



Determination No. M/05/013 of the Competition Authority, dated 3rd May 2005, under Section 21 of the Competition Act, 2002

Notification No. M/05/013 – Proposed acquisition by CGU International Insurance plc of Gresham Insurance from Barclays Bank plc

Introduction

1. On 4th April 2005 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Aviva plc (“Aviva”), through its wholly-owned indirect subsidiary CGU International Insurance plc (“CGU”) would acquire the entire issued share capital of Gresham Insurance Company Limited (“Gresham”) from Barclays Bank Plc (“Barclays”).
2. Prior to notification, the transaction was already effected in two, virtually simultaneous, steps. The first step involved the acquisition by Barclays of the shares in Gresham currently held by Legal & General Group Plc. The second step involved the acquisition by Aviva, through CGU, of the entire issued share capital of Gresham from Barclays. The sale and purchase agreements in relation to the transaction were entered into, and completed on 31st March 2005.

The Parties

3. Aviva is a public company based in England, of which CGU is an indirect wholly owned subsidiary. Aviva is the holding company of the Aviva group of companies, which carries out life assurance and long-term savings business, fund management and all classes of general insurance. Aviva has two businesses based in Ireland – Hibernian, whose activities include general insurance, risk management and life assurance and Norwich Union International, an offshore life and investment business.
4. Barclays is a public company and UK-based financial services group. It engages primarily in banking, investment banking and investment management. Prior to the transaction, it owned 10% of Gresham.
5. Gresham is a UK household insurance underwriter. It is the principal insurance underwriting company for household insurance sold by Barclays. It does not have any subsidiaries and does not have any branches on the island of Ireland. It does not sell insurance products in the Republic of Ireland and only has a limited presence in Northern Ireland (c. 2% of household insurance).

Analysis

6. The transaction will not impact at all on the Republic of Ireland. Since Gresham does not carry on business in the Republic of Ireland and only has a limited presence in Northern Ireland, there is no overlap between the activities of Aviva



and Gresham in the State. The transaction therefore does not give rise to competition concerns.

7. The transaction was put into effect elsewhere in the world, prior to the Authority's determination. The agreement between the parties explicitly provided that the agreement would not be put into effect in Ireland unless and until clearance was obtained from the Competition Authority under the Competition Act. The Authority notes the provision of section 19(1)(a) of the Act, that "a merger or acquisition to which...section 18(1) applies...shall not be put into effect until...the Authority...has determined that [it] may be put into effect." The Authority also notes the provisions of section 19(2) of the Act that "any such merger or acquisition which purports to be put into effect, where that putting into effect contravenes subsection (1), is void."

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the acquisition by CGU International Insurance plc of Gresham Insurance from Barclays Bank plc will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority