



# DETERMINATION OF MERGER NOTIFICATION M/24/003 – AON/NFP

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## Section 21 of the Competition Act 2002

### Proposed acquisition by Randolph Acquisition Corp. of sole control of NFP Intermediate Holdings A Corp.

Dated 1 March 2024

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#### Introduction

1. On 22 January 2024, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition, whereby Randolph Acquisition Corp., a wholly-owned indirect subsidiary of Aon plc (“Aon”) would acquire sole control of NFP Intermediate Holdings A Corp. (“NFP”) (the “Proposed Transaction”).<sup>1</sup>

#### The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to an Agreement and Plan of Merger, dated 19 December 2023, according to which Randolph Acquisition Corp., a wholly-owned subsidiary of Aon, will acquire all of the issued shares of NFP, and will be merged with and into NFP, with NFP continuing as the surviving corporation. NFP will then be merged with and into Aon, with Aon continuing as the surviving corporation.

#### The Undertakings Involved

##### *The Acquirer – Aon*

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<sup>1</sup> Aon and NFP are referred to collectively in this determination as the “Parties”.



3. Aon is a global professional services firm providing a range of professional services, products, and solutions focused on risk, health, and wealth solutions, to clients.
4. In the State, Aon serves Irish and international clients from Small to Medium Enterprise operators to global multinational corporates. Its individual solution lines are the brokerage and wholesale distribution (to other brokers) of insurance products, health solutions, retirement solutions, assessment solutions and data and analytic services. Aon is not involved in insurance underwriting.
5. For the financial year ending 31 December 2022, Aon's worldwide turnover was approximately [...], of which [...] was generated in the State.

#### ***The Target – NFP***

6. NFP is a holding company, and conducts business through its various subsidiaries on behalf of NFP. NFP is a global insurance broker and consultant providing specialised property and casualty insurance products, and services related to benefits, wealth management and retirement planning.
7. In the State, following its entry into the Irish market in 2019, NFP is active primarily as a broker of insurance products. It is also active in the wholesale distribution of insurance policies to other brokers, and the provision of various ancillary services, including wealth management services, employee benefits services, mortgage support services to private individuals, and Human Resources consultancy services.
8. NFP is not involved in insurance underwriting.
9. For the financial year ending 31 December 2022, NFP's worldwide turnover was approximately [...], of which approximately [...] was generated in the State.

#### **Rationale for the Proposed Transaction**

10. In the notification, the Parties state the following:

*“Aon's acquisition of NFP will bring together two complementary businesses, expanding Aon's presence in the large and fast-growing middle-market*



*segment. At the same time, it will bring to NFP's customers Aon's data and analytics-based content, capabilities, and expertise, delivered efficiently through the Aon Business Services platform, and allow NFP's broker team to access Aon's deeper resources and broader network to better support their clients. Aon primarily services large and enterprise customers (many of whom are multinational), while NFP's customers are primarily in the middle and lower end of the middle market and high net worth individuals and NFP's business has a substantial focus on B2C<sup>2</sup> business across the organisation.”<sup>3</sup>*

### Third-Party Submissions

11. No third-party submissions were received.

### Industry Background – The Insurance Sector

12. There are a number of different levels in the supply of insurance products, with the main levels of the market being:
- Insurance underwriting: this involves the assessment of insurable risk and the production of insurance products by insurance companies;
  - Insurance distribution: this refers to the retail distribution of insurance to private and corporate end customers.
  - Wholesale distribution: this refers to the level between insurance underwriting and insurance distribution, where wholesale brokers who have access to speciality products and markets connect with retail agents and brokers.
13. Insurance products are purchased by both private and commercial customers. The Parties state in the notification that there is a general distinction between the distribution of life and non-life insurance products.

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<sup>2</sup> Meaning “business to consumer”.

<sup>3</sup> Notification form, section 2.6.



14. The Parties state that both insurance companies and independent insurance brokers may be active in insurance distribution. In the State, insurance brokers are the largest distributors of non-life insurance and hold a strong position in the commercial segment of the market. The flow of business from clients to underwriters often involves multiple intermediaries, which will be determined by the type of product, the expertise of the intermediary and specific market conditions.
15. Wholesale insurance brokers operate under agreements with insurance companies to distribute insurance products to insurance brokers operating at the retail level. The wholesaler does not become the insurer, and does not accept risk at any point.

## Competitive Analysis

### Horizontal Overlap

16. The areas of horizontal overlap between the Parties in the State are the distribution of life-insurance products, the distribution of non-life insurance products, and the wholesale distribution of non-life insurance products.

