expertise and capabilities;

    (iii) Achieving benefits associated with economies of scale, as well as improved geographical and product diversification,

    (iv) Offering a tailored range of products to suit the needs of local customers in the Common Market and across the African continent at competitive prices which reflect the scale benefits derived by the proposed transaction,

    (v) Maximising value creation for both the Sanlam Group and the Allianz Group and their respective stakeholders, and

    (vi) Benefiting from knowledge sharing, a combined platform and other potential synergies for Sanlam Allianz Africa.

[2] It is noted that the company was incorporated as a wholly owned subsidiary of Sanlam in 2021. At the time, it would not have qualified as a full function joint venture. The share purchase agreement was signed on 4 May 2022, and the parties engaged the Commission on 2 June 2022 to seek an extension for filing.

COMPETITION ASSESSMENT

Relevant Market

Relevant Product Markets

23. The Sanlam Transaction Assets and the Allianz Transaction Assets overlap in respect of the provision of life and non-life insurance services in the Common Market.

24. Paragraph 7 of the Commission's Guidelines on Market Definition states that a *"relevant* product *market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer/customer, by reason of the products' characteristics, their prices and their intended use".*

Provision of insurance services

25. The provision of insurance services entails the provision by a company of guarantee for compensation for specified loss, damage, illness, or death in return for payment of a specified premium. Insurance services can traditionally[3] be distinguished into the following three broad categories based on the intended purpose, characteristics, and prices/premiums:

a) Life insurance is a long-term agreement between the customer and insurance company.[4] It 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.[5]

b) Non-life insurance generally includes insurance against risks such as accidents, fire, damage to property, motor vehicle liability, aircraft liability, miscellaneous financial loss and legal expenses[6]. It is an agreement between customer and insurance company to cover for loss or damage of property and includes motor vehicle insurance, home insurance and health insurance.

c) Reinsurance consists in providing insurance cover to another insurer for some or all of the liabilities assumed under its insurance policies, in order to transfer risk from the insurer to the reinsurer.

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[3] See for instance Decision of the Eighty-Fifth (85th) CID regarding the Proposed Acquisition by Allianz SE of certain assets relating to Aetna Global Benefits (UK) Limited's International Private Health Insurance Business, pages 16-19, dated 2nd August 2022; Decision of the Eighty-First (81st) CID regarding the Proposed Merger involving Standard Bank Group Limited and Liberty Holdings Limited, pages 6-7, dated 20th February 2022, and Decision of the Forty-Fifth (45th) CID regarding the Proposed Acquisition by Sanlam Emerging Markets (Ireland) Limited of Saham S.A., page 3, dated 4th October 2018.

[4] Decisions of the Eighty-Fifth (85th) CID Regarding the Proposed Acquisition by Allianz SE of certain assets relating to Aetna Global Benefits (UK) Limited's International Private Health Insurance Business.

[5] https://www.acko.com/general-info/non-life-insurance/ accessed on 18th October 202.

26. Given that the business of the Sanlam Transaction Assets and Allianz Transaction Assets are active in life and non-life insurance segments, the focus of the assessment is limited to these categories of insurance product markets as discussed below. The market investigations confirmed that competition for reinsurance services occurs on a global scale with significant players being MunichRe and SwissRe, and the transaction is not capable of bringing any significant effects on the reinsurance market.

27. Life insurance is a separate product market as it is, contrary to nonlife insurance, essentially long-term in that usually it involves payment of regular premiums over a period of years; in most cases a policy is written in the certainty that a claim will subsequently be made (on death or other maturity), and often involves a substantial investment element. Non-life insurance, on the other hand, are claimed upon loss or damage of an insured property and are typically contracted for shorter periods. From demand side, a person looking for a life insurance cover would not be able to switch to a product under the non-life insurance segment given that in the unfortunate event of death, the person's beneficiaries would not be compensated by using a motor, home or health insurance policy.

28. Notwithstanding the fact that a number of insurance companies are active in both categories (as is the case for the merging parties), the policies carry different risks and further the lack of demand side substitutability support the finding of distinct product markets for life insurance and non-life insurance.

29. Within each market, further segmentation could be made: e.g., the life insurance market could further be segmented into protection products, savings and investment products, and pension products. The CID did not have sufficient information about customer preferences in COMESA to allow for a narrower segmentation. Generally, the Commission notes that the insurance companies operating in the life segment within the Common Market also offer these different types of life insurance products. This notwithstanding, the CID notes that even at EU level, the relevant market for life insurance has generally been left open[7]. While the CID is not bound by the EC findings and conclusions, it does consider them for reference and guidance in arriving at its own conclusions subject to the situations presented in its own cases. In the current case, the CID observed that adopting a single market for life insurance products will not have a material impact on the competitive assessment, given that the merging parties already enjoy a significant position in the life insurance market, as discussed further below.

30. In relation to the non-life segment, from a demand perspective, non-life insurance services can be distinguished into different types of sub-markets as each product covers different kinds of risks which are reflected in their distinct characteristics,

[7] See for instance, EC cases Case No IV/M.1129 - COMMERCIAL UNION / BERLINISCHE LEBENSVERSICHER UNG AG; Case No COMP/M.4284 - AXA / WINTERTHUR; Case COMP/M.5925 Metlife / Alico / Delam.

premiums and purposes. While motor vehicle insurance and health insurance are traditional insurance lines which can offered across all the affected jurisdictions, the other types of general insurance products differ across countries; for example, in Madagascar, the general insurance policies are categorised into (i) motor vehicle; (ii) fire, accident, miscellaneous risks, and (iii) transport. In Uganda, categories include (i) motor vehicle; (ii) health; (iii) worker's compensation; (iv) home insurance; (v) marine cargo; (vi) personal accident, amongst others.

31. For purposes of this assessment, having regard to the areas of overlaps between the parties' products, the Commission has focused on the motor vehicle insurance, health insurance, home insurance, and fire, accident, miscellaneous risks (IRD) segments.

