



## **DETERMINATION OF MERGER NOTIFICATION M/06/041 – Resolution/Abbey National**

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### **Section 21 of the Competition Act 2002**

### **Proposed acquisition by Resolution plc of Abbey National Life Business**

**Dated 25/07/06**

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### **Introduction**

1. On 6 July 2006 the Competition Authority (“the Authority”), in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Resolution plc (“Resolution”) would acquire the UK and off-shore life insurance businesses, Abbey National Life Business (“Abbey National Life”), of the UK retail bank Abbey National plc. Resolution will acquire the entire share capital of the various companies which together comprise Abbey National Life.

### **The Undertakings Involved**

2. Resolution, the acquirer, is a UK-based company. Resolution was created in September 2005 through the merger of Resolution Life Group Limited and Britannic Group plc. That merger brought together two businesses focused on the acquisition and operation of closed life funds, i.e., life insurance funds that have ceased writing life insurance to new customers.
3. Resolution also operates an asset management business, Resolution Asset Management. Resolution Asset Management, in addition to managing the assets of Resolution's closed life funds, provides asset management services to third party institutional customers and a range of retail asset management products. Resolution Asset Management currently has c. £38 billion of assets under management.
4. Although Resolution has no physical or legal presence in the State, it generates revenue through recurring premiums from a number of policyholders in its closed funds business that are resident in Ireland.
5. Resolution, through its asset management company, also provides investment management services to two Irish regulated companies: Resolution International Funds plc, a SICAV (*Société*

*d'investissement à capital variable* translated as *investment company with variable capital*) with seven subfunds and assets under management of c. €180 million; and Resolution Alternative Funds plc, an open-ended investment company established as an umbrella vehicle for hedge funds.

6. Abbey National Life, the target, comprises the life insurance businesses of Abbey National plc. These businesses include, in the UK, both open and closed life funds which offer a wide range of long-term products - investment and protection policies, pensions and annuities. Abbey National Life offers or has offered in the past, investment and pension products on both a with-profit and non-profit basis. Its investment products include both unit-linked and non-unit-linked policies. It writes new business under two main brand names: Scottish Provident, under which the business writes mainly protection policies, and the Abbey name itself, under which Abbey National Life sells a range of protection, pension and insurance bond products.
7. Abbey National Life consists of five main operating entities, together with a number of holding and service companies. Of the five main operating entities, three are UK-based life insurance companies - Abbey National Life plc ("ANL"), Scottish Mutual Assurance plc ("SMA") and Scottish Provident Limited ("SPL"), and two are off-shore life insurance companies - Scottish Mutual International plc ("SMI"), a Dublin-based entity, and Scottish Provident International Life Assurance Limited ("SPILA"), an Isle of Man based company.
8. The Abbey National Life business which is the subject of the proposed acquisition does not include any assets management operations.

## **Analysis**

9. Both Resolution and Abbey National Life are active in the provision of life insurance mainly across the UK. Resolution has a limited number of policyholders in its closed funds business resident in Ireland, while two of Abbey National Life's five main operating entities, SMI and SPL, had previously provided life business in the State. However, both these entities are now also fully closed funds businesses. None of the other Abbey National Life businesses actively market their life insurance products to customers resident in Ireland. The parties estimated that their combined share of the Irish life insurance business is less than 5%.
10. The Authority considers that the proposed transaction does not raise competition concerns in the State as: (i) there is minimal overlap in the parties' activities in the State, and (ii) there are a number of key competitors in the Irish life insurance market

including Bank of Ireland Life, Irish Life, Canada Life, Eagle Star, and Friends First.

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Resolution plc of the UK and off-shore life insurance businesses, Abbey National Life Business, of the UK retail bank, Abbey National plc., will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

### **For the Competition Authority**

Dr Paul K. Gorecki  
Member of the Competition Authority