



# DETERMINATION OF MERGER NOTIFICATION M/18/035 - IRISH LIFE/INVESCO

---

## Section 21 of the Competition Act 2002

### Proposed acquisition by Irish Life Group Limited of sole control of Invesco Limited

Dated 15 June 2018

---

#### Introduction

1. On 4 May 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 Irish Life Group Limited ("Irish Life") would acquire sole control of Invesco Limited ("Invesco") (the "Proposed Transaction").

#### The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to a Share Purchase Agreement ("SPA"), dated 20 April 2018, between Invesco Financial Holdings Limited ("IFHL"), 1939 ILIV Consulting Limited ("HoldCo"), Irish Life and the Seller Guarantors (together, the "Parties"). HoldCo is currently a wholly owned subsidiary of Irish Life.
3. Upon completion of the Proposed Transaction, Invesco will be a wholly-owned subsidiary of Irish Life.

#### The Undertakings Involved

##### *Acquirer - Irish Life*

4. Irish Life is a wholly-owned indirect subsidiary of Great-West Lifeco Inc. ("Great-West Lifeco"), which in turn is part of a larger corporate group, The Power Corporation of Canada. The Power Corporation of Canada is listed on the Toronto Stock Exchange.
5. In the State, Irish Life comprises the following separate businesses:



- Irish Life Investment Managers Limited ("ILIM") and Setanta Asset Management Limited ("Setanta"): ILIM and Setanta are the fund management arms of Irish Life and provide fund management services to Irish Life, other parts of the Great-West Lifeco group and to third parties;
  - Cornmarket Group Financial Services Limited ("Cornmarket"): Cornmarket is a provider of financial advice and a distributor/broker of financial and insurance products (including life insurance products) to public sector union members in the State. The financial products which Cornmarket distributes are individual products, for example, life insurance. Public sector unions such as the Association of Secondary School Teachers in Ireland ("ASTI") negotiate terms with Cornmarket and then individual members of these unions have the option of purchasing the products.
  - Irish Progressive Services International Limited ("IPSI"): IPSI is a third-party life and pensions administration business. IPSI's clients are international life insurance companies selling cross-border into other European territories outside the State;
  - Irish Life Health DAC (the combination of GloHealth Financial Services Limited and Aviva Health Insurance Ireland Limited):<sup>1</sup> and,
  - Irish Life Assurance plc ("ILA").
6. ILA is a leading life insurer and provider of group and individual pension schemes in the State. It has a corporate division, focused on group pension clients and a retail division (Irish Life Financial Services), focused on individuals. Via ILA, Irish Life distributes its products through three main distribution channels (direct, broker/intermediaries and tied bancassurance). It primarily distributes its group life insurance and group pension business through broker/intermediaries. As for its individual or retail business, it distributes this directly, through independent broker/intermediaries and through tied bancassurance agreements. ILA has tied bancassurance agreements in place with four

---

<sup>1</sup> On 9 June 2016, the European Commission approved the acquisition of GloHealth Financial Services Limited and Aviva Health Insurance Ireland Limited by Irish Life under the EU Merger Regulation. Case no.M.8010 - Irish Life/Aviva Health/Glo Health. [http://ec.europa.eu/competition/mergers/cases/decisions/m8010\\_102\\_3.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m8010_102_3.pdf)



retail banks in the State: Allied Irish Banks plc, EBS DAC, Permanent TSB plc and Ulster Bank Ireland DAC.

7. For the financial year ending 31 December 2017, Great West Lifeco's worldwide turnover was approximately €33.5 billion, of which approximately €[...] was generated in the State through the activities of Irish Life.

#### *Invesco*

8. Invesco is a privately-owned firm of pension and investment consultants based in Dublin and Cork. Invesco provides consultancy services to companies with respect to their group pension and risk arrangements<sup>2</sup> and advises private individuals on personal finance planning. Invesco also provides retirement benefits consulting and pensions administration services to Small to Medium Enterprises ("SMEs"). Invesco is ultimately owned by a group of individual shareholders.
9. For the financial year ending 31 August 2017, Invesco's turnover was approximately €[...], all of which was generated in the State.