32. Motor vehicle insurance includes insurance cover for cars, trucks, motorcycles, and other road vehicles. In most Member States, it is regulated in accordance with the road traffic rules/acts, which makes it compulsory for all users of motor vehicles to have minimum cover to indemnify them, at least, whenever they cause damage to property. Health insurance is a contract that requires the health insurer to pay some, or all of the insured's health care costs in exchange for a premium[8]; it is designed to meet some or all of the costs of health treatment. Home insurance includes the insurance covers for private dwelling houses and commercial buildings. Accident insurance policies provide compensation in the event of injuries, disability or death caused by violent, accidental, external and visible events.

33. From a supply-side perspective, it is noted that most large insurance companies provide various types of non-life insurance products. The market investigations nonetheless confirmed that certain companies focus on particular lines; for instance, in Madagascar, MAMA offers only motor vehicle insurance, whereas in Uganda, Jubilee Health offers only health insurance policies while Alliance Africa, Britam General Insurance and Liberty General Insurance provide all general insurance except for healthcare. Even if the potential degree of supply-side substitutability was acknowledged, the CID has in previous cases[9] ultimately considered that, from a demand side perspective, the purpose of the different types of general insurance are clearly distinct, and the absence of demand side substitutability would limit the effects of any supply side substitution. For instance, assuming a small but significant increase in the premium for a health insurance cover, a rationale customer would not shift their demand to a motor vehicle insurance cover being provided at a lower premium since that customer's purpose for health insurance cover is to get compensation in case of sickness.

[8] https://www.healthcare.gov/glossary/health-insurance/, accessed on 2 November 2022.

[9] Decision of the Seventy-Fifth (75th) Committee Responsible for Initial Determination Regarding the Proposed Acquisition of the Property and Casualty Business and Medical Insurance of Jubilee Holdings Limited by Allianz Africa Holding GmbH, dated 16th April 2021.

34. The parties have argued against a further segmentation of the life and non-life markets, on the following grounds:

a) While they recognise that certain insurance products and services (in particular those distinguished as long or short term) have differing demand-side and functional characteristics, such market descriptions, and especially narrow constructions of relevant or affected markets, does not reflect the highly innovative and dynamic nature of the sector where numerous firms are ready and able to enter any relevant markets – consistent with competition law and economic principles attached to 'supply-side substitutability'.

b) While insurance products display little 'demand-side substitutability' due to the specific risk category that they are intended to cover, the markets as a whole are characterised by particularly strong 'supply-side substitutability', which renders any sub-segmentation of the life and non-life insurance markets largely meaningless from a competition perspective. As regards non-life insurance specifically, this is evidenced by the following market dynamics which are generally applicable across the non-life insurance segments (including motor vehicle insurance, health insurance, and home insurance services segments) in the relevant COMESA Member States:

   i. Market access is regulated and the ability to offer insurance products is subject to prior authorisation in the form of a license. Insurers are typically licensed to provide all (or a large number) of non-life insurance products.[10]

   ii. In addition to the absence of any material regulatory barriers to entry/expansion for a licensed non-life insurance provider, there is also generally no particular expertise required to enter into different insurance categories if one is already a licensed insurer. As such, non-life insurance competitors in the relevant COMESA Member States have sufficient expertise to offer a wide range of non-life insurance products (including motor vehicle insurance, health insurance, and home insurance services).

   iii. The same competitive dynamics can be observed across non-life insurance markets in the relevant COMESA Member States, irrespective of class of insurance. Dynamics driving competition (e.g., ease of entry and expansion, price formation, distribution, etc.) are generally consistent across the market as a whole.

c) A narrower description of product markets is unlikely to reflect the dynamic nature of the life and non-life insurance markets and the extent to which all firms are able to introduce new products consistent with legitimate principles applicable to 'supply-side substitutability'.

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[10] The parties' submission is that there is a general license which needs to be procured, and that license generally covers all (or most) types of non-life insurance products, i.e., the insurance provider does not need a separate license of each type of non-life insurance category.

d) The question of market definition can be left open in this case as the proposed transaction will not result in anti-competitive effects irrespective of how the market is defined.

35. The CID concurs that generally the regulatory obligations for offering general insurance appear to be the same irrespective of the class of product and that a common set of skills is likely to apply for risk assessment, administration and claims management, across the various products and is therefore not contingent on the type of product offered. The CID is however mindful that the degree of supply side substitutability must be balanced against the degree of demand side substitutability, especially in cases where the delineation of the relevant market may affect the outcome of the competitive assessment. In the absence of any reasonable demand substitution, supply side substitution cannot on its own be a determining factor in establishing a relevant market. In relation to the products at hand, there is no demand side substitution capable of occurring as each product is intended to cover a very specific risk. The demand for these products is further influenced by specific legislative requirements – for instance the purchase of motor vehicle insurance is a legal requirement in most Member States; on the other hand, health and home insurance are personal choices and are typically purchased by customers in the mid to high income bracket. There is further no evidence that the premium of a particular category of non-life insurance is constrained or influenced by the other non-life insurance categories. The mere potential for supply side substitution does not suffice in this case to reach a conclusion that the various types of insurance products constitute effective substitutes to be considered as a single market.

36. It has been observed that some of the bigger players, such as Britam Uganda chose not to offer health insurance policies despite having been in the market for over 7 years, which confirms that even for companies, supply side substitutability is weighed against the potential demand for the product.

37. The CID considers that for purposes of this competitive assessment having regard to the analysis above and to the parties' overlap in the narrower markets, it would be prudent to assess both the broader non-life insurance segment, as well as the specific non-life subproducts (i.e., health, motor, home, and IRD). The relevant product markets are thus construed as the provision of:

a) life insurance

b) non-life insurance

c) motor vehicle insurance

d) health insurance

e) home insurance, and

f) IRD insurance.

Relevant Geographic Market

38. The Commission's Guidelines on Market Definition define the relevant geographic market as follows:

"The relevant geographic market comprises the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas"[11].

39. The relevant geographic markets are likely to be national in scope as a result of distribution channels, established product brands, fiscal constraints for cross-border insurance services and differing regulatory systems across the various Member States.

