



Decision CPC: 36/2022

Case Number: 08.05.001.022.019

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW
No. 83(I)/2014**

Notification of concentration regarding the merger of The North of England Protecting and Indemnity Association Ltd, The North of England Mutual Insurance Association (Bermuda) Ltd and The Standard Club Ltd

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karydis	Member
Mr. Panayiotis Ousta	Member
Mr. Aristos Aristeidou Palouzas	Member
Mr. Polynikis-Panagiotis Charalambides	Member

Date of Decision: 6th of June 2022

SUMMARY OF THE DECISION

On 20/04/2022, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of The North of England Protecting and Indemnity Association Ltd (hereinafter the “North UK”), The North of England Mutual Insurance Association (Bermuda) Ltd (hereinafter the “North Re”) and The Standard Club Ltd (hereinafter the “SC BMA”), a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerns a concentration, according to which SC BMA will merge with North UK and North Re, thereby uniting their insurance and reinsurance businesses.

The participating parties are the following:

- The North of England Protecting and Indemnity Association Limited is a limited liability company by guarantee, duly registered under the laws of England and Wales. It is the parent company of the North Group, which is a global organization insurance. On a mutual basis, the main business of the group is the provision of insurance services P&I (Protection & Indemnity), FD&D (Freight, Demurrage and Defense) and War Risk. Additionally, it provides globally diversified products (hull, aquaculture) with mutual and fixed premiums.
- The North of England Mutual Insurance Association (Bermuda) Limited is a company duly registered under the laws of Bermuda. It is active in providing reinsurance to the North group entities which include North UK and North of England P&I DAC (“Northern Ireland”). It is not a subsidiary of North UK but is essentially, but not entirely, owned by the same members.
- The Standard Club Ltd is a company duly registered under the laws of Bermuda. It is an authorized insurer in Bermuda (although it does not itself undertake insurance business), whose customers consist of both i) mutual members who mutually insure each other and for which premiums are claimed, as required to cover anticipated and known claims, as well as by ii) non-mutually insured (with a fixed premium) who pay a fixed amount of premium.
- SC BMA is the parent company of the Standard Group and provides a wide range of flexible insurance cover to ship owners, operators and third party charterers including those operating in the offshore oil, gas and renewable energy sectors. The Group operates globally and consists of subsidiary companies offering P&I (mutual), P&I plus extensions to mutual P&I coverage (fixed premium), FD&D (mutual), war risks (mutual or fixed premium), Strike & Delay (mutual or fixed premium) and Kidnap & Ransom (fixed premium), while simultaneously offering reinsurance services within the Group and at the same time having reinsurance agreements with third party insurers, through its insurance subsidiaries.

This concentration is based on the Framework Agreement dated 13/03/2022, which was agreed upon by and among the North UK, North Re and SC BMA. More specifically, SC BMA’s businesses will be separated and merged with North UK and North Re. As a result, the Merger will use two of the three existing parent companies,

namely North UK and North Re and their associated structure and intends to create the following parallel structures:

(i) A structure in which North UK will be the parent company and will acquire all the Standard Group companies, except the Standard Reinsurance (Bermuda) Limited ("SC Re")

(ii) A second structure, with North Re being the parent company and acquiring SC Re.

The Commission, taking into account the facts of the concentration, has concluded that upon completion of this merger, previously independent companies will be merged and there will be a permanent change in control from this merger, in accordance with the provisions of section 6 (1)(a)(i) of the Law.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore the notified concentration was of major importance falling within the scope of the Law.

The relevant product/services market in this case were defined as a) Protection & Indemnity (P&I), ii) P & I Reinsurance and iii) Freight, demurrage and defense (FD&D). Any further subdivision into sub-markets does not change the result of the evaluation of this act. In addition, the Commission concluded that the geographical market is defined, for the relevant markets under reference, as that of the territory of the Republic of Cyprus.

The participants are active in the P&I insurance market in the Republic of Cyprus. Therefore, there is a horizontal relationship. Based on the notification data, North has a market share of [10-20%] and Standard [10-20%].

In addition, there is also a horizontal relationship in the FD&D market. North estimates that its market share of that market is similar to its market share in the P&I market in Cyprus, i.e. around [10-20%], while SC BMA estimates that its market share in the FD&D market in Cyprus is [0-5%].

According to the above, the combined market share of the participating companies in (i) the P&I Insurance market in the Cypriot territory reaches [20-30%] while the market share in (iii) the FD&D market in the Cypriot territory may reach up to [10-20%]. Therefore, there is an affected market based on the definition of Annex I of the

Law, since the combined market shares of the parties exceed 15% in the two markets.

Therefore, the Commission proceeded with the analysis of the compatibility criteria in accordance with the criteria set out in Article 19 of the Law as well as the Guidelines for Horizontal Mergers in accordance with the Council Regulation on the control of mergers between companies (hereinafter the “Guidelines”).

The Commission, in assessing the present concentration, took into account and assessed the position of the participating undertakings in the affected market, the barriers to entry and the main competitors and customers. The Commission focused its attention on what is recorded in the notification and in particular on the fact that there will continue to be a competitor with an equally large market share as well as many other importers who will be able to react in case of possible abuse of the increased market share of the Buyer given the global nature of the market since Cypriot shipowners have the option of using any of these providers worldwide.

According to the data of the notification, there are no vertical relationships between the participating companies or their subsidiaries in Cyprus.

Based on the above and all the elements of the administrative file, the Commission concludes that there are no other markets in which the notified concentration may have significant effects, based on the provisions of the Law.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position in the affected market and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Mrs. Loukia Christodoulou
President of the Commission for the Protection of Competition

Mr. Andreas Karydis
Member of the Commission for the Protection of Competition

Mr. Panayiotis Ousta

Member of the Commission for the Protection of Competition

Mr. Aristos Aristeidou Palouzas

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Mr. Polynikis-Panagiotis Charalambides

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