



## DETERMINATION OF MERGER NOTIFICATION M/18/003 – LCCG (OAKTREE)/GENERALI PANEUROPE DAC

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### Section 21 of the Competition Act 2002

**Proposed acquisition by Life Company Consolidation Group of Generali Paneurope DAC.**

**Dated 26 February 2018**

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### Introduction

1. On 18 January 2018, 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 transaction, whereby Oaktree Capital Group LLC together with its affiliates (“Oaktree”), through its indirectly owned subsidiary, LCCG Ireland Limited (“LCCG Ireland”), would acquire the entire issued share capital of Generali Paneurope DAC (“GPE”) (“the Proposed Transaction”).

### The Proposed Transaction

2. The Proposed Transaction will be implemented by way of a share purchase agreement (“the SPA”) dated 17 December 2017 between LCCG Ireland, Generali Worldwide Insurance Company Limited, Assicurazioni Generali S.p.A, and Generali Deutschland AG. Pursuant to the SPA, Oaktree through its indirectly owned subsidiary LCCG Ireland, will acquire the entire issued share capital and thus sole control of GPE.<sup>1</sup> LCCG Ireland is an indirect subsidiary of Life Company Consolidation Group Limited (“LCCG Group”), which is in turn ultimately indirectly owned and controlled by Oaktree.

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<sup>1</sup> OCM LCCG Holdings Ltd.(registered number WC-294265, a company incorporated in the Cayman Islands whose registered office is at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands is the vendor Guarantor to the Proposed Transaction). Each is a party to the SPA.



## The Undertakings Involved

### *The Acquirer – Oaktree*

3. Oaktree is a global alternative investment management firm headquartered in Los Angeles with 16 offices worldwide. Oaktree is ultimately controlled by Oaktree Capital Group Holdings GP LLC (Oaktree Holdings), which is listed on the New York Stock Exchange and over which no undertaking or individual exercises control. Consistent with the European Commission's Consolidated Jurisdictional Notice, the parties' notification treats all Oaktree's investments and various funds as a single undertaking.<sup>2</sup>
4. Oaktree has investments in a number of companies, involved in a variety of industries, that generate turnover in the State. These companies are involved industries, including shipping, logistics, packaging, construction, manufacturing, healthcare, clothing, travel, real estate, electronics and media.
5. LCCG Ireland is an indirect subsidiary of the LCCG Group. The LCCG Group focuses on the international life insurance market through two separate businesses: (i) Utmost Wealth Solutions and (ii) Harcourt Life Assurance DAC ("HLA").
6. Utmost Wealth Solutions, the trading name of Utmost Limited and Utmost Ireland DAC, is the LCCG Group's principal trading business and provides international savings, protection and investment solutions to high net worth (HNW) individuals resident in the United Kingdom. Utmost Wealth Solutions does not provide any life insurance or investment products to customers in the State.
7. HLA in turn owns and controls the following four entities: -
  - I. Harcourt Life Ireland DAC (HLI), registered in Ireland (242244) with a registered address at Block 2, Harcourt Centre, Harcourt Street, Dublin 2; HLI (formerly Scottish Mutual International DAC) closed to new business in 2003 but

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<sup>2</sup> Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:095:0001:0048:EN:PDF>



continues to meet its contractual and regulatory obligations for existing policyholders. HLI has a predominantly international client base with approximately [...] % of policyholders located in the State.

- II. Augura Life Ireland DAC (Augura) - registered in the State (99454) with a registered address at Block 2, Harcourt Centre, Harcourt Street, Dublin 2; Augura closed to new business in 1993. Augura has a *de minimis* amount of Irish based policyholders representing approximately €[...] in gross written premiums.
  - III. Union Heritage Life Assurance DAC (UHLA) registered in Ireland (494091) with a registered address at Block 2, Harcourt Centre, Harcourt Street, Dublin 2; UHLA closed to new business in 2015 but continues to meet its contractual and regulatory obligations to policyholders. UHLA has a *de minimis* amount of Irish based policyholders representing approximately €[...] in gross written premiums, and
  - IV. Altraplan Bermuda Limited (Altraplan) (not active in the State). Altraplan was established in 1992 and is regulated by the Bermuda Monetary Authority.
8. HLA administers closed books of investment and life assurance products with a limited number of Irish resident policyholders. HLA does not offer life insurance or life insurance investment products to customers based in Ireland.
  9. For the financial year ending 31 December 2016, Oaktree's worldwide turnover was approximately €[...] of which approximately €[...] was generated in the State.

