

## Competition Commission of India

26<sup>th</sup> December, 2012

Combination Registration No. C-2012/12/98

### Order under Section 31 (1) of the Competition Act, 2002

1. On 7<sup>th</sup> December, 2012, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”) of a proposed combination given by Punjab National Bank (hereinafter referred to as “**PNB**”) and MetLife India Insurance Company Limited (hereinafter referred to as “**MetLife**”). The notice under sub-section (2) of Section 6 of the Act was given pursuant to the execution of the Share Purchase Agreement between PNB, MetLife, MetLife International Holdings, Inc. (hereinafter referred to as “**MetLife International**”), M. Pallonji & Company Private Limited, M. Pallonji Enterprises Private Limited, IGE (India) Limited, Chintalapati Holdings Private Limited, the Jammu & Kashmir Bank Limited and Manimaya Holdings Private Limited on 4<sup>th</sup> December, 2012.
2. The proposed combination relates to the acquisition of 603, 865, 285 equity shares in MetLife by PNB pursuant to which PNB would hold 30 per cent of the equity share capital of MetLife.
3. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, vide letter dated 13<sup>th</sup> December, 2012, PNB and MetLife were required to remove certain defect(s) and furnish certain information regarding the notice. PNB and MetLife submitted their reply to the said letter on 17<sup>th</sup> December, 2012.
4. The proposed combination falls under Section 5 (a) of the Act.
5. PNB, the acquirer, was established in 1895 and is a scheduled commercial banking company, constituted under Section 3 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 and is listed in the Second Schedule of the Reserve Bank of India Act, 1934. PNB provides, directly and through subsidiaries or joint ventures, a variety of banking and financial services on a pan-India basis.



6. MetLife, the enterprise whose shares are being acquired, is a public unlisted company incorporated in India and is a joint venture between MetLife International, an affiliate of MetLife, Inc., and a group of Indian promoters and investors. MetLife is primarily engaged in the business of life insurance and also offers other services such as pension plans and annuities in India. MetLife, Inc. is a leading global provider of insurance, annuities and employee benefit programs in around 50 countries through its subsidiaries and affiliates. MetLife International is stated to hold 26 per cent of the shareholding in MetLife, which is the maximum investment permitted under the current foreign direct investment (FDI) regulations pertaining to the insurance sector in India.
7. As per the details provided in the notice, PNB and MetLife entered into a corporate agency agreement on 19<sup>th</sup> October, 2011 pursuant to which PNB is acting as an agent of MetLife for the distribution of its insurance products in accordance with the Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002. It has been stated in the notice that PNB had issued a request for proposal for entering into a corporate agency tie-up with, and equity participation in, an existing Indian life insurance company and, pursuant to the said process, MetLife, which was selected as the winning bidder, entered into the SPA *inter alia* with PNB on 4<sup>th</sup> December, 2012.
8. The proposed combination relates to the life insurance business and distribution of life insurance products. It is observed that the businesses currently offered by PNB and MetLife are not similar, identical or substitutable with each other. Although PNB provides services to MetLife as a distribution agent, the share of MetLife in the business of life insurance is relatively insignificant and is not likely to raise any adverse effect on competition in India.
9. Considering the facts on record and the details provided in the notice, the Commission is of the opinion that the proposed Combination is not likely to have an appreciable adverse effect on competition in India and, therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
10. This approval is without prejudice to any other legal/statutory obligations as applicable.



11. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
12. The Secretary is directed to communicate to the PNB and MetLife accordingly.



Certified True Copy

*[Handwritten Signature]*  
31/13

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Office Manager  
Competition Commission of India  
New Delhi