



## **DETERMINATION OF MERGER NOTIFICATION M/07/063 – PEARL/RESOLUTION**

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

#### **Proposed acquisition by Pearl Group Limited of Resolution plc**

**Dated 08/01/08**

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### **Introduction**

1. On 12 December 2007 the Competition Authority (the “Authority”), in accordance with section 18(1)(a) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposed acquisition by Pearl Group Limited (“PGL”) of the entire issued share capital and sole control over Resolution plc (“Resolution”) through PGL’s subsidiary, Impala Holdings Limited (“Impala”).
2. It is intended that on completion of the proposed transaction, certain of the businesses and assets of Resolution (“the Royal London Assets”) will be on-sold to The Royal London Mutual Insurance Society Limited (“Royal London”). PGL, through Impala, would retain the remaining businesses and assets of Resolution not being acquired by Royal London.

### **Background**

3. On 19 October 2007, PGL announced the terms of an all cash offer for Resolution. At the time of this announcement, PGL held approximately 16.5% of the then issued share capital of Resolution.
4. On 26 October 2007, PGL announced an increased cash offer for Resolution and that it had increased its aggregate interest in Resolution to approximately 24.18% of the then issued share capital of Resolution.
5. On 12 November 2007, PGL announced that it had further increased its aggregate interest in Resolution to approximately 25.93% of the issued share capital of Resolution.
6. On 16 November 2007, PGL and Resolution announced the recommended acquisition of the entire issued and to be issued share capital of Resolution by PGL through its subsidiary, Impala. The offer was posted on 12 December 2007.

### **The Undertakings Involved**

#### ***The Acquirer***

7. The proposed acquisition will be effected by Impala, a newly formed subsidiary that is 75% owned by PGL and 25% owned by two special purpose vehicles, LC1 and LC2.

8. PGL is the holding company of a number of life assurance companies. PGL is active in the life insurance and pension sectors. PGL offers pensions, investments and savings and annuities and its activities are focused in the UK.
9. PGL has entered into agreements with a number of insurance providers for non-life products under which it offers its policyholders general insurance products of other insurance companies like Lloyds TSB, Prudential or Cardiff Pinnacle.
10. PGL is owned by TDR Capital LLP ("TDR"), and a variety of other shareholders. In addition to PGL, TDR also indirectly controls Elliott Group (UK) Limited which is involved in the provision of modular buildings for sale or rental and is active in the State.
11. For the financial year ended 31 December 2006 PGL had a worldwide turnover of approximately €2.123 billion and turnover in Northern Ireland of [ ].
12. PGL does not have any trading subsidiaries in the State and therefore does not generate any turnover from customers located in the State.

### ***The Target***

13. Resolution is a company listed on the London Stock Exchange. Resolution is active in the life insurance and pension sectors, in particular, in relation to protection policies, annuities and investment and savings policies. Resolution is a specialist manager of in-force UK life funds.
14. Resolution's life protection business principally operates in the UK. Its offshore business operates in the Isle of Man and Hong Kong and serves a UK, international and UK expatriate clientele.
15. Resolution has a presence in the State, in life insurance and asset management activities, through four companies: Scottish Mutual International plc ("SMI"), Scottish Mutual International Investment Fund Limited ("SMIIF"), Scottish Mutual International Fund Managers Limited ("SMIFM") and Resolution Management Services (Ireland) Limited.
16. For the financial year ended 31 December 2006, Resolution had a worldwide turnover of approximately €3.444 billion and turnover in the State of approximately [ ].

### **Analysis**

17. There are no horizontal or vertical overlaps between the parties in the State. Both PGL and Resolution operate in the life insurance sector and both carry on businesses in Northern Ireland. While Resolution is active in the State PGL generates no turnover from customers located in the State. Therefore, the Authority considers that the proposed transaction does not raise competition concerns in the State.

**Determination**

The Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Pearl Group Limited (through Impala Holdings Limited) of the entire issued share capital of Resolution plc will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, the acquisition may be put into effect.

**For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority