



**competition commission**  
south africa

## **Weekly Media Statement**

### **For Immediate Release**

**24 June 2021**

The Competition Commission of South Africa (CCSA) held its ordinary weekly meeting on Tuesday 22 June 2021, to review and take decisions on matters brought before the Commission by members of the public and corporate applicants, in terms of the Competition Act (89 of 1998) as amended. These matters include but are not limited to complaints, mergers and acquisitions.

## **LATEST DECISIONS BY THE COMPETITION COMMISSION**

### **1.1 Aon Plc (Aon) / Willis Towers Watson Public Limited (Willis Towers)**

The Commission has recommended that the Competition Tribunal (Tribunal) approve the proposed transaction whereby Aon intends to acquire Willis Towers, with conditions.

Aon is a global professional services firm that provides advice and solutions to clients in areas of risk, retirement, health, and data and analytics. Aon is headquartered in London, United Kingdom and operates globally with subsidiaries and branches in more than 120 countries.

Willis Towers is the world's oldest insurance broker and risk advisory practice dating back to 1828. Willis Towers is active in more than 140 countries across the world. Willis Towers offers its customers a broad range of services to help them to identify and control their risks, and to enhance business performance by improving their ability to attract, retain and engage a talented workforce.

In South Africa, Aon and Willis Towers are active in the short-term insurance industry as short-term insurance and reinsurance brokers. Both firms provide a range of non-life insurance broking and risk advisory services, including for commercial insurance, reinsurance, group health and welfare benefits, and retirement solutions.

The Commission investigation found that the proposed merger is likely to result in a substantial lessening and/or prevention of competition in the market for the provision of reinsurance broking services in South Africa. In particular, the Commission found that the proposed merger removes an effective competitor and by so doing raises the level of concentration in an already concentrated market. The Commission found that, post-merger, the customers of the merging parties will effectively have limited options (from 3 to 2 main brokers) and the merged entity is likely to exercise market power in the reinsurance market post-merger.

In addition to the above, the Commission found that the acquisition of Willis Towers by Aon will result in a structural change in the corporate short-term insurance broking services which will likely result in a substantial loss of competition that currently exists between Aon and Willis Towers. The Commission found that there are only 3 large and reputable players who have the global presence as well as the capacity to cater for larger South Africa customers' complex risk cover service requirements. Post-merger, this would be reduced to two.

In all, the Commission found that the merger is therefore effectively a 3-to-2 merger, such that post-merger, the merged entity is unlikely to face significant competition constraint from other firms in both markets. The Commission also received concerns from third parties regarding possible competition harm post-merger.

Given the competition concerns that arise from the merger, the Commission and the parties have agreed on the following set of conditions which, in the Commission's view, address the competition concerns arising.

- For reinsurance broking services, the merging parties will divest Willis Towers' entire global reinsurance broking business units dedicated to treaty and facultative reinsurance services, (the Reinsurance Remedy) to a third party with a presence in several countries across the globe.
- The global remedy proposal in relation to commercial short-term insurance broking services includes (i) Willis Towers' global commercial risk brokerage businesses in Aerospace Manufacturing and Space risks; (ii) Willis Towers' main commercial risk brokerage businesses in Cyber risks in the European Economic Area ("EEA"), including the global hub for its Cyber business in London; and (iii) the entirety of Willis Towers' commercial risk broking business in four large jurisdictions (Germany, France, the Netherlands, and Spain), inclusive of all risk types. In South Africa, the merging parties

offered to divest the entire Willis Towers short-term insurance broking services in South Africa to the same third party acquiring the divested reinsurance business.

The Commission is agreeable to the remedy proposal as it completely removes the overlaps between activities of the merging parties in relation to the provision reinsurance broking and short-term insurance broking services in South Africa and is likely to create a credible third competitor, thus restoring competition in both markets. Accordingly, the Commission is of the view that remedies tendered by the merging parties are sufficient to alleviate the competition concerns arising as result of the proposed merger.

## **1.2 Northam Platinum Holdings Limited (Northam Holdings) / Northam Platinum Limited (Northam)**

The Commission has recommended that the Tribunal approve the proposed transaction whereby Northam Holdings intends to acquire Northam, without conditions.

Northam Holdings is currently wholly controlled by Northam, the target firm in the instant transaction. Northam Holdings is a newly incorporated entity established for the purposes of the proposed transaction, as such does not control any firm. In addition to Northam Holdings, Northam controls various firms in South Africa. Northam Holdings and its subsidiaries will collectively be referred to as “Northam Holding Group.” Northam Holdings is a newly incorporated company established by Northam for the proposed transaction. Consequently, it does not provide any products or services.

