

**ANTITRUST POLICY AND GUIDE FOR**  
**INDEPENDENT INSURANCE AGENTS & BROKERS OF AMERICA, INC.**  
**BIG “I” ADVANTAGE, INC.**  
**IIAA AGENCY ADMINISTRATIVE SERVICES, INC.**  
**IIAA MEMBERSHIP SERVICES, INC.**  
**TRUSTED CHOICE®**  
**INVEST**  
**IIAA EDUCATIONAL FOUNDATION**

**I. Introduction**

The antitrust laws are intended to preserve competition by, among other things, prohibiting agreements, combinations and conspiracies in restraint of trade. As groups of competitors working together, trade associations are subject to particular antitrust scrutiny. This Policy and Guide (collectively referred to as Policy) will provide some helpful background on the antitrust laws, focusing on antitrust issues of particular interest to the Independent Insurance Agents & Brokers of America, Inc. (IIABA) and its subsidiaries (Big “I” Advantage, Inc. (BIA), which has two subsidiaries, IIAA Agency Administrative Services, Inc. (AAS) and IIAA Membership Services, Inc. (MSI); and Trusted Choice®) and affiliates (InVEST and IIAA Educational Foundation). For the purpose of this Policy, IIABA, BIA, AAS, MSI, Trusted Choice®, InVEST, and IIAA Educational Foundation are collectively referred to as IIABA Entities.

IIABA Entities have a policy of strict compliance with federal and state antitrust laws. IIABA Entities and members of IIABA Entities should avoid discussing certain subjects when they are together – both at formal meetings and in informal contacts with other industry members – and should otherwise adhere strictly to the guidelines that follow. If you are confronted with a sensitive antitrust issue, you should review this Policy and consult with IIABA Entities’ counsel, as needed, to assure compliance with the antitrust laws and this Policy.

**II. Federal Antitrust Laws**

**A. Principal Federal Antitrust Statutes**

There are four principal federal antitrust laws:

1. The Sherman Act—This Act prohibits agreements (such as contracts, and conspiracies) that unreasonably restrain trade. It also prohibits monopolization and attempted monopolization, which requires proof of monopoly power (the ability to control prices or exclude competition) and anticompetitive conduct that contributes to the acquisition or preservation of such power.

2. The Clayton Act—This Act prohibits specific types of conduct, such as certain exclusive dealing and “tying” arrangements, mergers that harm competition, and certain interlocking corporate director positions.
3. The Federal Trade Commission Act—This Act generally prohibits the same practices barred by the Sherman Act and Clayton Act, as well as practices that are unfair and deceptive, such as making false or misleading claims about a product or service.
4. The Robinson-Patman Act —This Act prohibits price discrimination under certain circumstances and other kinds of discriminatory practices, such as discriminatory promotional allowances.

Every state within the United States has antitrust laws as well, which usually are interpreted and applied similarly to the federal laws (although some state laws have unique provisions).

B. Penalties for Antitrust Law Violations

The consequences for violating the federal antitrust laws can be severe, including fines (as high as \$1 million per violation for an individual and \$100 million per violation for a corporation and alternative fines of up to twice the gain to the wrongdoer or twice the loss to the victim), up to 10 year jail sentences for individuals who participate in the violation, and/or a court order dissolving an association or seriously curtailing its activities. The antitrust laws can be enforced by both government agencies and private parties, such as competitors and consumers.

III. Types of Antitrust Law Violations

There is a range of conduct and arrangements that may be illegal under the antitrust laws. Note that many of the antitrust laws apply only to “concerted” actions or agreements. However, an illegal concerted action or agreement can be demonstrated even without a handshake, express words, or a written contract or writings documenting an agreement. No written contract or express agreement is required to violate the antitrust laws. Tacit or implied understandings, including responding to pressure, exerting pressure, a “knowing wink,” or doing “what is expected,” can be evidence of an unlawful agreement. Agreements that violate the antitrust laws can be proven to have been made in numerous ways, including by informal conversations, discussions in meetings of groups of any size, whether or not in person, and through email or other communications vehicles.

The antitrust laws apply to trade associations just as they apply to any individual company or group of competitors. You should always avoid conduct and activities which violate the antitrust laws.

A. Per Se Violations

Some activities of competitors are deemed by law to be so harmful or anticompetitive that they are considered *per se* or automatically illegal. This is true even if there is a possible business justification for the activity.

