



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

May 8, 2020

Matthew Boswell
Commissioner of Competition
Competition Bureau
50 rue Victoria
Gatineau, Quebec, K1A 0C9

Via email: matthew.boswell@canada.ca

Dear Commissioner Boswell,

Re: Actuarial Consulting Services in Canada – Merger of Aon and WTW

The purpose of this letter is to raise concerns from the Pension Investment Association of Canada (PIAC) on the impact of the impending merger of Aon and Willis Towers Watson (WTW) on pension plans and funds in Canada.

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to pension investment and governance. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$2 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries. PIAC's positions on public policy reflect the fiduciary in which member funds operate and its commitment to work in the best interests of plan members.

Our members use actuarial consulting service to support the effective fiduciary management of pension plan assets and benefits. The availability of impartial, high quality and cost-effective services in these areas is imperative to the sustainability of our members' plans affecting thousand of Canadians. The announcement of a global "mega-merger" of the firms Aon and WTW have raised concerns on the part of our members that the competitive market for actuarial services will be dramatically reduced as Aon and WTW are currently major players in the area of actuarial consulting professional services across Canada, including pension fund asset management,

design, funding and administrative services. After this merger, the only other firms providing these services nationally will be Mercer, Eckler and Morneau Shepell.

There are significant barriers for competition in the sector represented by these five firms. Actuarial services require the ability of handling large volumes of sensitive personal data, as well as deployment of sophisticated software, resulting in very material upfront fixed investment in advanced IT infrastructure. These capabilities cannot be easily developed, replicated, or purchased from foreign suppliers.

We would encourage the competition bureau to carefully consider the impact of this merger on pension plan and fund clients and the degree of competition across Canada. PIAC believes that this merger may leave the competitive field for actuarial services in Canada too narrow, resulting in a reduction in service quality and/or higher costs.

We would be pleased to clarify and/or discuss these matters further at your convenience.

Yours truly,

A handwritten signature in blue ink, appearing to read 'S. Fréchet', with a stylized flourish at the end.

Simon Fréchet
Chair