

DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 6 August 2020

Acquisition by Ardonagh Group Limited of Bennetts Motorcycling Services Limited (the Merger)

We refer to your submissions of 17 July, 29 July and 6 August 2020 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 6 August 2020 (the '**Initial Order**'). Unless otherwise stated, the terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Ardonagh Group Limited (**Ardonagh**), Ardonagh Midco 2 plc (**Ardonagh UK**) and Atlanta Investments Holdings C Limited (**Atlanta**) and their subsidiaries are required to hold separate the Ardonagh business from the business of Bennetts Motorcycling Services Limited (**Bennetts**) and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of your request for a derogation from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to Ardonagh, Ardonagh UK and Atlanta carrying out the following actions, in respect of the specific paragraphs:

1. Paragraphs 6(a) and 6(I) of the Initial Order – Legal services

The CMA understands that, prior to completion of the Merger, Saga Plc (the **Seller**) provided legal services to Bennetts. Ardonagh submits that following completion, Bennetts does not have an in-house legal function to support the Bennetts business.

In order to ensure the continuity and viability of Bennetts' business, Ardonagh is seeking CMA consent:

- (i) to provide Bennetts with assistance for all legal matters arising during the course of the CMA's Merger investigation in order to ensure that Bennetts operates in compliance with all relevant legal, regulatory and compliance obligations. Such legal support shall include, but will not be

limited to [X]; and

- (ii) for Bennetts to provide Ardonagh with information as is strictly necessary in order for Ardonagh to provide such legal support to Bennetts.

The CMA consents to a derogation from paragraphs 6(a) and 6(l) of the Initial Order for Ardonagh to provide such legal support services to Bennetts, strictly on the basis that:

- (a) Bennetts' information provided to Ardonagh will be limited to that which is strictly necessary for Ardonagh to provide legal support services to Bennetts and ensure that Bennetts is fully compliant with all of its legal, regulatory and compliance obligations;
- (b) Information will only be provided to [X] and [X] (the **Authorised Individuals**) for whom it is strictly necessary to see Bennetts' information to provide the necessary legal support services to Bennetts;
- (c) The Authorised Individuals do not have any responsibility for the commercial or strategic operations of Ardonagh, Ardonagh UK or Atlanta shall not use any information provided by Bennetts in any way to intervene in the management or operation of Bennetts;
- (d) The Authorised Individuals shall enter into NDAs in a form approved by the CMA;
- (e) Firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within Ardonagh, Ardonagh UK and Atlanta from accessing the information shared with the Authorised Individuals for the purposes of this derogation;
- (f) The Authorised Individuals will not advise the Ardonagh business in parallel in respect of any commercial matters within its competing business (motorcycle insurance distribution).
- (g) To the extent there is any conflict of interest or the requirement by Bennetts for legal support on any complex matters, the services of external legal counsel shall be sought;
- (h) No changes to the Authorised Individuals are permitted without the prior written consent of the CMA (including via email);
- (i) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Merger; and
- (j) Should the Merger be prohibited, Ardonagh, Ardonagh UK and Atlanta will

ensure that any confidential information received from Bennetts for the purposes of this derogation will be returned to the Bennetts business and any copies destroyed, except to the extent that record retention is required by law or regulation.

2. Paragraphs 6(a) and 6(l) of the Initial Order – Tax advice

The CMA understands that prior to completion of the Merger, tax support (e.g. planning and advice) was provided by the Seller. Post-completion, the CMA understands that [REDACTED]. In order to ensure the continuity and viability of Bennetts' business, Ardonagh is requesting CMA consent to provide Bennetts with tax advice and consent for Bennetts to share information with Ardonagh as is strictly necessary for this purpose.

Ardonagh submits that such tax advice shall relate, but is not limited to, [REDACTED].

The CMA consents to a derogation from paragraphs 6(a) and 6(l) of the Initial Order for Ardonagh to provide such tax advice to Bennetts, strictly on the basis that:

- (a) Bennetts' information provided to Ardonagh, some of which may be commercially-sensitive, will be limited to that which is strictly necessary for Ardonagh to provide the necessary tax support to Bennetts as part of the Ardonagh group's obligations to ensure that Bennetts is fully compliant with all of its tax obligations.
- (b) Information will only be provided to [REDACTED] and [REDACTED] (the **Authorised Individuals**) for whom it is strictly necessary to see Bennetts' information to provide the necessary tax advice to Bennetts;
- (c) The Authorised Individuals do not have any responsibility for the commercial or strategic operations of Ardonagh, Ardonagh UK or Atlanta and shall not use any information provided by Bennetts in any way to intervene in the management or operation of Bennetts;
- (d) The Authorised Individuals shall enter into NDAs in a form approved by the CMA;
- (e) Firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within Ardonagh, Ardonagh UK and Atlanta from accessing the information shared the Authorised Individuals for the purposes of this derogation;
- (f) No changes to the Authorised Individuals are permitted without the prior written consent of the CMA (including via email);
- (g) This derogation shall not prevent any remedial action which the CMA may

need to take regarding the Merger; and

- (h) Should the Merger be prohibited, Ardonagh, Ardonagh UK and Atlanta will ensure that any confidential information received from Bennetts for the purposes of this derogation will be returned to the Bennetts business and any copies destroyed, except to the extent that record retention is required by law or regulation.

