

Terms of reference and conduct of the inquiry

Terms of reference

1. On 14 July 2006 the OFT sent to the CC the following reference:
 1. Whereas in exercise of its duty under section 22(1) of the Enterprise Act 2002 (“the Act”) to make a reference to the Competition Commission (“the CC”) in relation to a completed merger the Office of Fair Trading (“the OFT”) believes that it is or may be the case that—
 - (a) a relevant merger situation has been created because:
 - (i) enterprises carried on by or under the control of Hampden Agencies Limited have ceased to be distinct from enterprises carried on by or under the control of Christie Brockbank Shipton Private Capital Limited;¹ and
 - (ii) as a result the condition specified in section 23(4) of the Act prevails or prevails to a greater extent with respect to the supply of members’ agency services to members of Lloyd’s in the UK and
 - (b) the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services including within the market for supply of members’ agency services to members of Lloyd’s.
 2. Now, therefore, the OFT, in exercise of its duty under section 22(1) of the Act, hereby refers to the CC, for investigation and report within a period ending on 28 December 2006, the following questions in accordance with section 35 of the Act—
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.
 3. In relation to the question whether a relevant merger situation has been created, the CC shall exclude from consideration one of the subsections (1) and (2) of section 23 of the Act if it finds that the other is satisfied.

(signed) **VINCENT SMITH**
Director, Competition Enforcement Division, Office of Fair Trading
14 July 2006

¹Note: post-publication the OFT has been informed by Hampden Agencies Limited that CBS Private Capital Limited is the target’s official name, as registered with Companies House at the date of completion of this acquisition.

Conduct of inquiry

2. As the merger was completed before it was referred to the CC, we accepted undertakings from Hampden on 24 August 2006 for the purpose of preventing pre-emptive action. These undertakings have remained in force during the course of the inquiry. Relevant documents are on the CC website.²
3. Notices inviting interested parties to submit evidence to the CC were placed in the *Financial Times*, *Insurance Age*, and *Insurance Times*.
4. An invitation to express views was posted on the CC website. In addition, we sought evidence from third parties including Lloyd's, the FSA, managing agents and associations representing members of Lloyd's.
5. We received written evidence and oral submissions. Non-sensitive submissions that we received from third parties can be found on the CC website, together with summaries of points made in oral evidence. We held hearings with six third parties. We also held a hearing with CBS Insurance Holdings, the parent company of CBSPC.
6. The administrative timetable for the inquiry was published on the CC website together with details of the Group of members conducting the inquiry.
7. Members of the Group, accompanied by staff, visited Hampden's London offices and Lloyd's premises.
8. We received written evidence from Hampden. A non-sensitive version of its main submission can be found on the CC website. In addition, Hampden attended two separate hearings.
9. We commissioned Harris Interactive to carry out a survey of Lloyd's members. Results of the survey have been published on the CC website.
10. In the course of our inquiry we sent Hampden a number of working papers. We also sent Hampden and published on the CC website at the relevant time a statement of issues, a notice of provisional findings and the non-sensitive version of our provisional findings report.
11. We should like to thank all those who have assisted in our inquiry.
12. A copy of this report has been placed on the CC website.

²www.competition-commission.org.uk.