#### **The Target – GPE**

10. GPE is a life insurance company authorised by the Central Bank of Ireland to carry out life insurance/assurance business in the State and on a cross-border basis in the European Union/European Economic Area.
11. GPE is a member of the Assicurazioni Generali Group (the Generali Group), a multinational insurance group that is present in more than 60 countries and has 74,000 employees worldwide. The ultimate parent company of both GPE and the Generali



Group is Assicurazioni Generali S.p.A. is Generali Parent, a company incorporated in Italy with a registered address at 2 Piazza Duca degll Abruzzi, Trieste, TS 34132, Italy.

12. GPE has three business lines, only one of which is focused on Ireland:
- **Wealth Protection:** GPE offers insurance solutions designed to meet the requirements of ultra-High Net Worth (“HNW”) clients. This business accounts for approximately 55% of GPE's turnover in 2016 and is primarily derived from the Italian market.
  - **Investment Planning:** GPE offers flexible insurance investments and savings products for medium to long-term financial planning. This accounts for approximately 30% of GPE's 2016 turnover. The five most significant countries for GPE (by 2016 gross written premium (‘GWP’)) are Italy, Spain, Portugal, Finland and United Kingdom.<sup>3</sup>
  - **Employee Benefits:** Also known as group life insurance, allows companies to provide their employees with benefits in the event that these employees are unable to carry out their normal job due to an illness, injury or accident. It may also include Group Life cover to provide a lump sum on the death of any employee. GPE's range of Employee Benefits products include Group Life Cover, Group Income Protection and Group Critical Illness Cover.
13. Almost all of GPE's turnover ([...]%) in the State is derived from the Employee Benefits business. The remainder of turnover in the State was generated from GPE's wealth protection and investment planning business.
14. For the financial year ending 31 December 2016, GPE's worldwide turnover was approximately €[...] of which approximately €[...] was generated in the State.

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

15. The parties state in the notification:

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<sup>3</sup> Source: Generali Paneurope DAC Solvency and Financial Condition Report 2016.

<https://generalipaneurope.ie/who-we-are/company-overview/solvency-financial-condition-report/>



*“GPE represents a complementary business to LCCG's Utmost Wealth Solutions business a provider of international savings, protection and investment solutions for high net worth UK residents. Utmost Wealth Solutions does not market its products on the island of Ireland and does not generate turnover in Ireland.”*

### **Third Party Submissions**

16. No submission was received.
17. The Commission did however contact the Central Bank of Ireland, the institution responsible for regulating the financial services sector<sup>4</sup>, as part of its assessment. The Central Bank did not raise any concerns with respect to the Proposed Transaction.

### **Competitive Analysis**

#### *Horizontal overlap*

18. There is no horizontal overlap between the business activities of the parties in the State. None of the companies controlled by Oaktree that generate turnover in the State are engaged in the same business activities as GPE, namely the provision of group life insurance protection products.
19. Group life insurance products are products where in return for a regular premium, the insurer agrees to pay a lump sum on a certain specified event (death, illness etc.). GPE is only active in the specific sub-segment of group life insurance and offers its products solely to corporate entities.
20. LCCG Ireland (through HLA) does not offer any life insurance products to customers based in Ireland (or elsewhere). HLA generates minimal turnover from the administration of closed books of investment-oriented life insurance and pension products which has a very small number of Irish based policyholders. The Parties are not direct competitors in the potential market for the provision life insurance products in the State because they do not compete for the same type of customers.

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<sup>4</sup> Chapter 4 of Part 4 of the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015), outlines the requirements for acquiring transactions in insurance and reinsurance undertakings.



21. GPE's other two business lines (Wealth protection and Investment Planning) do not provide services to customers based in Ireland. LCCG Ireland's other business in the State, Utmost Wealth Solutions, does not provide any life insurance or investment products to customers in the State.
22. In the light of the above, the Commission considers that the Proposed Transaction is unlikely to raise horizontal competition concerns in relation to the potential market for provision of life insurance or investment products in the State.

#### *Vertical Relationship*

23. There is no identifiable vertical relationship between the parties. Therefore, the Proposed Transaction does not raise any vertical competition concerns in relation to the provision of life insurance/assurance products in the State.

#### **Conclusion**

24. 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**

25. The SPA contains non-solicitation and non-compete obligations on Generali Worldwide Insurance Company Limited, Assicurazioni Generali S.p.A. and Generali Deutschland AG from completion of the Proposed Transaction. The duration of those restrictive obligations does not exceed the maximum duration acceptable to the Commission.<sup>5</sup> The Commission considers those non-compete and non-solicitation obligations to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.

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<sup>5</sup> In this respect, the Commission follows the approach adopted by the European Commission in paragraphs 20 and 26 of its "Commission Notice on restrictions directly related and necessary to concentrations" (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



## **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 transaction, whereby Oaktree Capital Group LLC together with its affiliates, through its indirectly owned subsidiary, LCCG Ireland Limited, would acquire the entire issued share capital of Generali Paneurope DAC, 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

**Brian McHugh**  
**Member**  
**Competition and Consumer Protection Commission**