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

10. In the notification, the Parties list the following commercial objectives that they seek to achieve through the Proposed Transaction:

*"Irish Life has observed that life insurance intermediaries are vertically integrating upstream, enabling them to compete with life insurance providers. As such, Irish Life would like to increase its capability in direct sales and consultancy."*

#### **Third Party Submissions**

11. No submission was received.

#### **Horizontal overlap**

---

<sup>2</sup> Risk benefits, also known as employee benefits, provide insurance cover to employees who die or suffer serious illness or injury before they become eligible for a pension. This risk element of the group pension plan is tendered separately from the investment element of the group pension plan.



12. There is a horizontal overlap between the activities of Irish Life and Invesco in the State in relation to:
- the provision of group pension schemes in the State.
  - the distribution of life insurance products in the State. Both Invesco and Cornmarket, a subsidiary of Irish Life, are distributors of life insurance products.
13. There is also a potential overlap between Irish Life and Invesco with respect to the provision of investment and wealth management services in the State.

#### *Relevant Markets*

14. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case.

#### *Group pension products and savings and investment products*

15. With respect to the product scope of the relevant market in this case, the Commission notes that the European Commission<sup>3</sup> and the UK Competition and Markets Authority (CMA)<sup>4</sup> have previously considered whether the supply of asset management services, which form the basis of individual and institutional (group) pension schemes, could constitute separate product markets.
16. However, as competition concerns did not arise in those cases it was not necessary for either the European Commission or the CMA to reach a definitive view as to the precise scope of the relevant product market.
17. Similarly, in this instance, the Commission does not need to come to a definitive view on the precise relevant product market. The Commission's conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant product market is narrow (e.g., separate markets for the provision group and individual pension products and savings and investment products) or broader (e.g., all

---

<sup>3</sup> COMP/M.6812: SFPI/Dexia; COMP/M.5728: Credit Agricole/Societe Generale Asset Management; COMP/M.5580: BlackRock/Barclays Global Investors UK Holdings.

<sup>4</sup> See, for example, paragraph 16 of the CMA's decision in ME/6408/14 – BMO Global Asset Management (Europe) Limited/ F&C Asset Management plc.: [https://assets.publishing.service.gov.uk/media/5379ff47e5274a1ede00000e/BMO\\_Decision.pdf](https://assets.publishing.service.gov.uk/media/5379ff47e5274a1ede00000e/BMO_Decision.pdf)



life insurance/assurance and pension products). The Commission has assessed the likely impact of the Proposed Transaction with respect to group pensions products and savings and investment products as Invesco only competes against life insurance companies in this segment of the life insurance market.

18. With respect to the geographic scope of the relevant product market, the Parties state in the notification that “the relevant markets are national in scope”. In order to determine whether the Proposed Transaction might result in a substantial lessening of competition in the State, the Commission has analysed its competitive impact by reference to the narrowest potential geographic market, i.e., the State. However, the Commission does not need to come to a definitive view on the precise relevant geographic market in this instance since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant geographic market is national or broader than the State.

#### *The distribution of Life Insurance Products*

19. The Commission and the European Commission have previously identified an upstream market for the production of life insurance products and a downstream distribution market for life insurance products.<sup>5</sup>
20. The Commission’s predecessor, the Competition Authority, has previously found that the three main distribution channels for life insurance – direct sales, broker intermediaries and bancassurance - compete. For example, in M/04/045 Willis/Coyle, both Willis and Coyle were distributors of life insurance and pensions.<sup>6</sup> The Competition Authority noted that the merged entity would face competition not only from other life insurance and pensions distributors, but also from direct sales by life insurance companies, banks and others.
21. Similarly, in M/12/025 AIB/Ark Life, the Competition Authority found that Allied Irish Banks plc, as a bancassurer, would face competition from independent intermediaries (such as AON, IFG, Invesco Mercer and Willis) and from life insurers' direct distribution

---

<sup>5</sup> Competition Authority M/12/025 Ark Life/AIB and European Commission Case No. COMP/M.6883 – Canada Life / Irish Life.

<sup>6</sup> Competition Authority M/04/045 [https://www.cccpc.ie/business/wp-content/uploads/sites/3/2017/05/m\\_04\\_045\\_p1d\\_0.pdf](https://www.cccpc.ie/business/wp-content/uploads/sites/3/2017/05/m_04_045_p1d_0.pdf)



(such as Bank of Ireland Life, Irish Life, New Ireland Assurance Company plc and Zurich Life Assurance plc).

