

OFFICE FOR COMPETITION

16 September 2021

COMP-MCCAA/12/2021 – Acquisition of Willis Towers Watson PLC’s Treaty Reinsurance Business by Arthur J. Gallagher & Co.

Decision on acquisition in terms of Regulations 6 (1) (ii) and 12(4) of the Control of Concentrations Regulations (LN 294 of 2002 as subsequently amended)

The Office for Competition,

Having considered the notification dated 24 August 2021 pursuant to Regulation 5 of the Control of Concentrations Regulations,

Having considered the provisions of the Control of Concentrations Regulations,

Having considered Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004

Whereas,

A. Facts

1. On 24 August 2021, the Office for Competition (hereinafter referred to as ‘the Office’) received a notification of a proposed acquisition pursuant to Regulation 5 of the Control of Concentrations Regulations (hereinafter referred to as ‘the Regulations’), whereby Arthur J. Gallagher & Co. (hereinafter referred to as ‘the Notifying Party’ or ‘Gallagher’) will acquire sole control of the treaty reinsurance business of Willis Towers Watson Public Limited Company (hereinafter referred to as ‘the Acquired Party’ or ‘Willis’).
2. The proposed acquisition was notified to the public through a notice that appeared in a daily newspaper, on the Malta Competition and Consumer Affairs Authority’s website and a notice that appeared in the Government Gazette No. 20,692 on Tuesday 31 August 2021. The Office did not receive any third-party objections.
3. The Office previously assessed, and declared lawful, a notification whereby Gallagher was to acquire sole control of certain business assets of Willis Towers Watson Public Limited Company.¹ The concentration represented the

¹ COMP-MCCAA/08/2021 - Acquisition of Certain Business Assets of Willis Towers Watson PLC by Arthur J. Gallagher & Co.

commitment² made to the European Commission as part of its clearance of the acquisition of Willis by AON plc.³ However, the concentration did not materialise as it was blocked by the US Department of Justice.⁴ Consequently, the divestment concentration did not take place. The concentration being assessed under this decision is different from the one previously assessed by the Office as this represents an acquisition of a smaller portfolio of assets.

B. Parties

4. The Notifying Party, Arthur J. Gallagher & Co., having company registration number 780509, with its office at 2850 Golf Road, Rolling Meadows, Illinois, United States, is a company incorporated in Delaware and listed on the New York Stock Exchange. Gallagher is a global professional services firm providing insurance and reinsurance brokerage, risk management, and consulting services. Its main income is generated in the US, with the remaining income generated internationally, primarily in the UK, Australia, Canada, New Zealand and Bermuda.
5. Willis Towers Watson Public Limited Company, having its registration number 475616, with its registered offices at Willis Towers Watson Home, Elm Park, Merrion Road, Dublin, Ireland is a company listed on NASDAQ Global Select Market. Willis is a global professional services firm active in four business segments; human capital and benefits (which provides broking, solutions and software for employee benefit plans, human resources organisations and management teams), corporate risk and broking, investment, risk and reinsurance (which provides investment consulting and discretionary management services and insurance-specific services and solutions), and benefits delivery and administration (which provides primary medical and ancillary benefit exchange and outsourcing services to active employees and retirees).

C. Transaction

6. The proposed transaction is an acquisition of sole control of Willis's treaty reinsurance business, by Gallagher through a Security and Asset Purchase Agreement. The transaction will be structured as a combined share and asset deal.
7. The completion of the Proposed Transaction is conditional upon, *inter alia*, clearance from the Office.

² https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3626 accessed on 30 August 21

³ M.9829 – AON / WTW

⁴ <https://www.justice.gov/opa/pr/justice-department-sues-block-aon-s-acquisition-willis-towers-watson> accessed on 30 August 2021

D. Notifiable Concentration

8. In terms of regulation 2 of the Control of Concentrations Regulations, a concentration, *inter alia*, refers to the acquisition by one or more undertakings or by one or more persons already controlling at least one undertaking whether by purchase of securities or assets, by contract or by other means, of direct or indirect control of the whole or parts of one or more undertakings.
9. The proposed transaction brings about the acquisition by the Notifying Party of a permanent change of control over the assets transferred from the Acquired Party to the Notifying Party.
10. Therefore, the proposed transaction constitutes a concentration within the meaning of regulation 2 of the Control of Concentrations Regulations.

E. Threshold for Notification

11. The aggregate turnover of the undertakings concerned in the preceding financial year exceeds €2,329,373.40 and each of the parties had a turnover in Malta equivalent to at least 10% of the combined aggregate turnover in Malta of the undertakings concerned.
12. The notified concentration, therefore, meets the notification threshold as set out in Regulation 2 of the Regulations.

F. Simplified Procedure

13. Following the examination of the notification, it is considered that the notified concentration falls within the scope of Regulation 12(1) of the Control of Concentrations Regulations, whereby it is provided that:

“The simplified procedure will apply to the following categories of concentrations that are deemed not to raise serious doubts as to their legality in terms of the provisions of these regulations...:

(iii) two or more undertakings merge, or one or more undertakings acquire sole or joint control of another undertaking and two or more of the parties to the concentration are engaged in business activities either in the same product and geographical market and their combined market share is less than 15% or in a product market which is upstream or downstream of a product market in which any other party to the concentration is engaged and their combined market share is less than 25%.”

G. Conclusion

14. In view of the above and in terms of Regulations 6 (1) (ii) and 12 (4) of the Control of Concentrations Regulations, it is therefore decided:

- (1) that the Concentration falls within the scope of the Regulations on Control of Concentrations;
- (2) that the Concentration does not raise serious doubts as to its lawfulness;
- (3) not to oppose the notified Concentration and to declare it a lawful Concentration.



Godwin Mangion

Director General