3. Paragraphs 6(a) and 6(l) of the Initial Order – HR services

Ardonagh submits that post-completion the Seller shall provide limited Human Resources (**HR**) services to Bennetts under the Transition Services Agreement (**TSA**) entered into between the Seller and Ardonagh. Ardonagh explains that such services include [REDACTED].

Therefore, in order to ensure the continuity and viability of Bennetts' business, Ardonagh is requesting CMA consent:

- (i) to provide Bennetts with additional HR assistance in order to manage Bennetts' HR issues. Such HR assistance shall include, but is not limited to, [REDACTED]; and
- (ii) for Bennetts to share information with Ardonagh as is strictly necessary to allow Ardonagh to provide such HR assistance to Bennetts.

The CMA consents to a derogation from paragraphs 6(a) and 6(l) of the Initial Order for Ardonagh to provide such additional HR services to Bennetts, strictly on the basis that:

- (a) Bennetts' information provided to Ardonagh will be limited to that which is strictly necessary for Ardonagh to provide the necessary HR assistance to Bennetts;
- (b) Information will only be provided to [REDACTED] and [REDACTED] (the **Authorised Individuals**) for whom it is strictly necessary to see Bennetts' information to provide the necessary HR assistance. Save for [REDACTED], no commercially-sensitive information will be shared with Ardonagh as a result of this derogation. Should Ardonagh require access to any categories of Bennetts commercially-sensitive information in addition to the employment contracts of key staff, it shall first notify the CMA and explain why each additional category of commercially-sensitive information is strictly necessary for Ardonagh to provide HR support to Bennetts. The CMA may consent to extending the categories of information which Bennetts can provide to Ardonagh with prior written consent, including via email;
- (c) The Authorised Individuals do not have any responsibility for the

commercial or strategic operations of Ardonagh, Ardonagh UK or Atlanta and shall not use any information provided by Bennetts in any way to intervene in the management or operation of Bennetts;

- (d) The Authorised Individuals shall enter into NDAs in a form approved by the CMA;
- (e) Firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within Ardonagh, Ardonagh UK and Atlanta from accessing the information shared the Authorised Individuals for the purposes of this derogation;
- (f) No changes to the Authorised Individuals are permitted without the prior written consent of the CMA (including via email);
- (g) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Merger; and
- (h) Should the Merger be prohibited, Ardonagh, Ardonagh UK and Atlanta will ensure that any confidential information received from Bennetts for the purposes of this derogation will be returned to the Bennetts business and any copies destroyed, except to the extent that record retention is required by law or regulation.

4. Paragraphs 6(a) and 6(l) of the Initial Order – Compliance risk support

Ardonagh submits that prior to completion, Bennetts was dependent on the Sellers' compliance / risk team for the provision of compliance risk support services. In addition, Bennetts [REDACTED].

Following completion, the Seller shall no longer provide all necessary compliance risk services and [REDACTED] for this reason requires some oversight of Bennetts' compliance operations to ensure that Bennetts continues to operate in compliance with its regulatory requirements.

Ardonagh is requesting CMA consent:

- (i) to provide Bennetts with compliance guidance and monitoring functions [REDACTED]; and
- (ii) for Bennetts to share information with Ardonagh as is strictly necessary to allow Ardonagh to provide the necessary compliance risk support services, [REDACTED].

The CMA consents to a derogation from paragraphs 6(a) and 6(l) of the Initial Order for Ardonagh to provide such compliance/risk support to Bennetts, strictly on the basis that:

- (a) Bennetts' information provided to Ardonagh will be limited to that which is strictly necessary for Ardonagh to provide the compliance risk support services to Bennetts. Such information may include [X];
- (b) Should Ardonagh require access to any categories of Bennetts commercially-sensitive information in addition to those listed above, it shall first notify the CMA and explain why each additional category of commercially-sensitive information is strictly necessary for Ardonagh to provide compliance risk support to Bennetts. The CMA may consent to extending the categories of information which Bennetts can provide to Ardonagh with prior written consent, including via email;
- (c) Information will only be provided to [X] (the **Authorised Individual**) for whom it is strictly necessary to see Bennetts information to provide the necessary compliance risk support services;
- (d) The Authorised Individual does not have any responsibility for the commercial or strategic operations of Ardonagh, Ardonagh UK or Atlanta and shall not use any information provided by Bennetts in any way to intervene in the management or operation of Bennetts;
- (e) The Authorised Individual shall enter into an NDA in a form approved by the CMA;
- (f) Firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within Ardonagh, Ardonagh UK and Atlanta from accessing the information shared the Authorised Individual for the purposes of this derogation;
- (g) [X] shall remain the only Authorised Individual. No additions or changes to the individuals providing compliance risk support services to Bennetts shall be made without the prior written consent of the CMA (including via email);
- (h) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Merger; and
- (i) Should the Merger be prohibited, Ardonagh, Ardonagh UK and Atlanta will ensure that any confidential information received from Bennetts for the purposes of this derogation will be returned to the Bennetts business and any copies destroyed, except to the extent that record retention is required by law or regulation.

