



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM016May15

In the matter between:

MMI GROUP LIMITED

Primary Acquiring Firm

And

**THE LONG-TERM INSURANCE POLICY BOOK OF
SMART LIFE INSURANCE COMPANY LIMITED**

Primary Target Firm

Panel	: Mr A Wessels (Presiding Member)
	: Prof F Tregenna (Tribunal Member)
	: Ms M Mokuena (Tribunal Member)
Heard on	: 27 May 2015
Order Issued on	: 27 May 2015
Reasons Issued on	: 03 June 2015

Reasons for Decision

Approval

[1] On 27 May 2015, the Competition Tribunal ("Tribunal") unconditionally approved the acquisition by MMI Group Limited ("MMI") of the long-term insurance policy book of Smart Life Insurance Company Limited ("Smart Life Policy Book").

[2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

[3] The primary acquiring firm is MMI. MMI is controlled by MMI Holdings Limited ("MMI Holdings"), a public company listed on the Johannesburg Securities

Exchange Limited. No one firm controls MMI Holdings for competition law purposes. MMI Holdings directly and indirectly controls a number of firms.¹ MMI Holdings and its subsidiaries will collectively be referred to hereinafter as the MMI group.

- [4] The MMI group's core businesses include long- and short-term insurance, asset management, savings, investment, healthcare administration, health risk management, employee benefits and rewards programmes. It conducts its business through the following operating brands: Momentum, Metropolitan, Guardrisk and Eris Properties. Relevant for the competition assessment are the MMI group's activities in respect of long-term insurance, including individual long-term insurance and group (group scheme) long-term insurance.
- [5] The primary target firm is Smart Life Policy Book.
- [6] Smart Life Policy Book comprises mainly of endowment assurance and whole of life policies, as well as some term assurance policies. The endowment assurance and whole of life policies have been designed to protect the repayment of capital amounts associated with mortgages, providing a benefit in the event of death and at a specified maturity rate. The term assurance policies provide benefits in the event of death during a specified term.

Proposed transaction

- [7] MMI Holdings wishes to acquire sole control of Smart Life Policy Book.

Relevant markets and impact on competition

- [8] The Competition Commission ("Commission") identified a horizontal overlap in the merging parties' activities in the market for the provision of individual long-term insurance.

¹ See merger record for details.

- [9] According to the Commission's market investigation the merged entity will have a national market share of less than 15% in this market. Other players such as Old Mutual Life Insurance, Liberty Life, Discovery and Sanlam are active in this market.
- [10] The Commission further found that there is a pre-existing vertical relationship between the merging parties since MMI currently acts as a reinsurer for Smart Life Policy Book. However, the Commission concluded that this vertical relationship is unlikely to result in any foreclosure concerns since the relationship existed pre-merger and the status quo will remain post-merger.
- [11] We concur with the Commission's finding that the proposed merger is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

- [12] The merging parties confirmed that the proposed transaction will not have any negative effect on employment in South Africa and that no job losses will result from the proposed transaction.² The proposed merger further raises no other public interest concerns.

Conclusion

- [13] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly we approve the proposed transaction unconditionally.



Mr A Wessels

03 June 2015

DATE

Prof. F Tregenna and Ms M Mokuena concurring

² Merger record, pages 13 and 84.

Tribunal Researcher:

Moleboheng Moleko

For the merging parties:

Derushka Chetty of Edward Nathan Sonnenbergs
Inc.

For the Commission:

Billy Mabatamela, Seema Nunkoo and Xolela
Nokele