40. Insurance companies tend to operate within the confines of the national law of a particular country by virtue of the licences they are given. It was further considered, from a demand perspective, that it is unlikely that the majority of individual customers would be able or willing to substitute purchase of a policy from their place of residence to another country in response to a small but significant change in the price of the insurance in their place of residence[12].

41. The geographic market for international corporate insurance customers could be wider than national. However, this may only apply to a small sample of clients which may not be representative of how the majority of ordinary customers may respond to such a scenario. Further, the service providers are required to distribute their products in the Common Market through local partners which hold the distribution license within these territories, thus limiting the market to national.

42. In view of the national character of the focal products, the assessment focussed on the geographic areas of overlap. It is noted that the Sanlam Transaction Assets and Allianz Transaction Assets are both active in the life insurance market in Madagascar only, and both are active in the broader non-life insurance markets in Kenya, Madagascar, Mauritius, and Uganda. In the non-life submarkets, the Sanlam Transaction Assets and Allianz Transaction Assets only overlap in Kenya and Madagascar with respect to health insurance; and, in Kenya, Madagascar and Uganda with respect to home insurance.

[11] Paragraph 8.
[12] Decision of the Seventy-Fifth (75th) Committee Responsible for Initial Determination Regarding the Proposed Acquisition of the Property and Casualty Business and Medical Insurance of Jubilee Holdings Limited by Allianz Africa Holding GmbH, dated 16th April 2021.

Conclusion on Relevant Markets

43. On the basis of the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the relevant markets have been identified as the national provision of:

   a) life insurance in Madagascar

   b) non-life insurance in Kenya, Madagascar, Mauritius, and Uganda

   c) motor vehicle insurance in Kenya, Madagascar, Mauritius, and Uganda

   d) health insurance in Kenya

   e) home insurance in Kenya, and Uganda

   f) IRD insurance in Madagascar.

Market shares and concentration

A. <u>Life Insurance Market in Madagascar</u>

44. Table 1 below shows the estimated market shares of the merging parties and their top competitors' market shares for the provision of life insurance services in Madagascar.

Table 1 – Estimated market shares of the merging parties' and their top competitors in the provision of life insurance services in Madagascar[13]

Company Name	**Pre-merger** %	**Post-merger** %
Assurances Réassurances Omnibranches	[30-40]	[30-40]
Allianz	***[20-30]***	***[30-40]***
Sanlam	***[10-20]***	
NY Havana Assurances Et Reassurance	[20-30]	[20-30]
Total	**100**	**100**

45. According to the merging parties' figures, Allianz and Sanlam account for an estimated market share of [20-30]% and [10-20]%, respectively, in the life insurance market in Madagascar. The proposed transaction will lead to a significant market share accretion, with the merged entity enjoying a market share of [30-40]%. ARO and NY Havana Assurances et Reassurance will remain the only competitors. The life insurance market in Madagascar is highly concentrated, with a pre-merger HHI of over 2500.[14] Post-merger, the HHI will increase to [3000-4000], i.e., an increase of [500-1000]. Markets characterised by an HHI ranging between 1,500 and 2,500

[13] Information claimed as confidential by the merging parties.

[14] HHI means the Herfindahl–Hirschman Index, a commonly accepted measure of market concentration. The HHI is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. The HHI takes into account the relative size distribution of the firms in a market. It approaches zero when a market is occupied by a large number of firms of relatively equal size and reaches its maximum of 10,000 points when a market is controlled by a single firm. The HHI increases both as the number of firms in the market decreases and as the disparity in size between those firms increases. (Source: https://www.justice.gov/atr/herfindahl-hirschman-index).

points are generally considered to be moderately concentrated, whilst those in excess of 2,500 points are considered to be highly concentrated. Further, transactions that increase the HHI by more than 200 points in highly concentrated markets have been presumed as likely to enhance market power in view of the increase in the market position of the already big players versus the smaller players on the market.[15]

46. The transaction will thus lead to a significant change in the market structure in Madagascar. The CID noted that according to figures published by the Comité des Entreprises d'Assurance à Madagascar (**CEAM**), the association of insurance providers in Madagascar, the transaction would result in a higher market share accretion that would see the merged entity overtaking the market leader, as seen in **Table 2** below. The CID notes that the figures compiled by CEAM are generated from figures submitted by the insurance companies themselves and can therefore be relied on for purposes of assessing the market structure.

Table 2 – Market Shares of Merging Parties and Competitors in Madagascar in the Life Insurance Segment in 2021

Competitor	% of Total Market
ARO	[30-40]
NY Havana	[20-30]
Allianz	***[20-30]***
Sanlam	***[0-10]***
Total	**100.00%**

B. *Non-Life Insurance Markets*

47. The parties submitted their estimated market shares and their top competitors' market shares in the broader national markets for non-life insurance services as per **Table 3** below.

Table 3 – Estimated market shares of the merging parties' and their top competitors in the non-life insurance market

Member State	Company Name	Pre-merger %
Kenya	GA Insurance Company	[5-10]
	Britam General Insurance	[5-10]
	CIC General Insurance	[5-10]
	APA Insurance Ltd	[5-10]
	ICEA LION General Insurance Company	[5-10]
	Allianz	***[0-5]***
	Sanlam	***[0-5]***
	Others	[50-60]
Madagascar	Assurances Réassurances Omnibranches	[50-60]
	NY Havana Assurances Et Reassurance	[10-20]
	Sanlam	***[10-20]***

[15] Ibid. *See* U.S. Department of Justice & Federal Trade Commission, *Horizontal Merger Guidelines § 5.3* (2010)

	Allianz	***[10-20]***
	La Mutuelle d'Assurance Malagasy	[5-10]
Mauritius	Swan General Ltd	[20-30]
	The Mauritius Union Assurance Company Ltd	[20-30]
	Eagle Insurance Company Ltd	[10-20]
	SICOM General Insurance Ltd	[10-20]
	Phoenix Insurance (Mauritius) Limited	[0-5]
	Allianz	***[0-5]***
	Sanlam	***[0-5]***
	Others	[10-20]
Uganda	***Sanlam***	***[10-20]***
	Allianz	***[10-20]***
	UAP Old Mutual Insurance Co. Ltd	[10-20]
	Britam Insurance Co. Ltd	[10-20]
	Goldstar Insurance Co. Ltd	[0-5]
	Liberty General Insurance Co. Ltd	[0-5]
	Others	[30-40]

