



## MEDIA RELEASE

9 April 2021

### CCCS CONSULTS ON THE PROPOSED MERGER OF AON AND WILLIS TOWERS WATSON

The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the proposed merger of Aon plc (“**Aon**”) and Willis Towers Watson Public Limited Company (“**WTW**”) (the “**Proposed Transaction**”).

2. CCCS received a notification from Aon for a decision on the Proposed Transaction, and is now assessing whether the Proposed Transaction would infringe section 54 of the Competition Act (Cap. 50B), which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

#### The Parties

3. Aon is a global professional services company active in more than 120 countries and is a publicly traded company incorporated in Ireland and listed on the New York Stock Exchange. Its business is divided into five business segments, namely:

- a. commercial risk solutions;
- b. reinsurance solutions;
- c. retirement solutions<sup>1</sup>;
- d. health solutions<sup>2</sup>; and
- e. data and analytics services.

Aon is active in Singapore across all these business segments.

4. WTW is a global professional services firm active in more than 140 countries and is a publicly traded company headquartered in London and listed on NASDAQ. Its business is divided into four business segments, namely:

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<sup>1</sup> Aon’s “retirement solutions” business segment includes core retirement, investment consulting and human capital.

<sup>2</sup> Aon’s “health solutions” business segment includes health and benefits brokerage and health care exchanges.

- a. human capital and benefits, which comprises retirement; health and benefits; talent and rewards; and technology and administration solutions<sup>3</sup>;
- b. corporate risk and broking;
- c. investment, risk and reinsurance<sup>4</sup>; and
- d. benefits delivery and administration<sup>5</sup>.

WTW is active in Singapore in business segments (a) to (c).

### **The Proposed Transaction**

5. The Proposed Transaction involves a merger of Aon and WTW in an all-stock transaction, and will be implemented by a court-sanctioned scheme of arrangement under Irish law in accordance with the terms of a Business Combination Agreement signed on 9 March 2020, pursuant to which Aon will acquire the entire issued and to be issued share capital of WTW in exchange for shares of Aon.

6. Aon submits that its notification to CCCS relates to the supply of retirement benefits consulting services and human capital consulting services, in which Aon and WTW overlap in supplying such services. According to Aon, the relevant markets are:

- a. the supply of retirement benefits consulting services in Singapore, or potentially regional; and
- b. the global supply of human capital consulting services.

7. According to Aon, the Proposed Transaction will not result in a substantial lessening of competition in either of these relevant markets in Singapore for the following reasons:

#### *The local, or potentially regional, supply of retirement benefits consulting services*

- a. The merged entity will be subject to strong competitive pressure from its competitors in Singapore, many of whom are established players and have significant experience in this industry (for example, global consulting and accounting firms);
- b. The retirement benefits consulting markets continue to evolve and attract more competitors;

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<sup>3</sup> WTW's "human capital and benefits" business segment provides broking, solutions and software for employee benefit plans, human resources organisations and management teams.

<sup>4</sup> WTW's "investment, risk and reinsurance" business segment provides investment consulting and discretionary management services and insurance-specific services and solutions.

<sup>5</sup> WTW's "benefits delivery and administration" business segment provides primary medical and ancillary benefit exchange and outsourcing services to active employees and retirees.

- c. There are no natural or intrinsic factors and no material legal or regulatory barriers that act as a significant barrier to entry or expansion for competitors. As this is a human-capital based market, the key asset to enter or to win new business is employing qualified staff;
- d. Clients have strong bargaining power and will continue to act as a significant competitive constraint on the merged entity. The Singapore market for retirement benefits consulting services is already very small in size, with a significant number of players competing for the same small pool of business, which provides clients with a significant amount of countervailing buyer power;
- e. Clients are also able to 'self-supply' by conducting their retirement benefits consulting work fully or partially in-house; and
- f. Coordination is unlikely to arise in this relevant market due to: (i) the large number of competitors in the market; (ii) the lack of a focal point (e.g. price, output or market shares) around which coordination could occur; (iii) the lack of transparency in price, output and market shares due to a wide range of differentiated products; (iv) the lack of a credible means of retaliating against competitors who deviate from the terms of any coordination; (v) the constant threat of new entry or expansion by competitors; and (vi) strong countervailing buyer power;

#### Global supply of human capital consulting services

- g. The human capital consulting market in Singapore is highly fragmented, with a large number of competitors;
- h. The barriers to entry or expansion in this market are low, and there exists no capacity constraints in providing human capital consulting services;
- i. Customers of human capital consultancy services are strong and sophisticated companies, and are experienced buyers with strong countervailing buyer power; and
- j. Coordination is unlikely to arise in this relevant market due to: (i) the highly fragmented market with a large number of players; (ii) the lack of transparency arising from a wide range of differentiated products and non-transparent pricing; (iii) the lack of a credible means of retaliating against competitors who deviate from the terms of any coordination; and (iv) strong countervailing buyer power.

#### **Public Consultation**

9. CCCS is inviting public feedback on the Proposed Transaction from 9 April 2021 to 16 April 2021, 2pm.

10. More information on the public consultation can be accessed and downloaded from the CCCS website at [www.cccs.gov.sg](http://www.cccs.gov.sg) under the section "Public Consultation". If the submission or correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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### **About the Competition and Consumer Commission of Singapore (CCCS)**

CCCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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