



GUERNSEY COMPETITION
& REGULATORY AUTHORITY

Case M1708

Proposed acquisition of joint control of Ardonagh Group
Holdings Limited by Stone Point Capital LLC

Decision

Date: 10 February 2025

Guernsey Competition & Regulatory Authority
Suite 4, 1st Floor,
La Plaiderie Chambers, La Plaiderie,
St Peter Port,
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Summary

1. Stone Point Capital LLC (the **Purchaser**), through investment vehicles and co-investment vehicles managed and controlled by it, proposes to acquire by way of share purchase indirect negative joint control over Ardonagh Group Holdings Limited (the **Target**; the **Notified Transaction**). The Target is currently jointly controlled by funds managed by or advised by HPS Investment Partners, LLC (**HPS**) and funds managed by Madison Dearborn Partners, LLC (**MDP**). Both HPS and MDP will continue as joint controllers, along with the Purchaser, after completion of the Notified Transaction.
2. The Proposed Transaction has been notified to the Guernsey Competition and Regulatory Authority (**GCRA**) pursuant to Section 16(1) of the Competition (Guernsey) Ordinance 2012 (the **2012 Ordinance**).
3. The GCRA has determined that the Notified Transaction will not lead to a substantial lessening of competition in any relevant market and hereby approves the Notified Transaction.

The Notified Transaction

4. On 24 January 2025, the GCRA received a joint application from the Purchaser, Target, HPS and MDP (the **Notifying Parties**) for the proposed acquisition by investment vehicles and certain co-investment vehicles managed and controlled by the Purchaser of shares in the Target pursuant to the terms of a Share Purchase and Subscription Agreement. By the terms [X] of the associated Shareholders' Agreement, certain reserved matters, [X], will require the unanimous approval of the Purchaser, HPS and MDP.
5. The GCRA registered the application on its website with a deadline for comments of 7 February 2025. No submissions were received.

The Parties

6. The Purchaser is a company incorporated in Delaware and headquartered in Greenwich, Connecticut, United States, registration number 3941154. It is an investment firm that targets investment in companies in the global financial services industry and related sector. It also manages liquid and private credit funds and managed accounts.
7. The Target's group companies provide a range of insurance related products and services in the United Kingdom, the Republic of Ireland and more widely.

Requirement for GCRA Approval

8. Pursuant to s.61(1)(b)(i) of the 2012 Ordinance, a merger or acquisition occurs for the purposes of that Ordinance when "an undertaking [...] directly or indirectly acquires or establishes control of another undertaking". Control of a business or undertaking "may be direct or indirect and exists if decisive influence is capable of being exercised in respect of it".¹

¹ 2012 Ordinance, s.61(2).

9. An acquisition of “control” under the 2012 Ordinance as set out above may refer either to sole control or joint control.² Joint control “exists where two or more undertakings or persons have the possibility of exercising decisive influence over another undertaking. Decisive influence in this sense normally means the power to block actions which determine the strategic commercial behaviour of an undertaking.”³ Blocking rights that confer joint control “typically include decisions on issues such as the budget, the business plan, major investments or the appointment of senior management.”⁴
10. As described above at paragraph 4, on completion of the Notified Transaction by the terms of [X] the Shareholders’ Agreement certain reserved matters, [Y], will require the unanimous approval of the Purchaser, HPS and MDP. Each of the Purchaser, HPS and MDP will therefore have the power to block actions that determine the strategic commercial behaviour of the Target and, as such, on completion of the Notified Transaction each will exercise negative joint control over the Target.
11. The Notified Transaction is therefore a merger, as defined by the 2012 Ordinance.
12. Each of HPS, MDP, the Acquirer and the Target are “undertakings involved” in the merger as defined by Regulation 2 of the Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations.
13. Under s.13(1) of the 2012 Ordinance, certain mergers must be notified to and approved by the GCRA before they can be put into effect. Regulation 1 of the Regulations provides that mergers must be notified to the GCRA for clearance if:
 - a. The combined Channel Islands turnover of the undertakings involved in the merger exceeds £5 million, and
 - b. Two or more of the undertakings involved in the merger have Guernsey turnover exceeding £2 million.
14. According to information provided by the Notifying Parties, the combined and individual applicable turnover of the Parties in the Channel Islands and Guernsey exceeds these thresholds. On this basis, the GCRA’s approval is required before the acquisition is executed.

Market Definition

15. Under s.13 of the 2012 Ordinance, the GCRA must determine if the merger would substantially lessen competition within any market in Guernsey for goods or services.

Views of the Parties

16. The Notifying Parties consider that the product market on which the Target is active in Guernsey is the distribution of insurance via brokers. They note that previous decision making practice of the

² This may be inferred from the fact that a joint venture may qualify as a merger under the 2012 Ordinance (see 2012 Ordinance, s.61(4)).

³ Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings, OJ C95/1, 16.4.2008 (**Consolidated Jurisdictional Notice**), paragraph 62.

⁴ Consolidated Jurisdictional Notice, paragraph 67.

European Commission has left open the question of whether that market is national or wider than national.

17. The Notifying Parties further state that Atrium, a controlled portfolio company of the Purchaser underwrites non-life speciality insurance in Guernsey and thus operates upstream of the Target. They note that the previous decision making practice of the European Commission distinguishes between three broad categories of insurance products, namely life insurance, non-life insurance and reinsurance, whilst leaving open the possibility that non-life insurance might be segmented further into a series of narrower markets. The geographic market may be national or wider than national.

GCRA Consideration

18. The GCRA considers that the product and geographic market definitions can be left open in this case, since the Notified Transaction does not give rise to a substantial lessening of competition on any plausible basis.

Effect on Competition

19. There are no horizontal overlaps between the activities of the Notifying Parties in Guernsey since one (the Purchaser, by virtue of one of its controlled investments) is an underwriter of insurance and the other (the Target) is an insurance intermediary. The Notified Transaction will therefore not lead to a substantial lessening of competition by reason of market concentration.
20. There is no existing vertical link between the Purchaser and the Target. The Purchaser further considers that its share of the relevant market in Guernsey would not exceed [x%] on any plausible basis. As such, the Notified Transaction will not give rise to vertical anti-competitive foreclosure.

Decision

21. Based on the preceding analysis, the GCRA concludes that the acquisition will not substantially lessen competition within any market in Guernsey for goods or services.
22. The GCRA is also satisfied that the merger would not be to the prejudice of:
 - (a) consumers or any class or description thereof;
 - (b) the economic development and well-being of the Bailiwick; or
 - (c) the public interest.
53. The merger is therefore approved under s.13 of the 2012 Ordinance.

10 February 2025