### Market Definition

#### Relevant Product Markets – Previous decisions

17. The European Commission (“EC”) has issued several decisions relating to the product markets for the distribution of insurance products. In particular, through its decisional practice the EC has made the following observations:<sup>4</sup>
  - That there is a distinction between the distribution of life and non-life insurance products;
  - That it considered, but ultimately left open, whether it is appropriate to further segment the potential markets for the distribution of life and non-life

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<sup>4</sup> See M.8010 Irish Life/Aviva Health/Glohealth, para 10; M.1307 Marsh & McLennan/Segwick, paras 8 and 9; and M.8257 NN Group/Delta Lloyd, para 11.



insurance products on the basis of business sectors (i.e. customer type) or the type of risk insured; and

- That there is supply-side substitutability in the distribution of insurance products, owing to the fact that competitors tended to offer services to all customer types, and insurers tend to rely on the same resources in order to service all customer types.

18. The Commission has also issued determinations related to the insurance sector. In M/17/010 – *Liberty/Ironshore*, the Commission followed the approach of the EC in considering separate potential markets for the distribution of life insurance products and non-life insurance products.<sup>5</sup>
19. In M/22/042 – *Arachas/Glennon*, the Commission distinguished between the distribution of life and non-life insurance products, and considered further segmenting the distribution of non-life insurance products on the basis of the insured risk and by customer type (i.e. commercial customers and private individual customers), ultimately leaving the market open.<sup>6</sup>
20. The Commission has not up until now considered any possible further segmentation in respect of a potential market for the distribution of life insurance products. In the context of insurance underwriting, however, the Commission, without coming to a definitive view on the precise relevant market, has examined potential product markets for life insurance products segmented by product type (i.e. pure protection products, pension products, and savings and investment products).<sup>7</sup>
21. In M/21/034 – *Arachas/Hooper Dolan* and M/22/042 – *Arachas/Glennon*, the Commission considered a separate market for the wholesale distribution of non-life insurance products in the State.<sup>8</sup>

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<sup>5</sup> M/17/010 – *Liberty/Ironshore*, para 15.

<sup>6</sup> M/22/042 – *Arachas/Glennon*, para 21.

<sup>7</sup> See M/18/002 – *Aviva/Friends First*, para 26.

<sup>8</sup> M/21/034 – *Arachas/Hooper Dolan*, paras 21-22; M/22/042 – *Arachas/Glennon*, para 23.



#### Relevant Product Markets – Parties’ submissions

22. In the notification, the Parties state that the relevant product and geographic markets can be left open. However, citing previous decisional practice of the European Commission (“EC”) and the Commission, the Parties identified the following potential product markets:

- the market for the distribution of non-life insurance products segmented by customer type and risk covered;
- the market for the distribution of life insurance products; and
- the market for the wholesale distribution of non-life insurance products.

#### Relevant Product Markets – Conclusion

##### **Distribution of non-life insurance products**

23. The Commission considers that it is not necessary to come to a definitive view on the precise relevant product market in this instance, as doing so will not alter the Commission’s assessment of the competitive effects of the Proposed Transaction. Accordingly, the Commission sees no reason to differ from the decisional practice of the EC and the Commission, and has assessed the likely competitive impact of the Proposed Transaction with reference to the potential product market for the distribution of non-life insurance products, segmented by risk insured and by customer type (i.e. private or commercial).

##### **Distribution of life insurance products**

24. The Commission has considered whether or not it would be appropriate to further segment the potential market(s) for the distribution of life insurance products.

- **Demand side substitutability:** The Parties acknowledge that (albeit in the context of insurance underwriting) the EC has distinguished from a demand-side perspective between the following categories of life insurance: (i) pure



risk protection products; (ii) pension products; and (iii) savings/investment products. The EC has also distinguished between life insurance for individuals and for group customers. As noted above (para 20), the Commission has also in the context of insurance underwriting considered potential separate markets for life insurance products on the basis of the categories mentioned above (meaning segmented by risk insured and by customer type).

- **Supply side substitutability:** The Parties state that the EC has recognised that the conditions for the provision of life insurance covering different risk types are quite similar, and most large insurance companies are active in several risk types, which the Parties argue suggests that many different types of life insurance products could be included in the same relevant product market. The Commission considers that distributors of life insurance products do commonly provide a wide range of life insurance products.

