



## **MERGER DECISION NO 19 OF 2023**

### **Notice in terms of Section 53(4) (a) (ii) of the Competition Act, 2018**

#### **DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 100% OF THE ENTIRE ISSUED SHARE CAPITAL AND THE SHAREHOLDER CLAIMS AGAINST LEGAL EXPENSES GROUP AFRICA LTD BY SITHEGA PROTECT (Pty) Ltd.**

##### **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 100% of the entire issued share capital and the shareholder claims against Legal Expenses Group Africa Ltd ("Legal Expenses") by Sithega Protect (Pty) Ltd ("Sithega Protect"). The transaction was notified to the Authority on 10<sup>th</sup> May 2023 and the merger assessment was completed on 20<sup>th</sup> June 2023.

The Acquiring Enterprise, Sithega Protect, is a private company controlled by Sithega SPV One Proprietary Limited and both companies are incorporated in accordance with the Laws of South Africa. Sithega Protect and Sithega SPV One are newly incorporated entities created solely for the purposes of the Proposed Transaction.

The Target Enterprise, Legal Expenses, is a public company incorporated in accordance with the laws of the Republic of South Africa. It is owned and controlled by Izak Johannes Crafford, a South African/Australian individual. Legal Expenses is the holding company for various entities, which form part of the Legal Expenses Group of Companies. In Botswana, Legal Expenses controls Legal Expenses Insurance Botswana (Pty) Ltd ("LegalWise Botswana"), a company registered in Botswana.

##### **Relevant Markets**

The Acquirer is a newly incorporated entity which has been created solely for the purposes of the Proposed Transaction. However, its Parent company Sithega Holding's investment portfolio consists of its acquisition of the Prescient Group Of Companies ("the Prescient Group"), an asset management business offering services including investment management, stock broking, retirement solution, fund services and administration. The Prescient Group conducts

financial services businesses in South Africa and other markets. The Prescient Group does not carry out any business activities in Botswana.

On the other hand, the Target Entity through LegalWise Botswana, provides legal expenses insurance in Botswana. This service is also extended to Botswana residing in South Africa. LegalWise Botswana also provides paralegal services, legal counselling and representation for the main member and immediate family members.

The Acquirer is in the business of financial services under asset management, with no operations in Botswana while the Target Enterprise through its Botswana subsidiary offers short-term insurance and insurance brokerage services in Botswana. Consequently, there is absence of both product and geographic overlaps in the activities of the Merging Parties. The Authority is of the view that the Proposed Transaction has no competitive bearing on the market structure post-merger as the status quo will be maintained.

### **Competitive Analysis and Public Interest**

The Authority has not established any substantial lessening of competition concerns arising due to the absence of product and geographic overlap in the activities of the merging parties. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

### **The Determination**

Pursuant to the provision of Section 53 of the Competition Act, the Authority has decided to *unconditionally approve* the proposed acquisition of 100% of the entire issued share capital and the shareholder claims against Sithega Protect by Legal Expenses.

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 20<sup>th</sup> day of June 2023.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,  
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