Examples of *per se* antitrust law violations include:

1. Price Fixing—Price fixing arises when competitors agree with each other on prices they will charge for products and/or services. This can include any discussion among competitors of prices or the elements of price, such as costs (i.e., labor, salaries, equipment, overhead, etc.), discounts, commission levels, incentives, rebates or credit terms.
2. Group Boycotts—Boycotts are joint refusals to do business with others or to only do business with them on certain terms and conditions. This can include agreements not to do business with entities because of their marketing methods or distribution practices/channels. The basic premise of the antitrust laws is to foster competition, which entails each company making its own business decisions *unilaterally and independently of others*. An unlawful group boycott occurs when competitors, suppliers, or customers agree with each other (or pressure another) not to deal with others.
3. Allocation of Customers, Markets or Territories—Unlawful agreements to allocate markets occur when competitors divide territories or customers among themselves. Customer or market allocation is *per se* unlawful in the United States. For example, two competitors cannot agree that one will sell into one geographic market or to a group of customers, and the other will sell in a different geographic market or to a different group of customers.
4. Tying and Bundling—Unlawful “tying” (or “bundling”) occurs when a company uses its strong market position in one product or service as leverage to force or induce a customer to purchase another of the company’s products or services. Tying also can arise in connection with selling several products or services as a package. In some cases, it is entirely lawful for a company to “bundle” several products and services into a package for a customer. However, if the company has a particularly strong market position in one product, its ability to “bundle” may be limited, and should only be done on the advice of legal counsel.

B. Rule of Reason Violations

Conduct that is not a per se or automatic violation of the antitrust laws is analyzed under the rule of reason to determine whether the conduct is unlawful. The rule of reason test means that pro-competitive justifications for the activities will be weighed against the anti-competitive harm. These areas should be approached with caution.

Examples of conduct that is analyzed under the rule of reason to determine whether it violates the antitrust laws include:

1. Price Discrimination—Price discrimination can be unlawful when a seller charges competing customers different prices for the same or similar products in approximately contemporaneous transactions;
2. Monopolization and Attempts to Monopolize—Companies with “monopoly power” or a “dominant position” can violate the antitrust laws

if they abuse their dominant positions through certain anticompetitive conduct; and

3. Exclusive Dealing Agreements—Exclusive dealing arises when a buyer is required to obtain its full requirements in a product or service from a single source, or a seller is required to commit its full output of a particular product or service to a single buyer. Such agreements can be unlawful if the seller or buyer has a strong market position.

#### **IV. Application of the Antitrust Laws to Association Activities**

Although associations are recognized as valuable tools of American business, they are exposed to accusations of antitrust violations because, by definition, an association is a combination of competitors and/or customers. You must ensure that the association activities that you undertake do not constitute or even create an appearance of an illegal restraint of trade. In this context, consider:

##### **A. Information Exchange, Data Collection, and Dissemination**

Because of the risk that information collected as part of a legitimate information exchange program could be used for unlawful purposes, a number of precautions must be taken:

1. Clearly articulate the purpose and procompetitive benefits of the information exchange program, and keep it closely focused on those criteria.
2. Member participation in any statistical reporting program must be voluntary.
3. Participation should not be a condition of membership, and a member's decision not to participate should not result in a loss of membership or limitation of membership rights.
4. The data should be collected by IIABA Entities staff or other independent third-party collectors selected by IIABA Entities. Participating companies should not be involved in the collection or compilation of the raw data.
5. The specific information provided by participating companies is treated confidentially and is not disclosed in its raw form to any other participant or a third party.
6. Published data are reported in an aggregated form so that information relating to individual transactions is not disclosed and cannot be figured out. Surveys that include data from fewer than five companies may be risky because it may be difficult to conceal the source of the information and should not be undertaken without prior approval of IIABA Entity counsel.
7. The survey does not include information about current or future prices.
8. Each member should separately analyze the data and make its own independent business decisions based on the data.
9. No new data collection or information exchange program should be undertaken without the approval of IIABA Entity counsel.

Participation in a data collection program and distribution of data collected should not be refused to non-members, although the IIABA Entities may charge them a reasonable fee.

B. Educational Presentations

Discussions at educational presentations should be limited to objectives that promote overall industry or consumer welfare. Written outlines and handout materials for presentations involving antitrust-sensitive topics should be reviewed by IIABA Entities' counsel prior to distribution and use.

C. Public Policy Advocacy

Legislative activity, litigation in the courts, and proceedings before administrative bodies intended to influence government policy do not generally violate the antitrust laws. However, "sham" lobbying or litigation intended to exclude competitors do not qualify for exceptions under the antitrust law.

