



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: LM135Dec24

In the matter between:

Clientèle Limited

Primary Acquiring Firm

and

Emerald Life Proprietary Limited

Primary Target Firm

Panel	:	M Mazwai (Presiding Member)
	:	A Ndoni (Tribunal Member)
	:	G Budlender (Tribunal Member)
Heard on	:	27 February 2025
Order issued on	:	27 February 2025
Reasons issued on	:	24 March 2025

REASONS FOR DECISION

Introduction

[1] On 27 February 2025, the Competition Tribunal (“Tribunal”) unconditionally approved a large merger wherein Clientèle Limited (“Clientèle”) intends to acquire the entire issued share capital of Emerald Life Proprietary Limited (“Emerald Life”). Post-transaction, Clientèle will exercise sole control over Emerald Life.

Parties and their activities

Primary Acquiring Firm

[2] The primary acquiring firm is Clientèle, a public company whose shares are widely held and traded through the Johannesburg Stock Exchange. Clientèle is not controlled by any one firm.

- [3] Clientèle controls Clientèle Life Assurance Company Limited (“Clientèle Life”), 1Life Insurance (RF) Limited (“1Life”), Clientèle General Insurance Limited (“Clientèle General”) and Direct Rewards Proprietary Limited.
- [4] Clientèle Life wholly controls Clientèle Properties North Proprietary Limited, Clientèle Properties South Proprietary Limited, and Clientèle Properties East Proprietary Limited.
- [5] Clientèle and all the firms that it controls are referred to as the “Acquiring Group”.
- [6] The Acquiring Group, through Clientèle Life and 1Life, is active in the provision of life insurance products to retail consumers. Clientèle Life and 1Life are licensed for various classes of life insurance business in terms of the Insurance Act No 18 of 2017. The Acquiring Group also provides a limited range of non-life insurance products through Clientèle General.

Target Firm

- [7] The primary target firm is Emerald Life which is wholly owned and controlled by Mr André van der Westhuizen (“Mr van der Westhuizen”).
- [8] Emerald Life does not control any firm.
- [9] Emerald Life is a licensed life microinsurer that provides funeral insurance cover to individual retail customers through its brick-and-mortar offices and call centres.

Transaction

- [10] Clientèle intends to acquire 100% of the issued share capital of Emerald Life from Mr van der Westhuizen. Post implementation of the proposed transaction, Clientèle will exercise sole control over Emerald Life.

Rationale

- [11] The Acquiring Group submits that the proposed transaction represents a unique opportunity to acquire a licensed life microinsurer in order to expand its customer profile. The acquisition is expected to enhance scale and create long-term value

for all stakeholders. The Acquiring Group submits that the proposed transaction will strengthen operations, improve efficiency, and drive future growth.

- [12] Emerald Life submits that the proposed transaction will allow its shareholder to realise value from its investment while ensuring future growth. Emerald Life considers Clientèle a suitable acquirer capable of expanding its business. The proposed transaction aligns with strategic goals, ensuring continuity, stability, and long-term success for employees and stakeholders.

Competition assessment

Overlaps

- [13] The Competition Commission (“Commission”) considered the activities of the merger parties and found that the proposed transaction results in horizontal overlaps as Clientèle Life, 1Life, and Emerald Life provide life insurance and funeral cover products.

Market definition

- [14] In its assessment of the relevant product market the Commission considered the distinctions made in *Old Mutual Insure Ltd*¹ where the Tribunal accepted that life and non-life insurance are distinct markets. The Tribunal recognized a broad market for life insurance while also acknowledging narrower segments.
- [15] In the present transaction, the Commission submitted that the effect of the proposed transaction be assessed in the (i) broad market for the provision for life insurance; and (ii) narrow market for the provision of funeral cover.
- [16] In respect of the geographic scope of the product markets, the Commission followed the Tribunal’s approach in the aforementioned case and assessed the geographic market on a national basis.
- [17] In light of the above, we consider the effects of the proposed transaction in the following markets, the:

¹ Old Mutual Insure Ltd v ONE Financial Services Holdings (Pty) Ltd (LM082Sep21)

- 17.1. broad market for the provision for life insurance in South Africa; and
- 17.2. narrow market for the provision of funeral cover in South Africa.

Impact on competition

- [18] The Commission found that in the broad market for the provision for life insurance in South Africa, the merger parties would have a post-merger market share of approximately ■■■■%, with an accretion of ■■■■%. The merger parties will continue to face competition from competitors such as Momentum Metropolitan Life, Discovery Life, Guardrisk, and Hollard.
- [19] In respect of the narrow market for the provision of funeral cover in South Africa, merger parties would have a post-merger market share of approximately ■■■■%, with an accretion of ■■■■%.
- [20] There are several firms active in the narrow market for the provision of funeral cover including 3Sixty Life Ltd, Assupol Life Ltd, AVBOB, Bidvest Life Ltd, Old Mutual Group, Sanlam and King Price Life Insurance Ltd.
- [21] The merger parties note a vertical relationship between the parties as Emerald Life provides policy administration services to 1Life. The Commission did not address this in its recommendation, however given the low market shares we are of the view that no foreclosure concerns would arise.
- [22] Given the relatively low market shares of the merged entity, the minimal market share accretions, together with the presence of several competitors, we find that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Creeping mergers

- [23] The Commission conducted a creeping merger assessment to determine possibilities of increased concentration levels in the funeral cover product market.
- [24] The Commission submitted that over the past five years, Clientèle has effected two transactions in the insurance market (life or non-life), the current merger and

the 1Life acquisition². The Commission found that Clientèle's market share in relation to the provision of funeral insurance products remains low. Given this, the Commission found that the proposed transaction does not result in any increased concentration in the affected market.

[25]

[REDACTED]

[26] Accordingly, the Commission concluded that there was no creeping merger concern as the mergers do not result in increased concentration in the affected markets. We have no basis to disagree with the Commission's conclusions.

Public interest

Effect on employment

[27] The merger parties submitted that the proposed transaction will not have any negative impact on employment and will not result in any retrenchments.

[28] The Commission contacted the employee representatives of the merger parties and obtained confirmation that no employment concerns were raised in relation to the proposed transaction.

[29] in light of the above, we conclude that the proposed merger is unlikely to raise any employment concerns.

Promotion of greater spread of ownership

[30] The merger parties submitted that the proposed merger would result in a promotion of a greater spread of ownership by historically disadvantaged persons ("HDPs"). Clientèle has an HDP shareholding of 8.4%, while Emerald Life has none. Consequently, the proposed transaction will result in an increase of HDP ownership.

² Clientele and 1Life Insurance: LM185Mar24.

[31] In light of the above, we are of the view that the proposed transaction is unlikely to have a negative impact on employment or the promotion of a greater spread of ownership.

[32] The proposed transaction does not raise any other public interest issues.

Third parties' views

[33] No third parties raised any concerns regarding the proposed transaction.

Conclusion

[34] For the reasons set out above, we are satisfied that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant markets. Furthermore, the proposed merger does not raise any public interest concerns.

[35] We, therefore, approved the proposed transaction without conditions.



Ms Mondo Mazwai

24 March 2025

Date

Ms Andiswa Ndoni and Adv. Geoff Budlender SC concurring

Tribunal Case Manager: Thresho Galane

For the Merger Parties: Chris Charter and Reece May of
Cliffe Dekker Hofmeyr and Burton Phillips of
Webber Wentzel

For the Commission: Reabetswe Molotsi and Themba Mahlangu