22. The European Commission noted in its determination IF P&C Top Danmark<sup>7</sup> that its market investigation largely confirmed that direct means of sale to end customers should be included in the market for the distribution of insurance products along with all other outward distribution channels such as agents, brokers and other intermediaries, such as banks.
23. Following these previous approaches, the Commission in the present case assessed the likely impact of the Proposed Transaction with respect to the distribution of insurance products through the various aforementioned distribution channels.
24. With respect to the geographic scope of the relevant product market, the Parties state in the notification that *"the relevant markets are national in scope"*. In order to determine whether the Proposed Transaction might result in a substantial lessening of competition in the distribution of life insurance products in the State, the Commission has analysed its competitive impact by reference to the narrowest potential geographic market, i.e., the State. However, the Commission does not need to come to a definitive view on the precise relevant geographic market in this instance since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant geographic market is national or broader than the State.

#### *Investment and wealth management services*

25. Investment and wealth management services encompass investment products distributed to individuals including self-administered pension products, investment funds and savings products. Services include financial planning services and investment advice. The providers of these products and services are investment intermediaries, banks, insurers, brokers, fund managers and wealth managers. The term "wealth management" is typically used when these products and services are provided to high net worth or "mass affluent" individuals.

---

<sup>7</sup> European Commission Case No COMP/M.6957 - IF P&C/ Topdanmark.

[http://ec.europa.eu/competition/mergers/cases/decisions/m6957\\_20130923\\_20310\\_3291881\\_EN.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m6957_20130923_20310_3291881_EN.pdf)



26. The Commission notes that there is a wide range of investment and wealth management service providers in the State operating through the various distribution channels as outlined above. The Commission therefore does not need to come to a definitive view on the precise relevant product market. The Commission's conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant product market is narrow (e.g., separate markets for the provision of investment and wealth management services to high-net worth individuals and mass-affluent individuals), or broader (e.g., investment and wealth management services for a mass market).
27. With respect to the geographic scope of the relevant product market, the Parties state in the notification that *"the relevant markets are national in scope"*. The Commission does not need to come to a definitive view on the precise relevant geographic market in this instance since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant geographic market is national or broader than the State. In order to determine whether the Proposed Transaction might result in a substantial lessening of competition in the provision of investment and wealth management services the State, the Commission has analysed its competitive impact by reference to the narrowest potential geographic market, i.e., the State.

### Competitive Assessment

28. The life insurance sector in the State is characterised by large and well-resourced life insurance providers including Irish Life, New Ireland Assurance Company plc, Zurich Insurance plc, Aviva Life & Pensions Ireland/Friends First Life Assurance Company DAC and Standard Life Assurance Limited.<sup>8</sup> Life insurance companies provide the investment products that underpin the majority of life insurance policies and pension schemes in the State. Certain industry sectors also provide their own pension solutions, such as the Construction Workers Pension Scheme.<sup>9</sup>

---

<sup>8</sup> The Phoenix Group has announced the acquisition of Standard Life's life insurance business (subject to regulatory approvals).

<sup>9</sup> <http://www.cwps.ie/>.



*The provision of Group pension products and savings and investment products in the State*

29. Group pension schemes are set up by employers to provide retirement and death benefits for their employees. There are two main types of group pension scheme: (i) Defined Benefit (“DB”) schemes provide a set level of pension at retirement; and (ii) Defined Contribution (“DC”) schemes where employee contributions and their employers’ contributions are both invested and the proceeds used to buy a pension or other benefits at retirement.
30. Group pension schemes vary in size but approximately 91% of the 10,569 group schemes recorded by the Pensions Authority have fewer than 50 members and 549 group schemes (5% of all group schemes) have more than 100 members.<sup>10</sup>
31. Individuals’ and small groups’ pension needs are served by life insurance companies via various distribution channels:
- Direct supply by the life insurance company, including tied agency supply;
  - Supply by independent broker/intermediary; and
  - Supply through exclusive bancassurance (i.e., retail banking channels).
32. Larger group pension schemes (i.e., schemes with more than 100 members) are usually administered by specialist pension intermediaries known as Employee Benefit Consultants (“EBCs”) who deal directly with investment managers. Invesco acts as an EBC on behalf of larger group pension schemes.
33. The provision of group pension schemes has changed in recent years as EBCs have started to create their own investment solutions for group pension schemes. For example, the investment solution might be “wrapped” in a life insurance policy, but the

---

<sup>10</sup> Source: Pensions Authority Annual Report 2016.

