



## DETERMINATION OF MERGER NOTIFICATION M/20/014 – MONUMENT / GREYCASTLE

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### Section 21 of the Competition Act 2002

**Proposed acquisition of sole control by Monument Re Limited of GreyCastle Holdings Limited, GreyCastle Life Reinsurance (SAC) Limited and GreyCastle Services Limited.**

**Dated 7 May 2020**

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### Introduction

1. On 27 March 2020, 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 acquisition whereby Monument Re Limited (“Monument”), would acquire the entire issued share capital and thus sole control of GreyCastle Holdings Limited (“GreyCastle”) and its wholly owned subsidiaries, GreyCastle Life Reinsurance (SAC) Limited and GreyCastle Services Limited (collectively “GreyCastle Companies”) (the “Proposed Transaction”).

### The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a share purchase agreement (“SPA”) dated 21 March 2020 between Monument as the purchaser and the following sellers:

- [...];
- [...];
- [...];
- [...];
- [...];



- [...]
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3. Under the terms of the SPA , Monument will acquire the entire issued share capital of each of the GreyCastle Companies.
4. Following implementation of the Proposed Transaction, Monument will have sole control of the GreyCastle Companies.

### **The Undertakings Involved**

#### *The Acquirer - Monument*

5. Monument is a reinsurer and insurance holding company limited by shares, registered and based in Bermuda.



6. Monument's business focus is on providing reinsurance to insurance companies and/or acquiring closed book<sup>1</sup> insurance companies and/or portfolios. Monument has a number of 'run-off'<sup>2</sup> portfolios in the State, illustrated below in Table 1..

**Table 1: Monument's Run-off Portfolios in the State**

Year	Portfolio
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]

Source: Information provided by the parties

7. Monument is the holding company for a range of businesses ("Monument Group") that provide capital and risk solutions including reinsurance, portfolio transfer and acquisition.
8. Monument has a number of Irish based companies as listed in Table 2 below.<sup>3</sup>

<sup>1</sup> Closed book insurance policies are no longer sold to consumers, as they have been negotiated and agreed and are no longer capable of change.

<sup>2</sup> Once a policy is closed, the policy is in run-off, as revenue earned can only decrease over time.

<sup>3</sup> Monument has an additional subsidiary [...].



**Table 2: Monument's Companies in the State**

Company Name	Description
Monument Life Insurance DAC	An insurance company whose portfolio includes protection products, savings plans and annuities.
Monument Insurance DAC and Monument Assurance DAC	Formerly Barclays Insurance (Dublin) DAC and Barclays Assurance (Dublin) DAC, established in 1998 to underwrite PPI and Income Protection business to Barclays' UK customers.
Inora Life DAC	Established in 2001 by Societe Generale Group to act as the life insurance carrier for structured products designed and sold by Societe Generale.

Source: Information provided by the parties

9. For the financial year ending 2018, Monument Group generated worldwide turnover of approximately €[...], of which approximately €[...] was generated in the State.

*The Target- GreyCastle Companies*

10. GreyCastle Companies are providers of reinsurance services based in Bermuda. GreyCastle Companies employ approximately [...] in Bermuda and London and [...].
11. GreyCastle Companies have [...] which has operations in the State as well as other jurisdictions. [...].
12. GreyCastle Companies are not active in the marketing or supply of any new services to customers located in the State.



13. For the financial year ending 31 December 2018, GreyCastle generated worldwide turnover of approximately €[...]<sup>4</sup>, of which approximately €[...] was generated in the State.

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

14. The parties state in the notification,

*“The commercial objective of the Proposed Transaction is to pursue Monument’s strategic objectives of acquiring and reinsuring closed books of life (re)insurance business in an efficient manner”.*

#### **Third Party Submissions**

15. No submission was received.

#### **Competitive Analysis**

##### *Horizontal Overlap*

16. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. Monument and GreyCastle Companies are both active in the provision of reinsurance services in the State.
17. Specifically, the parties are both active in the supply of closed reinsurance products (life and non-life). However, the reinsurance products managed by GreyCastle Companies are closed book only. Closed book reinsurance products do not compete for new customers. Accordingly, GreyCastle Companies does not compete with Monument for new customers. Therefore, in this instance, it is not necessary for the Commission to define precise relevant product and geographic markets.

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<sup>4</sup> Calculated using the 2018 ECB Bilateral Exchange rate of €1:\$1.180.



18. The parties estimate that following implementation of the Proposed Transaction, on a worldwide market<sup>5</sup> for the provision of closed book reinsurance products their combined market share would be less than [...]%.<sup>6</sup>
19. Furthermore, Monument faces competition in acquiring closed book reinsurance services from a number of large competitors, including Swiss Re, Munich Re, Athora and Reinsurance Group of America.
20. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

#### *Vertical Overlap*

21. The parties informed the Commission that there is no vertical overlap between Monument and GreyCastle in the State. The Commission has not identified any vertical relationship between the parties in the State. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

#### **Conclusion**

22. 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**

23. No ancillary restraints were notified.

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<sup>5</sup> The European Commission has previously considered the geographic market for reinsurance to be global, due to the need to pool risks on a worldwide basis, see for example COMP/M.4059 Swiss Re/GE Insurance Solutions, available at: [https://ec.europa.eu/competition/mergers/cases/decisions/m4059\\_20060424\\_20310\\_en.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m4059_20060424_20310_en.pdf)

<sup>6</sup> The parties estimated their combined market share in respect of either an EEA or worldwide market, given the limited amount of publically available information or market reports which provide an indication of the parties' market share.



### **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 acquisition whereby Monument Re Limited, would acquire the entire issued share capital and thus sole control of GreyCastle Holdings Limited and its wholly-owned subsidiaries, GreyCastle Life Reinsurance (SAC) Limited and GreyCastle Services 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

**Brian McHugh**  
**Member**  
**Competition and Consumer Protection Commission**