48. The parties submitted that the proposed transaction does not give rise to any meaningful horizontal effects in the supply of non-life insurance services in **Kenya**. The CID noted that Allianz and Sanlam account for an estimated market share of [0-5]% and [0-5]% respectively in the broader non-life insurance market[16]. Post-merger, the market share of the merged entity will remain insignificant. The CID noted that the three-firm concentration ratio will be [20-30]%, indicating the broader non-life insurance market in Kenya is competitive. This was also confirmed by the Competition Authority of Kenya who indicated that the Kenyan non-life insurance market was characterised by 33 players as of 2020.[17]

49. With respect to the **Mauritian** market, the pre-merger market shares of Allianz and Sanlam were [0-5]% and [0-5]%, respectively, indicating that the post-merger market share of the merged entity will remain insignificant. Further, according to the Financial Services Commission of Mauritius, there are currently 15 registered general/non-life insurance providers in Mauritius[18]. The broad market is moderately concentrated, with Swan General Ltd, The Mauritius Union Assurance Company Ltd, and Eagle Insurance Company Ltd accounting for [60-70]% of the broader non-life insurance market in Mauritius and who are expected to continue imposing effective competitive pressures on the merging parties post-merger.

50. The parties submitted that, in **Madagascar**, the proposed transaction will result in an increment of [10-20]% to Allianz's share of supply on a standalone basis; and that Sanlam Allianz Africa will continue to be constrained by a number of meaningful

[16] It was submitted that Allianz's [redacted]% market share is via Jubilee Allianz Insurance (K) Limited and Allianz Insurance Company of Kenya Limited. Confidentiality of information claimed by the parties.
[17] https://www.atlas-mag.net/en/article/insurance-companies-in-kenya-ranking-per-2020-turnover, accessed on 20 October 2022.
[18] https://www.fscmauritius.org/en/statistics/statistics/insurance-and-pensions, accessed on 20 October 2022.

competitors, including Assurances Reassurance and NY Havana Assurances Et Reassurance. The CID observed from the figures submitted by the merging parties that Allianz and Sanlam account for an estimated market share of [10-20]% and [10-20]%, respectively, in the broader non-life insurance market. The transaction would lead to a relatively significant market share accretion with the merged entity enjoying a market share of [20-30]%, placing it among the top three players in the market. The non-life insurance market in Madagascar is highly concentrated, with a pre-merger HHI[19] of [3000-4000]. Post-merger, the HHI will increase to [4000-5000], i.e., an increase of [100-500].

51. The CID observed that the market positioning from the figures provided by the merging parties for Madagascar are similar to those published by CEAM, as seen in ***Table 4*** below. The transaction would result in a significant change in the market structure, with the merged entity holding an estimated combined market share of [20-30]%. Nonetheless, ARO would remain the market leader, commanding approximately [50-60]% of the market, being more than twice the market share of its closest competitor.

Table 4 – Estimated market shares of the merging parties' and their top competitors in the provision of non-life insurance services in Madagascar (CEAM figures)

Competitor	% of Total Market
ARO	[50-60]
NY Havana	[10-20]
Allianz	***[0-10]***
Sanlam	***[10-20]***
MAMA	[0-10]
Total	**100**

52. In **Uganda**, Allianz and Sanlam account for an estimated market share of [10-20]% and [10-20]%, respectively, in the broader non-life insurance market. According to the figures provided by the merging parties, they were the market leaders pre-merger and the transaction will lead to a significant market share accretion with the merged entity enjoying a market share of [30-40]%, with the remaining competitors on the market holding a market share of less than [10-20]%.

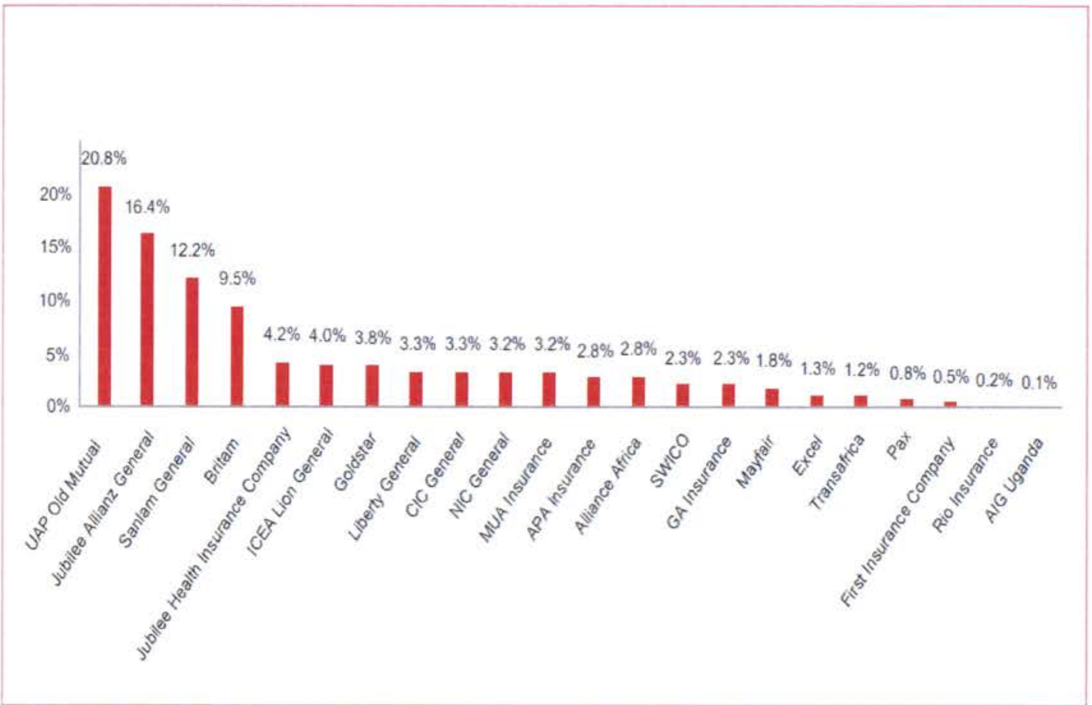
53. The CID nonetheless observed that according to the annual market report issued by the IRA[20], in 2021, the market leader in the non-life insurance market was UAP Old