Northam is an independent, fully empowered, integrated primary producer of platinum group metals ("PGMs"). Northam's primary products are the three main PGM's, namely (i) platinum, (ii) palladium, and (iii) rhodium – and gold (“4E”). Northam’s existing core producing business assets are the Zondereinde mine and Booyendal North and Booyendal South mines and its primary products are 4E metals. Northam also owns the Eland mine which is currently in development. The primary consumers of these metals are the motor manufacturing industry, the jewellery industry, and other industrial sectors.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

### **1.3 Brit Insurance Holdings Limited (Brit) / Camargue Underwriting Managers (Pty) Ltd (CUMPL)**

The Commission has unconditionally approved the proposed merger whereby Brit intends to acquire CUMPL.

Brit is wholly owned by Fairfax Financial Holdings Limited (“FFH”), a public company listed on the Toronto Stock Exchange. FFH is ultimately controlled by Sixty Two Investment Company Limited (“Sixty Two”). FFH controls several insurance and reinsurance entities, however for the purposes of this proposed transaction, Bryte Insurance Company Limited (“Bryte”) is the most relevant subsidiary of FFH as it has physical presence in South Africa.

Brit is a global specialty reinsurer and trades primarily on the Lloyd's of London platform. Brit provides highly specialised insurance and reinsurance products to support its clients across a broad range of complex risks, with a strong focus on property, energy and casualty business. Brit does not have any physical presence in South Africa. Brit writes South African risks in its UK based insurance entities and offers a host of insurance products for South African domiciled customers. Similarly, FFH does not have any offices or physical presence in South Africa. In South Africa, FFH provides insurance and reinsurance through Bryte. Bryte writes commercial property and casualty short-term insurance, as well as long term insurance, offering group risk benefits and individual funeral cover to mass market target groups.

CUMPL is a registered Financial Services Provider (“FSP”) for short-term insurance products. CUMPL performs binder functions on behalf of insurers. Binder functions consist of entering into insurance agreements and managing claims on behalf of the insurance company. CUMPL is also an underwriting manager in terms of the definition in the Short-Term Insurance Act, No 53 of 1998 (“STIA”). In its capacity as binder holder and on behalf of insurance companies, CUMPL offers

the following short-term products: Commercial Crime; Cyber Risks; Directors' and Officers' Liability; Employment Practices Liability; Financial Institutions Cover; General Liability; Kidnap and Ransom; Legal Expenses Insurance; Medical Malpractice Indemnity; Pension Fund Trustees Liability; and Professional Indemnity.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

#### **1.4 Centriq Insurance Holdings Limited Centriq Holdings) / Shoprite Insurance Company Limited (Shoprite Insurance)**

The Commission has unconditionally approved the proposed merger whereby Centriq Holdings intends to acquire Shoprite Insurance.

Centriq Holdings controls the following firms (i) Centriq Life Insurance Company Limited (“Centriq Life”); and (ii) Centriq Insurance Company Limited (“Centriq STI”). Sanlam, Centriq Holdings and all firms directly or indirectly controlled by Sanlam are collectively referred to as the Acquiring Group.

The Acquiring Group provides financial solutions to individual and institutional clients across a multitude of market segments. The Acquiring Group's areas of expertise include life insurance, non-life insurance, financial planning, retirement planning, trusts, wills, asset management, risk management and capital market activities, investment services, lending services and wealth creation.

The Acquiring Group also provides a broad range of non-life insurance products to individual and corporate clients (including property and miscellaneous insurance). It also provides reinsurance and specialised lines of insurance (including cell captive insurance solutions) through Centriq Life and Centriq STI. Centriq Life is a licensed non-life insurer and Centriq STI is a licensed non-life insurer. Centriq Life and Centriq STI both provide first and third-party cell captive solutions.

Shoprite Insurance or the Target Business comprise historic life insurance policies (i.e., credit life insurance policies) and non-life insurance policies (i.e., property and miscellaneous insurance policies) written by Shoprite Insurance under its previous short-term insurance license.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

#### **1.5 Russet Trading and Investment 95 (Pty) Ltd (Russet) / Special Purpose Vehicle (Pty) Ltd in respect of the rental enterprise conducted on the property situated at Portion 57 of ERF 65 Nelspruit, West Acres Extension 1, The Crossing (Target Firm)**

The Commission has unconditionally approved the proposed merger whereby Russet intends to acquire Target Firm.

Russet and its affiliates (“Acquiring Group”) are active in the retail property sector.

The Target Firm is a retail property letting enterprise located in Mbombela, Mpumalanga.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

#### **1.6 Nature Bidco Limited (Nature Bidco) / ERM Worldwide Group Limited (ERM)**

The Commission has unconditionally approved the proposed merger whereby Nature Bidco intends to acquire ERM.

Natural Bidco and all firms directly or indirectly controlled by KKR & Co are collectively referred to as the Acquiring Group.

The Acquiring Group is a global investment firm that offers alternative asset management as well as capital markets and insurances solutions. The Acquiring Group also sponsors investment funds that invest in private equity, credit and real assets and have strategic partners that manage hedge funds. The insurance services offered by the Acquiring Group include: (i) retirement, (ii) life and (iii) reinsurance products under the management of Global Atlantic.

