



MERGER DECISION NO 27: 2020

Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 100% ISSUED SHARE CAPITAL IN LIBERTY GENERAL BOTSWANA (PTY) LTD BY BOTSWANA INSURANCE COMPANY LIMITED.

Introduction of the Merging Parties

- i. Pursuant to Section 53(4)(a)(ii) of the Competition Act of 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% issued share capital in Liberty General Botswana (Pty) Ltd ("LGB") by Botswana Insurance Company Limited ("BIC"). The transaction was notified to the Authority on 18th November 2020 and the merger assessment was completed on 14th December 2020.
- ii. The Acquiring Enterprise, BIC, is a company incorporated in accordance with the Laws of the Republic of Botswana. BIC is directly controlled by Teledimo (Pty) Ltd and it is indirectly controlled by Botswana Insurance Holdings Limited ("BIHL Group"), Sanlam Limited and Masawara Plc. The acquirer provides short term insurance products and services aimed at specific markets, as well as optimising its Broker and Agency network as the main delivery channel. Some of the short term lines of insurance provided by BIC include the following: transportation; property; reinsurance; liability; miscellaneous lines; specialised lines and motor. BIC products and services are offered throughout Botswana.
- iii. Specifically, BIC short term insurance product portfolio has three classifications being: personal; commercial and specialised insurance. The portfolios are unpacked below.
- iv. The Personal Insurance portfolio consists of: Motor Vehicle Insurance; Home Owners Insurance; Household Insurance; Personal All Risks Cover; Personal Accident Cover; Travel Insurance; and Leisure Craft Insurance. The Commercial Insurance portfolio consists of: Fire Insurance; Buildings Combined Insurance; Business Interruption Insurance; Public Liability Insurance, Workers Compensation; Group Personal Accident Cover; Theft Insurance; Money Insurance; Fidelity insurance; Goods in Transit Insurance; Business All Risks Insurance; Electronic Equipment Insurance; Glass Insurance; Fleet Cover insurance; Machinery Breakdown; and Erection All Risk Insurance.

- v. The Target Enterprise, LGB, is a short term insurance company incorporated in accordance with the Laws of the Republic of Botswana. It is controlled by Liberty Holdings Botswana (Pty) Ltd (“LHB”). In turn, LHB is controlled by Stanbic Bank (Botswana) and Liberty Holdings Limited. LGB specialises in the provision of bancassurance products to its sole customer being Stanbic Bank (Botswana). Specifically, LGB underwrites motor business only through Stanbic Bank Botswana.

Relevant Markets

- vi. Based on the foregoing, it is clear that there is a horizontal overlap in the activities of the Merging Parties. The Merging Parties are involved in the provision of short term insurance services. Specifically, both Merging Parties have a common client in the name of Stanbic Bank Botswana. As such, the Authority decided that the relevant market is the provision of short term insurance services in Botswana.

Competitive Analysis and Public Interest

- vii. The Authority’s assessment did not reveal any substantial lessening of competition concerns despite the merger being horizontal. This is because the proposed merger will result in a small alteration in the market structure of the relevant market. Furthermore, there is a number of competitors in the general short term insurance market that are expected to provide a competitive restraint to the merged entity.

The Determination

- viii. 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, no public interest concerns have been identified.
- ix. Pursuant to the provision of Section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition of 100% issued share capital in Liberty General Botswana (Pty) Ltd by Botswana Insurance Company Limited.

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 14th day of December 2020.

Baitshepi Tebogo, Acting Chief Executive Officer, Competition and Consumer Authority,
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