[19] HHI means the Herfindahl–Hirschman Index, a commonly accepted measure of market concentration. The HHI is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. The HHI takes into account the relative size distribution of the firms in a market. It approaches zero when a market is occupied by a large number of firms of relatively equal size and reaches its maximum of 10,000 points when a market is controlled by a single firm. The HHI increases both as the number of firms in the market decreases and as the disparity in size between those firms increases. (Source: https://www.justice.gov/atr/herfindahl-hirschman-index).

[20] Insurance Regulatory Authority of Uganda, Annual Insurance Market Report, 2021. Accessed on 30 December 2022, at: https://ira.go.ug/wp-content/uploads/2022/09/IRA-Annual-Market-Report-2021.pdf

Mutual with an approximate market share of 20.8%; whilst Allianz (operating as Jubilee Allianz General) and Sanlam (operating as Sanlam General) had market shares of 16.4% and 12.2%, respectively. Almost all the stakeholders interviewed by the Commission in Kampala, Uganda, confirmed their perception of the market leader in the non-life insurance segment being UAP, with the merging parties being second and third, which aligns with the figures published by the IRA.

Figure 1: Non-Life Companies Market Share for the Year 2021 (by gross premiums written)[21]



54. Whilst the transaction would still lead to the merging parties becoming the market leader, the market statistics available from the sector regulator suggests that there is closer competition between the merged entity and the remaining players on the market. Post-merger, the merged entity would be the market leader with a combined market share of 28.6%, followed by UAP with a 20.8% market share. The IRA that the figures referred to in their annual report are based on the audited financial statements for the individual companies and the CID is therefore satisfied that the statistics published by IRA would provide a more accurate picture of the market position of the various players in the insurance market.

[21] *Ibid*, page 22.

C. Motor vehicle insurance Markets

55. The estimated market shares of the merging parties and their top competitors shares in the narrower national market for motor vehicle insurance services are listed in **Table 5** below.

Table 5 – Estimated market shares of the merging parties' and their top competitors in the narrower market for motor vehicle insurance services, in 2021

Member State	Company Name	Pre-merger %
Kenya	CIC General Insurance	[5-10]
	Directline	[5-10]
	Geminia Insurance	[5-10]
	APA Insurance Ltd	[5-10]
	Britam General Insurance	[5-10]
	Sanlam	***[0-5]***
	Allianz	***[0-5]***
	Others	[50-60]
Madagascar	La Mutuelle d'Assurance Malagasy (MAMA)	[30-40]
	Assurances Réassurances Omnibranches	[20-30]
	NY Havana Assurances Et Reassurance	[20-30]
	Allianz	***[5-10]***
	Sanlam	***[5-10]***
Mauritius	Mauritius Union Assurance Company Ltd	[20-30]
	Swan General Ltd	[10-20]
	Phoenix Insurance (Mauritius) Limited	[10-20]
	SICOM General Insurance Ltd	[10-20]
	The new Indian Assurance company Ltd	[5-10]
	Allianz	**[0-5]**
	Sanlam	**[0-5]**
	Others	[20-30]
Uganda	***Sanlam***	***[10-20]***
	Allianz	***[10-20]***
	Britam Insurance Co. Ltd	[5-10]
	UAP Old Mutual Insurance Co. Ltd	[5-10]
	MUA Insurance	[5-10]
	Statewide Insurance Company (SWICO)	[5-10]
	ICEA Lion General Insurance Company	[0-5]
	Others	[30-40]

56. In line with the observations made in the broader market, in the Kenyan and Mauritian markets, the post-merger market share of the merged entity will remain insignificant, at [0-10]% and [0-10]% respectively. The motor vehicle insurance market in Kenya is competitive with a high number of players with relatively smaller market shares; whilst in Mauritius, the market is moderately concentrated with Mauritius Union Assurance Company Ltd, Swan General Ltd and Phoenix Insurance (Mauritius) Limited accounting for [40-50]% of the motor vehicle insurance market in

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Mauritius. These rivals are expected to continue imposing effective competitive pressures on the merged entity, post-merger.

57. With respect to the **Malagasy market,** according to information provided by the merging parties, the proposed transaction will result a combined market share of [10-20]% for the merged entity. Sanlam Allianz Africa will continue to be constrained by a number of meaningful competitors, including La Mutuelle d'Assurance Malagasy, Assurances Réassurances Omnibranches and NY Havana Assurances Et Reassurance with [30-40]%, [20-30]% and [20-30]% market shares, respectively. These figures are consistent with information published by CEAM which confirm a similar market positioning from the market players' turnovers in the motor vehicle insurance segment for 2021, as seen in ***Table 6*** below.

Table 6 – CEAM – Estimated market shares of the merging parties' and their top competitors in the market for motor vehicle insurance in Madagascar, in 2021[22]

Competitor	% of Total Market
MAMA	[30-40]
ARO	[20-30]
NY Havana	[20-30]
Allianz	***[0-10]***
Sanlam	***[0-10]***
Total	**100**

58. In **Uganda**, according to figures provided by the merging parties, Allianz and Sanlam account for an estimated market share of [10-20]% and [10-20]%, respectively. The merging parties were the largest players pre-merger, and the transaction will lead to a significant market share accretion with the merged entity enjoying a market share of [20-30]%. These figures tally with the figures published by the IRA. The CID further observed that whilst there are other competitors who will remain on the market, the closest rival (Britam Insurance Co. Ltd) would have a market share less than half of that of the merged entity.