In South Africa, the Acquiring Group operates through its 25 subsidiaries. Through its South African subsidiaries, the Acquiring Group offers alternative asset management and capital markets and insurances solutions.

ERM is a global sustainability consultancy headquartered in London, and works across a range of sectors, with a focus on mining and metals, power, financial services and chemicals. ERM provides environmental, health, safety consulting services.

In South Africa, ERM is active through the following subsidiaries: (i) Arcus, (ii) CSA and (iii) ERMSA. Arcus is an environmental consultancy firm that operates solely within the Capital Project Delivery (CPD) service line, specifically offering environmental impact assessment (EIA) services within the renewables sector.

CSA is a mining consultancy company that provides technical and expert services, training and independent corporate advice to public and private mining companies, financial and legal groups.

ERMSA offers clients in South Africa a diverse combination of environmental, social and business consulting services across six of ERM's eight business lines: (i) Corporate Sustainability and Climate Change; (ii) Environmental, Health and Safety Management and Services Compliance;

(iii) Mergers & Acquisitions; (iv) safety services; (v) Capital Project Delivery and (vi) liability portfolio management and remediation.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

### **1.7 Kgatelopele Lime Proprietary Limited (Kgatelopele Lime) / PPC Lime Limited (PPC Lime)**

The Commission has unconditionally approved the proposed merger whereby Kgatelopele Lime intends to acquire PPC Lime.

Kgatelopele Lime is a special purpose vehicle established for the purposes of the proposed transaction. Accordingly, Kgatelopele Lime has no business activities.

PPC Lime has a lime and dolomite reserve, opencast mine and processing facility in the Kgatelopele Municipal area (Lime Acres factory). PPC Lime has a depot in Mpumalanga which provides a route to market for customers in Mpumalanga. PPC Lime mines, manufactures and distributes burnt lime, burnt dolomite and raw limestone in South Africa and neighbouring countries. PPC Lime supplies these products to key sectors including iron and steel, environmental, chemicals, building materials and non-ferrous metals.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

### **1.8 Standard Industries Holdings Inc (Standard Industries) / W.R. Grace & Co (Grace)**

The Commission has unconditionally approved the proposed merger whereby Standard Industries intends to acquire Grace.

The Acquiring Group is mainly active in the manufacture and sale of commercial, residential roofing, waterproofing and other construction products. The Acquiring Group is also involved in the manufacture and supply of pitched roof products, flue-ducting, integrated stoves, chimneys, and ventilation systems for residential and commercial buildings. The Acquiring Group of operates approximately 175 manufacturing facilities in 30 countries.

In South Africa, the Acquiring Group manufactures and distributes a comprehensive range of concrete and clay tiles for pitched roofs as well as complementary roofing components designed to cover various functional aspects of roof construction. It is also involved in the sale of roof tiles. The Acquiring Group also produces both finished and semi-finished products such as polypropylene fleeces, called spunbond, which are used as semi-finished products for the international roofing industry.

The Target Group is involved in the supply of a selection of specialty chemicals and specialty materials on a global basis. It supplies (i) catalysts for the refining and chemical industries, and (ii) a selection of specialty materials with a particular focus on silica-based and silica-alumina-based (zeolite) materials.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

## **2. Non-Referrals: The Commission has taken a decision to non-refer (not to prosecute) the following cases:**

### **2.1 Richard Wiederhold on behalf of Advanced Valves v Electrolux (Kwikot), Mark Moyce, Marketing Manager**

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

## **2.2 Tisetso Ncamane v Interstate Bus Lines**

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

## **2.3 Jabulani Maduna Johannes v Ilze Erasmus and Fina Shaun**

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

## **2.4 Riaan Delpont v Madge Computers (Pty) Ltd and Madge Trading (Pty) Ltd**

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

## **2.5 Nick Olivier for Outsourced Learner Management (Pty) Ltd v the Association of Certified Fraud Examiners South African Chapter and Anti-Fraud Risk Investigations and Compliance Academy**

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

## **2.6 Gunther Schmitz of German Autoworks v Jaguar Land Rover Automotive PLC**

The Commission is of the view that the conduct complained of does not contravene the

## **2.7 Anonymous v Shell Downstream South Africa (Pty) Ltd**

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

## **2.8 Phillip Coetzer v Netcare Hospital Group**

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

## **3. Withdrawal of complaints: The Commission has taken a decision to accept the withdrawal of the following complaint**

### **3.1 Mlindi Mashologu v Vodacom SA**

The Commission has taken a decision to accept the withdrawal of this complaint.

### **3.2 Mr Dylan Lottering, Director of Three Ignite (Pty) Ltd trading as 'The Middle Man' v Port Edward Build it, Brett Thomas (Manager) and Hector McLoed (Owner)**

The Commission has taken a decision to accept the withdrawal of this complaint.

**Members of the public can now lodge their complaints by SMS/WhatsApp @084 743 0000**

**[ENDS]**

#### **Issued by:**

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