



MERGER DECISION NO 26: 2020

Notice in Terms of Section 53(4)(a)(ii) of the Competition Act

THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL IN WESTERN INSURANCE BOTSWANA (PTY) LTD BY BOAGO EMERGING MARKETS (PTY) LTD

Introduction of the Merging Parties

- i. Pursuant to Section 53(4)(a)(ii) of the Competition Act 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in respect of the proposed acquisition of 100% of the issued share capital in Western Insurance Botswana (Pty) Ltd ["WIB"] by Boago Emerging Markets (Pty) Ltd ["BEM"]. The implementation of the proposed transaction will ultimately result in BEM acquiring sole control over WIB. The transaction was notified to the Authority on 20th November 2020 and the merger assessment was completed on 10th December 2020.
- ii. The acquiring enterprise BEM, is a special purpose vehicle created for the purpose of the transaction; with focus on insurance, petroleum and FMCG in sub-Saharan Africa. BEM, is wholly controlled by Acute Investments Holdings (Pty) Ltd ["Acute Investments"]; which is in turn a wholly owned subsidiary of Acute Global Ltd ("Acute Global"), a subsidiary of Accurate Component (Pty) Ltd ["Accurate Component"], ultimately controlled by Patricia Moshoke, a Motswana business woman. These companies are limited liability companies incorporated in accordance with the Laws of Botswana; and are not yet operational.
- iii. Acute Investment is the intermediary holding the financial services subsidiaries in the overall Group. Acute Global, is the overall holding company for all of the operating entities in the Group and Accurate Component (Pty) Ltd is the shareholder of Acute Global. BEM has a sole Director, Judith Oabile (Motswana).
- iv. The target enterprise, WIB, is a limited liability company incorporated in accordance with the Laws of Botswana. WIB, is directly controlled by Western National Insurance Company Ltd ("Western National"), which is in turn a 100% subsidiary of Western Group Holdings Ltd ("Western Holdings"). These are Namibian based entities. Western Holdings is ultimately controlled by PSG Group.

- v. WIB, is a short-term or general insurance provider duly licensed with the Non-Bank Financial Institutions Regulatory Authority. The short-term insurance products are a suite of personal insurance solutions comprising different forms of insurance for house owners, personal all risk, householders, personal accident, personal liability, small craft and comprehensive motor vehicle insurance. The Directors of WIB are Victor Biki Nnoi (Motswana) and Jurgen Hellweg (Namibian).

Relevant Markets

- i. In terms of the relevant market, the assessment of the proposed transaction revealed that there is lack of product overlap in the activities of the Merging Parties; in that the acquiring enterprise is a special purpose vehicle created for the purpose of the transaction. In addition, the sponsors of the acquiring entity are financial services companies that are not yet operating.
- ii. On the contrary, the target firm, is a short-term or general insurance provider; offering products that are a suite of personal insurance solutions comprising of different forms of insurance for house owners, personal all risk, householders, personal accident, personal liability, small craft and comprehensive motor vehicle insurance. It is worth noting that the target entity does not sell insurance products directly to customers. Insurance policies are sold through insurance brokers who independently act as intermediaries between their clients and the target firm. The insurance brokers sell the target enterprise insurance products and receive commission for policy sales.
- iii. Due to the absence of any product overlap in the activities of the Merging Parties, the Authority maintains that it is not necessary to reach a definitive view on the exact scope of the product market as the market structure is not expected to change post implementation of the proposed transaction.

Competitive Analysis and Public Interest

- i. The Authority's assessment did not reveal any substantial lessening of competition concerns that would arise as result of the proposed transaction; and the merged entity is not expected to attain any dominant position post-merger due to the absence of product overlap in the activities of the Merging Parties.
- ii. Besides, the proposed transaction presents an aspect of citizen empowerment in which a company ultimately owned by a Motswana citizen would be acquiring a 100% non-citizen owned entity.

The Determination

- i. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. Furthermore, there is no acquisition of market dominance post-merger in relation to the provisions of the section 52 of the Competition Act 2018. Moreover, the proposed transaction presents an element of citizen empowerment.
- ii. Pursuant to the provision of Section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition of 100% of the issued share capital in Western Insurance Botswana (Pty) Ltd by Boago Emerging Markets (Pty) Ltd.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 10th day of December 2020.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013