Table 7 – Estimated market shares of the merging parties' and their top competitors in the market for motor vehicle insurance in Uganda (IRA), in 2021

Company	% of Total Market
Sanlam General	***[10-20]***
Jubilee Allianz General	***[10-20]***
Britam	[10-20]
UAP General	[5-10]
MUA Insurance	[5-10]
Swico	[5-10]

[22] Document titled 'CEAM – ETAT RECAPITULATIF DES CHIFFRES D'AFFAIRES ANNEE 2018 A ANNEE 2021'.

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ICEA Lion General	[0-5]
Excel	[0-5]
NIC General	[0-5]
Alliance	[0-5]
APA	[0-5]
Goldstar	[0-5]
Liberty General	[0-5]
GA Insurance	[0-5]
CIC General	[0-5]
FICO	[0-5]
TransAfrica	[0-5]
Mayfair	[0-5]
PAX	[0-5]
Rio	[0-5]
Total	**100.00**

59. Nonetheless, it is noted that the market is characterized by the presence of numerous players. Pre-merger, the market was competitive with an HHI of 761. Post-merger, the HHI will increase to 1,122, i.e., an increase of 361, which will not lead to a significant change in market concentration.

D. Health Insurance Markets

60. ***Table 8*** below presents the estimated market shares of the merging parties and their top competitors' market shares in the health insurance market in Kenya. As it can be seen from the table, Allianz and Sanlam have a relatively insignificant market presence, and the transaction would thus not bring any material change to the market structure.

Table 8 – Estimated market shares of the merging parties' and their top competitors in the provision of the narrower market for health insurance services, in 2021

Member State	Company Name	Pre-merger %
Kenya	Jubilee Health Insurance	[10-20]
	UAP Insurance Company	[10-20]
	AAR Insurance Kenya	[10-20]
	CIC General Insurance	[5-10]
	APA Insurance Ltd	[5-10]
	Sanlam	***[0-5]***
	Allianz	***[0-5]***
	Others	[30-40]
Madagascar[23]	Assurances Réassurances Omnibranches	[60-70]
	Sanlam	***[10-20]***
	NY Havana Assurances Et Reassurance	[10-20]

[23] Information claimed as confidential by the merging parties. The parties submitted that these shares relate to the incendie-accident-risques divers (IRD) segment, which includes premiums for home insurance services, as tracked by CEAM.

	Allianz	***[5-10]***

E. Home Insurance Markets in Kenya and Uganda

61. **Table 9** below presents the estimated market shares of the merging parties and their top competitors' market shares in the relevant markets for home insurance in Kenya and Uganda.

Table 9 – Estimated market shares of the merging parties' and their top competitors in the provision of the narrower market for home insurance services, in 2021

Member State	Company Name	Pre-merger %
Kenya[24]	UAP Insurance Company	[10-20]
	Heritage Insurance Company Ltd	[5-10]
	GA Insurance Company	[5-10]
	ICEA Lion General Insurance Company	[5-10]
	Britam General Insurance	[5-10]
	Sanlam	***[0-5]***
	Allianz	***[0-5]***
	Others	[40-50]
Uganda	***Allianz***	***[20-30]***
	Sanlam	***[10-20]***
	UAP Old Mutual Insurance Co. Ltd	[10-20]
	Britam Insurance Co. Ltd.	[5-10]
	Goldstar Insurance Co. Ltd.	[0-5]
	Liberty General Insurance Co. Ltd.	[0-5]
	APA Insurance (Uganda) Limited	[0-5]
	Others	[10-20]

62. In **Kenya**, the transaction will not lead to a material change in market structure. Pre-merger Allianz and Sanlam accounted for an estimated market share of [0-5]% and [0-5]%, respectively, and post-merger it is expected that the merged entity will continue to remain a relatively smaller player in the Kenyan market.

63. In **Uganda**, Allianz and Sanlam account for an estimated market share of [20-30]% and[10-20]%, respectively. The merging parties were the market leaders pre-merger, and the transaction will lead to a significant market share accretion with the merged entity enjoying a combined market share of [40-50]% , while the next closest competitor would have a market share of [10-20]%. A similar conclusion is reached on the basis of gross written premium income available from the IRA. Nonetheless, the fire insurance segment (which includes home insurance) is served by all the 21 insurance companies operating in Uganda. Pre-merger, the market was not

[24] The parties submitted that these shares relate to the Fire Domestic segment, which includes premiums for home insurance services, as tracked by the Insurance Regulatory Authority.

concentrated, with an HHI of [500-1000]. Post-merger, there will be a significant increase in market concentration, with the HHI jumping to over 2,000.

F. *IRD Market in Madagascar*

64. According to the parties' submissions, the proposed transaction will result in the merged entity having a market share of [20-30]% in the IRD market, which encompasses health insurance as well as home insurance. Sanlam Allianz Africa will continue to be constrained by the dominant firm ARO who controls [60-70]% of the relevant market. These figures are consistent with those published by CEAM, with an estimated market share of [60-70]% for ARO, [0-10]% for Allianz, and [10-20]% for Sanlam.

Barriers to Entry

65. The CID considered that entry requirements into the relevant insurance markets are significant, given the regulated nature of the industry and that consumers are likely to stick to established brands with a reputation for quick and reliable pay-out services. This was confirmed during the market investigations carried out in Uganda, where the brand of the company, and its reputation for handling claims were listed among the top factors considered by customers in selecting an insurance provider. The balance sheet of the insurance company was also listed as a significant competitive element, as the higher the financial capacity, the higher and larger the risks it can take.

66. As noted above, there has only been entry in Kenya. No entry has been recorded in the other relevant geographic markets in the last three years, which tends to support the position that entry into the relevant markets is unlikely to occur in a timely manner to pose an effective constraint on the existing players. In Uganda, it is observed that there is a significant gap between the top 4 players and the remaining competitors on the market, which confirms the difficulty for smaller players to compete effectively with the larger established competitors, especially for international corporate accounts. In Madagascar, the extremely low demand for insurance products[25] has constrained the growth of the market, with only four key players operating on the market. Two of these competitors are State owned entities who may benefiting from preferential treatment according to information gathered by the Commission, and as acknowledged in the preamble to the new Insurance Law in Madagascar which states as follows: "*the insurance sector is dominated by two state-owned companies, creating (i) conflicts of interest and (ii) a low level of competition*"[26].