[https://www.pensionsauthority.ie/en/About\\_Us/Annual\\_reports/The\\_Pensions\\_Authority\\_Annual\\_Report\\_and\\_Accounts\\_2016.pdf](https://www.pensionsauthority.ie/en/About_Us/Annual_reports/The_Pensions_Authority_Annual_Report_and_Accounts_2016.pdf)





underlying fund is controlled by the EBC.<sup>11</sup> In this way, EBCs have started to compete more directly with life insurers in the group pension segment. Examples include Aon Hewitt – *Prometheus*, Invesco – *Easy Steps* and Mercer – *Aspire* (which uses a Zurich wrap). The main EBCs in the State - Mercer (Ireland) Limited, Aon Hewitt (Ireland) Limited and Towers Watson (Ireland) Limited are backed by large international brokers, enabling them to trade on the expertise and support of their parent companies. Tables 1 and 2 below provides market share figures for the Parties.

| <b>Table 1: Assets under influence €bn (for schemes for which the Parties do admin/actuarial/consulting service)</b> |              |               |              |               |
|--|--------------|---------------|--------------|---------------|
|  | <b>DC</b>    | <b>Share</b>  | <b>DB</b>    | <b>Share</b>  |
| Invesco  | [...]        | [...]%        | [...]        | [...]%        |
| Irish Life   | [...]        | [...]%        | [...]        | [...]%        |
| Others   | [...]        | [...]%        | [...]        | [...]%        |
| <b>Total Market</b>  | <b>[...]</b> | <b>[...]%</b> | <b>[...]</b> | <b>[...]%</b> |

Source: IAPF Annual Investment Survey 2016<sup>12</sup>. The Parties have then calculated their shares based on assets in schemes which they administer on behalf of their clients.

| <b>Table 2: Number of Group Pension Schemes being administered</b> |               |              |            |              |
|--|---------------|--------------|------------|--------------|
|  | <b>DC</b>     | <b>Share</b> | <b>DB</b>  | <b>Share</b> |
| Invesco  | [...]         | [...]%       | [...]      | [...]%       |
| Irish Life   | [...]         | [...]%       | [...]      | [...]%       |
| Others   | [...]         | [...]%       | [...]      | [...]%       |
| <b>Total Market</b>  | <b>10,037</b> | <b>100%</b>  | <b>677</b> | <b>100%</b>  |

<sup>11</sup> Wraps, also known as “Investment Platforms”, offer investors access to a greater variety of financial products and usually support advisers that want to agree their own remuneration with clients, instead of receiving commission.

<sup>12</sup> [https://www.iapf.ie/\\_files/list/IAPF%20Pension%20Investment%20Survey%202016.pdf](https://www.iapf.ie/_files/list/IAPF%20Pension%20Investment%20Survey%202016.pdf)



Source: Total market size is based on the Pensions Authority Annual Report 2016, Appendix II, page 33.<sup>13</sup> The Parties have then calculated their shares based on the number of schemes which they administer. The Parties have excluded standalone Additional Voluntary Contribution (“AVC”) products as well as Personal Retirement Savings Accounts (“PRSAs”) and Personal Retirement Bonds (“PRBs”).

34. There has been a shift from DB to DC group pension schemes in recent years.<sup>14</sup> This shift combined with the deficits in many DB group pension schemes has driven increased demand for the pension consultancy services provided by EBCs. Furthermore, where corporate customers seek to convert their DB schemes to DC schemes, the EBCs are well placed to win these mandates. As such, the EBCs have particular strength in the large group pension schemes segment.
35. The increment in market share created by the Proposed Transaction in relation to the provision of group pensions schemes is minimal. Table 1 shows that post-transaction, the Parties’ combined share of DC schemes (as measured by the value of assets under influence) would be [...] % and the Parties’ share of DB schemes would be [...] %. Table 2 shows that the Parties’ combined share of DC group schemes (as measured by the number of schemes) would be [...] % and DB group schemes would be [...] %. Post-transaction, Irish Life and Invesco would face competition from a number of large and well-resourced life insurance providers such as Zurich, New Ireland, Standard Life, Aviva/Friends First companies and EBCs such as Mercer (Ireland) Limited, Aon Hewitt (Ireland) Limited and Towers Watson (Ireland) Limited that offer similar services to group pension schemes.
36. The trustees of large group pensions run competitive tendering processes when selecting pension providers in order to obtain the best service and pricing for their respective schemes. The Parties state that trustees regularly re-tender for risk products on average every two to three years and for the investment management aspect of the pension schemes on average every five to seven years. There are no financial penalties for trustees switching to another provider of a group pension scheme.

