

DETERMINATION OF MERGER NOTIFICATION M/24/033 – WARBURG PINCUS/SPECIALIST RISK GROUP

Section 21 of the Competition Act 2002

Proposed acquisition by Sparta UK Bidco Limited, an incorporated entity established by and affiliated with certain funds managed by Warburg Pincus LLC, of a controlling interest in Specialist Risk Group.

Dated 28 June 2024

1. On 10 June 2024, in accordance with s18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission received a notification of a proposed acquisition (the “Proposed Transaction”) whereby Sparta UK Bidco Limited (“Sparta”), a newly incorporated entity established by and affiliated with certain funds managed by Warburg Pincus LLC (“WP”), would acquire a controlling interest in Specialist Risk group (“SRG”) through the sale and purchase of the entire issued share capital of Saturn Jersey Topco Limited (“Saturn”), the top holding company in the SRG group (together, SRG and WP are referred to as the “Parties”).
2. The Proposed Transaction is to be implemented by way of a sale purchase agreement (the “SPA”),¹ dated 19 May 2024, and certain minority sale purchase agreements to be entered into by Sparta and certain shareholders in Saturn, pursuant to which Sparta will acquire all of the issued and outstanding shares of capital stock of Saturn. [...]. Subject to the extent that these rollover rights are exercised, WP’s interest in SRG (via Sparta) will be up to [...] % (and potentially as low as [...] %). As a result of the Proposed Transaction, WP will acquire an indirect controlling interest in Saturn through Sparta. A Singaporean investment company, Temasek Holdings Limited, will also indirectly co-invest in Sparta for a stake of up to [...] % in Saturn.
3. The Parties are involved in the following business activities:

¹ The SPA is between Topco, a group of individuals (...), and Bidco.

WP:

- WP is a global private equity firm headquartered in New York, United States. Its portfolio companies are active in a variety of sectors worldwide. WP consists of a group of private equity funds that invests in portfolio companies in Europe, Asia, and the US, active within a variety of industries.
- In the State, companies controlled by WP are active in the following industries: energy, financial services, healthcare & consumer, industrial & business services, and technology, media, & telecommunications.

SRG:

- SRG is majority owned by HGGC, a private equity firm headquartered in Palo Alto, California. SRG is an insurance broker and managing general agent (“MGA”), a specialised type of insurance intermediary that has been granted underwriting authority by an insurer and can administer programs and negotiate contracts for an insurer. SRG is headquartered in the United Kingdom and is active in a number of commercial risk types.
- In the State, SRG is active in the distribution of wholesale insurance products, and the distribution of non-life insurance products.

Assessment

4. After examination of the notification, the Commission has concluded that the Proposed Transaction falls within the scope of paragraph 2.1 of the Simplified Merger Notification Procedure Guidelines for assessing certain notifiable mergers or acquisitions under section 18(1)(a) of the Act since:
 - two or more of the undertakings involved in the merger or acquisition are active in the same product and geographic market, but their combined market share is less than 15% and
 - One or more undertakings involved in the merger or acquisition are active in any market(s) which is upstream or downstream to a market(s) in which another undertaking involved is active, the market share of each of the undertakings involved in each market is less than 25%.

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

Ancillary Restraints

6. The Parties state in the merger notification form that [...]. The Commission is of the view that these ancillary restraints are directly related to and necessary for the implementation of the Proposed Transaction.

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 Sparta UK Bidco Limited, a newly incorporated entity established by and affiliated with certain funds managed by Warburg Pincus LLC, would acquire a controlling interest in Specialist Risk group through the sale and purchase of the entire issued share capital of Saturn Jersey Topco Limited, 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

Ibrahim Bah

Director

Competition Enforcement and Mergers