[25] It is reported in 2020 that 62 percent of adults had no knowledge of insurance and 92 percent of adults were not insured.
[26] LOI n° 2020 – 005 SUR LES ASSURANCES, EXPOSE DES MOTIFS.

67. The CID therefore considered that entry into the insurance markets is unlikely to occur on a likely and sufficient basis to constitute an effective source of competition for the existing players, including the merging parties.

Assessment of the Non-Life Insurance Markets

68. While the transaction will lead to the elimination of a direct competitor in the non-life insurance markets, it is unlikely that the merged entity will be able to successfully engage in unilateral conduct in Kenya and Mauritius having regard to their relatively small market shares and the existence of other strong players who will continue to offer credible competition to the merged entity post-merger.

69. In **Madagascar**, post-merger, the merged entity would have a market share of approximately [20-30]% in both the broader non-life insurance market and the narrower IRD insurance market, making it the second largest player. Whilst the transaction will significantly enhance the merging parties' market position, the CID observed that the market leader, ARO, has consistently held a market share of over 50% over the past five years. Absent any coordinated conduct, the transaction may thus result in the establishment of a stronger competitor capable of constraining ARO, which may be to the benefit of consumers in Madagascar. **Nonetheless, having regard to the merging parties' reputation for being innovative market players, the transaction would thus result in the elimination of an innovative competitor from the market. It is therefore important to ensure that post-merger the merging parties will not be tempted to reduce their quality of service or product offerings as a response to lesser competitive pressures.**

70. In **Uganda**, the merged entity will have a combined market share of [40-50]% in the home insurance segment (measured by the parties' shares in fire insurance in the absence of data segmentation), and [20-30]% in the motor vehicle insurance market. In both markets, the merged entity's market share will be double the share of its closest competitors remaining on the market. The CID considered that the transaction could reduce the extent of effective competitive constraints imposed by the remaining players, in particular in the home insurance market.

71. With respect to the motor vehicle market, the CID noted that there are a large number of smaller players operating on the market, and in view of the fairly non-specialised and homogenous nature of motor insurance policies, it was unlikely that the merging parties would be able to engage in exploitative or abusive conduct post-merger without fear of losing their customers to other competitors.

72. Notwithstanding the significant post-merger market share, there are no indication that the transaction will result in a substantial lessening of competition. In the broader market for non-life insurance services, the CID observed that, on the basis of figures published by the IRA and confirmed by the market participants, the degree

COMESA COMPETITION COMMISSION 30 APR 2023 of competition post-merger between the merged entity and its rivals would still be relatively close to impose a competitive constraint on the merged entity's behaviour. Customers would still have other reasonable options to turn to, such as UAP Old Mutual Insurance Co. Ltd; Britam Insurance Co. Ltd, and Liberty General Insurance.

73. The market investigations further confirmed that the merging parties' customers are generally satisfied with the services offered by the merging parties, who are considered as innovative and flexible in their approach. However, customers were generally more concerned about a potential decline in quality of services, or flexibility in coverage post-merger. [redacted]. Whilst the services provided by Allianz do not constitutes essential service and they are at liberty to choose their clientele based on risk level, there is need to ensure that customers are not left without an insurance provider at the termination of their existing contract if there was an intention on the part of the customer to renew their contract with the merging parties.

Life Insurance Markets

74. As noted above, the transaction will result in the merged entity becoming one of the largest players on the market, with an estimated market share of [30-40]%, similar to the market position of the current market leader, Assurances Reassurances Omnibranches. The transaction will result in only three players remaining in the market. Absent any coordinated conduct, the transaction may result in the establishment of a stronger competitor capable of constraining Assurances Réassurances Omnibranches, which may promote more effective competition, and thus ultimately benefit consumers in Madagascar.

75. According to figures submitted by the merging parties, the transaction would bring about market share symmetry between the merging parties and the market leader, which in turn could create an alignment of shared interests between these competitors to cooperate to maintain their market shares in the life insurance market. The CUD however observed from the figures published by the association of insurance companies in Madagascar that as a result of the transaction, Sanlam and Allianz would overtake ARO as the market leader in the life segment.

Table 10 – Market Shares of Merging Parties and Competitors in Madagascar in the Life Insurance Segment in 2021

Competitor	% of Total Market Pre-Merger	% of Total Market Post-Merger
ARO	[30-40]	[30-40]
NY Havana	[20-30]	[20-30]
Allianz	***[20-30]***	***[30-40]***
Sanlam	***[0-10]***	

Total	***100***	***100***

76. The CID also observed from the market investigations carried out that there appears to be stiff competition between the players on the market, and there is a divergence in the operational approach of the merging parties compared to the State-Owned Entities. On a balance of probabilities, the CID considered that it is unlikely that the transaction would result in coordinated effects. The Commission nonetheless acknowledges that the transaction would result in a significantly concentrated market, and it was therefore important to ensure that there is a compliance programme monitoring the conduct of the merging parties to ensure they are not tempted to engage in collusive behaviour post-merger.

