



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF
FIRST PHASE REVIEW**

**ACQUISITION OF 100% SHARES OF IGI
INSURANCE LIMITED BY SYED BABAR ALI**

CASE: 875/Merger-CCP/17

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Ikram Ul Haque Qureshi
Member



ORDER

I Background

1 On 27 March 2017, Syed Babar Ali (the "Acquirer" or "SBA") through his authorized representative, submitted a pre-merger application (the "application") to the Competition Commission of Pakistan (the "Commission"), notifying the acquisition of [redacted] shares of IGI Insurance Limited (the "Target") by SBA, along with the necessary information and processing fee, applicable under Section 11(3) of the Competition Act 2010 (the "Act") Regulation 5(6) of the Competition (Merger Control) Regulations, 2016 (the "Merger Regulations").

II Merger Parties

2 Acquirer

SBA is the founder of the Packages group and holds directorships on a number of companies including IGI Insurance Limited, IGI Investment Bank Limited, Sanofi-Aventis Pakistan Limited, Nestle Pakistan, Coca-Cola Beverages Pakistan, Tetra Pak Pakistan Limited and a number of educational institutes.

3 Target

IGI Insurance Limited is a Packages Group Company that was incorporated as a Public Limited Company. It is engaged in providing general insurance services in the spheres of fire, marine, motor health and other miscellaneous categories. The Target holds [redacted] market share in the General Insurance business.

IGI Insurance Limited had total assets valuing PKR [redacted]. Its turnover remained at PKR [redacted] as on 31 December 2015.

III Transaction

4 The proposed transaction involves the acquisition by SBA of [redacted] shares) of the Target at a price of PKR [redacted]/share for a total consideration of PKR [redacted] approximately. The transaction is aimed at earning dividends and capital gains and not with the intention of gaining management control. SBA, along with associates who are part of the Packages Group, collectively exercises joint control over the Target by virtue of their current shareholding of [redacted] shares. At present, SBA holds [redacted] shares in the Target and after the transaction of, SBA's shareholding will increase up to [redacted] in total.

5 The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with the Target's assets valuing more than PKR 300 million and turnover being more than PKR 500 million. The transaction value also exceeds PKR 100 million and the percentage of the voting shares to be acquired exceeds 10% of the total shareholding of the target.

IV Relevant Market:

The relevant market, in this case, is the General Insurance market that encompasses all insurance product except life insurance e.g. fire, marine, corporate vehicle, motor, health and miscellaneous.

The Relevant Geographic market is Pakistan.



V&G 9H

V Findings of the Phase I Competition Assessment

- 8 The competition assessment in Phase I has resulted in the following findings:
- The Acquirer is an individual while the Target is an insurance company engaged in providing general insurance services in spheres of fire, marine, motor health amongst others. The proposed transaction involves the acquisition of 100 shares of Target by the Acquirer.
 - However, as the Acquirer is an individual and does not hold directorship in any other General Insurance company, the acquisition would not result in creating competition issues because the intended merger is taking place with the aim of investment diversification and earning dividends, among other things.
 - This acquisition is aimed at earning dividends and capital gains but not with the intention to gain management control, as SBA, already along with associate undertakings which are the part of Packages Group, collectively holds 100% shareholding of Target and exercises joint control over it. Post-merger, SBA shareholding in the Target will increase up to 100%.
 - The transaction is not likely to lessen competition in the relevant market as the Target has a 100% market share therein.
 - Post-merger, the transaction does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act.

VI Conclusion

- 9 In conclusion, there is no evidence that suggests a substantial lessening of competition by creating or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.
- 10 It is so ordered.



(Vadiyya Khalil)
Chairperson



(Ikram Ul Haque Qureshi)
Member



8th May, 2017