



MERGER DECISION NO 16: 2016

DECISION ON THE PROPOSED ACQUISITION OF 100% ISSUED SHARE CAPITAL OF REGENT BOTSWANA GROUP (REGENT INSURANCE BOTSWANA (PTY) LTD & REGENT LIFE BOTSWANA LTD), AND 70% ISSUED SHARE CAPITAL IN THE HOLLARD BOTSWANA GROUP (HOLLARD INSURANCE COMPANY OF BOTSWANA LTD, HOLLARD BOTSWANA PTY LTD & HOLLARD HOLDINGS BOTSWANA PTY LTD) BY DIRECT AXIS INTERNATIONAL SÀ R.L. (now t/a as HOLLARD INTERNATIONAL HOLDINGS)

PURSUANT to section 60(4)(a)(ii) of the Competition Act (Cap 46:09), notice is hereby given on the decision made by the Competition Authority in respect of the proposed acquisition of 100% issued share capital of Regent Botswana Group [Regent Insurance Botswana Pty Ltd ("Regent Insurance Botswana") & Regent Life Botswana Ltd ("Regent Life Botswana")] and 70% issued share capital in the Hollard Botswana Group [Hollard Insurance Company of Botswana Ltd ("Hollard Insurance Botswana"); Hollard Botswana Pty Ltd ("Hollard Life Botswana"); & Hollard Holdings Botswana Pty Ltd ("Hollard Holdings Botswana")] by Direct Axis International S.À r.l. (now trading as Hollard International Holdings).

The Competition Authority determined to *conditionally authorise* the proposed transaction in the markets for the provision of (i) general (short-term) insurance products and services, as well as (ii) life (long-term) insurance products and services; given the fact that:

- i) Though there are some competition concerns that will arise with respect to the market for the provision of general (short-term) insurance products and services, they are less likely to result in substantial lessening of competition due to the existence of competitive constraints that would discipline the commercial behaviour of the merged entity;
- ii) There are no substantial competition concerns which could arise in the market for the provision of life (long-term) insurance on account of the transaction; and
- iii) Since the merging parties' contemplate the integration of Regent and Hollard's insurance businesses in Botswana, the Authority is cognisant of the public interest concerns raised regarding possible retrenchments and redundancies in the merged entity.

Pursuant to the provisions of section 55 of the Competition Act, the Authority has approved the proposed merger, with the following condition:

The merged entity shall ensure that for a period of 2 years commencing from the approval date, there are no retrenchments of any employee associated with this merger.

In order for the Authority to effectively monitor compliance with the condition, the Authority shall require Direct Axis International (now t/a Hollard International Holdings) to adhere to the following procedures:

- a) For the Authority to assess whether they are merger specific, at least three months before any retrenchments are to take place, inform the Authority of:
 - i) The intended retrenchments;
 - ii) The reasons for the retrenchments;
 - iii) The number and categories of employees affected; and
 - iv) The expected date of the retrenchments.

- b) Provide the Authority with status reports every six months, commencing from the approval date. The reports must include the following information:
 - i) A list of all the employees as at the date of the report which includes their full names and positions, set out in a sworn statement and a payroll printout;
 - ii) A list of the employees dismissed/retrenched in the reporting period, including the reasons for the dismissal/retrenchments; and
 - iv) Any additional information that may be required by the Authority to monitor compliance with the condition.

However, as stated under section 66 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to these mergers must comply with under the Laws of Botswana.

Dated at Gaborone, this 3rd day of August 2016

Tebelelo Pule, Acting Chief Executive Officer, Competition Authority, P/Bag 0010, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013