25. The Parties argue that in spite of the lack of demand-side substitutability, there exists strong supply-side substitutability between the distribution of both non-life and life insurance in the State as a result of the fact that (i) most brokers offer a broad range of risk categories; and (ii) the same expertise and resources are common to the provision of each of those risk categories (i.e. personnel and IT systems).
26. The Commission considers that it is not necessary to come to a definitive view on the precise relevant product market in this instance, as doing so will not alter the Commission's assessment of the competitive effects of the Proposed Transaction. Accordingly, the Commission sees no reason to differ from the approach taken by the EC and the Commission in respect of non-life insurance products and has assessed the likely competitive impact of the Proposed Transaction with reference to the potential product market for the distribution of life insurance products by product type (i.e. pure protection products, pension products, and savings and investment products).

#### **Wholesale distribution of non-life insurance products**

27. The Commission considers that it is not necessary to come to a definitive view on the precise relevant product market in this instance, as doing so will not alter the



Commission's assessment of the competitive effects of the Proposed Transaction. Accordingly, the Commission sees no reason to differ from the recent decisional practice of the Commission, and has assessed the likely competitive impact of the Proposed Transaction with reference to the potential product market for the wholesale distribution of non-life insurance products.

#### Relevant Geographic Market – Conclusion

28. The Commission has previously considered the relevant geographic market for the distribution of insurance products. In *M/22/042 – Arachas/Glennon*, the Commission noted that in its own and the EC's decisional practice, the relevant transactions were analysed on a national basis.<sup>9</sup>
29. The Commission considers that it is not necessary to define the precise relevant geographic market in this instance, as doing so will not alter the Commission's assessment of the competitive effects of the Proposed Transaction. Accordingly, the Commission sees no reason to depart from its own decisional practice and that of the EC with respect to the potential geographic market and has assessed the likely competitive impact of the Proposed Transaction with reference to the distribution of non-life insurance products, the distribution of life insurance products, and the wholesale distribution of non-life insurance products, all by reference to the State.

#### Conclusion on relevant markets

30. For the purposes of carrying out its competitive assessment of the Proposed Transaction, the Commission has assessed the competitive impact of the Proposed Transaction by reference to the following potential relevant markets:
  - a) the distribution of non-life insurance products, segmented by risk insured and by customer type (i.e. private or commercial) in the State;

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<sup>9</sup> M/22/042 – Arachas/Glennon, para 22; Case No COMP/M.8010 Irish Life/Aviva health/Glohealth, paras 24 and 25; IV/M.130 Marsh&Mclennan/Segwick, para 21.



- b) the distribution of life insurance products, segmented by product type (i.e. pure protection products, pension products, and savings and investment products) in the State; and
- c) the wholesale distribution of non-life insurance products in the State.

### Competitive Analysis – Horizontal

#### *Distribution of non-life insurance in the State, segmented by customer type and risk insured*

31. The Parties provide market share estimates in the distribution of non-life insurance products in the State in 2022, as shown in Table 1 below.

*Table 1: Estimated shares for the distribution of non-life insurance products in the State*

Risk Category	Aon		NFP		Combined		Competitors		Total	
	GWP	%	GWP	%	GWP	%	GWP	%	GWP	%
Combined Non-Life	[...]	[0-5]%	[...]	[0-10]%	[...]	[0-10]%	[...]	[90-100]%	[...]	100%
<b><i>Breakdown according to insured asset and customer</i></b>										
Combined Commercial Non-Life – all	[...]	[10-20]%	[...]	[0-10]%	[...]	[10-20]%	[...]	[80-90]%	[...]	100%
Property	[...]	[10-20]%	[...]	[0-10]%	[...]	[10-20]%	[...]	[80-90]%	[...]	100%
Motor	[...]	[0-10]%	[...]	[0-10]%	[...]	[0-10]%	[...]	[90-100]%	[...]	100%
Liability and Professional Indemnity	[...]	[10-20]%	[...]	[0-10]%	[...]	[10-20]%	[...]	[80-90]%	[...]	100%
Marine, Aviation and Transit	[...]	[0-10]%	[...]	[0-10]%	[...]	[0-10]%	[...]	[90-100]%	[...]	100%
Credit & Surety	[...]	[10-20]%	[...]	[0-10]%	[...]	[10-20]%	[...]	[80-90]%	[...]	100%
Combined Personal Non-Life – all	[...]	[0-10]%	[...]	[0-10]%	[...]	[0-10]%	[...]	[90-100]%	[...]	100%
Home	[...]	[0-10]%	[...]	[0-10]%	[...]	[0-10]%	[...]	[90-100]%	[...]	100%
Private Car & Van	[...]	[0-10]%	[...]	[0-10]%	[...]	[0-10]%	[...]	[90-100]%	[...]	100%
Accident & Sickness and Travel	[...]	[0-10]%	[...]	[0-10]%	[...]	[0-10]%	[...]	[90-100]%	[...]	100%