---

<sup>13</sup>[https://www.pensionsauthority.ie/en/About\\_Us/Annual\\_reports/The\\_Pensions\\_Authority\\_Annual\\_Report\\_and\\_Accounts\\_2016.pdf](https://www.pensionsauthority.ie/en/About_Us/Annual_reports/The_Pensions_Authority_Annual_Report_and_Accounts_2016.pdf)

<sup>14</sup> Ibid.



37. Therefore, the Commission considers that the Proposed Transaction will not give rise to competition concerns in relation to the provision of group pension products and savings and investment products in the State.

*The distribution of life insurance products in the State*

38. In the downstream market for life insurance distribution, there is a horizontal overlap between Irish Life and Invesco given Irish Life's ownership of Cornmarket. Both Invesco and Cornmarket are distributors of life insurance.

39. In the State, life insurance products are distributed via three channels:

- Direct, including tied agents;
- Broker/intermediary, including EBCs; and,
- Bancassurance, i.e., via retail banks.

40. The Commission's predecessor, the Competition Authority, has previously found that these three distribution channels compete. For example, in M/04/045 Willis/Coyle, both Willis and Coyle were distributors of life insurance and pensions products. The Competition Authority noted that the merged entity would face competition not only from other life insurance and pensions distributors, such as Marsh and Mercer, but also from direct sales by life insurance companies, banks and others.<sup>15</sup>

41. Similarly, in M/12/025 AIB/Ark Life, the Competition Authority held that Allied Irish Banks plc, as a bancassurer, would face competition from the independent intermediaries (such as AON, IFG, Invesco, Mercer and Willis) and from life insurers' direct distribution (such as Bank of Ireland Life, Canada Life, Irish Life, New Ireland and Zurich).<sup>16</sup>

42. While the European Commission has not had cause to conclude on competition between the three channels, in the IF P&C Top Danmark case in September 2013<sup>17</sup>, it noted that the market investigation largely confirmed that direct means of sale to end customers should be included in the market for the distribution of insurance products

---

15 M/04/045: [https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/m\\_04\\_045\\_p1d\\_0.pdf](https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/m_04_045_p1d_0.pdf)

16 M/12/025 AIB/Ark Life: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-12-025-AIB-Ark-Life.pdf>

17 [http://ec.europa.eu/competition/mergers/cases/decisions/m6957\\_20130923\\_20310\\_3291881\\_EN.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m6957_20130923_20310_3291881_EN.pdf)



along with all other outward distribution channels such as agents, brokers and other intermediaries, such as banks.

43. In this instance, it is not necessary for the Commission to conclude on whether the market should be segmented into different distribution channels, given that the Proposed Transaction does not give rise to competition concern even on a segmented basis.
44. The Parties state that Invesco will continue to operate as an independent consultancy and advisory firm, in the same way as Cornmarket currently does. Invesco will not be integrated into Irish Life and Irish Life will not be involved in the day-to-day management of the Invesco business. The Parties add that Invesco will continue to grow its customer base across all its business lines, including those which compete with Irish Life, as it currently does.

| <b>Table 3: Life Insurance Independent Distribution – new business - 2016</b> |                              |        |
|---|------------------------------|--------|
|   | APE <sup>18</sup> € millions | Share  |
| Invesco   | [...]                        | [...]% |
| Cornmarket  | [...]                        | [...]% |
| Other   | [...]                        | [...]% |
| Total   | [...]                        | 100%   |

Source: The total market size estimate is based on Milliman Annual Premium Equivalent (“APE”) new business data for 2016. The Parties have provided their best estimates.

