

PRESS RELEASE

The CNMC approves the terms and conditions of Santa Lucía's acquisition of virtually all the assets of Funespaña, Mapfre Group's funeral plan provider

- The transaction affects the funeral services and prepaid funeral plan sectors.
- Authorisation is contingent on compliance with four terms and conditions imposed by the CNMC and three commitments proposed by Santa Lucía.
- Mapfre must, *inter alia*, dispose of its 25% ownership interest in the new entity to avoid strengthening its market position.

Madrid, 10 September 2021.– The CNMC has cleared, subject to certain terms and conditions, the acquisition by Santa Lucía of exclusive control of virtually all the assets of Funespaña, a Mapfre Group subsidiary. ([C/1086/19 Santa Lucía/Funespaña](#))

After an in-depth "phase II" investigation, the CNMC gave its approval, which is contingent on compliance with four terms and conditions imposed by the Commission.

The transaction is also subject to the commitments presented by Santa Lucía on 6 July 2021 which, for the most part, the CNMC considered insufficient given the risks arising from the vertical and coordinated effects caused by Santa Lucía's and Mapfre's ownership interests in the resulting company, as uncovered during the investigation.

Sectors affected

Specifically, the recently authorised transaction affects two sectors:

- Funeral services:** the activities of Santa Lucia's funeral services subsidiary, Albia, overlap horizontally with those of Mapfre Group's subsidiary, Funespaña, as well as certain other funeral services companies in which the two entities held non-controlling interests.
- Funeral plans:** the transaction could potentially have vertical effects because of the Santa Lucia insurance group's foothold in the funeral plan market and the Mapfre insurance group's commitment to engage the services of the resulting company and its subsidiaries.

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Transaction timeline

In February 2020, the CNMC agreed to perform an in-depth "phase II" investigation into the proposed transactions to assess its potential adverse effects on competition ([press release](#)).

It conducted its first ever inspection of companies' head offices (September 2020) under the scope of a merger. This was also the Commission's first inspection since the beginning of the COVID-19 pandemic.

In April and May 2021, the Spanish antitrust authorities resolved to add to this case both C/1162/21 Albia/Jordial ([press release](#)) and C/1178/21 Elysium/Juanals ([press release](#)), two cases in phase 2 for which they requested reports from the Castile and Leon Competition Defence Service and the Catalanian Competition Authority

Significant risks to competition

In June, in its statement of facts regarding the case, the CNMC identified potential barriers to competition in the wholesale funeral services market.

For instance, the transactions results in **overlaps of the parties** in the cities of **Valdepeñas and Bilbao** and **the replacement of Funespaña** in many towns. The resulting entity would have a monopoly on the wholesale mortuary market in 157 towns, the wholesale crematorium market in 35 towns and the wholesale cemetery market in 14 towns, in addition to large shares of the wholesale mortuary market in 217 towns, the wholesale crematorium market in 51 towns and the wholesale cemetery market in 14 municipalities.

This would give the resulting company an incentive, not to mention the ability, to hinder access, impose stricter trading conditions and/or erode the quality of services provided due to the absence of competition in these towns.

Moreover, it would **bolster Santa Lucía's position as a funeral plan provider**, enabling it to provide intra-group services, thereby posing a threat of forcing out competitors since the new entity would have a broader footprint in various areas.

In addition, Mapfre's commitment to engage the services of the resulting company and its 25% shareholding in the new company would also **encourage intra-group services**, especially where there is less competition.

At the same time, there is a risk the transaction would **worsen trading conditions** (prices) or force out other insurers, especially where the resulting entity ended up with a monopoly.

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Lastly, the Commission detected **potential coordinated effects** between Santa Lucía and Mapfre in the various branches of insurance, mostly because of Mapfre's 25% stake in the resulting entity.

In the absence of commitments, the CNMC concluded that the transaction posed a significant risk to competition. On 6 July 2021, Santa Lucía submitted commitment proposals and, after an in-depth assessment, the CNMC concluded that they were clearly insufficient, especially because of Mapfre's 25% stake in the resulting entity.

Approved commitments

The transaction was approved subject to compliance with three of Santa Lucía's commitment proposals. Two of these related to the deceased's next of kin being free to choose a funeral home when they first contact the insurer so that they are not automatically directed to one of the insurance group's funeral homes.

The CNMC must approve the wording of the response to the first call made by the next of kin (**commitment 1**). It shall also oversee a random sample of all first calls made to the new entity during the year (**commitment 2**).

The resulting company must also allow entry by a **competitor in Valdepeñas** to prevent it from having a monopoly. The new company must dispose of certain assets and guarantee that the situation will not be worse than before (**commitment 3**).

CNMC terms and conditions

In addition to these commitments, the CNMC has imposed a series of **terms and conditions on the parties**. Mapfre must dispose of its 25% stake in the resulting entity (**term and condition 1**) and, with this, eliminate the clause in the partners' agreement whereby it undertakes to engage the resulting entity's services (**term and condition 2**) and it will not be entitled to make any appointments in the new entity (**term and condition 3**). For its part, Santa Lucía will have three months to provide entry by a competitor to Valdepeñas (**term and condition 4**).

Compliance with the first three terms and conditions would give Santa Lucía and Mapfre the required level of independence and prevent the possibility of Mapfre steering services towards the resulting entity, thus promoting the provision of intra-group services and forcing out competitors.

The CNMC considers that this package of measures would make the acquisition more transparent by removing cross-interests and eliminating the risks of

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coordinated effects in the insurance market.

[\(Click here for further details on the CNMC's assessment of mergers\).](#)

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