



## **DETERMINATION OF MERGER NOTIFICATION M/11/014 -**

### **Royal London/Royal Liver**

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#### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by The Royal London Mutual Insurance Society Limited of Royal Liver Assurance Limited.**

**Dated 30 May 2011**

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#### **Introduction**

1. On 5 May 2011, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby The Royal London Mutual Insurance Society Limited ("Royal London") would acquire sole control of Royal Liver Assurance Limited ("Royal Liver").<sup>1</sup>

#### **The Undertakings Involved**

##### ***The Acquirer***

2. Royal London is incorporated in England and is a mutual life insurance<sup>2</sup> and pensions company authorised<sup>3</sup> to engage in long-term insurance business activities in the United Kingdom ("U.K.").
3. Royal London, through its subsidiaries and brands,<sup>4</sup> manages and develops a portfolio of financial services in the U.K. that include: investments, individual protection, individual and group retirement savings, retirement income, individual life savings, offshore and international investments, savings and protection. Amongst its customers and distribution partners are: independent financial advisers (IFAs), intermediaries and intermediary firms, individual consumers, private investors and existing Royal London policyholders and members.

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<sup>1</sup> Royal London will assume all of the assets, liabilities and business of Royal Liver by way of a transfer of engagements pursuant to section 86 of the United Kingdom's Friendly Societies Act 1992. This is the relevant U.K. legislative provision for the transfer of the business activities of a friendly society to another body.

<sup>2</sup> Royal London does not have a share capital but instead is a company limited by guarantee and effectively owned by its members.

<sup>3</sup> Authorised and regulated by the Financial Services Authority in the United Kingdom.

<sup>4</sup> Some of its subsidiaries are: Ascentric, Royal London Asset Management and Royal London 360° and some of its brands are: Bright Grey, Royal London Plus, Scottish Life and Scottish Provident.

4. Royal London does not conduct any business in the State. However, it is active in the provision of protection products<sup>5</sup> and pensions in Northern Ireland through IFAs.
5. For the financial year ending 2010, Royal London generated a worldwide turnover of approximately €4.1 billion<sup>6</sup>. Royal London did not generate any turnover in the State in 2010.

### ***The Target Group***

6. Royal Liver is a friendly society incorporated in England and authorised to engage in long-term insurance business activities in the U.K. and the State.
7. In the State, Royal Liver is active in the provision of protection products under the brand name "Caledonian Life". Caledonian Life branded sales represent Royal Liver's sole new business activities in the State. Its other business activities in the State centre on the administration of its closed book<sup>7</sup>.
8. Royal Liver is also active through its subsidiaries, GRE Life Ireland and Capital Financial Planning Limited ("CFPL"). GRE Life Ireland, a life insurance company, is authorised by the Central Bank of Ireland but does not write new business in the State. CFPL is a holding company for one Irish brokerage business, KD Retirement Services ("KD"). The other Irish brokerage businesses held by CFPL were recently sold. The parties state that the sale of CFPL and KD is anticipated prior to completion of the proposed transaction.
9. For the financial year ending 31 December 2010, Royal Liver generated a worldwide turnover of approximately €191 million of which €109.5 million<sup>8</sup> was generated in the State.

### **Third Party Submissions**

10. No submissions were received.

### **Analysis**

11. There is no horizontal or vertical overlap between the activities of Royal London and Royal Liver in the State. Royal London neither engages in insurance business activities in the State nor does it have any branch, office or other presence in the State.
12. Following completion of the proposed transaction, the merged entity will continue to face competition from life insurance companies such as Aviva, Irish Life, New Ireland and Zurich Life. Furthermore, the

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<sup>5</sup> Protection products are mainly long-term insurance products such as income protection, critical illness insurance and payment protection insurance products.

<sup>6</sup> Converted from Sterling to Euro using the 2010 ECB average conversion rate of 0.85784.

<sup>7</sup> No new insurance policy sales are conducted on a closed book. However, on existing policies, renewal premiums are received as per the contract terms.

<sup>8</sup> This gross figure represents the total income generated from policy sales.

Central Bank's 2009 Insurance Statistical Review<sup>9</sup> records that there were 59 companies authorised and engaged in life insurance business activities in the State as at 31 December 2009. Over 60% of these companies also had an international presence.

13. The Authority therefore considers that the proposed acquisition will not raise any competition concerns in the State.

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<sup>9</sup> Available at: <http://www.financialregulator.ie/industry-sectors/insurance-companies/life-insurance-companies/Pages/default.aspx>

## **DETERMINATION**

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition whereby The Royal London Mutual Insurance Society Limited would acquire sole control of Royal Liver Assurance Limited will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

**For the Competition Authority**

**Gerald FitzGerald**  
**Member of the Competition Authority**  
**Director, Mergers Division**