45. Table 3 shows that the Parties' estimated shares in the potential market for independent life insurance distribution are as follows: Cornmarket [...]% and Invesco [...]%. This indicates that post transaction, the Parties' combined market share will be [...]%. Furthermore, the Parties will continue to face competition from strong

---

<sup>18</sup> Annual Premium Equivalent which is a measure of new business.



competitors such as Mercer (Ireland) Limited, Aon Hewitt (Ireland) Limited and Towers Watson (Ireland) Limited.

46. The Commission therefore considers that the Proposed Transaction will not give rise to competition concerns in relation to the distribution of life insurance products in the State.

*The provision of investment and wealth management services in the State*

47. As regards the size of investment products and wealth management, the Parties estimate that total advisable assets in the State in 2017 are €[...].<sup>19</sup> Of this estimated figure, Irish Life's retail business accounts for €[...] ([...]%) and Invesco accounts for €[...] ([...]%).

48. Invesco is an independent distributor of investment products and an independent provider of investment and wealth management services; Irish Life only advises on its own products and does not provide independent advice on other products. In any event, the provision of investment and wealth management services is highly fragmented<sup>20</sup> and post transaction, the increase to the combined entity's market share is minimal.

49. The Commission therefore considers that the Proposed Transaction will not give rise to competition concerns in relation to the provision of investment and wealth management services in the State.

**Conclusion**

50. In the light of the above, the Commission considers that the Proposed Transaction does not raise horizontal competition concerns in relation to the provision of group pension products, life insurance distribution or investment and wealth management services in the State.

---

<sup>19</sup> The Irish Association of Investment Managers ("IAIM") estimates that at the end of 2015, the total value of assets under management by its members on behalf of residents in the State was €105 billion. The IAIM estimates that it represents 80% of the investment managers operating in the State. Source: <http://www.iaim.ie/>

<sup>20</sup> There is a wide range of financial institutions providing wealth management services in the State, including the main retail banks, Barclays Bank Ireland plc, stockbrokers such as J & E Davy, Goodbody Stockbrokers UC, Cantor Fitzgerald Ireland Limited and Merrion Capital Investment Managers Limited.



### Vertical Relationship

51. There is a vertical relationship between Irish Life and Invesco in the State in relation to the distribution of life insurance products. The Commission considers that the Proposed Transaction will not result in vertical competition concerns for the following reasons:
52. The vertical relationships are categorised by agreements between life insurers and downstream broker/intermediaries, or alternatively, between life insurers and bancassurers. Agreements with broker/intermediaries are typically mutually non-exclusive and can be terminated freely by either Party as regards new business. Agreements with bancassurers are typically exclusive.

### *Input foreclosure*

53. Input foreclosure arises where, post-transaction, Irish Life would be likely to restrict access to its products to Invesco's competitors, thereby raising its downstream rivals' costs.

| <b>Table 4: Irish Life 2016 New Business Broker/Intermediary Channel</b> |                |        |
|--|----------------|--------|
|  | APE € Millions | Share  |
| Mercer Financial Services Ltd  | [...]          | [...]% |
| Invesco Limited  | [...]          | [...]% |
| Aon Employee Benefits  | [...]          | [...]% |
| Mercer (Ireland) Limited   | [...]          | [...]% |
| Cornmarket Group Fin Serv Ltd  | [...]          | [...]% |
| Towers Watson (Ireland) Ltd.   | [...]          | [...]% |
| Becketts   | [...]          | [...]% |
| Willis Risk Services (Ireland)   | [...]          | [...]% |



|                                |       |             |
|--------------------------------|-------|-------------|
| Acumen & Trust Limited         | [...] | [...]%      |
| JLT Financial Planning Ltd (BC | [...] | [...]%      |
| Rest                           | [...] | [...]%      |
| <b>Total</b>                   | [...] | <b>100%</b> |

Source: Irish Life internal data.

54. Table 4 shows that collectively, the two Mercer entities account for a combined [...]% share of Irish Life's broker distribution and the combined share of the Aon and Becketts entities account for [...]% of Irish Life's broker distribution.

55. In this instance, input foreclosure is unlikely as Irish Life has no incentive or ability to restrict other EBCs or broker intermediaries from accessing its life insurance products and if it did so, these EBCs and intermediaries could easily switch to similar products supplied by other life insurance companies. Irish Life has an incentive to continue to promote its life insurance products actively to other EBCs and intermediaries.

