

ACORD ANTITRUST POLICY

(for non-standards-setting activities)

EFFECTIVE: MAY 17, 2009

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ACORD Policy on Antitrust Compliance (for non-standards-setting activities)

Association for Cooperative Operations Research & Development
Two Blue Hill Plaza, Pearl River, NY 10965-8529
Effective: May 17, 2009

Compliance with the antitrust laws is not only a legal obligation but is also in the best interest of ACORD Corporation and its membership and participants. ACORD maintains an exemplary record of complying with the antitrust laws and with your help we can continue to do so. It is the policy of ACORD Corporation that its activities comply in all respects with the letter and spirit of federal and state antitrust laws.

Violations of the antitrust laws could result in severe sanctions against ACORD, its member companies, and others involved in ACORD's activities. The antitrust laws entitle any company or person, injured by an antitrust violation, to sue for three times the damages suffered. These "treble damage" actions can result in huge jury awards and, at a minimum, necessitate heavy defense costs and disrupt normal business activities.

Because of the uncertainty involved in determining the application of the McCarran-Ferguson Act and various immunities from state antitrust laws to ACORD's activities it is imperative that we avoid any possible suspicion that our conduct violates the antitrust statutes.

To implement this policy of antitrust compliance, the ACORD Board of Directors has approved the attached **ACORD Antitrust Compliance Guidelines (for non-standards-setting activities)**.¹ These guidelines go beyond the strict requirements of the antitrust laws, so that ACORD can maintain the highest standards of business ethics. All member companies, subscribers, staff and other participants in ACORD's activities should familiarize themselves with the guidelines and carefully observe them.

ACORD can act and speak only through its officers, directors, employees and others involved in its activities. Under the antitrust laws, the actions and statements of these individuals may be binding on ACORD, even when an individual acts without authorization, but appears to an outsider to have the proper authority to represent ACORD.

Therefore, none of these individuals has the authority to take any action which might violate the antitrust laws or the **ACORD Antitrust Compliance Guidelines (for non-standards-setting activities)**. Moreover, none of these individuals has the authority to direct, approve or condone any such action. To the contrary, all participants in ACORD's activities have the affirmative responsibility to ensure that those working under them comply with the law and ACORD's guidelines.

¹ Separate compliance guidelines apply to ACORD's standards-setting activities.

Violations of the guidelines will be grounds for disciplinary action, adapted to the circumstances of the particular violation. Serious, intentional violation of the ACORD guidelines will be brought to the attention of the ACORD Board of Directors and may result in suspension of the right to participate in the activity giving rise to the violation. The ACORD Board of Directors may also refer suspected anti-competitive conduct to the attention of appropriate antitrust enforcement agencies.

ACORD Board of Directors

ACORD Antitrust Compliance Guidelines (for non-standards-setting activities)

The purpose of these guidelines is to ensure that all participants in ACORD's non-standards-setting activities comply fully with the letter and spirit of federal and state antitrust laws.

A. Prohibition on Discussions of Competitively-Sensitive Topics

The antitrust laws prohibit use of an ACORD meeting as a forum for competitors to enter into agreements to restrain trade. The most serious antitrust violations are:

1. Price-fixing agreements, that is, agreements to raise or stabilize prices or an element of pricing;
2. Boycotts, that is, agreements to refuse to deal, or agreements to threaten to refuse to deal, with competitors, customers or suppliers; and
3. Agreements among competitors allocating customers, territories or percentage shares of the market.

These types of agreements are usually deemed illegal per se, meaning that the courts will not consider any excuses or justifications, whether ignorance of the law, good faith or reasonableness. Nor is it a defense that the agreement did not actually result in price increases or otherwise harm competition.

"Agreements" within the meaning of the antitrust laws include more than written contracts or explicit conversations at a meeting. In addition, an agreement may take the form of a tacit understanding, what the courts sometimes describe as a "meeting of the minds" or a "knowing wink." Consequently, discussions of competitively sensitive subjects may be perceived as circumstantial evidence of an illegal agreement, especially when coupled with parallel conduct in the market (e.g., parallel price increases).

An ACORD meeting often requires discussions of the types of information needed in order to conduct the business of insurance; however, it does not require discussions related to the use of such information for competitive purposes or require disclosure of competitively-sensitive practices. Accordingly, anyone participating in such meeting should assiduously avoid discussion of the following competitively sensitive topics:

Insurance Industry Participants

- (1) Current or future rates and pricing strategies;

- (2) Internal underwriting standards or guidelines, including favored or disfavored classes of customers;
- (3) Marketing plans, particularly plans to withdraw from a particular state, territory or line of business;
- (4) Internal guidelines for coverages, especially exclusions, limits and deductibles;
- (5) Current or future agent commissions, complaints about rebating of commissions or complaints about agent terminations;
- (6) Efforts to combat or retaliate against competition using other distribution systems, mass marketing programs, or banks.

Suppliers of Products and Services to Insurance Industry Customers

- (1) Current or future prices, including list prices, discounts, prices in recent transactions with individual customers, or complaints about price discounting;
- (2) Unannounced plans for introduction of new products or changes in existing products;
- (3) Current or future plans concerning production or output;
- (4) Marketing plans or strategies, particularly desired or undesired classes of customers;
- (5) Complaints about excessive competition or efforts to stabilize competition.

B. Anti-Competitive Conduct

No participant in ACORD's activities shall seek or contribute to seeking adoption or modification of a standard for the purpose of excluding products of competitors from the market or otherwise restraining competition.

C. Voluntary Use of Standards

The implementation and use of ACORD standards shall be entirely voluntary on the part of member companies, agents, vendors and others. No ACORD officer, director, staff, member company, subscriber or participant in ACORD's activities may enter into agreements with competitors concerning use of ACORD standards, attempt to coerce use of such standards or retaliate against a company for not using the standards (e.g., exclusion from a working group).