Source: the Parties in the notification, Section 5.2.2<sup>10</sup>

32. The Commission considers that the Proposed Transaction raises no horizontal competition concerns in relation to the potential market for the provision of non-life insurance products segmented by risk insured and customer type in the State for the following reasons:

- a. First, following the implementation of the Proposed Transaction, Aon would have a share of no larger than [10-20]% in any of the non-life insurance segments. Aside from commercial property (increment of [0-10]%), the increment to the Parties' combined share in all non-life insurance segments by risk covered is less than [0-10]%. The highest post-Proposed Transaction share, in the Credit & Surety segment, would be [10-20]%, but this would constitute an increment of only [0-10]% on Aon's pre-Proposed Transaction share. As regards non-life insurance segments by customer type, the Proposed Transaction would see an increment of [0-10]% and [0-10]% on Aon's pre-Proposed Transaction share in commercial and private respectively.
- b. Second, and as the Parties state in the notification, the distribution of non-life insurance segmented by customer type and risk covered in the State is highly fragmented with around 400 competitors across all segments, as outlined in the Commission's determination in M/22/042 – *Arachas / Glennon*. Among these competitors are large global players including Marsh Ireland Brokers Limited, Ardonagh Group Holdings Limited, Willis Towers Watson plc., Arthur J. Gallagher & Co., Brown & Brown, Inc., PIB Risk Services Limited and Howden Insurance (Ireland) Limited, who offer the full range of non-life insurance products, as well

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<sup>10</sup> In the notification, the Parties described their methodology for calculating estimated market shares as follows: "Aon and NFP each provided their 2023 GWP for various non-life insurance risk product categories. Finaccord reports provide estimates of broker GWP for Ireland by various commercial risk lines of business for 2022 and broker GWP for Accident and Health Insurance (AHI) for 2021. We understand Finaccord market size estimates include premium placed in the Irish market and also through Lloyds, but does not include other London or international placements of Irish business. Market size estimates for Private Motor and Household for the Irish market were obtained from Insurance Ireland for the year 2020. The lines of business for each of the sources were combined into a set of risk categories for calculation of implied market shares. As there are not standardized ways of categorizing all lines of business, differences in how each company maintains and categorizes its lines of business, along with the granularity and extent of coverage at which Finaccord data were reported may introduce some misalignment of premium totals."



as strong national players such as Chill Insurance Ltd, O’Leary Insurances Ltd and Charles McCarthy Insurances Ltd. Following the implementation of the Proposed Transaction, these competitors will continue to exert a competitive constraint on Aon in the distribution of non-life insurance segmented by customer type and risk covered in the State.

33. Accordingly, and as noted above, there are numerous competitors that will continue to exert a competitive constraint on Aon with respect to the distribution of non-life insurance products in the State, and following implementation of the Proposed Transaction the Parties will gain minimal share increments across all segments. The Commission therefore considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the distribution of non-life insurance products in the State segmented by risk covered and customer type.
34. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in respect of the distribution of non-life insurance products in the State segmented by risk covered and customer type.

*Distribution of life insurance in the State, segmented by product type*

35. The Parties also provided their estimated shares in the provision of life insurance products in the State, as set out in Table 2 below.

*Table 2: Estimated shares for the distribution of life insurance products in the State*

Risk Category	Aon		NFP		Combined		Competitors		Total	
	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%

Life Segment	[...]	[10-20]%	[...]¹¹	[0-10]%	[...]	[10-20]%	[...]	[80-90]%	[...]	100%
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Source: the Parties in the Notification, para 5.2.

36. The Parties were unable to provide estimated market shares for themselves and competitors for life insurance products segmented by customer type and risk covered, in light of the absence of third party market data. The Parties estimate that the total broker market size for the life segment [...]¹² Accordingly, on the basis of the distribution of all life insurance products, the Parties hold a combined share of [10-20]%, an increment of [0-10%] on Aon’s pre-Proposed Transaction share.
37. The Parties provided a breakdown in revenue for potential segments by risk insured and customer type. This breakdown is shown below in Table 3.

Table 3: Revenue breakdown for life insurance in the State, segmented by risk insured and customer type

Risk Category	Aon	NFP	Combined
	GWP	GWP	GWP
Combined Commercial Life – all	[...]	[...]	[...]
Pure Protection	[...]	[...]	[...]
Saving and Investment	[...]	[...]	[...]
Pension	[...]	[...]	[...]
Unregulated Corporate Services	[...]	[...]	[...]
Combined Personal Life – all	[...]	[...]	[...]
Pure Protection	[...]	[...]	[...]

