



Competition Commission of Mauritius
1st Floor, GM Tower
7 Maupin Street
Port Louis
Tel. No. 211-2005
Fax No. 211-3107
email: info@ccm.mu

MEDIA RELEASE

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CCM LAUNCHES A DETAILED ASSESSMENT INTO THE PROPOSED MERGER OF THE INSURANCE BUSINESSES OF SWAN GROUP AND ROGERS GROUP

Swan Insurance Company Limited and CIM Insurance Ltd made an application to the Competition Commission of Mauritius (CCM) for its guidance on the combination of their general insurance businesses in Mauritius, under section 47(4) of the Competition Act 2007 (the Act). Based on the information submitted by the parties, the CCM deems it appropriate to conduct a detailed assessment in order to reach a conclusion.

The CCM also believes that there is need for detailed assessment in relation to the market definition in the long term insurance and hence the competitive assessment of the proposed merger in the long term insurance business.

Mergers are not a breach of the Act in itself and not all mergers are anti-competitive. Firm conclusions would only be possible after complete assessment of the matter.

The Executive Director of the CCM has launched a detailed assessment into the proposed merger of the insurance businesses of Swan Group and CIM Financial Services Ltd (member of Rogers Group), pursuant to its powers under Sections 51 of the Act.

The Executive Director, Dr Sean Ennis said: 'We are launching this detailed assessment to be able to better review this proposed merger. By so doing, the CCM will be able to use its investigative powers under the Act to gather the information and data it needs to come to a conclusion in this matter. This does not mean that the parties have breached the provisions of the Competition Act. Such reviews are normal part of mergers assessments and enterprises should not be wary of them. Conclusion in relation to the competitive effects of the proposed merger can be done only after detailed assessment.'

The Executive Director will report his findings to the Commission. If the Commission concludes that there has been a "merger situation" which has resulted in or is likely to result in a substantial lessening

of competition within the market, it may take steps to remedy, mitigate or prevent the substantial lessening of competition and any adverse effects. In case of proposed merger situations, directions may require enterprises to desist from completion of the merger, divest part of its assets and there may be imposition of behavioral remedies among others.

Background Information:

The Competition Act

The Competition Commission of Mauritius is a statutory body established in 2009 to enforce the Competition Act 2007. This Act established a competition regime in Mauritius, under which the CCM can investigate possible anticompetitive behavior by businesses.

Sub-part IV of the Competition Act 2007, cover merger situations subject to review by the Commission.

To take action, the CCM must find that there is a merger situation and it has resulted or is likely to result in a substantial lessening of competition within the market.

Merger Situations:

Section 47 of the Competition Act explains merger situations. The Act refers merger situations as “the bringing together under common ownership and control of 2 or more enterprises of which one at least carries its activities, In Mauritius, or through a company incorporated in Mauritius.”

Section 47(2) of the Act defines ‘common control’ as a criterion for a merger to occur. According to Section 47(2), ‘common control’ occurs where:

- (a) The enterprises to the merger are enterprises of interconnected bodies
- (b) One person has, or groups of persons have, control in enterprises which are carried on by 2 or more bodies corporate;
- (c) 2 distinct enterprises, one of which is a body corporate and the second one a person having control over the first body corporate.

Control refers to the ability to materially influence policy of an enterprise; acquiring controlling interest in an enterprise or ability to control policy of an enterprise. (Section 47(3) of the Competition Act 2007)

Reviewable mergers:

Section 48 of the Competition Act 2007 stipulates that merger situations are subject to review where one of the party to the merger is in monopoly situation by having more than 30% of the market share prior to the merger or all the parties are in monopoly situation by having more than 30% of market share after the merger and where “the Commission has reasonable grounds to believe that the creation of the merger situation has resulted in, or is likely to result in, a substantial lessening of competition within the market...” The market may be the supply or acquisition of goods or services.

The CCM has the power to impose directions (Part VI of the Act) including directions to enterprise to desist from completion of a merger and divest part of its assets if it reaches the conclusion that a merger situation has resulted in, or is likely to result in, a substantial lessening of competition within any market for goods or services.

Further information:

For further information see the CCM's website at www.ccm.mu, and the CCM's Procedural Rules and Guidelines: 'CCM 1 - Procedural Rules', 'CCM 2 – Market definition and the Calculation of Market Shares' 'CCM 5 - Mergers' and 'CCM 6 - Remedies and Penalties', all available on the web site.