



MERGER DECISION NO 35: 2024

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF THE 100% SHAREHOLDING IN ABSA LIFE BOTSWANA PROPRIETARY LIMITED, FROM ABSA FINANCIAL SERVICES HOLDINGS PROPRIETARY LIMITED BY HOLLARD LIFE ASSURANCE COMPANY OF BOTSWANA PROPRIETARY LIMITED

Introduction of the Merging Parties

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 the 100% shareholding in Absa Life Botswana Proprietary Limited ("Absa Life Botswana" or "the Target Enterprise"), from Absa Financial Services Africa Holdings Proprietary Limited ("Absa Financial Services Africa") by Hollard Life Assurance Company of Botswana Proprietary Limited ("Hollard Life" or "the Acquiring Enterprise").

The Acquiring Enterprise, Hollard Life, is a 100% subsidiary of Hollard Holdings Botswana (Pty) Ltd ("Hollard Holdings Botswana"), both are Botswana registered companies. Hollard Holdings Botswana is wholly owned by Hollard International (Pty) Ltd [South African registered entity].

The Target Enterprise, Absa Life Botswana, is a company incorporated in accordance with the Laws of Botswana. It is wholly controlled by Absa Financial Services Africa, a subsidiary of Absa Financial Services Limited, both South African registered entities.

Relevant Market

The Acquiring Enterprise provides long term insurance products as follows: (i) individual life insurance; (ii) credit life insurance; (iii) group life insurance; (iv) Group funeral insurance; (v) cigna health insurance; (vi) grouped individual insurance; and (vii) savings. These products are sold nationwide through a network of intermediaries, including, insurance brokers, corporate insurance agents and direct sales agents.

On the other hand, the Target Enterprise is a life insurer which offers life products, including, funeral cover, personal loans protection cover, group risk cover, credit life cover, life cover and investment plan. These products and services are distributed throughout Botswana through the Absa Bank Botswana branch network and other distribution channels.

The assessment indicates that the Acquiring Enterprise and the Target Enterprise both provide group life insurance (including life, funeral, and credit covers) and individual life insurance (including funeral, credit, savings, and investment policies) in Botswana, and thus an implication of a horizontal overlap. However, the identified overlap is will slightly alter the market structure as the merging parties are smaller players in the relevant market

in Botswana. Therefore, no competition concerns are expected to arise as a result of the merger post implementation.

Competitive Analysis and Public Interest

The analysis of the facts of the merger have shown that there are no substantive competition concerns that will arise in the market for the provision of group life insurance (including life, funeral, and credit covers) and individual life insurance (including funeral, credit, savings, and investment policies) in Botswana, given that:

- i. The proposed transaction will slightly alter the structure of the markets under consideration; and
- ii. The merger would not result in the Merged Entity attaining dominant position in the market under consideration, in that it is acquiring a negligible market share of the Target Enterprise.

The Authority is alive to the potential public interest concerns that may arise from the merger regarding the employees of the Target Enterprise and policyholder interests. As such, it is actively facilitating for safeguarding employment of the Target Enterprise and protecting policyholder interests in the relevant market.

The Determination

Pursuant to the provision of section 53 of the Act, the Authority has decided to approve the proposed acquisition of the 100% shareholding in Absa Life Botswana Proprietary Limited, from Absa Financial Services Africa Holdings Proprietary Limited by Hollard Life Assurance Company of Botswana Proprietary Limited, subject to the following conditions:

- A. There shall be no merger specific retrenchments or redundancies of employees for a period of three (3) years from the Approval date and/or the Implementation date. For clarity, merger specific retrenchments or redundancies do not include (the list is not exhaustive):
 - a) voluntary retrenchment and/or voluntary separation arrangements;
 - b) voluntary early retirement packages;
 - c) unreasonable refusals to be redeployed;
 - d) resignations or retirements in the ordinary course of business;
 - e) retrenchments lawfully effected for operational requirements unrelated to the Merger; and
 - f) terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance.
- B. The conditions of employment of the employees of the Target Enterprise shall be aligned with that of all the other employees of the Acquiring Enterprise to ensure fair treatment of all employees;

- C. The Merged Enterprise shall provide details (Full Name; Identification Number; Gender; Position; and contact number) of the current employees of the Target Enterprise and the Acquiring Enterprise within thirty (30) business days from the Approval date;
- D. The Merged Enterprise shall share a copy of the conditions of approval with all employees of the Target Enterprise and Acquiring Enterprise and/or their respective representatives within thirty (30) business days from the Approval date;
- E. The Merged Enterprise shall inform the Authority of the date of implementation of the Approved Transaction within thirty (30) business days;
- F. The Merged Entity must submit a report within 30 business days from the implementation date detailing the procedures in place to ensure a smooth transition of life insurance policies from Absa Life Botswana to Hollard Life. The report should include the following:
 - a) The claims process;
 - b) Whether the terms and conditions will remain unchanged;
 - c) The handling of claims; and
 - d) The continued validity of the policies post-transaction; and
- G. The Merged Enterprise shall for a period of (three) 3 years from the implementation date submit to the Authority, a report on each anniversary of the implementation date, detailing its compliance with the above-mentioned conditions.

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 7th day of October 2024.

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