¹¹ In response to an informal query, the Parties noted that the original figure for NFP’s revenue in the life segment ([...]) provided in the Notification was incorrect, meaning that NFP’s estimated share in the life segment as a whole is [0-10]%, not [0-10]%.  
¹² In response to an informal query, the Parties explained that the methodology for reaching this [...] figure was as follows: “[...]”



Savings and Investment	[...]	[...]	[...]
Pension products	[...]	[...]	[...]

Source: Parties' response to informal query

38. The Commission is of the view that NFP's minimal share across the life segment as a whole, and minimal revenue in each potential segment based on risk insured and customer type, is unlikely to raise any horizontal competition concerns in respect of any potential market for the distribution of life insurance products segmented by risk insured and customer type for a number of reasons:
39. First, as shown in Table 3, the majority of Aon's revenue generated from life insurance is from corporate pensions, which comprises a *de minimis* proportion of NFP's life insurance revenue ([...]). NFP's revenue is less than [...] across almost all segments, with the majority comprising Pure Protection products for group customers, from which Aon generates a comparatively low proportion of its revenue for the life segment. Accordingly, the Commission is of the view that Aon will gain a minimal share increment in any potential segment following implementation of the Proposed Transaction.
40. Second, life insurance brokerage in the State is highly fragmented, with over 850 brokers currently registered with Brokers Ireland as offering life insurance brokerage in the State. Among these include large players such as Mercer LLC, Willis Towers Watson plc., Unio Financial Services Ltd, Lockton Insurance Brokers (Ireland) Limited, Irish Life Financial Services Limited, Zurich Life Assurance plc, and New Ireland Assurance Company plc. The Commission therefore considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the distribution of life insurance products in the State segmented by risk covered and customer type.
41. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in respect of the distribution of life insurance products in the State segmented by product type.



### *Wholesale distribution of non-life insurance in the State*

42. The Parties did not provide precise estimates as to their shares in the potential market for the wholesale distribution of non-life insurance products in the State, but estimated their combined share of that potential market to be under [10-20]%, submitting that Aon and NFP had Gross Written Premiums (“GWPs”) of [...] and [...] respectively.
43. The Parties noted that in the Commission’s determination in M/22/42 *Arachas/Glennon*, the Commission did not identify either of the Parties as a significant competitor in the market for the wholesale distribution of non-life insurance products in the State. In addition to this, and as identified in that determination, there exist a number of competitors in the market for the wholesale distribution of non-life insurance products in the State, namely Willis Towers Watson plc., Wrightway Underwriting Ltd, KennCo Underwriting Ltd, and Ornella Underwriting Ltd.<sup>13</sup> The Commission therefore considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the wholesale distribution of non-life insurance products in the State segmented by risk covered and customer type.
44. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in respect of the wholesale distribution of non-life insurance products in the State.

### **Vertical Overlap**

45. The Parties state in the notification that there is a technical vertical relationship between the business activities of Aon and NFP, as both Parties are wholesale distributors of non-life insurance products in the State.
46. With regard to potential input foreclosure, the Commission notes that both Parties have a minimal (less than [10-20]%) combined share in the upstream market for the

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<sup>13</sup> M/22/042 – Arachas/Glennon, para 37.



wholesale distribution of non-life insurance products in the State. In addition, and as identified in the Commission's determination in M/22/042 *Arachas/Glennon*, there exist a number of large competitors in the market for the wholesale distribution of non-life insurance products in the State.<sup>14</sup>

47. In respect of customer foreclosure, as shown in Table 1, the Parties have *de minimis* market shares in the potential market for the distribution of non-life insurance products in the State, including as segmented by customer type and risk insured (with the highest share being [10-20]% in credit & surety). There also exist a number of alternative customers who are likely to procure insurance products from the Parties' competitors following implementation of the Proposed Transaction.
48. In light of the above, the Commission considers that the Proposed Transaction is unlikely to give rise to any vertical foreclosure concerns in the State.

#### **Conclusion of Competitive Analysis**

49. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

#### **Ancillary Restraints**

50. No ancillary restraints were notified.

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<sup>14</sup> M/22/042 – Arachas/Glennon, para 37.



Coimisiún um  
Iomaíocht agus  
Cosaint Tomhaltóirí

**Competition and  
Consumer Protection  
Commission**





## **Determination**

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition, whereby Randolph Acquisition Corp., a wholly-owned indirect subsidiary of Aon plc would acquire sole control of NFP Intermediate Holdings A Corp., will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

**Úna Butler**

**Member**

**Competition and Consumer Protection Commission**