



Antitrust Compliance Policy

Purpose

1. To fully comply with both the letter and the spirit of the antitrust laws that are designed to preserve fair and vigorous competition in the insurance marketplace by preventing activities between competitors that affect the price or the distribution of insurance products; and
2. To avoid even the appearance of a violation of the antitrust laws.

Scope

All employees of Pennsylvania National Mutual Casualty Insurance Company and its affiliates (collectively, "Penn National Insurance").

Effective Date

November 1, 2005

Policy

1. *Statement of Policy.* Penn National Insurance and its employees must refrain from any activity that either violates, or has the appearance of violating, federal and state antitrust laws.
2. *Antitrust Laws.* Antitrust laws are highly complex and technical, and these laws are continually being interpreted by the Courts. While this policy contains examples of the most common antitrust violations, employees must avoid any situation or topic of conversation that could be construed as an attempt to "standardize the business of insurance" or to "limit competition."
3. *Conduct Among Competitors Generally.* Be especially aware when attending meetings with competitors, and avoid contact with competitors that is outside of a *controlled* environment. Avoid casual, informal meetings and social gatherings. Such situations are troublesome because they can easily give the appearance of impropriety. No matter how innocent a particular act may be, legal difficulties can result if the act leads others to believe that a violation has occurred (the appearance of a violation). Employees may have friends and colleagues who work for competitors, and employees are certainly entitled to those relationships. However, a mutual understanding that there will never be any improper discussion of business matters will avoid problems.
4. *Conduct Among Competitors in a Controlled Environment.* Even when interacting in a controlled environment, such as participation in an insurance trade organization, it is necessary to be fully aware of those matters that can and cannot be discussed. For instance, the content of trade organization meetings should be limited to publicly available information and legislative initiatives and regulatory actions that are generally

applicable to the industry.

5. *Examples of Prohibited Behavior.* Examples of topics that employees must avoid during any communication or meeting with representatives of other insurers include, but are not limited to, the following:
 - Raising, lowering or stabilizing rates;
 - Actual current or future rates, including actuarial projections;
 - Other terms or conditions of insurance products offered for sale (e.g., discounts or credit terms);
 - Matters that would adversely affect the availability of insurance or services (e.g., limiting availability of product or service);
 - Allocation of markets, territories, or potential insureds;
 - Encouragement of a boycott of an insurance product or service;
 - Quoting (or not quoting) certain types or classes of risks;
 - Profits, including what constitutes a “fair” profit level;
 - Amount of claims paid or method of paying claims;
 - Marketing practices and associated costs; and
 - Commissions paid to agents and terms and conditions in agreements with agents.
6. If a competitor tries to enter into a prohibited discussion, terminate the conversation immediately, remove yourself from the discussion group/meeting and report the conduct as directed below.

Procedure

Reporting Suspected Violations

Employees who believe they may have witnessed conduct that is, or may be, prohibited by this policy should report the matter to a supervisor **or** as set forth in the [Business Ethics Policy](#) (HR-0038), Employee Complaint Procedures for Accounting & Auditing Matters.

Enforcement

This policy will be enforced in accordance with the [Standards of Conduct Policy](#) (HR-002) which states that violations of this policy may result in disciplinary action up to and including unpaid leave and termination.

Questions

Questions regarding this policy should be addressed to your immediate supervisor or to the Legal Department.