V. **Compliance with the Antitrust Laws**

IIABA Entities expect each member, director, officer, committee member, subcommittee member, work group participant, task force member, board member, and employee to recognize antitrust risks and conduct themselves in compliance with the antitrust laws. What follows are some techniques that will help to safeguard against individual, corporate and association antitrust liability.

A. IIABA Entities Communications

Think carefully about how your communications with competitors and others may be perceived, and not just how they are intended. All letters, memoranda, and e-mail written in connection with IIABA Entities' business and activities should be written clearly to minimize the risk that they will be misinterpreted. IIABA Entities' Counsel should review, in advance, communications on antitrust sensitive matters.

Note that only IIABA Entities' employees and officers may send out correspondence on an IIABA Entities' behalf. Members and others should not hold themselves out as having authority to bind an IIABA Entity.

B. Conduct of Meetings

In order to avoid potential problems in this area, IIABA Entities require adherence to the following guidelines:

1. Notice and Agenda

Each IIABA Entities' Board of Directors, committees, subcommittees, work groups, and task force meetings should be preceded by a notice to the members of the group, with a draft agenda when possible. Private "off the record" meetings should not be held in connection with any IIABA Entity meeting, program or activity.

2. Supervision

Meetings of IIABA Entities' Boards of Directors, committees, subcommittees, work groups, and task forces generally should include an IIABA Entity staff member, and IIABA Entities' counsel and Chief Executive Officer are available to discuss another arrangement, when needed.

3. Minutes

After each Board of Directors, committee, and task force meeting sponsored by IIABA Entities, written minutes should be prepared by IIABA Entity staff and reviewed by IIABA Entity counsel when possible prior to circulation. Requirements for minutes of subcommittee and work group meetings should be reviewed with the IIABA Entities counsel.

4. Other Documents

All other documents of IIABA Entities are subject to review by IIABA Entities' counsel. IIABA Entities' counsel must be informed before any document that could be construed to raise antitrust considerations is circulated, and must approve in advance the release and circulation of such documents.

5. Meetings

At meetings, all participants should be afforded an opportunity to present their views. ***There should never be discussion of the following topics at any IIABA Entities' meetings:***

- a. Any company's or member's individual prices or pricing policies;
- b. Terms of a sale, warranties or contract provisions of particular companies;
- c. Division of customers, territories or locations;
- d. Specific company or member's research and development, sales or marketing plans;
- e. Any company's or member's confidential product, development or production strategies;
- f. Whether to purchase from or do business with certain suppliers/vendors or sell to certain customers;
- g. Prices paid to sources;
- h. Complaints about individual firms or other actions that might tend to hinder a competitor from competing fully in any market (with some exceptions in the public policy context); or
- i. Data concerning fees, prices, production, sales, bids, costs, salaries, credit, or other practices, unless the data in question is exchanged and disclosed pursuant to a plan that has been approved in advance by IIABA Entities' counsel, per the guidelines above for information exchanges.

IIABA Entities' meeting participants have an obligation to terminate any discussion, seek advice from IIABA Entities' counsel, or, if necessary, terminate any meeting if the discussion might be construed to raise any antitrust issues.

6. Guest Speakers

Written outlines and handout materials for presentations by guest speakers involving antitrust-sensitive topics should be reviewed in advance by IIABA Entities' counsel. Guests should be identified as such in the agenda and minutes, and any presentations should be summarized.

7. Social Functions

Conduct at social events or informal settings in conjunction with IIABA Entities' meetings or otherwise should follow the same guidelines as other meetings.

B. Concern

1. Program Access

Reasonable requests from non-members to attend IIABA Entities' programs, or to purchase or participate in certain other products, services or activities offered by IIABA Entities generally should be granted, subject to reasonable fees or charges. If unusual or unreasonable requests are made, or if guidance on any requests is needed, IIABA Entities' counsel should be consulted.

2. Requests for Information/Investigations

If you receive a request for information about IIABA Entities or for any documentation or information under IIABA Entities' control from a government agency, private attorney, or other non-member, whether the request is formal or informal, written or oral, you should not make any substantive response before consulting with IIABA Entities' counsel.

3. "When in Doubt ..."

IIABA Entities' counsel should be consulted prior to any discussion of actions which could raise antitrust risks, or which seem in any way to be questionable or out of the ordinary. It is always better to ask first.

VI. Conclusion

IIABA Entities are committed to complying fully with the antitrust laws. If you have any questions or concerns about any of the issues raised in this Policy or by the conduct of IIABA Entities and its members, please contact the IIABA Entities Office of the General Counsel at (800) 221-7917. Any contemplated conduct that may involve antitrust risk should be discussed with and approved by IIABA Entities' counsel *before* any action is taken.

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