

**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 5 October 2020 and 22 October 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(b), 6(c), 6(d), 6(e), 6(h), 6(i), 6(k) and 10 of the Initial Order

Ardonagh has sought the CMA's consent to limit the application of the above mentioned provisions of the Initial Order so that they shall apply only to the Ardonagh entities which are active in the market for the supply of motorcycle insurance in the UK. These entities (together the '**Ardonagh Motorcycle Insurance Business**'), are listed below:

- i. The corporate group of [REDACTED] (including, for the avoidance of doubt, all of the businesses and legal entities within its corporate group) ([REDACTED: **Included Business 1**]);
- ii. [REDACTED] ([REDACTED: **Included Business 2**]); and
- iii. [REDACTED] ([REDACTED: **Included Business 3**])

Accordingly, every other business and legal entity within Ardonagh (together the '**Ardonagh Excluded Businesses**') would be exempt from the provisions contained in paragraphs 6(b), 6(c), 6(d), 6(e), 6(h), 6(i), 6(k) and 10 of the Initial Order.

Ardonagh submits that [REDACTED: *Included Business 1*], which accounts for a large majority of Ardonagh's total motorcycle insurance business, is a viable and stand-alone business. It has independent management and its own internal resources including back office functions, policy administration systems, IT, human resources, legal, compliance and regulatory functions (as is required of all FCA regulated entities). [REDACTED: *Included Business 1*] does not depend on assets directly owned or operated by the Ardonagh Excluded Businesses nor on funding direct from the Ardonagh Excluded Businesses.¹ [REDACTED: *Included Business 1*] also owns the intellectual property rights in relation to its motorcycle insurance brands.

Ardonagh further submits that [REDACTED: *Included Business 2*] and [REDACTED: *Included Business 3*], which together account for a minimal share of Ardonagh's total motorcycle insurance business, are, to a degree, operationally and financially dependent on their respective parent groups, namely [REDACTED: **Parent Group of Included Business 2**] and [REDACTED: **Parent Group of Included Business 3**]. However, Ardonagh submits that the burden of retaining the entirety of [REDACTED: *Parent Group of Included Business 2*] and [REDACTED: *Parent Group of Included Business 3*] within the full scope of the Initial Order is disproportionate to the limited risk of any pre-emptive action by Ardonagh, with respect to [REDACTED: *Parent Group of Included Business 2*] and [REDACTED: *Parent Group of Included Business 3*], that could impede remedial action by the CMA.

Therefore, based on the information provided to the CMA by Ardonagh, the CMA consents to the obligations in paragraphs 6(b), 6(c), 6(d), 6(e), 6(h), 6(i), 6(k) and 10 of the Initial Order ceasing to apply to the Ardonagh Excluded Businesses. For the avoidance of doubt, these obligations continue to apply to the Ardonagh Motorcycle Insurance Business. The CMA's consent is conditional on the understanding that:

- a) Granting this derogation will not have any impact on the Bennetts business.
- b) There will be no integration between the Ardonagh Excluded Businesses and the Bennetts business.
- c) The Ardonagh Motorcycle Insurance Business may independently draw down from Ardonagh's [REDACTED] (subject to the terms of the [REDACTED]) without any involvement from or dependence on the Ardonagh Excluded Businesses.

¹ [REDACTED]

- d) The Ardonagh Excluded Businesses shall undertake not to enter the market for the distribution of motorcycle insurance (nor to otherwise supply nor to distribute motorcycle insurance products) to private (non-commercial) in the UK for the period in which the Initial Order remains in force against the Ardonagh Motorcycle Insurance Business (or until legal completion of any divestiture required under any Final Undertakings).

Yours sincerely,

Peter Park

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29 October 2020