77. The merging parties provided the following commitments to the CID:

a) The Merging Parties shall inform the Commission of the Implementation Date of the Merger within 5 (five) Days of its occurrence.

b) Within 90 (ninety) Days of the Implementation Date, the Merging Parties undertake to ensure in their capacities as the controlling parents of the Joint Venture that an internal competition law compliance program is in place and is implemented in Madagascar and Uganda by the Joint Venture's relevant local subsidiary/ies and/or operations which shall include *inter alia*:

i. an internal monitoring mechanism to detect and report any suspected breach of competition law;

ii. a mechanism for employees reporting any suspected breach of competition law and protection for the employees in question;

iii. appointment of a compliance officer; and

iv. competition law training on practices appropriate under competition law.

c) The Merging Parties, in their capacities as the controlling parents of the Joint Venture, commit that the Joint Venture's relevant local subsidiary/ies and/or operations shall comply with their obligations under the existing insurance policies in Madagascar and Uganda and they shall not be permitted to terminate nor amend the policies other than in accordance with the terms and conditions of the policies and on at least 1 (one) months' notice before such termination or amendment becomes effective.

d) The Merging Parties, in their capacities as the controlling parents of the Joint Venture, commit that the Joint Venture's relevant local subsidiary/ies and/or operations shall inform any existing customers in Madagascar and Uganda whose account the Joint Venture does not intend to retain or renew as a result of the merger at least 1 (one) month before the expiry of the contract.

e) The Merging Parties, in their capacities as the controlling parents of the Joint Venture, commit that the Joint Venture's relevant local subsidiary/ies and/or operations shall not materially degrade the level of service offered to existing and new customers in Madagascar and Uganda for a period of three years from the date of the merger decision.

f) The Merging Parties, in their capacities as the controlling parents of the Joint Venture, commit that the Joint Venture's relevant local subsidiary/ies and/or operations shall not reduce the range of products currently offered to customers in Madagascar and Uganda for a period of three years from the date of the merger decision. Where the merging parties intend on removing a product during this period, they shall notify the Commission for approval.

g) Within 45 (forty-five) Days of each anniversary of the Implementation Date up until the 3rd (third) anniversary thereof, the Joint Venture shall provide a suitable and appropriately detailed annual report regarding compliance with the above Commitments.

h) The Merging Parties may at any time, and on good cause shown, apply for the Commitments to be waived or relaxed, including any resultant modification or substitution thereof.

i) The Commission shall review the application and make a determination on whether or not it shall waive or relax the Commitments and any resultant modifications or substitution thereof.

j) These Commitments shall apply until the 3rd (third) anniversary of the Implementation Date.

k) At the expiration of the 3-year period, the Commission may review the relevance of the continuation of the compliance report in light of the prevailing market conditions and request the Joint Venture to provide further reports as may be necessary and appropriate.

Consideration of Third Party Views

78. Submissions were received from the national competition authorities of Eswatini, Kenya, Malawi, Mauritius, Seychelles, and Zambia which did not raise any concerns likely to arise from the transaction in the relevant national markets in these Member States, which are aligned to the CID's findings.

79. In Madagascar and Uganda, the Conseil de la Concurrence du Madagascar and the IRA were of a similar view that the transaction had the potential of creating a stronger rival in the market which could be beneficial to competition and consumers but that there was need to ensure the merging parties would not be tempted to engage in

anti-competitive conduct post-merger, and the need for further monitoring of the markets.

Determination

80. The Commission's findings have established that the transaction will result in significant market share accretion in Madagascar and Uganda, and there is therefore need for certain behavioural commitments from the merging parties to ensure the transaction does not result in significant lessening of competition in the Common Market.

81. The CID reviewed the commitments provided by the merging parties and resolved that they would sufficiently address the identified concerns.

82. The CID, therefore, approved the merger subject to the merging parties' compliance with the following commitments:

a) The Merging Parties shall inform the Commission of the Implementation Date of the Merger within 5 (five) Days of its occurrence.

b) Within 90 (ninety) Days of the Implementation Date, the Merging Parties undertake to ensure in their capacities as the controlling parents of the Joint Venture that an internal competition law compliance program is in place and is implemented in Madagascar and Uganda by the Joint Venture's relevant local subsidiary/ies and/or operations which shall include *inter alia*:

   i. an internal monitoring mechanism to detect and report any suspected breach of competition law;

   ii. a mechanism for employees reporting any suspected breach of competition law and protection for the employees in question;

   iii. appointment of a compliance officer; and

   iv. competition law training on practices appropriate under competition law.

c) The Merging Parties, in their capacities as the controlling parents of the Joint Venture, commit that the Joint Venture's relevant local subsidiary/ies and/or operations shall comply with their obligations under the existing insurance policies in Madagascar and Uganda and they shall not be permitted to terminate nor amend the policies other than in accordance with the terms and conditions

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of the policies and on at least 1 (one) months' notice before such termination or amendment becomes effective.

d) The Merging Parties, in their capacities as the controlling parents of the Joint Venture, commit that the Joint Venture's relevant local subsidiary/ies and/or operations shall inform any existing customers in Madagascar and Uganda whose account the Joint Venture does not intend to retain or renew as a result of the merger at least 1 (one) month before the expiry of the contract.

e) The Merging Parties, in their capacities as the controlling parents of the Joint Venture, commit that the Joint Venture's relevant local subsidiary/ies and/or operations shall not materially degrade the level of service offered to existing and new customers in Madagascar and Uganda for a period of three years from the date of the merger decision.

f) The Merging Parties, in their capacities as the controlling parents of the Joint Venture, commit that the Joint Venture's relevant local subsidiary/ies and/or operations shall not reduce the range of products currently offered to customers in Madagascar and Uganda for a period of three years from the date of the merger decision. Where the merging parties intend on removing a product during this period, they shall notify the Commission for approval.

g) Within 45 (forty-five) Days of each anniversary of the Implementation Date up until the 3rd (third) anniversary thereof, the Joint Venture shall provide a suitable and appropriately detailed annual report regarding compliance with the above Commitments.

h) The Merging Parties may at any time, and on good cause shown, apply for the Commitments to be waived or relaxed, including any resultant modification or substitution thereof.

i) The Commission shall review the application and make a determination on whether or not it shall waive or relax the Commitments and any resultant modifications or substitution thereof.

j) These Commitments shall apply until the 3rd (third) anniversary of the Implementation Date.

k) At the expiration of the 3-year period, the Commission may review the relevance of the continuation of the compliance report in light of the prevailing market conditions and request the Joint Venture to provide further reports as may be necessary and appropriate.

83. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 30th day of April 2023

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Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma

Commissioner Islam Tagelsir Ahmed Alhasan