5. Paragraphs 6(a) and 6(l) of the Initial Order - Customer service quality assurance

Ardonagh submits that Bennetts will require assistance from Ardonagh in order to

manage the quality assurance of its customer calls (for instance at call centres), a function which ceased to be provided by the Seller upon completion.

[REDACTED].

Ardonagh explains that the customer service quality assurance role that Ardonagh would undertake would [REDACTED].

Ardonagh therefore requests CMA consent:

- (i) to fulfil this quality assurance management role in order to ensure that Bennetts continues to maintain high quality assurance [REDACTED]; and
- (ii) for Bennetts to provide Ardonagh with information as is strictly necessary to enable Ardonagh to carry out the quality assurance management function.

The CMA consents to a derogation from paragraphs 6(a) and 6(l) of the Initial Order for Ardonagh to provide such customer service quality assurance oversight function to Bennetts, strictly on the basis that:

- (a) Bennetts' information provided to Ardonagh will be limited to that which is strictly necessary for Ardonagh to provide the customer service quality assurance oversight function to Bennetts;
- (b) Information will only be provided to [REDACTED] (the **Authorised Individual**) for whom it is strictly necessary to see Bennetts' information to provide the customer service quality assurance oversight function;
- (c) The Authorised Individual does not have any responsibility for the commercial or strategic operations of Ardonagh, Ardonagh UK or Atlanta and shall not use any information provided by Bennetts in any way to intervene in the management or operation of Bennetts;
- (d) The Authorised Individual shall enter into an NDA in a form approved by the CMA;
- (e) Firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within Ardonagh, Ardonagh UK and Atlanta from accessing the information shared with the Authorised Individual for the purposes of this derogation;
- (f) [REDACTED] shall remain the only Authorised Individual. No additions or changes to the individuals providing the customer service quality assurance oversight function to Bennetts shall be made without the prior written consent of the CMA (including via email);
- (g) This derogation shall not prevent any remedial action which the CMA may

need to take regarding the Merger; and

- (h) Should the Merger be prohibited, Ardonagh, Ardonagh UK and Atlanta will ensure that any confidential information received from Bennetts for the purposes of this derogation will be returned to the Bennetts business and any copies destroyed, except to the extent that record retention is required by law or regulation.

6. Paragraph 6(a), 7(a), 7(g) and 7(l) - Insurance

The CMA understands that prior to completion of the Merger, Bennetts relied on the Seller's group insurance arrangements.

Following completion, these arrangements have ceased and Ardonagh submits that it is under a legal obligation to ensure that the Bennetts business has sufficient insurance coverage for its operations. [REDACTED].

Ardonagh therefore requests CMA consent:

- (i) to permit Bennetts to be named as an "additional insured" under Ardonagh's insurance policies as regards [REDACTED]; and
- (ii) to Bennetts sharing information with Ardonagh to assess the nature and scope of the insurance cover which is required, and the level of cover required by Bennetts and ensure that such arrangements are put in place.

The CMA consents to a derogation from paragraphs 6(a), 7(a), 7(g) and 7(l) of the Initial Order for Ardonagh to arrange for the necessary insurance coverage for Bennetts, strictly on the basis that:

- (a) such actions are necessary to ensure the effective maintenance of Bennetts as a going concern;
- (b) Bennetts' information provided to Ardonagh will be limited to that which is strictly necessary for Ardonagh to assess the nature, level and scope of the insurance cover which is required by Bennetts, and ensure that such arrangements are put in place;
- (c) Information will only be provided to [REDACTED] and [REDACTED] (both part of Ardonagh's Legal Team) (the **Authorised Individuals**) for whom it is strictly necessary to see Bennetts' information to ensure that the necessary insurance arrangements are put in place;
- (d) The Authorised Individuals do not have any responsibility for the commercial or strategic operations of Ardonagh, Ardonagh UK or Atlanta and shall not use any information provided by Bennetts in any way to intervene in the management or operation of Bennetts;

- (e) The Authorised Individuals shall enter into NDAs in a form approved by the CMA;
- (f) Firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within Ardonagh, Ardonagh UK and Atlanta from accessing the information shared with the Authorised Individuals for the purposes of this derogation;
- (g) No changes to the Authorised Individuals are permitted without the prior written consent of the CMA (including via email);
- (h) The inclusion of Bennetts within Ardonagh's insurance arrangements:
 - will not be difficult or costly to reverse; and
 - will have no influence upon the commercial direction of the Bennetts business during the term of the Initial Order;
- (i) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Merger; and
- (j) Should the Merger be prohibited, Ardonagh, Ardonagh UK and Atlanta will ensure that any confidential information received from Bennetts for the purposes of this derogation will be returned to the Bennetts business and any copies destroyed, except to the extent that record retention is required by law or regulation.

Yours sincerely,

Alex Knight

Assistant Director, Remedies Business and Financial Analysis

9 September 2020