#### *Customer foreclosure*

56. Customer foreclosure may occur when a supplier integrates with an important customer in the downstream market. Because of this downstream presence, the merged entity may foreclose access to a sufficient customer base to its actual or potential rivals in the upstream market and reduce their ability or incentive to compete.

57. Invesco, as an independent distributor, distributes Irish Life pension schemes, pension funds and investment funds to its customers via its pension offering, Easy Steps and via its wealth management platform, *Vantage*. The Parties have informed the Commission that approximately [...]% of Invesco's turnover is earned from the distribution of Irish Life products. However, Invesco also distributes the products of other life insurance and investment companies such as JP Morgan Asset Management, Goldman Sachs Asset Management, Fidelity Investments and Blackrock and will continue to do so post-transaction.

58. Under Irish law, independent brokers such as Invesco must hold written appointments with at least five insurance undertakings and act independently in the best interests of



their customers.<sup>21</sup> Post-transaction, Invesco will continue to be subject to these requirements and so, even if it is owned by Irish Life, it will continue to actively distribute rival life insurers' products to its customers.

59. Furthermore, the Parties state that post-transaction, Invesco will be independently managed and operated. As an investment intermediary, regulated by the Central Bank of Ireland, Invesco is subject to the Central Bank's Consumer Protection Code which stipulates that all investment intermediaries must provide services to clients on "a fair analysis of the market" basis.<sup>22</sup> This means that Invesco must provide services on the basis of a number of products available to meet clients' needs if it is to retain its designation as an "independent intermediary".
60. In relation to larger group pension schemes, this distribution channel is characterised by the presence of EBCs that provide pension consulting and pensions administration services to these schemes.

| <b>Name</b>           | <b>Estimated revenues in retirement benefits consulting and pensions administration</b> | <b>Estimated market share%</b> |
|-----------------------|---|--------------------------------|
| Mercer Ireland        | €[...]  | [...]%                         |
| Towers Watson Ireland | €[...]  | [...]%                         |
| Aon Hewitt Ireland    | €[...]  | [...]%                         |
| Invesco               | €[...]  | [...]%                         |
| JG Byrne              | €[...]  | [...]%                         |

<sup>21</sup> In particular, insurance brokers are regulated entities under the Investment Intermediaries Act 1995 and SI 13/2005 European Communities (Insurance Mediation) Regulations 2005. They are also subject to the Central Bank of Ireland's Consumer Protection Code 2012, which requires a regulated entity to "act honestly, fairly and professionally in the best interests of its customers and the integrity of the market".

<sup>22</sup> Central Bank of Ireland, Consumer Protection Code, paragraphs 4.16-4.19.

<https://www.centralbank.ie/docs/default-source/Regulation/industry-market-sectors/brokers-retail-intermediaries/supervision-process/consumer-protection-code-2012.pdf?sfvrsn=4.pdf?sfvrsn=2>





|                         |        |             |
|-------------------------|--------|-------------|
| Lane Clark & Peacock    | €[...] | [...]%      |
| PWC                     | €[...] | [...]%      |
| Allied Pension Trustees | €[...] | [...]%      |
| Others                  | €[...] | [...]%      |
| <b>TOTAL</b>            | €[...] | <b>100%</b> |

Source: .....

61. Following completion of the Proposed Transaction, group pension schemes will be able to choose from a number of EBCs and Invesco's current market share at [...] % is unlikely to prevent group pension schemes from accessing Invesco's rival EBCs for pension consulting and pension administration services.
62. Accordingly, the Commission considers that there is no realistic threat of customer foreclosure, i.e. the Proposed Transaction does not restrict rival life insurers' access to customers in any market segment.

### Conclusion

63. 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

64. The SPA and the Shareholders' Agreement contain a number of restrictive obligations on the Parties. These include non-compete and non-solicitation clauses. None of these restrictive obligations exceed the maximum duration acceptable to the Commission. The Commission considers these restrictions to be directly related and necessary to 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 Transaction whereby Irish Life Group Limited would acquire sole control of Invesco 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

**Patrick Kenny**  
**Member**  
**Competition and Consumer Protection Commission**